

**RESTRICTED APPRAISAL REPORT**  
**APPRAISAL OF**  
**SAMPLE-THIS IS NOT AN APPRAISAL**  
**615 McMichael Road**  
**PITTSBURGH, PA 15205**



Prepared for

**First National Bank**

Prepared by

**YOUR Company Name**  
**Company Street**  
**Company City, State, Zip**

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**EFFECTIVE DATE OF APPRAISAL**

December 20, 2013



January 09, 2014

Date of Inspection:	December 20, 2013
Effective Date of Appraisal:	December 20, 2013
Date of Report:	January 09, 2014

First National Bank  
1000 Bank Boulevard West  
Pittsburgh, Pa. 15219

Attention: Edward Jones

Mr. Jones,

Pursuant to your request, we have made an appraisal of the market value of the property located at:

**SAMPLE-THIS IS NOT AN APPRAISAL**  
**615 McMichael Road**  
**PITTSBURGH, PA, 15205**  
**Allegheny**

As per mutual agreement with First National Bank (client) and YOUR Company Name (appraiser), the format used is defined as a Restricted Appraisal Report appraisal. It complies with the requirements set forth under Standard 2-2(c), of the Uniform Standards of Professional Practice, but is subject to the Assumptions and Limiting Conditions listed in this report. This appraisal report *states* the information used to arrive at a conclusion of value. It is noted that the opinions of the appraiser in a restricted format may not be fully understood without additional information in the appraiser's work file. **Therefore, this appraisal is limited to use by the client only.**

The purpose of this appraisal is to estimate the "As Is Market Value". The intended use of this report is for internal decision making and solely limited to the client First National Bank. The intended user of this report is solely First National Bank.

The Fee Simple Stabilized Market Value on December 20, 2013 of the 7.5666 acres of land and improvements situate thereon was estimated at:

**Two Million Five Hundred Thousand Dollars**  
**\$2,500,000**

Respectfully Submitted,  
YOUR Company Name

\_\_\_\_\_

Company Signer  
President

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### Certification Statement

I, Company Signer 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 this appraisal report and no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

The use of this report is subject to the requirements specified under **Assumptions and Limiting Conditions**.

I have made a personal inspection of the property that is the subject of this report.

No one provided significant real property appraisal assistance to the person signing this certification.

As of the date of this report, I Company Signer am a General Certified Appraiser in the state of Pennsylvania (Certificate Number 1230000000), which certificate expires on 6/30/2015.

Except as noted below, I/we have performed no services regarding the subject property within the last three years prior to accepting this assignment.

Respectfully Submitted,  
YOUR Company Name

Company Signer  
President

**Executive Summary / Subject Identification**

General Information		Salient Facts	
Property Name	SAMPLE-THIS IS NOT AN APPRAISAL	Report Type	Restricted Appraisal Report
Property Address City, State, Zip	615 McMichael Road PITTSBURGH, PA 15205	Interest Appraised	Fee Simple
Ownership	GHOSTLY PEARL LP	Date of Inspection	December 20, 2013
Property Type	OFFICE/WAREHOUSE	Date of Value	December 20, 2013
Number of Rental Units	8	Date of Report	January 09, 2014
<b>Client</b> <i>First National Bank</i>		Prospective Date of Completion	N/A
Purpose of Report	Loan Underwriting	Prospective Date of Stabilization	N/A
Intended Use	Estimate "As Is" Market Value	Exposure Time	12 to 18 months
Intended Users	First National Bank	<b>Scope of Work</b>	
		Sales Approach Developed	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Income Approach Developed	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		Cost Approach Developed	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Land Summary					
Site Site	Acres	Square Feet	% Useable	Topography	Fairly Level
Excess/Surplus	N/A			Shape	Mostly Rectangular
Total Land Area	7.57	329,601	90.00%	Access	Average
Within Flood Plane?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			Utilities Available	All Available
				Exposure	Average
				Flood Map Number	No

Building Summary			
Year Built / Addition	67	Construction Type / Style	Flex
Actual Age	30	Quality	Average
Effective Age	25	Condition	Average
Total Number of Bldgs.	1	Site Coverage Ratio	13.20%
Gross Building Area	43,510	Substantial Deferred Maintenance	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Net Rentable Area	43,510	Deferred Maintenance Estimate	

Assessment & Legal Information			
Taxing Authority	County, School, Municipal	Zoning Authority	PITTSBURGH
Parcel Nos.	0265F00004000000	Current Zoning	Commercial
Current Tax Year	2014	Current Use Conforming	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Current Year Taxes		Title Report Provided	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Taxable Value	\$1,985,000	Easements Noted	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

**Assessed Value** Land: \$823,100 Improvements: \$1,161,900 Total: \$1,985,000

Highest & Best Use - As Vacant	Highest & Best Use - As Improved
Office / Warehouse	Continued use of existing improvements

Market Value Indications - "As Is"	
Sales Comparison Approach	\$2,400,000
Income Approach	\$2,525,000
Cost Approach	\$2,500,000

Market Value Fee Simple "As Is" as of December 20, 2013
<b>Two Million Five Hundred Thousand Dollars</b>
<b>\$2,500,000</b>

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## Reconciliation and Final Value Estimate

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

The **Sales Comparison Approach** indicated a value of \$2,400,000.

