

2019

# APPRAISAL REPORT

## APPRAISAL OF

**Hidden Creek Recovery & Retreat Inc**  
**110 Pleasant Hill Church Rd**  
**Tallapoosa, GA 30176**



Prepared for  
**Hidden Creek Recovery & Retreat Inc**  
110 Pleasant Hill Church Rd  
Tallapoosa, GA 30176

Prepared by  
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**EFFECTIVE DATE OF APPRAISAL**

March 22, 2019



## Gregory James Co Inc

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Commercial Real Estate Appraisers

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President

Certified General Appraiser GA/AL

Date of Report 4/8/2019  
Effective Date of Report 3/22/2019  
Date of Inspection 3/22/2019

Client Hidden Creek Recovery & Retreat Inc  
Client Address 110 Pleasant Hill Church Rd  
Tallapoosa, GA 30176

File Number C19-00002

RE: Subject: Hidden Creek Recovery & Retreat Inc  
110 Pleasant Hill Church Rd  
Tallapoosa, GA 30176

Property Type Special Events Bldg

Dear, Reed Hatkoff:

RE: Appraisal Report of a Commercial property with a proposed use being that of a Special Use type property which will be a substance abuse rehabilitation facility/center. The prior use was intended to be a bed & breakfast type business operation.

As per your request, the subject property has been inspected, and all necessary investigation and analyses have been performed by the undersigned. An appraisal report utilizing an Appraisal Report process has been prepared in narrative format.

The Appraisal Report process and the report are intended to comply with Rule 2-2 of The Uniform Standards of Professional Appraisal Practice (USPAP), effective January 1, 2016. The report is also intended to comply with the requirements of, Title XI of the Federal Financial Institution Reform, Recovery, Enforcement Act of 1989 (FIRREA), and the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

This letter is not an appraisal report, but is to accompany the following appraisal report. If this letter is separated from the report, the report may become misleading and, therefore, invalid.

## Extraordinary Assumptions-

An extraordinary assumption is defined as “an assumption directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis.”

1. We have made our best effort to acquire accurate land sizes, zoning, and other property characteristics. We assume these characteristics to be true and accurate.
2. Data was given to us pertaining to the subject property and they include but are not limited to: property history of improvements and any adverse conditions that may exist, and other information that may have been provided during the inspection of the subject of this report.

If these Extraordinary Assumptions are found to be untrue, the value estimates herein may become unreliable. We reserve the right to make changes to value estimates due to untrue or inaccurate Extraordinary Assumptions. Gregory James Co Inc, Inc. nor any signing appraiser shall be held responsible for untrue or inaccurate Extraordinary Assumptions.

## Hypothetical Conditions-

A hypothetical condition is defined as “that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”

- None

<b>RECONCILIATION OF FINAL VALUE ESTIMATE</b>	
<b>Market Value Indication as of 3/22/2019</b>	
<b>Final Market Value Conclusion (as is)</b>	<b>\$1,512,000</b>
<b>Cost Approach</b>	<b>\$1,444,000 (Does not Include FF&amp;E)</b>
<b>Income Approach as Going Concern</b>	<b>\$8,213,000 As of 03/22/2020 (stabilized)</b>
<b>Sales Approach</b>	<b>\$1,367,000</b>
<b>Estimated FF&amp;E</b>	<b>\$145,000 (Included in the Market Value As Is)</b>
<b>Going Concern Intangible Business Value</b>	<b>\$6,700,000 As of 03/22/2020 (stabilized) rounded</b>
<b>See Breakdown and Explanations on the Following Pages</b>	

The current as is market value considers the subjects improvements as they are as completed. It is our opinion given the marketing program that will be used that it will take a year of operation building up the business income from clients of the facility to reach a stabilized market value assuming that the income stream has become steady. In reviewing same use type of property's that value developed from all of the components that will exist upon a stabilized cash flow the market value as stabilized developed is reasonable looking at the those facilities that have sold in the past with a stabilized cash flow.

Note: Our valuation is to estimate the "As Is" Market Value as of the date of inspection. It assumes no deferred maintenance unless it exist and it is covered within the appraisal report. Other than those items not finished in the current remodeling ongoing at the time of this report.

This letter of transmittal is to briefly explain the subject of the appraisal and report the conclusions of an indicated market value. The letter if removed from the appraisal report could mislead the reader and can lead to non-credible conclusions by the reader. It is not serve as a replacement of the appraisal report in the following pages.

The opinion of value is in terms of cash or financing term equivalent to cash. The opinion of value is based on a reasonable estimated marketing time of 12 to 18 months and exposure time of 12 to 18months. We assume the property would be properly priced and actively marketed by a knowledgeable broker.

It is our opinion that the current (as is), Fee Simple Interest in the subject property, assuming all data used in preparation of this report is error free with an effective date as of **3/22/2019**

**\$1,512,000**

**One Million Five Hundred Twelve Thousand Dollars**

**Includes FF&E**

**\$8,213, 000**

**As Stabilized (03/22/2020)**

**Includes FF&E and Improvements**

Respectfully Submitted,  
Gregory James Co Inc

*Gregory J Shelley PhD*

Gregory J Shelley PhD  
Certified General Appraiser

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### Summary of Conclusions

Property Name	Hidden Creek Recovery & Retreat Inc
Address	110 Pleasant Hill Church Rd, Tallapoosa, GA 30176
County Identification Number	0052 0043
Deed Reference	DBV 1219, pg.620
Property Type	Commercial

Property Rights Appraised	Fee Simple
Purpose of Appraisal	Market Value
Date of Inspection	March 22, 2019

Market Value - Fee Simple	\$1,512,000
Market Value by the Income Approach	\$8,213,000
Market Value by the Comparison Approach	\$1,512,000
Market Value by the Cost Approach	\$1,444,000
FF& E Estimated Value	\$145,000
Business Enterprise Value	\$6,700,000
Estimated Site Value	\$52,000
Estimated Exposure Time	12 to 18 months
Estimated Marketing Time	12 to 18 months
Contingencies	See Addenda

Highest and Best Use - As Vacant	Commercial
Highest and Best Use - As Improved	Commercial

Land Area	6.56 acres
Estimated Useable Land Area	100.00%
Zoning	C-NB
Flood Area	X
Property Type	Commercial
Number of Buildings	1
Number of Stories	2
Number of Rental Units	1
Gross Building Area (GBA)	8,975 square feet
Net Rentable Area (NRA)	8,975 square feet
Actual Age	11 years
Effective Age	1 years
Estimated Economic Life	60 years
Estimated Remaining Economic Life	59 years
General Condition	Good
Land to Building Ratio	31.84 to 1



## Reconciliation and Final Value Estimate

Reconciliation is the final step in the valuation process. It correlates the values obtained from all of the approaches. Each approach used is rated as to its relative significance and dependability. The greatest consideration is placed upon that approach that is most relevant to the property being appraised. The criteria used for choosing the most applicable approach are the "appropriateness, accuracy, and quantity of evidence"<sup>1</sup> available for each approach. From this analysis, a final value is chosen that reflects the appraiser's best judgment of the Market Value.

The **Income Approach** indicated a value of \$8,213,000. (As a going concern)

The **Sales Comparison Approach** indicated a value of \$1,513,000.

The **Cost Approach** indicated a value of \$1,444,000. Excludes FF&E

**After reconciling the values from the applicable approaches, a Fee Simple Market Value of \$1,367,000 +\$145,000 = \$1,512,000 has been estimated as the current as is value which included the FF&E. The estimated going concern value as of 03/22/20020 to be \$8,213,000 which includes the improvements. The market value developed for the site through a regression model is estimated at \$52,000. And the FF&E allocation is \$145,000.**

We believe this to be the most probable market value, given the range of values in the applicable approaches.

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<sup>1</sup> *The Appraisal of Real Estate, 13th. Edition* (Appraisal Institute, Chicago, IL., 2008), p. 562



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### **Scope of This Appraisal**

In preparing this appraisal we have:

- Made a complete physical inspection of the property on March 22, 2019.
- Researched public records for assessment and historical sales information pertaining to the subject property.
- Analyzed income and expense information provided by the owner, if applicable.
- Researched the demographics and other data effecting the area and neighborhood. Among our sources of information that we referenced were; properties that we have previously appraised in the area, relevant publications, periodicals, U.S. Census data, and other reference material.
- Researched pertinent neighborhood data, comparable listings, comparable rentals, and comparable sales.
- Gathered comparable improved sales, comparable listings, comparable rentals, comparables expenses, etc. from similar neighborhoods and/or previous appraisals that we have made on similar properties.
- Analyzed the current real estate market and trends for the subject's property type, particularly in the subject's market area.
- In preparing our written report we have:
  - Identified the property by tax identification number and deed references.
  - Considered the purpose and intended use of the appraisal.
  - Prepared a brief history of the property.
  - Stated the current definition of market value and exposure time.
  - Determined the property rights being appraised as the Fee Simple interest in the property.
  - Discussed and analyzed to the extent appropriate, the demographic data in the area surrounding the subject; including population characteristics, employment data, income characteristics, school district, and other amenities.
  - Described the neighborhood surrounding the subject, including highway access and the location and uses of notable properties.
  - Discussed and analyzed the physical attributes of the subject site.
  - Discussed and analyzed the physical attributes of the subject building(s).
  - Analyzed the Highest and Best Use of the site.
  - Analyzed and discussed the reasoning for choosing the most applicable approach or approaches in determining the value for the subject property.
  - Considered all three approaches to value and determined which approach or approaches were applicable, given the nature of the assignment and the characteristics of the subject property.
  - Thoroughly discussed and documented our value conclusions by the applicable approach and/or approaches.

- Analyzed and discussed the Reconciliation of the applicable approaches and final conclusions of values.
- Stated the Assumptions and Limiting Conditions upon which this report was based.

### **Identification of the Appraised Property**

The property being appraised is a Commercial type property. It is located at 110 Pleasant Hill Church Rd in the city of Tallapoosa, County of Haralson, in the state of GA. It is identified on the county records as tax identification number 0052 0043.

### **Purpose of the Appraisal**

The purpose of this appraisal is to estimate the "as is" market value of the property interest(s) specified in this report as of the effective date of this appraisal. The "as is" value is defined as the market value of the property as it actually exists on the date of the appraisal, with no contingencies. The appraised value assumes that if the property were sold, it would be sold in its existing condition, subject only to the Assumptions and Limiting Conditions listed in this report.

### **Intended Use of the Appraisal**

The appraiser has been engaged by Hidden Creek Recovery & Retreat Inc, the client for this appraisal and also the intended user. The appraiser(s) have been informed that the appraisal will be used for the sole purpose of assisting the client in determining value for underwriting a real estate loan. Therefore, the intended use of this appraisal is to assist our client, Hidden Creek Recovery & Retreat Inc, in the determination of market value for underwriting purposes.

### Property Rights Appraised

The property rights being appraised consist of the Fee Simple Estate of the subject property. A Fee Simple Estate is defined as:

*Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.*<sup>5</sup>

The value of the Fee Simple Estate is, therefore, impacted by its current zoning, tax status, condemnation proceedings, public easements, and environmental legislation. The Fee Simple Estate encompasses all rights of ownership not limited by government, including the right of occupancy (use), the right to lease and receive rents, the right of conveyances to another, etc. This interest is analogous to the total "bundle of rights", each of which may be severed and conveyed by the Fee Simple owner. The Fee Simple Estate may be severed into various partial or fractional interests, including the leased fee and leasehold interests. The Fee Simple Estate is the sum of the leased fee and all leasehold interests.

### Personal Property is included in this Appraisal Report

Any movable equipment, furnishings, and fixtures necessary to the operation of this property were not included in the value of the real estate. If necessary to the operation of the real estate as a hotel, personal care residence, etc., and a value is required by the client, the personal property has been allocated separately.

Personal property is defined as follows:

*Personal property is, generally, movable items - that is, those not permanently affixed to and part of the real estate. Thus personal property is not endowed with the rights of real property ownership. Examples of personal property are furniture and furnishings that are not built into the structure, such as refrigerators and freestanding shelves.*<sup>6</sup>

### FF& E Calculations:

These figures have been taken from those listed in the hotel chain cost book particularly in the lower budget rooms. Not because the fixtures are inferior but there is less of them. For each of the 7 rooms I have allocated \$10,000. Which calculates as follows: 7 beds X \$7,000 = \$70,000. The remainder is for other FF&E. The kitchen has been allocated at \$25,000, and the remainder of the FF&E is considered in the treatment areas, common areas and other furniture and equipment including office furniture, computers, phone system, couches tables a so forth.

As Allocated for per room furniture.	\$70,000		
Kitchen Fixtures and Other NOC Furniture	\$75,000	=	\$145,000

<sup>5</sup> *The Appraisal of Real Estate, 13th. Edition* (Appraisal Institute, Chicago, Il., 2008), p. 114

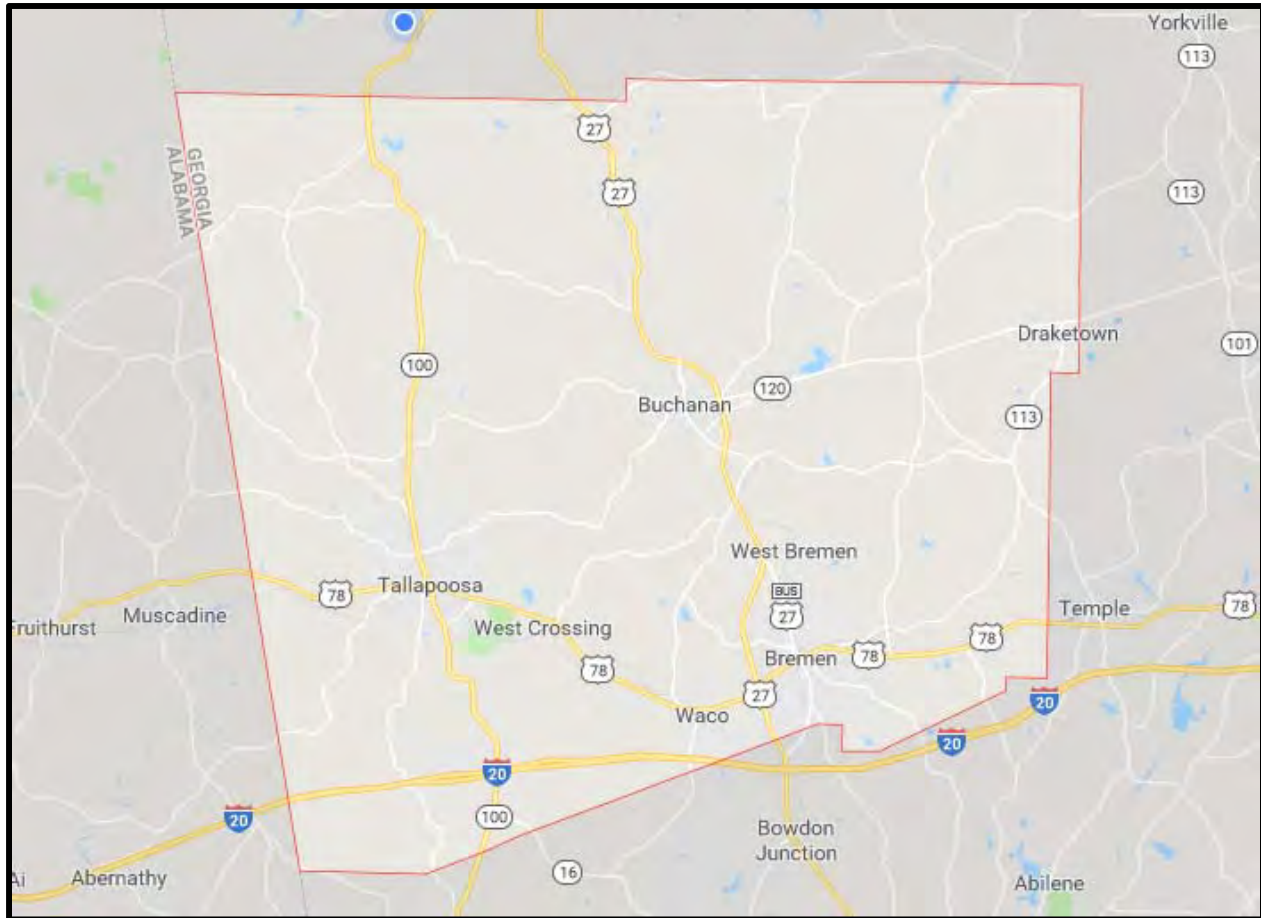
<sup>6</sup> *ibid.*, p. 7



### Brief History of the Property

According to Haralson County records, the subject property, tax identification number 0052 0043, is owned by Hidden Creek Recovery & Retreat LLC. The present owner purchased the property on November 19, 2018 by a transfer of gift deed from Reed Hatkoff Trustee to Hidden Creek Recovery & Retreat LLC for a consideration of \$0.00. No other transfers of the property appeared on the public record in the last three years. This transfer was a related party's transfer and should not be considered as a sale. To the best of our knowledge, on the date of this appraisal, the subject property was not listed for sale, nor were there any other types of options or agreements that would affect the market value.

