

**Insurance Replacement Cost Valuation for  
Deerwood Place Condominium Master Assoc.**

4480 Deerwood Lake Parkway  
Jacksonville, Florida 32216

**SMITH APPRAISAL SERVICES, INC.**

**CLIENT:**

**Deerwood Place Condominium – Master Association  
4480 Deerwood Lake Parkway  
Jacksonville, Florida 32216**

**SMITH APPRAISAL SERVICES, INC.**  
**REAL ESTATE APPRAISERS - CONSULTANTS**  
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February 20, 2018

Deerwood Place Condominium Master Association  
4480 Deerwood Lake Parkway  
Jacksonville, Florida 32216

Re: Insurance replacement cost valuation of specified common building improvements located at the Deerwood Place Condominium development, Jacksonville, Florida.

Dear Client:

As requested, I have performed a replacement cost valuation of the above-mentioned property for insurance purposes. The below values assume the buildings will be constructed to meet all current applicable building codes if rebuilt.

It is my opinion the total estimated replacement cost of the specified building improvements, as well as the assumptions and limiting conditions, at the subject property commonly known as the Deerwood Place Condominium development, Jacksonville, Florida, as of February 20, 2018 is:

***Hazard Insurance***

**Opinion of Probable Replacement Cost – No Foundations: \$ 717,000**

***National Flood Insurance***

**Opinion of Probable Replacement Cost – With Foundations: \$ 731,000**

Respectfully Submitted,



Mark T. Smith  
Florida State-Certified General Real  
Estate Appraiser Lic. No. RZ 2620

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## OVERVIEW OF VALUATION ASSIGNMENT

### IDENTIFICATION OF THE SUBJECT PROPERTY

The subject of this insurance replacement cost valuation is building improvements consisting of a clubhouse building, mail building, and an in-ground pool with associated improvements. The building improvements are common structures located at the Deerwood Place Condominium development, which is located within twelve miles west of the Atlantic Ocean in the City of Jacksonville (Duval County) in northeast Florida. It has a physical address of 4480 Deerwood Lake Parkway, Jacksonville, Florida 32216.

### PURPOSE OF THE VALUATION

This valuation is to provide an opinion of replacement value for the building improvements for insurance purposes. The improvements valued in this report include the entire building area, including interior finishes. The term “improvements” are all building components specified in this report. Items such as natural landscaping, lighting (outside of specified structures), walkways (outside of specified structures), streets and parking areas are not valued in this report. Personal/business fixtures are also not valued in this report.

### INTENDED USE/USER OF THE REPORT

This valuation is intended for insurance purposes based on an opinion of the replacement cost of specified improvements described in the report. The intended user is the client specified in this report.

### DATE OF PROPERTY INSPECTION / EFFECTIVE DATE / REPORT DATE OF APPRAISED VALUE

February 20, 2018

### DEVELOPMENT AND REPORTING PROCESS

In preparing this valuation, I

- Inspected the exterior of the improvements, physically measured the improvements, and/or examined the building plans (blueprints-if any), and/or conversed with persons knowledgeable with the property.
- Utilized actual costs obtained from similar quality structures constructed in the area, and/or conversed with local builders/developers, and/or utilized the Marshall and Swift Valuation Service and/or the RS Means Cost Service in determining the estimation of replacement cost for the improvements specified in this report.
- Reconciled the replacement values for the building improvements specified in this report.

## SMITH APPRAISAL SERVICES INC.

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This appraisal and report has been prepared in compliance with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP). Per agreement with the client, I have prepared this Restricted Appraisal Report format in conformance with Standards Rules Standards Rules 2-2 and 8-2. The Restricted Appraisal Report is for the client's needs. As such, the report presents summarized or limited discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation has been retained in the appraiser's file. The appraiser's opinions and conclusions set forth in the report may not be understood properly without the additional information in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

### **DEFINITION OF REPLACEMENT COST VALUE**

Replacement cost is the estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design, and layout. The definition of Replacement Cost is taken directly from the Appraisal Institute: The Appraisal of Real Estate 13th Edition.