The **Income Approach** indicated a value of \$2,525,000.

The **Cost Approach** was not developed.

**After reconciling the values from the applicable approaches, a Fee Simple Market Value of \$2,500,000 has been estimated.** We believe this to be the most probable market value, given the range of values in the applicable approaches.

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



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### **Scope of This Appraisal**

In preparing this appraisal we have:

- Made a complete physical inspection of the property on December 20, 2013.
- Researched public records for assessment and historical sales information pertaining to the subject property.
- Analyzed income and expense information provided by the owner, if applicable.
- Researched the demographics and other data effecting the area and neighborhood. Among our sources of information that we referenced were; properties that we have previously appraised in the area, relevant publications, periodicals, U.S. Census data, and other reference material.
- Researched pertinent neighborhood data, comparable listings, comparable rentals, and comparable sales.
- Gathered comparable improved sales, comparable listings, comparable rentals, comparables expenses, etc. from similar neighborhoods and/or previous appraisals that we have made on similar properties.
- Analyzed the current real estate market and trends for the subject's property type, particularly in the subject's market area.

In preparing our written report we have:

- Identified the property by tax identification number and deed references.
- Considered the purpose and intended use of the appraisal.
- Prepared a brief history of the property.
- Stated the current definition of market value and exposure time.
- Determined the property rights being appraised as the Fee Simple interest in the property.
- Discussed and analyzed the physical attributes of the subject site.
- Discussed and analyzed the physical attributes of the subject building(s).
- Analyzed the Highest and Best Use of the site.
- Analyzed and discussed the reasoning for choosing the most applicable approach or approaches in determining the value for the subject property.
- Considered all three approaches to value and determined which approach or approaches were applicable, given the nature of the assignment and the characteristics of the subject property.
- Thoroughly discussed and documented our value conclusions by the applicable approach and/or approaches.
- Analyzed and discussed the Reconciliation of the applicable approaches and final conclusions of values.
- Stated the Assumptions and Limiting Conditions upon which this report was based.

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

The property being appraised is a OFFICE/WAREHOUSE type property. It is located at 615 McMichael Road in the city of PITTSBURGH, County of Allegheny, in the state of PA. It is identified on the county records as tax identification number 0265F00004000000.

### **Purpose of the Appraisal**

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

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

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

### **Brief History of the Property**

According to Allegheny County records, the subject property, tax identification number 0265F00004000000, is owned by GHOSTLY PEARL LP. The present owner purchased the property on November 17, 2006 from DELUXE FINANCIAL SERVICES INC for a consideration of \$1,600,000. No other transfers of the property appeared on the public record in the last three years.

To the best of our knowledge, on the date of this appraisal, the subject property was not listed for sale, nor were there any other types of options or agreements that would affect the market value.



## USPAP Reporting Options

To develop the opinion of value as per the request of our client First National Bank, the appraiser performed an appraisal in an **Appraisal Report** format according to the guidelines set forth below by the 2014-2015 edition of the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation.

### ADVISORY OPINION 11 <sup>2</sup> STANDARDS RULES 2-2 AND 8-2 REPORT COMPARISON CHART

The essential difference between the two options is in the use and application of the terms "state" and "summarize." "State" is used to connote a minimal presentation of information. "Summarize" is used to connote an expanded presentation of information.

	(a) Appraisal Report	(b) Restricted Appraisal Report
i.	state the identity of the client and any intended users, by name or type;	state the identity of the client by name or type; and state a prominent use restriction that limits use of the report to the client and warns that the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without additional information in the workfile;
ii.	state the intended use of the appraisal;	state the intended use of the appraisal;
iii.	summarize information sufficient to identify the real estate or personal property involved in the appraisal, including the physical and economic property characteristics relevant to the assignment;	state information sufficient to identify the real estate or personal property involved in the appraisal;
iv.	state the property interest appraised;	state the property interest appraised;
v.	state the type and definition of value and cite the source of the definition;	state the type and definition of value and cite the source of the definition;
vi.	state the effective date of the appraisal and the date of the report;	state the effective date of the appraisal and the date of the report;
vii.	summarize the scope of work used to develop the appraisal;	state the scope of work used to develop the appraisal;
viii.	summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach must be explained;	state the appraisal methods and techniques employed, state the value opinions(s) and conclusions(s) reached and reference the workfile; exclusion of the sales comparison approach, cost approach, or income approach must be explained;
ix.	state the use of the property existing as of the date of value and the use of the real estate or personal property reflected in the appraisal;	state the use of the property existing as of the date of value and the use of the real estate or personal property reflected in the appraisal;
x.	when an opinion of highest and best use or the appropriate market or market level was developed by the appraiser, summarize the support and rationale for that opinion;	when an opinion of highest and best use or appropriate market or market level was developed by the appraiser, state that opinion;
xi.	Clearly and conspicuously state all extraordinary assumptions and hypothetical conditions; and that their use might have affected the assignment results; and	Clearly and conspicuously state all extraordinary assumptions and hypothetical conditions; and that their use might have affected the assignment results; and
xii.	include a signed certification in accordance with the Standards Rule 2-3 or 8-3.	include a signed certification in accordance with the Standards Rule 2-3 or 8-3.

