

**A “SELF-CONTAINED APPRAISAL REPORT”
TRACT #19-103-828 & #19-103-829
FORMER THOMPSON PROPERTY
968 CR 721
LORIDA, FLORIDA 33857
OWNER – SFWMD**

**AS OF
MAY 24, 2011**

**AT THE REQUEST OF
MR. BRAD DUNCAN, SENIOR REVIEW APPRAISER
ACCOUNTING AND FINANCIAL SERVICES DIVISION
SOUTH FLORIDA WATER MANAGEMENT DISTRICT
3301 GUN CLUB ROAD
WEST PALM BEACH, FLORIDA 33406**

**PREPARED BY
JOSEPH S. STRING, MAI
STATE CERTIFIED GENERAL APPRAISER
CERTIFICATE NUMBER RZ 96
STRING APPRAISAL SERVICES, INC.
595 CYPRESS GARDENS BLVD., SUITE #330
WINTER HAVEN, FLORIDA 33880**

STRING APPRAISAL SERVICES, INC.

May 24, 2011

Mr. Brad Duncan, Senior Review Appraiser
Accounting & Financial Services Division
South Florida Water Management District
3301 Gun Club Road
West Palm Beach, Florida 33406

Re: Tract #19-103-828 & 829
Former Thompson Property
968 CR #721
Lorida, Florida 33857
PO #4500056349

Dear Mr. Duncan:

In compliance with PO ##4500056349, I wish to inform you that I have completed an appraisal of Tracts #19-103-828 and #19-103-829. The purpose of this appraisal assignment is to estimate the market value of the subject property as of the date of appraisal, subject to any exceptions identified in a title insurance policy and terms and conditions in a perpetual flowage and inundation easement. The subject of this appraisal assignment is a 1,554 square foot single family home, a detached 936 square foot pole shed, and a detached 250 square foot storage shed located on a 15,600 square foot site (Tract #19-103-829). The buildings, particularly the house, have been vacant for several years and are in disrepair, to the point that renovation and remodeling is desperately needed. The property is accessed via a 10 foot wide ingress/egress easement that connects to the road leading into Hidden Acres Estates, which extends past the property through a portion of Hidden Acres Estates providing access to the Kissimmee River (Tract #19-103-828). The subject property will be fully identified and legally described within the body of the attached appraisal report.

The intended user of this appraisal report is South Florida Water Management District Land Acquisition Department and all appropriate funding partners. The intended use is to assist the "District" in disposing of surplus property and for crediting purposes with their funding partners. The effective date of this appraisal report is May 24, 2011. My last physical inspection of the subject property occurred on April 25, 2011. The appraisal report was written between April 25, 2011 and May 24, 2011. The value being reported is the market value of the subject property, subject to the terms and conditions of a perpetual flowage and inundation easement in favor of South Florida Water Management District – copy included in the addenda of this report. For this assignment, the appraiser was provided an Attorney's Title Insurance Fund, Inc. title policy identified as Commitment Number CF-1217501 issued on January 2, 2004 and an "In House" title update dated September 9, 2010. Values reported in this appraisal report are subject to any exceptions identified in these two documents.

The attached appraisal report describes the subject property and the methods used to estimate market value. Based on the documentation and analysis provided in the attached appraisal report, it is my opinion that the market value of the subject property as of May 24, 2011 in “fee simple interest,” subject to the terms and conditions of a perpetual flowage and inundation easement was:

THIRTY TWO THOUSAND DOLLARS (\$32,000)

This confidential report is prepared for the sole use of South Florida Water Management District and is based in part upon documents, writings, and information owned or possessed by the client. This report is provided for informational purposes only to third parties authorized to receive it. The appraiser-client relationship is with South Florida Water Management District. The appraiser was asked to prepare a “Self Contained Appraisal Report” that is in compliance with USPAP and the requirements and format of the Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book), except in those instances where a conflict exists with the Florida “State Rule.”

- The appraiser must invoke USPAP’s Jurisdictional Exception Rule, as described in Section U-15 of the 2010 and 2011 Uniform Standards of Professional Appraisal Practice guidelines, because USPAP and UASFLA (Yellow Book) are in conflict with each other:
 - Standards Rule 1-2 (c) of the 2010 - 2011 USPAP guidelines state that the appraiser must develop an opinion of reasonable exposure time linked to the value opinion.
 - Section A-9 of UASFLA (Yellow Book) guidelines state that the appraiser shall not link the estimate of market value to a specific exposure time.

Based upon the client’s request, the definition of Market Value is based upon Florida case law (State Road Dept. v. Stack, 231 So.2nd 859 FL 1st DCA 1969). The value reported herein is subject to those Assumptions and Limiting Conditions found on Page 17 and the Extraordinary Assumptions found on Page 19 in the body of the attached appraisal report. There are no hypothetical conditions. I appreciate being considered for this appraisal assignment. Please feel free to call on me should you or any user of this appraisal report needs further clarification or assistance.

Respectfully submitted,

STRING APPRAISAL SERVICES, INC.

Joseph S. String, MAI
 State Certified General Appraiser
 Certification Number RZ 96
 Attachments

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APPRAISERS CERTIFICATION

Tract Number: #19-103-828 and #19-103-829
 Property Owner: South Florida Water Management District
 Type Property: Single Family Dwelling with detached outbuildings
 Location: 968 CR 72, Lorida, Florida 33857
 County: Highlands County, Florida

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 is the personal, unbiased professional analyses, opinions and conclusions of the appraiser.
- The appraiser has no present or prospective interest in the property appraised nor any personal interest or bias with respect to the parties involved.
- My engagement for this assignment was not contingent upon developing or reporting predetermined results.
- The compensation received by the appraiser for the appraisal is not contingent on the analyses, opinions, or conclusions reached or reported.
- This appraisal was made and the appraisal report prepared in conformity with the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice (USPAP), except to the extent that the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA) required invocation of the USPAP's Jurisdictional Exception Rule, as described in Section D-1 of the Uniform Appraisal Standards for Federal Land Acquisitions. Section A-9 of UASFLA Standards provides that the appraiser shall not link an estimate of market value for Federal land acquisition purposes to a specific exposure time. This is contrary to the USPAP Standards Rule 1-2 and Standards Rule 2-2, and is considered a jurisdictional exception. Note: marketing time is not a USPAP or UASFLA requirement.
- The use of this report is subject to the requirements of the State of Florida relating to review by the Florida Real Estate Appraisal Board.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- The appraiser has made a personal inspection of the property that is the subject of this report. The property owner was afforded an opportunity to accompany the appraiser at the time of the inspection. I also made a personal field inspection of each comparable sale relied upon in estimating market value of the subject property.
- I have not revealed the findings or results of this appraisal to anyone other than the client nor will I do so until so authorized by the client, or until I am required by due process of law, or until I am released from this obligation by having publicly testified as to such findings.
- No one provided significant professional assistance to the appraiser.

- I do not authorize the out-of-context quoting from or partial reprinting of this appraisal report; and neither all nor part of this appraisal report shall be disseminated to the general public by the use of any public communications media without the prior written consent of the undersigned appraisers.
- 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 Practice of the Appraisal Institute, which includes the Uniform Standards of Professional Appraisal Practice.
- As of the date of this appraisal report, Joseph S. String had completed the requirements of the continuing education program of the Appraisal Institute – MAI #7993.
- As of the date of this appraisal report, Joseph S. String had completed the requirements of the continuing education program of the State of Florida – State-certified General Appraiser #RZ 96.
- The value conclusion reported below and repeated elsewhere in this report is subject to the Assumptions and Limiting Conditions reflected in the body of this report, which specifically identifies any Extraordinary Assumptions or Hypothetical Conditions.
- I appraised this same property for the same client on February 22, 2011.
- Based upon an independent appraisal, along with the data and analysis provided in this appraisal report, my opinion of the market value of the subject property in fee simple interest but subject to those exceptions identified in the two title insurance policies and subject to the flowage and inundation easement as of May 24, 2011 was \$32,000.

STRING APPRAISAL SERVICES, INC.

Joseph S. String, MAI
State Certified General Appraiser
Certificate Number RZ 96

May 24, 2011
Date Report Signed

STRING APPRAISAL SERVICES, INC.

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Tract Numbers:	#19-103-828 and #19-103-829
Location:	968 CR 721 Lorida, Florida 33857
Ownership:	South Florida Water Management District P.O. Box 24680 West Palm Beach, Florida 33416-4680
Appraiser:	String Appraisal Services, Inc. 595 Cypress Gardens Boulevard, Suite 330 Winter Haven, Florida 33880
Dates:	Effective Date of Appraisal - May 24, 2011 Date of Report - May 24, 2011 Date of Inspection - April 25, 2011
Interest Appraised:	Fee Simple Estate – subject to those exceptions reported in two title insurance policies and subject to the terms and conditions of a perpetual flowage and inundation easement and exceptions reported in Attorney’s Title Insurance Fund, Inc. title policy identified as Commitment Number CF-1217501 issued on January 2, 2004 and an “In House” title update dated September 9, 2010.
Conditions:	No hypothetical conditions but two Extraordinary Assumptions that can be found on Page 19 in the attached report. The client required the appraiser to prepare the report in compliance with the Uniform Appraisal Standards for Federal Land Acquisitions, except in those instances where a conflict exists between the Florida “State Rule.”
Present Use:	Vacant and unoccupied single family residential house, detached outbuildings, and ancillary site improvements.
Parcel Size:	15,600 square feet or 0.38± acres.
Zoning:	Agricultural District (AU) – permitted uses include single family dwellings, mobile homes, community residential homes licensed by the state for six or fewer residents, churches, golf courses, groves, farms, nurseries, cattle or stock grazing but not hog or sheep, docks, railroad rights-of-way, permanent or temporary housing for farm labor, water or wastewater treatment facilities, public parks and

recreation areas, schools, etc. Density is one dwelling unit per five acres. Densities are increased to one dwelling unit per ten acres, because the site is in a designated flood zone.

Future Land Use:	Agriculture with a density of one dwelling unit per ten acres.		
Assessment/Taxes:	2010 Just Value	-	\$53,814
	2010 Assessed Value	-	\$53,814
	2010 Taxable Value	-	\$ N/A
Improvements:	A 1,554 square foot masonry Single family home built in 1951 with an addition added since original construction, a detached 937 square foot pole shed, a detached 250 square foot frame storage shed, and ancillary site improvements.		
Highest and Best Use:	As Vacant – hold for speculation to a residential home or mobile home. As Improved – as existing		
Approaches:	Cost Approach	-	N/A
	Sales Comparison Approach	-	\$32,000
	Income Approach	-	N/A
Market Value Conclusion:	\$32,000		

LOCATION MAP

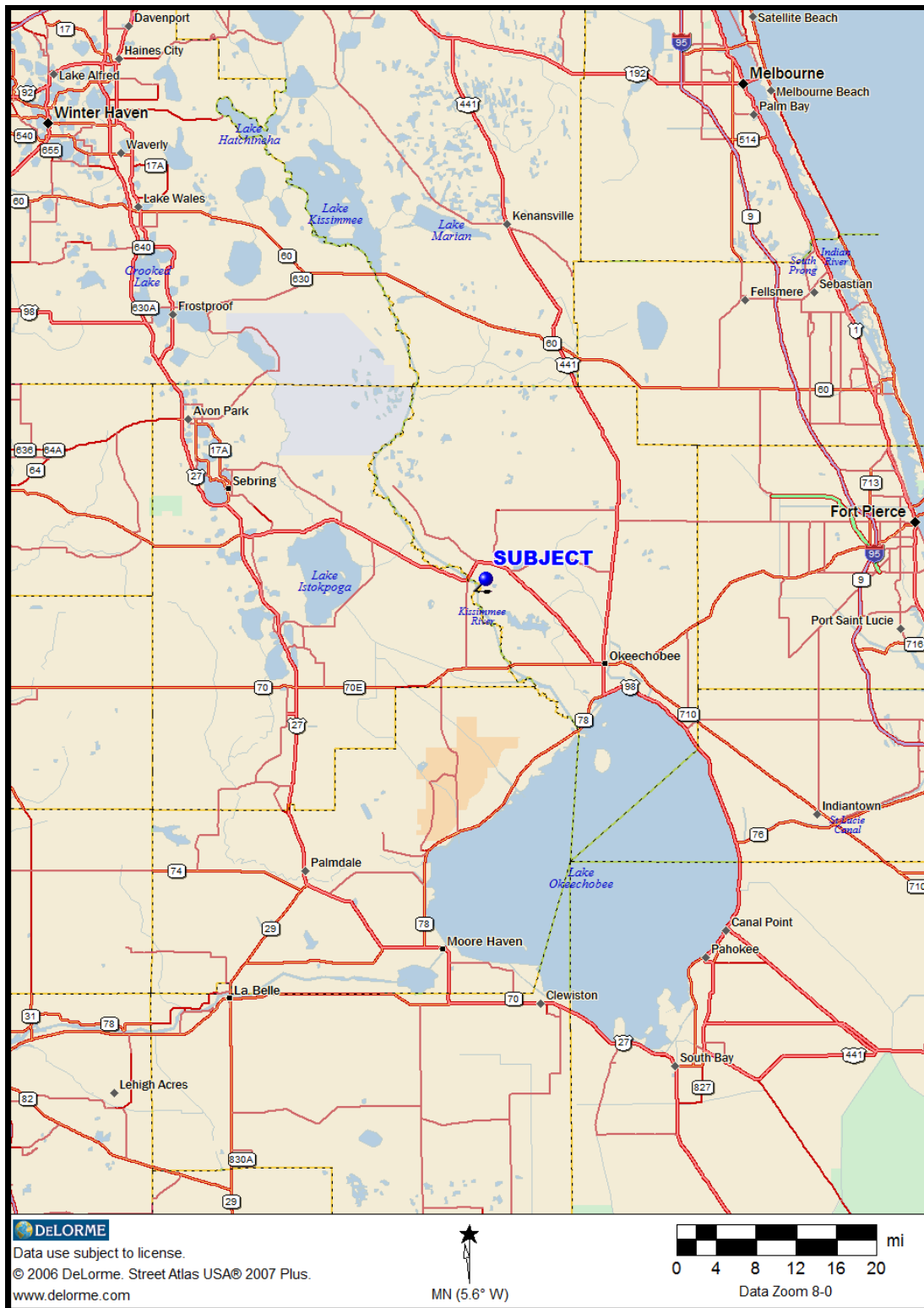




Photo #1 taken by Joseph S. String on 12/22/2010
Looking north along easement (Tract #19-103-828)



Photo #2 taken by Joseph S. String on 12/22/2010
Looking east along easement (Tract #19-103-828)



Photo #3 taken by Joseph S. String on 12/22/2010
Looking west along easement (Tract #19-103-828)



Photo #4 taken by Joseph S. String on 12/22/2010
Looking east along easement (Tract #19-103-828)



Photo #5 taken by Joseph S. String on 12/22/2010
Looking east along easement at Kissimmee River (Tract #19-103-828)



Photo #6 taken by Joseph S. String on 12/22/2010
Looking at east and north exposure of subject (Tract #19-103-829)



Photo #7 taken by Joseph S. String on 12/22/2010
Roof damage near southwest corner of home (Tract #19-103-829)



Photo #8 taken by Joseph S. String on 12/22/2010
Central air condition unit (Tract #19-103-829)



Photo #9 taken by Joseph S. String on 12/22/2010
Pole shed and west exposure of subject (Tract #19-103-829)



Photo #10 taken by Joseph S. String on 12/22/2010
Kitchen (Tract #19-103-829)



Photo #11 taken by Joseph S. String on 12/22/2010
Master bedroom addition (Tract #19-103-829)



Photo #11 taken by Joseph S. String on 12/22/2010
Master bathroom addition (Tract #19-103-829)

ASSUMPTIONS AND LIMITING CONDITIONS

In accepting this appraisal report, the client agrees that the legal description set forth herein correctly describe the property being appraised.

The appraiser, by reason of this report, is not required to give court testimony unless prior arrangements have been made.

Certain information used in compiling this report was furnished the appraiser by outside sources, which are considered reliable. The appraiser, however, does not warrant the accuracy of such data, although so far as possible it has been checked and is believed to be correct.

The market value as reported herein is in “fee simple interest,” subject to the terms and conditions of a perpetual flowage and inundation easement in favor of South Florida Water Management District – copy included in the addenda of this report. For this assignment, the appraiser was provided an Attorney’s Title Insurance Fund, Inc. title policy identified as Commitment Number CF-1217501 issued on January 2, 2004 and an “In House” title update dated September 9, 2010. Values reported in this appraisal report are subject to any exceptions identified in these two documents. The value is also subject to the terms and conditions of a perpetual flowage and inundation easement, a copy of which has been included in the addenda of this report.

The appraiser did not receive a survey of the subject property. Sketches, maps, drawings, and exhibits used in this report have been included only as visual aids.

Disclosure of the contents of this appraisal report is governed by the By Laws and Regulations of the Appraisal Institute and the Confidentiality Provision of the Uniform Standards of Professional Appraisal Practice.

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the prior written consent and approval of the undersigned.

It is assumed that there is full compliance with all applicable Federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in this report.

Unless otherwise stated in this report, the presence of environmental contamination, which may or may not be present on the property, has not been observed by the appraiser. The appraiser has no knowledge of the existence of such conditions and is not qualified to detect such. The existence of environmental contamination may affect the value of the property being appraised. The value estimate is predicated on the assumption that there is

no such environmental contamination on, in, or near this property that would cause a loss in value. No responsibility is assumed for any such conditions, or for the expertise required to detect or identify environmental contamination.

It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined and considered in this report.

Acceptance of and/or use of this report constitutes acceptance of the foregoing General Assumptions and Limiting Conditions and Extraordinary Assumptions.

EXTRAORDINARY ASSUMPTION

The subject property has been vacant since the end of 2004 and due to neglect is now in disrepair. Because there is no power or water service to the home, I was unable to determine if electricity, water, and HVAC systems were operational. For appraisal purposes, I am assuming that the plumbing, electrical, and HVAC systems are operational. If not, then the value reported herein may not apply.

The property was physically inspected on April 25, 2011. The effective date of appraisal is May 24, 2011. For appraisal purposes, I am assuming there were no physical changes in the property between the inspection date and effective date that would impact value. Although photographs were taken April 25, 2011, I inadvertently deleted them by mistake and have used the photographs from the February 22, 2011 appraisal report, but they are representative of the property as of April 25, 2011.

