

APPRAISAL REPORT

EFFECTIVE DATE OF VALUE

December 16, 2023

PREPARED FOR:

**Alpha Realty Advisors
Velvet Martinez
550 Pinetown Road, Ste 170
Fort Washington , PA 19034
File #: 6723166827**

PROPERTY

**Apartment Complex
914 14th Street SW
Birmingham, Jefferson County, AL 35211
File #: 6723166827**

PREPARED BY

**Ronald M. Parker
AL Certified General Appraiser G #00111**

PARKER AND ASSOCIATES

P.O. BOX 610414
BIRMINGHAM, AL 35261

January 15, 2024

Alpha Realty Advisors
Velvet Martinez
Appraisal Coordinator
550 Pinetown Road, Ste 170
Fort Washington , PA 19034

RE: **Apartment Complex**
914 14th Street SW
Birmingham, Jefferson County, AL 35211

Dear Mrs. Martinez:

In accordance with your request, Ronald M. Parker has physically inspected the above referenced property, for the purpose of estimating its leased fee interest, “**as is**” market value as of December 16, 2023. The intended user of this appraisal is Alpha Realty Advisors, with an intended use of with an intended use for establishing a market value for the subject property. Accordingly, this appraisal may be relied upon by **client/intended users** and not distributed to or relied upon by other persons or entities without written permission.

The subject site is improved with a two 2-story garden style apartment buildings, which contain a total of 18 units, 14,890 square feet of gross building area and 14,474 SF of net rentable area, erected in 1965. This 18 unit apartment complex is situated on a 1.27 acre or 55,321 sf parcel. The subject has been totally renovated including all mechanical systems, sewer lines and main water line, with no deferred maintenance noted. The unit mix consists of (4) 1 bedroom / 1 bath units and (14) 2 bedroom / 1 bath units. The property is under contract for \$1,650,000 or \$91,667/unit. It should be noted that 11 of the 18 lease agreements are Section 8 tenants.

The definition of Market Value under which the subject property was appraised is defined within the body of this report.

This appraisal was developed in accordance with *Standards Rules 1-1, 1-2, 1-3, 1-4(a), 1-4(b), 1-4(c), 1-4(f), 1-5 and 1-6* of the ***Uniform Standards of Professional Appraisal Practice (USPAP)***. The as is market value opinion herein is based on the **sales comparison and income approaches**. The cost approach was not utilized in this situation because it is not necessary to produce a credible opinion of market value. This approach is not typically used by market participants, based on limited land sales and the difficulty of estimating accrued depreciation on the improvements. In addition, except for new or newly constructed properties, the cost approach is rarely utilized in the Multi-Family - Garden/Low-Rise property valuation process.

This is an **Appraisal Report**, which is intended to comply with the reporting requirements set forth under *Standards Rule 2-2(a)* of the *Uniform Standards of Professional Appraisal Practice*. As

such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Some supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client(s) and for the intended use stated above.

Also, consideration was given to the overall market conditions and economic feasibility of the subject's current use. As a result of the analysis, I have formed an **opinion of market value** (as defined in the report), and qualified by the certification, general assumptions and limiting conditions, as of the **December 16, 2023** to be:

Value Premise	Property Rights	Date of Value(s)	Market Value(s)
Market Value	Leased Fee	December 16, 2023	\$1,677,000

**“As Is” Market Value
(\$1,677,000)**

Thank you for considering my firm, and if I can be of any further assistance, please call (205) 492-8823.

Respectfully submitted,



Ronald M. Parker

Alabama Certified General R.P. Appraiser G#00111

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EXECUTIVE SUMMARY

Property Type	Multi-Family - Garden/Low-Rise	
Identification of Real Estate	Apartment Complex 914 14th Street SW Birmingham, AL 35211 Jefferson County	
Date of Value Estimate	December 16, 2023	
Subject's Observation Date	December 16, 2023	
Report Preparation Date	January 15, 2024	
Estate Valued	Leased Fee Interest	
Client	Alpha Realty Advisors	
Intended User	Alpha Realty Advisors	
Client File Number	6723166827	
Ownership	914 14th Street LLC	
Prospective Purchaser	Sunset Inspirational Investments LLC	
Parcel I.D. #(s)	29-00-09-1-010-010.000	
Land Size	55,321 SF or 1.27 Acres	
Improvements	Multi-Family - Garden/Low-Rise	
• Gross Building Area	14,890 SF	
• Net Rentable Area	14,474 SF	
• No. of Units	18	
• Year Built	1965	
Highest and Best Use	As Though Vacant: Multi-Family As Now Improved: Multi-Family	
Value Indicators	Sales Comparison	\$1,620,000
	Income Approach	\$1,701,000
Final Reconciled Value	\$1,677,000	

Certification

Ronald M. Parker certifies 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 or 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 report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of 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.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I certify that, to the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Board.
- As of the date of this report, I **have** completed the Standards and Ethics Education Requirements for **Affiliate Member** of the Appraisal Institute.
- This assignment was made subject to regulations of the State of Alabama Real Estate Appraisers Board. The undersigned state certified appraiser has met the requirements of the board that allow this report to be regarded as a "certified appraisal".

- I certify that the use of this report is subject to the requirements of the Appraisal Board relating to review by its duly authorized representatives. As of the date of this report, I have completed the requirements of the continuing education program of the State of Alabama Real Estate Appraisers Board.

Subject Observation	Inspection Exterior & Interior	Inspection Subject Site	None
Ronald M. Parker	December 16, 2023		

Value Premise	Property Rights	Date of Value(s)	Market Value(s)
Market Value	Leased Fee	December 16, 2023	\$1,677,000

No extraordinary assumptions, hypothetical conditions or any other assignment conditions are applicable to this assignment.



Ronald M. Parker
Alabama Cert. General Real Property Appraiser
Cert. No. G 00111

GENERAL ASSUMPTIONS

- The legal description used in this report is assumed to be correct.
- No survey is assumed by the appraisers.
- All mortgages, liens, encumbrances, leases and servitudes have been disregarded unless so specified within the report. The property is appraised as though under responsible ownership and competent management.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that would render it more or less valuable. No responsibility is assumed for such conditions or for engineering that may be required to discover them.
- It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
- It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined and considered in the appraisal report. It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
- It is assumed that the utilization of the land and improvements is within the boundaries of property lines of the property described and that there is no encroachment or trespass unless noted within the report.
- It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined and considered in the appraisal report.
- It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
- It is assumed that the utilization of the land and improvements is within the boundaries of property lines of the property described and that there is no encroachment or trespass unless noted within the report.

GENERAL LIMITING CONDITIONS

- The appraiser will not be required to give testimony or appear in court because of having made this appraisal, with reference to the property in question, unless arrangements have been previously made therefore.
- Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraisers, and in any event only with property written qualifications and only in its entirety.
- The distribution of the total valuation in this report between, land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
- No environmental impact studies were either requested or made in conjunction with this appraisal, and the appraisers hereby reserve the right to alter, amend, revise or rescind any of the value opinions based upon any subsequent environmental impact studies, research or investigation.
- Neither all nor any part of the contents of this report, or copy thereof, shall be conveyed to the public through advertising, public relations, news sales, or any other media without written consent and approval of the appraisers. Nor shall the appraisers, firm or professional organization of which the appraisers are members of be identified without consent of the appraisers.
- Acceptance of and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and general limiting conditions.
- This appraisal is predicated upon the assumption that problems associated with any asbestos which may be present, be corrected to comply with basic EPA and Alabama Department of Environmental Management Regulations.
- Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present in the property, or other environmental conditions were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in property unless otherwise stated. The appraiser is not qualified to test such substances or conditions. If present, such substances as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions may affect the value of the property. The value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.
- The Americans with Disabilities Act ("ADA") became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of this property together with a detailed analysis of the requirements of the ADA, could reveal that this property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of this property. Since I have no direct evidence relating to this issue, I did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

APPRAISAL CONDITIONS

EXTRAORDINARY ASSUMPTION(S)

USPAP defines an Extraordinary Assumption as: **“an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinion or conclusion.”**

Extraordinary Assumption presumes as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property. An example is a county tax parcel map and a survey indicates a specific acreage size. Later it is found through a legal description that the acreage is smaller, which would negatively affect the value conclusion.

There are no **extraordinary assumption(s)** employed in this appraisal assignment.

HYPOTHETICAL CONDITION(S)

USPAP defines a Hypothetical Condition as: **“that which is contrary to what exists but is supposed for the purpose of analysis.”**

USPAP defines a Hypothetical Condition as: **“that which is contrary to what exists but is supposed for the purpose of analysis.”** Hypothetical Condition assumes conditions contrary to known facts about physical, legal or economic characteristics of the subject property. An example would be a property that is known to be contaminated, but the assignment is to value it as though clean. Since it is known that it is contaminated, such an appraisal would be subject to a hypothetical condition that it is not contaminated.

There are no **hypothetical condition(s)** employed in this appraisal assignment.

JURISDICTIONAL EXCEPTION RULE

The **jurisdictional exception rule** is not applicable in this appraisal assignment.

PURPOSE OF THE APPRAISAL

This appraisal is made for the purpose of estimating a market value of the property described herein with this value being in **fee simple unencumbered** title and being subject to easements and restrictions of public record. The value estimate contained herein is for real estate only and does not address the value (if any) of personal property, furniture, or equipment, unless specified herein.

TYPE OF VALUE OPINION

The following definition of **market value** is used by agencies that regulate federally insured financial institutions in the United States.

The most probable price which a property should bring 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:

- *Buyer and seller are typically motivated;*
- *Both parties are well informed or well advised, and acting in what they consider their own best interest;*
- *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 associate with the sale.*

The definition of **market value** used in this appraisal report is defined 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 Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRC, and FDIC on June 7, 1994, and in the Interagency Appraisal and Evaluation Guidelines, dated October 27, 1994.

"As Is" Market Value

The "As Is" value means 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.

CLIENT/INTENDED USER OF THE APPRAISAL

This appraisal was prepared for the Alpha Realty Advisors and may be relied upon by this intended user/client listed herein, or others to serve the stated intended use.

INTENDED USE OF THE APPRAISAL

This appraisal is intended to be used to loan underwriting and/or credit decisions regarding the subject property.

PROPERTY RIGHTS APPRAISED

The subject property is appraised in leased fee interest. The ownership interest held by the lessor includes the right to the contract rent specified in the lease plus the reversionary right when the lease expires.

By definition: A freehold ownership interest where the possessory interest has been granted to another party by the creation of a contractual landlord tenant relationship (i.e., a lease agreement).

(Source: The Dictionary of Real Estate Appraisal published by the **Appraisal Institute**.)

EFFECTIVE DATE OF VALUE ESTIMATE

The "as is" market value estimate in this report is made effective as of **December 16, 2023**, the date of the most recent on-site inspection of the subject property.

ESTIMATE OF REASONABLE EXPOSURE TIME

Exposure time may be defined as the estimated length of time the property interest being appraised would have been offered on the open market prior to the hypothetical consummation of the sale at market value on the effective date of the appraisal. Moreover, the exposure time provides a retrospective opinion based on an analysis of past events assuming a competitive and open market. Real Estate professionals were consulted in order to extract an appropriate estimate of the exposure time period for the subject property. Based on the information provided to the writer herein, the indicated exposure time for the subject property is:

Property Type	Multi-Family - Garden/Low-Rise
Exposure Time	6 to 12 months

This **exposure time** is assumed to have occurred **prior** to the effective date of the appraisal but could be shorter which would result in a lower value than the estimated value noted in this appraisal report.

ESTIMATE OF REASONABLE MARKETING PERIOD

Consideration was given to the known anticipated changes in the marketplace that would have some influence on the subject property either positively or negatively. In addition, real estate professionals were consulted, MLS service and real estate publications were researched to determine the market factor to be considered in this analysis. The reasonable marketing period for properties similar to the subject, and the marketing period for the subject based on the current economic recovery are as follows:

Property Type	Multi-Family - Garden/Low-Rise
Reasonable Marketing Period Range	6 to 12 months
Marketing Period (Subject)	6 to 12 months

SCOPE OF WORK

The Uniform Standards of Professional Appraisal Practice (USPAP) defines scope of work as "the amount and type of information researched and the analysis applied in an assignment." USPAP clearly states the "burden of proof" for the scope of work decision rests solely with the appraiser(s), not the client. Scope of work includes, but is not limited to, the following:

- the degree to which the property is inspected or identified;
- the extent of research into physical or economic factors that could affect the property;
- the extent of the data research; and
- the type and extent of analysis applied to arrive at opinions or conclusions."

Client Consultation

Before accepting the assignment, I conversed with the client, or the client's agent. During the conversation(s), the client made the following statements, or inferences, which have bearing on the scope of work decision.

Client's Prior Engagement of Appraisal Services	Numerous
Intended Users	Client only
<u>Appraisal Condition(s): Applied</u>	
Supplemental Standard(s)	None
Extraordinary Assumption(s)	None
Hypothetical Condition(s)	None
Jurisdictional Exception(s)	None
Client's Needed Report Detail	Summarize

My evaluation of the assignment's complexity, in concert with client statements, agreements, and inferences constitute the primary basis for my scope of work decision. Elements of this decision are based on assignment complexity, appraisal development, report format and how this format complies with USPAP, subject observation, highest and best use, and data verification.

The scope of work in this assignment is to prepare an appraisal report which is to be used by Alpha Realty Advisors, to provide an estimate of market value of the subject property. This appraisal report is designed to meet the appraisal requirements of the reporting requirements of an Appraisal Report under the requirements of the Uniform Standards of Professional Appraisal (2024-2025), and the Code of Ethics of the Appraisal Institute.

Elements of the scope of work decision are:

Assignment Complexity	Complex
Appraisal Development	Sales Comparison and Income Approaches
Report Format	Appraisal Report
Standard of Value	Market Value
Reporting Requirement of USPAP Standard Rule	2-2(a)
Subject Observation	December 16, 2023
Highest and Best Use	Inferred Analysis
Data Verification	Information was confirmed by interviewing local realtors, appraisers and mortgage lenders, intermediary data reporting service and multiple listing service.

Extent to Which the Property is Identified

In this appraisal assignment, I viewed the subject site in order to gather information about the physical characteristics of the subject property that are relevant to the valuation process. I relied on the Jefferson County information regarding property general legal description and recorded sales information.

Extent to Which the Property is Inspected

In the course of this assignment, Ronald M. Parker inspected and took photos of the subject property on December 16, 2023. Aerial photographs were provided by the realtor of record and through the Jefferson County system. My inspection included viewing the property to determine only general attributes like physical characteristics and functionality of the property as a whole.

Type and Extent of the Data Researched

Data sources included, yet were not limited to the Internet, governmental agencies, demographic service companies, persons involved with the subject or comparable sales, appraiser files, other real estate professionals, and/or Multiple Listing Services. This information was examined for accuracy, is believed reliable, and assumed reasonably accurate.

Competitive properties were also researched. Sales and listings of comparable improved properties were investigated in competing sub-markets. In the course of this investigation, sales data was obtained from recorded deeds or other locally available sources of information; and the sales information was verified as a party to the transaction. Several properties were identified in this market area as possible comparables. Additional data about

these properties was obtained from topographical maps, aerial photographs, and a personal inspection of each property.