<sup>2</sup> USPAP Advisory Opinions 2014-2015 Edition, the Appraisal Foundation, A-24

## Definition of Value

A current definition of Market Value as cited in USPAP Advisory Opinion 22 (AO-22) is:<sup>3</sup>

*The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as if a specified date and the passing of title from seller to buyer under conditions whereby:*

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised and acting in what they consider their own best interests.
- A reasonable time is allowed for exposure in the open market.
- Payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

According to USPAP Advisory Opinion 22, this definition

*...is from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the Interagency Appraisal and Evaluation Guidelines, dated October 27, 1994.*

Exposure Time assumes that:<sup>4</sup>

- The subject property would sell at the appraised value(s) as of the effective date(s) of the appraisal.
- 
- The subject property was on the market for a reasonable time prior to the date of value and that the terms of sale are typical of other properties of its type that have sold as confirmed by exposure times of comparable sales.

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<sup>3</sup> **2014-2015 USPAP PUBLISHED BY THE APPRAISAL FOUNDATION / DEFINITIONS**

**VALUE:** the monetary relationship between properties and those who buy, sell, or use those properties. Comment: Value expresses an economic concept. As such, it is never a fact but always an opinion of the worth of a property at a given time in accordance with a specific definition of value. In appraisal practice, value must always be qualified for example, market value, liquidation value, investment value.

<sup>4</sup> **ibid.**

**EXPOSURE TIME:** estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of sale at market value on the effective date of the appraisal.

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## Property Rights Appraised

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

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

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

### Personal Property is Excluded from this Appraisal

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

Personal property is defined as follows:

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

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

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

## VALUATION ANALYSIS

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## Method of Procedure

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

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

The steps in the valuation process include: <sup>7</sup>

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

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

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

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

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

All three approaches were considered. At the request of the client, only the Sales Comparison Approach and the Income Approach were developed.

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<sup>7</sup> The Appraisal of Real Estate 13th Edition, Pages 129 and 131 Appraisal Institute

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## SALES COMPARISON APPROACH

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

### Direct Comparison Method

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

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



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## Analysis of the Adjustments

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

### Unit of Comparison

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

### Elements of Comparison

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

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

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

### Real Property Rights Conveyed

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

### Financing

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

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

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**Conditions of Sale**

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

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

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

**Immediate Expenditures**

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

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

**Market Conditions**

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

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

**Location**

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

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

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**Physical Characteristics**

All comparables selected had similar physical characteristics and construction features.

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

**Age/Condition**

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

**Zoning/Uses**

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

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

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

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

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

**Adjustment Commentary**

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

### Final Value by the Sales Comparison Approach

After analyzing the available comparable sales and selecting those considered most comparable, appropriate adjustments were made to the sale price of each. The value of the subject, as indicated by these sales was determined to be \$2,400,000, rounded.

### Final Value by the Sales Comparison Approach

**Two Million Four Hundred Thousand Dollars**

**\$2,400,000**

**Subject Property Datasheet**



**Property Identification**

Reference Number SampleIndustrial  
 Property Type OFFICE/WAREHOUSE  
 Property Sub-Type Flex Space  
 Property Name SAMPLE-THIS IS NOT AN APPRAISAL  
 Street Address 615 McMichael Road  
 City, State, Zip Code PITTSBURGH, PA 15205  
 Community Robinson  
 School District Montour  
 County Allegheny  
 Latitude [40.4402600008425]  
 Longitude [-80.1411410236196]  
 Flood Information No  
 Tax Map No. 0265F00004000000

**Assessment Notes**

123-123-123  
 433-433-343

**Assessment Data**

Assessed Land Value \$823,100  
 Assessed Building Value \$1,161,900  
 Assessed Total Value \$1,985,000

**Land Data**

Land Area - s.f. 329,601  
 Area - acres 7.567  
 Useable % 90.00%  
 Front Feet 400  
 Shape Mostly Rectangular  
 Zoning Commercial

