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Advogados

October 31, 2022

IRS FOIA Request Headquarters FOIA
Stop 211
P.O. Box 621506
Atlanta, GA 30362-3006

Via certified mail

Re: Freedom of Information Act Request on behalf of Twin-City Motor Company Building, LLC, [REDACTED]

Dear Disclosure Officer:

In accordance with the Freedom of Information Act (“FOIA”), 5 U.S.C. § 552, as amended, we request copies of all records or documents maintained by the Internal Revenue Service (“IRS”) regarding, referring, or in any way related to the IRS’s examination and analysis of the following two appraisal reports prepared for Steven Holtzer and the Internal Revenue Service by Howard Kanter – Internal Revenue Service, LB&I Engineering Group 1843 (collectively, the “Kanter Appraisal Reports”):

- A. Restricted Appraisal Review Report with a Restricted Opinion of Value, completed on Twin City Motor Building, LLC, Historical/Preservation Façade Easement, located at 633 N. Liberty Street, Winston-Salem, Forsyth County, North Carolina 27101, dated May 5, 2022 (attached hereto as **Exhibit A**).
- B. Restricted Appraisal Review Report with a Restricted Opinion of Value, Completed on Twin City Motor Building, LLC, Historical/Preservation Façade Easement, located at 633 N. Liberty Street, Winston-Salem, Forsyth County, North Carolina 27101, dated July 1, 2022 (attached hereto as **Exhibit B**).

The Kanter Appraisal Reports are related to the IRS’s examination of Twin-City Motor Company Building, LLC, for the tax period ending December 31, 2019.

I. Records Requested

With respect to the Kanter Appraisal Reports, we request copies of the following records:

- 1. All records contained in the Examination Division’s administrative files related to the Kanter Appraisal Reports, including but not limited to any of the following items described in the Internal Revenue Manual, whether maintained in electronic or hardcopy format:



- a. Form 4318, Examination Workpapers Index, or Form 4318-OA, Examination Workpapers Index - Office Audit, and supporting records or documents;
 - b. Form 4318-A, Continuation Sheet for Form 4318, Examination Workpapers Index, and supporting records or documents;
 - c. Administrative and Issue Lead Sheets and Sub-Issue Lead Sheets, supporting workpapers, index systems, pro forma audits, and pro forma interviews;
 - d. Forms 9984 Examining Officer's Activity Record;
 - e. Automated workpapers and reports;
 - f. Forms 3198 Special Handling Notices;
 - g. Forms 3210 Document Transmittals;
 - h. Forms 5346 Examination Information Reports;
 - i. Revenue Agent Reports ("RAR")/Examination Reports;
 - j. Forms 4665 Report Transmittals; and
 - k. Special Agents' Reports and Collateral Reports.
2. All records and communications, including e-mails, involving the members of the IRS Examination Team for Twin-City Motor Company Building, LLC, or any other IRS employees or contractors, including IRS Office of Chief Counsel, regarding, referring, or in any way related to the Kanter Appraisal Reports, whether maintained in electronic or hardcopy format, including but not limited to any communications involving Howard Kanter, Steven Holzer, Thomas Rikard, and/or Anita Gill.
 3. All records constituting any Tax Litigation Division Legal File, Tax Litigation Advice File, Miscellaneous Law File, Chief Counsel Office Files, or Regional Counsel Office Files regarding, referring, or in any way related to the Kanter Appraisal Reports, whether maintained in electronic or hardcopy format.
 4. All records contained in the administrative files of the IRS National Office and Area Counsel relating to any request for advice regarding, referring, or in any way related to the Kanter Appraisal Reports, whether maintained in electronic or hardcopy format.



5. To the extent not covered by the categories of records and documents listed above, all records and documents contained in any IRS administrative, legal, or other files, or otherwise maintained by the IRS regarding, referring, or in any way related to the Kanter Appraisal Reports, including but not limited to any correspondence, memoranda, presentations and summaries, workpapers, forms, issues, records, reports, transcripts, interviews, spreadsheets, data, databases, disks, files, cases, folders, packages, notices, notes, drafts, or other similar records and documents, whether in electronic or hardcopy format.

II. Records Excluded

We do not seek records or documents provided by Twin-City Motor Company Building, LLC to the IRS that are unaltered. For example, we do not seek responses to Information Document Requests that have not been altered by the IRS. If, however, the IRS has altered such records or documents in any way, such as by providing comments etc., such records and documents should be produced.

III. Definitions

For purposes of this request, the terms “record” means and includes any and all documents, writings, recordings, and photographs (letters, words, or numbers, or their equivalent, set down by handwriting, typewriting, printing, photostating, photographing, magnetic impulse, mechanical or electronic recording, or other form of data compilation), and any and all similar items, whether in electronic or hardcopy format, draft, or final form.

Record(s) include, but are not limited to, any and all information generated, recorded, preserved, or maintained by electronic, magnetic, optical, or telephonic means, including, but not limited to, information generated, recorded, preserved, or maintained on compact disks, computer archives, computer files, computer hard drives, computer memory, email, email archives, flash drives, floppy disks, magnetic tapes, optical disks, servers, or any other form of computer and/or machine readable storage media, and any and all similar items. “Record” includes metadata.

Record(s) include, but are not limited to, articles, assessments, audit plans, books, book chapters, bulletins, calendars, calendar invitations, cases, charts, communications, contracts, contact sheets, contracts, copies, correspondence, data, databases, diaries, discussions, disks, drafts, drawings, email, estimates, evaluations, examinations, facsimiles, faxes, files, folders, forms, graphs, guidance, indices, information, instructions, interviews, issues, issue lead sheets, letters, memoranda, minutes, models, notes, notebooks, notices, opinions, orders, papers, phone records, photographs, plans, presentations, projects, publications, purchase orders, reports, research, returns, schedules, sheets, simulations, speeches, spreadsheets, studies, telecopies, telephone



calls, telexes, testimony, transcripts, transmittals, valuations, versions, videos, workpapers, worksheets, writings, and any and all similar items.

For purposes of this request, the term “document” is used expansively and includes, by way of illustration and without limitation, all agreements, contracts, communications, letters, reports, analyses, memoranda, e-mails (and attachments), transcripts, minutes, notes, bulletins, worksheets, schedules, notebooks, drawings, photographs, drafts, diaries, calendars, workpapers, contracts, purchase orders, telecopies, telexes, or any information stored on optical disc, magnetic tape, microfilm or microfiche, or computer memory storage device. The term “document” also refers to any draft or prior version of a document responsive to this request.

The term “administrative file” refers to all documents, including drafts and electronic notes, in the IRS’s possession without regard to whether such documents are organized in discrete files by the IRS’s Examination Division, National Office, or Area Counsel.

IV. Segregable Records

If it is determined that any requested document or record, or any portion thereof, will not be disclosed, please provide us with the non-exempt documents and records and with the non-exempt portions of the remaining documents and records. In the event an exemption is claimed, please provide us with all segregable non-exempt portions of any withheld document or record pursuant to 5 U.S.C. § 552(b). When material is to be redacted, please “black out” rather than “white out” or “cut out” any portions for which an exemption is claimed.

V. Destroyed Records

If records responsive to this request have been destroyed, please identify the documents destroyed, the date of destruction, and the person who destroyed the document.

VI. Exemption Index

Pursuant to 5 U.S.C. §§ 552(a)(6)(A)(i) and 552(b), if this request is denied either in part or in whole, please provide us with an index that specifies which exemption(s) is (are) being claimed for each portion of each document withheld. Please provide a detailed description of each document or record withheld, including the author(s) and any recipients, the date of its creation, its subject matter, and its current physical location. In addition, please provide the reason that each document or record falls within the exemption claimed for it. Please also specify the number of pages in each document or record and the total number of pages that are responsive to this request. Such an index is required to allow us to evaluate the IRS’s claims that these documents are exempt from disclosure. See Vaughn v. Rosen, 484 F.2d 820 (D.C. Cir. 1973), cert. denied, 415 U.S. 977 (1974); Church of Scientology of Cal. v. IRS, 792 F.2d 146 (D.C.



Cir. 1986); Osborn v. IRS, 754 F.2d 195 (6th Cir. 1985); White v. IRS, 707 F.2d 897 (6th Cir. 1983) (quoting Founding Church of Scientology v. Bell, 603 F.2d 945 (D.C. Cir. 1979)); Brooks v. IRS, 80 A.F.T.R. 2d 97-6370 (E.D. Cal. 1997) (citing Wiener v. FBI, 943 F.2d 972 (9th Cir. 1991)); Our Children’s Earth Found. v. Nat’l Marine Fisheries Serv., 85 F. Supp. 3d 1074, 1081 (N.D. Cal. 2015).

VII. Copies of Records

We do not wish to inspect the records or documents, but desire copies to be made in accordance with Treas. Reg. § 601.702(c)(4)(i)(G). In accordance with Treas. Reg. § 601.702(c)(4)(i)(H), we agree to pay reasonable charges incurred to search for and duplicate the requested records and documents. You may incur up to \$1,000 in charges in connection with this request without further authorization. In the event that the total charges are estimated to exceed that amount please seek further authorization.

VIII. Authorization to Receive Records

We are requesting the documents listed in this FOIA request on behalf of Twin-City Motor Company Building, LLC in our capacity as its counsel. We have included Form 2848, Power of Attorney as **Exhibit C**. We are “other requestor[s]” under Treas. Reg. § 601.702(f)(3)(ii)(E), and a copy of each of our driver’s licenses is attached for photo identification as **Exhibit D**. In accordance with Treas. Reg. §§ 601.702(c)(4)(i)(E) and 601.702(c)(5)(iii)(C), the Form 2848 establishes our right to access the requested documents. Twin-City Motor Company Building, LLC authorizes you to send all documents or communications regarding this request to:

Vivek A. Patel
Baker & McKenzie LLP
815 Connecticut Ave. NW
Washington, D.C. 20006
(202)835-6124

IX. Response Within 20 Days

As set forth in 5 U.S.C. § 552(a)(6)(A)(i), 31 C.F.R. § 1.5(h), and Treas. Reg. § 601.702(c)(9)(ii), we would appreciate a response to this request within twenty (20) working days of its receipt.