Type and Extent of Analysis Applied

Highest and best use analysis can be categorized into two groups- inferred and fundamental. In this analysis I have used an inferred analysis. This type of analysis uses trends and patterns to infer a general highest and best use for the subject. Market dynamics that might be considered are prices, marketing times, rents, vacancies, and listings of similar real estate. Subject specific studies were not made during this appraisal process.

Appraisal development signifies the extent of the reasoning and analysis that culminates in an estimate of value. It is presumed this appraisal report is sufficient for the specific needs of my client and other intended users specifically identified herein. The following steps are taken in developing the appraisal.

- consideration of influential market area, physical, economic, and governmental factors
- determination of the subject’s highest and best use(s), if appropriate
- development of one or more applicable approaches to value
- reconciliation of value indications, if appropriate
- preparation of this report

According to USPAP, all valuation approaches that are applicable to the interest being appraised and necessary to produce credible results must be developed. Applicable and necessary approaches were selected for development after consideration of available market data, and the client's intended use. An approach considered not applicable was omitted because this valuation methodology is not appropriate for the property being appraised, or sufficient data to properly develop the approach was not available. The relevance and development of each major approach is listed below.

Approach	Applicable & Necessary (Developed)	Applicable yet Unnecessary (Omitted)	Not Applicable	Not Applicable But Included At Client’s Request
Cost Approach		X		
Sales Comparison	X			
Income Approach	X			

Identification of type of appraisal and type of report

This is an Appraisal Report that is intended to comply with the **reporting requirements** set forth under **Standards Rule 2-2(a)** of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. This appraisal was developed as in accordance with Standards Rules 1-1, 1-2, 1-3, 1-4a, 1-4c, 1-5, 1-6 of the *Uniform Standards of Professional Appraisal Practice (USPAP)*. No extraordinary assumptions, hypothetical conditions or any other assignment conditions are applicable to this assignment.

IDENTIFICATION OF REAL ESTATE

The subject property site and improvements are located inside the **city limits of Birmingham**, situated in Jefferson County, Alabama. The subject property is commonly known by its municipal address/location as:

Apartment Complex
914 14th Street SW
Birmingham, AL 35211

LEGAL DESCRIPTION

The subject property is legally described and recorded in the **Office of Probate** of Jefferson County Alabama and currently on file with the client/intended user.

POB 100S Ft NW Of Intersection NW Line Southern Railway System & SW Line 14Th St SW Thence NW 246S Ft Along 14Th St SW To Alley Th SW 287S Ft To Alley Thence SE 160S Ft Th NE 290S Ft To POB Lying In NW 1/4 Of NE 1/4

PROPERTY OWNERSHIP/SALES HISTORY

Current Owner	914 14th Street LLC
Date of Acquisition	1/3/2020
Consideration	\$100,000
Deed Reference	Book (202000), Page (2322)
Prior Owner	Willie L. Gilford, Jr.

Remarks:

The subject is under contract to sell for \$1,650,000, to Sunset Inspirational Investments LLC, dated 9/26/2023. The sales contract provided to the writer contains no atypical terms or conditions. There are no reported seller concessions. This transaction is considered arm's-length, and assuming that the parties were acting in their own best interests. The subject was purchased in 2020 as a delapidated complex in need of 100% renovation. Based on an interview with the owner, over 1 million was sent on the renovation project. No other sales transactions are noted within the past 3 years, as per the Jefferson County records. The sales contract is included in the addenda section of this report.

REAL ESTATE TAX AND ASSESSMENT DATA

The subject property is found on the real estate tax rolls as:

Taxing Authority	Jefferson County
Tax Year	2022
Assessed to	914 14th Street LLC
I. D. Number(s)	29-00-09-1-010-010.000
Land Allocation	\$19,400
Improvements	\$87,200
Total Appraised Value	\$106,600
Total Taxes	1545,69

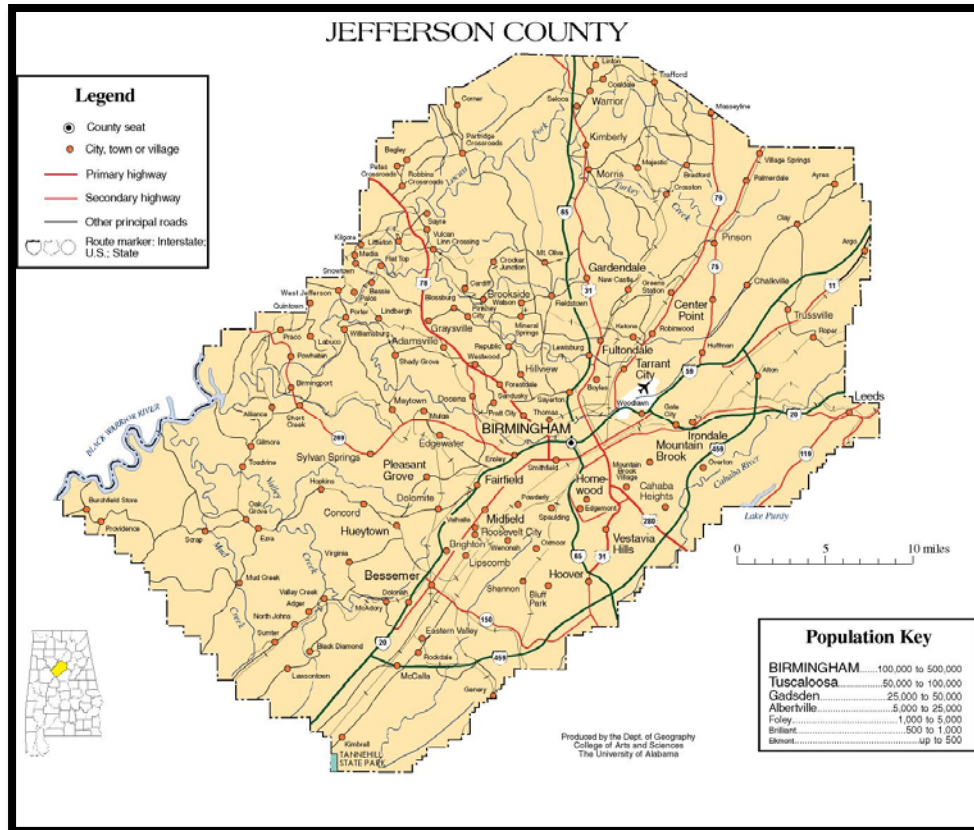
ZONING

The subject property site and improvements are located inside the city limits of Birmingham, Jefferson County, Alabama. The subject currently is zoned R-5, Multiple Dwelling District, which allows for residential or institutional uses, which conform to the **current use** of the subject property.

PUBLIC UTILITIES

The subject is served by the following providers:

Service	Provider
Water	Birmingham Water Works
Sewer	Jefferson County Sewer Board
Electricity	Alabama Power
Natural Gas	Spire
Local Phone	AT&T



Economic Analysis

The Birmingham metropolitan area, sometimes known as Greater Birmingham, is a metropolitan area in north central Alabama centered on Birmingham, Alabama. As of 2020, the federal government defines the Birmingham–Hoover, AL Metropolitan Statistical Area as consisting of six counties (Bibb, Blount, Chilton, Jefferson, St. Clair, and Shelby) centered on Birmingham. The population of this metropolitan statistical area as of the 2020 census was 1,115,289, making it the 50th largest metropolitan statistical area in the United States as of that date.

The six counties in the Birmingham–Hoover metropolitan statistical area are combined with the Cullman micropolitan area (Cullman County) and the Talladega–Sylacauga Micropolitan Statistical Area (Talladega County and Coosa County) to form the federally defined Birmingham–Hoover–Talladega, AL Combined Statistical Area. Moreover, Birmingham–Hoover MA is the largest area in the State of Alabama.

Geographical Location Influences

As noted the subject property is located within the Birmingham-Hoover MA. **Jefferson County** is located near the central section of the State of Alabama, south of U.S. Interstate 20/59 and contiguous with the following counties:

- Blount County – north
- St. Clair Counties - east

- Shelby County – south
- Tuscaloosa County – west

In addition, traveling distances to the following major southeastern cities are:

City	Distance	Direction
Atlanta, Georgia	185 miles	East
Montgomery, Alabama	85 miles	South
New Orleans, Louisiana	320 miles	West
Nashville, Tennessee	230 miles	North

Environmental Influences

Jefferson County is located just south of the foothills of the Appalachian Mountains, which creates some diversity in topography, varying from nearly level to very steep. This topography has played a role in the development of the area as well as influencing land utility and values. Soils throughout the area are primarily loamy clay formed in a sandstone, shale, and limestone residuum. The soil is appropriate for most types of construction with little beaming problems. The exact soil content of the subject has not been made available to this writer, therefore a soil study to determine the exact soil content is recommended. The climate in the area is typical for the southeastern United States, with an average annual temperature of 61.8 degrees Fahrenheit, and average rainfall of 54.84 inches per year. The climate and topography do not act as an attraction or deterrent to local values. The pre-dominate tree vegetation in Jefferson County appears to be Oak-Pine, with a mixture of Loblolly - Shortleaf Pine primarily in the western section of the county.

Economic Influences

Vehicle Assembly Plants in Alabama and Mississippi with a 50 Mile Buffer



The Central and East Alabama region is a growing industrial market, based on the international companies such as Uniroyal Goodrich Tire Company, owned by Groupe Michelin, based in France; JVC America, owned by JVC in Japan; Tuscaloosa Steel Corporation, owned by British Steel; and Mercedes-Benz, a German auto maker.

Mercedes-Benz, a German auto maker, has located its auto manufacturing plant in Vance, AL which is in Tuscaloosa County, northwest of Shelby County. The auto manufacturing plant was fully operative in 1997, with the production of the M-Class vehicle. Since the Mercedes-Benz plant opened in 1997, several suppliers have located in the market area to facilitate the production of the M-Class vehicles. Many analysts believe that the current tax incentives offered by the State of Alabama will continue to expand the industrial industry and replace some of the lost jobs from the former dominant steel industry.

The **median household income** data grid exhibits an increase in median household income level from 2010 to 2020 in the Birmingham, Jefferson County and the State of Alabama. The Jefferson County median family income rose 19.07%, which was the largest increase with State of Alabama and Jefferson County lagging behind. The trends 2010 to 2020 indicate an increase median household income and current economic trends reveal positive signs for the future.

MEDIAN HOUSEHOLD INCOME						
Year	BIRMINGHAM, AL		JEFFERSON COUNTY		ALABAMA	
	Income	% Change	Income	% Change	Income	% Change
2010	\$33,927		\$45,267		\$43,160	
2020	\$37,375	10.16%	\$53,901	19.07%	\$50,536	17.09%

Economic Development Partnership of Alabama

Jefferson County showed the largest increase of 19.07%, which was the largest amount from all three groups.

The **per capita personal income** levels revealed increases from 18.62% to 24.34% for Birmingham, Jefferson County and the State of Alabama. In the period from 2010 to 2020 all three sectors revealed increases based on the overall market appeal of Jefferson County and this trend should continue.

PER CAPITA PERSONAL INCOME						
Year	BIRMINGHAM, AL		JEFFERSON COUNTY		ALABAMA	
	Income	% Change	Income	% Change	Income	% Change
2010	\$19,688		\$26,082		\$23,587	
2020	\$24,480	24.34%	\$32,098	23.07%	\$27,978	18.62%

Economic Development Partnership of Alabama

The largest increase of 24.34% from the Birmingham, AL indicates the positive influence of the new industry on personal income levels.

The Birmingham-Hoover MA has a very diverse employment base, and the following list includes the major employers in the area.

Company	Employment	Service Description
University of Alabama Birmingham	23,000	Education and health care services
Regions Financial Corporation	7,668	Banking, corporate headquarters & operations
AT&T	5,750	Information, regional operations
St. Vincent's Health System	4,644	Health care services, hospital network
Honda Manufacturing of Alabama	4,500	Automobile manufacturing
Children's of Alabama	4,497	Regional specialized health care
Blue Cross/Blue Sheild of Alabama	4,000	Insurance, Corporate Headquarters
Alabama Power	3,982	Utilities services
Mercedes-Benz U.S. International	3,500	Automobile manufacturing
Baptist Health System	3,200	Health care services, hospital network
BBVA Compass	2,606	Banking, corporate headquarters & operations
American Cast Iron Pipe Company	2,400	Manufacturing of ductile iron products
Buffalo Rock Company	2,200	Independent Pepsi bottler
Southern Company Services	2,116	Utilities, operations, shared services division
Brookwood Medical Center	2,037	Health care services, hospital
U.S. Steel	1,900	Manufacturing, pipe mill
Trinity Medical Center	1,879	Health care services, hospital
Social Security Administration	1,800	Social security benefits processing

The University of Alabama at Birmingham (UAB) employs more than 23,000 and is ranked among Alabama's largest employers. The UAB Health System encompasses a cluster of highly specialized healthcare establishments and is a partnership between UAB and the University of Alabama Health Services Foundation. Ranked as the fourth largest academic medical center in the U.S., the UAB Health System is anchored by the highly acclaimed UAB Hospital, the Kirklín Clinic, Callahan Eye Foundation Hospital, UAB Women's and Infants Center, UAB Highlands and the Spain Rehabilitation Center. UAB ranks 41st in overall federal funding and 23rd in the National Institutes of Health (NIH) funding.

Metals and Steel Manufacturing played a vital role in the early development of the Birmingham region. Once known as the "*Pittsburgh of the South*", Birmingham emerged as a major metals and steel production center by the early 1900s. Although the Birmingham economy has diversified into a service-based economy, the Birmingham region continues to be a major player in metals manufacturing.

Taxable Retail Sales:

Taxable retail sales by kind of business in the Birmingham-Hoover MA are presented in the following table:

2018 Taxable Retail Sales - Birmingham - Hoover MA (In Thousands of Dollars)

Type of Business	Jefferson	Shelby	Blount	St. Clair	Walker	Bibb	Chilton	Total
Food	\$887,919	\$158,128	\$36,874	\$69,225	\$99,919	\$26,565	\$48,741	\$1,327,371
General Merchandise	\$868,827	\$141,484	\$63,704	\$40,729	\$135,085	\$12,047	\$67,015	\$1,328,891
Apparel	\$327,941	\$8,941	\$2,550	\$4,768	\$27,242	\$5	\$2,544	\$373,991
Furniture	\$384,961	\$57,035	\$4,380	\$3,949	\$21,820	\$647	\$7,246	\$480,038
Automotive	\$1,766,760	\$199,037	\$47,666	\$51,707	\$159,908	\$6,236	\$48,961	\$2,280,275
Gas Service Stations	\$22,920	\$32,046	\$1,607	\$4,887	\$2,255	\$2,832	\$10,353	\$76,900
Hardware & Lumber	\$468,615	\$263,938	\$21,558	\$41,423	\$50,963	\$11,462	\$29,890	\$887,849
Eating Place	\$784,800	\$149,531	\$26,951	\$28,950	\$31,502	\$3,536	\$22,836	\$1,048,106
All other	\$1,873,869	\$326,337	\$69,213	\$54,217	\$101,611	\$17,988	\$33,539	\$2,476,774
Total	\$7,386,612	\$1,336,477	\$274,503	\$299,855	\$630,305	\$81,318	\$271,125	\$10,280,195

U.S. Census Bureau and Center for Business Economic Research, University of Alabama.

The influence of educational services, medical employment and a diversified industrial industry has contributed to the majority of the jobs in the Central Alabama area. In addition, with the projection of more auto parts suppliers relocating to this area, the future appears to be favorable. The stability of the medical employment, educational, auto and industrial employers will increase the population and provide the need for more institutional structures to accommodate the rising demand.