**Sale Data**

Deed Bk Vol.,Page 13061, 473  
 Grantor DELUXE FINANCIAL SERVICES INC

**Property Summary**

General Location Suburban  
 Number of Structures 1  
 Number of Stories 1  
 No. of Units 8  
 Parking Spaces 75  
 Building Style Flex  
 Gross Building Area 43,510 s.f.  
 Net Building Area 43,510 s.f.  
 Economic Life 50  
 Year Built 67  
 Actual Age 30  
 Effective Age 25  
 Price per Gross s.f. \$36.77  
 Price per Net s.f. \$36.77  
 Price/Unit \$200,000  
 Price per F.F. \$4,000  
 Footprint 43,510  
 Land/Building Ratio 7.58 to 1

**Estimated Income**

Gross Income \$348,080  
 Vacancy Rate (%) 6.00%  
 Effec.Gross Income 327,195  
 Expenses (31.02%) **-107,974**  
 Net Income \$219,221

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Grantee	GHOSTLY PEARL LP
Sale Price	\$1,600,000
Sale Date	11/17/2006
Property Rights Conveyed	Fee Simple
Conditions of Sale	Arms Length
Financing Terms	Market Terms
Expenditures After Sale	EXPENDITURES

**Sale Notes**

OWNERDESC: CORPORATION  
STATEDESC: COMMERCIAL

Space Classification B

**Data Source**

Data Source Allegheny County  
Contact Name Moon Clinton

**Property Description**

Class A Flex space with 14'6" clear ceiling height and 100% HVAC. Three 8' x 9' loading docks. 5 parking spaces per 1,000 s.f. Fully sprinkled, 2000 AMP service.



**Subject Property Datasheet**

(continued)

**Building 1**

**Parcel Information**

Land Area-s.f. 329,601  
 Land Area - Acres 7.567  
 FrontFeet 400  
 Useable % 90.00  
 Land Value \$ 500,000  
 Land Value - Per S.F. \$ 1.52  
 Land Value - Per Acre \$ 66,080

Water Public  
 Sewerage Public  
 Gas People's Gas  
 Electric Duquesne Light  
 Topography Fairly Level  
 Shape Mostly Rectangular  
 Zoning Commercial  
 Dimensions Various

**Improvements**

Style Flex  
 Construction Quality Average  
 Condition Average  
 Gross Building Area 43,510  
 Net Building Area 43,510  
 Footprint 43,510  
 No. of Stories 1.0  
 No. of Rental Units 8  
 Actual Age 30  
 Effective Age 25  
 Economic Life 50  
 Depreciation 50.00%

Basement None  
 Foundation Concrete  
 Frame Concrete Block  
 Exterior Brick  
 Roof Flat Built-up  
 Electrical 2000 amp  
 HVAC Roof  
 Elevator None

**Comparables - Sales History**

**Sales Comparable 1**

Sale Date	Sale Price	Prior Sale Date	Prior Sale Price	Annual Price Change	Total Price Change
2/17/2005	\$1,360,000	4/9/1991	\$1.00	N/A	N/A

**Sales Comparable 2**

Sale Date	Sale Price	Prior Sale Date	Prior Sale Price	Annual Price Change	Total Price Change
11/30/2007	\$850,000	4/4/2002	\$1.00	N/A	N/A

**Sales Comparable 3**






Sale Date	Sale Price	Prior Sale Date	Prior Sale Price	Annual Price Change	Total Price Change
2/15/2008	\$6,900,000		\$0.00	N/A	N/A

**Sales Comparable 4**

Sale Date	Sale Price	Prior Sale Date	Prior Sale Price	Annual Price Change	Total Price Change
12/21/2006	\$3,600,000	10/4/2006	\$3,600,000	0%	0%