**Map of Haralson County**



Haralson County is located approximately 62 miles for the center of Downtown Atlanta, GA. In comparison purposes it is located approximately 99 miles from the CBD of the City of Birmingham, AL. The county's location is on the GA/AL State Line. Which allows easy access to both of the cities VIA Interstate 20.

Founded January 26, 1856  
Named for Hugh A. Haralson  
Seat Buchanan  
Largest city Bremen

**Area Land Mass**

Total 283 sq. mi (733 km<sup>2</sup>)  
Land 282 sq. mi (730 km<sup>2</sup>)  
Water 1.0 sq. mi (3 km<sup>2</sup>), 0.4%  
Population  
(2010) 28,780  
Density 102/sq. mi (39/km<sup>2</sup>)



**Generalized Market Study Property Use Specific:**

Drug, alcohol and other addiction rehab in the United States is big business - \$35 billion this year. There are now 14,000+ treatment facilities and growing. A total of 2.5 million persons received treatment, but many more need it and facilities are filled to capacity. However, insurance coverage for rehab is limited. As a result, most of the tab is paid by government/state agencies. High end niches have emerged for the well-heeled (think Hollywood celebrities) and new niches are emerging in areas such as: sex addiction, problem gamblers, Internet addiction, and nicotine addiction. Facilities are also diversifying into treating people with anxiety disorders, eating disorders, and post-traumatic stress by veterans of the wars in Iraq and Afghanistan.

This new study by Market data examines the nature of the business, types of rehab, reasons for the renewed growth of addiction rehab services since the Great Recession, national receipts/growth from 1983-2013, 2014 and 2018 forecasts, average facility revenues, industry structure and participation by non-profit, for-profit, inpatient and outpatient programs, extensive drug/alcohol abuser demographics (number of abusers by type drug, age, sources of payment, type facilities used, etc.), The Florida Model, destination markets in FL and CA, expected effects of increased volume due to the Affordable Care Act, industry history and evolution, and key industry trends.

Includes all the pertinent data compiled by SAMHSA's latest 2012 government survey, data from the NIDA, NAATP, state agencies, and more. 10 in-depth company profiles are provided for: Hazelden Treatment Centers, Betty Ford Center, CRC Health Group, Elements Behavioral Health, Passage Malibu, The Caron Foundation, Comprehensive Care Corp., Malibu Horizon Rehab Center, Behavioral Health of The Palm Beaches, Sundown Ranch.

There are a number of types of Drug/Alcohol or multipurpose addiction treatment centers. This means for low to no cost to high end luxury facilities. All others are covered in between the high and low end facilities.

Based on my research the location of the center is not a part of the decision making process of who goes to what facility. The reputation of the facility is the one deciding factor according all of the reviews I have read on the various unbiased reviews found in various publications.

The location of the center is typically the last consideration of the patient and their families when choosing a rehab facility. These types of properties rely very little on the local economy and are not really affected by property values in the area, employment, housing etc. in the surrounding areas. The clients that use these facilities are more often than not from another state and sometimes another country. If the property becomes vacant given the special use nature of the improvements a follow on user is more likely than not from another area of the state and has a same or similar use as the prior use for the site.

In a recent article I reviewed on a rehabilitation center in Seymour Tennessee which near the Knoxville area. This center was a luxury rehab center and provided service to some high profile clients such as singers and actors in past. Their rate on a private room residency was \$49,000 per month. It was closed in March the 11<sup>th</sup>, 2019 abruptly by the owner. It was a well-known and well respected facility. The center has been through a number of lawsuits with its employees over the fair labor act. Those details are not know to me. However I did read all of the complaints from patients that had made deposit payments to attend that center, as reported all of those were out of state patients with considerable distances from that facility. The closest patient in proximity was in the State of Florida. Others were as far away as California. That facility has not reopened as of the date of this report. This supports the fact that location of a facility is a consideration however not the primary consideration of the potential user of these types of services.

The point I am making here is the local economy plays no role in the success or failure of such a business venture. If the property were to become vacant most likely a market participant or follow-on user would not be from the subject's area.



## Description of the Site

The major objective of site analysis is to gather all of the facts pertinent to an evaluation and commentary of it Highest and Best Use. Other objectives include use as the basis for an analysis of comparable sales and allocation of value in the Cost Approach. The examination of these facts is an important step in assessing the appropriateness of the subject site for its intended use. Further, its location and physical attributes are significant factors in determining its likelihood of economic feasibility for this use.

The following description was prepared after a physical inspection of the site on March 22, 2019, a review of the deed, and reference to County assessment records. We have assumed that the dimensions obtained from these sources and relied upon in this report are essentially correct. No current survey was provided.

## Property Description

### Site

**Location:** 110 Pleasant Hill Church Rd  
Tallapoosa, GA 30176  
Haralson County GA

**Current Use of the Property:** Bed Breakfast Vacant  
Drug Abuse Rehab Facility

**Planned Use**

**Site Size:** Total:6.56/ acres; 285,754 square feet  
  
Usable:6.56/ acres;285,754 square feet  
  
Less Building Setbacks and County ROW's.

**Shape:** Irregular See Tax Map

**Frontage/Access:** The subject property has access with frontage as follows:

- : 664 feet Pleasant Hill Church Rd
- The site has an average depth of 500+/- feet. It is not a corner lot.

**Visibility:** Site is on a dirt road and the surrounding land is mostly vacant land so based on ones opinion of visibility. The proposed use does not need nor desire good visibility. This type of planned use requires a good deal of privacy. However it is very easy to the see the property from Pleasant Hill Church Rd.

**Topography:** Sloped from front to rear then mostly level.

**Soil Conditions:** Typical of the area and supports new construction.

**Utilities:** Electricity: Public Utility  
Sewer: Onsite Septic typical for the area and the county  
Water: Public Water  
Natural Gas: LP Tank Gas  
Underground Utilities: Yes/However this depends on the user.  
Adequacy:

**Site Improvements:**

- Paved Open Parking
- Landscaping
- Decks and Patios

**Flood Zone:** The subject location is not in an area mapped by the Federal Emergency Management Agency (FEMA) that is a noted flood zone. The subject is not found in FEMA's flood areas. The flood zone X, is not classified as a flood hazard area.

FEMA Map Number: 13143C0210B

FEMA Map Date: 09/26/2008

Wetlands/Watershed: None Observed or reported

Environmental Issues: None known or disclosed

Encumbrance /  
Easements: None adverse reported

Site Comments: The parking area is currently paved. However there are plans to repave and strip the parking spaces in the near future per the onsite contact. IN addition some new landscaping and other fixed property components to support outside activities.

### Tax Map



**Taxes:**

Tax Assessment			
Parcel # 00520043			
2018			
Site	Improvements	Total	Taxes
\$27,216.00	\$189,342.00	\$216,558.00	\$6,639.67

**Zoning**

Zoning Code:           C: NB

Commercial Neighborhood

Sec. 50-119. - C-NB neighborhood business commercial district.

In addition to the permitted uses noted in section 50-117, the C-NB district shall permit:

- (1) Strip shopping centers on lots not exceeding one acre.
- (2) Convenience store, including the incidental sale of motor fuels, on lots not exceeding one acre.
- (3) Drive-through branch banks. (4) Nursery schools, day care centers, and kindergartens, provided that the facility shall have a minimum of 35 square feet of indoor space available per child and shall also have at least 100 square feet of play area per child in an outdoor play area which shall be enclosed by a fence having a minimum height of six feet; provided further, that prior to the application, the applicant shall show proof of registration and licensing as required by the state department of human resources.
- (5) Business signs, provided that lighting shall be fully shielded in such a way as to prevent light from entering nearby or adjacent residential areas.
- (6) 15,000 square foot minimum lot size if public or community water and sanitary sewer is available; with either private water or individual sanitary systems, minimum lot size shall be the greater of one acre or the health department requirements.
- (7) 40-foot minimum front yard.
- (8) 15-foot minimum side yards.
- (9) 30-foot minimum rear yard.
- (10) 100-foot minimum lot width at front building line.
- (11) 800-square-foot minimum habitable area.

The subject is an approved use by the zoning department per the representative from that department.

---

## Description of the Improvements

The subject is improved with a 2 story Commercial building. It is known as the Hidden Creek Recovery & Retreat Inc. The following description was made after a physical inspection of the building on March 22, 2019. Overall, the construction most closely resembles the basic construction features of a building defined by Marshall-Swift Class C Building Cost Service as follows:

Masonry or reinforced concrete (including tilt-up) construction characterizes class C buildings. The walls may be load-bearing, i.e., supporting roof and upper floor loads, or nonbearing with concrete, steel, or wood columns, bents, or arches supporting the load. Wood or steel joists or trusses support upper floors and roofs. Ground floors may be concrete slabs. Upper floors may be of concrete plank, steel deck, or wood. Bearing walls are frequently strengthened by concrete bond beams and pilasters. Class C buildings are not fire-resistant structures.

Included in this class are Uniform and Basic Building Code, Type III (noncombustible wall), Standard Code Type V and ISO classes 2 and 4, and those ISO class 5 and 6 buildings that have load-bearing walls without interior framing and of low-rise design (3 stories or less). This class is also referred to as Masonry or Unprotected Noncombustible, Joisted or Unprotected Masonry, or Ordinary or Unprotected One-hour, and includes certain Two-hour or heavy timber construction

In addition, we have determined that the building is of "good" construction, defined by Marshall Valuation Service as follows:

*Average Quality buildings constitute the largest group of buildings constructed, approximately fifty percent of all buildings. These are generally buildings designed for maximum economic potential without some of the pride of ownership or prestige amenities of higher quality construction. They are of good standard code construction with simple ornamentation and finishes.<sup>8</sup>*

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<sup>8</sup> Marshall Valuation Service, Quality of Construction, Section 1, p.11



Photographs of the Improvements



View:

Exterior



View:

Exterior

Photographs of the Improvements



View:

Exterior



View:

Exterior



Deferred Maintenance: Any and all deferred maintenance will be cured in about 3 to 5 weeks. The improvements will be effectivity new.

Capital Improvements: All capital improvements are ongoing at this time. It appears to me based on the scope of work I have reviewed it appears that there is approximately a \$175,000 to \$235,000 budget. It is an extensive improvement and punch out list.

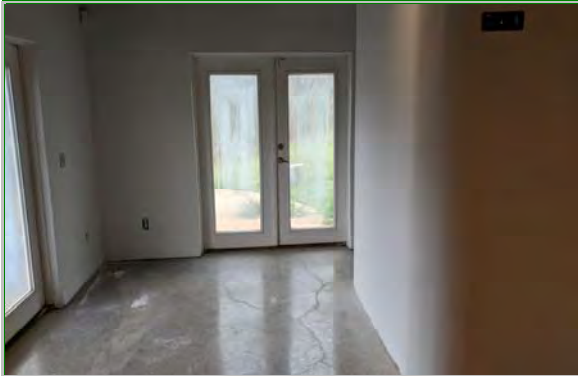
Photographs



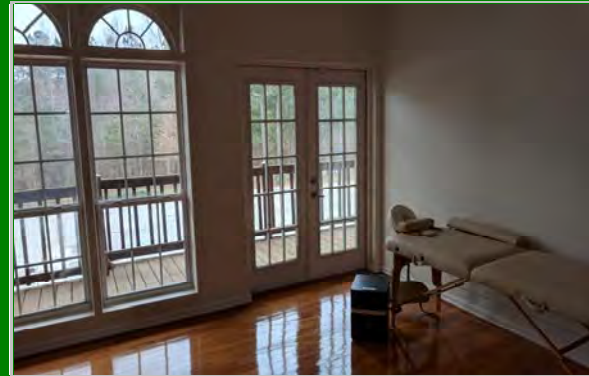
Exterior



Exterior



Interior



Interior

## IMPROVEMENTS

**Building Identification:** Hidden Creek Recovery and Retreat

**Building Description:** Multi-Purpose Special use building

**Building Class:** Class B

**Construction:** Rock/Steel/Wood/Metal

**Construction Quality:** Good

**Year Built:** 2008

**Renovations:** 2019 based on inspection

**Effective Age:** 1 Years

**Remaining Useful Life:** 65 Years

**Condition:** Good/New

**Appeal/Appearance:** Good

**Areas, Ratios & Numbers:** Number of Stories: 2  
Gross Building Area:8,975  
Gross Leasable Area: 8,975  
Rentable Area: 8,975  
Number of Units: 7 Planned inpatient Rooms -

### FOUNDATION, FRAME & EXTERIOR -

Foundation:	Slab on Grade with Full Basement which is finished
Structural Frame:	Wood/Metal/Steel
Column Spacing:	Interior Walls/Drywall Paint with Custom Wood Molding
Exterior:	Rock/Wood
Windows:	Fixed Casement and DH Hung Windows Thermal Pane
Roof/Cover:	Composite Shingles and Arched Gabled Roof/New
Other:	The building is served, by man doors.

### INTERIOR -

Interior Layout:	Conference Areas, Patient Rooms, Commercial Kitchen, Dining, Large amount of Common areas
Floor Cover:	Mixed, Tile, Vinyl, Carpet, Concrete
Walls:	Paint drywall
Ceilings & Ceiling Height:	Drywall 10 feet ceilings
Lighting:	A mix of fluorescent, incandescent, and LED lighting
Restrooms:	Assumed to be eight full baths. Others may be added with, 6 more 2 fixture ½ baths.