SCOPE OF APPRAISAL

This assignment is to estimate the market value of the subject property as of the date of inspection based upon fee simple interest, but subject to the terms and conditions of a perpetual flowage and inundation easement in favor of South Florida Water Management District. The initial step in this appraisal assignment was to gather information from various sources, i.e., the Highlands County Property Appraiser, the Highlands County Tax Collector, the Highlands County Clerk, the Highlands County Road Department, the Highlands County Zoning Department, and the Highlands County Planning Department. I also obtained information from the Highlands County Chamber of Commerce, the Central Florida Regional Planning Council, the Highlands County Economic Development Council, and various sites on the Internet. I then proceeded to review plat maps, tax maps, topography maps, flood maps, soil maps, and different aerial photographs of the subject property.

I previously appraised this property for South Florida Water Management District on February 22, 2011, the field inspection of which was conducted on December 22, 2010 and attended by Brad Duncan with South Florida Water Management. Because the property was in poor condition and the cost of repairs high, the “District” decided that an updated appraisal was needed with a general contractor providing an estimate as to the cost of repairs. I re-inspected the property on April 25, 2011, which was attended by Sam Ogg of Ogg Construction, Inc.

The field inspection allowed me to identify legal and physical access to the property, measure the house, attached structures, and detached outbuildings, note items needing repair, and take representative photographs that would later be incorporated into the completed appraisal report. Once I had completed the field inspection, I then proceeded to conduct a cursory inspection of the surrounding neighborhood, paying particular attention to listings, existing land uses, new construction, public work projects, proximity to supporting commercial facilities like schools, medical services, shopping, employment centers, availability of municipal services, etc. I also talked to local area Realtors, planning personnel, and the local area chamber of commerce to see if there were any upcoming developments that might have an impact on the market value of the subject property.

Back at the office, I began to determine the highest and best use of the land – as vacant and the property – as improved based upon the four criteria of legally permissible, physically possible, financially feasible, and maximally productive. The importance of highest and best use analysis can’t be overemphasized, as it lays the foundation for the valuation process and determines the approaches, techniques, and market data to be considered in estimating market value. If the appraiser determines an incorrect highest and best use, then there is a high probability that the resulting market value conclusion will also be incorrect. Once I had determined the highest and best use, I then proceeded to estimate its value by applying each of the relevant approaches, i.e., Cost Approach, Sales Comparison Approach, and Income Approach. The Cost Approach and the Income Approach apply to improved properties, whereas the Sales Comparison Approach applies

to both improved and unimproved properties. Values arrived at by each relevant approaches were then correlated into one final value conclusion based upon the appropriateness, the accuracy, the quantity of data, and the quality of data for each approach used in the valuation process.

PURPOSE OF APPRAISAL

The subject property lies within a rural area near the Highlands County – Okeechobee County line, highly influenced by its proximity to the Kissimmee River. South Florida Water Management District has been actively pursuing the acquisition of targeted tracts of land along the Kissimmee River in anticipation of a major restoration project. Certain tracts of land and portions of other tracts of land that have been acquired by South Florida Water Management District have been determined to be “surplus” property that is no longer needed for the restoration project. As such, South Florida Water Management has asked this appraiser to estimate the market value of the subject property, subject to a perpetual flowage and inundation easement in anticipation of putting the property up for bid or placing it on the market for sale.

The client for this appraisal assignment is the South Florida Water Management District. The intended users of this appraisal report are the personnel of South Florida Water Management District Land Acquisition Department and all appropriate funding partners. The intended use is to assist the “District” in disposing of surplus property and for crediting purposes with their funding partners.

The purpose of this appraisal assignment is to estimate the market value of the subject property subject to a perpetual flowage and inundation easement as of the date of appraisal – May 24, 2011. Market Value is defined as:

The amount of money that a purchaser willing but not obligated to buy the property would pay an owner willing but not obligated to sell, taking into consideration all uses to which the property is adapted and might be applied in reason. Inherent in the willing buyer – willing seller test of the fair market value is the following:

1. A far sale resulting from fair negotiations.
2. Neither party is acting under compulsion of necessity (this eliminates forced liquidation or sale at auction). Economic pressure may be enough to preclude a sale's use.
3. Both parties having knowledge of all relevant facts.
4. A sale without peculiar or special circumstances.
5. A reasonable time to find a buyer.

Note: The preceding definition is **not** the one found on Page 13, Section A-10 in the Uniform Appraisal Standards for Federal Land Acquisitions guidelines (Yellow Book). This definition is based on Florida Case Law (State Road Department v. Stack 231 So.2nd 859 FL 1st DCA 1969). This definition is contrary to the definition in Yellow Book.

SUMMARY OF APPRAISAL PROBLEMS

The following were appraisal problems that faced the appraiser for this assignment:

- Weak market conditions that have decreased real estate activity and essentially reduced the number of private and public sector sales.
- Because the property is located in close proximity to the Kissimmee River, the appraiser had to research sales and listings in several adjacent counties – Highlands County, Okeechobee County, Osceola County, and Polk County.
- Because of the poor condition of the improvements, the appraiser hired a general contractor to estimate the cost of repairs to make the home livable and safe, sound, and sanitary.
- I found no evidence that oil, gas, and mineral rights have been severed from the underlying fee owner.

PART II – FACTUAL DATA

IDENTIFICATION OF SUBJECT PROPERTY

The property being appraised represents a 15,600 square foot residential site (Tract #19-103-829) south of US Highway #98 and east of CR #721 in the unincorporated area of Southeast Highlands County, Florida, which is improved with a 1,554 square foot single family home, a 936 square foot detached pole shed, a 250 square foot detached utility shed, and ancillary site improvements. The home has been vacant since 2004 and is in disrepair, to a point where renovation and remodeling is necessary. The property has a physical address of 968 CR #721, Lorida, Florida 33857. The property is accessed via a 10 foot wide ingress/egress easement that connects to the road leading into Hidden Acres Estates, which extends past the property through a portion of Hidden Acres Estates providing access to the Kissimmee River (Tract #19-103-828). The subject property is legally described on the following two pages.

Exhibit "A"**Tract No. 19103-829 (Fee Parcel):**

The West 156.00 feet of the following described property:

A tract of land in the Northwest quarter of the Southeast quarter of Section 17, Township 36 South, Range 33 East, Highlands County, Florida, being more particularly described as follows:

Commence at the center of said Section 17, run thence North 89°57'57" East along the North line of the Northwest quarter of the Southeast quarter of Section 17 for a distance of 618.32 feet to the POINT OF BEGINNING of the tract of land hereinafter to be described; continue thence North 89°57'57" East for a distance of 525.00 feet, more or less, to the waters of a dead run Kissimmee River; meander thence Southwesterly along the waters of said dead run of the Kissimmee River for a distance of 105.00 feet, more or less, to a point; run thence South 89°57'57" West for a distance of 490.00 feet, more or less, to a point; run thence North 0°00'03" West for a distance of 100.00 feet to the POINT OF BEGINNING.

Containing 0.36 acre, more or less.

TOGETHER WITH the following easements:**Tract No. 19103-828 (Easement Parcels)**

(1) Only to the extent that the Fee Parcel is benefited and not in connection with or with respect to any other real property interests of the Grantor, an undivided interest in an easement for access, ingress and egress, in, on, over, across, through, and with respect to the following:

Commence at the center of Section 17, Township 36 South, Range 33 East; run thence North 89°57'57" East along the North line of the Northwest quarter of the Southeast quarter of said Section 17 for a distance of 618.32 feet; run thence South 0°00'03" East, a distance of 10.00 feet; run thence South 89°57'57" West, a distance of 618.32 feet, more or less, to the West line of said Northwest quarter of the Southeast quarter of said Section 17; run thence North along the West line of said Northwest quarter of the Southeast quarter of said Section 17, a distance of 10.00 feet to the POINT OF BEGINNING, and the West 10.00 feet of Lot 19 of Martha A. Pearce Subdivision of Lots 1 and 2 of Section 8 and Lots 1 and 2 of Section 17 in Township 36 South, Range 33 East, as per plat thereof recorded in Transcript Plat Book 1, Page 30, of the Public Records of Highlands County, Florida, which is an easement necessary for access to captioned land;

AND

(2) a 10.00 feet access easement described as being the South 10.00 feet of the North 20.00 feet of the following described property: A tract of land in the Northwest quarter of the Southeast quarter of Section 17, Township 36 South, Range 33 East, being more particularly described as follows: Commence at the center of said Section 17; run thence North 89°57'57" East along the North line of the Northwest quarter of the Southeast quarter of Section 17 for a distance of 618.32 feet to the POINT OF BEGINNING of the tract of land hereinafter to be described; continue thence North 89°57'57" East for a distance of 525.00 feet, more or less, to the waters of a dead run Kissimmee River; meander thence Southwesterly along the waters of said dead run of the Kissimmee River for a distance of 105.00 feet, more or less, to a point; run thence South 89°57'57" West for a distance of 490.00 feet, more or less, to a point; run thence North 0°00'03" West for a distance of 100.00 feet to the POINT OF BEGINNING, LESS the West 156.00 feet thereof, subject to that certain Perpetual Flowage and Inundation Easement recorded in Official Records Book 1653, Page 794 of the public records of Highlands County, Florida and that certain Declaration of Ground Elevation Restrictive Covenant and First Amendment to Declaration of Ground Elevation Restrictive Covenant recorded, respectively, in Official Records Book 1653, Page 810 and Official Records Book 2006, Page 558, of the public records of Highlands County, Florida.

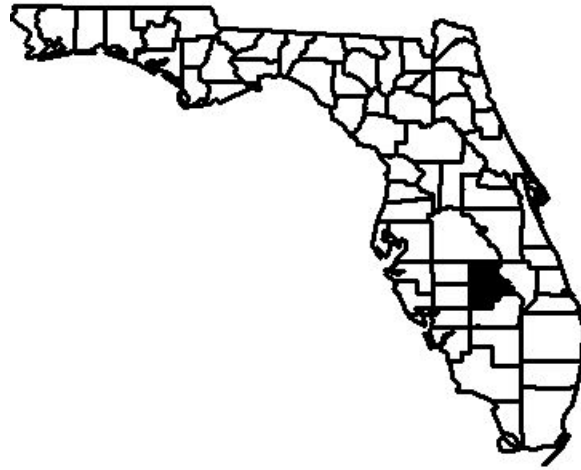
Containing 0.37 acre, more or less.

KR:SFWM
R:\Legals\kr103-829_828.lgl
February 11, 2004
Revised: Oct 13, 2010

The previous description was provided to the appraiser by the client. It is the same property described in Warranty Deed from Charles E. Thompson and Della M. Thompson, husband and wife, to South Florida Water Management District on December 22, 2004 and recorded in the Official Records Book 1815, Page 0760 of the Public Records of Highlands County, State of Florida. For appraisal purposes, this legal description is assumed to be correct.

HIGHLANDS COUNTY

Highlands County is located very close to the geographical center of the State of Florida. This county is bordered on the North by Polk County, on the East by Okeechobee County, on the South by Glades County, and on the West by Hardee and Desoto Counties. It is about equidistant from the East Coast and West Coast of Florida. The map shown below pinpoints the location of Highlands County in relationship to the State of Florida.



Highlands County encompasses approximately 1,029 square miles in the center of the Florida peninsula. This county is correctly named, as it has high elevation and rolling sand hills, interspersed with low wetlands, pristine lakes, and native flatwoods. Elevations in Highlands County range from about 145 feet above sea level to 160 feet above sea level. In prehistoric times, this elevated spine in Central Florida was the only portion of the state that was out of the sea. Approximately 70% of the county consists of agricultural land, in the form of citrus groves, farmland, and cattle ranches. Urban areas only account for about 20% of the total land area, while creeks, rivers, lakes, and wetlands account for the remaining 10% of the total area.

Highlands County has an abundance of natural resources, including more than 50,000 acres of open water distributed among seventy-two fresh water lakes. Highland Hammock State Park, the oldest State Park in Florida, contains 4,896 acres of protected wildlife habitat. This park features a small museum, offers bicycle rentals, and is filled with camping sites, picnic areas, hiking trails, and a unique boardwalk that winds through the headwaters of Charlie Bowlegs Creek. Just East of Avon Park is the Avon Park Wildlife Management Area, a 150,000± acre natural ecosystem that is open to camping, hunting, boating, and fishing. The Archbold Biological Station is a private preserve set up to protect the endangered plant and animal species that are found along the Lake Wales Ridge.

Climate is one of Highlands County's most attractive features. The mean annual temperature is 75.5°, with temperatures ranging between 30° and 95° during the year. The winters are especially mild, making Highlands County a good area for winter visitors. Rarely does the temperature fall below freezing, perhaps two days out of the year. The minimum and maximum temperatures for each of the four seasons are presented on the next page.

Spring	- 50° to 90°
Summer	- 70° to 100°
Fall	- 50° to 80°
Winter	- 30° to 70°

The summer months beginning in May and ending in September make up the rainy season in Highlands County. The average annual rainfall amount is 52 inches, most of which occurs during the summer months. This type of climate is best characterized as sub-tropical.

Like most counties within the state of Florida, the population of Highlands County continues to grow. Below are some historic population figures, as well as some projected estimates in the future:

1980 Census	- 47,526 residents
1990 Census	- 68,432 residents
2000 Census	- 87,366 residents
2010 Census	- 98,786 residents
2015 Projection	- 105,400 residents

The annual growth rate for Highlands County between 2005 and 2015 is projected to be 1.10%, which is only slight below the state average of 1.17% for the same period of time. Highlands County remains sparsely populated with about 95 people per square mile, ranking it 38th in the state of Florida. The state average is about 257 people per square mile. Almost all of the growth is attributable to net migration, rather than internal population growth.

This county has become more diverse as to the make-up of its inhabitants. In addition to a large number of retirees from the Midwest, this county has experienced an increase in new residents from Latin America and the Far East. The median age of the residents in Highlands County hovers around 51 years old, with more than 33% of the population over the age of 65 years old. About 48% of the population is between the ages of 18 and 65, representing the home buying, child raising, working class group. Below is a breakdown on the age mix in Highlands County.

AGE GROUP	PERCENTAGE OF POPULATION
0 to 17 years	19%
18 to 34 years	15%
35 to 54 years	21%
55 to 64 years	12%
Over 65 years	33%

There are only three incorporated cities in Highlands County, i.e., Sebring, Avon Park, and Lake Placid. All three are located in the Western half of the county, connected to each other by US Highway #27. Sebring is not only the largest city in the county, but has served as the county seat since 1921.

The population for the three cities in Highlands County is summarized below:

CITY	1990 POPULATION	2000 POPULATION	2010 POPULATION
Sebring (county seat)	8,900	9,667	10,491
Avon Park	8,042	8,542	8,836
Lake Placid	1,158	1,668	2,223

In the “Greater Sebring Area,” which includes suburban areas outside the city limits, there are about 31,000± residents according to the Highlands County Economic Development Council. During the winter season, which runs between December and April, the population doubles as the tourist and winter visitors move in.

The economy in Highlands County is heavily dependent upon agriculture, with citrus groves, cattle ranches, dairy farms, caladium farms, vegetable farms, sod farms, and ornamental nurseries being the primary commodities. According to the Agricultural Extension Agent for Highlands County, there are 62,671 acres in citrus production (Ranked 3rd in the State of Florida and 304,000 acres in cattle production (Ranked 4th in the State of Florida). Although dwindling because of increasing environmental regulations, there are still about 6,700 dairy cows on about four or five dairy farms in Highlands County. Waste management continues to pose obstacles to local area dairy farmers and Asiatic Citrus Canker and Citrus Greening are having some serious problems citrus growers.

As of 2011, Highlands County had a labor force of about 41,225 workers representing approximately 41% of the total population. A May 22, 2011 article in “Highlands Today” newspaper reported that the April 2011 unemployment rate was 10.1%, a slight decline from the March 2011 unemployment rate of 10.7% and the April 2010 unemployment rate of 10.4%.

The Highlands County Economic and Development Commission, in cooperation with the Heartland Private Industry Council, have retained a national market research group to perform a community assessment of Highlands County. The report concluded that Central Florida offers an excellent business climate, due to low manufacturing and clerical wages, gracious tax benefits, low cost of living, strong agricultural work ethics, an amiable labor/management relationship, adequate unskilled and low skilled workforce, labor potential from sizable retirement population, proximity to central Florida markets, strong public-private cooperation, and considerable civic pride. Funds are available for site acquisitions, construction, purchase of machinery and equipment, and working capital to qualified applicants through state and federal agencies. The Board of County Commissioners, in support of economic development, implemented legislation establishing the Highlands County Industrial Development Authority that provides for industrial bond financing. Highlands County is making an aggressive approach to attracting business and industry.

The private employers in Highlands County with the most employees include:

EMPLOYERS	PRODUCT	EMPLOYEES
Florida Hospitals - Heartland	Health Care	1,300
Highlands Regional Hospital	Health Care	500
Cross Country Automotive	Roadside Assistance	500
Wal-Mart	Retail	450
Medical Data Systems	Collection Service	387
Delray Plants/Highlands Greenhouse	Ornamental Plants	350
Lake Placid Health Care Center	Nursing home	290
Alan Jay Automotive Network	Automobile dealerships	290
Palms of Sebring	Assisted Living	264
Lowes	Home Improvement	125

Other products produced in Highlands County include fertilizers, light plastics, golf course maintenance equipment, and building supplies. Tourism also plays an important role in the economy of Highlands County. Tourism results from this areas mild winter climate, the large number of tourist attractions found within Central Florida, and the fact that Highlands County offers a lower living cost than areas along the East Coast or the West Coast of Florida. Tourism is made up of retirees, winter visitors, and vacationers. The influx of a larger senior population has fueled expansion in the retail industry, exemplified by the construction of the Lakeshore Mall in 1993. This was the first enclosed shopping mall in Highlands County. The increase in retirees should continue to create new jobs in the service and health care sectors of the local area economy.

The Highlands County Board of County Commissioners, with five elected at large commissioners representing geographic districts, governs the unincorporated areas of Highlands County. The Highlands County Sheriff's Department is the chief law enforcement agency for the rural areas of the county, with 121 law enforcement officers, 70 correctional officers, and 124 civilians. The three incorporated areas of Highlands County, Sebring, Avon Park, and Lake Placid, are each governed by a mayor and city council. Each municipality has its own police department, supported by the Highlands County Sheriff's Department.