Social Influences

The social forces involve the population and composition within a given market area that drives the basic demand for real estate services. Population figures for the State of Alabama and the counties located within the Birmingham-Hoover MA are presented in the following table:

Population Chart Counties in Birmingham-Hoover MA

Location	1980	1990	2000	2013	2020
Alabama	3,893,888	4,040,587	4,447,100	4,833,722	5,024,279
Jefferson County	671,324	651,525	662,047	659,373	674,721
Shelby County	66,298	99,358	143,293	200,700	223,024
Blount County	36,459	39,248	51,024	58,030	59,134
St. Clair County	41,205	50,009	64,742	85,200	91,103
Walker County	68,660	67,670	70,713	66,299	65,348
Bibb County	15,723	16,576	20,826	22,617	59,134
Chilton County	30,612	32,458	39,593	44,145	45,014

The economic slowdown resulted in population losses in the majority of the counties in the MA with the exception of Shelby and St. Clair counties. The largest gain occurred in Shelby County area had a population of 200,780, a 6.88% increase from 2009. St. Clair County posted a sufficient gain with a population of 85,200, a 6.49 increase for 2009.

The Birmingham-Hoover MA and Jefferson County areas have consistently had unemployment rates under the state of Alabama and national averages. The current economic recovery has caused the unemployment rates to historically low. All indicators reveal that this trend has will continue for the immediate future.

SUMMARY GRID HISTORICAL UNEMPLOYMENT RATES				
	2000	2008	2013	2021
Birmingham-Hoover MA	3.1%	3.1%	5.7%	2.7%
Jefferson County	3.1%	3.6%	6.0%	3.1%
State of Alabama	4.5%	4.0%	6.5%	3.2%
National	4.0%	5.0%	7.4%	4.1%

The Birmingham-Hoover MA posted the lowest unemployment rate as compared to Jefferson County, State of Alabama and nationally.

School Enrollment:

The total school enrollment for students in elementary and high school in Birmingham-Hoover, MA was 342,183 in 2010. Elementary and high school enrollment was 342,183 children.

Education Attainment:

In 2010, 83% of people 25 years and over had at least graduated from high school and 36% has a bachelor’s degree or higher. Among people 16 to 19 years old, 10% was dropouts; they were not enrolled in school and had not graduated from high school.

Based on the fact that the UAB, Birmingham Southern College, Faulkner University – Birmingham Campus, Miles College, Samford University, Southeastern Bible College, Talladega College, Talladega College and University of Montevallo are located in the Shelby County area, which insures that the citizens in the area will be better educated on an average than other communities throughout the State of Alabama. In addition, this market area is served by (10) two year colleges serving the area. The educated and skill workers provide the local industries with top recruits upon graduation. This factor facilitates retaining qualified workers in this market for good paying positions in the industries in this area.

Nativity and Language:

Four percent of the people living in Birmingham-Hoover MSA in 2010 were foreign born. Ninety-six percent were native, including 78% who were born in their state of residence.

Among people at least five years old living in the Birmingham – Hoover MSA, 3% spoke a language other than English at home. Of those speaking a language other than English at home, 46% spoke Spanish and 54 percent spoke some other language; 38% reported that they did not speak English well.

Governmental Influences

The municipalities in the Jefferson County are effectively governed by a mayor-council government. The surrounding cities each have their own governments as do each of the counties. Each municipality provides police and fire protection with most rated from average to good. The Birmingham - Hoover MA has the services of the Birmingham Business Alliance, a locally and federally funded commission, which assists in the long range planning for the area as well as studying population, employment, and other factors within the area. This commission has met with a mixed success in its acceptance by the municipalities. Each municipality affects its own zoning controls, but Jefferson County regulates its unincorporated areas. Outlying areas in the other counties have no zoning. To date, there have been no inordinately restrictive policies implemented in the area.

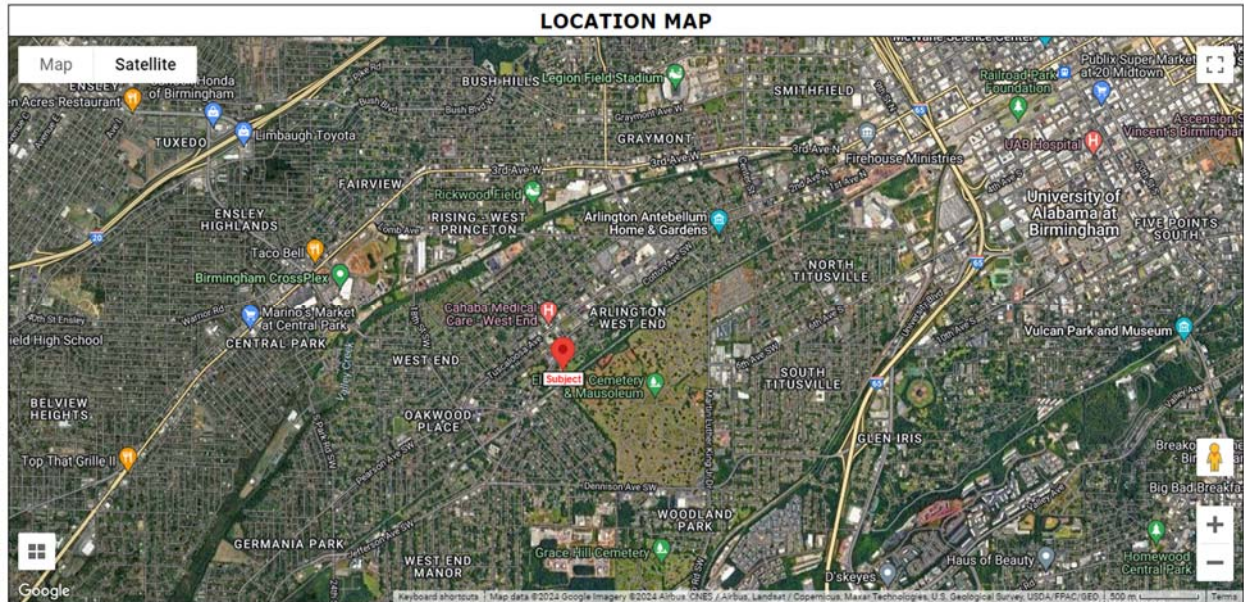
Utilities are amply provided for by a number of public systems with Southern Natural Gas providing supplies to Spire and several municipal suppliers. The Birmingham Water Works Board provides most of the water supply in the area with some private firms and outlying municipalities providing supplies. Sewage disposal is a problem in that the Environmental Protection Agency had, at one time, greatly curtailed the expansion of sewer tap-ons, which affected development plans throughout the area. This curtailment has been partially lifted with the net result being an enhancement of continued development as evidence by the vast amount of new construction in the area. Alabama Power provides most of the electrical power to the area with TVA power available in a few areas through municipal systems.

The millage rate for calculating ad valorem taxes levied on real estate within the Jefferson County is 0.040 mills or \$4.40 per \$100.00 of assessed value. Commercial properties are assessed at 20% of market value and residential properties at 10% of market value. No special incentives are offered by the city or county, however, the state offers incentives to major manufacturers to relocate on a local and state level. Qualifying industries are eligible for construction bond issues, tax rebates and capital credits that can be applied against Alabama income taxes for 20 years. Overall the real estate ad valorem taxes in Alabama are one of the lowest in the country due to the state's share being relative low. This advantage over other states encourages property ownership over renting because of the lower cost of ownership. The local government is considered pro-development and has a pro-business attitude. Development and revitalization is encouraged within the city and county. Public utilities are generally available and provided at reasonable rates. Local zoning ordinances, building and health codes are highly regarded throughout the area and are designed to protect all property types. The factors have a positive influence on real estate in the Shelby County, providing an atmosphere with undue burdens on new and existing businesses.

In conclusion, the cultural, recreational and educational environment of the city appears to be good & continually improving. There is a wide range of incomes, as would be expected in a city of its size which provides an ample supply of labor and middle and upper level management for the surrounding employment centers. Moreover, the infusion of the auto industry to central and eastern

Alabama is significant to the region, creating an increase demand for the Birmingham-Hoover MA. However, based on general projections, the subject's local market conditions are improving as the recent trends reveal.

NEIGHBORHOOD ANALYSIS



The subject neighborhood is generally defined as being located in the western trade area of Birmingham. The subject’s neighborhood is of a mixed nature in that it is composed of office, retail, institutional and residential structures. The subject's immediate neighborhood is defined as:

3rd Avenue W	North
3rd Avenue W	West
Spaulding-Ishkooda Road	South
US Interstate 65	East

Demographic Profile

The fundamentals of the analysis in the delineation of the subject’s profile area may be summarized as follows by traffic patterns, highway accessibility and geographical constraints are consideration noted in this section.

Population

The Birmingham, AL market has a population in 2020 population of 200,755, which represents an average annual -5.42% decrease over 2010 census of 212,237. The Birmingham, AL market lose 1,150 residents per year from the 2010 period, and it is the only entity that lost residents.

Population Trends			
	Population		Compound Ann.% Chng
	2010 Census	2020 Census	2010 - 2020
Alabama	4,779,736	4,920,630	3.12%
Birmingham-Hoover MA	1,061,024	1,094,169	3.03%
Birmingham	212,237	200,733	-5.42%

Households

Households	1 mile	3 mile	5 mile
2010 Households	4,481	33,713	71,253
2022 Households	4,275	33,422	69,621
2027 Household Projection	4,215	33,205	68,970
Annual Growth 2010-2022	-0.1%	0.2%	0.1%
Annual Growth 2022-2027	-0.3%	-0.1%	-0.2%
Avg Household Size	2.30	2.20	2.20
Avg Household Vehicles	1.00	1.00	1.00

Based on census information in this section of Birmingham, AL, indicates a loss in households, more apparent in the 1-mile radius of the subject.

Household Income

Household Income	1 mile	3 mile	5 mile
< \$25,000	2,329	14,310	24,328
\$25,000 - 50,000	1,073	9,006	17,220
\$50,000 - 75,000	461	4,955	10,585
\$75,000 - 100,000	128	1,951	4,772
\$100,000 - 125,000	95	1,274	4,040
\$125,000 - 150,000	17	736	2,579
\$150,000 - 200,000	141	687	2,674
\$200,000+	32	505	3,424
Avg Household Income	\$35,695	\$44,691	\$62,308
Median Household Income	\$21,552	\$30,656	\$39,187

Housing

Housing	1 mile	3 mile	5 mile
Median Home Value	\$64,433	\$75,658	\$112,807
Median Year Built	1956	1961	1960
Owner Occupied Households	1,590	13,295	32,252
Renter Occupied Households	2,626	19,909	36,718

Education Attainment

Education	1 mile	3 mile	5 mile
Some High School, No Diploma	1,505	8,680	13,667
High School Graduate	2,415	17,462	30,921
Some College, No Degree	2,249	17,529	34,108
Associate Degree	612	4,620	8,794
Bachelor's Degree	568	7,642	20,826
Advanced Degree	366	4,783	14,974

Market Overview

This subject is situated west of the Central Business District of Birmingham, with good access to major thoroughfares. The subject's area has traffic volumes and patterns that are considered above average for similar residential districts. Topography is level, and no truly over-grown sites were noted in the immediate area at the time of inspection. The high structural density (90%-95% built-up), and the types of buildings and sizes are considered conforming and typical for a residential district, in an urban environment. As noted, all utilities are public and currently available within the subject neighborhood, and considered adequate. Also, other supporting residential developments are situated around the subject on secondary thoroughfares.

The subject is situated in a market area where the quality and availability of supporting commercial services is considered good. This market area is built-up, with a limited supply of vacant land, but values are comparable to other similar competing type neighborhoods and districts. Moreover, this area is convenient to U.S. Interstate 20/59 and U.S. Interstate 65 systems and it is situated west of the downtown Birmingham area. Crime rates appear to be within normal limits, and the subject's area has generally average to fair maintenance of residential and commercial buildings, but some deferred maintenance is noted in the general area, relating to older properties not yet renovated.

All utilities are currently available within the neighborhood. Streets are asphalt paved, with curbs and gutters, public alley, city-maintained and in good condition. Police and Fire Protection are provided by the City of Birmingham and are adequate. Currently the tax rate in the City of Birmingham for residential property is \$.0695 per \$1 of assessed value with an assessment ratio of 20% of appraised value. Zoning restrictions are administrated and enforced by the City of Birmingham.

The subject is located at the outer edge of a residential district. Other land use patterns include mixed commercial, office, retail, multi-family and institutional uses. Furthermore, the subject's area offers the Bessemer Road and Five Points West commercial districts. The only construction in the subject general area occurs after older buildings are demolished and new model buildings were constructed based on current standards and land use demands. Occupancy levels of commercial buildings are relatively high, with only some older structures with deferred maintenance having above average vacancy rates. Rent levels of commercial facilities in subject immediate area are comparable with other competing districts.

Outlook

The area is in the revitalization stage of its life cycle. Based on the trend analysis the area and the growth trends are anticipated to increase in the near future.

Western Jefferson County Apartment Market Overview

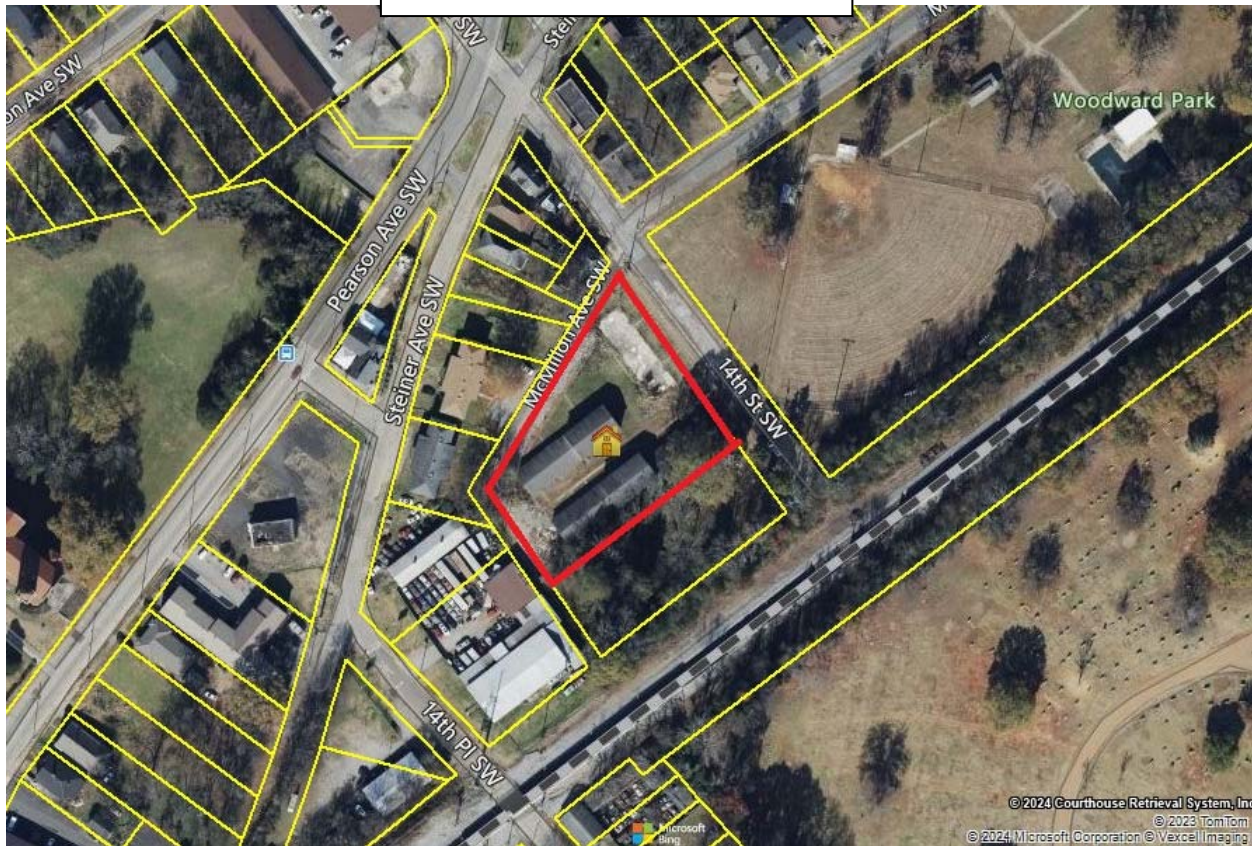
The vacancy in the western Jefferson County market area for multi-family submarket is 7.6% and has decreased 1.0% over the past 12 months. During this period, 45 units have been absorbed, and net deliveries have been flat. Space rated 3 Star is the most dominant subtype, with 2,050 units in this category. There are 1,813 units of 1 & 2 Star space and 812 units of 4 & 5 Star space. Rents are around \$990/month, which is a 2.0% increase from where they were a year ago. While rents have increased over the past 12 months, they are 11.5% higher than they were three years ago. About 290 units are under construction, representing a 6.3% expansion of inventory. There have been limited sales over the past year. Over the past three years, there have been 19 sales, which have traded for approximately \$137 million. During this time, the market cap rate for western Jefferson County has increased to 7.3%, higher than its trailing three-year average of 6.5%.

