



## 3SG Commercial Valuation CLARITY EXPRESS Report

Date 01/01/09

### Section 1 – PARTIES TO THE ENGAGEMENT

Parties	CLIENT & INTENDED USER	PROPERTY OWNER or BROKER CONTACT
Contact Name	Mitch O'Connell	Lloyd Williams (Broker)
Company	Commercial Lender	ABC Commercial Brokerage
Street Address	124 Eagle Way	323 Main Street
City/State/Zip	Chicago, IL	Oak Park, IL
Phone	312-555-5555	312-555-5555
Fax	312-555-5555	312-555-5555
Email	<a href="mailto:mitch@commlend.com">mitch@commlend.com</a>	<a href="mailto:Lloyd@abccomm.com">Lloyd@abccomm.com</a>
Client Order ID#	A00123	
3SG Order ID#	CREFT398	

PLEASE NOTE – This report is a compilation of public real estate data and is NOT an appraisal. For a more credible analysis, you should engage a State Certified General Real Estate Appraiser who is certified for commercial real estate practice and is familiar with your subject property type and local economic market conditions. The information contained herein has been obtained from sources believed reliable. We have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions, or estimates used are for example only and do not represent the current or future performance of the property. You and your legal, financial and tax advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs.

### Section 2 – PROBLEM IDENTIFICATION

Subject Property Characteristics	Trade Name Churchill Apartments		Street Address 1800 W Bethune	
	City Detroit	State MI	Zip 48206	County Wayne
	Land Size.39Acres	SF	Zoning C3 Residential/Multifamily	
	Improvements Are:	<input type="checkbox"/> None <input type="checkbox"/> Proposed	<input type="checkbox"/> Existing, No Changes Planned	<input checked="" type="checkbox"/> Existing, Plus Additions, Remodel or Repair
	Assessor Parcel ID 800-57-33	# Buildings 1	# Stories 4	# Units 58
	Gross Building SF Above Grade 43,616		Year Built 1924	Year Rem'd 1968
	Property Type Multifamily		Subtype Apartments	
	Occupancy Status <input type="checkbox"/> 100% Owner Occupied <input type="checkbox"/> Owner Occupied 8% Vacant			
	Executive Summary Property consists of 58 apartment units. Owner pays electricity, heat and water. Rental rates from \$420-\$510 per month, including utilities. Property has been rehabbed and contains elevator, new parking lot, newer boiler and many new windows. Neighborhood slightly northwest of Downtown between Wing and Fryer Streets. <input type="checkbox"/> See Attached			
	Total Price Estimate or Current Market Listing Price	\$1,540,000		
Last Sale Prices & Dates	Most recent \$1,300,00 Date 11/06	2 <sup>nd</sup> Last \$1,120,640 Date 08/03	3 <sup>rd</sup> Last \$NA Date NA	
Property Discrepancies & Assumptions Analysis	1.) Provided Zip Code was 48206; City of Detroit Assessor's Records was 48202 2.) Income & Expense data provided did not indicate year – assumed to be current year 3.) Could not locate current Zone – assumed compliant 4.) No public record of renovations			



**Section 3 – FINANCIALS SUMMARY**

Section 3 – FINANCIALS SUMMARY			
FINANCIALS SUMMARY	2009	2008	2007
Revenue	Year to Date	Broker Provided	Not Provided
Total Scheduled Gross Income – All Units (@100%)	\$79,500	\$318,000	
Total Additional Income – All Units (Laundry + Misc)	\$1,250	\$5,000	
Effective Gross Income	\$80,750	\$323,000	
<b>Expenses</b>			
Maintenance	\$5,026	\$20,104	
Other Maintenance – Elevator	\$519.50	\$2,078	
Taxes	\$3,083	\$12,332	
Insurance	\$2,253	\$9,013	
Vacancy Loss (5%)	\$4,037	\$16,150	
Collection Loss (3%)	\$2,423	\$9,690	
Management Fee/Payroll (Actual)	\$4,057	\$16,228	
Other Expenses – Utilities (Electric, Gas, Water)	\$15,566	\$62,263	
Total Expenses	\$36,964	\$147,858	
Net Operating Income (before depreciation & debt service)	\$43,786	\$175,142	
Financials Discrepancies & Assumptions Analysis	1.) CREFT Net Operating Income (NOI) 13% lower than original provided a.) Property Taxes provided = \$12,332.18 vs. City Records Actual = \$14,975		