With an enrollment of 12,445 students, the school system is in transitional flux from a small school system to a moderate sized school system. Grades K thru 12 are fully accredited by the Southern Association of Colleges and Schools. The pupil to teacher ratio is approximately 17:1. The school board intends to keep this ratio, and has been aggressively building new schools in order to maintain a good ratio. Seven of the county's sixteen schools were built within the last five years. The three high schools have expanded to meet increased student enrollment.

Post education is available from South Florida Community College located in Avon Park. This is a state-supported institution that provides an Associate of Arts degree or an Associate of Science degree. It not only provides academic studies, but also vocational and technical training supporting local businesses and industries. This community

college has an enrollment of 15,000 students. The nearest four-year schools include Webber College in Babson Park, Warner Southern in Lake Wales, and Florida Southern in Lakeland. Polk Community College is located in Winter Haven, with a satellite campus in Lakeland that is shared with a branch campus of the University of South Florida.

With a median age of $51\pm$ years old and an aging population, health care in Highlands County is going to become increasingly more important. This is underscored by the recent introduction of a 911 system and the completion of the Florida Hospital – Heartland between Avon Park and Sebring. Florida Hospital - Heartland is a privately owned, non-profit, 101 bed facility that is one of eighty hospitals belonging to the Seventh Day Adventist Health System. Florida Hospital Lake Placid is a 50-bed satellite facility of Florida Hospital - Heartland.

Highlands Regional Medical Center has been a part of Sebring for the past four decades. It is the largest hospital in Highlands County, with 126 beds. HRMC houses a medical/surgical unit, a cardiology unit, a physical therapy unit, a women's and children's unit, and an intensive care unit. The Surgical Center of Central Florida opened in Sebring in 1989. The staff includes surgeons specializing in ear, nose, and throat, general surgery, gynecology, ophthalmology, oral surgery, orthopedics, plastic re-constructive, podiatry, and urology. The Highlands Surgery Center opened in 1994, offering outpatient procedures and general surgeries including orthopedic procedures, ear, nose, and throat procedures, and carpal tunnel release. In the near future, they plan to add urology, gynecology, and podiatry.

There are over 125 churches and houses of worship in Highlands County, including the Protestant, Catholic, and Jewish religions. Sebring, Avon Park, and Lake Placid all have public libraries. The Sebring Airport has a 5,190 foot paved runway, while Avon Park has a 3,980 foot paved runway, both providing local commercial and executive service. There are several large lakes in Highlands County, along with several public and private golf courses, parks, and recreation areas. The Sebring International Speedway is nationally recognized for two major automobile races, the 12 Hours of Sebring Grand Prix of Endurance and the new Ginsana Firehawk Endurance Championship.

Florida Power Corporation provides electric service to most of Highlands County, although some parts of the county are served by Glades Electric Co-op and Peace River Electric Co-op. Sprint is the only telephone service in Highlands County. Highlands County has limited water and sewer systems, mostly in the suburban areas around Sebring, Avon Park, and Lake Placid. In addition, there are a couple of private water systems serving the unincorporated areas of the county, including Spring Lake Water Plant and Sun 'N Lake of Sebring Water Plant. Sebring, Avon Park, and Lake Placid all have their own utility systems for their particular areas.

In conclusion - The population of Highlands County is expected to grow at a rate that is lower than the rate for the State of Florida. In terms of actual numbers, however, there is expected to be about $2,000\pm$ new families moving into Highlands County each and every

year through the year 2015. Retirees have especially found Highlands County attractive. Its' mild climate, low cost housing, and central location are important factors for continued growth. Some industry diversification is expected, but Highlands County will continue to be heavily dependent upon the agricultural segment of the economy, especially citrus and cattle ranching. Tourism will play an increasing role in the economy, as time goes on.

NEIGHBORHOOD DATA

The “Appraisal Institute” defines a neighborhood as a group of complementary land uses that are influenced by similar political, social, economic, and environmental forces. A neighborhood identifies the area under analysis, and establishes the boundaries from which the appraiser searches for data to be used in the appraisal process. The boundaries for a neighborhood can be based on changes in prevailing land uses, natural features such as lakes, river, and streams, man-made features such as roads, railroads, or canals, or more subtle features such as occupant characteristics. The determination of a neighborhood should be based on political, social, economic, and environmental similarities or differences. Unlike neighborhoods in urban areas, neighborhoods in rural areas tend to be quite large in size due to vast areas of similar property types and uses. Urban neighborhoods tend to be much smaller in size, due to abrupt changes in property types and uses.

The subject property is located in a rural area of Southeast Highlands County, just west of the Kissimmee River, south of U.S. Highway #98, north of SR #70, and east of CR #721. For the most part, this neighborhood is dominated by cattle ranches, dairy farms, citrus groves, and land in public ownership. Obviously, the center focus of this neighborhood is the Kissimmee River, which essentially separates Highlands County from Okeechobee County. This section of the Kissimmee River has been channelized, essentially connecting the Upper Basin Lakes of Lake Tohopokeliga, Lake Cypress, Lake Hatchineha, and Lake Kissimmee to the Lower Basin Lake of Lake Okeechobee. Around the lakes and the Kissimmee River are isolated pockets of fish camps, recreational vehicle parks, campgrounds, and small enclaves of mobile homes and conventional built houses that benefit from their proximity to the river/lakes. These isolated pockets of residential development make good second homes for winter, summer, or weekend retreats. There is virtually no residential development away from the Kissimmee River, its Upper Basin Lakes, or Lake Okeechobee.

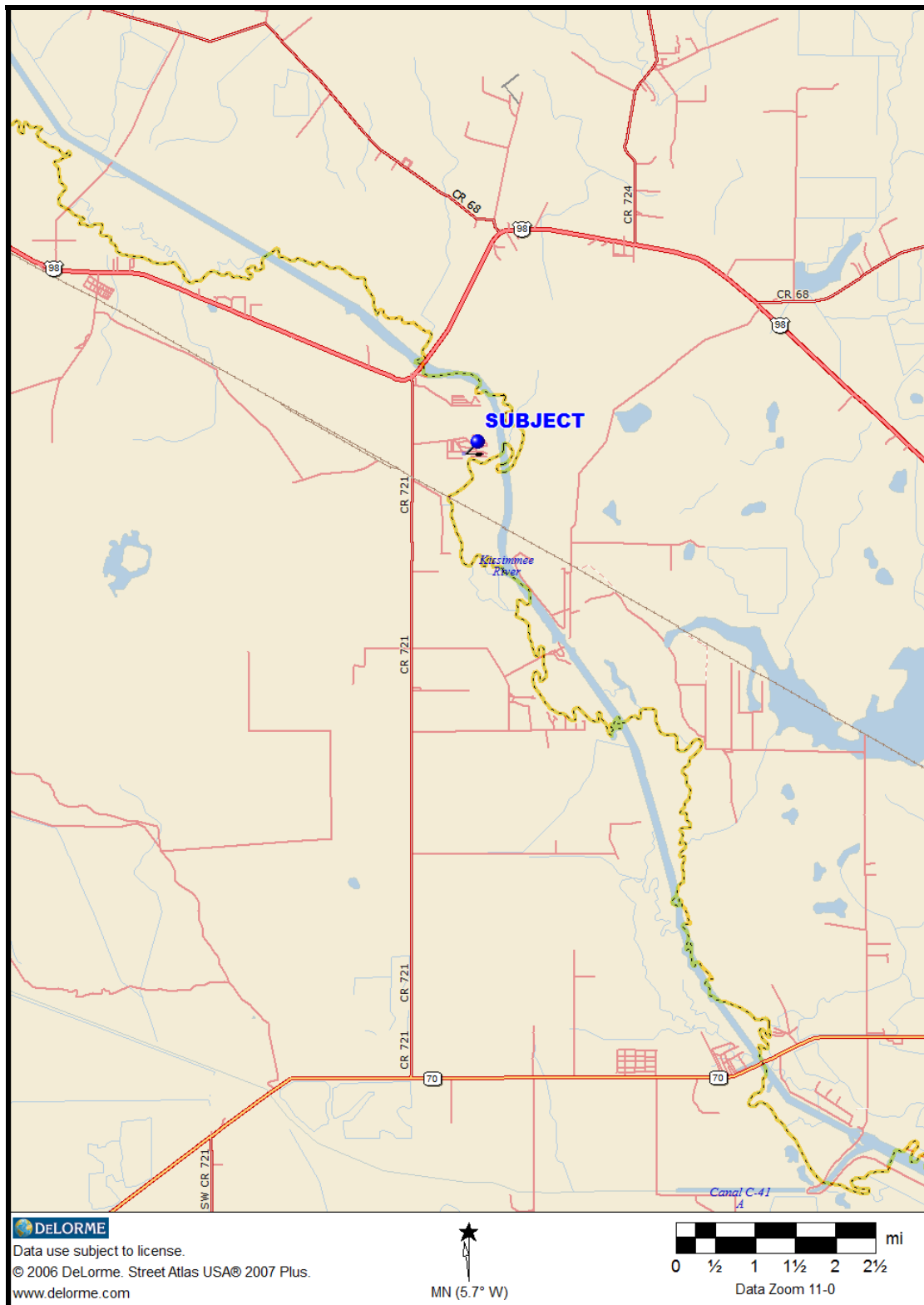
The following represent a few of the characteristics that are typical of rural neighborhoods:

- Large tracts of land owned by a few landowners.
- Uses that are primarily agriculture, silviculture, or recreation in nature.
- Absence or lack of normal infrastructure necessary to support residential development – shopping, schools, churches, financial institutions, medical facilities, and employment centers.
- Presence of environmental agencies and private environmental groups that are actively engaged in the acquisition of environmentally sensitive lands for preservation or passive recreation use.

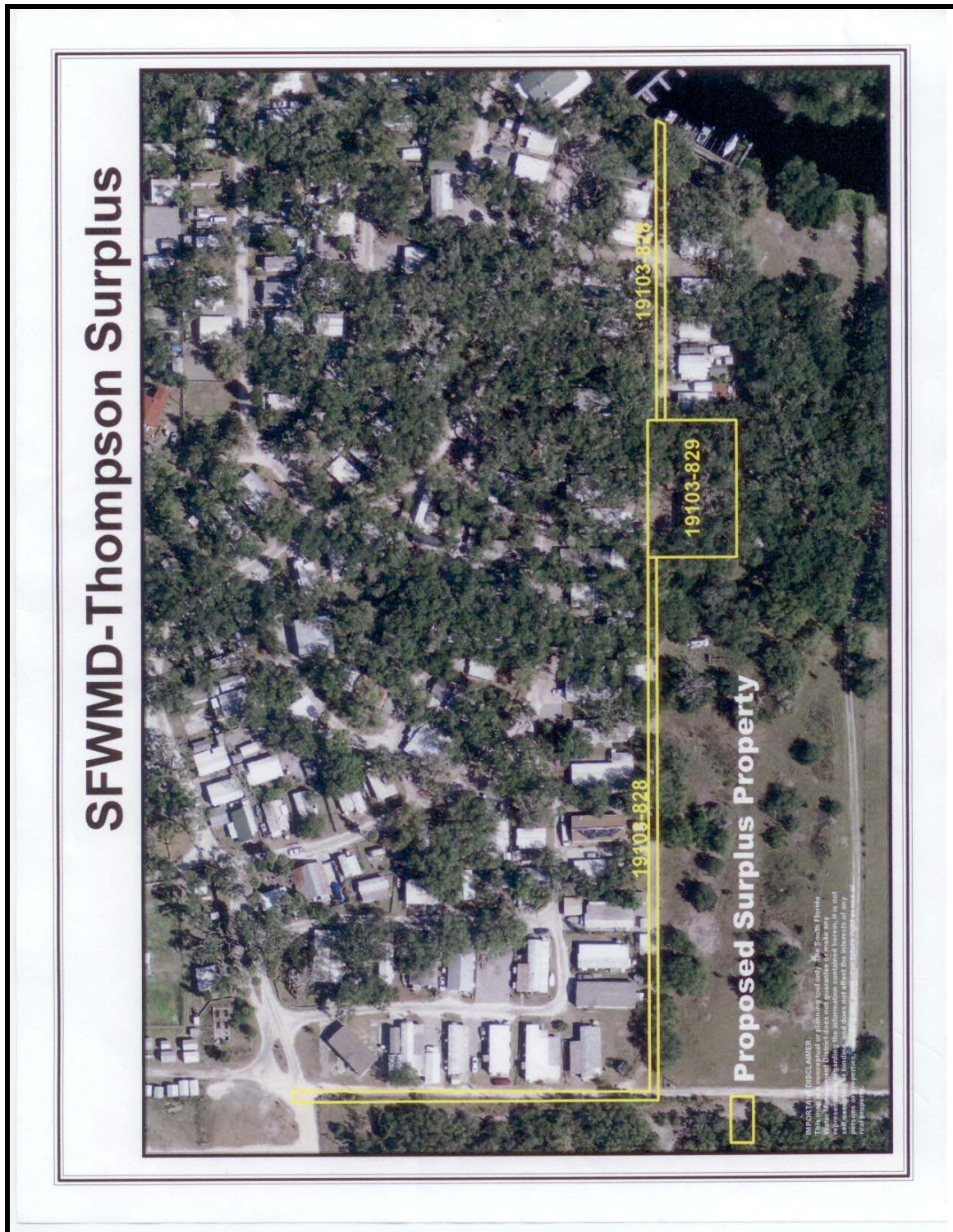
South Florida Water Management District, in conjunction with the Army Corps of Engineers, has been actively engaged in acquiring selected tracts of land that are needed for the Kissimmee Restoration Project. Most of the acquisitions have been adjacent to

the Kissimmee River, but more specifically tracts of land lying below pre-determined flood elevations. Much of the acquisitions have involved cattle ranches, dairy farms, and row crop farmland, however, several pockets of the residential development in the Kissimmee River Basin have likewise been impacted. All, but a few tracts of land have been acquired, and the restoration project is underway and progressing at a steady rate.