## MECHANICAL SYSTEMS -

Heating:	Zoned HVAC Good
Cooling:	Zoned HVAC Good
Electrical:	Typical lower amperage commercial grade
Plumbing Condition:	Assumed to be good.
Comments,	The POC indicates they are still working out the baths. Also, they are replacing the stone on the building is being removed and replaced by engineered stone siding. The kitchen area has an Ansel fire suppression system over the cooking area. Some newer more modern fixtures are being updated in the kitchen area. Also a new commercial freezer. Other appliances are either upgraded or purchased and installed new.

## PARKING

Parking Type and Number of Spaces:	Type: Paved open Parking 75 to 100 new parking-Spaces: Condition: Good Will be new after repaving Parking Ratio 8,975 to 1
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## PROPERTY ANALYSIS

Design & Functional Utility:	Good for the future intended use and also would still function as a bed breakfast use or other special events use, or restaurant.
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Deferred Maintenance: Any and all deferred maintenance will be cured in about 3 to 5 weeks. The improvements will be effectivity new.

Capital Improvements: All capital improvements are ongoing at this time. It appears to me based on the scope of work I have reviewed it appears that there is approximately a \$175,000 to \$235,000 budget. It is an extensive improvement and punch out list.

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## Highest and Best Use

### Definition of Highest and Best Use

*Highest and Best Use is defined as: "the reasonable and probable use that supports the highest present value, as defined, as of the date of the appraisal." Alternatively, it is defined as "The use from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and that results in the highest present land value".<sup>9</sup>*

Therefore, to be considered the Highest and Best Use, the property should be among those probable uses that are legally permissible and conform to current zoning laws, physically adapted for the size and configuration of the property, appropriate because of location and/or other factors, and economically capable of producing a competitive return on capital invested.

According to accepted appraisal standards, there are two classifications of Highest and Best Use. These are the Highest and Best Use of the site as vacant and the Highest and Best Use of the site as improved.<sup>10</sup> The question in an analysis of this type is, what use from among the most likely uses is most viable?

While some believe there is only one Highest and Best Use for a property, a more practical approach is to recognize that there may be several economically feasible alternatives. The decision then becomes an analysis of which of the probable alternative uses will result in the maximum value based upon investment returns.

In determining the Highest and Best Use for the subject site, we have analyzed the probable uses of the subject property based upon the criteria of being legally permissible, physically possible, financially feasible, and maximally productive. We first eliminated those uses that were obviously not suitable for this property either because of zoning or physical incompatibility. We then considered those uses that would have a reasonable probability of being the Highest and Best Use based upon current zoning and physical adaptability. Finally, we chose that use or uses that appeared to best fit the criteria of being financially feasible and maximally productive.

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<sup>9</sup> *The Appraisal of Real Estate, 12th. Edition* (Appraisal Institute, Chicago, Il., 2001), p.305

<sup>10</sup> *ibid.*, p.244



## Four Stages of Analysis

In estimating highest and best use, there are four criteria to consider.

- **Physically Possible** - what uses are physically possible for the site and/or improvements?
- **Legally Permissible** - what uses are permitted by zoning, deed, or other legal restrictions on the development of the site?
- **Financially Feasible** (Supply and Demand) - which possible and permissible uses will produce a positive net return to the owner of the property?
- **Maximally Productive** - among the feasible uses, which use will produce the highest net return or the highest present worth?

In addition to these four criteria, this analysis also seeks to determine:

- If the land should be developed immediately or left vacant
- The type of improvement that should be constructed on the site, and
- Whether the existing improvements continue to contribute to the overall market value, or should they be altered to increase market value or removed and the site redeveloped.

## Highest and Best Use - As Vacant

### Definition of Highest and Best Use of Land or Site - As Vacant

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

### Legally Permissible - As Vacant

The test of legal permissibility is analyzed first because it immediately eliminates a number of uses. This analysis involves a review of such items as private deed restrictions, zoning regulations, historic district controls, and environmental regulations that affect the development of the site and the improvements. Primary emphasis was placed on the current zoning regulations in order to determine potential legal uses.

There are several legally permitted and conditional uses for the subject. The subject is zoned C-NB. There were no adverse legal restrictions discovered or made known to the appraiser during this analysis. The site meets the criteria test for legal permissible uses.

### Physically Possible - As Vacant

This involves a review and analysis of the physical characteristics of the site such as the size, shape, accessibility, topography, available utilities, frontage, depth, assemblage, traffic patterns, etc. This analysis further narrows the potential uses of the site.

All utilities are available in adequate quantity to serve several legally permissible uses. The frontage street is in average condition. A range of legally permissible uses is physically possible for the site.

**Financially Feasible - As Vacant**

This section tests the hypotheses of those uses that are legally and physically possible. After the first two requirements are analyzed, the financial feasibility of income-producing properties focuses on market value indications using a valuation method from the Income Approach placed against the costs of construction of the legally and physically permissible uses.

Market rents are analyzed against vacancy, operating expenses, and the overall capitalization rate required to attract the typical investor. If the difference of the market value indication exceeds the construction costs, plus the necessary entrepreneurial incentive necessary to attract the typical investor, the use is considered financially feasible.

If the indication is less than the costs, not including the entrepreneurial incentive, the use is not considered feasible. The extent of this analysis further narrows the possible uses that will generate the highest net return to the land.

Data presented in the Income Approach section of this appraisal, if applicable, indicates that the subject would meet the test of financially feasible. Therefore, we conclude that at this time the present use of the subject property financially feasible. Other uses would be unlikely because the site is zoned C-NB.

**Maximally Productive - As Vacant**

After the financial feasibility analysis, the use that results in the relatively highest residual land value, consistent with the appropriate rates of return by the market, is considered the highest and best use. However, the exact use that results in the maximum profitability of the site is somewhat subjective, although it can reasonably be narrowed. Maximum profitability is heavily determined by the individual purchaser or investor of the site. Nonetheless, the use for the site should be consistent with the existing and projected land uses within the neighborhood. At this time we conclude that the present use would be the maximally productive use of the land as vacant.

**Conclusion - Highest and Best Use - As Vacant**

Considering all of the above, the highest and best use of the site as though vacant is its present use.

**Present Use:** Commercial and property sub-type Special Events Bldg

### **Highest and Best Use - As Improved**

In analyzing the Highest and Best Use of the site as improved, the same criteria used in analyzing the site as vacant were used and it was determined that the Highest and Best Use of the site is as it is currently improved.

#### **Description of the Ideal Improvement**

The ideal improvement may be better described as the "optimal" improvement because it presents an image of the best structure that can be constructed on the site with slight allowances for variations within market parameters. At this time a development which would maximize the density and parking requirements would be the optimal development for this site.

#### **Definition of Highest and Best Use - As Improved**

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

#### **Legally Permissible - As Improved**

This analysis determines whether the current building is legally permissible for the current and follow-on users, addressing whether or not the structure is conforming or non-conforming.

The subject property is zoned C-NB and its present use appears to be a use that meets the current zoning requirements and is legal conforming use.

We are not aware of any restrictions such as moratoriums on development, ground leases, master plans, historic district controls, deed covenants, environmental regulations, building codes, fire regulations, title restrictions, and/or zoning regulations that would render the current use illegal. However, should the current use of the property prove to be illegal, we reserve the right to alter, amend, and/or rescind the appraisal.

#### **Physically Possible - As Improved**

This analysis addresses the physical construction, condition, and functional utility of the existing improvements and significant deviancy from the market standards and/or the ideal improvement. Such items as over-improvements, under-improvements, and super-adequacies are identified and their impact on the property's market value addressed.

The subject improvements were discussed in detail in the Description of Improvements section. The building's layout is physically possible for the existing and follow-on users. The construction quality

of the improvements is rated average. No adverse issues of functional utility were noted and the current use is concluded to meet the criteria of physically possible.

**Financially Feasible - As Improved**

The financial feasibility of the improvement considers the results of the indications of market value against the land's market value indication as vacant. If the indications to market value exceed the land value, the improvement is generally considered financially feasible. However, additional analysis needs to address such items as whether the improvement's use and market value could be enhanced by renovation, curing deferred maintenance, reconstructing below market leases to market rates, etc.

The improvements reflect an effective age of 1 years. No further immediate renovation is anticipated to be required in order to maintain the financial feasibility of the subject in its current use as a Commercial.

The existing building conforms to the current zoning ordinance or is a legal, non-conforming use and the local area exhibits a healthy market demand for this property type. Modifications to the property beyond adequate maintenance will not increase the market value of the property and do not justify capital expenditures. Thus the use of the improvements meets the criteria of financial feasibility. The final market value conclusion indicates that the improvements significantly exceed the site value. Demolition or renovation of the existing improvements to construct the "ideal" or "optimal" improvement is not concluded to be feasible.

**Maximally Productive - As Improved**

The last step of this analysis is the determination of the maximum profitability of existing/proposed improvement. This considers the elements of the three previous tests together with the associated risk level in the market for the subject property. Any additional capital expenditures that would enhance the subject's market value should also be addressed.

The improvements add value to the overall property. A proper maintenance program should extend the economic life of the building. From this analysis, no other alternative use is concluded to produce a higher net operating income or higher relative residual land value over time than the existing improvements.

**Conclusion - Highest and Best Use as Improved**

We have considered Highest and Best Use in the context of the above and have concluded that the Highest and Best Use of the site as improved is its current use. This use meets all of the criteria of Highest and Best Use including being legally permissible and conforming to current zoning laws, improvements physically adapted for the size and configuration of the property, appropriate because of

location and/or other factors, and economically capable of producing a competitive return on capital invested at the appraised value(s).

This appraisal is subject to the owner having all applicable permits from local authorities, state authorities and other bodies that have jurisdictional authority over the subject property's zoning and building regulations of the county where the site is located.

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## Method of Procedure

Having determined that the Highest and Best Use of the subject property is at its present use, we proceeded with our analysis. This included a review of the market and an assessment of the potential demand for similar properties. Finally, we estimated the Market Value of the subject property using the applicable approaches to value.

**The Valuation Process** - The valuation process is a systematic approach that identifies the appraisal problem, analyzes a property's characteristics, and generally engages three common valuation methods to form an opinion of market value.

The steps in the valuation process include: <sup>11</sup>

- Identification of the problem
- Scope of work determination
- Data Collection and Property Description
- Data Analysis
- Site Value Opinion
- Application of the Approaches to Value
- Reconciliation of Value indicators and final Opinion of Value
- Report of Defined Value

There are three generally accepted approaches to value in the appraisal of real property. These are summarized as follows.

The **Income Approach** consists of estimating the potential annual gross income using actual or market derived rentals. Deducted from this amount, to arrive at a projected net income, are projected vacancy, annual expenses, and an estimated reserve for replacement. The resulting net income is capitalized into value.

The **Sales Comparison Approach** consists of analyzing the sale of comparable properties within the immediate area and/or in similar locations by a comparison of their respective similarities and differences. A judgment is then made as to the value of the subject property, based upon the adjusted values.

The **Cost Approach** consists of estimating the cost new of the building improvements, deducting depreciation from all sources, and adding the value of the land and lot improvements. It is often the most difficult approach to apply to existing buildings because of the problem encountered in accurately estimating depreciation. All three approaches were considered and developed.

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<sup>11</sup> The Appraisal of Real Estate 13th Edition, Pages 129 and 131 Appraisal Institute

## INCOME APPROACH

The Income Approach considers the return on Investment and is similar to the method that investors typically use to make their investment decisions. It is most directly applicable to income producing property because the expectation of income is the primary motivating factor for the purchase of real estate. Other important considerations are leverage, tax advantages through depreciation, and pride of ownership. In addition, the investor also benefits from equity build-up due to mortgage loan amortization and potential increases in value.

The Income Approach consists of first estimating the probable annual gross income, based upon actual leases or market rentals. From this amount is deducted an allowance for vacancy and rent loss, based upon the property's historical operating experience and/or future projections. Next, all expenses attributable to the real estate are deducted. Also deducted, when appropriate, is a Reserve for Replacement of short-lived components that would normally be replaced during the investment holding period. The resulting net income is then converted into value by capitalization.

### **Gross Income Estimate - \$2,560,101**

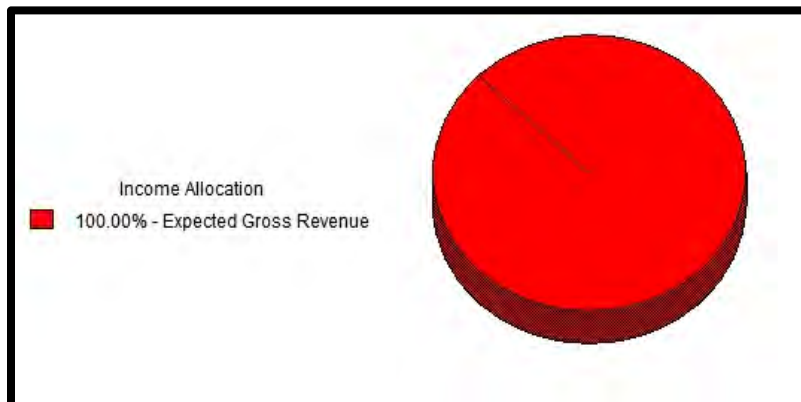
To verify that the subject's projected rentals are at market and to arrive at a projected gross income, we made an examination of the rentals of other similar buildings in the market area. We evaluated the area's rental environment, market orientation, and comparable rental facilities. Our investigation was limited to properties that were similar in style and/or age and had tenant appeal similar to that of the subject property.

It is our determination, after reviewing the general market and studying competitive facilities, which the current rentals are at market. Based upon current rentals, potential gross income for the first year of our analysis, before an allowance for vacancy and rent loss, amounts to \$2,560,101.

This is a new business venture for an existing building. I have read and reviewed the marketing plan and all of the supporting data with income projections. There is an overall lack of operational data for these types of property uses on any of the market data sources. The 30 day room rates are available however these are based rates and can be adjusted on a whim by the facility director. This is due to maintaining a low vacancy rate at any given facility. Having said that I have reviewed enough data to support income and expense projections for the subject of this report. After reviewing all of the data gathered in the research I have determined the most important factors are marketing and management. If these two items are addressed properly forecast for the project is good and a profit making venture. After a review of all the owners' data I have good amount of confidence these two items will be addressed professionally.



**Subject Property  
Income Summary Information**



**Property Name** Hidden Creek Recovery & Retreat Inc  
**Location** 110 Pleasant Hill Church Rd  
Tallapoosa, GA 30176  
**Occupancy Type** Commercial  
**Gross Building Area** 8,975 s.f.

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<b>Expected Gross Revenue</b>		% of Total Income 100.00%
<b>Gross Rental Area</b>	2,560,101 1 Years Revenue	
<b>Estimated First Year Rental</b>	\$2,560,101 \$1.00 per 1 Years Revenue	

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**Vacancy and Rent Loss - \$384,015**

Even when a building is fully occupied as of the date of the appraisal, it is prudent to anticipate some rent loss over the projection period in order to estimate "stabilized" occupancy. Based upon our analysis of the current rental market and the historical rent loss of the subject, a "stabilized" frictional vacancy rate for the subject property is projected at 15.00% of gross income, or \$384,015.

