

BROKER PRICE OPINION

On
Single Family Residence
At (Address)
City, State, Zip

PREPARED FOR

(Person ordering report)
(Company)
(Address)
(City, State, Zip)

PREPARED BY

(Agent)
(Brokerage – Firm)

DATE OF REPORT

(Date)

BROKER PRICE OPINION

Property Type:

Property Address:

Tax ID

Property Owner:

Client:

Real Property Interests: Fee Simple

Type of Value: Market Value (Liquidation Value)

Intended Use: (List, Sell, Collateral Evaluation, etc)

Intended Users: (Lender, Buyer, Seller)

Subject History: (Optional)

Marketing Time: (Optional)

Current Property Use: (Optional)

Highest and Best Use: (Optional)

Site Description:

Size (Acres or SF)

Location (Neighborhood or Subdivision)

Utilities (Sewer / Septic, Water/Well)

Zoning

Other (View amenities, common area amenities, etc)

Improvement Description:

Building Size	(Main Floor) ? BR / ?Baths (Basement) ? BR / ?Baths % Finish (Out Building)
Parking	(Garage/Carport/Size or # Cars)
Design	(1 Story, 2 Story, Etc.)
Quality	(Type and rating)
Condition	(Overall rating, Describe problems or remodeling)
Comments	

Conclusions

Date of Report: (Date)

Date Inspected: (Date) – State type of inspection interior, exterior or no inspection performed.

Market Value: \$???

DISCLAIMER

This is NOT an appraisal and should not be relied upon anyone other than stated as a client or and intended user identified by name or type as describe in this report.

CERTIFICATION OF THE APPRAISER

I certify to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions. (report any present or contemplated interest, including the possibility of representing the seller/landlord or buyers/tenants)
3. I have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment. **(State any interest such as fee obtained for listing or selling the property)**
4. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. 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.
6. This assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan. (Assignment conditions should be disclosed)
7. The signer of this report has (Has Not) made a personal inspection of the property that is the subject of this report.
- 8) Opinions expressed in this report are NOT an appraisal and should not be relied upon as an appraisal.

Name

License # / Expiration Date

- Scope of Work:**
1. Subject property was (**was not**) inspected by the signer of this report. Subject and comparable data is obtained from sources assumed to be reliable such as MLS and public records.
 2. The subject property is analyzed by use of a qualitative sales comparison approach; the income capitalization approach and the cost approach are necessary for credible results.
 3. The market value results are expressed in a range of value or in as a specific price based on the needs of the client in evaluating the property for their specific purpose.
 4. The use of this report is restricted to the indicated client only, and is for the indicated use only.
 5. Value is defined in the definition section of the report found in the addendum.
 6. Additional information to support the opinions and conclusions of this report are contained and maintained in the work file.
 7. Assignment conditions, such as assumptions, hypothetical conditions, or other limiting conditions may affect the assignment results if such assumptions and conditions are subsequently found to be false or untrue.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

1. No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed to be good and the property is marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and appraised as though free and clear, having responsible ownership and competent management.

2. I have examined the property related information described herein exclusively for the purposes of identification and description of the real property. The objective of our data collection is to develop an opinion for pricing the property in a meaningful comparison. The observations and reporting of the subject improvements are for the process and pricing purposes only and should not be considered as a warranty of any component of the property. This appraisal assumes (unless otherwise specifically stated) that the subject is structurally sound and all components are in working condition.

3. I will not be required to give testimony or appear in court because of having made an appraisal of the property in question, unless specific arrangements to do so have been made in advance, or as otherwise required by law.

4. I have noted in this report any significant adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) discovered during the data collection process in performing the appraisal. Unless otherwise stated in this appraisal report, I have no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and have assumed that there are no such conditions and make no guarantees or warranties, express or implied. I will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because I am not an expert in the field of environmental hazards, this report must not be considered as an environmental assessment of the property. I obtained the information, estimates, and opinions furnished by other parties and expressed in this report from reliable public and/or private sources that I believe to be true and correct.

DEFINITIONS

Assessed Value: The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. ‡

Cash Equivalency: The procedure in which the sale prices of comparable properties sold with atypical financing are adjusted to reflect typical market terms.

Contract, coupon, face, or nominal rent: The nominal rent payment specified in the lease contract. It does not reflect any offsets for free rent, unusual tenant improvement conditions, or other factors that may modify the effective rent payment.

Effective Rent: 1) The rental rate net of financial concessions such as periods of no rent during a lease term; may be calculated on a discounted basis, reflecting the time value of money, or on a simple, straight-line basis. ‡ 2) The economic rent paid by the lessee when normalized to account for financial concessions, such as escalation clauses, and other factors. Contract, or normal, rents must be converted to effective rents to form a consistent basis of comparison between comparables.

Fee Simple Estate: 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. ‡

Floor Area Ratio (FAR): (FAR) The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area; also called *building-to-land ratio*. ‡

Full Service Lease: A lease in which rent covers all operating expenses. Typically, full service leases are combined with an *expense stop*, the expense level covered by the contract lease payment. Increases in expenses above the expense stop level are passed through to the tenant and are known as *expense pass throughs*.