SITE ANALYSIS

The following information includes the salient site characteristics of the subject site that the improvements are situated on:

Elements of Comparison	Components
Shape of Subject Parcel	Irregular
Topography	Level
Visibility of Site	Average
Water Frontage	None
Flood Zone	X
FEMA Flood Panel #	01073C0551G
Map #	Map Date: September 29, 2006
Zoning	R-5, Multiple Dwelling District
Site Dimensions	See following Parcel Map for specific data.
Area/SF/Acreage	55,321 SF or 1.27 Acres
Utilities	
• Water	Birmingham Water Works
• Electricity	Alabama Power
• Public Sewer	Jefferson County Sewer Board
• Natural Gas	Spire
• Underground	None
• Cable	Spectrum
Off-Site Improvements	
• Street Type	Concrete
• Curb/Gutters	Concrete
• Sidewalks	None
• Storm Sewer	Concrete
• Street Lights	Incandescent
• Drainage	Adequate
• Ingress/Egress	Average
• Public Alley	Concrete
Improvements	Multi-Family - Garden/Low-Rise
Verification of Information	Jefferson County and Site Inspection

PARCEL MAP

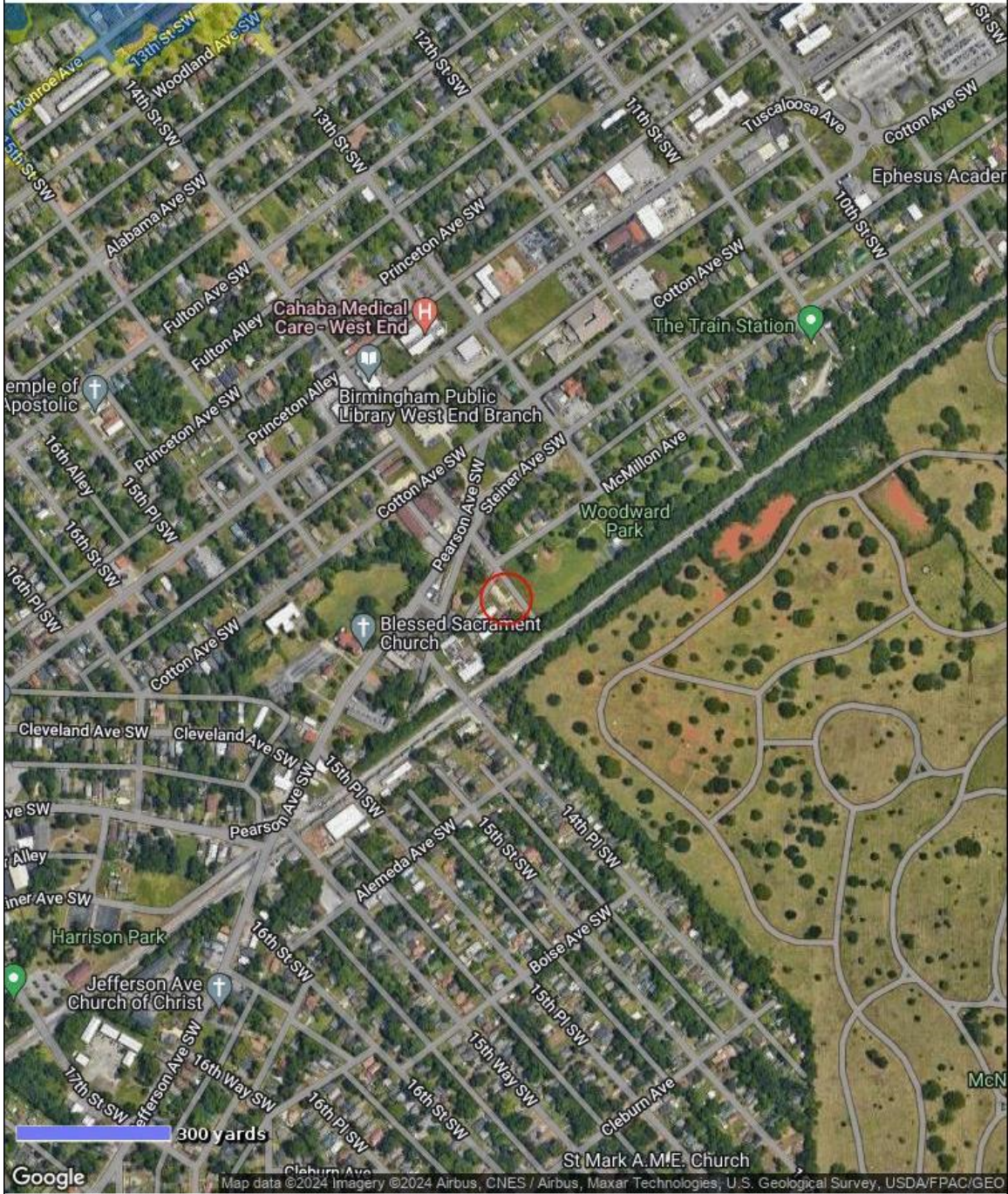


Conclusion

The existing improvements conform to all the zoning regulations. This site provides adequate size, frontage and exposure for the subject's existing use. Normal utility easements are present on the site, but they do not appear to adversely affect the use or marketability of the subject site. In addition, no adverse easements or encroachments were noted at the time of inspection. Furthermore, the subject's improvements are situated inside the boundaries of this site.

It is important to note that the writer is not aware of any environmental study being ordered of performed as of the effective date of the appraisal herein. The estimated market value is based on the assumption that the subject property is free from any negative environmental factors that would affect its value. However, if negative environmental factors exist, then the subject's value should be adjusted to reflect the impact of these factors on the subject's marketability.

No engineering reports regarding the subject site were available to the appraiser, and the value estimate herein is contingent on the findings of an engineering study made by a qualified individual or company.



MAP DATA

FEMA Special Flood Hazard Area: No
 Map Number: 01073C0551G
 Zone: X
 Map Date: September 29, 2006
 FIPS: 01073

MAP LEGEND

- Areas inundated by 500-year flooding
- Areas inundated by 100-year flooding
- Velocity Hazard
- Protected Areas
- Floodway
- Subject Area

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DESCRIPTION OF IMPROVEMENTS

The subject site is improved with two 2-story garden style apartment building(s) , which contain a total of 18 units, 14,890 square feet of gross building area and 14,474 SF of net rentable area. In 2022 the subject was renovated at a cost of \$1,085,000 or \$60,278 per unit.

Unit Mix	No. of Units	Unit Size SF
1 BR / 1.0 BA	4	577
2 BR / 1.0 BA	18	870

Elements of Comparison	Building 1
Gross Building Area	14,890
Net Rentable Area	14,474
Design (Style)	Garden Style, Low Rise
No. of Buildings	1
No. of Stories	2
Year Built	1965
Effective Age	10 (Based on total renovation)
Foundation	Concrete Slab
Insulation	Yes
Exterior Walls	Brick
Exterior Doors	Metal
Windows	DP Insulated
Roof Surface	Metal
Drain System	Overhang
Floor Covering	Wood Laminate
Interior Walls	Drywall
Bath Flooring	Wood Laminate
Bath Wainscot	Ceramic Tile
HVAC	Individual Units
Kitchen Equipment	re
Overall Property Condition	Average

Elements of Comparison	Building 2
Gross Building Area	6,294
Net Rentable Area	6,086
Design (Style)	Garden Style, Low Rise
No. of Buildings	1
No. of Stories	2
Year Built	1965
Effective Age	10 (Based on total renovation)
Foundation	Concrete slab
Insulation	Yes
Exterior Walls	Brick
Exterior Doors	Metal
Windows	DP Insulated
Roof Surface	Metal
Drain System	Overhang
Floor Covering	Wood Laminate
Interior Walls	Drywall
Bath Flooring	Wood Laminate
Bath Wainscot	Ceramic Tile
HVAC	Individual Units
Kitchen Equipment	Refrigerator, Range/Oven, Vent Hood
Overall Property Condition	Average
Site Improvements	
Driveway	Driveway
Landscaping	Community Patio
Fencing	None
Car Storage	On-site parking
Amenities	None

The subject's existing improvements are conforming and functional for their intended use. The improvements and their location on-site conform to all dimensional requirements of the current zoning. There was no functional obsolescence noted at the time of the appraisal report. The building has been totally renovated with no deferred maintenance noted. This property is considered typical for the area, in terms of quality and age. Moreover, no trade fixtures or personal property were considered in the final reconciliation.

Furniture, Fixtures and Equipment: (Personal Property)

These items are considered separately from the real estate value and are treated as personal property depending on the method of attachment and the initial intent.

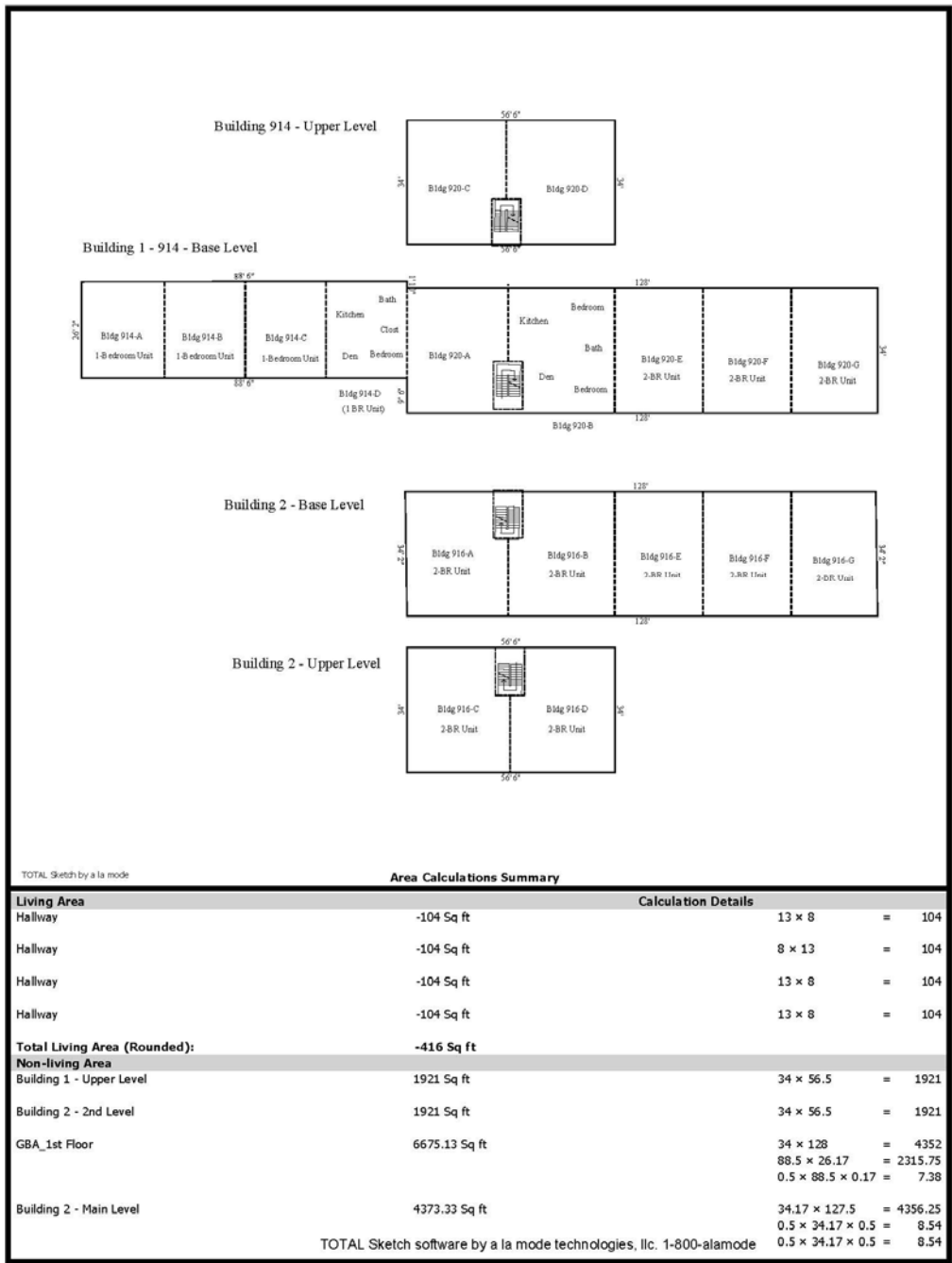
<u>Furniture, Fixture & Equipment</u>	<u>No. Units</u>	<u>Unit Cost</u>	<u>Cost New</u>	<u>Age</u>	<u>Life</u>	<u>Depr. %</u>	<u>\$ Deprec.</u>
Refrigerator	18	\$1,000	\$18,000	1	15	6.67%	\$1,200
Range/Oven	18	\$850	\$15,300	1	15	6.67%	\$1,020
Dishwasher	0	\$0	\$0	0	15	0.00%	\$0
Vent Hood	18	\$375	\$6,750	1	15	6.67%	\$450
		\$0	\$0	0	15	0.00%	\$0
						\$ Deprec.	\$2,670
		<u>Total of FF&E</u>	\$40,050				
						Depreciated Value of FF&E Items:	\$37,380

The value herein this report does not reflect FF&E in the final reconciliation.

Estimated Value: \$37,380

Deferred Maintenance (Curable Physical Depreciation)

None noted.