X. Presumption in Favor of Disclosure

We understand and appreciate that you will exercise a presumption in favor of disclosure and are committed to accountability and transparency in connection with this request. See President Barack Obama, Memorandum for the Heads of Executive Departments and Agencies, 74 Fed. Reg. 4683 (Jan. 26, 2009); Eric Holder,



Memorandum for the Heads of Executive Departments and Agencies (Mar. 19, 2009) (“An agency should not withhold information simply because it may do so legally. I strongly encourage agencies to make discretionary disclosures of information. An agency should not withhold records merely because it can demonstrate, as a technical matter, that the records fall within the scope of a FOIA exemption.”); see also *See* Merrick Garland, Memorandum for Heads of Executive Departments and Agencies (Mar. 15, 2022) (“Transparency in government operations is a priority of this Administration and this Department. We stand ready to work with each of you to make real the Freedom of Information Act’s promise of a government that is open and accountable to the American people.”). This commitment was reaffirmed, reinforced, and codified through enactment of the FOIA Improvement Act of 2016. P.L. No. 114-185 (amending 5 U.S.C. § 552 to limit agency withholding of information requested under the FOIA “only if the agency reasonably foresees that disclosure would harm an interest protected by an exemption” or “disclosure is prohibited by law”, and that agencies must “consider whether partial disclosure of information is possible whenever the agency determines that a full disclosure of a requested record is not possible.”).

If you have any questions concerning this request or require further identifying information, please contact me at (202) 835-6124.

Thank you in advance for your attention to this matter.

Sincerely,

Handwritten signature of Vivek A. Patel in black ink.

Vivek A. Patel
Partner
+1 202 835 6124
vivek.patel@bakermckenzie.com

Handwritten signature of Scott H. Frewing in blue ink.

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EXHIBIT A



COMMISSIONER
LARGE BUSINESS AND
INTERNATIONAL DIVISION

**DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224**

**RESTRICTED APPRAISAL REVIEW REPORT
WITH A RESTRICTED OPINION OF VALUE**

COMPLETED ON

TWIN CITY MOTOR BUILDING, LLC
HISTORICAL/PRESERVATION FAÇADE EASEMENT
633 N. LIBERTY STREET
WINSTON-SALEM, FORSYTH COUNTY, NORTH CAROLINA 27101

PREPARED FOR:

STEVEN HOLZER – CLIENT AND
THE INTERNAL REVENUE SERVICE – INTENDED USER

AS OF:

DECEMBER 20, 2019

PREPARED BY:

HOWARD KANTER
INTERNAL REVENUE SERVICE
LB&I – ENGINEERING GROUP 1843
7850 S.W. 6TH COURT
PLANTATION, FLORIDA 33324

May 5, 2022

Steven Holzer
Project Manager
Syndicated Conservation Easement Campaign
7850 SW 6th Court
Plantation, Florida 33324

RE: Restricted¹ Review Appraisal Report with a Restricted Opinion of Value of the Appraisal Report for:

Twin City Motor Building, LLC
Historical/Preservation Façade Easement
633 N. Liberty Street
Winston-Salem, Forsyth County, North Carolina 27101

Appraisal Report Prepared by:

Raymond E. Veal, MAI (REV or REV Report) with a valuation date of December 20, 2019

Dear Mr. Holzer:

As per your request, the appraisal report referenced above has been reviewed. Please refer to the Scope of the Work section in this report for the details of the analyses done in the review and valuation.

The purpose of the review portion of this report is to express my opinion regarding the completeness, adequacy, accuracy, relevance, reasonableness and/or appropriateness of the data, methods, techniques, analysis, opinions and conclusions expressed in REV Report.

The purpose of the valuation portion of this report is to determine the appropriate fair market value of the subject property as of the appropriate valuation date.

This restricted review appraisal report with a restricted opinion of value (ROV) has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP)² and the Internal Revenue Manual (IRM) unless otherwise noted. This report and the opinions expressed within may be subject to the extraordinary assumption and hypothetical conditions outlined within the report.

Raymond Veal, MAI prepared an appraisal report (REV report) dated June 17, 2020, with a valuation date of December 20, 2019, and is reported to represent the fair market value (FMV) of the preservation easement on the donated property. The Easement Deed was

¹ Restricted Appraisal Reports are for the client and other named intended users only and as such, may not contain supporting rationale for all of the opinions and conclusions set forth in the report.

² USPAP is widely recognized as the generally accepted appraisal standard as noted in IRC 170(f)(11)(E)(II). It is also the standard that the Taxpayer's Appraiser chose as a measurement standard.

recorded on December 20, 2019, Instrument Number 2019051233 00048 BK: RE 3499 PG: 2150-2170.

It should also be noted that the REV report relies upon a conclusion that the highest and best use (H&BU) of the subject property (as proposed) is to demolish the existing 44,067 square foot 2-story building and replace it with 20-story multifamily structure as designed by Brennan Design, LLC Architect. REV then provides a valuation methodology based on this conclusion.

This ROV report encompasses the REV Report and is intended for use by you as the client³ and The Internal Revenue Service as the named intended user. This restricted review with a restricted opinion of value addresses both the qualified appraisal issue as noted in IRC 170(f)(11)(E) and also focuses on the preservation easement valuation. Please note that this is not a stand-alone document but is to be considered in conjunction with the appraisal report noted above.

This report has been researched and written in conformity with the requirements of the USPAP (2020-2021 Edition⁴) adopted by the Appraisal Standards Board of the Appraisal Foundation.

This report is subject to the statement of assumptions and limiting conditions included in it. Neither the name of the authors or the IRS, nor the material submitted in this report, may be included in any prospectus or used in offerings or representations in connection with the sale of real estate, securities, or participation interests to the public, without written consent.

Additionally, this letter is not to be separated from the body of the attached report and must be considered in conjunction with the attached report and not as a stand-alone document. The analysis completed cannot be fully understood without incorporation of the entire document.

IRS Value Conclusion:

Before Fair Market Value of the Subject Property	\$17,312,783
Less the After Fair Market Value of the Subject Property	\$ 1,252,174 ⁵
Equals the Fair Market Value of the Preservation Easement	\$16,060,609

³ This report was prepared specific to the needs of the client(s) and named intended users. This use restriction limits the use of this report to the client and other named intended users and warns that this report may not contain supporting rationale for all of the opinions and conclusions set forth in the report.

⁴ The applicable content of the 2020-2021 edition of USPAP has been extended by the Appraisal Foundation through 2022.

⁵ This includes a deduction of \$313,043 (20%) for the impact the easement has on the façade.

If you have any questions, please feel free to contact us⁶.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Howard Kanter". The signature is fluid and cursive, written over a light blue horizontal line.

Howard Kanter
Internal Revenue Service
LB & I - Engineering Group 1843
7850 S.W. 6th Court
Plantation, Florida 33324
howard.kanter@irs.gov
FL State-certified general real estate appraiser # RZ2786

⁶ Throughout this report, I have used words in the singular or the plural and they should be deemed either as appropriate.

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EXECUTIVE SUMMARY

PART ONE – REV'S SUBJECT PROPERTY INFORMATION

Subject Property	Two-story commercial building located at 633 N. Liberty Street, Winston-Salem, Forsyth County, North Carolina 27101
Site Area	22,734 square feet
Improvements	As of the valuation date, the subject consisted of a vacant two-story commercial building with full drive out basement. Existing improvements were in shell condition as of the valuation date.
Zoning	CB (Central Business) WO Winston Overlay, Mixed Uses
Property Interest Appraised	Fee Simple

PART TWO – SUMMARY AND REVIEW OF THE REV APPRAISAL

Appraiser:	Raymond E. Veal, MAI
Report Date:	June 17, 2020
Report Valuation Date:	December 20, 2019
Type of Report:	Appraisal Report
Property Interest Appraised	Fee Simple
<u>"Before" easement encumbrance</u>	
Highest and Best Use:	Demolish existing structure and replace with a 20-story 317 unit apartment building with parking garage as designed by Brennan Design, LLC Architects to be completed in 2021.

Value Conclusions:	
Cost Approach:	\$25,900,000
Sales Comparison:	\$29,400,000
Income Capitalization:	\$25,700,000
Final Value Conclusion:	\$25,700,000

“After” easement encumbrance

Highest and Best Use:	As improved REV concluded the building is to be remodeled into a single tenant entertainment center with various venues for restaurants, bars, bowling alleys, golf simulators and other similar activities. Floor plans prepared by archStudio7 PLLC, a local building design consultant.
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Value Conclusions:	
Cost Approach:	Not Applicable
Sales Comparison:	\$ 1,770,000
Income Capitalization:	\$ 1,950,000
Final Value Conclusion:	\$ 1,440,000 ⁷

Easement Value Conclusion	\$24,260,000
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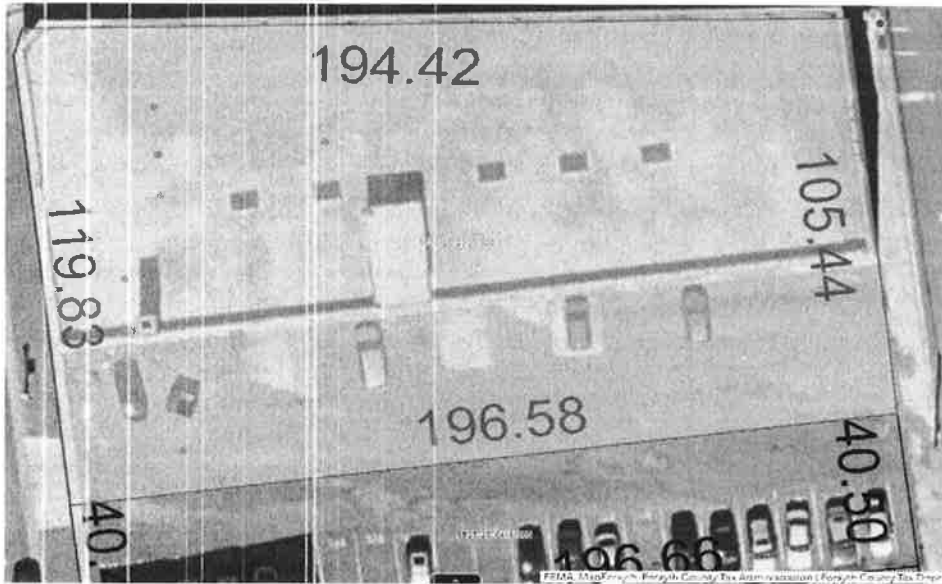
SUMMARY OF THE REV REPORT

The report under review was prepared and signed by Raymond E. Veal, MAI, State Certified General Real Property Appraiser, North Carolina General Certificate # Temporary 10060. Mr. Veal’s certification states in part “Our analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal practice as well as applicable state appraisal regulations. Therefore, the Uniform Standards of Professional Appraisal Practice (USPAP) will be used as the measurement standard (in addition to any other generally recognized appraisal standards) by the review appraiser to develop an opinion as to the completeness, accuracy, adequacy, relevance, and reasonableness of the analysis under review, given law, regulations, or intended user requirement applicable to the work under review.

The subject site is approximately 22,734 square feet located at 633 N. Liberty Street, Winston-Salem, Forsyth County, North Carolina 27101. The tax ID is [REDACTED]. As

⁷ This represents the after value of \$1,800,000 less and additional adjustment due to the Historical Façade Easement of \$360,000.

of the valuation date the subject property consisted of a vacant two-story commercial building with full drive out basement. According to the REV report, the subject property was in fair condition.