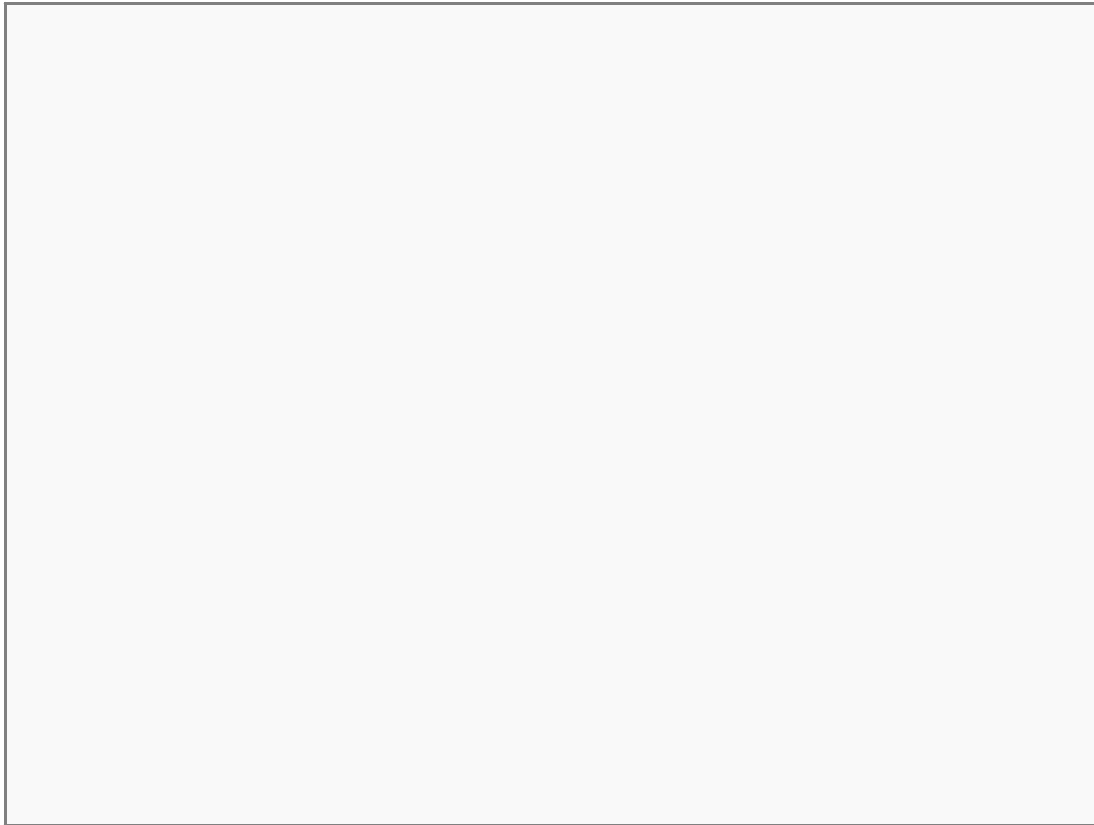
**Average Annual Price Change of Comparables is 0.00%**

**Sales Comparison Grid**

Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
				
Distance from Subject	.14 miles	.79 miles	16.93 miles	1.00 miles
Reference Number	SampleIndustrial			
Property Name	SAMPLE-THIS IS NOT AN APPRAISAL		United Stationers	
Street Address	615 McMichael Road	4 ZESTA DR	5177 CAMPBELLS RUN RD	760 Commonwealth Dr
City, State, Zip Code	PITTSBURGH ,PA 15205	PITTSBURGH, PA 15205	Robinson Township, PA 15205	Warrendale, PA 15086
Tax Map No.	0265F00004000000	0265F00308000000	0334C00070000000	130-4F110-14E1A-0000
Grantor	DELUXE FINANCIAL SERVICES INC	AUMA ACTUATORS INC	PUTT JAMES L & CAROLE A	Robinson Properties, L.P.
Grantee	GHOSTLY PEARL LP	ZESTA PROPERTIES LLC	2B ASSOCIATES LP	Broadway Partners 2, LLC
Sale Price	\$1,600,000	\$1,360,000	\$850,000	\$6,900,000
Sale Date	11/17/2006	2/17/2005	11/30/2007	2/15/2008
COMMENTS	Lease text	This comparable property is located near the Parkway West and the new Settlers' Ridge Shopping Center.  Adjustments were made for Ceiling Height and Access/Visibility.		
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing Terms	Market Terms	Market Terms	Market Terms	Market Terms
Conditions of Sale	Arms Length	Arms Length	Arms Length	Arms Length
Comp.Bldg.Gross s.f.		30,000	17,000	124,000
Comp.Sale Price/Gross s.f.		\$45.33	\$50.00	\$55.65
<b>ADJUSTMENTS</b>				
Time/Mkt Cond. Multiplier based on 4.00% annl.chg.		1.119	1.007	0.999
Time Adj.Price/Gross s.f.		\$50.72	\$50.37	\$55.59
<b>Location</b>	<b>Good</b>		Equal	
<b>Construction Features</b>	<b>15% Finished</b>	0.00%	0.00%	0.00%
		Any descriptive text up to 255 characters can be entered in the comment fields that will appear above each line adjustment.		
<b>Age</b>	<b>Eff.Age 25 yrs</b>	0.00%	0.00%	0.00%
<b>Condition</b>	<b>Average</b>	0.00%	0.00%	0.00%
<b>Access</b>		0.00%	0.00%	0.00%
<b>Ceiling Height</b>	<b>Ceiling Height 16'</b>	0.00%	Ceiling Height 18'	0.00%
<b>Visibility</b>	<b>Average</b>	0.00%	Visible from I-376	0.00%
<b>Total Line Adjustments</b>		0.00%	-10.00%	0.00%
Adj. Price/Gross s.f.		\$50.72	\$42.82	\$55.59
Subject Bldg. Gross s.f.	43,510	43,510	43,510	43,510
<b>Indicated Total Value</b>		\$2,206,827	\$1,862,663	\$2,418,721
Weight *		0.259740	0.220779	0.259740
<b>Value Per Gross s.f.</b>		\$50.72	\$42.81	\$55.59
<b>Total Gross Adjustments</b>		0.00%	15.00%	0.00%
<b>Total Net Adjustments</b>		11.88%	-14.37%	-0.10%
<small>Percentages are provided as a guide and include a Time Adj. if applied. Individual percentages may not add up due to rounding and compounding.</small>				
Value Per Gross S.F. Indicated Value	<b>Mean Value</b> \$55.01 \$2,393,594	<b>Weighted Value</b> \$55.49 \$2,414,280	<b>Std Deviation</b> \$11.85 \$515,446	2 of 4 comps (50.00%) fall within 1 Standard Deviation of the Mean Value