### **HIGHEST AND BEST USE**

The Highest and Best Use of a property is defined in the Appraisal Institute: The Appraisal of Real Estate 13th Edition as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible and results in the highest value.

Considering the physical nature of the subject property building improvements it is my opinion the Highest and Best Use of the improvements is for its current use as described in the report.

This is an insurance replacement cost valuation. It is not a market value appraisal and land is not considered in the appraisal. Therefore, a sales comparison approach or income approach are not utilized in this valuation. Only the Cost Approach is utilized in the appraisal.

### **COMPETENCY OF THE APPRAISERS**

The appraiser has the knowledge and experience to value the property type and within geographic market area, which is the subject of this valuation.

Of Note: Due to the continually changing costs in construction materials it is recommended that the client have the property re-evaluated on an annual basis to insure proper coverage.

## GENERAL ASSUMPTIONS

- Information and data furnished by others is usually assumed to be true, correct and reliable. When such information and data appears to be dubious and when it is critical to the analysis, a reasonable effort has been made to verify all such information; however, the consultant assumes no responsibility for its accuracy.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering, which may be required to discover them.
- It is assumed that there is full compliance with all-applicable federal, state and local environmental and structural regulations and laws unless noncompliance is stated, defined and considered in this report.
- I am not expert in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction, or otherwise present on the property. I assume no responsibility for the studies or analyses, which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances.
- The appraiser is not a licensed builder and does not profess to be such. The information obtained to perform this cost valuation is based on information from construction cost services, builders and developers, and is assumed accurate.

### **SPECIAL ASSUMPTIONS**

- The appraiser was not supplied the architectural drawings (blueprints) for the buildings at the subject property and therefore assumptions were made concerning building construction materials. Building materials stated in this report are based on review of the plans supplied, my visible inspection and/or conversations with persons knowledgeable with the property and is assumed accurate.

**Changes in any of the assumed information reported above could affect the opinion of value and I reserve the right to change the value conclusion if different information than what is stated in this report is found in the future.**

### **HYPOTHETICAL CONDITIONS**

- These are existing building improvements. However, for this replacement cost valuation the improvements are considered new. Recognizing the buildings as being new is hypothetical condition; a condition that is contrary to what exists, but asserted by the appraiser for the purpose of analysis.

**Changes in any of the assumed information reported above could affect the value conclusion and I reserve the right to change the value conclusion if different information than what is stated in this report is found in the future.**

**GENERAL LIMITING CONDITIONS**

1. The appraiser will not be required to give testimony or appear in court because of having made this analysis, with reference to the property in question, unless arrangements have been previously made thereof.
2. Possession of the report, or copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the consultant, and in any event only with proper written qualifications and only in its entirety.
3. Neither all nor any part of the contents of this report, or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales or any other media without written consent and approval of the consultant. Nor shall the consultant, firm or professional organization of which the consultant is a member be identified without written consent of the consultant.
4. Neither my name nor report may be used in conjunction with any financing plans, which would be classified as a public offering under state or federal securities laws.
5. Acceptance of and/or use of this report constitutes acceptance of the foregoing General Assumptions and General Limiting Conditions.



## DESCRIPTION OF IMPROVEMENTS

### IMPROVEMENT DESCRIPTION

The improvements are summarized briefly below:

- A 1,446± square foot single-story clubhouse building with a large covered patio area featuring ceiling fans and lighting. The interior of the clubhouse houses a gathering room; kitchen area; two restrooms accessed from an exterior hallway; and a general use room (currently utilized as fitness area at this time); and general storage area. There is a built-in sound and back-up lighting system at the building, as well as an attached drinking fountain.
- Adjacent to the clubhouse is a 2,468± square foot in-ground swimming pool with 3'6" to 4'6" depths, brick "paver" perimeter decking, and in-ground multi-person spa. The pool area is surrounded by metal-frame fencing.
- A 310± square foot (under roof) single-story building that houses built-in mail receptacles.
- Four metal automatic vehicle gates with keypad entry at the entrance of the complex.