**Effective Gross Income - \$2,176,086**

Deducting the stabilized vacancy and rent loss of \$384,015 leaves an Effective Gross Income of \$2,176,086.

### Stabilized Market Income Schedule

REFERENCE NO: Hidden Creek  
PROPERTY: 110 Pleasant  
ANALYSIS DATE: 3/22/2019

Income Item	Gross Units	Income Per Year	Income Per Unit	Unit of Measure
Expected Gross Revenue	<u>2,560,101</u>	2,560,101	1.00	1 Years Revenue
Total Units	2,560,101			
Total Income		\$2,560,101		
Vacancy/Credit Loss		<u>-384,015</u>		
Effective Gross Income		\$2,176,086		

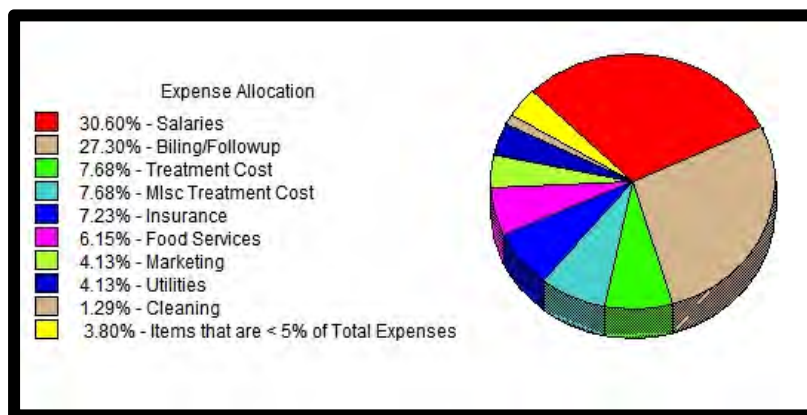
#### Estimate of Expenses - \$580,989

To arrive at a projected Stabilized Net Income, it is necessary to deduct those expenses that are typical and recurring for the subject property. These are expenses paid for by the owner and relate directly to the operation of the real estate. The expenses used in this income analysis were determined after reviewing expenses of the subject property in prior years and comparing the subject's reported expenses with those of other similar properties. Industry ratios and historical expense patterns for similar property types were also considered.

After considering all of the above, a projection of expenses was made. Stabilized expenses for the subject property were estimated at \$580,989.

In our analysis of expenses, we found that certain items fell either above or below what is considered normal for a property of this type. This is not unusual because individual line item expenses vary, depending upon such factors as region, economy, uniqueness of the property, etc. Also, each owner allocates line item expenses differently, which accounts for variances when comparing certain line items in this income analysis to those reported.

**Subject Property  
 Expense Summary Information**



**Property Name** Hidden Creek Recovery & Retreat Inc  
**Location** 110 Pleasant Hill Church Rd  
 Tallapoosa, GA 30176  
**Occupancy Type** Commercial  
**Building Units** 2,560,101 1 Years Revenue

Expense Item	Real Estate Taxes	
<b>Expense Category</b>	Fixed Expense	% of Gross 0.26% % of E.G.I. 0.31%
<b>Expense Description</b>	Per tax assessor	
<b>First Year Expense</b>	\$6,639 Annual	

Expense Item	Insurance	
<b>Expense Category</b>	Fixed Expense	% of Gross 1.64% % of E.G.I. 1.93%
<b>Expense Description</b>	Per ISO rates	
<b>First Year Expense</b>	\$42,000 Annual \$0.02 per 1 Years Revenue	

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Expense Item	Utilities	
Expense Category	Fixed Expense	% of Gross 0.94% % of E.G.I. 1.10%
Expense Description		
	Estimated based on similar property uses	
First Year Expense	\$24,000 Annual \$0.01 per 1 Years Revenue	

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Expense Item	Cleaning	
Expense Category	Operating Expense	% of Gross 0.29% % of E.G.I. 0.34%
Expense Description		
	Estimated on similar property uses	
First Year Expense	\$7,500 Annual	

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Expense Item	Maintenance/Repair	
Expense Category	Operating Expense	% of Gross 0.29% % of E.G.I. 0.34%
Expense Description		
	Estimated on similar property uses	
First Year Expense	\$7,500 Annual	

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Expense Item	Roads/Grounds/sec	
Expense Category	Operating Expense	% of Gross 0.23% % of E.G.I. 0.28%

**Expense Description**

Based on similar property uses

**First Year Expense** \$6,000 Annual

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**Expense Item**

**Food Services**

**Expense Category** Operating Expense % of Gross 1.40%  
% of E.G.I. 1.64%

**Expense Description**

Calculated per day and carried out to one year.

**First Year Expense** \$35,750 Annual  
\$0.01 per 1 Years Revenue

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**Expense Item**

**Salaries**

**Expense Category** Operating Expense % of Gross 6.95%  
% of E.G.I. 8.17%

**Expense Description**

Based on similar property's same use

**First Year Expense** \$177,800 Annual  
\$0.07 per 1 Years Revenue

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**Expense Item**

**Treatment Cost**

**Expense Category** Operating Expense % of Gross 1.74%  
% of E.G.I. 2.05%

**Expense Description**

Estimated on a 7 bed unit

**First Year Expense** \$44,600 Annual  
\$0.02 per 1 Years Revenue

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Expense Item	Marketing	
Expense Category	Operating Expense	% of Gross 0.94% % of E.G.I. 1.10%
Expense Description	Typical based on other same use properties.	
First Year Expense	\$24,000 Annual \$0.01 per 1 Years Revenue	

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Expense Item	Billing/Follow-up	
Expense Category	Operating Expense	% of Gross 6.20% % of E.G.I. 7.29%
Expense Description	Taken from owners expense sheet	
First Year Expense	\$158,600 Annual \$0.06 per 1 Years Revenue	

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Expense Item	Misc. Treatment Cost	
Expense Category	Operating Expense	% of Gross 1.74% % of E.G.I. 2.05%
Expense Description	Unexpected treatment expense	
First Year Expense	\$44,600 Annual \$0.02 per 1 Years Revenue	

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Expense Item	License Fees	
Expense Category	Operating Expense	% of Gross 0.08% % of E.G.I. 0.09%

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**Expense Description**

Per state of GA licensing board

**First Year Expense**                      \$2,000 Annual

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**Expense Item**

**Total Annual Expenses**

% of Gross 22.69%  
% of E.G.I. 26.70%

**Expense Description**

All expenses were estimated based on a cumulative of 6 comparable income expense statements of same use properties.

**First Year Expense**                      \$580,989 Annual  
    \$0.23 per 1 Years Revenue

**Projected Net Income - \$1,595,097**

Deducting the total estimated stabilized expenses from Effective Gross Income of \$2,176,086 leaves a Net Income for the subject property of \$1,595,097.

<b>Stabilized Market Income Statement</b>			
<b>REFERENCE NO: Hidden Creek</b>			
<b>PROPERTY: 110 Pleasant</b>			
<b>ANALYSIS DATE: 3/22/2019</b>			
	<b>Amount</b>	<b>% of Gross</b>	<b>P.G.U.</b>
<b>Gross Income</b>			
Total Income	\$2,560,101	100.00%	1.00
Vacancy / Credit Loss	<u>-384,015</u>	<u>-15.00%</u>	<u>-0.15</u>
Effective Gross Income	\$2,176,086	85.00%	0.85
<b>Fixed</b>			
Real Estate Taxes	6,639	0.26%	0.00
Insurance	42,000	1.64%	0.02
Utilities	24,000	0.94%	0.01
<b>Operating</b>			
Cleaning	7,500	0.29%	0.00
Maintenance/Repair	7,500	0.29%	0.00
Roads/Grounds/sec	6,000	0.23%	0.00
Food Services	35,750	1.40%	0.01
Salaries	177,800	6.95%	0.07
Treatment Cost	44,600	1.74%	0.02
Marketing	24,000	0.94%	0.01
Billing/Follow-up	158,600	6.20%	0.06
Misc. Treatment Cost	44,600	1.74%	0.02
License Fees	<u>2,000</u>	<u>0.08%</u>	<u>0.00</u>
Total Expenses	\$580,989	22.69%	0.23
<b>NET INCOME</b>	<b>\$1,595,097</b>	<b>62.31%</b>	<b>0.62</b>



### Capitalization of Net Income

Capitalization is the process of converting into present value (or obtaining the present worth of) a series of anticipated future periodic installments of net income. It is the procedure of expressing such anticipated future benefits of ownership in dollars and processing them into a present worth at a rate that is attracting purchase capital to competitive investments.

The methods of capitalization are Yield Capitalization and Direct Capitalization.<sup>12</sup>

#### Yield Capitalization

In yield capitalization, the relationship between several years' stabilized income and a reversionary value at the end of a designated period is reflected in a yield rate. The most common application of yield capitalization is discounted cash flow analysis.

#### Direct Capitalization

In direct capitalization, the relationship between one year's income and value is reflected in either a capitalization rate or an income multiplier.

The Direct Capitalization method, using a rate abstracted from the market was not used because there was insufficient income and expense data available for the known comparable sales. Detailed income and expense histories are vital to abstracting a capitalization rate that is reliable.

We have chosen a yield capitalization method in our analysis of income. Two generally accepted methods of yield capitalization are the **Mortgage Equity Technique** and the **Discounted Cash Flow Method**. In all methods of yield capitalization, the future benefits that will be derived from a property are discounted to their present worth to estimate a "present value". The benefits typically considered consist of periodic net income, the growth in periodic net income, the equity build-up through mortgage loan amortization, and the reversion of the sales proceeds in excess of the mortgage loan balance and other costs at the end of the term. The rate at which these cash flows and reversion are discounted to a present value is designated by various analogous terms. Among them are the Equity Yield Rate, the Internal Rate of Return (IRR), and the Discount Rate. IRR is considered by many financial analysts to be the most comprehensive measure of financial benefits that will be received by the investor during the period of ownership.

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<sup>12</sup> *The Appraisal of Real Estate, 12th. Edition* (Appraisal Institute, Chicago, Il., 2001), p. 64

### Mortgage Equity Technique

A capitalization rate was developed using the Advanced Mortgage Equity Technique. This is an accepted technique when net income is projected to be stable, beginning in the first year of the analysis. In this method, individual components of the capitalization rate are mathematically derived and an overall rate capitalization rate is calculated. This rate is then applied to stable net income to determine the value.

In order to develop the capitalization rate using the Advanced Mortgage Equity Technique, the following projections were made:

<u>Projected Holding Period</u>	<u>7 years</u>
<u>Loan Ratio</u>	<u>70.00%</u>
<u>Loan Term</u>	<u>20 years</u>
<u>Loan Interest Rate</u>	<u>7.00%</u>
<u>Investor Equity Portion</u>	<u>30.00%</u>
<u>Required Investor Yield</u>	<u>45.00%</u>
<u>Growth Rate in Value per year</u>	<u>N/A</u>
<u>Growth Rate in Income per year</u>	<u>2.00%</u>
<u>Soft Costs in addition to Equity</u>	<u>1.00%</u>
<u>Selling Expenses in Terminal Year</u>	<u>3.00%</u>

### Final Value by the Income Approach

A capitalization rate of 19.42% was developed using the projections above. Applying this rate to the subject property's Stabilized Net Income of \$1,595,097 indicates a value by the Advanced Mortgage Equity Technique of \$8,212,742 ( $\$1,595,097 / 19.42\%$ ). This value has been rounded to \$8,213,000.

### Final Value by the Income Approach

**Eight Million Two Hundred Thirteen Thousand Dollars**

**\$8,213,000**

**As of 03/22/2020 Stabilized**

### **Supporting Income Documentation**

On the pages that follow are presented various reports and calculations that document our analysis of the income for the subject property. Also included is a discussion of the pertinent factors and mathematical techniques that were employed.

The owner of this property has determined that a luxury rehab facility of the market of choice for this business venture. There are advantages to this market area. One is there are less patient to treat or accommodate at one time being a smaller unit. The other is these type clients can typically afford to pay cash for their services as this market deals with executives, entertainers and overall clients with the financial means to pay for the treatment at a high quality facility. As a result there is no insurance companies to deal with and there no price reductions required by the insurance carriers. This also results in a higher profit margin due to the fact there are less clients to deal with which reduces the cost of the care. This is also supported by all of the market data examined during the research for this report.

On the following pages I have presented 5 comparable luxury facilities for the purposes of establishing a market room rate for luxury rehab facilities. There are no sales prices recent with the exception one of them which I will cover on the data sheet.

Luxury Comparable Facility 1	
<b>Facility Name</b>	Bluff Plantation
<b>Address</b>	963 Bennock Mill Rd, Augusta, GA 30906
<b>Occupancy at the Time of Report</b>	16 Bed Facility /100% occupied
<b>Site Area</b>	177.83 ac
<b>GBA/Year Built</b>	10.488 +/- 1987-2016
<b>Based Room Rate 30 Days</b>	\$45,000
<b>Typical Patient Stay</b>	30 to 60 Days
<b>Services</b>	Multiple Treatment Options
<b>Beds if Known</b>	16
<p><b>Comments:</b> The property has a main building with 6,972 sf main building with various other smaller buildings on the site. They offer both inpatient and outpatient recovery programs and are considered a higher end rehab facility. The occupancy was 100% as of the date of this report. . I do not have a full list of facility treatment services offered.</p>	

**Facility Improvements**



### Luxury Comparable Facility 2

Facility Name	Carolina House
Address	176 Lassiter Homestead Rd Durham, NC 27713
Occupancy at the Time of Report	95%
Site Area	10.14 ac
GBA/Year Built	6.286/1999
Based Room Rate 30 Days	\$67,500
Typical Patient Stay	30 to 60 days
Services	Eating disorders among others offered.
# Beds If Known	38 beds

**Comments** The facility was a formerly an all women treatment center for women's eating disorders. The practice has now expanded to men covers a wider range of treatments for various medical needs.

### Facility Improvements



Luxury Comparable Facility 3	
<b>Facility Name</b>	The Ranch
<b>Address</b>	6107 Pinewood Rd Nunnely, TN 37137
<b>Occupancy at the Time of Report</b>	100% Waiting List
<b>Site Area</b>	9.00 ac
<b>GBA/Year Built</b>	1969-2015 ranges
<b>Based Room Rate 30 Days</b>	\$30,000
<b>Typical Patient Stay</b>	30 days
<b>Services</b>	Variety of Dependencies
<b># Beds If Known</b>	50
<b>Comments</b> This property was built in 1969 and additional buildings were added as recent as 2015. There is about 5,000 to 7,800 sf of barns and other buildings on the site. The ranch is based on horseback riding and other outdoor activities.	