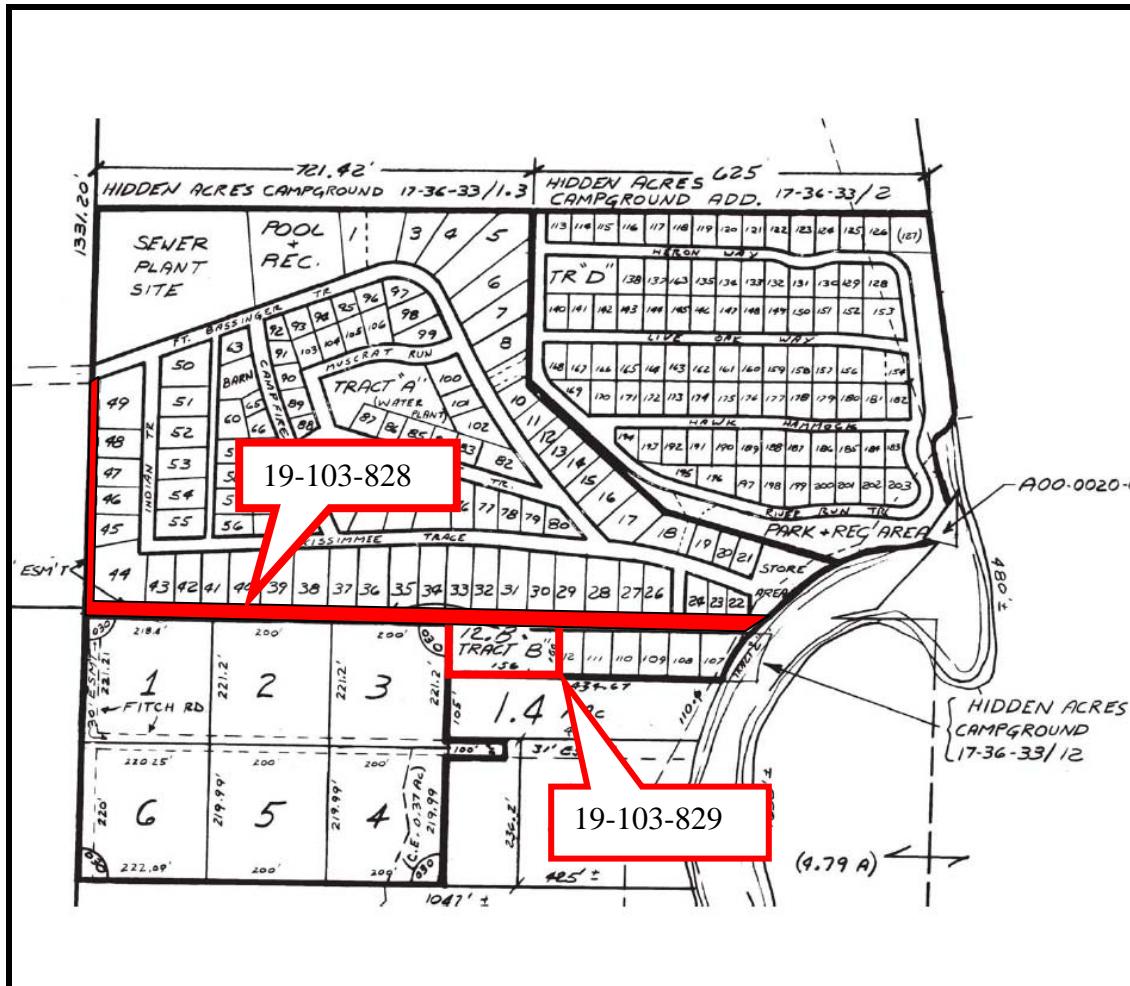
LOCATION MAP



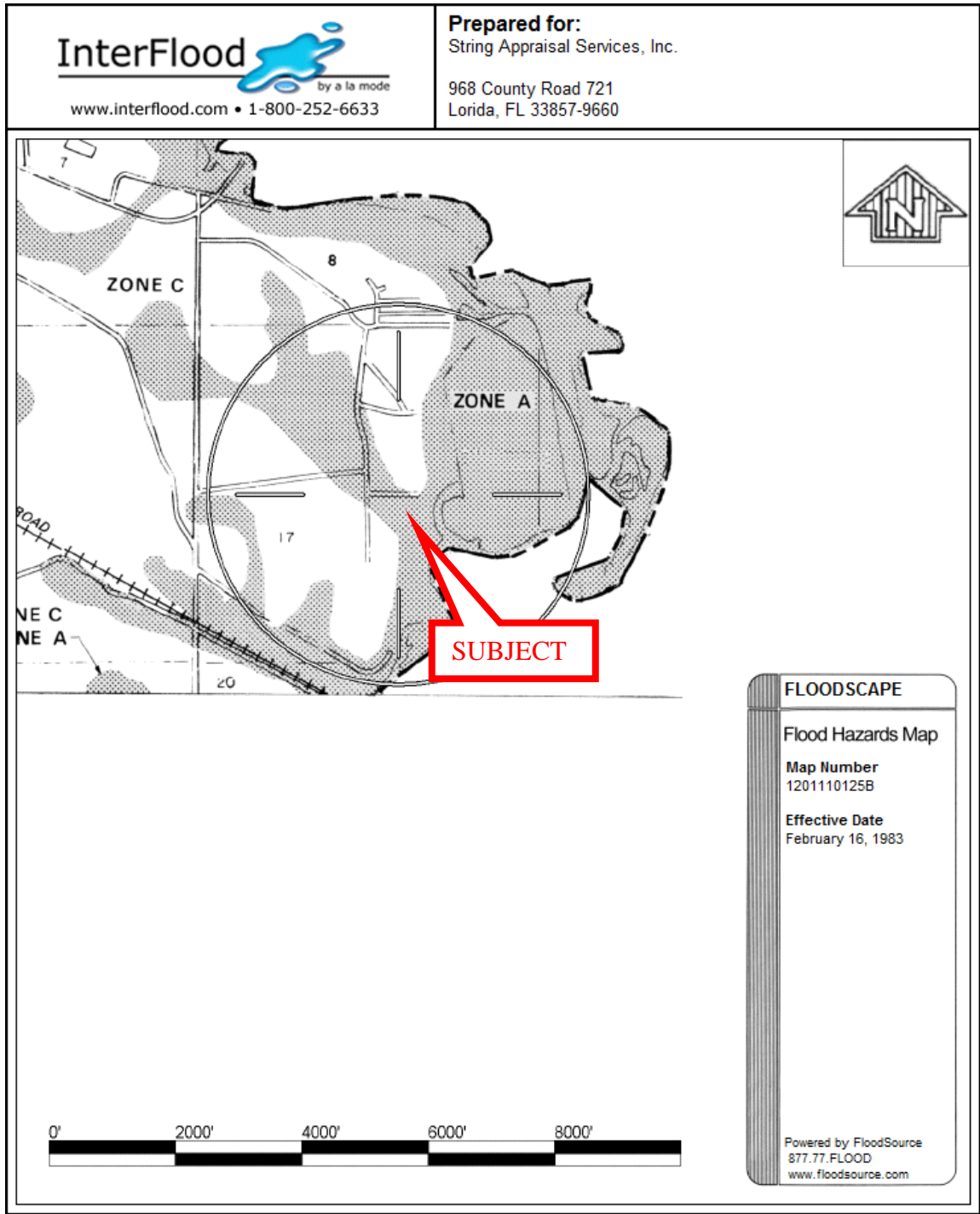
SUBJECT SKETCH



PROPERTY APPRAISER TAX MAP



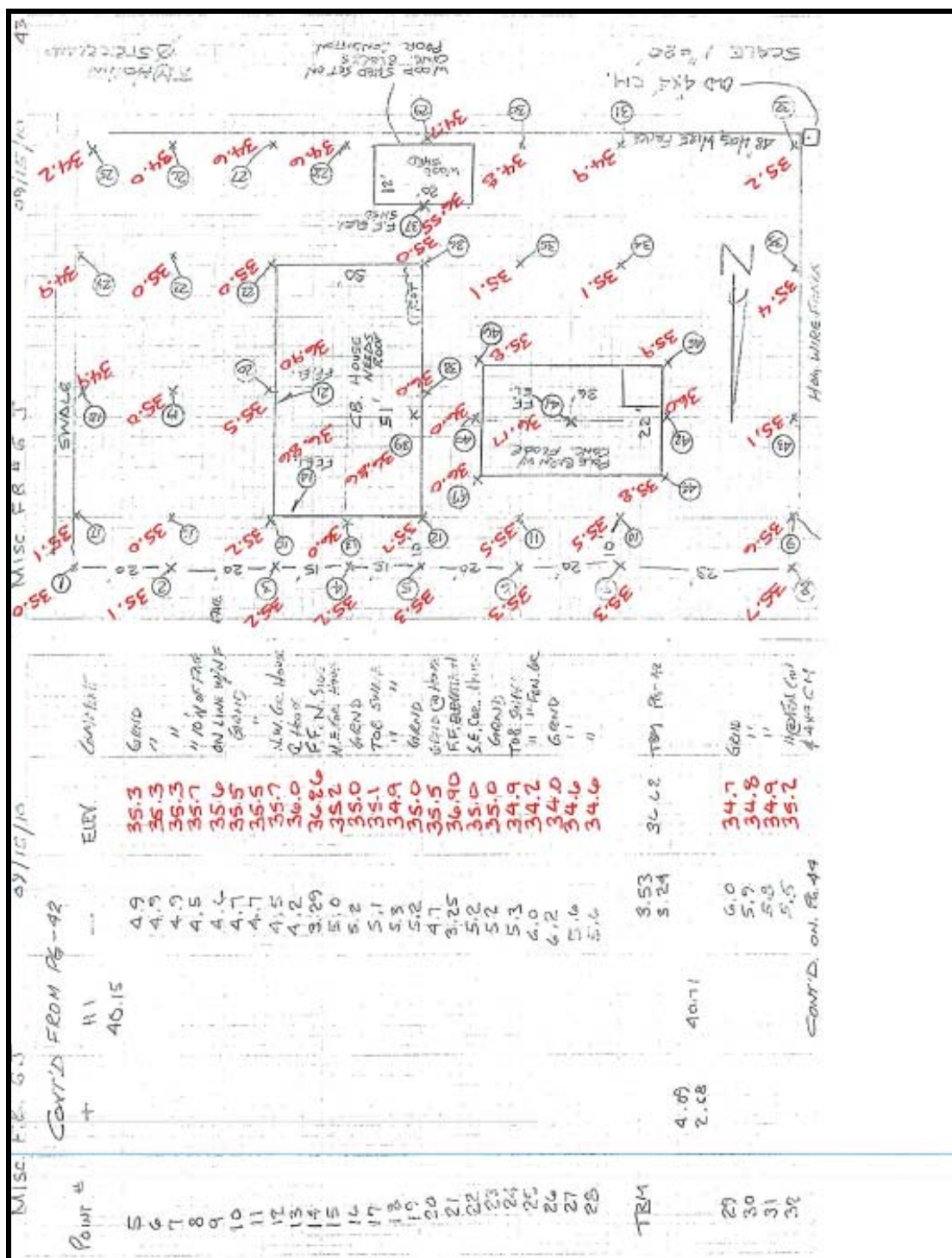
INTERFLOOD MAP



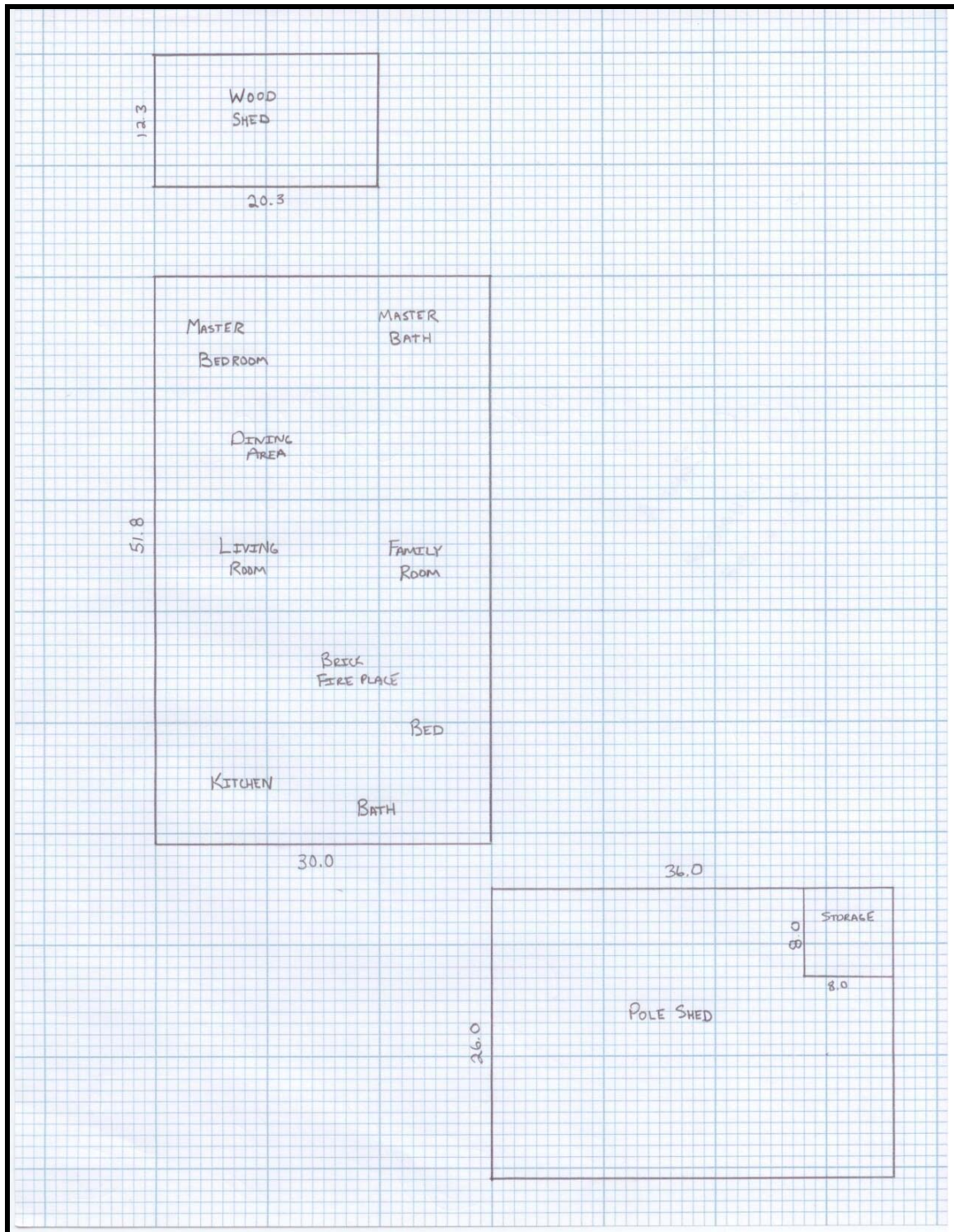
AERIAL MAP SHOWING ELEVATIONS



ELEVATION MAP



IMPROVEMENT SKETCH



PROPERTY DATA

Location: The subject property is located in a rural area of Southeast Highlands County, south of U.S. Highway #98 and east of CR #721, and west of the Kissimmee River. This property lies immediately south of and adjacent to Hidden Acres Estates, a fish camp located on an old oxbow of the original Kissimmee River. This property has a physical address of 968 CR 721, Lorida, Florida 33857.

Current Use: The subject property is improved with a 1,554 square foot masonry home built in 1951, a detached 936 square foot frame pole shed built in 1991, a detached 250 square foot frame shed built in 1991, and ancillary site improvements that includes a well and septic system. The property was acquired by South Florida Water Management District on December 22, 2004 and has been vacant and unoccupied since its purchase.

Historic Use: Prior to 2005, the subject property was used as a single family home. Since December 22, 2004, the property has been vacant and unoccupied

Census Tract: 9615.00

Access: The subject parcel is accessed via a series of graded easements, which connect to CR 721, the nearest paved public road. There is a private graded easement that connects CR #721 to Hidden Acres Estates on the Kissimmee River. The subject is accessed via a 10-foot wide non-exclusive graded ingress/egress easement that connects to the south side of the easement for Hidden Acres Estates, which then turns east and runs past the north side of the subject property to the waters of the original Kissimmee River.

Note: Building permits are routinely issued for properties with recorded easement access.

Shape: Rectangular – see exhibits.

Size: The subject site measures 156 feet wide east to west and 100 feet of depth north to south, containing 15,600 square feet (0.36± acres) based upon the measurements. The deed reports that the subject site contains 0.36 acres, more or less. For the lack of a better source, I intend to use 15,600 square feet as the size of the subject property – subject to a survey. The subject site is identified by South Florida Water Management District as Tract #19-103-829.

Note: Tract #19-103-828 is a non-exclusive ingress/egress easement that accesses the subject site. It contains 0.37 acres, more or less. It is an L-shaped easement that is 10-foot wide, connecting the road leading to Hidden Acres Estates to the original Kissimmee River – passing the north side of the subject property.

Topography: The subject site is so small that it is virtually impossible to identify its elevation based upon published topographic maps. However, South Florida Water Management District provided me with an aerial map, which pinpoints numerous elevations on the site. Essentially, the elevations range from 34.6 feet NGVD in the

southeast corner to 35.6 feet NGVD in the northwest corner and along the western boundary line. The floor elevation of the single family house is reported to be 36.9 feet NGVD and the floor level of the pole shed is reported to be 36.2 feet NGVD. The flowage and inundation easement states that the "District" has the right to permanently or temporarily flood to an elevation of 35.5 NGVD, so the floor elevation of the house is only 1.4 feet above potential flood stage and the pole shed is only 0.7 feet above potential flood stage.

Flood Zone: The subject property can be found on FEMA Map #12011101258, with an effective date of February 16, 1983. This map, a copy of which has been included as one of the exhibits, clearly shows that the entire subject parcel lies in Zone "A" – an area within the 100-year floodplain where base flood elevations and flood hazard factors have not yet been determined. Although construction of homes within designated flood zones is permitted, higher densities, additional permitting and increased building costs should be expected. Building in a designated flood area does not inherently prohibit development.

Note: A density of one dwelling unit for every ten acres shall be assigned to any delineated jurisdictional wetland and floodplain area, within the agriculture land use category which is depicted on the future land use map series.

Soils: According to the NRCS Soils Map, the subject property is made up of entirely (36) Pomello sand, 0 to 5 percent slopes. This is a nearly level to gently sloping, moderately well drained soil on slightly elevated ridges and knolls. Most areas with this soil type have been cleared and put into improved pasture or citrus crops.

Uplands/Wetlands: Based upon elevations, soil maps, and vegetation, it appears that the entire subject site is probable uplands.

Utilities: The subject parcel is located in a remote rural area of Southeast Highlands County, where the only public utilities available are electric and telephone services. It was reported that the subject property had been hooked up to the central water and sewer system in adjacent Hidden Acres Estates and I explored the possibility of remaining hooked up to their water and sewer systems. The consensus of the Hidden Acres Estates board members was that they are interested in bidding on this property and have no interest in continuing to provide water or sewer services to the subject property.

There is a 2" well located on the property which was used as a potable water supply, albeit the missing pump and tank will need to be replaced. I am also assuming that there is an underground septic system, albeit a new elevated septic system will need to replace any existing system because this property is encumbered by a perpetual flowage and inundation that requires the bottom surface of the drain field to be no lower than 37.5 feet NGVC. Given the properties remote location, Highlands County is responsible for providing police, fire, and emergency medical services that are supplemented by volunteer fire departments scattered throughout the rural areas of the county.

Zoning: The subject parcel is zoned “AU,” an agricultural district that permits single family dwellings, mobile homes, community residential homes licensed by the state for six or fewer residents, churches, golf courses, groves, farms, nurseries, cattle or stock grazing but not hog or sheep, docks, railroad rights-of-way, permanent or temporary housing for farm labor, water or wastewater treatment facilities, public parks and recreation areas, schools, etc. Residential densities are based on a maximum of one dwelling unit per five acres with at least 100 feet of road frontage. There are a number of uses that are permitted as “Special Exceptions,” but each must be approved on an individual basis by the county. The minimum setbacks are: 25 feet front, 10 feet side, and 25 feet rear.

Note: The subject is a legal, but non-conforming lot in that a single family residential home is a legal use but the lot size is smaller than the maximum allowed lot size under the “AU” zoning classification of one dwelling unit per five acres. The subject site can be a “Lot of record,” if it were platted as a single lot or acquired by the current owner prior to June 26, 1973. Although there is no way to be absolutely sure without a title search, given that the existing house was built in 1951 is a good indication that the subject site was created prior to June 26, 1973 and is probably a “lot of record.”

Future Land Use: The future land use element of the Highlands County Comprehensive Plan is “Agriculture,” which is consistent with the current zoning classification. Density is again, one dwelling unit per five acres. However, because the subject is entirely in flood zone, the density is increased to one dwelling unit per ten acres.

The subject property is located in a remote rural area, where zoning and future land uses are primarily for agriculture, silviculture, and recreation, with the older fish camps, campgrounds, recreational vehicle parks, and residential enclaves zoned at a higher density. Based upon the location and surrounding zoning and land use designations, it is highly unlikely that the subject could obtain a more intense zoning or future land use classification.

Concurrency: This is a term that describes the ability of a municipality to provide the necessary infrastructure for proposed developments. In the past, municipalities simply allowed development to occur without regards to the infrastructure that was necessary to support such proposed development. “Leap frog” was a term that described the municipality’s disregard for orderly and efficient development that addressed concurrency issues, i.e., level of road service, schools, institutional facilities such as police, fire, and emergency medical services, and even passive type uses such as parks and recreation centers, etc. As the comprehensive plan was being developed, county planners assigned future land use designations that took into consideration concurrency issues.

Current Owner of Record: According to the records of the Highlands County Property Appraiser and according to a Warranty Deed recorded in OR Book 1816, Page 0760 of the Public Records of Highlands County, Florida, the subject property is vested to South Florida Water Management District whose address is:

South Florida Water Management District
P.O. Box 24680
West Palm Beach, Florida 33416-4680

Assessment and Taxes: For 20109, the Highlands County Property Appraiser is reporting assessments and taxes on the subject property as summarized below:

PARCEL ID.	LAND	IMPROVEMENTS	JUST VALUE	TAXABLE VALUE
C-17-36-33-A00-012B-0000	\$7,500	\$46,314	\$53,814	\$0

There is no correlation between Just Value and Taxable Value as determined by the Highlands County Property Appraiser and Market Value as determined by the market. The Highlands County Property Appraiser is responsible for assessing several thousand tax parcels each year and simply does not have the time to spend valuing any single parcel. His performance is based upon consistency between similar property types, measured by statistical formulas that include average, mean, median, standard deviation, and coefficient of dispersion. By law, Highlands County assessments exclude certain components of market value such as sales commissions, closing costs, recording fees, and legal fees. This is the reason that there is no direct correlation between Just Value/Taxable Value and Market Value.