**Section 4 – MARKET PRICE ANALYSIS GRID**

	Subject	Sale 1	Sale 2	Sale 3	Listing 1	Listing 2
<b>Location</b>	1800 West Bethune, 48206	2740 Fullerton St, 48238	1415 Glynn Court, 48238	2016 E Jefferson, 48214	16840 Telegraph Rd, 48219	1075 Coplin, 48215
<b>Distance (miles)</b>	NA	1.3	0.85	3.3	7.2	12.8
<b>Date of Sale</b>	Nov-06	May-08	Nov-07	Mar-07	Aug-08	Jan-09
<b># of Months</b>	22	17	4	9	4	1
<b>Land Area SF</b>	43,212	32,145	52,698	32,076	53,694	55,471
<b>Gross Building Area SF</b>	42,616	31,508	37,436	30,000	45,528	31,440
<b>Age/Year Built</b>	1924	1928	1927	1930	1965	1923
<b>Price</b>	\$1,300,000	\$950,000	\$1,375,000	\$900,000	\$1,600,000	\$1,800,000
<b>Price/SF</b>	\$35.31	\$30.15	\$36.72	\$30.00	\$35.14	\$57.25
<b>Comments</b>						

<b>Average Price</b>	\$1,325,000.00	<b>Average Per SF Sales Price</b>	\$37.85	<b>Average Subject Price Estimate</b>	\$1,613,100.83
<b>Average Comp Age (months)</b>	7	<b>Average Distance (miles)</b>	4	<b>Average Gross Building Area SF</b>	35,182



**Section 5 – LOCALVIEW (Optional Next Step - Restricted Appraisal Report)**

A Restricted Use Appraisal Report format with all three traditional approaches to value should be considered and discussed in report. Should any approach be deemed irrelevant please include sufficient discussion of your opinion in the Scope of Work and/or Reconciliation section of the report. The appraisal must be completed in such a way that the final report delivered is in compliance with the current version of the Uniform Standards of Professional Appraisal Practice, Standard 2-2(c).

<b>Restricted Use Appraisal Report Components</b>	<b>Required General</b>	<b>Supplemental Electives</b>
	<ul style="list-style-type: none"> <li>-Electronic PDF Delivery</li> <li>-Letter of Transmittal</li> <li>-Table of Contents</li> <li>-Copy of Engagement Letter</li> <li>-Active State Certification</li> </ul>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Regional Location Map with Subject Neighborhood ID</li> <li><input type="checkbox"/> Aerial Color Photo</li> <li><input type="checkbox"/> FEMA Flood Map (if available)</li> <li><input type="checkbox"/> Building/Unit Sketch</li> <li><input type="checkbox"/> Seismic Risk Analysis</li> <li><input type="checkbox"/> Traffic Flow Analysis</li> <li><input type="checkbox"/> Market Segmentation by Property Type</li> <li><input type="checkbox"/> Tax Comparables (min 3 w/discussion)</li> <li><input type="checkbox"/> Market Study</li> <li><input type="checkbox"/> FF&amp;E Breakdown</li> <li><input type="checkbox"/> Description of the Improvements</li> <li><input type="checkbox"/> Ownership History (min 36 months)</li> <li><input type="checkbox"/> Copy of Subject Deed/Deed Book Reference</li> <li><input type="checkbox"/> Tax Assessment Analysis</li> <li><input type="checkbox"/> Site &amp; Zoning Analysis</li> <li><input type="checkbox"/> Flood Risk Analysis</li> <li><input type="checkbox"/> Marketing &amp; Exposure Time</li> <li><input type="checkbox"/> Neighborhood Map with Subject ID</li> <li><input type="checkbox"/> Plat/Parcel Map (if available)</li> <li><input type="checkbox"/> Exterior &amp; Interior Subject Color Photos</li> <li><input checked="" type="checkbox"/> Location Analysis – Neighborhood</li> <li><input checked="" type="checkbox"/> Location Analysis – Market</li> <li><input type="checkbox"/> Location Analysis – City/MSA</li> <li><input type="checkbox"/> Environment Risk Discussion or Disclaimer</li> <li><input type="checkbox"/> Effective &amp; Economic Life</li> <li><input type="checkbox"/> Appraiser’s Statement of Qualifications</li> <li><input type="checkbox"/> Appraiser’s List of Current Clients/References</li> <li><input type="checkbox"/> Appraiser’s List of Recently Completed Appraisals</li> <li><input type="checkbox"/> Sale Contract w/Addenda</li> <li><input type="checkbox"/> Legal Description (from conveyance or title document)</li> </ul>
	<b>Required USPAP Standards</b>	<b>Restricted Use Client Disclosure</b>
	<ul style="list-style-type: none"> <li>-Property Identification</li> <li>-Property Rights Appraised</li> <li>-Standard Industry Definitions</li> <li>-Purpose of the Appraisal</li> <li>-Intended Use &amp; Users</li> <li>-Scope of Work</li> <li>-Highest &amp; Best Use</li> <li>-Any General/Extraordinary Assumptions</li> <li>-Any Limiting Conditions</li> <li>-Effective Date of the Appraisal</li> <li>-Signed Standards Certification</li> </ul>	<p>Client fully understands the situations where this type of report is to be used and further understands the restricted utility of the Restricted Use Appraisal Report.</p> <p>Client acknowledges that the appraiser’s opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser’s workfile.</p>