### Facility Improvements





### Luxury Comparable Facility 4

<b>Facility Name</b>	Seaside at Palm Beach
<b>Address</b>	101 Cascade Lane, Palm Beach Shores, FL, 33404
<b>Occupancy at the Time of Report</b>	80%
<b>Site Area</b>	17,500
<b>GBA/Year Built</b>	11.422-2008
<b>Based Room Rate 30 Days</b>	\$49,500 SP/\$80,000/PR
<b>Typical Patient Stay</b>	30 Days
<b>Services</b>	Full Treat Rehab
<b># Beds If Known</b>	18
<b>Comments</b> These two buildings were once a motel. The tax cards indicate they were built in 1962. In 2008 they were totally rehabilitated into the current condition and their current uses. This property is located on one block off the beach front.	

#### Facility Improvements



### Luxury Comparable Facility 5

Facility Name	Origins Healthcare
Address	933 45 <sup>th</sup> St, West Palm Beach, FL 33407
Occupancy at the Time of Report	90%
Site Area	2.78 ac
GBA/Year Built	23,430-1982
Based Room Rate 30 Days	\$39,700/30 Days
Typical Patient Stay	30 Days
Services	Full Treatment Center
# Beds If Known	90

**Comments** This property is located approximately 4 blocks off the Atlantic coast. The property was built in 1982 and has been through several refurbishing. The property sold in 12/2014 for the amount of \$1,517,000. This included the business enterprise value in that sale.

#### Facility Improvements





I have taken the advertised room rates and used a 12 months as a time frame to determine the gross expected income. For each for these comparable facilities room rates. Then averaged them into one room rate in order to compare these room rates to those proposed for the subject's first year income.

**Competing Facilities Bed Rates Data:**

	Per Bed Mthly	# Beds	Gross Mthly	Gross Annual	Cal Check
	\$45,000	16	\$720,000	\$8,640,000	\$45,000
	\$67,500	38	\$2,565,000	\$30,780,000	\$67,500
	\$30,000	50	\$1,500,000	\$18,000,000	\$30,000
	\$65,000	18	\$1,170,000	\$14,040,000	\$65,000
	\$39,700	90	\$3,573,000	\$42,876,000	\$39,700
			\$0	\$0	\$0
<b>Avg per Bed</b>	<b>\$49,440</b>	<b>212</b>	<b>\$9,528,000</b>	<b>\$114,336,000</b>	<b>\$49,440</b>
<b>Std Dev</b>	<b>\$16,285</b>				
<b>Low per Bed</b>	<b>\$30,000</b>				
<b>High per Bed</b>	<b>\$67,500</b>				

Using the subjects estimated gross income statements or forecasted bed rates I have calculated as follows.

Gross Income Expected **\$2,560,000 / 7 = \$36,571 per rounded too \$36,575 per bed.**

This places the expected bed rate for the first year at the lower end of those advertised rates in the comparable luxury rehab center facilities.

This section has been developed in order to determine the subjects place in the overall market. These calculations indicate the subject's rates for the first year are very competitive with those in the market place. It also supports the market rate as stabilized at the lower end of the market bed rates which places the facility in a competitive position. After the first year or two of operation the rates can then increase.

**Stabilized Market Income Statement**

REFERENCE NO: Hidden Creek  
 PROPERTY: 110 Pleasant  
 ANALYSIS DATE: 3/22/2019

	Amount	% of Gross	P.G.U.
<b>Gross Income</b>			
Total Income	\$2,560,101	100.00%	1.00
Vacancy / Credit Loss	<u>-384,015</u>	<u>-15.00%</u>	<u>-0.15</u>
Effective Gross Income	\$2,176,086	85.00%	0.85
<b>Fixed</b>			
Real Estate Taxes	6,639	0.26%	0.00
Insurance	42,000	1.64%	0.02
Utilities	24,000	0.94%	0.01
<b>Operating</b>			
Cleaning	7,500	0.29%	0.00
Maintenance/Repair	7,500	0.29%	0.00
Roads/Grounds/sec	6,000	0.23%	0.00
Food Services	35,750	1.40%	0.01
Salaries	177,800	6.95%	0.07
Treatment Cost	44,600	1.74%	0.02
Marketing	24,000	0.94%	0.01
Billing/Follow-up	158,600	6.20%	0.06
Misc. Treatment Cost	44,600	1.74%	0.02
License Fees	<u>2,000</u>	<u>0.08%</u>	<u>0.00</u>
Total Expenses	\$580,989	22.69%	0.23
<b>NET INCOME</b>	<b>\$1,595,097</b>	<b>62.31%</b>	<b>0.62</b>

**CAPITALIZATION**

Stabilized Net Income divided by Capitalization Rate = Value  
 \$1,595,097 divided by 19.42% = \$8,212,742

### Advanced Mortgage Equity Calculation

REFERENCE NO: Hidden Creek  
 PROPERTY: 110 Pleasant  
 ANALYSIS DATE: 3/22/2019

#### Input Variables

Projected Holding Period	7 Years
Loan Ratio 1	70.00%
Interest Rate	7.00%
Loan Term	20 Years
Investor Equity Portion	30.00%
Required Investor Yield (IRR)	45.000%
Growth Rate in Value per Year	0.000%
Growth Rate in Net Income per Year	2.000%
Soft Costs in Addition to Equity	1.000%
Selling Expenses: Terminal Year	3.000%

#### CALCULATION

Loan 1 x Constant (.70000 x 0.093036)	0.0651251
Equity x Required Yield (.30000 x 0.450000)	<u>0.1350000</u>
	0.2001251
LESS Credit for Equity Build-up	
RATIO x %PAID OFF x SINKING FUND	
Loan 1 70.00 0.2073 0.036068	<u>-0.0052343</u>
BASIC RATE	0.1948908
ADD Amortization of Soft Costs (1.00 x 0.48607)	<u>0.0048607</u>
	0.1997515
ADD Depreciation Factor	0.0010820
LESS Income Growth Factor	<u>-0.0066113</u>
CAP RATE AT STABLE OPERATION	0.1942222
OVERALL RATE - ROUNDED TO	19.42%

### **Discounted Cash Flow Method**

To check the accuracy of the mathematical calculations applied in the Advanced Mortgage Equity Technique, we performed a discounted cash flow analysis, using the same assumptions and variables. Our Discounted Cash Flow Method begins by selecting a "target" IRR. Then the present value of the cash flows is calculated. Several iterations of the calculations are performed until the IRR is found that will equate the present value of the cash flows with the value that was calculated using the Mortgage Equity Technique. There is only one IRR that will produce this result.

Since both the Discounted Cash Method and the Mortgage Equity Technique are methods of "yield capitalization", both utilize the same assumptions as to holding period, mortgage interest rates, income growth rates, etc. Therefore, the Required IRR that was used in the Mortgage Equity Technique and the IRR that is calculated using the Discounted Cash Flow Method should be identical, if calculated properly. Moreover, because each method is independently calculated, one serves to check the other. The results of our discounted cash flow analysis are presented on the following page. They indicate that the mathematical calculations applied in the Mortgage Equity Technique are correct.

### **Discounted Cash Flow Methodology**

Because we have assumed that the typical investor in the subject property would finance the property at the best prevailing mortgage terms, we discounted the cash flows rather than the net incomes during the projection period. This method recognizes that the typical investor would be most concerned with the "yield" on equity, based upon the annual cash flows; that is, actual cash available after all expenses and debt service. The present value of these total cash flows is equal to the total investment, including closing costs.

Using the subject property as an example, the present value of the discounted cash flows of the equity portion of the investment is \$2,545,950, which is equal to the sum of the cash equity of \$2,463,823 and closing costs of \$82,127. Therefore, if we divide the present value of the investment - \$2,545,950 by the percentage of the equity 31.00% (Cash Equity = 30.00% and Soft Costs = 1.00%), the result is the present value of the property, \$8,212,742 ( $\$2,545,950/31.00\%$ ).

Projected Cash Flow Analysis							
REFERENCE NO: Hidden Creek							
PROPERTY: 110 Pleasant							
ANALYSIS DATE: 3/22/2019							
Indicated Value	\$8,212,742						
Less Loans 70.00%	<u>5,748,920</u>						
Equity	2,463,823						
Soft Costs: 1.00%	<u>82,127</u>						
Total Investment	\$2,545,950						
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	<u>Year 6</u>	<u>Year 7</u>
	03-2019	03-2020	03-2021	03-2022	03-2023	03-2024	03-2025
Cash Flows							
Total Income	2,560,101	2,611,303	2,663,529	2,716,800	2,771,136	2,826,558	2,883,090
Vac / Credit Loss	<u>-384,015</u>	<u>-391,696</u>	<u>-399,529</u>	<u>-407,520</u>	<u>-415,670</u>	<u>-423,984</u>	<u>-432,464</u>
Effective Gross	2,176,086	2,219,608	2,264,000	2,309,280	2,355,465	2,402,574	2,450,626
Total Expenses	<u>580,989</u>	<u>592,609</u>	<u>604,461</u>	<u>616,550</u>	<u>628,881</u>	<u>641,459</u>	<u>654,288</u>
Net Income	1,595,097	1,626,999	1,659,539	1,692,730	1,726,584	1,761,116	1,796,338
Interest Expense	<u>-398,090</u>	<u>-388,204</u>	<u>-377,602</u>	<u>-366,234</u>	<u>-354,044</u>	<u>-340,973</u>	<u>-326,957</u>
Loan Amortization	<u>-136,765</u>	<u>-146,652</u>	<u>-157,254</u>	<u>-168,622</u>	<u>-180,811</u>	<u>-193,882</u>	<u>-207,898</u>
Cash Flow	1,060,241	1,092,143	1,124,683	1,157,874	1,191,728	1,226,260	1,261,482
Cash on Cash Yield	41.64%	42.90%	44.18%	45.48%	46.81%	48.17%	49.55%
Debt Coverage Ratio	2.98	3.04	3.10	3.16	3.23	3.29	3.36
Reversion - Proceeds of Sale at the end of 7 Years							
Future Sale	\$8,212,742						
Sale Costs: 3.00%	<u>-246,382</u>						
Less Loans	<u>4,557,035</u>						
Reversion	\$3,409,325						
Internal Rate of Return: 7 Year Holding Period							
Initial Investment	<u>-2,545,950</u>						
Cash Flow	1,060,241	1,092,143	1,124,683	1,157,874	1,191,728	1,226,260	1,261,482
Reversion							3,409,325
INTERNAL RATE OF RETURN	45.000%						
Present Value of Cash Flows using a Discount Rate of 45.000%							
Cash Flow	1,060,241	1,092,143	1,124,683	1,157,874	1,191,728	1,226,260	1,261,482
Reversion							<u>3,409,325</u>
Present Value							4,670,808
Discount Factor	<u>0.689655</u>	<u>0.475624</u>	<u>0.328017</u>	<u>0.226218</u>	<u>0.156013</u>	<u>0.107595</u>	<u>0.074203</u>
Present Value	731,201	519,450	368,915	261,932	185,925	131,939	346,590
P V of CASH FLOWS \$2,545,952 approximates Initial Investment of \$2,545,950, based upon a value of \$8,212,742							

Net Present Value Analysis

As a final proof of the calculations performed in both the Mortgage Equity Technique and the Discounted Cash Flow Method, we performed a Net Present Value analysis of the cash flows, using the same Required IRR of 45.00% and Holding Period of 7 years. The net present value of the cash flows, i.e. the Present Value of the cash flows less Initial Cash Investment, is near zero. This verifies that the calculations used in the other methods are correct.

**Proof of Yield on Equity**

REFERENCE NO: Hidden Creek  
 PROPERTY: 110 Pleasant

		Required Rate of Return	45.000%
		Holding Period	7 Years
Original Equity	Ratio	Value	
Equity	0.30000	\$8,212,742	\$2,463,823
Soft Costs	0.01000	\$8,212,742	<u>82,127</u>
		Initial Cash Investment	\$2,545,950
Terminal Equity		Resale Value	\$8,212,742
		Loan Balance	-4,557,035
		Sale Expenses	<u>-246,382</u>
		Net Reversion	\$3,409,325

PROOF

Year	Cash Flow	Present Value Factor @ 45.000%	Present Value
1	1,060,241.00	0.6896552	731,200.70
2	1,092,143.00	0.4756243	519,449.74
3	1,124,683.00	0.3280167	368,914.80
4	1,157,873.75	0.2262184	261,932.35
5	1,191,728.25	0.1560127	185,924.74
6	1,226,260.00	0.1075950	131,939.44
7	1,261,482.25	0.0742034	93,606.27
Net Reversion	3,409,325.25	0.0742034	<u>252,983.50</u>
		Present Value of Cash Flows	2,545,951.57
		Initial Cash Investment	<u>-2,545,950.00</u>
		Net Present Value	1.57

File Name: C19-00002:110 Pleasant Hill Church Rd

**Yield Analysis**

To examine the effect upon value of different Internal Rates of Return, we selected a range of yield rates above and below the Internal Rate of Return of 45.00% that was used to calculate the final estimate of value by the Income Approach of \$8,212,742. Applying the same mathematical analysis, but using this selected range of Internal Rates of Return, the results are presented below.

<b>Yield Range Analysis</b>			
REFERENCE NO: Hidden Creek			
PROPERTY: 110 Pleasant			
ANALYSIS DATE: 3/22/2019			
<b>Input Variables</b>			
Projected Holding Period			7 Years
Loan Ratio 1			70.00%
Interest Rate			7.00%
Loan Term			20 Years
Investor Equity Portion			30.00%
Yield Range Analyzed (IRR)		42.000% to 48.000%	
Growth Rate in Value per Year			0.000%
Growth Rate in Net Income per Year			2.000%
Soft Costs in Addition to Equity			1.000%
Selling Expenses: Terminal Year			3.000%
<b>Selected IRR</b>	<b>Indicated Value</b>	<b>Required Equity</b>	<b>D.C.R.</b>
42.00%	8,638,375	2,677,896	2.84
42.50%	8,564,328	2,654,942	2.86
43.00%	8,491,567	2,632,386	2.88
43.50%	8,420,059	2,610,218	2.91
44.00%	8,349,780	2,588,432	2.93
44.50%	8,280,682	2,567,011	2.96
<b>45.00%</b>	<b>8,212,742</b>	<b>2,545,950</b>	<b>2.98</b>
45.50%	8,145,942	2,525,242	3.01
46.00%	8,080,232	2,504,872	3.03
46.50%	8,015,606	2,484,838	3.06
47.00%	7,952,026	2,465,128	3.08
47.50%	7,889,461	2,445,733	3.10
48.00%	7,827,905	2,426,651	3.13

### Debt Coverage Ratio

The Debt Coverage Ratio is often considered by lenders when underwriting a loan secured by an income producing property. The formula for the DCR is:

$$\text{Net Income} / \text{Annual Debt Service} = \text{Debt Coverage Ratio}$$

Based upon a stabilized net income of \$1,595,097 and an annualized loan payment that is based upon a Loan to Value Ratio of 70.00% of value, the indicated DCR for the first year of our analysis is 2.98.



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## SALES COMPARISON APPROACH

The **Sales Comparison Approach** consists of comparing the subject property with sales of similar properties that have sold. It is based upon the principle of substitution and implies that a prudent investor will not pay more for an existing property than he will to buy an identical substitute property.

### **Direct Comparison Method**

In the direct comparison method, comparable sales are chosen that are most similar to the property being appraised in location, physical characteristics and amenities. Adjustments are then made for observed differences in items such as financing and market conditions (time). Physical characteristics such as lot size and value; building size and age; and condition are then compared. A judgment is then made as to the market value indicated by the adjusted sales prices.