Photograph Date : 2/4/2021



Based on the analysis completed within the REV report, the overall concluded value of the proposed improvement is \$25,700,000. This conclusion was based primarily on direct capitalization analysis within the income capitalization approach. REV claims "In this

analysis, we use only direct capitalization analysis because investors in this property type typically rely more on this method.

REVIEW OF THE REV REPORT

Summary of the significant errors and omissions in the REV appraisal report are presented below:

- The REV does not satisfy the requirements of USPAP's Scope of Work Rule, Ethics Rule, including additional conditions imposed by assignment conditions (i.e., supplemental standards)
- Generally Accepted Appraisal Standards⁸ require the appraiser (among other things) not commit a substantial error of omission or commission that significantly affects an appraisal.
- The REV failed to allow sufficient time for planning, architecture, permitting, approvals construction and inspections as dictated by the local market.
- REV used a direct capitalization approach to determine the fair market value for proposed construction and claims "An investor is the most likely purchaser of the appraised property, and a typical investor would place greatest reliance on the income capitalization approach. For these reasons, the income capitalization approach is given greatest weight in the conclusion of value." This would be a true statement if the subject property was already in place and at stabilized occupancy, not proposed improvements.
- The before value presented in the REV appraisal report more precisely represents the fair market value of the subject property at some future date, not the date of valuation.
- The REV is not complete, accurate, adequate, reasonable, or appropriate given the data, methods, techniques and analysis provided.
- Therefore, based on the above the REV report is not considered a qualified appraisal as defined within IRC §170(f)(11)(E).

The final conclusion in the REV appraisal is not credible because of the significant issues noted above.

⁸ USPAP 2020-2021 edition Standards Rule 1-1

PART THREE –IRS VALUATION

USE RESTRICTION: Restricted Appraisal Reports are for the clients and named intended users only and as such, may not contain supporting rationale for all the opinions and conclusions set forth in the report. This communication has used a similar restricted format.

Identification of Client and Other Intended Users

Client: Steven Holzer, Project Manager Syndicated Conservation Easement Campaign

Other Intended Users: The Internal Revenue Service

This report is intended for use only by the named client above and any other named intended users. **Use of this report by others is not intended by the Review Appraiser.**

Intended Use of the Appraisal Review Report is to provide the basis for determination of the reasonableness of a fair market value conclusion for the two-story mixed-use building located at 633 N. Liberty Street, Winston-Salem, Forsyth County, North Carolina. This report is for the client and other named users. This report is not intended for any other use.

Objective (Purpose)

The objective (purpose) of this restricted appraisal review with a restricted opinion of value report is twofold. First, to provide the basis for determination of the reasonableness of a fair market value conclusion for the subject property. In other words, does the appraisal report prepared by REV conform with the requirements set forth in IRC § 170, Notice 2006-96 and Treas. Regs. §§1.170A-13 and 1.170A-14. This would include determining if the REV report was conducted in accordance with generally accepted appraisal standards and/or the USPAP, (2020-2021 Edition) or any other recognized appraisal standards applicable to real property appraisal. If the REV appraisal is determined not to be reasonable, credible, and/or reliable, then the second objective is to estimate the fair market value of the property.

Scope of Work

“Scope of Work” is an important factor in appraisal and appraisal review. The USPAP defines scope of work as “the type and extent of research and analyses in an assignment.” Additionally, *The Appraisal of Real Estate* includes the following discussion of the importance of the scope of work to an appraisal/review assignment:

Scope of work for an assignment is acceptable if it leads to credible assignment results, is consistent with the expectations of parties who are regularly intended users for similar assignments and is consistent with what the actions of the appraiser’s peers would be in the same or similar assignment.

In order to complete this Appraisal Review Report with an opinion of value, I undertook a detailed review of the REV Report in the context of USPAP requirements and the requirements of the IRC Section 170 for a charitable donation of a preservation/conservation easement.

My scope of work has included but was not limited to the following elements:

- Review of the “before” easement highest and best use conclusion and supporting analysis related to a 20-story multifamily structure. The new construction will consist of 317 residential apartments
- Review of the “after” easement highest and best use conclusion
- Review of Treas. Regs. and IRC sections noted in the REV report
- Review of the Cost, Sales Comparison and the Income Approach to value as presented in the REV report
- Review of property tax records
- Review of Easement Deed
- Discussions with Exam Team regarding documents requested and review of those documents
- Review of news reports and internet related reports regarding the subject property and comparables when available
- Research of Forsyth County records
- Communications with various Forsyth County government employees
- Completed site inspection of subject property

Other materials referenced include, but are not limited to the following:

- The 13th and 14th Editions of *The Appraisal of Real Estate* and the 5th and 6th edition of *The Dictionary of Real Estate Appraisal*, all published by the Appraisal Institute;
- The 2006, 2008-9, 2010-2011, 2012-2013, 2014-2015, 2016-2017, 2018-2019 and 2020-2021 editions of USPAP;
- Supplemental standards for the valuation of conservation easements such as the applicable sections of the IRC, Treas. Regs., Publication 561, and Chief Counsel Notice 2006-96;
- Various seminars and publications of the Appraisal Institute including the *Valuation of Conservation Easements* course and the *Appraising Historic Preservation Easements* course;
- The 2011 textbook published by the Appraisal Institute and entitled *Appraising Conservation and Historic Preservation Easements* and written by Richard Roddewig, MAI; and
- 2013 Edition of *Review Theory – General*, published by the Appraisal Institute.

Extraordinary Assumptions and Limiting Conditions

Unless otherwise noted, the sales, if any, used by the appraiser in the original appraisal have not been verified by any party to the transaction by the reviewer. I accept the

information regarding the sales as true and correct. If this information is found to be incorrect, then my opinions and conclusions could be impacted.

For purposes of this report, my analysis of the Preservation Easement donation is as of December 20, 2019⁹.

I have also accepted most of the information and data contained in the REV appraisal report as being true and correct including the assumption that the existing tenants would be willing to vacate their leased premises during the period of construction in return for one year's free rent when they moved back in. I will use this assumption as an Extraordinary Assumption. Areas of significant disagreement within the appraisal report are outlined within this review report and/or my workfiles. If the information contained in the REV report is found to be false, then my opinions and conclusions could be impacted.

Hypothetical Conditions and Extraordinary Assumptions

Because the conservation easement was in place as of the date of this report, I am utilizing the hypothetical condition that the conservation easement does not exist in the valuation of the subject property in the "before". The easement is in place in the "after" analysis. The opinions and conclusions put forth in this report could be impacted by the inclusion of this hypothetical condition.

Report Date: May 5, 2022

Report Valuation Date: December 20, 2019

As noted above, I have accepted most of the information provided in the REV report as being true and correct. However, if these extraordinary assumption or hypothetical conditions are found to be false, it could impact my final value conclusion.

IRS Value Conclusion

In order to arrive at my value conclusion before the easement encumbers the subject property, I had to supplement REV's capitalization analysis to better conform with market evidence. The most significant supplementing information made to REV's before analysis are as follows:

- Construction time used to reflect an 18-month construction period prior to lease up and an 18-month period of lease up to reach stabilization as per the Vogt Report. I also had to account for the time it would take to complete the planning, architecture, permitting, inspections prior to any units being offered for rent. Construction timeline was also taken from the REV appraisal and the Vogt Market Feasibility Analysis.
- Additional time added prior to construction to secure approvals include the time it would take for approval for demolition of the existing historical structure. According to the Michelle McCullough, Project Planner with the City, the subject property is not

⁹ Deed was recorded on December 20, 2019 Instrument Number 2019051233 0048 BK: RE 3499 PG: 2150-2170

recognized on the local historical register therefore, the owners would not need them to approve the demolition of the subject building.

- Both the before and after values estimated in the REV report represents the fair market value at some future date. That future value has to be brought back to a present value.
- After considering all factors noted above, I estimated that future date to be between 3 to 4 years after the valuation date.
- I reconciled the discount rate at 12%. This is supported in the RealtyRates developer’s survey for Hi-Rise/Urban, 4th quarter 2019.

I have also adjusted REV’s after value conclusion for the same reasons noted above. While subject property did not open until February 7, 2022¹⁰ (24-months after valuation date) I made an allowance for COVID and confirmed this was an accurate adjustment with Mr. Simon Burgess, Owner/Operating Partner. My calculation of the final value conclusion for the preservation easement is noted below:

Before Fair Market Value of the Subject Property	\$17,312,783
Less the After Fair Market Value of the Subject Property	\$ 1,252,174 ¹¹
Equals the Fair Market Value of the Preservation Easement	\$16,060,609

PART FOUR – CONCLUSIONS

RESTRICTED APPRAISAL REVIEW AND RESTRICTED OPINION OF VALUE CONCLUSIONS

USE RESTRICTION: Restricted Appraisal Reports are for the clients and named intended users only and as such, may not contain supporting rationale for all the opinions and conclusions set forth in the report.

The REV report does not satisfy the requirements of any known generally accepted appraisal standards including USPAP (i.e. USPAP’s Scope of Work Rule, and Ethics Rule) because:

- Scope of Work was too limited for this type of assignment. For example, REV did not correctly note the supplemental standards that would require compliance with IRC §170(f)(11)(E). This is extremely important since REV claims to have been compliant

¹⁰ <https://www.prnewswire.com/news-releases/mayfair..>

¹¹ This includes a deduction of \$313,043 (20%) for the impact the easement has on the façade.

with the 2020-2021 version of the USPAP and has not even met its basic disclosure requirement.

- Failure to recognize and adhere to applicable assignment conditions violate one or more of USPAP requirements and as stated in Advisory Opinion 30 “An appraiser who represents that an assignment is or will be completed in compliance with applicable assignment conditions and who then knowingly fails to comply with those assignment conditions violates the ETHICS RULE.” REV violated the Ethics Rule by communicating a report that is misleading and performing an assignment in a grossly negligent manner.

The REV report does not comply with generally accepted appraisal standards (Standards Rule 1 and 2 of USPAP) and is therefore not considered a qualified appraisal as defined within IRC §170(f)(11)(E). The REV report is not in compliance because:

- Scope of work was too limited and incomplete for this type of assignment. (Adequacy)
- Easement appraisal, utilizing the before and after method, typically requires a hypothetical condition. For example, if, as of the valuation date, the subject property was encumbered by a preservation easement REV should have used a hypothetical condition advising that he was valuing the subject property as if the preservation easement did not exist on the valuation date. This was not contemplated in the REV report. (Completeness)
- It should also be noted that REV misquoted one of the treasury regulations in their certification.
- By using direct capitalization on proposed construction, the value conclusion does not represent the fair market value of the subject property, based upon its intended use, as of the valuation date, but rather a value at some future date.