The millage rate for 2010 is \$15.3400 per \$1,000 dollars of assessment. The Highlands County Tax Collector offers discounts for early payment, with full taxes due by March 31st of 2011. The discounts are one percent per month, up to a maximum of four percent, beginning in November of 2010. There are no taxes given the subject property is in public ownership.

Last Recorded Transaction: In compliance with “Yellow Book,” the last transaction involving the subject parcel was:

On December 22, 2004, Charles E. Thompson and Della M. Thompson, husband and wife, sold the subject property to South Florida Water Management District for \$100 as determined by the Documentary Stamps on the Deed. This Warranty Deed was recorded in Official Records Book 1815, Page 0760 of the Public Records of Highlands County, State of Florida.

The purchase/sale was a direct result of the Kissimmee River Restoration Project, where impacted sellers knew that they would eventually have to sell. The stamps on the deed were not reflective of the true consideration paid to the sellers, but since they were under eventual compulsion to sell, the transaction did not meet the test of an arm’s length transaction and was not indicative of market value.

No other transactions in the past ten years showed up in the Public Records. To the best of my knowledge, the subject property is not listed for sale and is not under contract.

Rental History: To the best of my knowledge, the subject property has never been leased or rented out to others.

Encumbrances: For this assignment, the appraiser was provided an Attorney's Title Insurance Fund, Inc. title policy identified as Commitment Number CF-1217501 issued on January 2, 2004 and an "In House" title update dated September 9, 2010. Values reported in this appraisal report are subject to any exceptions identified in these two documents. I have read through these documents and found nothing that would have an adverse impact on value.

The subject property will be encumbered by a perpetual flowage and inundation easement that essentially says that South Florida Water Management District has the right to right, power, privilege, and easement, now, hereafter, or from time to time, to regularly or at any time and for any length of time to overflow, flood, inundate, flow water on, across, through and beneath the surface of, and submerge all or any portion of the subject, in connection with the operation, maintenance and implementation of the Kissimmee River Restoration and Headwaters Revitalization Project up to an elevation of 35.5 NGVD. In addition, the easement requires the bottom surface of any drain field to be no lower than 37.5 NGVD.

Oil, Gas, Mineral Rights: There was no evidence to suggest that the oil, gas, and mineral rights have been severed from the underlying fee ownership. Additionally, I am not aware of any commercially valuable oil, gas, or mineral deposits on the subject property.

Hazards: Although beyond the scope of an appraisal assignment, the appraiser did not observe any obvious signs of hazardous materials or environmental pollution.

Improvements: The subject site is improved with a single family residential dwelling, a detached pole shed, a detached utility shed, and ancillary site improvements, each described below in much more detail.

- **Single Family Dwelling** – the subject site is improved with a masonry single family house that was built in 1951, according to the records of the Highlands County Property Appraiser. The inspection revealed that a major addition was made to the home sometime in the 1970's or 1980's as best as I can tell. Unfortunately, the Highlands County Property Appraiser no longer keeps cards with notes and everything is now on computer. Their computer did not show the addition or identify when it was added.

The home measures 30 feet wide by 51.8 feet long, containing a total of 1,554 square feet of heated/cooled living area. The home appears to be originally a weekend cabin that was added onto. It is subdivided into a living room, family room, kitchen, two bedrooms, and two bathrooms. Exterior construction features

include a reinforced concrete slab foundation, painted concrete block exterior walls, aluminum awning and single hung windows, wood boxed and vented fascia and soffits, and a gable asphalt shingle roof. Interior construction features include vinyl and carpet floors, painted drywall, varnished tongue and groove pine, and paneling interior walls, painted drywall, acoustical tile, and exposed open wood beam ceilings, brick fireplace, Formica kitchen and vanity cabinets, ceramic tile wainscot, and central heat and air conditioning.

Condition – This home has been vacant and unoccupied since the end of 2004 and is in very poor condition and is in a state of disrepair – see interior photographs. There is a long punch list of items that need repair, the most expensive of which is:

- Remove the existing roof, repair and replace all rotten wood, and replace the roof.
- Remove all exterior windows and replace with new windows.

Additional repairs include remove and replace all floor coverings, repair damaged ceramic tile wainscot in bathroom, replace kitchen sink and faucet, and repaint the interior and exterior. The interior and exterior need scraping and repainting but in reality this will be done by the buyer and not by a contract painter. Being vacant since the end of 2004, the plumbing, electrical, and HVAC systems were not operational at the time of inspection. The contractor did indicate that the outside electrical panel box was new and updated and did not find any significant problems with the two interior electrical panel boxes. Based upon the poor condition of the house, however, I would be extremely surprised if these systems do not need repair.

- Pole Shed – the site is also improved with a 36.0 by 26.0 foot frame pole shed containing 936 square feet. Construction features include a concrete slab floor, with a concrete slab floor, telephone post support poles, and a gable truss roof covered with asphalt shingles. In the southwest corner of the pole shed is an 8.00 by 8.00 frame utility room, containing 64 square feet. According to tax records, the pole shed was built in 1991. It is in average condition and completely functional for its intended use. The contractor felt like the roof over the pole shed needed to be replaced.
- Utility Shed – the site is also improved with an elevated frame utility shed measuring 20.3 feet wide by 12.3 feet deep, containing 250 square feet. Construction features include concrete block piers, wood subfloors, frame structure with T-111 siding, and a metal shed roof. Unfortunately, the shed was locked and I was unable to make an interior inspection. According to tax records, the shed was built in 1991. The rear southwest corner of the shed shows signs of extensive damage and rotten wood.

- Ancillary Site Improvements – the site is also improved with a 2” shallow well, but the well is missing the pump and tank. I also assume that there is a septic tank and drain field, however, I was unable to physical identify their location.

Fixtures: There are no fixtures involved in this appraisal assignment.

PART III – DATA ANALYSIS AND CONCLUSIONS

HIGHEST AND BEST USE

Fundamental to appraising real estate is the concept of “Highest and Best Use.” Highest and best use has been defined as:

“The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria that the highest and best use must meet are legally permissible, physical possible, financial feasible, and maximally productive.”

The Appraisal of Real Estate, 13th Edition as published by the Appraisal Institute.

In order to represent the highest and best use, the use must be legally permissible, physically possible, financially feasible, and maximally productive. The preceding definition suggests that there could actually be two highest and best uses – highest and best use as vacant and highest and best use as improved. Below is a discussion of the four criteria as they relate to the subject property.

HIGHEST AND BEST USE – AS VACANT

Legally Permissible – the subject site is currently zoned “AU” with an “Agricultural” future land use. Permitted uses include single family dwellings, mobile homes, community residential homes licensed by the state for six or fewer residents, churches, golf courses, groves, farms, nurseries, cattle or stock grazing but not hog or sheep, docks, railroad rights-of-way, permanent or temporary housing for farm labor, water or wastewater treatment facilities, public parks and recreation areas, schools, etc. Residential densities are based on a maximum of one dwelling unit per five acres with at least 100 feet of road frontage; however, since the site is located entirely within a designated floodplain, the density is increased to one dwelling unit per ten acres.

Given that the subject site only contains 15,600 square feet, this site does not meet the minimum size requirement of one dwelling unit per ten acres and is non-conforming. The lot, however, is grandfathered in and is a lot of record since it was likely platted as a single lot prior to June 26, 1973. Based upon the preceding, it is my opinion that the subject lot is a developable lot. Given the preceding facts, there is little likelihood that any more intense zoning or future land use classifications would be approved for the subject property.

Physically Possible – the subject site has access via a fairly lengthy, 10-foot wide private graded ingress/egress easement, which connects to another easement for Hidden Acre Estates residents and then to CR #721. This easement extends eastward of the subject site, through a southern section of Hidden Acres Estates to the original Kissimmee River. As a matter of policy, Highlands County routinely issues building permits for sites accessed via recorded ingress/egress graded or paved easements. The extension of the easement down to the original Kissimmee River does provide access to the water, but any

benefit is nullified by the fact that Hidden Acre Estates has boardwalks and docks adjacent to the bank that essentially blocks physical access to the water.

The subject is a long and narrow rectangular shaped tract with about 156± feet of frontage on the access easement and 100 feet of depth. The site contains 15,600 square feet and high, dry, and well drained, although it is located entirely within a designated flood zone. The underlying soils appear to be well suited for pasture or urban development and the overhead canopy of mature live oaks is appealing for residential use. The lack of public water and sewer service does not detract from residential use, as individual wells and septic systems are common in this area of the county.

Financially Feasible – the subject site is located in a rural area of Southeast Highlands County, where the dominate uses are agriculture and where small pockets of residential development exists to benefit from the recreational opportunities afforded by the Kissimmee River. The Kissimmee River has long been popular as a location for second homes, weekend retreats, and vacation homes. The real estate market remains extremely weak, exhibiting little activity, few transactions, and declining values. Foreclosures, bankruptcies, and “short sales” have been extremely high in Highlands County in 2008, 2009, and 2010. The number of issued building permits for both residential and commercial buildings is down significantly. The small spike experienced in early 2010 has now subsided, correlating to the end of the \$8,000 tax credit incentive program. Highlands County has been impacted more by the housing crisis, economic recession, and high unemployment than most other counties in the state of Florida.

Maximally Productive – the most productive use of the subject site is to hold for speculation to the construction of a permanent or secondary residential home once the market recovers.

HIGHEST AND BEST USE – AS IMPROVED

The subject site is improved with a 1,554 square foot single family dwelling built in 1951, a 936 square foot pole shed, a 250 square foot frame utility shed, and ancillary site improvements such as a well and septic system.

Legally Permissible – the existing improvements represent a legal but not conforming use. While a single family dwelling is an allowed use, the minimum lot size according to zoning and the future land use element of the comprehensive plan is ten acres. The subject site only has 15,600 square feet, significantly less area than what is allowed by zoning or the future land use. However, the existing use is “grandfathered” in, given it was built long before zoning or the comprehensive plan were adopted. I explained the facts of the subject property to the zoning and planning departments in Highlands County and was told that if the existing improvements were merely fixed up and repaired that continued use of the property as a single family dwelling would be considered a legal use. If it were to be enlarged, it would trigger a study to determine if the lot was created prior to the mythical June 26, 1973 date.

The implementation of a perpetual flowage and inundation easement will obviously impact future use and value of this property. A potential buyer of this property would most likely discount the value based upon the "Districts" right to permanently flood this property in conjunction with the Kissimmee River Restoration project. Even though the "District" has the right to permanently flood, a potential buyer of this property would not assume the worst case scenario and probably assume occasional and periodic flooding. The property lies on the extreme outside edge of the 100-year floodplain and the maximum flood elevation after implementation of the easement will still be 1.4 feet lower than the floor level of the dwelling and 0.70 pole shed, which according to studies done by the Army Corps of Engineers should have little or no impact on the improvements or their use. Still, any potential buyer will discount the price to account for the impact of the flowage and inundation easement.

Physical Possible – one would assume based upon an inspection of the subject improvements, that originally this dwelling was built as a cabin and later enlarged into a two bedroom-two bathroom home. Unfortunately, the home has been vacant and unoccupied since it was acquired in December 2004 and is in disrepair. It is in need of extensive repairs. Because the repairs are so extensive, I contracted with Sam Ogg of Ogg Construction, Inc. to provide me with an itemized list of needed repairs – a copy of which I have included in the addenda of this report. Ogg Construction, Inc. is located in the general area of the subject property at 127 Revson Avenue, Sebring, Florida 33876. The total cost of repairs was estimated at \$24,601.62, excluding the cost of a new elevated septic system, a pump for the well, kitchen appliances, and repainting the interior and exterior.

The layout and room sizes are adequate for use as a weekend retreat or, perhaps, even as a permanent residence for a retired couple. The pole shed is newer, appears to be in average overall condition, and would suffice for storing cars, boats, and/or recreational equipment. The utility shed is functional for the storage of yard equipment, tools, and recreational equipment, although one exterior wall needs to be repaired for security and soundness reasons. The biggest expense would be for a new septic system, which based upon the permanent flowage and inundation easement, the bottom surface of the drain field which needs to be no lower than 37.5 NGVD.

Financially Feasible – this property is located in an area that developed because of its benefits from being next to the recreational opportunities afforded by the Kissimmee River. Hidden Acre Estates is located immediately north and east of the subject and is basically a development geared toward retirees, winter visitors, and vacationers who like to fish, ski, boat, etc. It is extremely popular with northern residents who want to escape the harsh winters, as well as coastal residents of Florida who want to escape to the country. Residential dwellings in this area have not escape the weak market conditions found throughout other areas of Florida. Homes have been similarly impacted by the housing crisis, economic recession, and high unemployment. The number of sales has plummeted, while values continue to decline.

Maximally Productive – based upon the inspection and my analysis of current market conditions, it is my opinion that the existing improvements provide value over and above that of the underlying land value. Therefore, the highest and best use of the subject property is for continued use as a residential dwelling geared toward a weekend retreat.

LARGER PARCEL

The larger parcel is defined as that tract or tracts that possess a unity of ownership, unity of use, and contiguity, although by itself contiguity is not a determining factor. The subject tract is vested to South Florida Water Management District by way of Warranty Deed recorded in OR Book 1815, Page 0760 of the Public Records of Highlands County, Florida.

This neighborhood consists of the Hidden Acres Estates campground to the north and east and small undeveloped acreage tracts to the east, south, and west. Although South Florida Water Management District also owns additional lands in the immediate area, none of the adjacent tracts of land are titled to South Florida Water Management District. They do have an interest in some of the adjoining properties, as they have acquired flowage and inundation easements across several of the tracts adjacent to the river in connection with the Kissimmee River Restoration Project. Although there is some commonality with respect to unity of ownership, unity of use, and contiguity, highest and best use analysis dictates that disposition of this tract individually represents its highest and best use. As such, the subject tract individually represents the "Larger Parcel" in this appraisal assignment.

METHOD OF VALUATION

The appraiser has three approaches that can be used to estimate market value, i.e., the Cost Approach, the Sales Comparison Approach, and the Income Approach. The Cost Approach and the Income Approach apply primarily to improved properties, whereas the Sales Comparison Approach applies to both unimproved and improved properties. For single family residential houses, appraisers typically estimate value using the Cost Approach and the Sales Comparison Approach. The Income Approach would not be relevant, because it is not common for investors to construct single family homes and lease them out. This is even more pertinent when you consider that the residential dwellings in this remote area of Southeast Highlands County were built as second homes, weekend retreats, and/or vacation homes.

The Cost Approach is a relevant approach when estimating the value of a single family residential home, particularly for a new home or one that is relatively new. One of the weak links in the Cost Approach is estimating accrued depreciation on older homes or homes in poor condition. Generally speaking, the newer the building, the less depreciation and more reliable is the value indication by the Cost Approach. The older the building, the more depreciation and the less reliable is the value indication by the Cost Approach. Given that the subject home was built in 1951 and is in poor condition, accurately estimating accrued depreciation would be at best a guess. In addition, the subject site is 15,600 square feet in size and is a non-conforming lot size given that zoning requires a minimum lot size of on 10 acres. While I was able to find several sales of 1.25 to 10.00 acre tracts, I could not find one sale of a site that was less than one acre in size. This essentially made it more difficult to estimate value by the Cost Approach.

So, as much as I dislike using one approach to estimate market value, the only relevant approach for this property is the Sales Comparison Approach for the reasons stated. Below is a generic discussion of the Sales Comparison Approach.

The Sales Comparison Approach represents an appraisal approach that is based on the assumption that a prudent investor would pay no more for a property than it would cost him to acquire a similar property offering the same utility. The procedural steps in applying the Sales Comparison Approach include:

1. Research the market for transactions, listings, and offerings of properties with similar utility.
2. Verify that the information is factually accurate and that the transactions reflect arm's length market considerations.
3. Determine the appropriate units of comparison, i.e., price per acre, price per square foot, price per front foot, price per square foot of building area, price per unit, etc., and develop a comparative analysis for each unit.

4. Compare the subject and comparable sales according to the elements of comparison and adjust the sale price of each comparable as appropriate or eliminate the property as a comparable.
5. Reconcile the multiple value indications that result from the comparables into a single value indication.

The Sales Comparison Approach is applicable to all property types for which there are a sufficient number of recent, reliable transactions to forecast value patterns in the market. For property types that are regularly bought and sold in the market place, the Sales Comparison Approach is considered a reliable approach. When there are an insufficient number of recent transactions necessary to forecast value patterns in the market place, then the application of the Sales Comparison Approach may be inappropriate. In this instance, we found a sufficient number of similar sales and consider the Sales Comparison Approach to be a reliable indicator of value.