We made a diligent search for comparable sales of similar buildings. As expected, transfers of properties similar to the subject were infrequent in the immediate area. Therefore, it was necessary to broaden our search to other similar locations. Even with this expanded search, we found sales of this size and type of property to be infrequent over the last several years. The sales finally chosen were determined to be the most comparable considering location, time of sale, size, and age of the buildings.

The Market Data Approach or Sales Comparison Approach is the method of estimating market value whereby the subject property is compared with comparable properties that have recently sold, based upon the highest and best use previously indicated within this report. One premise of for the Market Approach is the market will determine a price for the property being evaluated in the same manner that it determines prices for comparable, competitive properties. Essentially the Market Approach is a systematic procedure for carrying out comparative shopping.

The first step in the Market Approach is to make a thorough search of sales that would have be considered comparable to the subject property. Many sales in the subject's neighborhood as well as similar neighborhoods are considered with particular reference being made to the several sales listed in the grid section of this report. Within the Market Approach supply, demand, balance, substitution and other applicable considerations to the properties similar to the subject were all considered. The sales in this report as well as others considered as principle units of comparison were selected for use in the valuation of the Market Approach in this report.

Those sales given the greatest consideration in this approach to value are recorded in the grid section of this report.

### **Analysis of the Adjustments**

The following is a discussion of the adjustments that have been considered and applied, where appropriate, to the price indications of the comparable sales.

#### **Unit of Comparison**

The price per SF unit method is chosen and used in comparing the market sales with the subject.

#### **Elements of Comparison**

According to *The Appraisal of Real Estate*, there are ten basic elements of comparison that should always be considered in the analysis of the sales comparison approach. These are identified as:

- Real property right conveyed
- Financing terms
- Conditions of the sale
- Expenditures immediately after sale
- Market Conditions
- Location
- Physical characteristics
- Economic characteristics
- Use
- Non-realty components of value

The adjustments for the comparable sales are presented on the Sales Comparison Grid that follows later in this section. Adjustments were based, when possible, on market extracted data, paired sales analysis, and data from previous appraisal assignments.

#### **Real Property Rights Conveyed**

A transaction price is predicated upon the real property interest conveyed in the transaction. The subject is analyzed in fee simple estate. The subject and all the comparable sales are fee simple sales with no adjustments required.

#### **Financing**

The transaction price of one property may differ from that of an identical property due to different financing or favorable financing arrangements.

Except as noted in the Sales Comparison Grid, no financing data was available and the comparables were presumed to have sold on an all cash basis to the seller or financing that did not influence the sales price. No adjustments are required.

### **Conditions of Sale**

When the conditions of sale are atypical, the result may be a sales price that is higher or lower than a normal market transaction.

Except as noted in the Sales Comparison Grid, According to the market participants interviewed or other sources, all of the sales were arm's length transactions and considered to be typical market acquisitions. None of the sources indicated that the sales were distressed and we have presumed that the buyers and sellers were acting in their own best interests. No adjustments were required.

There were no indications of special conditions that impacted any of the transactions.

### **Immediate Expenditures**

This category typically includes expenditures for immediate capital outlays for items such as deferred maintenance.

Except as noted in the Sales Comparison Grid, we are not aware of any immediate expenditures for the comparable sales.

### **Market Conditions**

Changes in market conditions may be necessary to reflect the market trends since the sales transaction dates. Ideally, a sale and re-sale of a property unaffected by other changes is considered a good indicator of appreciating or depreciating conditions.

Except as noted in the Sales Comparison Grid and discussed elsewhere in this report, we have concluded that no specific market trend can be discerned and no adjustment for Market Conditions is warranted at this time.

### **Location**

This adjustment accounts for differences in factors that affect the physical location of the sales compared to the subject. Such factors that affect location may include nearby drawing powers, arterial streets, interstate interchange locations, demographics, etc.

The subject and the sales reported are considered to have competitive locations in their neighborhood. Therefore, no adjustments were made.

### **Physical Characteristics**

All comparables selected had similar physical characteristics and construction features.

Adjustments were made, where appropriate, for differences in physical characteristics and construction features of the subject and each comparable.

### **Age/Condition**

Adjustments were made, where appropriate, for differences in the age and condition of the subject and each comparable.

### **Zoning/Uses**

Zoning is one of the primary factors in determining the highest and best use of a property. Zoning is typically given significant consideration in choice of comparable properties. Adjustments are warranted when the difference in utility is supported from the market data.

Except as noted in the Sales Comparison Grid, all of the comparable sales have the same or competitive zoning and no measurable differences were concluded.

### **Non-Realty Items (FF&E)**

Non-realty components of value may include fixtures, furniture, equipment, etc. that are included in the sale but do not constitute real estate. These components should be analyzed separately from the realty.

None of the sales are known to have included FF&E or other non-realty items and no adjustments were necessary.

### **Adjustment Commentary**

Adjustments were based, where possible, on paired sales analysis from within and outside the data set. In those instances where sufficient data was not available, best judgment was used to make reasonable and appropriate adjustments as warranted, although the magnitude of those adjustments may not necessarily be reflected in the market. Every effort was made to base the adjustments on quantified empirical or reasonably inferred market data.

**Final Value by the Sales Comparison Approach**

After analyzing the available comparable sales and selecting those considered most comparable, appropriate adjustments were made to the sale price of each. The value of the subject, as indicated by these sales was determined to be \$1,368,000, rounded.

**Final Value by the Sales Comparison Approach**

**One Million Three Hundred Sixty Eight Thousand Dollars**

**\$1,368,000**

**FF& E**

**\$145,000**

**(As Is)**

**\$1,512,000**

## **COST APPROACH**

The **Cost Approach** is the method where Market Value is developed by estimating the land value as if unimproved; estimating the cost new of the improvements, deducting total accrued depreciation (loss in value from all causes of depreciation -- physical, functional, and economic) and adding the depreciated value of lot improvements and entrepreneurial profit.

This approach is based upon the premise that an informed purchaser will pay no more than the cost of producing a substitute property with the same utility as the subject property. The Cost Approach is generally most reliable when the buildings are relatively new or suffer only minor depreciation. As properties age, the estimation of accrued depreciation becomes more difficult and the Cost Approach less reliable.

### **Land Value**

When valuing unimproved land, it is assumed to be at its Highest and Best Use. The Highest and Best Use of the subject land was previously determined under the Highest and Best Use analysis.

The site contains approximately 6.56 acres, 100.00% of which was determined to be useable. Based upon location, use, size, and topography, we searched for sites that had similar characteristics. The sales finally chosen were determined to be the best comparables considering time of sale, size, topography, available utilities, zoning, and configuration and especially highest and Best Use and location. **Based upon these sales, the land value of the subject property was determined to be \$52,000.**

### **Land Value**

The subject's land value has been developed via the sales comparison approach.

### **Sales Comparison Approach – Land Valuation**

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

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.



### Improvements-Cost New Estimate

We referenced the **Marshall Valuation Service** Cost Manual to compute the estimated Reproduction Cost New, using the Calculator Method. The Calculator Method uses average square foot costs for various classes, occupancy types, and qualities of building together with modifiers for common deviations from typical buildings. While this is not a quantity survey breakdown, it is a method similar to the typical cost estimator's quantity survey analysis and is felt to be sufficiently accurate since even the most detailed building cost estimates are subject to some variation. These costs include both direct and indirect costs, which is appropriate according to the Appraisal Institute. They recognize that both direct and indirect costs should be included as described in The Appraisal of Real Estate publication.

### Depreciation

Depreciation is defined as a loss in value that has occurred as of the date of the appraisal. The types of depreciation are physical, functional, and economic. Physical and functional depreciation are broken down into curable and incurable.

#### Physical Depreciation

**Physical curable depreciation** is an estimate of accrued depreciation applied to items needing immediate attention due to deferred maintenance. Physical Curable Postponed is an estimate of the deterioration of the relatively short lived building components not yet due for replacement. No items needing immediate attention were noted.

**Incurable Physical depreciation** pertains to the entire structure, consisting of components not normally replaced during the building's life. We have based our estimate of this type of depreciation on an age/life ratio, assuming a constant rate of deterioration. This depreciation was calculated at 1.67%, based upon an estimated effective age of 1 years, an economic life of 60 years, and a remaining economic life of 59 years.

**Effective Age / Economic Life = Incurable Physical Depreciation**

$$1 / 60 = 1.67\%$$

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### Functional Depreciation

**Functional depreciation** is the "result of defects in design or changes over the years that have made some aspect of the structure, material, or design obsolete in the light of current standards". It may be curable or incurable. Either classification may be caused by a deficiency or an excess (superadequacy). This type of depreciation does not affect the subject property.

### External Depreciation

**External (economic) depreciation** "is the result of the diminished utility of the structure due to negative influences from outside the site and is always incurable". This type of depreciation does not affect the subject property.

### Site Improvements

Site improvements such as landscaping, walks, asphalt paving, parking lot lighting, etc. we're not included in the Reproduction Cost New and have been added at their depreciated value.

### Final Value by the Cost Approach

Adding the estimated depreciated cost of the building improvements and site improvements to the land value estimate of **\$52,000** indicates a value by the Cost Approach of **\$1,392,000**, rounded.

### Final Value by the Cost Approach

**One Million Four Hundred Forty Four Two Thousand Dollars**

**\$1,444,000**

This does not include the FF& E contribution to the improvements.

Improvements Cost Calculation

**Improvements Detail**

**Hidden Valley**

<b>Parcel Information</b>		Water	County Water
Land Area-s.f.	285,754	Sewer	Onsite Septic
Land Area - Acres	6.560	Gas	LP Tank
Front Feet	100	Electric	Public Utility
Land Value	\$ 52,000	Topo	Sloped
Land Value - Per S.F.	\$ .18	Site Shape	Irregular
Land Value - Per Acre	\$ 7,927	Zoning	CB-1

<b>Improvements</b>		Basement	Full Basement
Style	Modern	Foundation	Poured Concrete
Construction Quality	Good	Frame	Wood/Steel
Construction Type	Wood/Steel/CC	Exterior	Stone/Wood
Condition	Good	Roof	Shingle/Asphalt
Gross Building Area	8,975	Electrical	Commercial Grade
Net Building Area	8,975	HVAC	Zoned Fan Forced Air
No. of Stories	2.0	Type	Special Events
Unit Numbers	1		
Actual Age	11		
Effective Age	1		
Economic Life	60		
Depreciation	1.67%		

**Hidden Valley Description**

Class C

**Cost Calculation - Hidden Valley**

Height Multiplier	Cost New Per Sf	\$157.74
Mult:1.00	Adj.Cost Per Sf	\$157.74
Cost Multiplier	Cost Units	8,975
Mult:1.00	Cost Unit Name	Sf
Local Multiplier		
Mult:1.00	Cost Data Source:	2019 Nat Bldg Cost
Perimeter Multiplier		Section 36 Page 37
Mult:1.00		Date: 1/1/2019

	Cost New	\$1,415,717	Per Unit
			157.74
	Depreciation (1.67%)	<b>-23,595</b>	<b>-2.63</b>
	Depreciated Cost	\$1,392,121	155.11
	Land Value	<u>\$52,000</u>	
	Total Cost	\$1,444,121	\$160.90 Per S.F.

Subject Tax Card

4/3/2019

qPublic.net - Haralson County, GA



Summary

Parcel Number 0052 0043  
 Location 110 PLEASANT HILL CH RD  
 Address  
 Legal 6.56 ACS-LODGE & BLDG  
 Description  
 Class C4-Commercial  
 (Note: Not to be used on legal documents)  
 (Note: This is for tax purposes only. Not to be used for zoning.)  
 Tax District COUNTY UN/INC (District 01)  
 Millage Rate 29.557  
 Acres 6.56  
 Homestead No (50)  
 Exemption  
 Landlot/District 52 / 8  
 Water Well  
 Sewer Septic Tank  
 Electric Electricity  
 Gas Tank Gas  
 Topography Rolling  
 Drainage Good  
 Road Class County  
 Parcel Road Unpaved  
 Access



[View Map](#)

Owner

HIDDEN CREEK RECOVERY &  
 RETREAT LLC  
 % REED A HATKOFF  
 2401 E HATCHER ROAD  
 PHOENIX, AZ 85028

Land

Type	Description	Calculation Method	Square Footage	Frontage	Depth	Acres	Lots
Commercial	Comm County South	Acres	285,754	0	0	6.56	0

Commercial Improvement Information

Description Country Club/Clubhouse-D-GD  
 Value \$436,367  
 Actual Year Built 2002  
 Effective Year Built  
 Square Feet 6150  
 Wall Height 10  
 Wall Frames Wood  
 Exterior Wall 70%  
 30% Stone  
 Roof Cover Asphalt Shingles  
 Interior Walls Sheetrock  
 Floor Construction Wood Joists & Subfloor  
 Floor Finish Hardwood  
 Ceiling Finish Sheetrock  
 Lighting Standard F.F.  
 Heating Cent. Htg. & A.C.  
 Number of Buildings 1

Accessory Information

Description	Year Built	Dimensions/Units	Identical Units	Value
ASSESSORY BLDG	2010	12x24/0	0	\$2,791
Homesite Improvement	2007	0x0/1	0	\$0
Paving: Asphalt	2006	82x310/0	0	\$33,554

Sales

Sale Date	Deed Book / Page	Plat Book / Page	Sale Price	Reason	Grantor	Grantee
11/19/2018	1219 620		\$0	Gift	HATKOFF REED A, TRUSTEE	HIDDEN CREEK RECOVERY & RETREAT LLC
10/17/2018	1216 567	37 18	\$0	Corrective Deed	ELAINE KIRSCH F/B/O DREW HATKOFF TRUST	HATKOFF REED A, TRUSTEE
1/28/2015	1126 9	36 81	\$0	Quit Claim	ELAINE KIRSCH REVOCABLE TRUST BY TRUSTEE	ELAINE KIRSCH F/B/O DREW HATKOFF TRUST
2/1/2008	938 255	36 81	\$0	Quit Claim	KIRSCH ELAINE	KIRSCH ELAINE TRUSTEE OF THE ELAINE KIRS
6/10/2005	797 368	36 81	\$677,200	Mobile Home Included	HATKOFF DREWA	KIRSCH ELAINE
6/7/2005		37 18	\$0	Not Fair Market	KIRSCH ELAINE	KIRSCH ELAINE
9/15/1995	358 614	23 63	\$68,500	Mobile Home Included		HATKOFF DREW A

Valuation

	2018	2017	2016	2015
Previous Value	\$541,395	\$542,504	\$552,663	\$546,657
Land Value	\$68,040	\$68,040	\$68,040	\$66,920
+ Improvement Value	\$436,367	\$436,367	\$436,367	\$445,998
+ Accessory Value	\$36,345	\$36,988	\$38,097	\$39,745
= Current Value	\$540,752	\$541,395	\$542,504	\$552,663