Based upon the discussions above and given law, regulations and intended user requirements that are applicable to the work under review, it is my opinion that the REV Appraisal Report is not complete, accurate, adequate, reasonable, or appropriate given the data, methods, techniques and analysis provided. Therefore, I find the conclusion stated in the REV appraisal as lacking credibility due to the errors and inconsistencies found in it, and in my opinion, the REV report is not a qualified appraisal as required by the IRC.

Although the appropriate standard is the USPAP, the defects in the REV report would be the same when measured against any other recognized real property appraisal standard.

PART FIVE – REQUIRED ITEMS

Sources of Information

The following information was used in the preparation of this report:

- The 2006, 2008-2009, 2010-2011, 2012-2013, 2014-2015, 2016-2017, 2018-2019 and 2020-2021 editions of *the USPAP*.
- The 13th and 14th Editions of *The Appraisal of Real Estate* and the 5th and 6th edition of *The Dictionary of Real Estate Appraisal*, all published by the Appraisal Institute.
- Supplemental standards for the valuation of conservation easements such as the applicable sections of the IRC, Treas. Regs., Publication 561, and Chief Counsel Notice 2006-96.
- Various seminars and publications of the Appraisal Institute including the *Valuation of Conservation Easements* course and the *Appraising Historic Preservation Easements* course, and
- The 2011 textbook published by the Appraisal Institute and entitled *Appraising Conservation and Historic Preservation Easements* and written by Richard Roddewig, MAI.
- International Valuation Standards (IVS-2014 Red Book); Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book 2000); Interagency Appraisal and Evaluation Guidelines (2016).
- 2013 Edition of *Review Theory – General*, published by the Appraisal Institute
- The Internal Revenue Code and Treasury Regulations
- Preliminary research into the market for additional sales
- Realty Rates.com

Definitions

DEFINITION OF FAIR MARKET VALUE

Fair market value is defined as:

“the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.”¹²

The Appraisal of Real Estate 14th edition, page 48 under the heading of “Report of Defined Value” defines an Appraisal Report as the tangible expression of the appraiser’s work. Appraisal Reports represent communication of the results of the appraisal. Appraisal Reports must not be misleading.

Property Rights Appraised

The property rights considered are the fee simple estate.

Conditions of Report

This review appraisal is based on the subject’s “as of the valuation date” condition.

USPAP Definitions

USPAP defines **appraisal** (noun) as “the act or process of developing an opinion of value”.¹³

USPAP defines **credible** as “worthy of belief”.¹⁴

USPAP defines an **extraordinary assumption** as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.”¹⁵

USPAP defines a **hypothetical condition** as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis”.¹⁶

USPAP defines **misleading** as “intentionally or unintentionally misrepresenting, misstating, or concealing relevant facts or conclusions.”¹⁷

¹² Treasury Regulations §§ 1.170A-1(c)(2), 25.2512-1, & 20.2031-1(b)

¹³ USPAP 2020-2021 Edition page 3 line 62

¹⁴ IBID page 4 line 103

¹⁵ IBID page 4 lines 111-112

¹⁶ IBID page 4 lines 117-118

¹⁷ IBID page 5 line 139

Assumptions and Limiting Conditions

This report and the Letter of Transmittal are made expressly subject to the following Assumptions and Limiting Conditions, and any special limiting conditions contained in the report, which are incorporated herein by reference.

1. The legal description (when available) is assumed to be correct. I assume no responsibility for matters legal in character nor do I render any opinion as to the title, which is assumed to be good. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
2. Sketches and surveys that may be included in this review report or in the original appraisal report are to assist the reader in visualizing the property. I have made no survey of the property and assume no responsibility in connection with such matters.
3. I believe to be reliable the information, which was furnished by others, but I assume no responsibility for its accuracy.
4. Possession of this report, or copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by anyone but the Internal Revenue Service without the previous written consent of the review appraiser.
5. The land, and particularly the soil, of the area that is the subject property appear firm and solid. Subsidence in the area is unknown or uncommon, but I do not warrant against this condition or occurrence.
6. Subsurface rights (mineral and oil) were not considered in making this appraisal.
7. Damage, if any, by termites, dry rot, wet rot, or other infestations are reported as a matter of information by the appraiser(s). I do not guarantee the amount of damage, if any. Any damage cited is based upon a visual observation and it is recommended that an extermination expert be consulted if infestation is suspected.
8. All furnishings and equipment, except those specifically indicated and typically considered as a part of real estate, have been disregarded. Only the real estate has been considered.
9. The comparable sales data relied upon is believed to be from reliable sources; however, it was not possible to inspect the comparables completely, and it was necessary to rely on information furnished by others as to said data; therefore, the value conclusions are subject to the correctness and verification of said data.
10. The review appraiser has viewed the land and the improvements. It was not possible to personally observe conditions beneath the soil or hidden structural components within the improvements. Therefore, no representations are made herein as to these matters and unless specifically considered in the report. The value estimate is subject to any such conditions that could cause a loss in value.

Condition of heating, cooling, ventilating, electrical and plumbing equipment is considered to be commensurate with the conditions of the balance of the improvements unless otherwise stated.

11. Neither all nor any of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the author, particularly as to valuation conclusions, the identity of the appraiser or firm with which he is connected, or any references to the Appraisal Institute.
12. Zoning ordinances are assumed to be stable. Full conformity is assumed unless otherwise specified in this report.
13. The reviewer, by reason of this appraisal review, is not required to give further consultation or testimony or be in attendance during any hearings or depositions, with reference to the properties in question unless arrangements have been previously made.
14. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any other person than the IRS without the written consent of the reviewer, and in any event, only with proper written qualification and only in its entirety.
15. The comparable sales data relied upon (if any) is believed to be from reliable sources; however, it was not possible to inspect the comparables completely, and it was necessary to rely on information furnished by others as to said data; therefore, the value conclusions are subject to the correctness and verification of said data.
16. I have not made an inquiry concerning the historic preservation regulations and restrictions on use or development of the subject property. Information regarding these restrictions is contained in the REV report and is assumed correct unless otherwise noted.
17. **Special Limiting Condition:** *Those descriptive elements of the REV report reviewed and found to be generally correct and reliable have been specifically incorporated by reference into this Appraisal Review. Therefore, this Appraisal Review should be read and considered by reference to those sections of the REV report found to be correct and reliable.*
18. **Extraordinary Assumption:** *An extraordinary assumption is an assignment specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.*
19. **Hypothetical Condition:** *A hypothetical condition is that which is contrary to what exists but is supposed for purposes of analysis.*

Jurisdictional Exception

USPAP Record Keeping Rule requires the appraiser to maintain a work file for a period of five years after preparation or at least two years after final disposition of any judicial proceeding in which the appraiser provided testimony related to the assignment, whichever period expires last (lines 282-284 (page 10) USPAP 2020-2021). Lines 285-297 outline that the appraiser must have custody of the file or make arrangements for retrieval with the party that has custody of the file for submission to state regulatory agencies, submission to a duly authorized professional peer review committee, or compliance with due process of law.

However, the Internal Revenue Code, Treasury Regulations, and Privacy Act do not allow retention of these records. The Jurisdictional Exception Rule (USPAP 2020-2021, page 15, lines 413-429) indicate that “if any applicable law or regulation precludes compliance with USPAP, only that part of USPAP becomes void for that assignment”. To invoke this rule, one must identify the law or regulation, comply with that law or regulation, clearly and conspicuously disclose in the report the part of USPAP that is voided by that law or regulation, and cite in the report the law and regulation requiring the exception to USPAP compliance (see USPAP 2020-2021, page 15 lines 417-422). The voided part of USPAP is the Record Keeping Rule. The legal authority is: Treas. Reg. § 301.6103(n)-1(a) (1); IRC §§ 6103(a)(3), 7431(a)(2), 7213(a)(1), and 7213A (a)(1)(B); 5 USCS §§ 552(a), 552(b); IRC § 6103(c); and Treas. Reg. § 301.6103(n)-(a) (2) and (4).

Certification

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

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of the work under review and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject to the work under review within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
- my compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
- my analyses, opinions, and conclusions were developed, and this review report was prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the subject of the work under review.
- no one provided significant real property appraisal assistance to the person signing this certification.



Howard L. Kanter, Review appraiser
Florida State-certified general real estate appraiser RZ2786
Date of Report: May 5, 2022

EXHIBIT B



COMMISSIONER
LARGE BUSINESS AND
INTERNATIONAL DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, DC 20224

**RESTRICTED APPRAISAL REVIEW REPORT
WITH A RESTRICTED OPINION OF VALUE**

COMPLETED ON

TWIN CITY MOTOR BUILDING, LLC
HISTORICAL/PRESERVATION FAÇADE EASEMENT
633 N. LIBERTY STREET
WINSTON-SALEM, FORSYTH COUNTY, NORTH CAROLINA 27101

PREPARED FOR:

STEVEN HOLZER – CLIENT AND
THE INTERNAL REVENUE SERVICE – INTENDED USER

AS OF:

DECEMBER 20, 2019

PREPARED BY:

HOWARD KANTER
INTERNAL REVENUE SERVICE
LB&I – ENGINEERING GROUP 1843
7850 S.W. 6TH COURT
PLANTATION, FLORIDA 33324

July 1, 2022

Steven Holzer
Project Manager
Syndicated Conservation Easement Campaign
7850 SW 6th Court
Plantation, Florida 33324

RE: Restricted¹ Review Appraisal Report with a Restricted Opinion of Value of the Appraisal Report for:

Twin City Motor Building, LLC
Historical/Preservation Façade Easement
633 N. Liberty Street
Winston-Salem, Forsyth County, North Carolina 27101

Appraisal Report Prepared by:

Raymond E. Veal, MAI (REV or REV Report) with a valuation date of December 20, 2019

Dear Mr. Holzer:

As per your request, the appraisal report referenced above has been reviewed. Please refer to the Scope of the Work section in this report for the details of the analyses done in the review and valuation.

The purpose of the review portion of this report is to express my opinion regarding the completeness, adequacy, accuracy, relevance, reasonableness and/or appropriateness of the data, methods, techniques, analysis, opinions and conclusions expressed in REV Report.

The purpose of the valuation portion of this report is to determine the appropriate fair market value of the subject property as of the appropriate valuation date.

This restricted review appraisal report with a restricted opinion of value (ROV) has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP)² and the Internal Revenue Manual (IRM) unless otherwise noted. This report and the opinions expressed within may be subject to the extraordinary assumption and hypothetical conditions outlined within the report.

Raymond Veal, MAI prepared an appraisal report (REV report) dated June 17, 2020, with a valuation date of December 20, 2019, and is reported to represent the fair market value (FMV) of the preservation easement on the donated property. The Easement Deed was

¹ Restricted Appraisal Reports are for the client and other named intended users only and as such, may not contain supporting rationale for all of the opinions and conclusions set forth in the report.