Based on county records it is estimated the buildings were constructed in or around 2006.

**SMITH APPRAISAL SERVICES INC.**

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**BUILDING CONSTRUCTION – CLUBHOUSE**

<b>Description</b>	<b>Material</b>
Exterior Wall Finish	Primary - Brick Finish / Secondary - Stucco Finish
Exterior Wall Frame	Metal Stud
Roof Style	Hip / One Gable End
Roof Covering	Fiberglass Shingle
Roof Framing / Decking	Wood / Wood
Foundation	Concrete
Floor Frame	Concrete
Gutters	Aluminum
Insulation	Assumed Adequate Materials
Doors	Metal / Glass / Wood
Windows	Single-Hung
HVAC	Centralized Heating/Cooling System
Plumbing	Assume Adequate Materials
Electrical	Assume Adequate Materials
Fire Sprinkler System	None Noted / Reported
<b>Interior - Finished Areas:</b>	
Walls	Metal Frame - Drywall Finish
Ceiling	Wood Frame - Drywall Finish
Floors	Tile / Carpet

**BUILDING CONSTRUCTION – MAIL BUILDING**

<b>Description</b>	<b>Material</b>
Exterior Wall Finish	Brick Finish & Stucco Finish
Exterior Wall Frame	Metal Stud
Roof Style	Dutch Hip
Roof Covering	Fiberglass Shingle
Roof Framing / Decking	Wood / Wood
Foundation	Concrete
Floor Frame	Concrete
Fire Sprinkler System	None Noted / Reported