SALES COMPARISON APPROACH

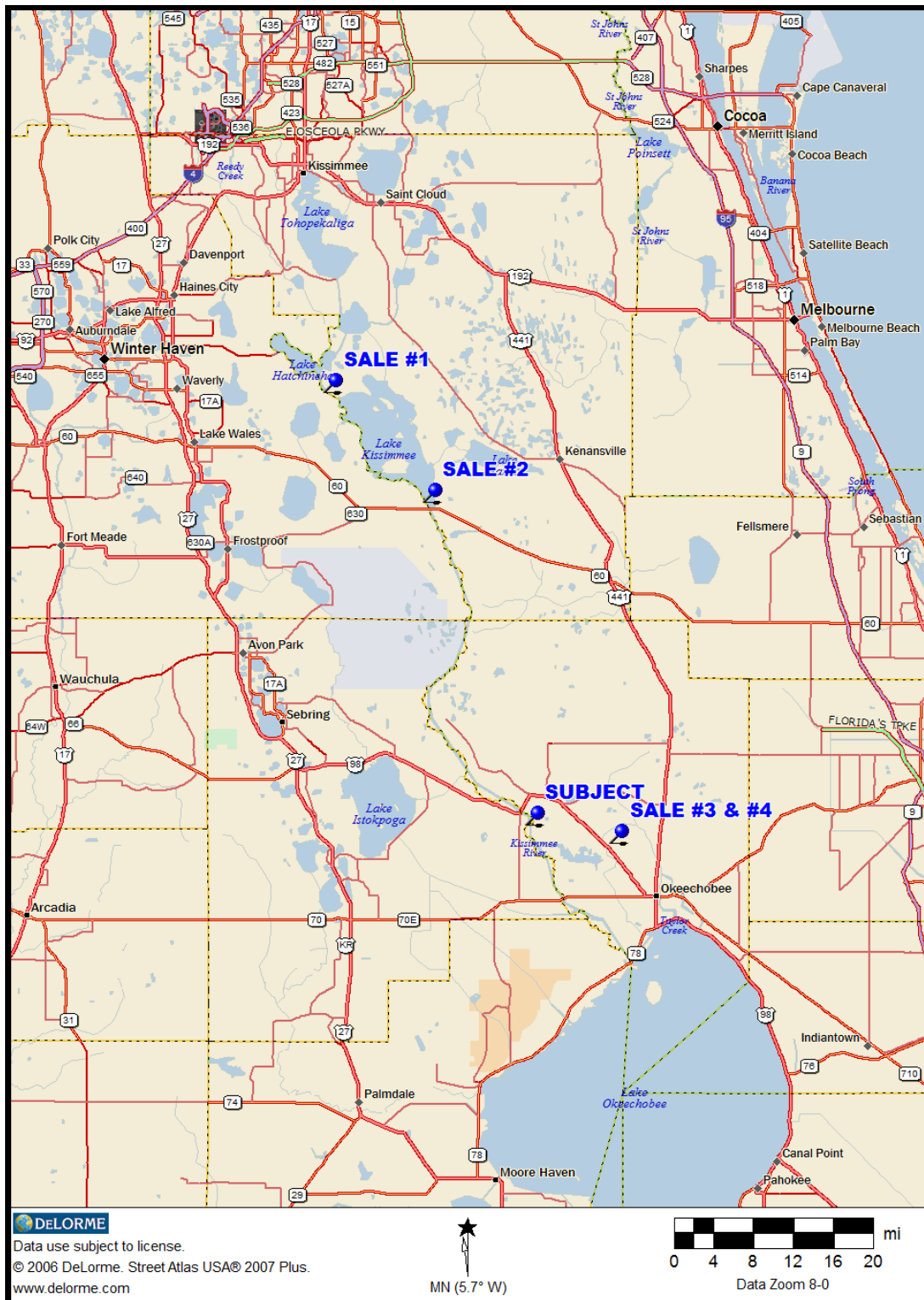
I just completed a thorough search of the Public Records in Highlands, Okeechobee, and Polk counties searching for sales of older single family homes in remote rural areas of each county. In addition to Public Records, I also used MLS and LoopNet to search for sales and listings of rural homes in remote areas of each county. I only considered listings that were not obviously overpriced. Because of the ongoing changes in the market, I limited the sales search to homes that sold between September 1, 2009 and December 22, 2010. The following represents what I believe to be the best and most recent sales and most current listings available.

COMPARABLE SALES/LISITNGS SUMMARY CHART

SALE NO.	SUBJECT	SALE #1	SALE #2	SALE #3	SALE #4
Location	968 CR 721	14513 Camp Mack Road	1343 Shady Lane	8562 NW 80 th Avenue	7272 NW 82 nd Court
Area	Ft. Bassinger	Camp Mack	Grape Hammock	Dixie Ranch Acres	Dixie Ranch Acres
Sale Date	N/A	10-09	05-10	06-10	10-10
Sale Price	N/A	\$160,000	\$91,300	\$112,000	\$85,000
Book/Page	N/A	7999-1470	8152-1595	687-1820	692-581
Financing	N/A	Cash to seller	Cash to seller	\$109,971 PMM	\$85,000 PMM
Lot Size	15,600 SF	16,500 SF	33,541 SF	43,560 SF	15,625 SF
Quality	Average	Average	Average	Average	Average
Year/Condition	1951/Average	1980/Good	1966/Average	1968/Average	1983/Average
Living Area	1,554 SF	1,716 SF	1,263 SF	1,694 SF	1,248 SF
Other Improvements	Pole Shed – 936SF, Utility Shed – 250SF	Fla. Room – 360SF, Garage – 432SF, Workshop 1,110SF	Fla. Room – 234SF, Guest House – 960SF	Utility – 194SF	Screen Porch – 192SF
Price Per SF	N/A	\$93.24	\$72.28	\$66.12	\$68.11

Note: The subject home is being appraised in “average” condition, with the costs to make all necessary repairs deducted at the end of the analysis.

SALES/LISTING LOCATION MAP





SALE NUMBER: #1

PROPERTY TYPE: Single Family Residential Home

LOCATION: This property is located on the north side of Camp Mack Road, just east of Camp Lester Road in the Camp Mack/Camp Lester Area on the Kissimmee River in East Central Polk County, Florida. This property has a physical address of 14513 Camp Mack Road, Lake Wales, Florida 33898.

BRIEF LEGAL: Lot 16 Dentons Sub No 2, as recorded in Plat Book 42, Page 25 of the Public Records of Polk County, Florida.

PARCEL NUMBER: 12-29-29-989400-000160 per Polk County Property Appraiser.

OR BOOK/PAGE: 7999-1470 (Polk County, Florida)

GRANTOR: Fredrick B. Ammon

GRANTEE: Wilberta E. Centers

LAND SIZE: 16,500 square feet based upon measurements on Polk County Property Appraiser's website.

ZONING: A/RR future land use, allows one residential dwelling per five acres. Existing home is a non-conforming use.

PROPERTY DESCRIPTION: This represents a single family residential home in a fish camp located on the Kissimmee River in East Central Polk County. The house was built in 1980, was extensively renovated in 2006, and is in good overall condition. This home is of masonry construction and contains 1,716 square feet of living area, but there is an attached 360 square foot enclosed Florida room that was built onto the back of the home in 1998. This home has three bedrooms and two bathrooms and an attached 2-car garage containing 432 square feet. In the back of the home are a combination recreational vehicle storage building, workshop, and golf cart storage building containing 1,110 square feet.

SALES PRICE: \$160,000

DATE OF SALE: October 21, 2009

TERMS: Cash to seller

VERIFICATION: I verified this transaction with Mrs. Centers at 863-696-4739 on January 8, 2011.

CONDITIONS OF SALE: Arms length transaction, indicative of market value.

PRESENT USE: Single family residence.

HIGHEST AND BEST USE: Single family residence.

COMMENTS: N/A.

INDEX: \$93.24 per square foot



SALE NUMBER: #2

PROPERTY TYPE: Single Family Residential Home

LOCATION: This property is located on the east side of Shady Lane, in the Grape Hammock area on the Kissimmee River in East Central Polk County, Florida. This property has a physical address of 1343 Shady Lane, Lake Wales, Florida 33853.

BRIEF LEGAL: Unrecorded Lot 10 of Grape Hammock Acres in Section 03, Township 31 South, Range 31 East, of the Public Records of Polk County, Florida.

PARCEL NUMBER: 03-31-31-995000-000100 per Polk County Property Appraiser.

OR BOOK/PAGE: 8152-1595 (Polk County, Florida)

GRANTOR: Lake Kissimmee Rentals, Inc.

GRANTEE: Wayne Smith

LAND SIZE: 33,541 square feet based upon measurements on Polk County Property Appraiser's website.

ZONING: A/RR future land use, allows one residential dwelling per five acres. Existing home is a non-conforming use.

PROPERTY DESCRIPTION: This represents one single family residence, with a detached guest cottage. The house is of masonry construction and was built in 1966. It is in average condition and contains 1,263 square feet of living area. There is an attached 234 square foot Florida room on the rear of the house and an attached 1-car carport. The house has four bedrooms and two bathrooms. There is also a detached 960 square foot guest house that contains two bedrooms and one bathroom; however, it is cheap construction with a window mounted air conditioner. The property abuts the river and there is a small boat house and a boat dock, with access to Lake Kissimmee. In conjunction with the Kissimmee River Restoration Project, this home had to install a new elevated septic system prior to this transaction.

SALES PRICE: \$91,300

DATE OF SALE: May 27, 2010

TERMS: Cash to seller

VERIFICATION: I verified this transaction with Donna Barron, the listing agent at 863-676-4448 on January 13, 2011. The property had been listed for several years at \$349,000, before selling for \$91,300.

CONDITIONS OF SALE: Arms length transaction, but it appears that the seller eventually caved in and sold the property below market value. The home was listing on the market for a couple of years between \$375,000 and \$349,000, but eventually sold for substantially less at \$91,300.

PRESENT USE: Single family residence.

HIGHEST AND BEST USE: Single family residence.

COMMENTS: N/A.

INDEX: \$72.28 per square foot



SALE NUMBER: #3

PROPERTY TYPE: Single Family Residential Home

LOCATION: This property is located at the southeast corner of Northwest 80th Avenue and Northwest 86th Court in Dixie Ranch Acres, northwest of Okeechobee. This property has a physical address of 8562 NW 80th Avenue, Okeechobee, Florida 34972.

BRIEF LEGAL: Lot 1, Block 24 of Dixie Ranch Acres according to the Plat thereof recorded in Plat Book 3, Page 35 of the Public Records of Okeechobee County, Florida.

PARCEL NUMBER: 1-23-36-34-0020-00010-0240 per Okeechobee County Property Appraiser.

OR BOOK/PAGE: 687-1820 (Okeechobee County, Florida)

GRANTOR: John Floyd Stevens, et ux

GRANTEE: Amanda L. Arnold and Charles T. Holland

LAND SIZE: 43,556 square feet based upon measurements on Okeechobee County Property Appraiser's measurements.

ZONING: Rural Activity Center future land use, allows one residential dwelling per acre.

PROPERTY DESCRIPTION: This represents the sale of a single family home in Dixie Ranch Acres. The home was built in 1968 and is in average condition. It contains 1,694 square feet, plus a 112 square foot front screen porch and a 194 square foot interior utility room.

SALES PRICE: \$112,000

DATE OF SALE: June 21, 2010

TERMS: \$109,971 Purchase money mortgage – terms not revealed.

VERIFICATION: I verified this transaction with Amanda Arnold at 863-763-4187 on January 22, 2011.

CONDITIONS OF SALE: Arms length transaction, indicative of market value subject to favorable financing.

PRESENT USE: Single family residence.

HIGHEST AND BEST USE: Single family residence.

COMMENTS: N/A.

INDEX: \$66.12 per square foot



SALE NUMBER: #4

PROPERTY TYPE: Single Family Residential Home

LOCATION: This property is located on the south side of Northwest 82nd Court in Dixie Ranch Acres, northwest of Okeechobee. This property has a physical address of 7272 NW 82nd Court, Okeechobee, Florida 34972.

BRIEF LEGAL: Lot 18, Block 3 of Dixie Ranch Acres according to the Plat thereof recorded in Plat Book 3, Page 35 of the Public Records of Okeechobee County, Florida.

PARCEL NUMBER: 1-23-36-34-0010-00030-0180 per Okeechobee County Property Appraiser.

OR BOOK/PAGE: 692-581 (Okeechobee County, Florida)

GRANTOR: II Partners, Inc.

GRANTEE: Joshua Lloyd Jenkins

LAND SIZE: 15,625 square feet based upon measurements on Okeechobee County Property Appraiser's measurements.

ZONING: Rural Activity Center future land use, allows one residential dwelling per acre. Existing home is a non-conforming use.

PROPERTY DESCRIPTION: This represents the sale of a single family home in Dixie Ranch Acres. The home was built in 1983 and is in average condition. It contains 1,248 square feet, plus a 90 square foot front open porch and a 192 square foot screen porch.

SALES PRICE: \$85,000

DATE OF SALE: October 8, 2010

TERMS: \$85,000 Purchase money non-assumable mortgage at 8% interest with monthly payments of \$878.11 for 13 years.

VERIFICATION: I verified this transaction with Lori Blair of II Partners, Inc. at 863-763-3049 on January 15, 2011.

CONDITIONS OF SALE: Arms length transaction, indicative of market value.

PRESENT USE: Single family residence.

HIGHEST AND BEST USE: Single family residence.

COMMENTS: N/A.

INDEX: \$68.11 per square foot

CORRELATION

For this analysis, I considered in excess of ten sales and ten listings of older homes in remote rural areas, with special attention given to those located in close proximity to the Kissimmee River. The index prices ranged from a low of \$66.12 per square foot to a high of \$93.24 per square foot with an average unadjusted index price of \$74.94 per square foot. Because there was a significant difference in the number of attached and detached improvements between the sales and the subject, a better way to analyze the sales is based upon a method that is commonly used in “Mass Appraisal” analysis, a weighted square foot average that takes into account the original cost of the different residential components:

- Living Area = 100%
- Guest House = 80%
- Florida Room = 75%
- Garage = 50%
- Utility Room = 50%
- Workshop = 50%
- Utility Shed = 40%
- Screen Porch = 35%
- Pole Shed = 20%

Using this as the basis for the subject and the sales, the adjusted living square footage for the subject and the sales are:

Subject	-	1,841.0 SF	-	To Be Determined
Sale #1	-	2,757.0 SF	-	\$58.03 Per SF
Sale #2	-	2,206.5 SF	-	\$41.38 Per SF
Sale #3	-	1,791.0 SF	-	\$62.53 Per SF
Sale #4	-	1,315.0 SF	-	\$64.63 Per SF

Because of differences that existed between the sales/listings and the subject property, the index price of each comparable needed some adjustments. The appraiser can make either quantitative or qualitative adjustments, quantitative adjustments in dollar or percent amounts based upon paired sales or statistical data and qualitative adjustments when there is insufficient data available to use quantitative adjustments. Because of weak market conditions, there was insufficient data available to apply quantitative adjustments. Below is a discussion of how each sale/listing compared to the subject property.

Note: I did not make an adjustment to Sale #2 and Sale #3 even though their lot sizes were twice as large as the subject lot size, simply because they represented a functional site capable of supporting one single family home – just like the subject.

Sale #1 had an adjusted index price of \$58.03 per square foot. This home is located on the north side of Camp Mack Road, directly across the street from the entrance into

Kissimmee State Park in the Camp Mack/Camp Lester area of East Central Polk County. This sale is similar to the subject in all aspects, except for:

- Date of Sale – this sale occurred more than one year ago and values have declined since this sale took place. For this reason, a slight downward adjustment is needed for date of sale.
- Water Influence – this sale has no deeded access to the water and the subject property does, albeit the access represents nothing more than a minor benefit since docks, boat slips, and sea wall prevents the owner for physically access the river. A slight upward adjustment is needed for water influence.
- Year/Condition – this home was in very good condition, extensively renovated in 2006. Based upon the assumption that the subject home is in average condition, a significant downward adjustment for year/condition is necessary.

The slight upward adjustment for water influence was more than offset by the slight downward adjustment for date of sale and the significant downward adjustment for year/condition. Overall, this sale's adjusted index price of \$58.03 per square foot is felt to be slightly higher than what the subject should anticipate.

Sale #2 had an adjusted index price of \$41.38 per square foot. This home is located on the east side of Shady Lane in the Grape Hammock area of East Central Polk County. This property has direct frontage on a canal that leads out to Lake Kissimmee. This sale is similar to the subject in every aspect, except for:

- Motivation – this home was on the market for a couple of years, listed between \$375,000 and \$349,000 with little to no activity. The property eventually sold for \$91,300, which was substantially below what the home was listed for and the market at the time of sale. Because of this, a significant upward adjustment for motivation is needed.
- Water Influence – this home abuts a canal leading into Lake Kissimmee, although many times the canal is choked up with weeds that make it physically difficult to access the lake. Because of this, however, a slight downward adjustment for water influence is needed.

The slight downward adjustment for water influence was more than offset by the significant upward adjustment for motivation. Overall, this sale's adjusted index price of \$41.38 per square foot is felt to be slightly lower than what the subject should expect.

Sale #3 had an adjusted index price of \$62.53 per square foot. This home is located in Dixie Ranch Acres, which is north of US #98 northwest of the city of Okeechobee. This sale is similar to the subject in all respects, except for:

- Financing – the seller financed this sale at 98% of the sales price, with the buyer only putting down approximately \$2,000. Although I was unable to determine the terms of the mortgage, the fact that the buyer put down such a little amount requires that this sale be adjusted downward significantly for financing.

- Water Influence – this home had no water influence and, while the subject water influence was not significant, a slight upward adjustment is still needed.

The slight upward adjustment for water influence was more than offset by the significant downward adjustment for financing. Overall, this sale's adjusted index price of \$62.53 per square foot is felt to be slightly higher than what the subject should expect.

Sale #4 had an adjusted index price of \$64.63 per square foot. This home is also located in Dixie Ranch Acres, which is north of US #98 northwest of the city of Okeechobee. This sale is similar to the subject in every respect, except for:

- Financing – the seller financed this sale at 100% of the sales price, with the buyer putting no money down. While the interest rate seems commensurate with normal terms, the fact that the buyer put nothing down requires that this sale be adjusted downward significantly for financing
- Water Influence – this home had no water influence and, while the subject water influence was not significant, a slight upward adjustment is still needed.
- Adjusted Size – this home is substantially smaller in size than the subject and the rest of the sales and, based upon the premise that smaller size homes typically have higher index prices, needs a slight downward adjustment.

The slight upward adjustment for water influence was more than offset by the slight downward adjustment for size and the significant downward adjustment for financing. Overall, this sale's adjusted index price of \$64.63 per square foot is felt to be slightly higher than what the subject should expect.

The previous analysis was prepared in a narrative discussion. Below is the same analysis, but this time in chart form.

SALE NO.	SALE #1	SALE #2	SALE #3	SALE #4
Adjusted Price Per SF	\$58.03	\$41.38	\$62.53	\$64.63
Financing	0	0	--	--
Date of Sale	-	0	0	0
Motivation	0	++	0	0
Water Influence	+	-	+	+
Location	0	0	0	0
Quality of Construction	0	0	0	0
Year/Condition	--	0	0	0
Adjusted Size	0	0	0	-
Overall Rating	Slightly Superior	Slightly Inferior	Slightly Superior	Slightly Superior

Based upon the foregoing, the subject's index price should be:

- Slightly lower than Sale #1's adjusted index price of \$58.03 per square foot.

- Slightly higher than Sale #2's adjusted index price of \$41.38 per square foot.
- Slightly lower than Sale #3's adjusted index price of \$62.53 per square foot.
- Slightly lower than Sale #4's adjusted index price of \$64.63 per square foot.