² USPAP is widely recognized as the generally accepted appraisal standard as noted in IRC 170(f)(11)(E)(II). It is also the standard that the Taxpayer's Appraiser chose as a measurement standard.

recorded on December 20, 2019, Instrument Number 2019051233 00048 BK: RE 3499 PG: 2150-2170.

It should also be noted that the REV report relies upon a conclusion that the highest and best use (H&BU) of the subject property (as proposed) is to demolish the existing 44,067 square foot 2-story building and replace it with 20-story multifamily structure as designed by Brennan Design, LLC Architect. REV then provides a valuation methodology based on this conclusion.

This ROV report encompasses the REV Report and is intended for use by you as the client³ and The Internal Revenue Service as the named intended user. This restricted review with a restricted opinion of value addresses both the qualified appraisal issue as noted in IRC 170(f)(11)(E) and also focuses on the preservation easement valuation. Please note that this is not a stand-alone document but is to be considered in conjunction with the appraisal report noted above.

This report has been researched and written in conformity with the requirements of the USPAP (2020-2021 Edition⁴) adopted by the Appraisal Standards Board of the Appraisal Foundation.

This report is subject to the statement of assumptions and limiting conditions included in it. Neither the name of the authors or the IRS, nor the material submitted in this report, may be included in any prospectus or used in offerings or representations in connection with the sale of real estate, securities, or participation interests to the public, without written consent.

Additionally, this letter is not to be separated from the body of the attached report and must be considered in conjunction with the attached report and not as a stand-alone document. The analysis completed cannot be fully understood without incorporation of the entire document.

IRS Value Conclusion:

Before Fair Market Value of the Subject Property	\$ 2,310,000 ⁵
Less the After Fair Market Value of the Subject Property	\$ 1,440,000 ⁶
Equals the Fair Market Value of the Preservation Easement	\$ 870,000

³ This report was prepared specific to the needs of the client(s) and named intended users. This use restriction limits the use of this report to the client and other named intended users and warns that this report may not contain supporting rationale for all of the opinions and conclusions set forth in the report.

⁴ The applicable content of the 2020-2021 edition of USPAP has been extended by the Appraisal Foundation through 2022.

⁵ This is the sales price of the subject property approximately 20 months prior to the valuation date and is considered the best indication of value for the subject as of the valuation date. Time adjustment was not considered appropriate.

⁶ This includes a deduction of \$360,000 for the impact the easement has on the façade.

If you have any questions, please feel free to contact us⁷.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Howard Kanter". The signature is fluid and cursive, with the first name "Howard" being more prominent than the last name "Kanter".

Howard Kanter
Internal Revenue Service
LB & I - Engineering Group 1843
7850 S.W. 6th Court
Plantation, Florida 33324
howard.kanter@irs.gov
FL State-certified general real estate appraiser # RZ2786

⁷ Throughout this report, I have used words in the singular or the plural and they should be deemed either as appropriate.

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EXECUTIVE SUMMARY

PART ONE – REV'S SUBJECT PROPERTY INFORMATION

Subject Property	Two-story commercial building located at 633 N. Liberty Street, Winston-Salem, Forsyth County, North Carolina 27101
Site Area	22,734 square feet
Improvements	As of the valuation date, the subject consisted of a vacant two-story commercial building with full drive out basement. Existing improvements were in shell condition as of the valuation date.
Zoning	CB (Central Business) WO Winston Overlay, Mixed Uses
Property Interest Appraised	Fee Simple

PART TWO – SUMMARY AND REVIEW OF THE REV APPRAISAL

Appraiser:	Raymond E. Veal, MAI
Report Date:	June 17, 2020
Report Valuation Date:	December 20, 2019
Type of Report:	Appraisal Report
Property Interest Appraised	Fee Simple
<u>“Before” easement encumbrance</u>	
Highest and Best Use:	Demolish existing structure and replace with a 20-story 317 unit apartment building with parking garage as designed by Brennan Design, LLC Architects to be completed in 2021.
Value Conclusions:	
Cost Approach:	\$25,900,000
Sales Comparison:	\$29,400,000
Income Capitalization:	\$25,700,000
Final Value Conclusion:	\$25,700,000
<u>“After” easement encumbrance</u>	
Highest and Best Use:	As improved REV concluded the building is to be remodeled into a single tenant entertainment center with various venues for restaurants, bars, bowling alleys, golf simulators and other similar activities. Floor plans prepared by archStudio7 PLLC, a local building design consultant.
Value Conclusions:	
Cost Approach:	Not Applicable
Sales Comparison:	\$ 1,770,000
Income Capitalization:	\$ 1,950,000
Final Value Conclusion:	\$ 1,440,000 ⁸

⁸ This represents the after value of \$1,800,000 less and additional adjustment due to the Historical Façade Easement of \$360,000.

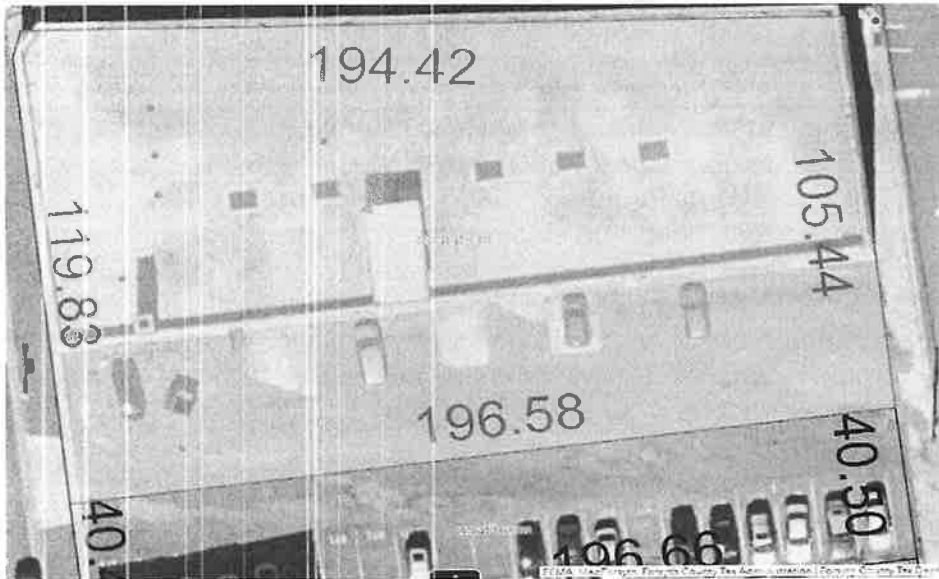
Easement Value Conclusion

\$24,260,000

SUMMARY OF THE REV REPORT

The report under review was prepared and signed by Raymond E. Veal, MAI, State Certified General Real Property Appraiser, North Carolina General Certificate # Temporary 10060. Mr. Veal's certification states in part "Our analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal practice as well as applicable state appraisal regulations. Therefore, the Uniform Standards of Professional Appraisal Practice (USPAP) will be used as the measurement standard (in addition to any other generally recognized appraisal standards) by the review appraiser to develop an opinion as to the completeness, accuracy, adequacy, relevance, and reasonableness of the analysis under review, given law, regulations, or intended user requirement applicable to the work under review.

The subject site is approximately 22,734 square feet located at 633 N. Liberty Street, Winston-Salem, Forsyth County, North Carolina 27101. The tax ID is [REDACTED] As of the valuation date the subject property consisted of a vacant two-story commercial building with full drive out basement. According to the REV report, the subject property was in fair condition.



Photograph Date : 2/4/2021



Based on the analysis completed within the REV report, the overall concluded value of the proposed improvement is \$25,700,000. This conclusion was based primarily on direct capitalization analysis within the income capitalization approach. REV claims “In this analysis, we use only direct capitalization analysis because investors in this property type typically rely more on this method.

REVIEW OF THE REV REPORT

Summary of the significant errors and omissions in the REV appraisal report are presented below:

- The REV does not satisfy the requirements of USPAP’s Scope of Work Rule, Ethics Rule, including additional conditions imposed by assignment conditions (i.e., supplemental standards)
- Generally Accepted Appraisal Standards⁹ require the appraiser (among other things) not commit a substantial error of omission or commission that significantly affects an appraisal.
- The REV failed to allow sufficient time for planning, architecture, permitting, approvals construction and inspections as dictated by the local market.
- REV used a direct capitalization approach to determine the fair market value for proposed construction and claims “An investor is the most likely purchaser of the appraised property, and a typical investor would place greatest reliance on the

⁹ USPAP 2020-2021 edition Standards Rule 1-1

income capitalization approach. For these reasons, the income capitalization approach is given greatest weight in the conclusion of value.” This would be a true statement if the subject property was already in place and at stabilized occupancy, not proposed improvements.

- The before value presented in the REV appraisal report more precisely represents the fair market value of the subject property at some future date, not the date of valuation.
- REV did not consider using the sales comparison approach that would reflect the FMV of the subject property as of the valuation date and there were several similar type sales available for comparison that included potential for development into residential apartments.
- The REV is not complete, accurate, adequate, reasonable, or appropriate given the data, methods, techniques and analysis provided.
- Therefore, based on the above the REV report is not considered a qualified appraisal as defined within IRC §170(f)(11)(E).

The final conclusion of value in the REV appraisal is not credible because of the significant issues noted above.

PART THREE –IRS VALUATION

USE RESTRICTION: Restricted Appraisal Reports are for the clients and named intended users only and as such, may not contain supporting rationale for all the opinions and conclusions set forth in the report. This communication has used a similar restricted format.

Identification of Client and Other Intended Users

Client: Steven Holzer, Project Manager Syndicated Conservation Easement Campaign

Other Intended Users: The Internal Revenue Service

This report is intended for use only by the named client above and any other named intended users. **Use of this report by others is not intended by the Review Appraiser.**

Intended Use of the Appraisal Review Report is to provide the basis for determination of the reasonableness of a fair market value conclusion for the two-story mixed-use building located at 633 N. Liberty Street, Winston-Salem, Forsyth County, North Carolina. This report is for the client and other named users. This report is not intended for any other use.

Objective (Purpose)

The objective (purpose) of this restricted appraisal review with a restricted opinion of value report is twofold. First, to provide the basis for determination of the reasonableness of a fair market value conclusion for the subject property. In other words, does the appraisal report prepared by REV conform with the requirements set forth in IRC § 170, Notice 2006-96 and Treas. Regs. §§1.170A-13 and 1.170A-14. This would include determining if the REV report was conducted in accordance with generally accepted appraisal standards and/or the USPAP, (2020-2021 Edition) or any other recognized appraisal standards applicable to real property appraisal. If the REV appraisal is determined not to be reasonable, credible, and/or reliable, then the second objective is to estimate the fair market value of the property.