SITE PLAN



AERIAL MAP

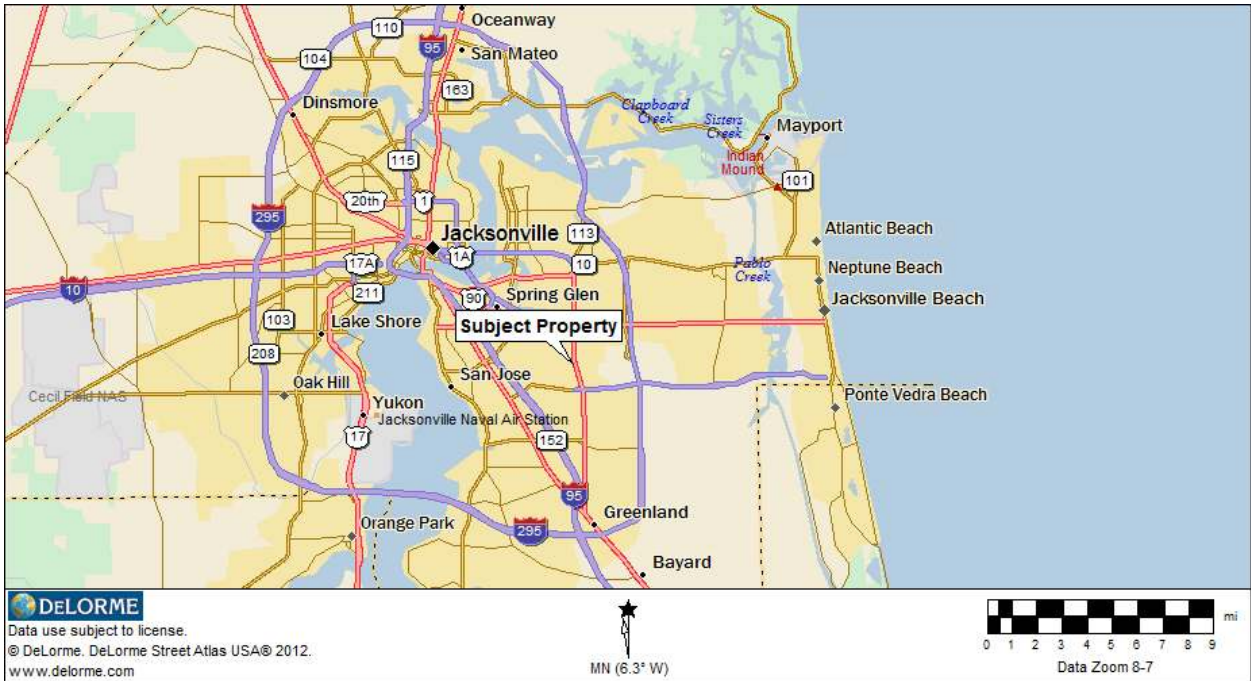




LOCATION MAP - CLOSE



LOCATION MAP - FAR



**SUBJECT PHOTOGRAPHS**  
(Various Photos May be from an Earlier Date)



Clubhouse Building



Clubhouse Building



SUBJECT PHOTOGRAPHS



Clubhouse Building



Clubhouse Building

SUBJECT PHOTOGRAPHS



Clubhouse Building



Clubhouse Building



SUBJECT PHOTOGRAPHS



Clubhouse Building



Clubhouse Building

SUBJECT PHOTOGRAPHS



Mail Building



Mail Building

SUBJECT PHOTOGRAPHS



Pool Area



Pool Area



**SUBJECT PHOTOGRAPHS**



Pool Area



Vehicle Entrance Gates

## VALUATION PROCESS

These are existing building improvements, however, for this replacement cost valuation, the improvements are considered new.

This valuation is to provide an opinion of replacement cost value for the specified building improvements for insurance purposes. The improvements valued in this report include all interior and exterior finishes and have been valued with and without foundations. The term “improvements” are all building components specified in this report. Items such as natural landscaping, lighting (outside of specified structures), walkways (outside of specified structures), streets and parking areas are not valued in this report. Personal/business fixtures are also not valued in this report.

### ESTIMATE OF REPLACEMENT COST NEW

In this valuation, actual costs obtained from similar quality buildings constructed in the area, and cost manuals are used to estimate the replacement cost new of the subject improvements. The cost service utilizes cost figures adjusted to the Central to North Florida area and therefore, are applicable to the subject improvements.

Replacement cost is the estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design, and layout.

Of Note: If a building improvement is required to be rebuilt, this valuation assumes it will be constructed to meet all current applicable building codes.

In the cost grid on the following pages the buildings are being valued based on a dollar-per-square-foot rate that covers all interior and exterior finishes for a total building area replacement value. Attached fixtures are considered when determining the cost per square foot rate for the building. A cost for debris removal/demolition is also estimated. Due to the different levels of possible damage in relation to costs of debris removal/demolition, the cost reported below is based on the majority of the being building leveled with no hazardous material removal. A cost for foundations is shown separately. Items such as natural landscaping, lighting (outside of specified structures), walkways (outside of specified structures), streets and parking areas are not valued in this report. Personal/business fixtures are also not valued in this report.

Of Note: It should be noted that the cost rate (per square foot) applied to each building is based on each building being constructed separately and not all of the buildings collectively. Based on the economies of scale, buildings constructed collectively typically cost less to construct than when one building is constructed separately, considering all other characteristics are similar. The cost rate per building may vary because of quality and features, but also because of the economies of scale. The cost rate (per square foot) applied to each building also takes into consideration the size, and area being built, of each building. Based on the economies of scale, larger buildings typically cost less to construct than a smaller building when built individually.

This is an insurance replacement cost valuation. The costs in this report take into consideration the urgency of replacement of the building, as well as the costs associated with a new building being constructed around existing buildings and site improvements.

Due to the continually changing costs in labor and construction materials it is recommended that the client have the property re-evaluated on an annual basis to insure proper coverage.

Of Note: Please review the report very carefully and if there are any questions or corrections feel free to contact me at any time. If I am not contacted within thirty days of receipt of the appraisal, with no notice of required changes, I will assume you have reviewed the appraisal and agree with the data stated within the report.