The data clearly shows that an adjusted index price between \$45.00 and \$55.00 per square foot is reasonable. With the weak market conditions, a remote location, and virtually no sales, an index price near the lower end of the range would be appropriate – say \$45.00 per square foot. Therefore:

1,841.0 SF	x	\$45.00 per SF	=	\$82,845
Less Cost of Repairs (1)			=	\$26,000
Less Cost to install new elevated Septic System (2)			=	\$10,000
Less Impact of Flowage and Inundation Easement (3)			=	<u>\$15,000</u>
Value by the Sales Comparison Approach			=	\$31,845
Rounded (\$17.93/SF)			=	\$32,000

- (1) Because the repairs are so extensive, I contracted with Sam Ogg (CRC #058333) of Ogg Construction, Inc. to provide me with an itemized list of necessary repairs to make the house functional as well as safe, sound, and sanitary. A list of the repairs provided by Ogg Construction, Inc. has been attached in the addenda of this report for review. The total cost of repairs was estimated at \$24,601.62, which does not include a new pump for the shallow well of \$400, kitchen appliances of \$1,000, and repainting the interior and exterior; the painting which I assume would be completed by the homeowner and not a contractor. Thus, the total estimate repair cost is \$26,000 (Rounded). Because the resulting value is so low and any potential buyer of this home would be purchasing for occupancy and not resale, a further deduction for entrepreneurial profit was not felt to be appropriate.
- (2) The cost of an elevated septic tank for impacted homes and mobile homes along the Kissimmee River has been approximately \$10,000; however, an exact amount can only be determined by an actual bid by a septic tank company.
- (3) The impact of the flowage and inundation easement is to the land and not to any of the improvements, given that the property is located on the extreme outside edge of the 100-year floodplain and the flood elevation has been determined to be no higher than 55.5 NGVD. Unfortunately, I was unable to find any sales of 15,600 square foot sites with which to estimate land value. The value of the subject house in average condition was determined to be \$83,845. Land value generally represents 25% of the total package, which in this case would be \$20,961. Although the "District" has the right to permanently flood the entire subject site, a potential buyer of this property would not assume the worst case scenario. He would assume occasional and periodic flooding with no damaged to any of the improvements. For the lack of any factual data, 75% would be a reasonable discount. Thus, a deduction of \$15,721 would be appropriate – say \$15,000.

FINAL VALUE CONCLUSION

Cost Approach	=	N/A
Sales Comparison Approach	=	\$32,000
Income Approach	=	N/A

Only one approach was relevant because the Income Approach is not relevant in appraising single family dwellings and the Cost Approach was not relevant due to the subjective nature of estimate large amounts of accrued depreciation with the resulting value suspect. Based upon the foregoing, it is my opinion that the market value of the subject property as of May 24, 2011 in “fee simple interest” but subject to those exceptions identified in the two title insurance policies and subject to the perpetual flowage and inundation easement is:

THIRTY TWO THOUSAND DOLLARS (\$32,000)

PART IV – EXHIBITS AND ADDENDA

LAN 06-22

Project: Kissimmee River

Tract No. 103-657

Owner: Charles E. Thompson and Della M. Thompson

MEMORANDUM

TO: Robert Schaeffer, Senior Professional-Acquisition, Real Estate Division

FROM: Stanley Pry, Senior Title Examiner, Title/Close Section 

DATE: January 16, 2004

SUBJECT: Review of Commitment No. CF-1217501

Schedule A:

Item 3. The legal description on the Commitment and the legal description on the last deed of record describe the same subject property.

Schedule B, Section 1:

Item 4. Must be satisfied to the satisfaction of the Title Company.

NOTE: 2003 Property Taxes are paid.

Schedule B, Section 2:

NONE

Attachments

SP/sh

c: Appraisal Section
Geography Section
Marcy Wilson

*Delivered with and printed on this Commitment Jacket is the
Closing Protection Letter promulgated under Rule 4-1.86, F.A.C.*

COMMITMENT
AND
CLOSING PROTECTION LETTER

Attorneys' Title Insurance Fund, Inc.

ORLANDO, FLORIDA

Commitment To Insure Title

ATTORNEYS' TITLE INSURANCE FUND, INC., a Florida corporation, herein called THE FUND, for a valuable consideration, hereby commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest covered hereby in the land described or referred to in Schedule A; subject to the provisions of Schedules A and B and to the Conditions and Stipulations hereof.

This Commitment shall be effective only when the identity of the proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A hereof by THE FUND, either at the time of the issuance of this Commitment or by subsequent endorsement.

This Commitment is preliminary to the issuance of such policy or policies of title insurance and all liability and obligations hereunder shall cease and terminate six months after the effective date hereof or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue such policy or policies is not the fault of THE FUND.

In Witness Whereof, ATTORNEYS' TITLE INSURANCE FUND, INC. has caused this Commitment to be signed and sealed as of the effective date of Commitment shown in Schedule A, the Commitment to become valid when countersigned by an authorized signatory.



Attorneys' Title Insurance Fund, Inc.

By

Charles J. Kovaleski
President

SERIAL

CF- 1217501

FUND COMMITMENT

Schedule A

Commitment No.: CF-127501
Effective Date: January 2, 2004 at 5:00 PM

Fund File Number 27-2004-20
Agent's File Reference: Thompson

1. Policy or Policies to be issued:

Proposed Amount of Insurance

OWNER'S: ALTA Owner's Policy (10/17/92).

\$ To Be Determined

Proposed Insured:

South Florida Water Management District

MORTGAGEE: None

\$

Proposed Insured:

2. The estate or interest in the land described or referred to in this commitment is a fee simple and title thereto is at the effective date hereof vested in:

Charles E. Thompson and Della M. Thompson

3. The land referred to in this commitment is described as follows:

Legal description set forth on "Exhibit "A" attached.

AGENT NO.: 1199500
ISSUED BY: J. Michael Haygood P.A.

MAILING ADDRESS:

1555 Palm Beach Lakes BV
#1510
West Palm Beach, FL 33401

AGENT'S SIGNATURE



FUND COMMITMENT

Schedule B

Commitment No.:

CF-217501

Fund File Number 27-2004-20

I. The following are the requirements to be complied with:

- 1. Payment of the full consideration to, or for the account of, the grantors or mortgagors.*
- 2. Instruments creating the estate or interest to be insured which must be executed, delivered and filed for record:*
 - a. Warranty Deed from Charles E. Thompson and Della M. Thompson, his wife to the proposed insured purchaser(s).*
- 3. A determination must be made that there are no unrecorded special assessment liens or unrecorded liens arising by virtue of ordinances, unrecorded agreements as to impact or other development fees, unpaid waste fees payable to the county or municipality, or unpaid service charges under Ch. 159, F. S., or county ordinance.*
- ☒ *4. Satisfaction of the mortgage from Charles E. Thompson and Della M. Thompson to Barnett Bank of Lake Okeechobee, nka Bank of America, N.A. dated February 4, 1994 and recorded in O.R. Book 1247, Page 47 and re-recorded in O.R. Book 1247, Page 1955, Public Records of Highlands County, Florida.*

II. Schedule B of the policy or policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of The Fund:

- 1. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires for value of record the estate or interest or mortgage thereon covered by this commitment.*
- 2. Any owner and mortgagee policies issued pursuant hereto will contain under Schedule B the standard exceptions set forth at the inside cover hereof unless an affidavit of possession and a satisfactory current survey are submitted, an inspection of the premises is made, it is determined the current year's taxes or special assessments have been paid, and it is determined there is nothing of record which would give rise to construction liens which could take priority over the interest(s) insured hereunder (where the liens would otherwise take priority, submission of waivers is necessary).*
- 3. Federal liens and judgment liens, if any, filed with the Florida Department of State pursuant to Sec. 713.901, et seq., F.S., and Sec. 55.201, et seq., F.S., respectively, which designate the Florida Department of State as the place for filing federal liens and judgment liens against personal property. For insuring purposes:*

(a) Pursuant to Sec. 713.901, et seq., F.S., personal property includes, but is not limited to, mortgages, leaseholds, mortgages on leaseholds, interests in cooperative

FUND COMMITMENT

Schedule B

Commitment No.:

CF-1217501

Fund File Number 27-2004-20

associations, vendees' interests, and options when those interests are held by a partnership, corporation, trust or decedent's estate; and

(b) Pursuant to Sec. 55.201, et seq., F.S., personal property includes, but is not limited to, leaseholds, interests in cooperative associations, vendees' interests, and options regardless of the type of entity holding such interests, including individuals. (Note: Mortgages have been specifically excluded from the personal property interests in which a judgment lien may be acquired under the provisions of Sec. 55.201, et seq., F.S.)

4. Attorneys' Title Insurance Fund, Inc. has no liability under this commitment until an endorsement is issued stating the amount of the proposed policy.

EXHIBIT "A"

The West 156.00 feet of the following described property: A Tract of land in the Northwest Quarter (NW 1/4) of the Southeast Quarter (SE 1/4) of Section 17, Township 36 South, Range 33 East, being more particularly described as follows: Commence at the Center of said Section 17, run thence North 89 degrees 57 minutes 57 seconds East along the North line of the Northwest 1/4 of the Southeast 1/4 of Section 17 for a distance of 618.32 feet to the Point of Beginning of the Tract of land hereinafter to be described; continue thence North 89 degrees 57 minutes 57 seconds East for a distance of 525 feet more or less, to the waters of a dead run Kissimmee River; meander thence Southwesterly along the waters of said dead run of the Kissimmee River for a distance of 105 feet, more or less, to a point; run thence South 89 degrees 57 minutes 57 seconds West for a distance of 490 feet more or less, to a point; run thence North 0 degrees 00 minutes 03 seconds West for a distance of 100.00 feet to the Point of Beginning. COMMENCE at the center of Section 17, Township 36 South, Range 33 East; run thence North 89 degrees 57 minutes 57 seconds East along the North line of the Northwest 1/4 of the Southeast 1/4 of said Section 17 for a distance of 618.32 feet; run thence South 0 degrees 00 minutes 03 seconds East a distance of 10 feet; run thence South 89 degrees 57 minutes 57 seconds West a distance of 618.32 feet more or less, to the West line of said Northwest 1/4 of the Southeast 1/4 of said Section 17; run thence North along the West line of said Northwest 1/4 of the Southeast 1/4 of said Section 17, a distance of 10 feet to the Point of Beginning, and the West 10 feet of Lot 19 of Martha A. Pearce Subdivision of Lots 1 and 2 of Section 8 and Lots 1 and 2 of Section 17 in Township 36 South, Range 33 East, as per plat thereof recorded in Transcript Plat Book 1, Page 30, of the Public Records of Highlands County, Florida, which is an easement necessary for access to captioned land. TOGETHER with a 10.00 feet easement described as being the South 10.00 feet of the North 20.00 feet of the following described property: A Tract of land in the Northwest Quarter (NW 1/4) of the Southeast Quarter (SE 1/4) of Section 17, Township 36 South, Range 33 East, being more particularly described as follows: Commence at the Center of said Section 17; run thence North 89 degrees 57 minutes 57 seconds East along the North line of the Northwest 1/4 of the Southeast 1/4 of Section 17 for a distance of 618.32 feet to the Point of Beginning of the Tract of land hereinafter to be described; continue thence North 89 degrees 57 minutes 57 seconds East for a distance of 525 feet more or less, to the waters of a dead run Kissimmee River; meander thence Southwesterly along the waters of said dead run of the Kissimmee River for a distance of 105 feet, more or less, to a point; run thence South 89 degrees 57 minutes 57 seconds West for a distance of 490 feet more or less, to a point; run thence North 0 degrees 00 minutes 03 seconds West for a distance of 100.00 feet to the Point of Beginning, LESS the West 156.00 feet thereof.

Closing Protection Letter

The operation and scope of the following Closing Protection Letter ("Letter") is limited to the transaction which is the subject of the commitment to which this Letter is attached and is also directed to those person(s) and/or entity (ies) set forth in the Letter and identified as a proposed insured in the commitment.

RE: Issuing Agent: Agent countersigning the attached commitment.

When title insurance of Attorneys' Title Insurance Fund, Inc. is specified for your protection in connection with closings of real estate transactions in which you are to be the lessee or purchaser of an interest in land or a lender secured by a mortgage (including any other security instrument) of an interest in land, Attorneys' Title Insurance Fund, Inc., subject to the Conditions and Exclusions set forth below, hereby agrees to reimburse you for actual loss incurred by you in connection with such closing when conducted by said Issuing Agent when such loss arises out of:

1. Failure of said Issuing Agent to comply with your written closing instructions to the extent that they relate to (a) the status of the title to said interest in land or the validity, enforceability and priority of the lien of said mortgage on said interest in land, including the obtaining of documents and the disbursement of funds necessary to establish such status of title or lien, or (b) the obtaining of any other document, specifically required by you, but not to the extent that said instructions require a determination of the validity, enforceability or effectiveness of such other document, or (c) the collection and payment of funds due you, or
2. Fraud or dishonesty of said Issuing Agent in handling your funds or documents in connection with such closing.

If you are a lender protected under the foregoing paragraph, your borrower in connection with a loan secured by a mortgage on a one-to-four family dwelling shall be protected as if this letter were addressed to your borrower.

Conditions and Exclusions

A. Attorneys' Title Insurance Fund, Inc. will not be liable to you for loss arising out of:

1. Failure of said Issuing Agent to comply with your closing instructions which require title insurance protection inconsistent with that set forth in the title insurance binder or commitment issued by Attorneys' Title Insurance Fund, Inc. Instructions which require the removal of specific exceptions to title or compliance with the requirements contained in said binder or commitment shall not be deemed to be inconsistent.
2. Loss or impairment of your funds in the course of collection or while on deposit with a bank due to bank failure, insolvency or suspension, except such as shall result from failure of said Issuing Agent to comply with your written closing instructions to deposit the funds in a bank which you designated by name.
3. Mechanics' and materialmen's liens in connection with your purchase or lease or construction loan transactions, except to the extent that protection against such liens is afforded by a title insurance binder, commitment or policy of Attorneys' Title Insurance Fund, Inc.
4. The periodic disbursement of construction loan proceeds or funds furnished by the owner to pay for construction costs during the construction of improvements on the land to be insured, unless an officer of the company has specifically accepted the responsibility to you for such disbursement program in writing.

B. When Attorneys' Title Insurance Fund, Inc. shall have reimbursed you pursuant to this letter, it shall be subrogated to all rights and remedies which you would have had against any person or property had you not been so reimbursed. Liability of Attorneys' Title Insurance Fund, Inc. for such reimbursement shall be reduced to the extent that you have knowingly and voluntarily impaired the value of such right of subrogation.

C. Any liability of Attorneys' Title Insurance Fund, Inc. for loss incurred by you in connection with closings of real estate transactions by said Issuing Agent shall be limited to the protection provided by this letter. However, this letter shall not affect the protection afforded by a title insurance binder, commitment or policy of Attorneys' Title Insurance Fund, Inc. The dollar amount of liability hereby incurred shall not be greater than the amount of the title insurance binder, commitment or policy of title insurance to be issued, and liability hereunder as to any particular loan transaction shall be coextensive with liability under the policy issued to you in connection with such transaction. Payment in accordance with the terms of this letter shall reduce by the same amount the liability under such policy and payment under such policy shall reduce by the same amount the company's liability under the terms of this letter.

D. Claims of loss shall be made promptly to Attorneys' Title Insurance Fund, Inc. at its principal office at 6545 Corporate Centre Boulevard, P.O. Box 628600, Orlando, Florida 32862-8600. When the failure to give prompt notice shall prejudice Attorneys' Title Insurance Fund, Inc., then liability of Attorneys' Title Insurance Fund, Inc., hereunder shall be reduced to the extent of such prejudice. Attorneys' Title Insurance Fund, Inc. shall not be liable hereunder unless notice of loss in writing is received by Attorneys' Title Insurance Fund, Inc. within ninety (90) days from the date of discovery of such loss.

E. Nothing contained herein shall be construed as authorizing compliance by any issuing agent with any such closing instructions, compliance with which would constitute a violation of any applicable law, rule or regulation relating to the activity of title insurers, their issuing agents, and their failure to comply with any such closing instructions shall not create any liability under the terms of this letter.

F. The protection herein offered will be effective until cancelled by written notice from Attorneys' Title Insurance Fund, Inc. Any previous insured Closing Service letter or similar agreement is hereby cancelled, except as to closings of your real estate transactions regarding which you have previously sent (or within 30 days hereafter send) written closing instructions to said Issuing Agent.

Proposal For:

Ogg Construction, Inc.
106 Revson Avenue
Sebring, FL 33876
CRC058333


String Estimate
South FL Water Management District
968 CR 721
Lorida, FL 33857

	Qty.	Price	Extended Price
House Repairs			
VCT Floors	1554	\$ 1.50	\$ 2,797.20
Existing Floor Removal	1554	\$ 0.50	\$ 932.40
			\$ -
Windows (Vinyl Frame, IG, Low-E)	18	\$ 245.00	\$ 5,292.00
Mull Bars	5	\$ 52.00	\$ 312.00
Window Installation	18	\$ 100.00	\$ 2,160.00
			\$ -
Kitchen Sink	1	\$ 135.00	\$ 162.00
New Kitchen Faucet	1	\$ 155.00	\$ 186.00
Misc. Plumbing Materials (Supply Lines, Etc.)	1	\$ 40.00	\$ 48.00
New Sink and Faucet Installation	6	\$ 40.00	\$ 288.00
			\$ -
Tearout of Existing Tub/Shower	4	\$ 40.00	\$ 192.00
New Shower Unit- (4-Piece)	1	\$ 455.00	\$ 546.00
New Shower Valve	1	\$ 128.00	\$ 153.60
Installation of New Shower Unit (4-Piece)	16	\$ 40.00	\$ 768.00
Landfill Charges	1	\$ 35.00	\$ 42.00
			\$ -
Roofing- House			\$ -
R & R Roof with 29-Ga Galvalume Metal (SM Panel)	2409	\$ 1.95	\$ 5,637.06
Board (1" x 6"- Not Sheeting) Replacement (Sq. Ft.)	200	\$ 6.00	\$ 1,440.00
			\$ -
Roofing- Pole Shed		\$ -	\$ -
R & R Roof with 29-Ga Galvalume Metal (SM Panel)	1404	\$ 1.95	\$ 3,285.36
Sheeting Replacement (Sq. Ft.)	80	\$ 3.00	\$ 288.00
Fascia Replacement (Lin. Ft.)	20	\$ 3.00	\$ 72.00
			\$ -
Total			\$ 24,601.62

Project: Kissimmee River
Tract No.: 19103-829 a/k/a 19103-657
Owner: South Florida Water Management District
SR#: 10RES-00525 and OYATL-23537

MEMORANDUM

TO: Robert Schaeffer, Lead Professional-Acquisition, Land Acquisition
Department

FROM: Stanley Pry, Senior Title Examiner, Title and Closing Section, Land
Acquisition Department 

DATE: September 9, 2010

SUBJECT: 2nd In-house Update of Commitment No. CF-1217501

I have searched the Public Records of Highlands County, Florida from August 1, 2004
and find as follows:

The Effective Date is amended to August 29, 2010 at 11:00 PM.