Scope of Work

“Scope of Work” is an important factor in appraisal and appraisal review. The USPAP defines scope of work as “the type and extent of research and analyses in an assignment.” Additionally, *The Appraisal of Real Estate* includes the following discussion of the importance of the scope of work to an appraisal/review assignment:

Scope of work for an assignment is acceptable if it leads to credible assignment results, is consistent with the expectations of parties who are regularly intended users for similar assignments and is consistent with what the actions of the appraiser’s peers would be in the same or similar assignment.

In order to complete this Appraisal Review Report with an opinion of value, I undertook a detailed review of the REV Report in the context of USPAP requirements and the requirements of the IRC Section 170 for a charitable donation of a preservation/conservation easement.

My scope of work has included but was not limited to the following elements:

- Review of the “before” easement highest and best use conclusion and supporting analysis related to a 20-story multifamily structure. The new construction will consist of 317 residential apartments
- Review of the “after” easement highest and best use conclusion
- Review of Treas. Regs. and IRC sections noted in the REV report
- Review of the Cost, Sales Comparison and the Income Approach to value as presented in the REV report
- Review of property tax records
- Review of Easement Deed
- Discussions with Exam Team regarding documents requested and review of those documents
- Review of news reports and internet related reports regarding the subject property and comparables when available
- Research of Forsyth County records for sales of properties like the subject
- Research CoStar and RealQuest data bases for sales like the subject
- Communications with various Forsyth County government employees
- Completed site inspection of subject property

Other materials referenced include, but are not limited to the following:

- The 13th and 14th Editions of *The Appraisal of Real Estate* and the 5th and 6th edition of *The Dictionary of Real Estate Appraisal*, all published by the Appraisal Institute;
- The 2006, 2008-9, 2010-2011, 2012-2013, 2014-2015, 2016-2017, 2018-2019 and 2020-2021 editions of USPAP;
- Supplemental standards for the valuation of conservation easements such as the applicable sections of the IRC, Treas. Regs., Publication 561, and Chief Counsel Notice 2006-96;
- Various seminars and publications of the Appraisal Institute including the *Valuation of Conservation Easements* course and the *Appraising Historic Preservation Easements* course;
- The 2011 textbook published by the Appraisal Institute and entitled *Appraising Conservation and Historic Preservation Easements* and written by Richard Roddewig, MAI; and
- 2013 Edition of *Review Theory – General*, published by the Appraisal Institute.

Extraordinary Assumptions and Limiting Conditions

Unless otherwise noted, the sales, if any, used by the appraiser in the original appraisal have not been verified by any party to the transaction by the reviewer. I accept the information regarding the sales as true and correct. If this information is found to be incorrect, then my opinions and conclusions could be impacted.

For purposes of this report, my analysis of the Preservation Easement donation is as of December 20, 2019¹⁰.

I have also accepted most of the information and data contained in the REV appraisal report as being true and correct including the assumption that the existing tenants would be willing to vacate their leased premises during the period of construction in return for one year's free rent when they moved back in. I will use this assumption as an Extraordinary Assumption. Areas of significant disagreement within the appraisal report are outlined within this review report and/or my workfiles. If the information contained in the REV report is found to be false, then my opinions and conclusions could be impacted.

Hypothetical Conditions and Extraordinary Assumptions

Because the conservation easement was in place as of the date of this report, I am utilizing the hypothetical condition that the conservation easement does not exist in the valuation of the subject property in the "before". The easement is in place in the "after" analysis. The opinions and conclusions put forth in this report could be impacted by the inclusion of this hypothetical condition.

Report Date: July 1, 2022

Report Valuation Date: December 20, 2019

As noted above, I have accepted most of the information provided in the REV report as being true and correct. However, if these extraordinary assumption or hypothetical conditions are found to be false, it could impact my final value conclusion.

IRS Value Conclusion

The final IRS value conclusion is based exclusively on the Sales Comparison Approach. I have noted the following sales that have the potential for development into residential type housing units like that of the subject:

- Sale 1 is the subject property located at 633 N Liberty Street. It sold in April 2018 for a reported \$2,310,000 or \$52.42 per square foot of Gross Building Area. The property is zoned CB WO. This is reported as an arm's length sales transaction and best represents the FMV of the subject property as of the valuation date.

Sale Notes: The property was in poor to fair condition at time of sale. Sales price was confirmed with RealQuest and Forsythe County Records.

¹⁰ Deed was recorded on December 20, 2019 Instrument Number 2019051233 0048 BK: RE 3499 PG: 2150-2170

- Sale 2 is located at 300 S. Liberty Street sold in September 2019 for a reported \$1,950,000 or \$108.33 per square foot of Gross Building Area. Site is reported to contain 1.58 acres and is irregularly shaped. Property is zoned CB.

Sale Notes: On September 4th, 2019, the 18,000 square foot Class C Office Building at 300 S. Liberty Street in Winston-Salem, NC was sold for \$1.95 million dollars or \$108.33 per square foot. Built in 1920, the property is located very close to downtown and is zoned CB. The property has 56 surface parking spaces and is home to many office spaces and a restaurant. The building is two stories and sits on a .73 acre or 31,799 square foot parcel. The property has a cap rate of 8.61%. The details of the comp above were verified with the seller party. This property was in good condition at the time of sale.

- Sale 3 is located at 226 S. Liberty Street and sold in October 2019 for a reported \$1,550,000 or \$92.60 per square foot of Gross Building Area. Site is reported to contain approximately 1.17 acres. Property is zoned CB.

Sale Notes: This 16,739 square foot office building sold for 1.55 million dollars (or \$92.60 per square foot) on October 31, 2019. It is located at 226 South Liberty Street in Winston-Salem North Carolina, formerly the site of a U.S. Bankruptcy Court Building. This property is zoned CB and was sold in a private deal with an escrow period of 16 months between the seller and the City of Winston-Salem. There was no financing involved in this deal, but there was some environmental remediation done on one of the parcels involved by a third party that helped facilitate this sale. There was no 1031 exchange involved in this transaction. The seller was motivated to divest of this property due to its historical significance, as the place of birth of a former slave who rose to prominence in North Carolina as a famous artist in the 1800's. The City of Winston Salem purchased this property to have it remodeled as the "New Winston" African American History Museum, where the history of the land will play a part in one of its many exhibits. These details have been confirmed by the buyer, as well as with the conservationists that helped facilitate the deal on behalf of the seller.

My calculation of the final value conclusion for the preservation easement is noted below:

Before Fair Market Value of the Subject Property	\$ 2,310,000
Less the After Fair Market Value of the Subject Property	\$ 1,440,000 ¹¹
Equals the Fair Market Value of the Preservation Easement	\$ 870,000

¹¹ This includes a deduction of \$360,000 for the impact the easement has on the façade.

PART FOUR – CONCLUSIONS

RESTRICTED APPRAISAL REVIEW AND RESTRICTED OPINION OF VALUE CONCLUSIONS

USE RESTRICTION: Restricted Appraisal Reports are for the clients and named intended users only and as such, may not contain supporting rationale for all the opinions and conclusions set forth in the report.

The REV report does not satisfy the requirements of any known generally accepted appraisal standards including USPAP (i.e. USPAP's Scope of Work Rule, and Ethics Rule) because:

- Scope of Work was too limited for this type of assignment. For example, REV did not correctly note the supplemental standards that would require compliance with IRC §170(f)(11)(E). This is extremely important since REV claims to have been compliant with the 2020-2021 version of the USPAP and has not even met its basic disclosure requirement.
- Failure to recognize and adhere to applicable assignment conditions violate one or more of USPAP requirements and as stated in Advisory Opinion 30 "An appraiser who represents that an assignment is or will be completed in compliance with applicable assignment conditions and who then knowingly fails to comply with those assignment conditions violates the ETHICS RULE." REV violated the Ethics Rule by communicating a report that is misleading and performing an assignment in a grossly negligent manner.
- Failure to consider use of the sales comparison approach in determining the value before the subject would be encumbered by the easement.

The REV report does not comply with generally accepted appraisal standards (Standards Rule 1 and 2 of USPAP) and is therefore not considered a qualified appraisal as defined within IRC §170(f)(11)(E). The REV report is not in compliance because:

- Scope of work was too limited and incomplete for this type of assignment. (Adequacy)
- Easement appraisal, utilizing the before and after method, typically requires a hypothetical condition. For example, if, as of the valuation date, the subject property was encumbered by a preservation easement REV should have used a hypothetical condition advising that he was valuing the subject property as if the preservation easement did not exist on the valuation date. This was not contemplated in the REV report. (Completeness)
- It should also be noted that REV misquoted one of the treasury regulations in their certification.
- By using direct capitalization on proposed construction, the value conclusion does not represent the fair market value of the subject property, based upon its intended use, as of the valuation date, but rather a value at some future date.

- Several recent sales should have been analyzed by REV to determine if they were suitable alternates of choice to the subject. REV appears to ignore the fact that there were other alternates of choice that may have had potential to be redeveloped as apartments and were more representative of the subject's FMV in its "as-is" condition as required.

Based upon the discussions above and given law, regulations and intended user requirements that are applicable to the work under review, it is my opinion that the REV Appraisal Report is not complete, accurate, adequate, reasonable, or appropriate given the data, methods, techniques and analysis provided. Therefore, I find the conclusion stated in the REV appraisal as lacking credibility due to the errors and inconsistencies found in it, and in my opinion, the REV report is not a qualified appraisal as required by the IRC.

Although the appropriate standard is the USPAP, the defects in the REV report would be the same when measured against any other recognized real property appraisal standard.

PART FIVE – REQUIRED ITEMS

Sources of Information

The following information was used in the preparation of this report:

- The 2006, 2008-2009, 2010-2011, 2012-2013, 2014-2015, 2016-2017, 2018-2019 and 2020-2021 editions of *the USPAP*.
- The 13th and 14th Editions of *The Appraisal of Real Estate* and the 5th and 6th edition of *The Dictionary of Real Estate Appraisal*, all published by the Appraisal Institute.
- Supplemental standards for the valuation of conservation easements such as the applicable sections of the IRC, Treas. Regs., Publication 561, and Chief Counsel Notice 2006-96.
- Various seminars and publications of the Appraisal Institute including the *Valuation of Conservation Easements* course and the *Appraising Historic Preservation Easements* course, and
- The 2011 textbook published by the Appraisal Institute and entitled *Appraising Conservation and Historic Preservation Easements* and written by Richard Roddewig, MAI.
- International Valuation Standards (IVS-2014 Red Book); Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book 2000); Interagency Appraisal and Evaluation Guidelines (2016).
- 2013 Edition of *Review Theory – General*, published by the Appraisal Institute
- The Internal Revenue Code and Treasury Regulations
- Preliminary research into the market for additional sales
- Realty Rates.com
- Forsyth County records for sales of properties like the subject
- CoStar and RealQuest data bases

Definitions

DEFINITION OF FAIR MARKET VALUE

Fair market value is defined as:

“the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts.”¹²

The Appraisal of Real Estate 14th edition, page 48 under the heading of “Report of Defined Value” defines an Appraisal Report as the tangible expression of the appraiser’s work. Appraisal Reports represent communication of the results of the appraisal. Appraisal Reports must not be misleading.