**SMITH APPRAISAL SERVICES INC.**

**COST BREAKDOWN**

<b>Building</b>	<b>Total</b>	<b>Rate Per</b>	<b>Replacement Cost -</b>	<b>Deduction For Interior</b>	<b>Replacement Cost -</b>
<b>Description</b>	<b>Area (SF)</b>	<b>Square Foot</b>	<b>Flood Insurance</b>	<b>Exclusions Est. @ \$0 Per SF</b>	<b>Hazard Insurance</b>
<b>Clubhouse Building</b>	1,446	\$241.00	\$348,486	\$0	\$348,486
<b>Estimated Foundation Cost + Site Preparation</b>			\$12,291	N/A	N/A
<b>Total:</b>			\$360,777		\$348,486
<b>Mail Building</b>	310	\$127.00	\$39,370	\$0	\$39,370
<b>Estimated Foundation Cost + Site Preparation</b>			\$1,860	N/A	N/A
<b>Total:</b>			\$41,230		\$39,370
<b>Opinion of Total Common Building Cost:</b>			\$402,007		\$387,856
<b>Miscellaneous Building Improvements</b>					
<b>In-Ground Pool + Associated Fixtures</b>			\$219,000	N/A	\$219,000
<b>In-Ground Spa + Associated Fixtures</b>			\$16,000	N/A	\$16,000
<b>Pool Area Fencing + Associated Fixtures</b>			\$16,000	N/A	\$16,000
<b>Pool Area Decking + Associated Fixtures</b>			\$42,000	N/A	\$42,000
<b>Vehicle Entrance Gates + Associated Fixtures</b>			\$36,000	N/A	\$36,000
<b>Opinion of Total Building Improvement Cost:</b>			\$731,007		\$716,856
<b>Estimated Debris Removal / Demolition Cost - Common Buildings/Structures:</b>				\$11,000	

## RECONCILIATION OF REPLACEMENT COST VALUES

The below values indicate my estimate of replacement cost for the buildings with and without foundations.

It is my opinion the total estimated replacement cost of the specified building improvements, as well as the assumptions and limiting conditions, at the subject property commonly known as the Deerwood Place Condominium development, Jacksonville, Florida, as of February 20, 2018 is:

### HAZARD INSURANCE

#### Opinion of Probable Cost (W/O Foundations):

Miscellaneous Buildings - No Foundations	\$ 387,856
Miscellaneous Improvements	<u>\$ 329,000</u>
	\$ 716,856

**Rounded to: \$ 717,000**

### NATIONAL FLOOD INSURANCE

#### Opinion of Probable Cost (W/ Foundations):

Miscellaneous Buildings + Foundations	\$ 402,007
Miscellaneous Improvements	<u>\$ 329,000</u>
	\$ 731,007

**Rounded to: \$ 731,000**

Due to the continually changing costs in labor and construction materials it is recommended that the client have the property re-evaluated on an annual basis to insure proper coverage.



## CERTIFICATE OF VALUATION

The undersigned do hereby certify that, to the best of my knowledge and belief:

1. The statements of fact contained within this report are true and correct.
2. I have not performed (or the specified) services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three year period immediately preceding acceptance of this agreement. The previous appraisal was for the same purpose as this current report.
3. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial, unbiased professional analyses, opinions and conclusions.
4. I have no present or prospective interest in the property that is the subject of this valuation, and have no personal interest with respect to the parties involved.
5. I have no bias with respect to the property that is the subject of this valuation or to the parties involved with this assignment.
6. My compensation is not contingent upon the development or reporting of a predetermined value or direction in value 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 valuation.
7. I have made a personal interior (if required) and exterior inspection of the property that is the subject of this report.
8. I do not authorize out-of-text quoting from or partial reprinting of this valuation report; and neither all nor part of this valuation report shall be disseminated to the general public or for use by any public communications media without the prior written consent of the undersigned appraiser.
9. This appraisal report has been signed with an electronic facsimile of my signature. Electronically affixing a signature to a report carries the same level of authenticity and responsibility as an ink signature on a paper copy report. This signature can only be affixed to, or removed from, the appraisal report by the signatory himself. No other individual has any knowledge of the password or is authorized to affix or delete such digital signature from the appraisal report or any attachments thereto. The appraiser certifies that safeguards for the protection and affixation of the signature dictated by USPAP have been observed.