Area Calculations Summary

Living Area		Calculation Details	
Hallway	-104 Sq ft	13 x 8	= 104
Hallway	-104 Sq ft	8 x 13	= 104
Hallway	-104 Sq ft	13 x 8	= 104
Hallway	-104 Sq ft	13 x 8	= 104
Total Living Area (Rounded):	-416 Sq ft		
Non-living Area			
Building 1 - Upper Level	1921 Sq ft	34 x 56.5	= 1921
Building 2 - 2nd Level	1921 Sq ft	34 x 56.5	= 1921
GBA_1st Floor	6675.13 Sq ft	34 x 128	= 4352
		88.5 x 26.17	= 2315.75
		0.5 x 88.5 x 0.17	= 7.38
Building 2 - Main Level	4373.33 Sq ft	34.17 x 127.5	= 4356.25
		0.5 x 24.17 x 0.5	= 8.54
		0.5 x 24.17 x 0.5	= 8.54

TOTAL Sketch software by a la mode technologies, llc. 1-800-alamode

View of Complex



Building 1 - 914 & 916



Building 1 - 914 & 916 (Rear View)



Building 2 - 920



Building 2 - 920 (Rear View)



Building 1 - 914-C Interior



Building 1 - 914-C Interior



Building 1 - 914-C Interior



Building 1 - 920-B Interior



Building 1 - 920-B Interior



Building 1 - 920-B Interior



Building 1 - 920-D Interior



Building 1 - 920-D Interior



Building 1 - 920-D Interior



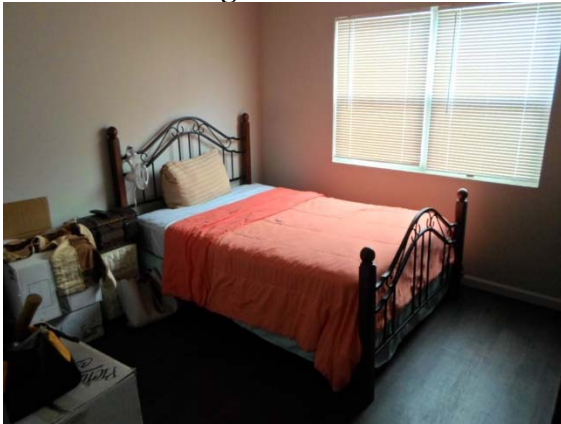
Building 2 - 916-A Interior



Building 2 - 916-A Interior



Building 2 - 916-A Interior



Building 2 - 916-C Interior



Building 2 - 916-C Interior



Building 2 - 916-C Interior



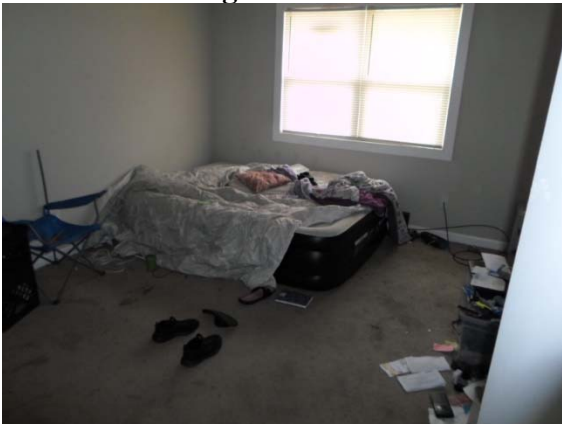
Building 2 - 916-F Interior



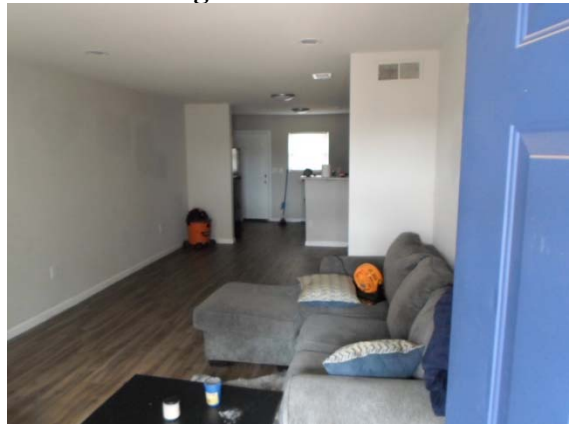
Building 2 - 916-F Interior



Building 2 - 916-F Interior



Building 2 - 916-E Interior



Building 2 - 916-E Interior



Building 2 - 916-E Interior



Building 1 - 920-G Interior



Building 1 - 920-G Interior



Building 1 - 920-G Interior



Parking Area



Street Scene - East View



Street Scene - West View



HIGHEST AND BEST USE

Of primary importance to the estimation of Market Value is the appraiser's analysis of the Highest and Best Use of the site and property. Basically, the Highest and Best Use is defined as: **“The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, and financially feasible and that results in the highest use.”**

There are four areas of analysis which must be considered in the estimation of the site's highest and best use **as if the site was vacant and improved**:

- Legally Permissible Uses
- Physically Possible Uses
- Financially Feasible
- Maximally Productive

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- Financially Feasible
- Maximally Productive

SITE AS “IF VACANT” AND SITE “AS IMPROVED”

IF VACANT

Legally Permissible Uses

The first test concerns permitted uses. The use must be legal or probable. The subject property is zoned R-5, Multiple Dwelling District by the City of Birmingham. This district allows a variety of residential/multi-family and institutional uses. This site appears to be in compliance with current zoning requirements. Furthermore, there are no known private deed restrictions on the subject property.

Physically Possible Uses

The second test is what is physically possible. As discussed in the site description section of the report, the property's size, topography, and soil types do not physically limit its use. The site has all

public utilities available. Based on FEMA flood maps the site is not located within a designated flood hazard area. The property is of adequate shape and size to accommodate a variety of residential/multi-family and institutional uses.

Financial Feasibility Uses

The test of financial feasibility considers the demand for uses that have passed the tests of legal permissibility and physical possibility uses. The potential use is considered financially feasible if it has value commensurate with its use. The subject property is situated on a dead-end street inside a residential submarket in the West End section of Birmingham, AL. Based on the subject's location and considering neighborhood land use patterns, **multi-family** use would be the financially feasible use.

Maximally Productive

The fourth test is the maximum productivity test to the uses that is applied to the uses that have passed the tests of legal permissibility, physical possibility and financial feasibility. With consideration given to the legal, physical, and financial factors, the use that would maximize productivity of the subject is multi-family use.

Conclusion

Considering the four tests of highest and best use analysis, the highest and best of the subject site as though vacant is for multi-family use.

AS IMPROVED

The tests applied to the land, as if vacant, are also valid measures as improved with the property's current improvements. The subject is considered a garden-style apartment community (also sometimes called a low-rise apartment community) is comprised of several smaller buildings, typically four floors or fewer and located on a large property. Garden-style apartments are mostly found in suburban or rural areas, either in established residential communities, or near main thoroughfares.

The subject site is improved with 2 garden style 2-story apartment building(s), with a total of 18 units, 14,890 square feet of gross building area and 14,474 square feet of net rentable area, all erected in 1965. This 18-unit apartment complex is situated on a 1.27-acre parcel. Considering the four tests of highest and best use analysis, the highest and best of the subject site as vacant is for multi-family use.

THE APPRAISAL PROCESS

The appraisal is a procedure for estimating the market value of real property. This process involves gathering all pertinent information available from the market which may influence the value for the subject property. This data is then utilized in forming an estimate of value based upon the three generally accepted approaches to value. These three approaches are the cost, income and sales comparison approaches. The sales comparison and income approaches to value are utilized in determining the subject's market value.

SALES COMPARISON APPROACH

The sales comparison approach is defined as that approach in an appraisal analysis which is based upon the proposition that an informed purchaser would pay no more for the property than the cost to him of acquiring an existing property with the same utility. Presumably, the potential purchaser considers the alternatives that are available to him and then makes a rational decision based upon the information he has about those alternatives.

The application of the sales comparison approach involves selecting a number of competitive properties which have recently sold on the market. The information derived from this selection is analyzed through an adjustment process which develops indications of what the competitive properties would have sold for if they possessed all the important characteristics of the subject property. These indications fall into a pattern surrounding one figure which, when appropriately rounded, is an indication of the market value of the subject property as of the date of the appraisal.

The reliability of this approach is dependent upon the availability and verification of the comparable sales data. The degree of comparability between the competitive properties and the subject, and the absence of non-typical conditions affecting the sales price of those properties are also important items that are considered. Therefore, this approach is particularly applicable when an active market provides sufficient quantities or reliable data which can be verified from authoritative sources. However, in this situation the sales comparison approach to value was utilized in determining the subject's market value.

INCOME ANALYSIS

The income analysis is defined as that procedure in appraisal analysis which converts anticipated benefits (dollar income or amenities to be derived from the ownership of property into a value estimate. Anticipated future income and/or reversions are discounted to a present-worth figure through the capitalization process.

This analysis requires an estimate of market rent based upon comparable rent of leased properties. This rental estimate is a gross amount and all expenses to real estate are deducted. These expenses include vacancy and rent loss which, when subtracted from the gross income, produces the effective gross income. Other expenses include real estate taxes, management cost, insurance cost, and maintenance expense. If applicable, a reduction would also be made for

services and utilities. All expense estimates are obtained from the market by comparison to similar structures.

After all expenses have been subtracted from the gross income, the resulting figure is the net operating income, which will be capitalized into value. The capitalization rate is derived from actual sales that have occurred in the marketplace. The sales are analyzed in order to estimate the net operating income of the property. After the new operating income is estimated, it is divided by the sales price to provide an indication of the overall capitalization rate.

Capitalization rates can also be built-up from the market factors considered most applicable to income-producing properties. After the net operating income and the capitalization rate are estimated, the net income is then capitalized into a value indication by the applicable capitalization technique.

The final value indication by the income approach takes into consideration the present worth of the projected income stream, and reversion of the property at the end of a ten year holding period. This analysis is commonly known as the Discounted Cash Flow since it converts each income period and reversion to present worth.

The estimated cash flow and reversion is discounted to present worth by applying a discount rate, or risk rate. This rate reflects the risk or probability that the projections will occur, and are sometimes called yield rates or the internal rate of returns.

The investor expectation is based on information available from local developers and investors, as well as analysis of similar type properties found in national publications.

RECONCILIATION ANALYSIS

The reconciliation analysis is an evaluation process where the appraiser carefully evaluates value indications from each of the three approaches. The reliability of each approach to the present appraisal problem is examined and weight is given to the accuracy, reliability, quantity of data available for use in each approach, and the approach in which the market participant typically has the greatest confidence. In this situation only the sales comparison and income approaches to value are utilized in determining the subject's market value.

SALES COMPARISON APPROACH

The sales comparison approach to value utilized sales of similar use properties in the subject's market area. The following elements of comparison were utilized in the analysis of the sales herein:

- **date of sale**
- **real property rights conveyed**
- **financing terms, conditions of sale**
- **expenditures made immediately after purchase**
- **market conditions**
- **location**
- **physical characteristics**
- **economic characteristics**
- **non-realty components of value**

The value estimate for the subject is calculated on a **price per apartment unit** basis.



APARTMENT SALES SUMMARY TABLE

No.	Location	Sale Date	Sale Price	No. of Units	Price/Unit
1.	1413-1415 12th Avenue N	02/01/2023	\$920,000	12	\$76,667
2.	201 Notting Hill Circle	06/28/2023	\$3,000,000	32	\$93,750
3.	826 1st Street W	10/28/2022	\$1,481,625	24	\$61,734
4.	7601 & 7529 2nd Avenue N	05/06/2022	\$3,273,000	56	\$58,446

Multi-Family Sale No. 1



Property Identification

Record ID	133
Property Type	Garden, Low-Rise
Property Name	Goudy's Apartments
Address	1413-1415 12th Avenue N, Birmingham, Jefferson County, Alabama 35204
Location	North Birmingham
Tax ID	22-00-26-4-033-002.000
Submarket	Fountain Heights
MSA	Birmingham-Hoover MA
Market Type	Urban

Sale Data

Grantor	Tonya Necole Sigers
Grantee	Five Trees Apartments, LLC
Sale Date	February 01, 2023
Deed Book/Page	2023008806
Property Rights	Fee Simple
Conditions of Sale	Arm's-Length
Financing	Cash to seller
Sale History	No other sales in the past 36 months.
Verification	Grantor

Multi-Family Sale No. 1 (Cont.)

Sale Price \$920,000
Cash Equivalent \$920,000

Land Data

Land Size 0.300 Acres or 13,068 SF
Front Footage 100 ft 12th Avenue N;
Zoning R-6, Multiple Dwelling District
Topography Sloping-level
Utilities Public
Dimensions 100 x 128.6
Shape Rectangular
Landscaping Conforming to market area.
Flood Info Not in FEMA flood prone area.
Access Average
Visibility Average
Highest & Best Use Multi-family

Unit Mix

<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
1 BR/1 BA	12	630		
Total Units	12			
Avg. Unit Size	630			
Gross Building SF	7,560			

General Physical Data

No. of Buildings 2
Construction Type Brick
Electrical Metered separately
HVAC Individual units
Parking On-site
Stories 2
Utilities with Rent Sewer, Trash Collection
Unit Amenities Washer/Dryer Connections
Year Built 1960
Condition Average
FF&E Refrigerator and stove/oven

Indicators

Sale Price/Gross Building SF \$121.69
Sale Price/Unit \$76,667
Occupancy at Sale 92%

Remarks

This is the sale of a 12-unit apartment building on 0.29 acres located in the North Birmingham submarket. The property was built in 1960 and renovated in 2022. The property includes 14 parking spaces. No income or expense information was available for verification.

Multi-Family Sale No. 2



Property Identification

Record ID	134
Property Type	Garden, Low-Rise
Property Name	Notting Hill Apartments
Address	201 Notting Hill Circle, Hueytown, Jefferson County, Alabama 35023
Location	Hueytown
Tax ID	31-00-24-4-001-029.001
Submarket	Hueytown
MSA	Birmingham-Hoover MA
Market Type	Suburban

Sale Data

Grantor	NP Notting Hill Apartment, LLC
Grantee	Notting Hill LLC
Sale Date	June 28, 2023
Deed Book/Page	2023061750
Property Rights	Leased Fee
Conditions of Sale	Arm's-Length
Financing	Cash to seller

Multi-Family Sale No. 2 (Cont.)

Sale History Verification No other sales in the past 36 months.
Wade Lowry, The Kirkland Co.

Sale Price \$3,000,000
Cash Equivalent \$3,000,000

Land Data

Land Size 3.169 Acres or 138,042 SF
Front Footage Notting Hill Circle; Allison-Bonnett Memorial Drive;
Zoning R-5, Multiple Family District
Topography Level-sloping
Utilities Public
Shape Irregular
Landscaping Conforming to market area.
Flood Info Not in FEMA flood prone area.
Access Average
Visibility Average
Highest & Best Use Multi-Family

	<u>Unit Mix</u>		<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>		
<u>Unit Type</u> 2BR/1BA	32	977		
Total Units	32			
Avg. Unit Size	977			
SF	31,264			

General Physical Data

No. of Buildings 2
Construction Type Vinyl Siding/Brick
Electrical Metered separately
HVAC Individual
Parking 58 spaces
Stories 2
Utilities with Rent Sewer, Trash Collection
Unit Amenities Patios/Balconies, Washer/Dryer Connections
Year Built 1990
Condition Average
FF&E Refrigerator, stove/oven & vent hood

Indicators

Sale Price/Gross SF \$95.96
Sale Price/Unit \$93,750

Remarks

This sale is situated in the Hueytown/Bessemer, AL submarket. The property has been well maintained with no deferred maintenance. The complex was 100% occupied at the time of sale. No income or expense information was available for verification.