<b>Appraisal Development &amp; Performance Options</b> (please note – if the appraisal performance is limited, the usability of the appraisal report may be limited)	<b>Sales Comparison Approach Required (if developed)</b>	<b>Sales Comparison Approach Electives</b>
	-Sales Comps (min. 3) w/Discussion	<input type="checkbox"/> Sales Comps (min. 6 w/Discussion) <input type="checkbox"/> Competitive Offerings (min. 2 w/Discussion) <input type="checkbox"/> Detailed Analysis of Market Price Trends <input type="checkbox"/> Sales Comps Map <input type="checkbox"/> Sales Comps Color Photos <input type="checkbox"/> Sales Comps Adjustment Grid
	<b>Cost Approach Required (if developed)</b>	<b>Cost Approach Electives</b>
	-Land Comps (min. 3 w/Discussion) -Land & Improvements Value Determined	<input type="checkbox"/> Land Comps (min. 6 w/Discussion) <input type="checkbox"/> Land Comps Adjustment Grid <input type="checkbox"/> Land Comps Color Photos <input type="checkbox"/> Land Comps Map <input type="checkbox"/> Competitive Offerings (min. 2 w/Discussion) <input type="checkbox"/> Insurable Replacement Cost Estimate <input type="checkbox"/> Reproduction Cost (New) Analysis using cost index such as Marshall Swift
	<b>Income Capitalization Approach Required (if developed)</b>	<b>Income Capitalization Approach Electives</b>
	-Rent Comps (min. 3 w/Discussion) -Income & Expense Analysis -Vacancy Analysis -Collections Loss Analysis -Capitalization Rate Analysis	<input type="checkbox"/> Rent Comps (min. 6 w/Discussion) <input type="checkbox"/> Rental Comps Map <input type="checkbox"/> Rental Comps Color Photos <input type="checkbox"/> Rental Comps Adjustment Grid <input type="checkbox"/> Operating Comps (min. 3 w/Discussion) <input type="checkbox"/> Operating Comps (min. 6 w/Discussion) <input type="checkbox"/> Expense Comps (min. 3 w/Discussion) <input type="checkbox"/> Direct Capitalization Technique <input type="checkbox"/> Discounted Cash Flow Technique <input type="checkbox"/> Leases, Existing & Proposed; LOIs <input type="checkbox"/> Operating Expense Analysis (Historical & Forecast)
<b>Required Reconciliation Components</b>	-Reconciliation Commentary -Effective Date of Value(s) -Signed Certification of Value(s)	

#### Section 4 – DELIVERY & PAYMENT TERMS

<b>Appraisal Written Due Date</b>	TBD
<b>Appraisal Fee</b>	TBD

THE APPRAISER WILL BE PAID IN FULL WITHIN 20 BUSINESS DAYS AFTER THE FINAL APPRAISAL HAS BEEN APPROVED BY CLIENTS'S QA REVIEW PANEL SERVICE. DO NOT ATTEMPT TO COLLECT (OR ACCEPT) ANY PAYMENT(S) FROM THE MORTGAGE BROKER, BORROWER OR ANY OTHER PARTY OTHER THAN THE CLIENT OR THEIR DULY AUTHORIZED AGENTS.

**\*Please Note:** Client reserves the right to assess a late fee in the amount of 10% of total fee for every day (or part thereof) that a commercial appraisal is late. An appraisal is considered late if has not been received and passed our Quality Assurance Review Service by 5:00 PM EST on the delivery date stated in the letter of engagement. Late fees will be deducted from Client's agreed upon vendor payment for the assignment in question. Delivery delays beyond the direct control of Client and the appraiser will be mutually agreed upon prior to delivery date and Client will subsequently notify all parties involved via email confirmation of the Agreed Upon Delay (AUD) status and revised delivery date.



## Section 5 – OTHER TERMS & CONDITIONS

### WORK PRODUCT AND USE OF TRAINEES:

The appraisal assignment must be completed and or reviewed and signed by a Certified General Appraiser. If the appraisal assignment is completed by an appraiser under the supervision of a Certified General Appraiser, the appraisal must (a) contain an addendum explaining the role(s) and work completed by both the supervised appraiser and the Certified General Appraiser must sign the appraisal as the supervisory appraiser.

### USPAP COMPLIANCE:

The appraisal must be completed in such a way that the final report delivered is in compliance with the current version of the Uniform Standards of Professional Appraisal Practice (USPAP), which is available free of charge by [clicking here](#).

### DELIVERY:

The appraisal report must be delivered as an Adobe Acrobat PDF document via email. No hard copies are needed. The report and invoice must be delivered together (as separate files) to [appraisal@threestonegroup.com](mailto:appraisal@threestonegroup.com)

### REVIEW AND REVISION:

Client reserves the right to review any and all appraisals and require changes to be made to the appraisal(s) in order to meet USPAP and/or other government requirements and/or bring the appraisal(s) into compliance with Client's conditions of engagement and required order components stated herein for a period of 30 days after report completion.

**All supporting documentation, exhibits for this assignment were provided by the client and/or borrower and may be found on the following pages ~ please let us know if there's any missing items that you may need. Thank You.**  
**[appraisal@threestonegroup.com](mailto:appraisal@threestonegroup.com)**