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**Sales Comparables Map**



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## INCOME APPROACH

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

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

**Rent Comparable 1**

Property Type	Industrial	
Property Sub-type		
Street Address	405 Keystone Dr	
City, State, Zip	Cranberry Township, PA 15086	
Space Class	B	
Occupancy Type	Warehouse/Office	
Tenant		
<b>Lease Rates</b>		
Base Rate	\$5.85	
Effective Rate	\$7.50	
Paid by Tenant	NNN	

**Rent Comparable 2**

Property Type	Warehouse / Office / Flex	
Property Sub-type		
Street Address	1120 Stevenson Mill Rd	
City, State, Zip	Moon Township, PA 15108	
Space Class	B	
Occupancy Type		
Tenant		
<b>Lease Rates</b>		
Base Rate	\$0.00	
Effective Rate	\$8.00	
Paid by Tenant	Triple Net	

0806H00390000000

**Rent Comparable 3**

Property Type	Warehouse/Flex	
Property Sub-type		
Street Address	301-308 High Tech Dr	
City, State, Zip	Oakdale, PA 15071	
Space Class	C	
Occupancy Type	Rentals \$7.50 To \$8.50+	
Tenant		
<b>Lease Rates</b>		
Base Rate	\$0.00	
Effective Rate	\$7.50	
Paid by Tenant	Full Service Gross	



**Rent Comparison Grid**



Reference Number	SampleIndustrial	SERCO	Cargo Corporate Center	Imperial Business Park
Property Name	SAMPLE-THIS IS NOT AN APPRAISAL			
Street Address	615 McMichael Road	405 Keystone Dr	1120 Stevenson Mill Rd	301-308 High Tech Dr
City, State, Zip Code	PITTSBURGH ,PA 15205	Cranberry Township, PA 15086	Moon Township, PA 15108	Oakdale, PA 15071
Tax Map No.	0265F00004000000	130-4F110-14C23-0000	0806-H-00390	
Space Classification	B	B	B	C
Occupancy Type		Warehouse/Office		Rentals \$7.50 To \$8.50+
Typical Rental Area		148,000		
Paid by Tenant		NNN	Triple Net	Full Service Gross
Lease Date		1/1/2010		9/22/2009
<b>Lease Effective Rate</b>		<b>\$7.50</b>	<b>\$8.00</b>	<b>\$7.50</b>

COMMENTS

The grid options in Commercial Complete offer rich and powerful ways to analyze comps and present your conclusions.

More than 1,000 combinations are available, that can be easily selected from a simple control panel.

The subject contains 43,510 s.f. of warehouse space with 15% finished offices. It is currently designed to accommodate a single tenant.

Comparable 1 is a large warehouse building that is occupied by a single tenant.

**ADJUSTMENTS**

<b>Quality of Space</b>	<b>15% Finished</b>	15% Finished		
		0.00%	0.00%	0.00%
<b>Condition of Space</b>	<b>Eff.Age 25 yrs</b>	Similar		
		0.00%	0.00%	0.00%
<b>Utilities</b>	<b>Paid by Tenant</b>	Paid by Tenant		
		0.00%	0.00%	0.00%
<b>Real Estate Taxes</b>	<b>Paid by Tenant</b>	Paid by Tenant		
		0.00%	0.00%	0.00%
<b>Operating Expenses</b>	<b>Paid by Tenant</b>	Paid by Tenant		
		0.00%	0.00%	0.00%
<b>Adj. Lease Effective Rate</b>		<b>\$7.50</b>	<b>\$8.00</b>	<b>\$7.50</b>
<b>Total Gross Adjustments</b>		0.00%	0.00%	0.00%
<b>Total Net Adjustments</b>		0.00%	0.00%	0.00%

Percentages are provided as a guide and include a Time Adj. if applied. Individual percentages may not add up due to rounding and compounding.

**Mean Value**

Indicated Rental

\$7.67

**Gross Income Estimate - \$348,080**

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

It is our determination, after reviewing the general market and studying competitive facilities, that the current rentals are at market. Based upon current rentals, potential gross income for the first year of our analysis, before an allowance for vacancy and rent loss, amounts to \$348,080.