Going-Concern Value: 1) The market value of all tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern*. 2) The value of an operating business enterprise. Goodwill may be separately measured but is an integral component of going-concern value when it exists and is recognizable. ‡

Gross Building Area (GBA): The sum of all areas at each floor as measured to the exterior walls.

Insurable Value: A type of value for insurance purposes. ‡

Investment Value: The value of a property interest to a particular investor or class or investors based on the investors specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. ‡

Leased Fee Interest: A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).‡

Leasehold Interest: The tenant's possessory interest in the leased property. ‡

LIQUIDATION VALUE

The term liquidation value is defined in The Dictionary of Real Estate Appraisal, Fourth Edition as follows: The most probable price that a specified interest in real estate property is likely to bring under all of the following conditions:

- Consummation of a sale will occur within a severely limited future marketing period specified by the client.
- The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- The buyer is acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- The buyer is acting in what he or she considers his or her best interest.
- A limited marketing effort and time will be allowed for the completion of a sale.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing concessions granted by anyone associated with the sale.

Load Factor: The amount added to usable area to calculate the rentable area. It is also referred to as a "rentable add-on factor" which, according to BOMA, "is computed by dividing the difference between the usable square footage and rentable square footage by the amount of the usable area. Convert the figure into a percentage by multiplying by 100.

Market Value "As If Complete" On The Appraisal Date: Market value as if complete on the appraisal date is an estimate of the market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

Market Value "As Is" On The Appraisal Date: Market value "as is" on the appraisal date is an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date of appraisal.

Market Value: Market value is one of the central concepts of the appraisal practice. Market value is differentiated from other types of value in that it is created by the collective patterns of the market. Market value means 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 and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: 1) A reasonable time is allowed for exposure in the open market; 2) Both parties are well informed or well advised, and acting in what they consider their own best interests; 3) Buyer and seller are typically motivated; 4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and 5) 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.§

Marketing Time: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. ‡

Net Lease: Lease in which all or some of the operating expenses are paid directly by the tenant. The landlord never takes possession of the expense payment. In a *Triple Net Lease* all operating expenses are the responsibility of the tenant, including property taxes, insurance, interior maintenance, and other miscellaneous expenses. However, management fees and exterior maintenance are often the responsibility of the lessor in a triple net lease. A *modified net lease* is one in which some expenses are paid separately by the tenant and some are included in the rent.

Net Rentable Area: (NRA) 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor. *

Prospective future value “upon completion of Construction”: Prospective future value “upon completion of construction” is the prospective value of a property on the future date that construction is completed, based upon market conditions forecast to exist, as of that completion date. The value estimate at this stage is stated in current dollars unless otherwise indicated.

Prospective Future Value “Upon Reaching Stabilized Occupancy”: Prospective future value “upon reaching stabilized occupancy” is the prospective value of a property at a future point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy. The value estimate at this stage is stated in current dollars unless otherwise indicated.

Exposure Time 1) the time a property remains on the market. 2) The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market. ††

Shell Space: Space which has not had any interior finishing installed, including even basic improvements such as ceilings and interior walls, as well as partitions, floor coverings, wall coverings, etc.

Usable Area: 1) The area actually used by individual tenants. 2) The Usable Area of an office is computed by measuring to the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Excludes areas such as mechanical rooms, janitorial room, restrooms, lobby, and any major vertical penetrations of a multi-tenant floor. *

Use Value: In real estate appraisal, the value a specific property has for a specific use; may be the highest and best use of the property or some other use specified as a condition of the appraisal. ‡

Value Appraised: During the real estate development process, a property typically progresses from a state of unimproved land to construction of improvements to stabilized occupancy. In general, the

market value associated with the property increases during these stages of development. After reaching stabilized occupancy, ongoing forces affect the property during its life, including a physical wear and tear, changing market conditions, etc. These factors continually influence the property's market value at any given point in time.

‡ *The Dictionary of Real Estate Appraisal*, Fifth Edition, 2010.

§ The office of the Comptroller of the Currency, 12 CFR Part 34, Subpart C, §34.42(f), August 24, 1990. This definition is compatible with the definition of market value contained in *The Dictionary of Real Estate Appraisal*, Fifth Edition, and the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of The Appraisal Foundation, 1992 edition. This definition is also compatible with the OTS, RTC, FDIC, NCUA, and the Board of Governors of the Federal Reserve System definition of market value.

* 1990 BOMA Experience Exchange Report,
Income/Expense Analysis for Office Buildings (Building Owners and Managers Association, 1990)

†† *Statement on Appraisal Standard No. 6*, Appraisal Standards Board of The Appraisal Foundation, September 19, 1992.

ADDENDUM

ADDITIONAL SUPPORTING DOCUMENTATION AND EXHIBITS

Tax/Legal Description

Plat Map

Comparable Sales Data & Analysis

Qualifications

Tax Information

AERIAL PHOTOGRAPH

SALES ANALYSIS

CONCLUSION

QUALIFICATIONS