Property Rights Appraised

The property rights considered are the fee simple estate.

Conditions of Report

This review appraisal is based on the subject’s “as of the valuation date” condition.

USPAP Definitions

USPAP defines **appraisal** (noun) as “the act or process of developing an opinion of value”.¹³

USPAP defines **credible** as “worthy of belief”.¹⁴

USPAP defines an **extraordinary assumption** as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.”¹⁵

USPAP defines a **hypothetical condition** as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis”.¹⁶

USPAP defines **misleading** as “Intentionally or unintentionally misrepresenting, misstating, or concealing relevant facts or conclusions.”¹⁷

¹² Treasury Regulations §§ 1.170A-1(c)(2), 25.2512-1, & 20.2031-1(b)

¹³ USPAP 2020-2021 Edition page 3 line 62

¹⁴ IBID page 4 line 103

¹⁵ IBID page 4 lines 111-112

¹⁶ IBID page 4 lines 117-118

¹⁷ IBID page 5 line 139

Assumptions and Limiting Conditions

This report and the Letter of Transmittal are made expressly subject to the following Assumptions and Limiting Conditions, and any special limiting conditions contained in the report, which are incorporated herein by reference.

1. The legal description (when available) is assumed to be correct. I assume no responsibility for matters legal in character nor do I render any opinion as to the title, which is assumed to be good. All existing liens and encumbrances, if any, have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
2. Sketches and surveys that may be included in this review report or in the original appraisal report are to assist the reader in visualizing the property. I have made no survey of the property and assume no responsibility in connection with such matters.
3. I believe to be reliable the information, which was furnished by others, but I assume no responsibility for its accuracy.
4. Possession of this report, or copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by anyone but the Internal Revenue Service without the previous written consent of the review appraiser.
5. The land, and particularly the soil, of the area that is the subject property appear firm and solid. Subsidence in the area is unknown or uncommon, but I do not warrant against this condition or occurrence.
6. Subsurface rights (mineral and oil) were not considered in making this appraisal.
7. Damage, if any, by termites, dry rot, wet rot, or other infestations are reported as a matter of information by the appraiser(s). I do not guarantee the amount of damage, if any. Any damage cited is based upon a visual observation and it is recommended that an extermination expert be consulted if infestation is suspected.
8. All furnishings and equipment, except those specifically indicated and typically considered as a part of real estate, have been disregarded. Only the real estate has been considered.
9. The comparable sales data relied upon is believed to be from reliable sources; however, it was not possible to inspect the comparables completely, and it was necessary to rely on information furnished by others as to said data; therefore, the value conclusions are subject to the correctness and verification of said data.
10. The review appraiser has viewed the land and the improvements. It was not possible to personally observe conditions beneath the soil or hidden structural components within the improvements. Therefore, no representations are made herein as to these matters and unless specifically considered in the report. The value estimate is subject to any such conditions that could cause a loss in value.

Condition of heating, cooling, ventilating, electrical and plumbing equipment is considered to be commensurate with the conditions of the balance of the improvements unless otherwise stated.

11. Neither all nor any of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the author, particularly as to valuation conclusions, the identity of the appraiser or firm with which he is connected, or any references to the Appraisal Institute.
12. Zoning ordinances are assumed to be stable. Full conformity is assumed unless otherwise specified in this report.
13. The reviewer, by reason of this appraisal review, is not required to give further consultation or testimony or be in attendance during any hearings or depositions, with reference to the properties in question unless arrangements have been previously made.
14. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any other person than the IRS without the written consent of the reviewer, and in any event, only with proper written qualification and only in its entirety.
15. The comparable sales data relied upon (if any) is believed to be from reliable sources; however, it was not possible to inspect the comparables completely, and it was necessary to rely on information furnished by others as to said data; therefore, the value conclusions are subject to the correctness and verification of said data.
16. I have not made an inquiry concerning the historic preservation regulations and restrictions on use or development of the subject property. Information regarding these restrictions is contained in the REV report and is assumed correct unless otherwise noted.
17. **Special Limiting Condition:** *Those descriptive elements of the REV report reviewed and found to be generally correct and reliable have been specifically incorporated by reference into this Appraisal Review. Therefore, this Appraisal Review should be read and considered by reference to those sections of the REV report found to be correct and reliable.*
18. **Extraordinary Assumption:** *An extraordinary assumption is an assignment specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.*
19. **Hypothetical Condition:** *A hypothetical condition is that which is contrary to what exists but is supposed for purposes of analysis.*

Jurisdictional Exception

USPAP Record Keeping Rule requires the appraiser to maintain a work file for a period of five years after preparation or at least two years after final disposition of any judicial proceeding in which the appraiser provided testimony related to the assignment, whichever period expires last (lines 282-284 (page 10) USPAP 2020-2021). Lines 285-297 outline that the appraiser must have custody of the file or make arrangements for retrieval with the party that has custody of the file for submission to state regulatory agencies, submission to a duly authorized professional peer review committee, or compliance with due process of law.

However, the Internal Revenue Code, Treasury Regulations, and Privacy Act do not allow retention of these records. The Jurisdictional Exception Rule (USPAP 2020-2021, page 15, lines 413-429) indicate that "if any applicable law or regulation precludes compliance with USPAP, only that part of USPAP becomes void for that assignment". To invoke this rule, one must identify the law or regulation, comply with that law or regulation, clearly and conspicuously disclose in the report the part of USPAP that is voided by that law or regulation, and cite in the report the law and regulation requiring the exception to USPAP compliance (see USPAP 2020-2021, page 15 lines 417-422). The voided part of USPAP is the Record Keeping Rule. The legal authority is: Treas. Reg. § 301.6103(n)-1(a) (1); IRC §§ 6103(a)(3), 7431(a)(2), 7213(a)(1), and 7213A (a)(1)(B); 5 USCS §§ 552(a), 552(b); IRC § 6103(c); and Treas. Reg. § 301.6103(n)-(a) (2) and (4).

Certification

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

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of the work under review and no personal interest with respect to the parties involved.
- I have previously completed an ROV on the subject property dated May 5, 2022. This report is not a new assignment but rather a report to correct errors noted in the May 5, 2022 ROV.
- I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
- my compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
- my analyses, opinions, and conclusions were developed, and this review report was prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the subject of the work under review.
- no one provided significant real property appraisal assistance to the person signing this certification.



Howard L. Kanter, Review appraiser
Florida State-certified general real estate appraiser RZ2786
Date of Report: July 1, 2022

EXHIBIT C

Form **2848**
 (Rev. January 2021)
 Department of the Treasury
 Internal Revenue Service

**Power of Attorney
 and Declaration of Representative**

OMB No. 1545-0150

For IRS Use Only

Received by:

Name _____

Telephone _____

Function _____

Date / /

► Go to www.irs.gov/Form2848 for instructions and the latest information.

Part I Power of Attorney

Caution: A separate Form 2848 must be completed for each taxpayer. Form 2848 will not be honored for any purpose other than representation before the IRS.

1 Taxpayer information. Taxpayer must sign and date this form on page 2, line 7.

Taxpayer name and address		Taxpayer identification number(s) ██████████	
		Daytime telephone number	Plan number (if applicable)

hereby appoints the following representative(s) as attorney(s)-in-fact:

2 Representative(s) must sign and date this form on page 2, Part II.

Name and address	CAF No. _____ PTIN _____ Telephone No. _____ Fax No. _____
Check if to be sent copies of notices and communications <input type="checkbox"/>	Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
Name and address	CAF No. _____ PTIN _____ Telephone No. _____ Fax No. _____
Check if to be sent copies of notices and communications <input type="checkbox"/>	Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
Name and address	CAF No. _____ PTIN _____ Telephone No. _____ Fax No. _____
(Note: IRS sends notices and communications to only two representatives.)	Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
Name and address	CAF No. _____ PTIN _____ Telephone No. _____ Fax No. _____
(Note: IRS sends notices and communications to only two representatives.)	Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>

to represent the taxpayer before the Internal Revenue Service and perform the following acts:

3 Acts authorized (you are required to complete line 3). Except for the acts described in line 5b, I authorize my representative(s) to receive and inspect my confidential tax information and to perform acts I can perform with respect to the tax matters described below. For example, my representative(s) shall have the authority to sign any agreements, consents, or similar documents (see instructions for line 5a for authorizing a representative to sign a return).

Description of Matter (Income, Employment, Payroll, Excise, Estate, Gift, Whistleblower, Practitioner Discipline, PLR, FOIA, Civil Penalty, Sec. 4980H Shared Responsibility Payment, etc.) (see instructions)	Tax Form Number (1040, 941, 720, etc.) (if applicable)	Year(s) or Period(s) (if applicable) (see instructions)

4 Specific use not recorded on the Centralized Authorization File (CAF). If the power of attorney is for a specific use not recorded on CAF, check this box. See Line 4. Specific Use Not Recorded on CAF in the instructions

5a Additional acts authorized. In addition to the acts listed on line 3 above, I authorize my representative(s) to perform the following acts (see instructions for line 5a for more information): Access my IRS records via an Intermediate Service Provider; Authorize disclosure to third parties; Substitute or add representative(s); Sign a return; _____

Other acts authorized: _____

b Specific acts not authorized. My representative(s) is (are) not authorized to endorse or otherwise negotiate any check (including directing or accepting payment by any means, electronic or otherwise, into an account owned or controlled by the representative(s) or any firm or other entity with whom the representative(s) is (are) associated) issued by the government in respect of a federal tax liability.

List any other specific deletions to the acts otherwise authorized in this power of attorney (see instructions for line 5b): _____

6 Retention/revocation of prior power(s) of attorney. The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same matters and years or periods covered by this form. If you **do not** want to revoke a prior power of attorney, check here

YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.

7 Taxpayer declaration and signature. If a tax matter concerns a year in which a joint return was filed, each spouse must file a separate power of attorney even if they are appointing the same representative(s). If signed by a corporate officer, partner, guardian, tax matters partner, partnership representative (or designated individual, if applicable), executor, receiver, administrator, trustee, or individual other than the taxpayer, I certify I have the legal authority to execute this form on behalf of the taxpayer.

▶ IF NOT COMPLETED, SIGNED, AND DATED, THE IRS WILL RETURN THIS POWER OF ATTORNEY TO THE TAXPAYER.