**Vacancy and Rent Loss - \$20,885**

Even when a building is fully occupied as of the date of the appraisal, it is prudent to anticipate some rent loss over the projection period in order to estimate "stabilized" occupancy. Based upon our analysis of the current rental market and the historical rent loss of the subject, a "stabilized" frictional vacancy rate for the subject property is projected at 6.00% of gross income, or \$20,885.

**Effective Gross Income - \$327,195**

Deducting the stabilized vacancy and rent loss of \$20,885 leaves an Effective Gross Income of \$327,195.

**Stabilized Market Income Schedule**

ANALYSIS DATE: 1/2/2014

Income Item	Gross Units	Income Per Year	Income Per Unit	Unit of Measure
Income-All Tenants	43,510	348,080	8.00	s.f.
Total Units	43,510			
Total Income		\$348,080		
Vacancy/Credit Loss		-20,885		
Effective Gross Income		\$327,195		

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**Estimate of Expenses - \$107,974**

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

After considering all of the above, a projection of expenses was made. Stabilized expenses for the subject property were estimated at \$107,974.

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

**Projected Net Income - \$219,221**

Deducting the total estimated stabilized expenses from Effective Gross Income of \$327,195 leaves a Net Income for the subject property of \$219,221.

**Stabilized Market Income Statement**

	<b>Amount</b>	<b>% of Gross</b>
<b><u>Gross Income</u></b>		
Total Income	\$348,080	100.00%
Vacancy / Credit Loss	<u>-20,885</u>	<u>-6.00%</u>
Effective Gross Income	\$327,195	94.00%
<b><u>Fixed</u></b>		
Real Estate Taxes	49,079	14.10%
Insurance	9,816	2.82%
<b><u>Operating</u></b>		
Utilities	16,360	4.70%
Maintenance/Repair	13,088	3.76%
Roads/Grounds/sec	6,544	1.88%
Management	<u>13,088</u>	<u>3.76%</u>
Total Expenses	\$107,974	31.02%
NET INCOME	\$219,221	62.98%

## Capitalization of Net Income

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

The methods of capitalization are Yield Capitalization and Direct Capitalization.<sup>8</sup>

### Yield Capitalization

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

### Direct Capitalization

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

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

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

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<sup>8</sup> *The Appraisal of Real Estate, 12th. Edition* (Appraisal Institute, Chicago, Il., 2001), p. 64

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### Mortgage Equity Technique

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

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

Projected Holding Period	7 years
Loan Ratio	70.00%
Loan Term	25 years
Loan Interest Rate	6.50%
Investor Equity Portion	30.00%
Required Investor Yield	10.00%
Growth Rate in Value per year	n/a
Growth Rate in Income per year	n/a
Soft Costs in addition to Equity	2.00%
Selling Expenses in Terminal Year	6.00%

### Final Value by the Income Approach

A capitalization rate of 8.67% was developed using the projections above. Applying this rate to the subject property's Stabilized Net Income of \$219,221 indicates a value by the Advanced Mortgage Equity Technique of \$2,528,501 ( $\$219,221 / 8.67\%$ ). This value has been rounded to \$2,525,000.

### Final Value by the Income Approach

**Two Million Five Hundred Twenty Five Thousand Dollars**

**\$2,525,000**



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## ASSUMPTIONS AND LIMITING CONDITIONS

### General Assumptions

- We have no present or contemplated interest in the property appraised.
- The property is being appraised free and clear of any and all liens or encumbrances unless otherwise stated.
- Responsible ownership and competent property management are assumed.
- No responsibility is assumed for matters involving legal or title considerations. Title to the property was assumed to be good and marketable unless otherwise stated.
- Some information identified in this report is being furnished to us by others and is believed to be reliable. This is especially pertinent to financial projections and other assumptions furnished by the developer(s), owner(s) or their agents. Some of these projections and assumptions inevitably will not materialize or unanticipated events may occur subsequent to the date of the appraisal. Therefore, the actual results may differ from the projections and these variations could materially affect value.
- Information gathered on comparable sales and rentals, while verified with at least one principal to the transaction cannot be assumed to be 100% accurate.
- An attempt has been made to obtain the financing terms of the comparable sales by contacting the buyer, mortgagee or third parties familiar with the sale. However, when such persons refuse to disclose this information, some assumptions must be made based upon any available information.
- The dimensions and sizes of both the land and buildings as reported herein are assumed to be correct. All engineering data were assumed to be correct. Plot plans and exhibits have been included only to assist the reader in visualizing the property.
- It was assumed that the utilization of the land and/or improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in this report.
- Since the appraiser is not an architect, engineer or surveyor, he does not warrant this report against mathematical errors or miscalculations of building or site areas. Should such an error occur, we reserve the right to modify the value to reflect any substantial difference.
- Financing is one of the prime considerations in the purchase of real estate and while the subject property may be financed with special terms, the estimation of "Market Value" requires that current market terms be used, and our value assumes market financing.
- We have taken into consideration the building and use restrictions, zoning, and other regulations applicable to the property.