Multi-Family Sale No. 3



Property Identification

Record ID	135
Property Type	Garden
Property Name	Apartment Complex
Address	826 1st Street W, Birmingham, Jefferson County, Alabama 35204
Location	West
Tax ID	22-00-34-1-030-001.000
Submarket	College Hills
MSA	Birmingham-Hoover MA
Market Type	Urban

Sale Data

Grantor	2008 14th Avenue LLC
Grantee	Michael A. Baum, Trustees of Baum Family Trust
Sale Date	October 28, 2022
Deed Book/Page	2022111919
Property Rights	Leased Fee
Marketing Time	118 days
Conditions of Sale	Arm's-Length

Multi-Family Sale No. 3 (Cont.)

Financing Cash to seller
Sale History No other sales in the past 36 months.
Verification Marge Beth Shaw, Selling Agent

Sale Price \$1,481,625
Cash Equivalent \$1,481,625

Land Data

Land Size 0.920 Acres or 40,075 SF
Zoning R-5, Multi-Family Special District
Topography Level
Utilities Public
Shape Rectangular
Landscaping Sidewalks
Flood Info Not in FEMA flood prone area.
Access Average
Visibility Average
Highest & Best Use Multi-family

<u>Unit Type</u>	<u>Unit Mix</u>		<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>		
1BR/1BA	12	690		
2BR/1BA	12	800		

Total Units 24
Avg. Unit Size 745
SF 17,880

General Physical Data

No. of Buildings 3
Construction Type Brick
Electrical Individually metered
HVAC Individual units
Parking No on-site parking
Stories 1
Utilities with Rent Sewer, Trash Collection
Unit Amenities Washer/Dryer Connections
Year Built 1957
Condition Average
FF&E Refrigerator & stove/oven

Indicators

Sale Price/Gross SF \$82.86
Sale Price/Unit \$61,734

Remarks

This sale involved a 3-apartment buildings consisting of 1-bedroom and 2-bedroom units. The property was totally renovated in 2022. No income or expense information was available for verification.

Multi-Family Sale No. 4



Property Identification

Record ID	136
Property Type	Garden, Low-Rise
Property Name	Eastmont Plaza & Villa
Address	7601 & 7529 2nd Avenue N, Birmingham, Jefferson County, Alabama 35206
Location	East Lake
Tax ID	23-00-15-1-006-001.000 & 23-00-15-1-014-001.000
Submarket	East Lake
MSA	Birmingham-Hoover MA
Market Type	Urban

Sale Data

Grantor	Farra LLC
Grantee	33H 28SFR LLC
Sale Date	May 06, 2022
Deed Book/Page	2022051580
Property Rights	Leased Fee
Conditions of Sale	Arm's-Length
Financing	Cash to seller

Multi-Family Sale No. 4 (Cont.)

Sale History No other sales in past 36 months.
Verification Robert Connor, Grantor

Sale Price \$3,273,000
Cash Equivalent \$3,273,000

Land Data

Land Size 2.070 Acres or 90,169 SF
Zoning R-5, Multiple Dwelling District
Topography Level
Utilities Public
Shape Rectangular
Landscaping Courtyard
Fencing Partially
Flood Info Not in FEMA flood prone area.
Access Average
Visibility Average
Highest & Best Use Multi-Family

	<u>Unit Mix</u>				
	<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
	2BR/1BA	56	778	\$695	\$0.89
Total Units		56			
Avg. Unit Size		778			
Avg. Rent/Unit		\$695			
Avg. Rent/SF		\$0.89			

Gross SF 43,568

General Physical Data

No. of Buildings 4
Construction Type Brick
Electrical Metered separately
HVAC Individual units
Parking Adequate on-site
Stories 2
Utilities with Rent Sewer, Trash Collection
Project Amenities Att. & Det. Laundry Room
Year Built 1968
Condition Average
FF&E Refrigerator, stove/oven & dishwasher.

Indicators

Sale Price/Gross SF \$75.12
Sale Price/Unit \$58,446

Multi-Family Sale No. 4 (Cont.)

Remarks

This sale involved Eastmont Plaza, a 2 bedroom/1 bath, 36-unit complex and along with Eastmont Villa a 2 bedroom/1 bath 20-unit complex. The units were in average condition at the time of sale with some subsidized rental units. Some limited interior deferred maintenance was noted at the time of sale.

IMPROVED SALES ANALYSIS

The following factors are considered when analyzing the sales data: **date of sale, real property rights conveyed, financing terms, conditions of sale, expenditures made immediately after purchase, market conditions, location, physical characteristics, land to building ratio, building size and non-realty components of value** of each property. The subject property's improvements are functional in design and are average quality of construction. I have used sales of the most competitive type properties available in the **general market area**. The previous sales are adjusted on the following basis:

REAL PROPERTY RIGHTS CONVEYED:

The fee simple interest are conveyed in each of the comparable sales and the **fee simple interest** in the subject is the interest being valued on the effective date of the appraisal. The comparables and the subject are equivalent in this respect. No adjustments are necessary in this section.

FINANCING TERMS

This section considers below-market financing in the purchase of the comparables. This type of adjustment is based on the premise that the transaction price of one property may differ from that of an identical property due to financing arrangements. No adjustments are warranted in this section because none of the sales reflect below-market financing.

CONDITIONS OF SALE

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale significantly affect transaction prices. In this section adjustments are made for below-market sales price or above-market sales price that was reflected by the grantor or grantee at the time of sale. Based on sales data verification, no adjustment are necessary in this category because the sales herein reflect market sales prices.

EXPENDITURES MADE IMMEDIATELY AFTER PURCHASE

Typically a knowledgeable buyer considers expenditures that will have to be made upon purchase of a property to enable it to reach its full utility. The relevant figure is not the actual cost incurred but rather the cost that is anticipated by the buyer and seller. No adjustments are necessary in this section.

MARKET CONDITIONS (TIME ADJUSTMENTS):

Adjustments for time could not be determined from resales or a paired sales analysis. Since the subject is located in a market area with **limited recent re-sales** of similarly use properties, other observations were noted. However, after considering conversations with brokers, appraisers and other market participants in the subject's market area, and based on the publicized economic recovery would be reasonable to assume that the current market values have stabilized. No adjustments were warranted in this section.

LOCATION

This section considers locational characteristics of the comparable improved properties in relation to the subject property. The relationship is relative because the location can be judged by overall demand factors for a particular area versus the subject property. No adjustments are warranted in this section.

PHYSICAL CHARACTERISTICS

These factors include differences in quality of construction, architectural style, building materials, effective age, functional utility, deferred maintenance, and overall market appeal. In this situation, the sales were adjusted for effective age (condition) differentials. The condition adjustments were calculated by dividing the effective age of the sales by their total life expectancy. The total life expectancy for the different sales is derived from the market, consulting with builders and contractors, and the Marshall Valuation Service. Sales 1, 3 and 4 are adjusted for varying effective age differentials.

SALE #	EFFECTIVE AGE	TOTAL LIFE	DEPRECIATION	CONDITION ADJUSTMENT
1	15	60	25%	8%
2	10	60	17%	0%
3	15	60	25%	8%
4	20	60	33%	17%
Subject	10	60	17%	N/A

SIZE ADJUSTMENT(S) (GLA):

Consideration was given to the differences in the sales prices of the **improved apartment building sales**, as compared to the subject property, based on a per unit basis. In certain situations, a larger unit size will result in a higher price per unit being paid. In this case there was no measurable difference in the sales prices due to differentials in the overall unit sizes, therefore no adjustments are warranted.

USE/ZONING

No adjustments are necessary in this section.

ECONOMIC CHARACTERISTICS

No adjustments are necessary regarding the sales in this section.

NON-REALTY COMPONENTS

No adjustments are necessary in this section.

The adjustment grid on the following page illustrates the previously described adjustments.

IMPROVED SALES SUMMARY AND ADJUSTMENT GRID						
ELEMENT OF COMPARISON	SUBJECT	SALE1	SALE2	SALE3	SALE4	
	Apartment Complex 914 14th Avenue No Birmingham, AL	Goudy's Apartments 1413-1415 12th Avenue N Birmingham, AL	Notting Hill Apartments 201 Notting Hill Circle Hueytown, AL	Apartment Complex 826 1st Street W Birmingham, AL	Eastmont Plaza & Villa 7601 & 7529 2nd Avenue N Birmingham, AL	
Sale Price		\$920,000	\$3,000,000	\$1,481,625	\$3,273,000	
Net Rentable Area	14,474	7,560	31,264	17,880	43,540	
Price per S/F: (NRA)	N/A	\$121.69	\$95.96	\$82.86	\$75.17	
Number of Units	18	12	32	24	56	
Price per Unit:	N/A	\$76,667	\$93,750	\$61,734	\$58,446	
PGIM	N/A	N/A	N/A	N/A	N/A	
EGIM	N/A	N/A	N/A	N/A	N/A	
OAR	N/A	N/A	N/A	N/A	N/A	
Year Built	1965	1960	1990	1957	1968	
Effective Age	10	15	10	15	20	
Life Expectancy	60	60	60	60	60	
Depreciation	17%	25%	17%	25%	33%	
Property Rights Conveyed	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	
Adjusted Price	N/A	\$76,667	\$93,750	\$61,734	\$58,446	
Financing Terms	N/A	Cash to seller	Cash to seller	Cash to seller	Cash to seller	
Adjusted Price	N/A	\$76,667	\$93,750	\$61,734	\$58,446	
Conditions of Sale	N/A	Arms-Length	Arms-Length	Arms-Length	Arms-Length	
Adjusted Price	N/A	\$76,667	\$93,750	\$61,734	\$58,446	
Market Conditions (Time)						
Date of Sale	December-23	February-23	June-23	October-22	May-22	
Market Conditions Adjustment	0	\$0	\$0	\$0	\$0	
Adjusted Price	N/A	\$76,667	\$93,750	\$61,734	\$58,446	
Location	Birmingham, AL	North Birmingham	Hueytown	West	East Lake	
Adjustment (Percentage)		0%	0%	0%	0%	
Adjustment (Dollar)		\$0.00	\$0.00	\$0.00	\$0.00	
Adjusted Price		\$76,667	\$93,750	\$61,734	\$58,446	
Physical Characteristics						
Quality of Construction	Average	Average	Average	Inferior	Average	
Age/Condition	Average	Inferior	Average	Inferior	Inferior	
Adjustment (Percentage)		8%	0%	8%	17%	
Adjustment (Dollar)		\$6,133	\$0	\$4,939	\$9,936	
Adjusted Price		\$82,800	\$93,750	\$66,673	\$68,382	
Gross Living Area/GLA	14,474	7,560	31,264	17,880	43,568	
Average Size of Unit	804	630	977	745	778	
Adjustment (Percentage)		0%	0%	0%	0%	
Adjustment (Dollar)		\$0.00	\$0.00	\$0.00	\$0.00	
Adjusted Price		\$82,800	\$93,750	\$66,673	\$68,382	
Use/Zoning	Multi-Family/R-6	Multi-Family/R-6	Multi-Family/R-5	Multi-Family/R-5	Multi-Family/R-5	
Adjustment (Percentage)		0%	0%	0%	0%	
Adjustment (Dollar)		\$0.00	\$0.00	\$0.00	\$0.00	
Adjusted Price		\$82,800	\$93,750	\$66,673	\$68,382	
Economic Characteristics						
Occupancy Rate	94%	92%	100%	75%	93%	
NOI per Apartment Unit	N/A	N/A	N/A	N/A	N/A	
Adjustment (Percentage)		0%	0%	10%	0%	
Adjustment (Dollar)		\$0	\$0	\$6,667	\$0	
Adjusted Price		\$82,800	\$93,750	\$73,340	\$68,382	
Non-Realty Components	None	None	None	None	None	
Adjustment (Percentage)		0%	0%	0%	0%	
Adjustment (Dollar)		\$0	\$0	\$0	\$0	
Adjusted Price		\$82,800	\$93,750	\$73,340	\$68,382	
Net Percentage Adjustment		8%	0%	18%	17%	
Gross Percentage Adjustment		8%	0%	18%	17%	
Total Adjusted Price per Unit		\$82,800	\$93,750	\$73,340	\$68,382	

Adjustment Range	Min. S/Unit	Max. S/Unit
Unadjusted Range	\$58,446	\$93,750
Adjusted Price	\$68,382	\$93,750
Adjusted Central Tendency Unit:		\$79,568

Conclusion

Adjustment Range	Min. \$/Unit	Max. \$/Unit
Unadjusted Range	\$58,446	\$93,750
Adjusted Price	\$68,382	\$93,750
Adjusted Central Tendency Unit:		\$79,568

The market for similar improved sales with this type of location and overall age/condition, are defined by the preceding comparable sales data set. Consideration is given to the following factors: subject’s location, physical characteristics and overall condition. It should be noted that 1 and 2 are given the most credence in this situation because they have the least gross adjustments. The subject value falls to the upper end of the value range due to type of income and recently being totally renovated.

Sale #	Adjusted \$ Unit	% Applied	Total
1	\$82,800	35%	\$28,980
2	\$93,700	65%	\$60,905
		100%	\$89,885
Reconciled Value per SF - (Rd)			\$90,000

Subject Units	Adjusted \$ Unit	Market Value
18	\$90,000	\$1,620,000
	Rounded	\$1,620,000

Therefore, based on the sales herein and after the adjustment process the subject has an estimated market value of:

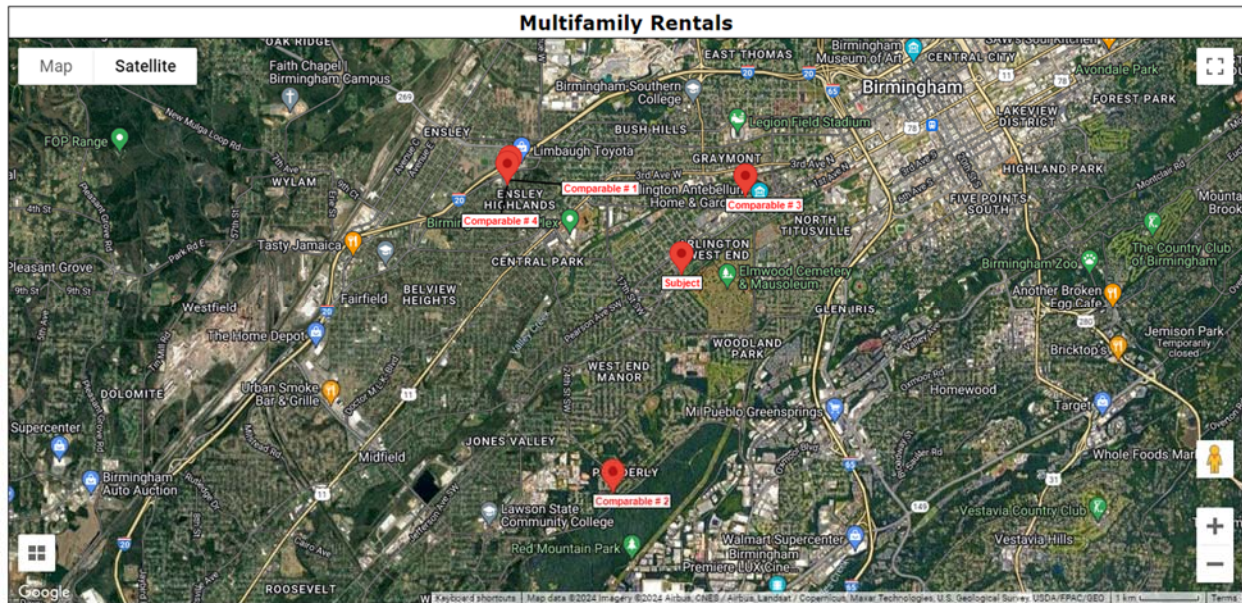
**“As Is” Market Value
(\$1,620,000)**

INCOME APPROACH

As the final approach to value for the subject property, consideration is given to the capitalized net income of which the subject property is capable of producing. In order to estimate the net operating income, projected rental rates of the subject property are compared to other similar rentals in the market area. These potential market rents and any ancillary income are computed to a **Potential Gross Income** which is then charged with an allowance for **vacancy and credit loss** with the resulting figure being the **Effective Gross Income**.