Craig A Schultz

10/31/2022

Signature

Date

Title (if applicable)

Print name

Print name of taxpayer from line 1 if other than individual

Part II Declaration of Representative

Under penalties of perjury, by my signature below I declare that:

- I am not currently suspended or disbarred from practice, or ineligible for practice, before the Internal Revenue Service;
- I am subject to regulations in Circular 230 (31 CFR, Subtitle A, Part 10), as amended, governing practice before the Internal Revenue Service;
- I am authorized to represent the taxpayer identified in Part I for the matter(s) specified there; and
- I am one of the following:
 - a Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.
 - b Certified Public Accountant—a holder of an active license to practice as a certified public accountant in the jurisdiction shown below.
 - c Enrolled Agent—enrolled as an agent by the IRS per the requirements of Circular 230.
 - d Officer—a bona fide officer of the taxpayer organization.
 - e Full-Time Employee—a full-time employee of the taxpayer.
 - f Family Member—a member of the taxpayer’s immediate family (spouse, parent, child, grandparent, grandchild, step-parent, step-child, brother, or sister).
 - g Enrolled Actuary—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the IRS is limited by section 10.3(d) of Circular 230).
 - h Unenrolled Return Preparer—Authority to practice before the IRS is limited. An unenrolled return preparer may represent, provided the preparer (1) prepared and signed the return or claim for refund (or prepared if there is no signature space on the form); (2) was eligible to sign the return or claim for refund; (3) has a valid PTIN; and (4) possesses the required Annual Filing Season Program Record of Completion(s). **See Special Rules and Requirements for Unenrolled Return Preparers in the instructions for additional information.**
 - k Qualifying Student or Law Graduate—receives permission to represent taxpayers before the IRS by virtue of his/her status as a law, business, or accounting student, or law graduate working in a LITC or STCP. See instructions for Part II for additional information and requirements.
 - r Enrolled Retirement Plan Agent—enrolled as a retirement plan agent under the requirements of Circular 230 (the authority to practice before the Internal Revenue Service is limited by section 10.3(e)).

▶ IF THIS DECLARATION OF REPRESENTATIVE IS NOT COMPLETED, SIGNED, AND DATED, THE IRS WILL RETURN THE POWER OF ATTORNEY. REPRESENTATIVES MUST SIGN IN THE ORDER LISTED IN PART I, LINE 2.

Note: For designations d–f, enter your title, position, or relationship to the taxpayer in the “Licensing jurisdiction” column.

Designation— Insert above letter (a–r).	Licensing jurisdiction (State) or other licensing authority (if applicable)	Bar, license, certification, registration, or enrollment number (if applicable)	Signature	Date
			<i>Scott M. Tracy</i>	
			<i>Vin Patel</i>	
			<i>Don Campbell</i>	

Form **2848**
 (Rev. February 2020)
 Department of the Treasury
 Internal Revenue Service

**Power of Attorney
 and Declaration of Representative**

OMB No. 1545-0150

For IRS Use Only

Received by: _____
 Name _____
 Telephone _____
 Function _____
 Date / /

► Go to www.irs.gov/Form2848 for instructions and the latest information.

Part I Power of Attorney

Caution: A separate Form 2848 must be completed for each taxpayer. Form 2848 will not be honored for any purpose other than representation before the IRS.

1 Taxpayer information. Taxpayer must sign and date this form on page 2, line 7.

Craig Schultz, Designated Individual of GBX PR LLC, Partnership
 Representative for Twin-City Motor Company Building, LLC
 2101 Superior Ave East, Cleveland, OH 44114

Taxpayer identification number(s) [REDACTED]	
Daytime telephone number 216-241-6689	Plan number (if applicable)

hereby appoints the following representative(s) as attorney(s)-in-fact:

2 Representative(s) must sign and date this form on page 2, Part II.

Name and address Katherine Jordan c/o GBX Group 2101 Superior Ave East, Suite 300, Cleveland, OH 44114	CAF No. 0309-98973R PTIN _____ Telephone No. 919-452-7949 Fax No. 216-241-6717
Check if to be sent copies of notices and communications <input type="checkbox"/>	Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
Name and address Richard Greco c/o GBX Group 2101 Superior Ave East, Suite 300, Cleveland, OH 44114	CAF No. 3200-15898R PTIN _____ Telephone No. 216-241-6689 Fax No. 216-241-6717
Check if to be sent copies of notices and communications <input type="checkbox"/>	Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
Name and address Jacob Dean c/o GBX Group 2101 Superior Ave East, Suite 300, Cleveland, OH 44114	CAF No. 0311-07933R PTIN _____ Telephone No. 216-241-6689 Fax No. 216-241-6717
(Note: IRS sends notices and communications to only two representatives.)	Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>
Name and address	CAF No. _____ PTIN _____ Telephone No. _____ Fax No. _____
(Note: IRS sends notices and communications to only two representatives.)	Check if new: Address <input type="checkbox"/> Telephone No. <input type="checkbox"/> Fax No. <input type="checkbox"/>

to represent the taxpayer before the Internal Revenue Service and perform the following acts:

3 Acts authorized (you are required to complete this line 3). With the exception of the acts described in line 5b, I authorize my representative(s) to receive and inspect my confidential tax information and to perform acts that I can perform with respect to the tax matters described below. For example, my representative(s) shall have the authority to sign any agreements, consents, or similar documents (see instructions for line 5a for authorizing a representative to sign a return).

Description of Matter (Income, Employment, Payroll, Excise, Estate, Gift, Whistleblower, Practitioner Discipline, PLR, FOIA, Civil Penalty, Sec. 4980H Shared Responsibility Payment, etc.) (see instructions)	Tax Form Number (1040, 941, 720, etc.) (if applicable)	Year(s) or Period(s) (if applicable) (see instructions)
Centralized Partnership Audit Regime - BBA, FOIA	1065	2019

4 Specific use not recorded on Centralized Authorization File (CAF). If the power of attorney is for a specific use not recorded on CAF, check this box. See Line 4. Specific Use Not Recorded on CAF in the instructions

5a Additional acts authorized. In addition to the acts listed on line 3 above, I authorize my representative(s) to perform the following acts (see instructions for line 5a for more information): Access my IRS records via an Intermediate Service Provider; Authorize disclosure to third parties; Substitute or add representative(s); Sign a return; _____

Other acts authorized: _____

b Specific acts not authorized. My representative(s) is (are) not authorized to endorse or otherwise negotiate any check (including directing or accepting payment by any means, electronic or otherwise, into an account owned or controlled by the representative(s) or any firm or other entity with whom the representative(s) is (are) associated) issued by the government in respect of a federal tax liability.

List any other specific deletions to the acts otherwise authorized in this power of attorney (see instructions for line 5b): _____

6 Retention/revocation of prior power(s) of attorney. The filing of this power of attorney automatically revokes all earlier power(s) of attorney on file with the Internal Revenue Service for the same matters and years or periods covered by this document. If you **do not** want to revoke a prior power of attorney, check here

YOU MUST ATTACH A COPY OF ANY POWER OF ATTORNEY YOU WANT TO REMAIN IN EFFECT.

7 Signature of taxpayer. If a tax matter concerns a year in which a joint return was filed, each spouse must file a separate power of attorney even if they are appointing the same representative(s). If signed by a corporate officer, partner, guardian, tax matters partner, partnership representative (or designated individual, if applicable), executor, receiver, administrator, or trustee on behalf of the taxpayer, I certify that I have the legal authority to execute this form on behalf of the taxpayer.

▶ IF NOT COMPLETED, SIGNED, AND DATED, THE IRS WILL RETURN THIS POWER OF ATTORNEY TO THE TAXPAYER.

Craig A Schultz

10.22.2021

Designated Individual of GBX PR LLC

Signature

Date

Title (if applicable)

Craig Schultz

GBX PR LLC as Partnership Representative of Twin-City Motor Company Building, LLC

Print name

Print name of taxpayer from line 1 if other than individual

Part II Declaration of Representative

Under penalties of perjury, by my signature below I declare that:

- I am not currently suspended or disbarred from practice, or ineligible for practice, before the Internal Revenue Service;
- I am subject to regulations contained in Circular 230 (31 CFR, Subtitle A, Part 10), as amended, governing practice before the Internal Revenue Service;
- I am authorized to represent the taxpayer identified in Part I for the matter(s) specified there; and
- I am one of the following:
 - a Attorney—a member in good standing of the bar of the highest court of the jurisdiction shown below.
 - b Certified Public Accountant—a holder of an active license to practice as a certified public accountant in the jurisdiction shown below.
 - c Enrolled Agent—enrolled as an agent by the IRS per the requirements of Circular 230.
 - d Officer—a bona fide officer of the taxpayer organization.
 - e Full-Time Employee—a full-time employee of the taxpayer.
 - f Family Member—a member of the taxpayer’s immediate family (spouse, parent, child, grandparent, grandchild, step-parent, step-child, brother, or sister).
 - g Enrolled Actuary—enrolled as an actuary by the Joint Board for the Enrollment of Actuaries under 29 U.S.C. 1242 (the authority to practice before the IRS is limited by section 10.3(d) of Circular 230).
 - h Unenrolled Return Preparer—Authority to practice before the IRS is limited. An unenrolled return preparer may represent, provided the preparer (1) prepared and signed the return or claim for refund (or prepared if there is no signature space on the form); (2) was eligible to sign the return or claim for refund; (3) has a valid PTIN; and (4) possesses the required Annual Filing Season Program Record of Completion(s). **See Special Rules and Requirements for Unenrolled Return Preparers in the instructions for additional information.**
 - k Qualifying Student—receives permission to represent taxpayers before the IRS by virtue of his/her status as a law, business, or accounting student working in an LITC or STCP. See instructions for Part II for additional information and requirements.
 - r Enrolled Retirement Plan Agent—enrolled as a retirement plan agent under the requirements of Circular 230 (the authority to practice before the Internal Revenue Service is limited by section 10.3(e)).

▶ IF THIS DECLARATION OF REPRESENTATIVE IS NOT COMPLETED, SIGNED, AND DATED, THE IRS WILL RETURN THE POWER OF ATTORNEY. REPRESENTATIVES MUST SIGN IN THE ORDER LISTED IN PART I, LINE 2.

Note: For designations d–f, enter your title, position, or relationship to the taxpayer in the “Licensing jurisdiction” column.

Designation— Insert above letter (a–r).	Licensing jurisdiction (State) or other licensing authority (if applicable)	Bar, license, certification, registration, or enrollment number (if applicable)	Signature	Date
a	Ohio	97560	<i>Katherine Jordan</i>	10/20/2021
a	Ohio	0017177	<i>Richard A Greco</i>	10/26/2021
a	Ohio	0088049	<i>Jim E. Den</i>	10/26/2021

EXHIBIT D