Photos





**LEGEND**

- IPF - Iron Pin Found (1/2" Rebar Unless Shown Otherwise) (IPF1 is a 5/8" Rebar)
- IPS - Iron Pin Set (1/2" Rebar Unless Shown Otherwise)
- CMF - Concrete Monument Found
- P.O.C. - Point of Commencement
- P.O.B. - Point of Beginning
- LLC - Land Lot Corner
- LL - Land Lot Line
- R/W - Right of Way
- C/L - Centerline
- OHP - Overhead Power Line
- Sanitary Sewer Manhole
- Utility Pole
- Wire Fence
- Chain Link Fence
- Wood Fence

CENTERLINE OF CREEK

LINE	DIRECTION	DISTANCE
C1	N 39°53'35" W	35.03'
C2	N 17°29'51" E	64.28'
C3	N 09°15'51" E	49.42'
C4	N 23°54'39" E	72.70'
C5	N 05°00'20" E	73.28'
C6	N 46°42'52" W	30.75'
C7	N 60°07'18" W	16.19'
C8	N 29°06'44" W	41.76'
C9	N 40°49'54" E	175.69'
C10	N 16°02'17" W	141.71'
C11	N 25°35'54" E	71.43'
C12	N 10°39'09" W	117.95'
C13	N 37°41'22" E	22.80'
C14	N 75°43'21" E	53.95'
C15	N 25°51'46" E	131.76'
C16	N 86°37'51" W	133.66'
C17	N 20°00'08" W	153.49'
C18	N 36°03'52" E	60.54'
C19	N 09°51'29" E	128.27'
C20	N 16°10'59" W	63.20'
C21	N 03°50'29" E	65.90'

CENTERLINE OF CREEK

LINE	DIRECTION	DISTANCE
A	N 87°26'54" W	74.15'
B	S 25°59'10" W	37.39'
C	S 33°45'51" W	78.44'
D	S 23°33'09" W	37.79'
E	N 42°04'29" W	64.66'
F	N 39°13'45" W	93.09'
G	N 49°34'23" W	89.75'
H	N 51°05'51" W	111.12'
J	N 47°36'08" W	99.90'
K	N 47°54'56" W	95.88'
L	N 47°31'12" W	75.58'
M	N 42°36'54" W	78.41'
N	N 37°17'55" W	143.39'

CENTERLINE OF OLD ROAD

LINE	DIRECTION	DISTANCE
R1	N 57°37'34" E	15.64'
R2	N 37°53'25" E	55.18'
R3	N 28°47'10" E	34.36'
R4	N 13°07'30" E	81.95'
R5	N 01°57'06" W	38.12'
R6A	N 06°38'45" W	42.71'
R6B	N 06°38'45" W	15.99'
R7	N 02°14'17" W	104.91'
R8	N 18°08'28" W	48.68'
R9	N 02°40'12" W	30.39'
R10	N 05°38'09" E	87.04'
R11	N 03°39'41" W	65.10'
R12	N 00°39'54" E	46.83'
R13	N 19°44'40" E	80.45'
R14	N 37°16'56" E	45.45'
R15	N 69°26'36" E	39.96'
R16	N 45°45'36" E	41.74'
R17	N 56°56'54" E	77.68'
R18	N 36°05'41" E	41.41'
R19	N 40°07'25" E	115.64'

**GENERAL NOTES:**

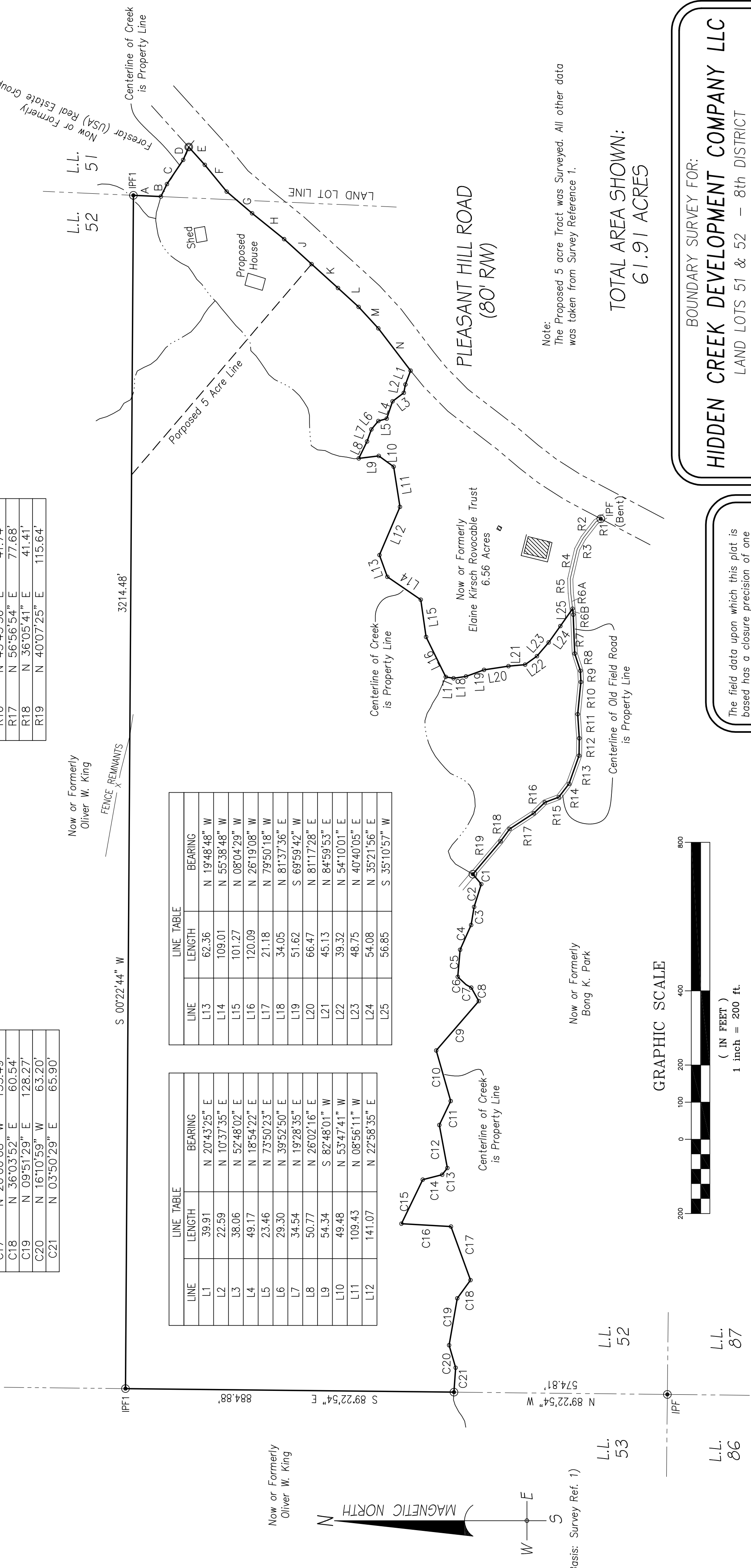
1.) SURVEY DONE WITHOUT BENEFIT OF A CURRENT TITLE SEARCH OR COMMITMENT. AS SUCH, LAND USE RESTRICTIONS, SETBACKS, ZONING, EASEMENTS, RIGHTS OF WAY OR OTHER TITLE FACTS MAY EXIST THAT ARE NOT SHOWN.

2.) SPECIAL FLOOD HAZARDS DO NOT EXIST FOR SUBJECT PROPERTY PER FIRM MAP 1314300210B, EFFECTIVE DATE SEPTEMBER 26, 2008

3.) UTILITIES SUCH AS ELECTRIC LINES, WATER LINES, GAS LINES, SANITARY SEWER LINES OR WELLS MAY OR MAY NOT EXIST ON SITE AND MAY OR MAY NOT BE SHOWN HEREON.

**SURVEY REFERENCES:**

1.) PLAT TITLED "BOUNDARY SURVEY FOR: DREW A. HATKOFF; DATED 11/26/2006; CERTIFIED BY JACOB ROLAND HARRISON, GRLS# 1134.



LINE TABLE

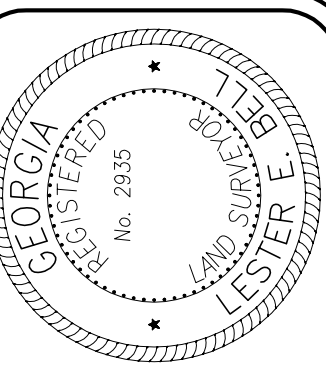
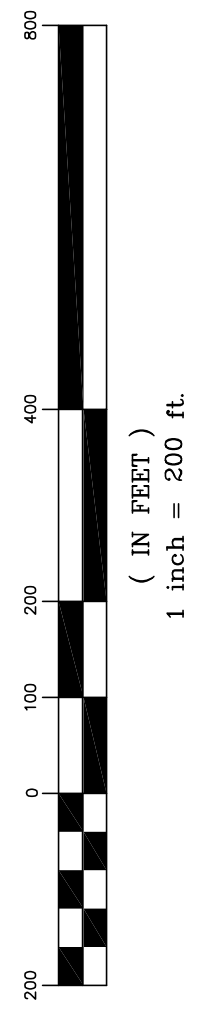
LINE	LENGTH	BEARING
L13	62.36	N 19°48'48" W
L14	109.01	N 55°38'48" W
L15	101.27	N 08°04'29" W
L16	120.09	N 26°19'08" W
L17	21.18	N 79°50'18" W
L18	34.05	N 81°37'36" E
L19	51.62	S 69°59'42" W
L20	66.47	N 81°17'28" E
L21	45.13	N 84°59'53" E
L22	39.32	N 54°10'01" E
L23	48.75	N 40°40'05" E
L24	54.08	N 35°21'56" E
L25	56.85	S 35°10'57" W

LINE TABLE

LINE	LENGTH	BEARING
L1	39.91	N 20°43'25" E
L2	22.59	N 10°37'35" E
L3	38.06	N 52°48'02" E
L4	49.17	N 18°54'22" E
L5	23.46	N 73°50'23" E
L6	29.30	N 39°52'50" E
L7	34.54	N 19°28'35" E
L8	50.77	N 26°02'16" E
L9	54.34	S 82°48'01" W
L10	49.48	N 53°47'41" W
L11	109.43	N 08°56'11" W
L12	141.07	N 22°58'35" E

Noté:  
The Proposed 5 acre Tract was Surveyed. All other data was taken from Survey Reference 1.

**TOTAL AREA SHOWN:  
61.91 ACRES**



SURVEYOR'S CERTIFICATION:  
IT IS HEREBY CERTIFIED THAT THIS PLAT IS TRUE AND CORRECT AND WAS PREPARED FROM AN ACTUAL SURVEY OF THE PROPERTY MADE BY ME OR UNDER MY SUPERVISION.

SURVEYOR: LESTER E. BELL  
GEORGIA R.L.S. No.2935

PREPARED BY:  
**PIONEER LAND SURVEYING**  
691 BEAR CREEK ROAD  
CARROLLTON, GEORGIA 30117  
PHONE: 770-838-1919  
FAX: 888-838-7789  
Pioneer Land Surveying is a DBA for PLSWG, Inc.

BOUNDARY SURVEY FOR:  
**HIDDEN CREEK DEVELOPMENT COMPANY LLC**  
LAND LOTS 51 & 52 - 8th DISTRICT  
HARALSON COUNTY - GEORGIA

DATE: FEBRUARY 21, 2012

FIELD DRAFTER: IFC  
LEB PROJECT NO. 212022

REVISIONS

NOTE: THIS PLAT WAS PREPARED FOR THE EXCLUSIVE USE OF THE PERSON, PERSONS, OR ENTITY NAMED HEREON. THIS FIRM ASSUMES NO LIABILITY TO THE PERSON, PERSONS, OR ENTITY NOT NAMED HEREON, AND ANY USE BY UNNAMED PARTIES WILL DO SO AT THEIR OWN RISK. THIS PLAT IS NOT VALID UNLESS SURVEYOR'S SIGNATURE APPEARS IN ORIGINAL BLACK INK OVER THE SEAL.



## **HARALSON COUNTY BUILDING and CODES**

**Zoning Administrator  
Building Official  
Robert W. Smith**

**Administrative Assistant  
Office Manager  
Glenda M. Wade**

Nathan Forrister  
Building Official

E-MAIL [hupermits@haralsoncountyga.gov](mailto:hupermits@haralsoncountyga.gov)

**Phone 770-646-2033  
Fax 770-646-2050**

**P O BOX 381  
Buchanan, Ga. 30113**

November 30, 2018

To Whom It May Concern:

This is in regards to property in Haralson County known as 110 Pleasant Hill Ch. Rd. Mr. Hatkoff is requesting business license for Hidden Creek Recovery & Retreat, LLC. The property is currently zoned C-NB and falls under Sec. 50-117 and 50-119 of the Haralson County Zoning Ordinance. For future questions you can contact our office at 770-646-2033 Mon.-Fri. 8am to 5pm

Respectfully,

*Glenda Wade*

Glenda Wade  
HC Building, Zoning, and Inspections



- (12) Off-street parking/loading shall be provided in accordance with sections 50-13 and 50-14.

(Ord. of 12-7-2004, art. VII, § 7.8)

**Sec. 50-117. General commercial permitted uses and requirements.**

All commercial uses shall be constructed, maintained, and operated to be neither injurious nor offensive to occupants of nearby or adjacent premises owing to the creation or emission of noise, smoke, vibration, dust electrical disturbance, toxic or noxious waste material, odor, fire, explosive hazard, glare, or traffic generation.

- (1) General professional office uses shall be permitted, including accounting, architectural, auditing, bookkeeping, engineering, financial, insurance, legal, real estate, and other offices and agencies similar in character to those herein listed.
- (2) Health service clinic, including a pharmacy as an accessory use, shall be permitted and health service practitioners, including physicians, surgeons, chiropractors, dentists, and other licensed practitioners similar in character to those herein listed.
- (3) Cultural facilities, including art galleries, legitimate theaters, libraries, museums, and other uses similar in character to those herein listed.
- (4) Churches, synagogues, and other similar places of worship and their customary uses and activities.
- (5) Municipal, county, state, federal, and other public uses, including but not limited to parks and playgrounds.
- (6) The maximum height of a structure above average grade within ten feet shall not exceed 35 feet, except that commercial antennas, which are in full compliance with chapter 44, may be approved as conditional uses.
- (7) Total ground floor building coverage shall be limited to a maximum of 50 percent of the lot area.
- (8) Parking facilities shall conform to the requirements of section 50-13.
- (9) Public utility and service structures; however, antennas and antenna support structures shall be in full compliance with chapter 44, and may be approved only as conditional uses.

(Ord. of 12-7-2004, art. VII, § 7.9)

**Sec. 50-118. C-OI office and institutional commercial district.**

Only the uses noted in section 50-117 shall be permitted within the C-OI district.

- (1) 15,000 square foot minimum lot size if public or community water and sanitary sewer is available; with either private water or individual sanitary systems, minimum lot size shall be the greater of one acre or the health department requirements.
- (2) Minimum front yard shall be 40 feet.