- Furnishings and equipment or business operations, except as specifically indicated and typically considered as part of the real estate, are excluded from this appraisal.
- If the Cost Approach has been used, Reproduction and/or Replacement costs have been estimated utilizing accepted building cost services. However, it must be noted that even actual contractor's cost estimates are subject to wide variation and we assume no responsibility for their accuracy.
- If the Income Approach to value has been used, our Discounted Cash Flow Analysis and/or other mathematical techniques represent a conscientious effort to analyze the performance of the property over a reasonable projection period. However, these are models based upon specific forecasts that may or may not occur.

The income and expense projections were based upon our interpretation of the leases (if any), data provided by the owner and/or his representatives, and information obtained by third parties. Where we found possible conflicting paragraphs in the lease documents that could affect income, we requested additional data from the owner. We relied upon this additional data to resolve any apparent lease conflicts and have assumed that the data provided accurately reflect the actual income and expenses reported by the owner. Any significant variations could result in a significantly different value and the appraiser reserves the right to adjust the appraised value accordingly.

- It was assumed that there are no hidden or unapparent conditions of the property, sub-soil or structures that would render it more or less desirable. No responsibility is assumed for such conditions or for engineering that may be required to discover them.
- It was assumed that the property is in full compliance with all-applicable federal, state and local environmental regulations and laws unless a non-compliance is stated, defined and considered in the appraisal report.
- We are not aware of any restrictions such as moratoriums on commercial development, ground leases, master plans, historic district controls, deed covenants, environmental regulations, building costs, fire regulations, title restrictions or private agreements that would prevent the building's legal use. However, should such restrictions become evident, we reserve the right to consider their effect on the appraised value.
- It was assumed that all licenses, certificates of occupancy, consents or other legislative or administrative authority required by any local, state or national government or private utility or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
- Typical property utility border easements were noted during the site inspection. No study of deed restrictions has been conducted by the appraiser. A title search would be required to provide positive assurance of the existence or absence of deed restrictions. For the purpose of this appraisal, it is assumed that there are no deed restrictions or liens that would adversely affect the subject site.
- The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. It is invalidated if used separately or in conjunction with any other appraisal.

- This appraisal has been prepared as closely as possible to comply with the guidelines set forth by the Uniform Standards of Professional Practice (USPAP) of the Appraisal Foundation as mandated under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). We have also made every attempt to adhere to the specific instructions of the engagement letter issued by the lender and included in the addenda of this report.
- Except as hereinafter provided, the party for whom this appraisal report was prepared may distribute copies of this appraisal report in its entirety to such third parties as may be selected by the party for whom this appraisal report was prepared; however, portions of this appraisal report shall not be given to third parties without prior written consent of the signatories of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media or other media for public communication without the prior written consent of the signatories of this appraisal report.

### **Specific Assumptions**

- This Restricted Appraisal Report Appraisal Report is intended to comply with the requirements set forth under Standard 2 2(c) (i) of the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report Appraisal Report. As such, it does not present detailed discussions of the data, reasoning, and analysis used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analysis is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and the intended use stated in the report. The appraiser is not responsible for unauthorized use of this report.
- Unless otherwise stated in this report, the existence of hazardous material, that may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- The required occupancy permits that are necessary for compliance with all local, state and federal regulations are assumed to be in place and valid.

- The appraised value assumes that the boundaries, as described on the public record, are accurate, unless otherwise noted in this report.
- The appraised value assumes that the improvements described in this report are the only improvements that exist on the described land and the no adverse easements or encroachments negatively affect the value of the property.

#### Extraordinary Assumptions<sup>9</sup>

None Noted

#### Hypothetical Conditions<sup>10</sup>

None Noted

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<sup>9</sup> 2014-2015 USPAP PUBLISHED BY THE APPRAISAL FOUNDATION / DEFINITIONS

**EXTRAORDINARY ASSUMPTION:** an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends; or about integrity of data used in an analysis.

<sup>10</sup> **ibid.**

**HYPOTHETICAL CONDITION:** 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. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

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## COMPETENCY PROVISION

The guidelines of the Uniform Standards of Professional Practice (USPAP) of the Appraisal Foundation as mandated under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) requires that:

Prior to accepting an assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the problem to be addressed and have the knowledge and experience to complete the assignment competently.

One or more of the signatories to this report have prepared the appraisals that are similar in location and type to the subject property.

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**Qualifications of Company Signer**

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**Appraiser's License for Company Signer**



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## ADDENDA

### Commercial Complete Software

This report, including many of the analyses contained herein, was created using Commercial Complete software. Commercial Complete is a standalone software program that incorporates a word processor, database, income analysis capabilities, comparison analysis capabilities, and cost analysis. We have tested the algorithms in the software and understand the methods applied. Their web site is <http://www.commercialcomplete.com>.