After calculating the effective gross income, all applicable **expenses** are deducted to arrive at a **net operating income**. The expense figures utilized are based on past expenses for comparable properties as well as expense ratios, in general, as reported by professionals in real estate management and appraisal profession in the subject's market area.

After calculating the **effective gross income**, all applicable expenses are deducted to arrive at a **net operating income**. The expense figures utilized are based on past expenses for comparable properties as well as expense ratios, in general, as reported by professionals in real estate management and appraisal in the subject's market area. Data on comparable office buildings are on the following pages.



APARTMENT RENTALS SUMMARY TABLE

No.	Location	Avg. Unit Size	Avg. Mo. Rent	Avg. Rent/SF
1.	2336 Court R	890	\$745	\$0.84
2.	2615 Tempest Dr SW	1,053	\$996	\$0.95
3.	500 Tuscaloosa Avenue	886	\$850	\$0.96
4.	2531 Ensley Five Points W Avenue	1,158	\$750	\$0.65

Multi-Family Lease No. 1



Property Identification

Record ID	109
Property Type	Garden, Low-Rise
Property Name	Westridge Apartments
Address	2336 Court R, Birmingham, Jefferson County, Alabama 35218
Location	West End
Tax ID	29-00-06-1-014-020.000
Submarket	West End
MSA	Birmingham-Hoover MA
Market Type	Urban

Owner	RCR Holdings LLC
Management Co.	Marcus & Millichap
Verification	Andrew Jacobs, Selling Agent

	<u>Unit Mix</u>			
<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
1BR/1BA	24	870	\$700	\$0.80
2BR/1BA	24	910	\$790	\$0.87

Occupancy	100%
Total Units	48

Multi-Family Lease No. 1 (Cont.)

Unit Size Range	870 - 910
Avg. Unit Size	890
Monthly Rent Range	\$700 - \$790
Avg. Rent/Unit	\$745
Avg. Rent/SF	\$0.84

SF	42,720
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Physical Data

No. of Buildings	3
Construction Type	Brick
Electrical	Individually metered
HVAC	Individual units
Stories	2
Utilities with Rent	Water, Sewer, Trash Collection
Unit Amenities	Washer/Dryer Connections
Parking	On-site parking
Year Built	1975
Condition	Average

Remarks

This 48-unit, apartment complex consists of 3-buildings on 1.33 acres located in the western submarket of Birmingham, AL.

Multi-Family Lease No. 2



Property Identification

Record ID	111
Property Type	Garden, Low-Rise
Property Name	Forest Hills Village Apartments
Address	2615 Tempest Dr SW , Birmingham, Jefferson County, Alabama 35211
Location	West End
Tax ID	29-00-20-4-001-001.000
Submarket	West End
MSA	Birmingham-Hoover MA
Market Type	Urban
Owner	Forest Hills Partners
Verification	Grantor

	<u>Unit Mix</u>			
<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
1BR/1BA	32	750	\$800	\$1.07
2BR/1BA	50	1,000	\$950	\$0.95

Multi-Family Lease No. 2 (Cont.)

3BR/1BA	60	1,200	\$1,104	\$0.92
4BR/2BA	10	1,400	\$1,200	\$0.86

Occupancy	90%
Total Units	152
Unit Size Range	750 - 1,400
Avg. Unit Size	1053
Monthly Rent Range	\$800 - \$1,200
Avg. Rent/Unit	\$996
Avg. Rent/SF	\$0.95

Gross SF 160,000

Physical Data

No. of Buildings	13
Construction Type	Brick
Electrical	Metered individually
HVAC	Individual Units
Stories	2
Utilities with Rent	Water, Sewer, Trash Collection
Unit Amenities	Patios/Balconies, Washer/Dryer Connections, (2) Elevators
Parking	352 parking spaces
Year Built	1976
Condition	Average

Remarks

The property offers 4-unit types, ranging from 750 sf to 1,400 sf and rents ranging from \$800 to \$1,200 per unit. The models range from 1 bed 1 bath to 4 bed 2 bath. The property was developed by HW Development, a national developer of high-quality and amenity-enriched housing for families and seniors. The company principals are experts in financing affordable housing through the use of 4% and 9% low-income housing tax credits, tax-exempt bonds, public agency financing, HUD financing and conventional financing.

Multi-Family Lease No. 3



Property Identification

Record ID	112
Property Type	Garden, Low-Rise
Property Name	Arlington-West End
Address	500 Tuscaloosa Avenue, Birmingham, Jefferson County, Alabama 35211
Location	West End
Tax ID	29-00-03-2-031-016.000
Submarket	West End
MSA	Birmingham-Hoover MA
Market Type	Urban
Owner	Tuscaloosa 500 Realty LLC
Management Co.	First Class Realty Services
Verification	Shayla Dotson, Agent

	<u>Unit Mix</u>			
<u>Unit Type</u>	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	<u>Mo. Rent/SF</u>
2BR/1BA	20	886	\$850	\$0.96

Multi-Family Lease No. 3 (Cont.)

Occupancy	100%
Total Units	20
Unit Size Range	0 - 886
Avg. Unit Size	886
Monthly Rent Range	\$0 - \$850
Avg. Rent/Unit	\$850
Avg. Rent/SF	\$0.96

SF	17,720
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Physical Data

No. of Buildings	3
Construction Type	Brick/Frame
Electrical	Individually Metered
HVAC	Individual Units
Stories	2
Utilities with Rent	Water, Sewer, Trash Collection
Unit Amenities	Washer/Dryer Connections
Parking	On-site parking
Year Built	1978
Condition	Avg-So deferred maint.

Remarks

This apartment complex is situated west of downtown Birmingham, AL in the West End submarket. The property accepts Section 8 vouchers.

Multi-Family Lease No. 4



Property Identification

Record ID 113
Property Type Garden, Low-Rise
Property Name Apartment Units
Address 2531 Ensley Five Points W Avenue, Birmingham, Jefferson
County, Alabama 35208
Location West End
Tax ID 29-00-06-1-014-012.000
Submarket West End
MSA Birmingham-Hoover MA
Market Type Urban
Owner Alabama True 2 LLC
Verification Danny Gonzales, Agent

<u>Unit Type</u>	<u>Unit Mix</u>			<u>Mo. Rent/SF</u>
	<u>No. of Units</u>	<u>Size SF</u>	<u>Rent/Mo.</u>	
2BR/1BR	6	1,158	\$750	\$0.65

Multi-Family Lease No. 4 (Cont.)

Occupancy	100%
Total Units	6
Unit Size Range	0 - 1,158
Avg. Unit Size	1158
Monthly Rent Range	\$0 - \$750
Avg. Rent/Unit	\$750
Avg. Rent/SF	\$0.65

SF	6,948
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Physical Data

No. of Buildings	1
Construction Type	Brick
Electrical	Individually metered
HVAC	Individual unit
Stories	2
Utilities with Rent	Water, Sewer, Trash Collection
Unit Amenities	Washer/Dryer Connections
Parking	On-site parking
Year Built	1962
Condition	Average

Remarks

This rental is situated in the Ensley submarket in western Birmingham, AL. Section 8 voucher are accepted, with a mixture of subsidized and standard lease agreements.

Contract Rental Summary

The following lease(s) agreement information is as follows:

Property Owner	914 14th St SW, LLC							
Property Address	914 14th St							
City, State, Zip	Birmingham, AL 35211							
Tenant Name	Property Name	Suite / Unit #	Lease Start Date	Lease End Date	Base rent	Notes	Deposits	
Summerville, Larry	914 14th St SW	A	4/28/2023	3/31/2024	\$775.00		500	
Finley, Erica	914 14th St SW	B	4/6/2023	3/31/2024	\$750.00	Section 8	170	
Vacant	914 14th St SW	C				Pending		
Fikes, Benjamin	914 14th St SW	D	9/1/2023	8/31/2024	\$750.00		N/A	
Nelson, Kimberley	916 14th St SW	A	09/28/2023	08/31/2024	\$875.00	Section 8	700	
Bishop, Tianna	916 14th St SW	B	11/10/2023	11/31/24	\$875.00	Section 8	600	
carliandra Bester	916 14th St SW	C	9/29/2023	8/31/2024	\$875.00	Section 8	700	
Henderson, Latonya	916 14th St SW	D	09/28/2023	08/31/2024	\$875.00	Section 8	700	
Anderson, Jordan	916 14th St SW	E	08/14/2023	07/31/2024	\$875.00		700	
Kennedy, Jasmine	916 14th St SW	F	08/24/2023	07/31/2024	\$950.00	Section 8	600	
Atkins, Eugene	916 14th St SW	G	10/19/2023	09/30/2024	\$875.00	Section 8	600	
Jones, Ruwanda	920 14th St SW	A	5/3/2023	4/30/2024	\$875.00		N/A	
collins, leaysha	920 14th St SW	B	11/17/2023	10/31/2024	\$875.00	Section 8	700	
Scott, Kiara	920 14th St SW	C	11/7/2023	10/31/2024	\$875.00		600	
Cooper, Tyra	920 14th St SW	D	7/6/2023	6/30/2024	\$875.00	Section 8	700	
Patton, Jasmine	920 14th St SW	E	07/12/2023	Jun-24	\$875.00	Section 8	700	
Gulley, Michael	920 14th St SW	F	6/21/2023	5/31/2024	\$875.00	Section 8	700	
Biggs, Charles & Adrienne	920 14th St SW	G	4/11/2023	3/31/2024	\$875.00		500	
					Expected Monthly Rent		\$14,600.00	
					Expected Annual Rent		\$175,200.00	

The rental information was provided by the owner, Nick Morgan, on 12/16/2023. The lease terms are one year in duration. At the time of inspection one 1-bedroom unit, 914-C was vacant, with a pending lease agreement for \$750/month. Based on that pending agreement the potential gross income is **\$15,350/month** and **\$184,200 annually**. It should be noted that the subject has 11 units, or 61% are on Section 8. The subject's rental rates are considered comparable with the market derived rates in the following analysis.

Market Rental Rate Summary

APARTMENT RENTALS SUMMARY TABLE

No.	Location	Avg. Unit Size	Avg. Mo. Rent	Avg. Rent/SF
1.	2336 Court R	890	\$745	\$0.84
2.	2615 Tempest Dr SW	1,053	\$996	\$0.95
3.	500 Tuscaloosa Avenue	886	\$850	\$0.96
4.	2531 Ensley Five Points W Avenue	1,158	\$750	\$0.65

The market rentals are analyzed by **qualitative analysis** based on the inefficiencies of this market area and the difficulty of expressing quantitative adjustments based on the data set. The preceding rentals are located in the general or competing market areas and are considered to be comparable with the subject in lease terms, tenant status, location and quality of construction. Even though other apartment complexes are located in the subject market area, the rentals noted herein are considered to be the best verifiable improved lease comparables with some subsidized rentals. These comparables provide data that substantiate the best indication of potential gross income for the subject in a **stabilized year**.

Unit Type Analysis (1 Bedroom/1 Bath)

The preceding comparable rentals contain **1-bedroom, 1 bath units**, and are considered competitive to the subject's 1-bedroom unit type. The rent comparables are in the range of **\$700 - \$750 per month**. Based on the review of rent comparables, with consideration being given to overall quality, subject's contract rental rate and condition, the subject's 1-bedroom rental rate of **\$775 per month** is constant with the current market rentals.

Unit Type - 1 BR	Adjusted \$ Unit	PGI
4	\$775	\$37,200
	Rounded	\$37,200

Unit Type Analysis (2 Bedroom/1 Bath)

The preceding comparable rentals contain **2-bedroom, 1 bath units**, and are considered competitive to the subject's 1-bedroom unit type. The rent comparables are in the range of **\$750 - \$950 per month**. Based on the review of rent comparables, with consideration being given to overall quality, subject's contract rental rate and condition, the subject's 2-bedroom rental rate of **\$775 per month** is constant with the current market rentals.

Unit Type - 2 BR	Adjusted \$ Unit	PGI
14	\$875	\$147,000
	Rounded	\$147,000

Conclusion

Therefore, considering the subject's location, the quality of interior finish, and assuming "competent management" and apartment complexes that offer subsidized lease agreements, the following rental rates would be applicable in a "stabilized year":

Potential Gross Income
\$184,200

Other Income:

In this situation, no other additional income was present.

Expense Reimbursement Revenue:

No expense reimbursement revenue was applicable to this appraisal assignment.

EXPENSE ANALYSIS

To estimate expenses applicable to the subject property, typical expenses of other apartment complexes are analyzed to project expenses for the subject property based on the historical data from the subject.

Vacancy and Credit Allowance:

The rental vacancy rates in the subject’s immediate market area indicate vacancies ranging from 0% to 20%, with an average of 10%, based on average condition and competent management. Based subject’s type of occupancy, a 10.00% allowance for vacancy and credit allowance is applicable.

OPERATING EXPENSES:

The subject building is leased on the following basis with the noted allocated expenses.

- Lease Type: Modified Gross
- Type of Building: Multi-Family - Garden/Low-Rise

Based on the rental agreements in this sub-market the lessor/owner operating expenses allocated as follows:

Operating Expense Structure		
Fixed Expenses	Lessor	Lessee
• Real Estate Taxes	X	
• Insurance	X	
Variable Expenses		
• Management Fees	X	
• Administrative Fees	X	
• Utilities	Comm. Area	Electricity
• Repairs/Maintenance	X	
• Replacement Allowance	X	

Real Estate Taxes

The subject parcel is under the taxing authority of the Jefferson County Tax Assessor's Office. The Real Estate taxes for the subject should remain constant until the property is subject to revaluation.

Real Estate Taxes	# of Units	Cost Per Unit
\$1,546	18	\$85.89

Insurance

The insurance premium for the subject is estimated based on historical data and market comparables. The insurance premium expenses are estimated as follows:

Insurance	# of Units	Cost Per Unit
\$10,100	18	\$561.11

Management

Professional management companies within the market area have historically charged a management fee of 5% to 7% depending on the property. Typically, the management fee would be 5% of Effective Gross Income for smaller properties.

Management/Leasing	# of Units	Cost Per Unit
\$8,289	18	\$460.50

Administrative Expenses

This expense refers to administrative charges associated with the subject property for a typical year. This expense refers to employee payroll, telephone, general office expenses and an allocation of expense by the owner in overseeing the complex. Based on the type of apartment complex this expense is not applicable.