- (3) Minimum side yards shall be 15 feet.
  - (4) Minimum rear yard shall be 30 feet.
  - (5) Minimum lot width at front building line shall be 100 feet.
  - (6) Minimum habitable area shall be 800 square feet.
- (Ord. of 12-7-2004, art. VII, § 7.10)

**Sec. 50-119. C-NB neighborhood business commercial district.**

In addition to the permitted uses noted in section 50-117, the C-NB district shall permit:

- (1) Strip shopping centers on lots not exceeding one acre.
  - (2) Convenience store, including the incidental sale of motor fuels, on lots not exceeding one acre.
  - (3) Drive-through branch banks.
  - (4) Nursery schools, day care centers, and kindergartens, provided that the facility shall have a minimum of 35 square feet of indoor space available per child and shall also have at least 100 square feet of play area per child in an outdoor play area which shall be enclosed by a fence having a minimum height of six feet; provided further, that prior to the application, the applicant shall show proof of registration and licensing as required by the state department of human resources.
  - (5) Business signs, provided that lighting shall be fully shielded in such a way as to prevent light from entering nearby or adjacent residential areas.
  - (6) 15,000 square foot minimum lot size if public or community water and sanitary sewer is available; with either private water or individual sanitary systems, minimum lot size shall be the greater of one acre or the health department requirements.
  - (7) 40-foot minimum front yard.
  - (8) 15-foot minimum side yards.
  - (9) 30-foot minimum rear yard.
  - (10) 100-foot minimum lot width at front building line.
  - (11) 800-square-foot minimum habitable area.
- (Ord. of 12-7-2004, art. VII, § 7.11)

**Sec. 50-120. C-GB general business commercial district.**

In addition to the permitted uses noted in section 50-117, the C-GB district shall permit:

- (1) Retail business or service establishments.
- (2) Hotels, motels, tourist courts, offices, banks, and theaters.

# Haralson County Certificate: Occupational Tax

## 2019

Date Issued: 6/4/2019 Certificate Number: 7844 Expiration Date: 12/31/2019

Issued to: HIDDEN CREEK RECOVERY & RETREAT

Owner: Reed Hatkoff

Type of Business: RES. ALCOHOL TREATMENT & REHAB

Location: 110 PLEASANT HILL CHURCH RD.

Mailing Address: HIDDEN CREEK RECOVERY & RETREAT  
2401 E. HATCHER ROAD  
PHOENIX, AZ 85028

*This Certificate is granted by the County of Haralson and is given under by hand and official signature.*



*Alicia Palmer*

County Clerk

DISPLAY IN A CONSPICUOUS PLACE. MAY BE REVOKED FOR CAUSE.

# Haralson County Certificate: Occupational Tax

## Receipt for License Year: 2019

Date Issued: 6/4/2019 Certificate Number: 7844 Expiration Date: 12/31/2019

### FEE INFORMATION

Type of Payment/Authorization #:	_____
Date Paid:	4/11/2019
License Fee:	\$ 150.00
Total Fee Paid:	_____
	\$ 150.00

4094

1/1/2018

HARALSON COUNTY BOARD OF COMMISSIONERS  
APPLICATION FOR BUSINESS LICENSE FOR THE CALENDAR YEAR 2019

ATTN: Tammy Gray  
Haralson BOC  
155 Van Wert Street  
Buchanan, GA 30113

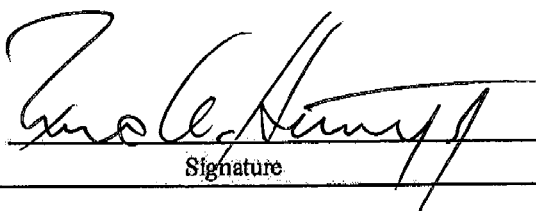
PHONE: 770-646-2002 FAX: 770-646-2035

This Application with remittance in full must be completed and returned with full payment on or before 4/1/2018  
If no longer in business, please so indicate and return the application.

<u>BUSINESS NAME AND MAILING ADDRESS</u>		<u>EMERGENCY CONTACT NAME AND ADDRESS</u>	
NAME:	HIDDEN CREEK RECOVERY & RETREAT, LLC	ROBERT WILLIAMDYKE	
ADDRESS:	2401 E. HATCHER RD.	110 PLEASANT HILL CHURCH RD	
ADDRESS 2:		TALLAPOOSA, GA 30176	
CITY, ST., ZIP:	PHOENIX, AZ 85028	(470) 389-0233	(770) 574-7599
PHONE:	(602) 999-8206 (770) 574-7599		
LOCATION:	110 PLEASANT HILL CHURCH RD	TAX ID	83-2768772
BUSINESS	0 TALLAPOOSA, GA 30176	OWNERSHIP TYPE:	Georgia Limited Liability Company (Corp., Individual, Partnership, Etc.)
BUSINESS DESC:	RESIDENTIAL ALCOHOL REHAB & TREATMT	OFFICE USE ONLY: CODE: RESIDENT: RENEW: <span style="float: right;">FAL:</span>	
RESP. PERSON:	REED HATKOFF		
ACCOUNTANT			
BONDING			
BOND NUMBER:			
OTHER LICENSE			

TYPE OF LICENSE FOR WHICH YOU ARE APPLYING: (Check All Applicable)

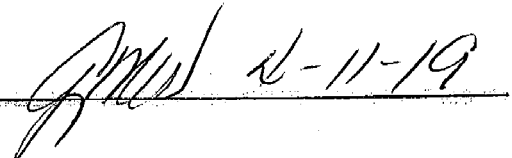
- Business License Fee (\$150)
- Pouring License (\$200)
- Wine License (\$350)
- Beer License (\$350)

  
Signature

MANAGER \_\_\_\_\_  
Title

April, 2019  
Date

52-43 C-AB

  
4-11-19

PLEASE NOTE:

BUSINESS ACTIVITIES WILL NOT COMMENCE UNTIL 2ND QUARTER 2019

# Affidavit Verifying Status for County Public Benefit Application

By executing this affidavit under oath, as an applicant for a HARALSON, County Georgia Business Occupation Tax Certificate, Alcohol License, Taxi Permit or other public benefit as referenced in O.C.G.A. Section 50-36-1, I am stating the following with respect to my application for a HARALSON County Business Occupation Tax Certificate, Alcohol License, Taxi Permit or other public benefit (circle one) for REED A. HATKOFF.  
[Name of natural person applying on behalf of individual, business, corporation, partnership, or other private entity]

1)  I am a United States citizen

OR

2) \_\_\_\_\_ I am a legal permanent resident 18 years of age or older or I am an otherwise qualified alien or non-immigrant under the Federal Immigration and Nationality Act 18 years of age or older and lawfully present in the United States.\*

In making the above representation under oath, I understand that any person who knowingly and willfully makes a false, fictitious, or fraudulent statement or representation in an affidavit shall be guilty of a violation of Code Section 16-10-20 of the Official Code of Georgia.

Signature of Applicant: [Handwritten Signature] Date April, 2019  
Printed Name:

REED A. HATKOFF

\*  
Alien Registration number for non-citizens

SUBSCRIBED AND SWORN  
BEFORE ME ON THIS THE  
11 DAY OF APRIL, 2019, 2019

Notary Public [Handwritten Signature]  
My Commission Expires 2-3-20

\*Note: O.C.G.A. § 50-36-1(e)(2) requires that aliens under the Federal Immigration and Nationality Act, Title 8 U.S.C., as amended, provide their alien registration number. Because legal permanent residents are included in the federal definition of "alien", legal permanent residents must also provide their alien registration number. Qualified aliens that do not have an alien registration number may supply another identifying number below:

Private Employer Affidavit Pursuant To O.C.G.A. § 36-60-6(d)

By executing this affidavit under oath, the undersigned private employer verifies one of the following with respect to its application for a business license, occupational tax certificate, or other document required to operate a business as referenced in O.C.G.A. § 36-60-6(d):

Section 1. Please check only one:

(A) \_\_\_\_\_ On January 1<sup>st</sup> of the below-signed year, the individual, firm, or corporation employed more than ten (10) employees<sup>1</sup>,

\*\*\* If you select Section 1(A), please fill out Section 2 and then execute below.

(B)  X  On January 1<sup>st</sup> of the below-signed year, the individual, firm, or corporation employed ten (10) or fewer employees.

\*\*\* If you select Section 1(B), please skip Section 2 and execute below.

Section 2.

The employer has registered with and utilizes the federal work authorization program in accordance with the applicable provisions and deadlines established in O.C.G.A. § 36-60-6. The undersigned private employer also attests that its federal work authorization user identification number and date of authorization are as follows:

\_\_\_\_\_  
Name of Private Employer

\_\_\_\_\_  
Federal Work Authorization User Identification Number

\_\_\_\_\_  
Date of Authorization

I hereby declare under penalty of perjury that the foregoing is true and correct.  
Executed on  4, 11, 2019  in \_\_\_\_\_ (city), \_\_\_\_\_ (state).

[Signature ]   
Signature of Authorized Officer or Agent

\_\_\_\_\_  
Printed Name and Title of Authorized Officer or Agent

SUBSCRIBED AND SWORE BEFORE ME  
ON THIS THE  11th  DAY OF  April , 2019.

[Signature ]   
NOTARY PUBLIC

My Commission Expires:  03/31/2020

<sup>1</sup> To determine the number of employees for purposes of this affidavit, a business must count its total number of employees company-wide, regardless of the city, state, or country in which they are based, working at least 35 hours a week.

HARALSON County Board of Assessors  
 P.O. BOX 548  
 BUCHANAN GA 30113  
 (770)646-2022

**Official Tax Matter - 2019 Tax Year**

This correspondence constitutes an official notice of ad valorem assessment for the tax year shown above.

**Annual Assessment Notice Date: 6/6/2019**

**Last date to file a written appeal: 7/21/2019**

**\*\*\* THIS IS NOT A TAX BILL - DO NOT SEND PAYMENT \*\*\***

County property records are available online at: [public.schneider](http://public.schneider)

RETURN SERVICE REQUESTED



\*\*\*\*\*AUTO\*\*MIXED AADC 296 757 1 MB 0.425  
 HIDDEN CREEK RECOVERY & RETREAT LLC  
 % REED A HATKOFF  
 2401 E HATCHER RD  
 PHOENIX AZ 85028

The amount of your ad valorem tax bill for the year shown above will be based on the **Appraised (100%)** and **Assessed (40%)** values specified in **BOX 'B'** of this notice. You have the right to submit an appeal regarding this assessment to the County Board of Tax Assessors. If you wish to file an appeal, you must do so in writing no later than 45 days after the date of this notice. If you do not file an appeal by this date, your right to file an appeal will be lost. Appeal forms which may be used are available at <http://dor.georgia.gov/documents/property-tax-appeal-assessment-form>.

At the time of filing your appeal you must select one of the following appeal methods:

- (1) County Board of Equalization (value, uniformity, denial of exemption, or taxability)
- (2) Arbitration (value)
- (3) County Hearing Officer (value or uniformity, on non-homestead real property or wireless personal property valued, in excess of \$500,000)

All documents and records used to determine the current value are available upon request. For further information regarding this assessment and filing an appeal, you may contact the county Board of Tax Assessors which is located at P.O. BOX 548 BUCHANAN, GA 30113 and which may be contacted by telephone at: (770) 646-2022. Your staff contacts are Hubert Sparks and Tina Southern.

Additional information on the appeal process may be obtained at <http://dor.georgia.gov/property-tax-real-and-personal-property>

Account Number	Property ID Number	Acreage	Tax Dist	Covenant Year	Homestead
1983	0052 0043	6.56	01		None
<b>Property Description</b>		6.56 ACS-LODGE & BLDG			
<b>Property Address</b>		110 PLEASANT HILL CH RD			
<b>Taxpayer Returned Value</b>		<b>Previous Year Fair Market Value</b>	<b>Current Year Fair Market Value</b>	<b>Current Year Other Value</b>	
<b>100% Appraised Value</b>		0	540,752	540,752	0
<b>40% Assessed Value</b>		0	216,301	216,301	0
<b>Reasons for Assessment Notice</b>					
CHANGE OF OWNERSHIP; PROPERTY UPDATE;					

The estimate of your ad valorem tax bill for the current year is based on the previous or most applicable year's millage rate and the fair market value contained in this notice. The actual tax bill you receive may be more or less than this estimate. This estimate may not include all eligible exemptions.

Taxing Authority	Other Exempt	Homestead Exempt	Net Taxable	Millage	Estimated Tax
STATE	0	0	0	0.000000	0.00
COUNTY	0	0	216,301	10.640000	2,301.44
SCHOOL	0	0	216,301	15.607000	3,375.81
FIRE SERVICE	0	0	216,301	2.140000	462.88
RECREATION SERVI	0	0	216,301	0.630000	136.27
SANITATION SERVIC	0	0	216,301	0.540000	116.80
<b>Total Estimated Tax</b>					<b>\$6393.20</b>



HARALSON County Board of Assessors  
 P.O. BOX 548  
 BUCHANAN GA 30113  
 (770)646-2022

**Official Tax Matter - 2019 Tax Year**

This correspondence constitutes an official notice of ad valorem assessment for the tax year shown above.

**Annual Assessment Notice Date: 6/6/2019**

**Last date to file a written appeal: 7/21/2019**

**\*\*\* THIS IS NOT A TAX BILL - DO NOT SEND PAYMENT \*\*\***

County property records are available online at: [public.schneider](http://public.schneider)

RETURN SERVICE REQUESTED



\*\*\*\*\*AUTO\*\*MIXED AADC 296 758 1 MB 0.425  
 HIDDEN CREEK RECOVERY & RETREAT LLC  
 % REED A HATKOFF  
 2401 E HATCHER RD  
 PHOENIX AZ 85028

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Account Number	Property ID Number	Acreage	Tax Dist	Covenant Year	Homestead
15545	0052 0043A	61.90	01		None
<b>Property Description</b>		61.90 ACS & BLDG			
<b>Property Address</b>		260 PLEASANT HILL CH RD			
<b>Taxpayer Returned Value</b>		<b>Previous Year Fair Market Value</b>	<b>Current Year Fair Market Value</b>	<b>Current Year Other Value</b>	
<b>100% Appraised Value</b>		0	109,905	<b>79,076</b>	0
<b>40% Assessed Value</b>		0	43,962	<b>31,630</b>	0
<b>Reasons for Assessment Notice</b>					
LAND VALUE ADJUSTED TO REFLECT CURRENT MARKET; PROPERTY UPDATE;					

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Taxing Authority	Other Exempt	Homestead Exempt	Net Taxable	Millage	Estimated Tax
STATE	0	0	0	0.000000	0.00
COUNTY	0	0	31,630	10.640000	336.54
SCHOOL	0	0	31,630	15.607000	493.65
FIRE SERVICE	0	0	31,630	2.140000	67.69
RECREATION SERV	0	0	31,630	0.630000	19.93
SANITATION SERVIC	0	0	31,630	0.540000	17.08
<b>Total Estimated Tax</b>					<b>\$934.89</b>

HARALSON County Board of Assessors  
 P.O. BOX 548  
 BUCHANAN GA 30113  
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<b>Reasons for Assessment Notice</b>					
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SANITATION SERVIC	0	0	216,301	0.540000	116.80
<b>Total Estimated Tax</b>					<b>\$6393.20</b>