2009 and prior years Property Taxes are paid or exempt.

A Satisfaction of Mortgage is recorded in Official Records Book 1816, page 759,
satisfying the Mortgage recorded in Official Records Book 1247, page 47, re-recorded in
Official Records Book 1247, page 1955 and re-recorded again in Official Records Book
1248, page 1834.

A Warranty Deed is recorded in Official Records Book 1816, page 760 from Charles E.
Thompson and Della M. Thompson to the South Florida Water Management District.

SP/bm
Attachments

c: Eric Barkhurst
Marcy Zehnder

kr3.657b

35.58
32



This instrument prepared by and return to:
J. Michael Haygood
J. Michael Haygood, P.A.
1555 Palm Beach Lakes Boulevard
Suite 1510
West Palm Beach, Florida 33401

OFFICIAL RECORDS
BK 1816 PG 760



1288994

DEED DOC STAMPS .70 D.C. *QAC*

Tax Folio #: *C173633-A00012B0000*

Project: KISSIMMEE RIVER
Tract: 19-103-657, 19-103-742

WARRANTY DEED

THIS INDENTURE made this *22nd* day of *December*, 2004, between **CHARLES E. THOMPSON AND DELLA M. THOMPSON, husband and wife**, the Grantor, whose mailing address is 21038 US Highway 129, O'Brien, FL 32071 In consideration of the sum of TEN DOLLARS (\$10.00) and other valuable consideration, received from **SOUTH FLORIDA WATER MANAGEMENT DISTRICT**, the Grantee, a public corporation of the State of Florida, with its principal office at 3301 Gun Club Road, West Palm Beach, Florida 33406, and whose mailing address is Post Office Box 24680, West Palm Beach, Florida 33416-4680, Palm Beach County, the receipt of which is hereby acknowledged hereby grants, bargains, sells and conveys to the Grantee, its successors and assigns forever, the real property located in Highlands County, Florida, described as:

See Exhibit "A" attached hereto and made a part hereof.

TOGETHER with all the tenements, hereditaments and appurtenances thereto belonging or in anywise appertaining.

TO HAVE AND TO HOLD the same in fee simple forever.

AND the Grantor does hereby fully warrant the title to said land and will defend the same against the lawful claims of all persons whomsoever, subject to restrictions, easements and reservations of record, if any.

IN WITNESS WHEREOF the Grantor has signed and sealed these presents the day and year first above written.

Signed, sealed and delivered

OFFICIAL RECORDS
BK 1816 PG 761



in the presence of:

Bill Metzgar
Erie Metzgar
Witness: Bobby Crisp
(as to both signatures)

Charles E. Thompson
Charles E. Thompson, Grantor

Bill Metzgar
Erie Metzgar
Witness: _____
(as to both signatures)

Della M. Thompson
Della M. Thompson, Grantor

STATE OF FLORIDA
COUNTY OF Florida

The foregoing instrument was acknowledged before me this 22nd day of, December, 2004, by Charles E. Thompson and Della M. Thompson, who are/is personally known to me or who have/has produced FL. DRIVERS LICENSE as identification.



Linda S Vought
Notary Public
(seal)

Linda S Vought
Print

My Commission Expires: 11-14-2008

Exhibit "A"
Tract No. 19-103-657 (Fee Parcel)
And
Tract No. 19-103-742 (Easement Parcel)

Fee Parcel:

The West 156.00 feet of the following described property:

A tract of land in the Northwest quarter of the Southeast quarter of Section 17, Township 36 South, Range 33 East, Highlands County, Florida, being more particularly described as follows:

Commence at the center of said Section 17, run thence North 89°57'57" East along the North line of the Northwest quarter of the Southeast quarter of Section 17 for a distance of 618.32 feet to the POINT OF BEGINNING of the tract of land hereinafter to be described; continue thence North 89°57'57" East for a distance of 525.00 feet, more or less, to the waters of a dead run Kissimmee River; meander thence Southwesterly along the waters of said dead run of the Kissimmee River for a distance of 105.00 feet, more or less, to a point; run thence South 89°57'57" West for a distance of 490.00 feet, more or less, to a point; run thence North 0°00'03" West for a distance of 100.00 feet to the POINT OF BEGINNING.

Containing 0.36 acre, more or less.

Easement Parcel:

Commence at the center of Section 17, Township 36 South, Range 33 East; run thence North 89°57'57" East along the North line of the Northwest quarter of the Southeast quarter of said Section 17 for a distance of 618.32 feet; run thence South 0°00'03" East, a distance of 10.00 feet; run thence South 89°57'57" West, a distance of 618.32 feet, more or less, to the West line of said Northwest quarter of the Southeast quarter of said Section 17; run thence North along the West line of said Northwest quarter of the Southeast quarter of said Section 17, a distance of 10.00 feet to the POINT OF BEGINNING, and the West 10.00 feet of Lot 19 of Martha A. Pearce Subdivision of Lots 1 and 2 of Section 8 and Lots 1 and 2 of Section 17 in Township 36 South, Range 33 East, as per plat thereof recorded in Transcript Plat Book 1, Page 30, of the Public Records of Highlands County, Florida, which is an easement necessary for access to captioned land. TOGETHER with a 10.00 feet easement described as being the South 10.00 feet of the North 20.00 feet of the following described property: A tract of land in the Northwest quarter of the Southeast quarter of Section 17, Township 36 South, Range 33 East, being more particularly described as follows: Commence at the center of said Section 17; run thence North 89°57'57" East along the North line of the Northwest quarter of the Southeast quarter of Section 17 for a distance of 618.32 feet to the POINT OF BEGINNING of the tract of land hereinafter to be described; continue thence North 89°57'57" East for a

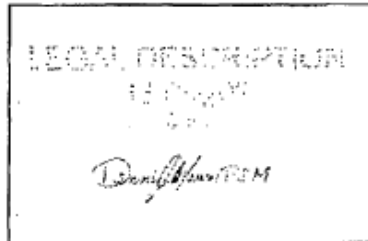
OFFICIAL RECORDS
BK 1816 PG 762



distance of 525.00 feet, more or less, to the waters of a dead run Kissimmee River; meander thence Southwesterly along the waters of said dead run of the Kissimmee River for a distance of 105.00 feet, more or less, to a point; run thence South 89°57'57" West for a distance of 490.00 feet, more or less, to a point; run thence North 0°00'03" West for a distance of 100.00 feet to the POINT OF BEGINNING, LESS the West 156.00 feet thereof.

Easement containing 0.37 acre, more or less.

KRThompson
R:\Legals\kr\103-657 and 103-742.lgl
February 11, 2004



OFFICIAL RECORDS
BK 1816 PG 763



FILE# 1288994 RCD:Jan 10 2005 @ 7:32 AM
L.E. "Luke" Brooker Clerk of Courts Highlands Co

10-19-10

This instrument prepared by and return to:

Tax Folio #: _____

Project: Kissimmee River
Tract Nos. : 19103-829; 19103-828;

**QUITCLAIM DEED
WITH
RESERVED PERPETUAL FLOWAGE AND INUNDATION EASEMENT
AND SUBJECT TO
COVENANTS, RESERVATIONS AND RESTRICTIONS**

THIS INDENTURE made this _____ day of _____, 2010, between **SOUTH FLORIDA WATER MANAGEMENT DISTRICT**, a public corporation of the State of Florida, hereinafter referred to as the "Grantor", with its principal office at 3301 Gun Club Road, West Palm Beach, Florida 33406-3089 and _____, a _____, its successors and assigns, hereinafter referred to as the "Grantee" whose address is _____, Florida.

WITNESSETH:

That said Grantor, for and in consideration of the sum of Ten Dollars (\$10.00) and other valuable considerations in hand paid by the said Grantee, the receipt whereof is hereby acknowledged, by these presents does remise, release and quitclaim unto the said Grantee, its successors and assigns forever, the following described land, situate, lying and being in Highlands County, State of Florida, to wit:

See Exhibit "A" attached hereto and made a part hereof (hereinafter referred to as the "Premises").

Pursuant to Section 270.11, Florida Statutes, the Grantor reserves for itself and its successors and assigns an undivided three-fourths interest in, and title in and to an undivided three-fourths interest in, all phosphate, minerals, and metals that are or may be in, on, or under the said land and an undivided one-half interest in all the petroleum that is or may be in, on or under said land with the privilege to mine and develop the same.

TO HAVE AND TO HOLD the same together with all and singular the appurtenances thereunto belonging or in anywise appertaining, and all the estate, right, title, interest and claim whatsoever of the said Grantor, either in law or in equity, to the only proper use, benefit and behoof of the said Grantee, its successors and assigns forever, all subject to the following Perpetual Flowage and Inundation Easement which is hereby reserved in favor of Grantor, and all further subject to the

following perpetual flowage and inundation easement hereby reserved by Grantor as well as the covenants and restrictions stated below:

Grantor hereby reserves in favor of Grantor, its successors and assigns, up to elevation 35.5 feet NGVD (National Geodetic Vertical Datum 1929), the perpetual right, power, privilege, and easement, now, hereafter, or from time to time, to regularly or at any time and for any length of time to overflow, flood, inundate, flow water on, across, through and beneath the surface of, and submerge (hereinafter referred to as the "Flowage Easement") all or any portion of the Premises, in connection with the operation, maintenance and implementation of the Kissimmee River Restoration and Headwaters Revitalization Project (hereinafter the "Project") as authorized by existing Acts of Congress, including Public Law 103-126 and the Water Resources Development Acts of 1988 and 1992, and future Acts of Congress, and/or in connection with flood control, water management, conservation, environmental restoration, water storage, water quality, or reclamation, and allied purposes, that may be conducted now or in the future by the Grantor, and/or to carry out the purposes and intent of the statutory authority of the Grantor, presently existing or that may be enacted in the future, together with the continuing right, in Grantor's discretion, to clear and remove any trees, structures, brush, debris, silt, spoil, vegetation, obstacles and natural obstructions. It is the intent of the Grantor and Grantee that the Grantor will have the foregoing rights with respect to all portions of the Premises which now, or which from time to time, lie at or below 35.5 feet NGVD, whether or not the ground surface elevation is at or below 35.5 feet NGVD.

In addition, there shall be neither fertilization nor application of chemicals (including but not limited to pesticides, herbicides, and agrichemicals) with respect to the Premises without the prior written consent of Grantor, which consent may be withheld by Grantor in its sole and absolute discretion.

Any and all of Grantee's personal property, equipment, improvements, structures and fixtures located on the Premises, shall be at the sole risk of Grantee and neither Grantor nor Grantor's agents, employees, officers, staff or Governing Board members shall be liable under any circumstances for any damage thereto, or theft thereof, including without limitation any loss resulting directly, indirectly or proximately from the Project or from the rights, powers, privileges and easements reserved by Grantor pursuant to this reserved Flowage Easement or from the activities conducted pursuant to this reserved Flowage Easement.

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantee for itself and its successors, employees, officers, shareholders, agents, contractors, subcontractors, guests, tenants, licensees and invitees hereby agrees to indemnify, defend and hold harmless Grantor and its employees, contractors, licensees, agents, officers, staff, Governing Board members and property from and against any and all claims, loss, cost, damage, liability and/or

expense, including but not limited to reasonable attorney's fees and costs, resulting directly, indirectly or proximately in connection with the use of the Premises by the Grantee and/or its successors, employees, officers, shareholders, agents, contractors, subcontractors, guests, tenants, licensees and invitees.

Grantee shall comply with applicable laws, ordinances, rules, regulations, codes and governmental permitting requirements and approvals in the Grantee's continued use of the Premises. It shall be Grantee's obligation to secure any permits required by Grantor and any permits required by any other governmental or quasi-governmental entity. The Grantor makes no representation that any such permits will be issued or that any existing improvements were properly permitted or would receive permits from Grantor or any other governmental or quasi-governmental entity upon application by Grantee.

Grantee shall use the Premises in accordance with Federal, State and local laws with respect to pollution.

It is contemplated that Grantor will utilize contractors, subcontractors, Grantor's employees, and other governmental entities, including but not limited to the U.S. Army Corps of Engineers as well as its contractors, subcontractors and employees, in connection with Grantor's exercise of the interests, rights, privileges, and powers reserved by Grantor under the Flowage Easement.

The Flowage Easement may be assigned in whole or in part by the Grantor for use in connection with any of the purposes above mentioned. All the covenants, terms, and agreements herein contained shall run with the land and shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

The conveyance of the Premises is also subject to the following covenant and restriction that shall run with the land and shall burden and encumber the Premises, may not be modified, amended, terminated, or waived without the prior written consent of Grantor, and is not intended to and shall not lessen any other applicable laws, ordinances, rules, regulations, codes and governmental permitting requirements and approvals: With respect to any septic system located within the Premises, the bottom surface of the drain field shall be no lower than 37.5 feet NGVD.

By its execution of this Indenture below, Grantee agrees to accept the Premises subject to the Flowage Easement and agrees to be subject to, abide by and comply with all of the terms, conditions, covenants, restrictions and provisions contained herein.

IN WITNESS WHEREOF, the South Florida Water Management District has caused these presents to be executed in its name and its official seal affixed hereto by its Governing Board, acting by the Chair of said Board and attested by its Secretary.

GRANTOR:

SOUTH FLORIDA WATER MANAGEMENT
DISTRICT, BY ITS GOVERNING BOARD

By: _____
_____, Chair

ATTEST:
(Corporate Seal)

_____, Secretary

STATE OF FLORIDA
COUNTY OF PALM BEACH

The foregoing instrument was acknowledged before me this ____ day of ____, 20__, by
_____ as Chair and _____ as
Secretary, of the Governing Board of the South Florida Water Management District, a public
corporation of the State of Florida, on behalf of the corporation, who are personally known to
me.

Notary Public
Print: _____
My Commission Expires: _____

GRANTEE:

Witnesses

Print Name: _____

Print Name: _____

By: _____
Print Name: _____
Its: _____

ATTEST:

STATE OF _____
COUNTY OF _____

The foregoing instrument was acknowledged before me this ____ day of _____,
20__, by _____, who is personally known to me or who
has produced _____ as identification.

Notary Public

Print
My Commission Expires: _____

QUALIFICATIONS OF THE APPRAISER

JOSEPH S. STRING, MAI
String Appraisal Services, Inc.
595 Cypress Gardens Blvd., Suite 330
Winter Haven, Florida, 33880
Phone 863-292-0657
Fax 863-292-0695
e-mail sservic2@tampabay.rr.com

Biographic:

Born September 28, 1949 in St. Johnsbury, Vermont
Florida resident since 1951
Polk County resident since 1972
Real estate appraiser since 1970

Education:

Graduate of Brevard Junior College, Cocoa, Florida
Graduated in 1969 with an AS degree

Graduate of University of Central Florida, Orlando, Florida
Graduated in 1972 with a BS degree, major in finance

Attended and successfully completed courses offered by the Appraisal Institute, formerly the American Institute of Real Estate Appraisers

Course 1A-1: Real Estate Appraisal Principles	- 1988
Course 1A-2: Basic Valuation Procedures	- 1988
Course SPP: Standards of Professional Practice (Part C)	- 2004
Course 2-2: Valuation Analysis and Report Writing	- 1988
Course 2-1: Case Studies in Real Estate Valuation	- 1985
Course 1B-A: Capitalization Theories and Techniques (A)	- 1984
Course 1B-B: Capitalization Theories and Techniques (B)	- 1984
Course 797: Valuation of Conservation Easements	- 2008

Have taken 113 hours of continuing education in the past two years sponsored by the Appraisal Institute, The American Society of Farm Managers and Rural Appraisers, South Florida Water Management District, Department of Environmental Protection, and various educational groups.

Experience:

Wheeler & Klusza, Inc., Lakeland, Florida
1973 to 1976 - Staff appraiser on residential properties
Bill Wheeler, MAI
Dick Klusza, MAI

Chain-O-Lakes Realty, Inc., Winter Haven, Florida
1977 to 1981 - Appraiser of residential and commercial properties
George Cuddeback, MAI

Dale Hayes & Associates, Lakeland, Florida
1981 to 1986 - Appraiser of commercial properties
Dale Hayes, MAI

Reed Appraisal Company, Lakeland, Florida
1986 to 1993 - Appraiser of commercial properties
Stan Reed, MAI

Mancuso Appraisal Services, Winter Haven, Florida
1993 to 1998 - Appraiser of commercial properties
Nicholas Mancuso, MAI

String Appraisal Services, Winter Haven, Florida
1998 to present – Appraiser of commercial properties
Joseph S. String, MAI

Associations: MAI member of the Appraisal Institute - #7993
State-Certified General Appraiser - #RZ 96

Clients: Department of Environmental Protection, South Florida Water Management District, St. Johns River Water Management District, Southwest Florida Water Management District, The Nature Conservancy, Trust For Public Lands, Florida Communities Trust, Sarasota County, Sarasota Conservation Foundation, Farm Credit, Polk County, Brevard County, Volusia County, Pasco County, Charlotte County, Highlands County, Sarasota County, City of Winter Haven, National Park Service, Green Horizon Land Trust, SunTrust Bank, Community National Bank at Bartow, Wells Fargo, Regions Bank, Riverside Bank, Citizens Bank & Trust, CenterState Bank, Bank of Central Florida, Platinum Bank, and Community Southern Bank.

Properties: Acreage, undeveloped land, environmentally sensitive land, cattle ranches, farmland, sod farms, citrus groves, landscape nurseries, wetlands, conservation easements, flowage and inundation easements, partial interests, reclaimed phosphate land, submerged land, residential subdivisions, mobile home parks, recreational vehicle parks, fish camps, golf courses, planned unit developments, industrial parks, shopping centers, strip plazas, medical offices, offices, industrial properties, restaurants, apartment complexes, condominium developments, motels, churches, and more than 10,000 single family residences.