Smith Appraisal Services, Inc.



Mark T. Smith  
Florida State-Certified General Real  
Estate Appraiser License # RZ 2620

**ADDENDUM**

**QUALIFICATIONS**

# SMITH APPRAISAL SERVICES INC.

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## MARK T. SMITH

### LICENSING

- State-Certified General Real Estate Appraiser – Florida License #RZ 2620 (Expires November 30, 2018)
- FHA Approved Appraiser – HUD #0409

### EXPERIENCE

#### Owner, Smith Appraisal Services, Inc., St. Augustine, Florida 2002-Present

- Manage day to day operations of the company
- Appraise commercial, residential and vacant properties on a daily basis

#### Commercial Appraiser, Crenshaw • Williams Appraisal Co., Jacksonville, Florida 2001-2002

- Appraise commercial properties on a daily basis

#### Co-owner, Northern Michigan Real Estate Consultants, Inc., Traverse City, Michigan. 1999-2001

- Manage day to day operations of the company
- Appraising residential and commercial properties

#### Residential Appraiser, Northern Michigan Real Estate Consultants, Inc. 1991-1999

- Managed Residential Division of company
- Appraised residential, commercial, and small income properties on a daily basis

#### Residential Appraiser (On Staff), Republic Bank, Detroit, Michigan 1989-1991

- Appraised residential properties on a daily basis

#### Residential Appraiser, Wilbanks Real Estate Appraisers, Detroit, Michigan 1988-1989

- Appraised residential properties on a daily basis

# SMITH APPRAISAL SERVICES INC.

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## Qualifications of Mark T. Smith (Continued)

### GENERAL CREDITS

- Member – Northeast Florida Builders Association
- Main and/or guest speaker for Jacksonville Chapter of the National Community Associations Institute; Michigan State University; Home Builders Association; Women’s Council of Realtors, Board of Realtors; and various lending institutions.
- Expert Court Witness
- Trained five appraisers who are now full time real estate appraisers

### REAL ESTATE AND APPRAISAL EDUCATION

- Appraisal of Green Buildings – 2016
- Florida State Law – 2016
- New FHA Handbook – 2015
- Liability - 2014
- Economics and Real Estate – 2013
- Florida Condominiums 2011
- Residential Construction – Every Two to Three Years
- Florida Law / Supervisory Appraiser 2010
- Hotel Appraising / New Techniques (Appraisal Institute) 2010
- Appraising Retail Properties (Appraisal Institute) 2009
- Quality Assurance / Risky Appraisals (Appraisal Institute) 2008
- Florida Law 2008
- Liability Management (Appraisal Institute) 2007
- FHA And The Appraisal Process (Appraisal Institute) 2006
- Subdivision Valuation (Appraisal Institute) 2006
- Residential Design (Appraisal Institute) 2005
- Appraisal Review (Appraisal Institute) 2004
- Advanced Applications (Appraisal Institute) – April 2002
- Basic Capitalization Course (Appraisal Institute) – March 2001
- Narrative Report Writing – October 2000
- Surveying, Planning and Zoning – July 1999
- Appraising Residential Properties From Blueprints / Specifications I-II 1998
- Leases/Appraiser Litigation – May 1996
- Secondary Market Requirements – May 1993

## **SMITH APPRAISAL SERVICES INC.**

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### **REAL ESTATE AND APPRAISAL EDUCATION (Continued)**

- Standards Professional Practice (Appraisal Institute) – May 1994, April 1994
- Uniform Standards (Appraisal Institute) – August 1991
- Residential Valuation (Appraisal Institute) – September 1990
- Real Estate Appraisal Principles (Appraisal Institute) – January 1990
- USPAP/Standards of Practice (Appraisal Institute) – Updated as necessary in accordance to standards)
- Over 500 Real Estate Appraisal classroom hours and 80 Real Estate Salesperson classes