Utilities

Under the terms of the lease agreement this expense is the responsibility of the tenant. However, the common area lighting and water expenses are estimated:

Utilities	# of Units	Cost Per Unit
\$500	18	\$27.78

Repairs and Maintenance

The overall building maintenance includes exterior, interior, ground maintenance, trash removal and pest control. The expense comparables reveal that repair and maintenance expenses range from \$110 to \$450 per unit.

Repairs & Maintenance	# of Units	Cost Per Unit
\$3,000	18	\$166.67

Replacement Reserves

The reserve expense estimated herein accounts for large capital improvements for items such as: roof replacement, heating and air conditioning and parking lot replacement. The reserves will remain level over time. Many investors in this market area historically do not allocate reserve funds for capital improvements, as these items are funded at the time of need through loans and/or investor equity.

Replacement Allowance	# of Units	Cost Per Unit
\$5,000	18	\$277.78

The income approach to value was determined by two methods:

- **The Direct Capitalization** method converts a single year’s income expectancy into a value indication. This conversion is accomplished by capitalizing the net operating income in a stabilized year by the “going-in” capitalization rate.
- **The Yield Capitalization (Discounted Cash Flow Analysis)** method discounts projected income streams and reversion which demonstrates the present worth of future benefits.

Selection of Overall Rate

Typically, the overall rate is estimated by utilizing three methods, which depend on the quantity and quality of data available. The following methods were used herein:

- Investor Surveys
- Derivation from Comparable Sales
- Band of Investment – Mortgage and Equity Components
- Debt Coverage Formula

Investor Survey Data

The following table provides the range and average of direct (going-in) capitalization rates for similar type properties as the subject, based on the most recent edition of PwC Real Estate Investor Survey, 4th Quarter 2023, published by the Appraisal Institute and the CoStar Group.

Capitalization Rate - Investor Surveys	Low	High	Average
PwC Real Estate Investor Survey	3.75%	8.00%	5.88%
CoStar Group (Past 12 months)	4.79%	13.00%	8.90%
		Average	7.39%

Derivation from Comparable Sales

No market derived capitalization rates are available on the comparable improved sales. In this situation, overall capitalization rates were extracted from the other improved sales in the general market area.

Location	# Units	Sale Price	Sale Date	Vacancy	Cap Rate
821 Graymont Ave W, Birmingham, AL	10	\$230,000	12/29/2022	8.40%	4.79%
5710 Monte Sano Dr, Birmingham, AL	30	\$1,345,000	11/8/2022	32.20%	11.77%
2007 Warrior Rd, Birmingham, AL	75	\$2,800,000	7/27/2022	2.60%	12.44%
1906 18th Pl N, Birmingham, AL	70	\$2,700,000	6/23/2022	1.50%	6.67%
705 1st St S, Birmingham, AL	30	\$1,125,000	4/7/2022	2.80%	11.43%
1613 19th Street Ensley, Birmingham, AL	8	\$425,000	2/1/2022	7.20%	7.00%
2119 23rd St N, Birmingham, AL	4	\$250,000	7/26/2021	8.40%	8.05%
1802 14th Ct N, Birmingham, AL	6	\$185,000	6/11/2021	8.40%	10.00%
1600 Warrior Rd, Birmingham, AL	12	\$286,150	2/1/2021	34.50%	13.00%
408 & 410 Tuscaloosa Ave SW, Birmingham, AL	24	\$1,140,000	Under Contract	7.20%	6.95%
	Average	1,048,615		11.32%	9.21%

The sales indicate a range from 4.79% to 13.00%, with an average of 9.21%. The subject's overall capitalization rate is bracketed between the sales herein.

Mortgage Rate and Terms Analysis

Based on a general survey of permanent (long term) lenders, the following terms and rates are currently available to similar type properties as the subject.

Capitalization Rate Analysis				
Mortgage Interest Rate		7%	Loan To Value Ratio	80%
Typical Market Points		2.00	Debt Coverage Ratio	1.20
Loan Term (Years)		20	Equity Dividend Rate	9.25%

Band of Investment Mortgage and Equity Components

The Band of Investment-Mortgage and Equity Components formula develops a rate that is the weighted average of the return on investment required to provide a competitive equity return. The following formula is used to estimate an overall rate:

Band of Investment					
Mortgage Constant			Loan Ratio		
0.09304	x		80%	=	0.0744 Mortgage Component
Equity Dividend Rate			Equity Ratio		
9%	x		0.20	=	0.0185 Equity Component
			Capitalization Rate		9.29%

Debt Coverage Formula

The Debt Coverage Formula pertains to the ratio of net operating income to annual debt service. This is a formula used by lenders whereas the lenders attempt to ensure a "cushion" where if the income declines, the borrower will still be able to meet the debt service obligations on the loan. The Overall Rate is estimated as follows:

Debt Coverage Ratio Analysis					
Debt Coverage Ratio	x	LTV	x	Mortgage Constant	
1.20	x	80%	x	0.09304	= 0.089314
				Capitalization Rate	8.93%

Conclusion

The indicated overall rates are:

Capitalization Rate Selection Summary	Low	High	Average
Investor Surveys	5.75%	8.00%	6.88%
Market Derived Rate	4.79%	13.00%	8.90%
Band of Investment-Mortgage and Equity Components	N/A	N/A	9.29%
Debt Coverage Formula	N/A	N/A	8.93%

SUMMATION

Investor Surveys	6.88%
Market Derived Rate	8.90%
Band of Investment-Mortgage and Equity Components	9.29%
Debt Coverage Formula	8.93%

The overall rates have an indicated range of less than 2.50%. Since market derived overall rates are available, most credence is given to those rates. The reconciled overall rate for the subject property is **8.25%**, based on risk factors for apartment complexes in particular sub-market.

Pro Forma Operating Statement

Effective Date of Value	12/16/2023				
Rental Units	18				
Stablized Occupancy	94%				
	<u>\$ Per</u>		<u>% of</u>	<u>Rent per</u>	<u>Projected</u>
	<u>Unit</u>	<u>Unit Count</u>	<u>EGI</u>	<u>Month</u>	<u>12 Months</u>
Potential Base Income					
1 Bedroom		4		\$775	\$37,200
2 Bedroom		14		\$875	\$147,000
3 Bedroom		0		\$0	\$0
Add: Miscell. Rent Revenue	\$0				\$0
Add: Landry/Vending	\$0				\$0
Add: Tenant Charges	\$0				\$0
Potential Gross Income	<u>\$0</u>				<u>\$184,200</u>
(-) Vacancy & Collection Loss @ 10%	\$1,023				\$18,420
Concession(s)					\$0
Effective Gross Income (EGI)	-\$1,023		100%		\$165,780
Fixed Expenses					
Real Estate Taxes	\$86		0.93%		\$1,546
Insurance	\$561		6.09%		\$10,100
Total Fixed Expenses	<u>\$647</u>		<u>7.02%</u>		<u>\$11,646</u>
Variable Expenses					
Management/Leasing	5% \$461		5.00%		\$8,289
Administrative Expenses	\$0		0.00%		\$0
Utilities	\$28		0.30%		\$500
Repairs & Maintenance	\$167		1.81%		\$3,000
Total Variable Expenses	<u>\$655</u>		<u>7.11%</u>		<u>\$11,789</u>
Total Fixed & Variable Expenses	<u>\$1,302</u>		<u>14.14%</u>		<u>\$23,435</u>
Replacement Allowance			3.02%		\$5,000
Total Expenses					<u>\$28,435</u>
		(Operating Exp Ratio)	17.15%		
Net Operating Income					<u>\$137,345</u>
			Capitalization Rate		8.25%
			Indicated Value		\$1,664,788
			Indicated Value (Rounded)		\$1,665,000

Discounted Cash Flow Analysis

The final value indication by the income approach takes into consideration the present worth of the projected income stream, and reversion of the property at the end of a ten-year holding period. This yield capitalization analysis is commonly known as the **discounted cash flow analysis** since it converts each income period and reversion to present worth. The estimated cash flow and reversion is discounted to present worth by applying a discount rate, or risk rate. This rate reflects the risk or probability that the projections will occur and are sometimes called yield rates or the internal rate of returns.

Changes in Rental Income over Time (Holding Period):

Market data and current trends indicate annual increases in rental rates for some of the apartment building properties over the past few years. It is estimated that a typical investor would recognize that the market rental rate for the subject property should increase at a rate of at least **2%-6%** per year. However, based on the market lease agreements a **2.00% increase** per year was utilized in the DCF analysis.

Terminal Capitalization Rate

The terminal capitalization rate is the “**coming out**” overall capitalization rate that is used by the investor at the end of the projected holding period in order to estimate a value of the subject property at the time of reversion. The **terminal or residual capitalization** rate forecast in this situation, used in the DCF analysis, is determined to be .50% higher than the “going-in” overall capitalization rate. The subject’s terminal capitalization rate of **8.75%** is reasonable for this particular type of property, with the stated locational characteristics and economic factors.

Projected Holding Period

To determine the projected holding period for a property similar to the subject, included reviewing investor surveys and discussing projection periods with investors, developers and commercial real estate agents. Therefore, in this situation the projected holding period utilized in the DCF analysis for the subject is determined to be **(10) years**.

Discount Rate

The investor expectation is based on information available from PwC Real Estate Investor Survey, 4th Quarter 2023 published by the Appraisal Institute, local developers and investors, as well as analysis of similar type properties found other national publications.

Discount Rate Selection Summary	Low	High	Average
Apartment	3.75%	8.00%	5.88%

Based on investor surveys for alternative investments instruments, the indicated range reflects **5.75% - 8.00%** with an average of **5.88%** it is the writer's opinion that a typical investor would reasonably anticipate a **discount rate** of **9.25%** which is higher than the survey but compensates for the additional risk factor.

CASH FLOW ANALYSIS

		RENTAL GROWTH RATE			2.00%
Year	GROSS POTENTIAL INCOME	Percent Vacancy & Rent Loss	Dollar Vacancy & Rent Loss	Reimbursement	EFFECTIVE GROSS INCOME
1	\$184,200	10.00%	(\$18,420)	\$0	\$165,780
2	\$187,884	10.00%	(\$18,788)	\$0	\$169,096
3	\$191,642	10.00%	(\$19,164)	\$0	\$172,478
4	\$195,475	10.00%	(\$19,547)	\$0	\$175,927
5	\$199,384	10.00%	(\$19,938)	\$0	\$179,446
6	\$203,372	10.00%	(\$20,337)	\$0	\$183,035
7	\$207,439	10.00%	(\$20,744)	\$0	\$186,695
8	\$211,588	10.00%	(\$21,159)	\$0	\$190,429
9	\$215,820	10.00%	(\$21,582)	\$0	\$194,238
10	\$220,136	10.00%	(\$22,014)	\$0	\$198,122
Rever	\$224,539	10.00%	(\$22,454)	\$0	\$202,085

OPERATING EXPENSE ANALYSIS

Year	EFFECTIVE GROSS INCOME	Real Estate Tax	Management/Leasing Fee (% of EGI)	Repairs & Maintenance	Structural Maintenance	General Administrative	Replacement Allowance	Total Operating Expenses	NET OPERATING INCOME	
% Increase		2.00%	1.00%							
Incremental Incr/Yrs.		1	1	1	1	1	1			
1	\$165,780	\$1,546	\$10,100	\$8,289	\$3,000	\$0	\$0	\$5,000	(\$27,935)	\$137,845
2	\$169,096	\$1,577	\$10,201	\$8,455	\$3,060	\$0	\$0	\$5,050	(\$28,343)	\$140,753
3	\$172,478	\$1,608	\$10,303	\$8,624	\$3,121	\$0	\$0	\$5,101	(\$28,757)	\$143,720
4	\$175,927	\$1,641	\$10,406	\$8,796	\$3,184	\$0	\$0	\$5,152	(\$29,178)	\$146,749
5	\$179,446	\$1,673	\$10,510	\$8,972	\$3,247	\$0	\$0	\$5,203	(\$29,606)	\$149,839
6	\$183,035	\$1,707	\$10,615	\$9,152	\$3,312	\$0	\$0	\$5,255	(\$30,041)	\$152,993
7	\$186,695	\$1,741	\$10,721	\$9,335	\$3,378	\$0	\$0	\$5,308	(\$30,483)	\$156,212
8	\$190,429	\$1,776	\$10,829	\$9,521	\$3,446	\$0	\$0	\$5,361	(\$30,933)	\$159,496
9	\$194,238	\$1,811	\$10,937	\$9,712	\$3,515	\$0	\$0	\$5,414	(\$31,389)	\$162,848
10	\$198,122	\$1,848	\$11,046	\$9,906	\$3,585	\$0	\$0	\$5,468	(\$31,854)	\$166,269
Rever	\$202,085	\$1,885	\$11,157	\$10,104	\$3,657	\$0	\$0	\$5,523	(\$32,326)	\$169,759

DISCOUNTED CASH FLOW ANALYSIS

Year	Effective Gross Income	Operating Expenses	Expenses (%EGI)	Net Operating Income	9.25% Discount Factor	Present Value Cash Flows
1	\$165,780	(\$27,935)	16.85%	\$137,845	0.91533	\$126,174
2	\$169,096	(\$28,343)	16.76%	\$140,753	0.83783	\$117,927
3	\$172,478	(\$28,757)	16.67%	\$143,720	0.76689	\$110,218
4	\$175,927	(\$29,178)	16.59%	\$146,749	0.70196	\$103,012
5	\$179,446	(\$29,606)	16.50%	\$149,839	0.64253	\$96,276
6	\$183,035	(\$30,041)	16.41%	\$152,993	0.58813	\$89,980
7	\$186,695	(\$30,483)	16.33%	\$156,212	0.53833	\$84,094
8	\$190,429	(\$30,933)	16.24%	\$159,496	0.49275	\$78,592
9	\$194,238	(\$31,389)	16.16%	\$162,848	0.45103	\$73,450
10	\$198,122	(\$31,854)	16.08%	\$166,269	0.41284	\$68,643
11	\$202,085	(\$32,326)	16.00%	\$169,759	0.37789	\$64,150

PRESENT VALUE OF CASH FLOWS \$1,012,517

PRESENT VALUE OF REVERSION

Reversion NOI Capitalized @ Terminal Rate		
\$169,759	8.75%	\$1,940,106
Less: Selling Cost	3.00%	\$58,203
Reversion		\$1,881,903
Discount Factor		0.3779
P.V. OF REVERSION		\$711,150
PRESENT VALUE OF THE CASH FLOWS		\$1,012,517
PRESENT VALUE OF PROPERTY		\$1,723,667
ROUNDED		\$1,724,000

CONCLUSION

Summary of Income Approach	
Direct Capitalization Rate Method	\$1,665,000
Discount Cash Flow Analysis	\$1,724,000

The income approach indicators of value derived from these methods are reasonable based on the normal criteria of a typical investor of this type of property. Direct capitalization is a method used to convert a single year's income expectancy into a value indication. The discount cash flow analysis is a procedure in which a yield rate is applied to a set of projected income streams and a reversion to determine whether the investment property will produce a required yield given a known acquisition price. The discount cash flow analysis is given the most credence in a particular situation.

Approach	Value Indication	% Applied	Total
Direct Capitalization	\$1,665,000	40%	\$666,000
DCF	\$1,724,000	60%	\$1,034,400
Total		100%	\$1,700,400
Rounded To.....			\$1,701,000

Therefore, based on the preceding analysis the reconciled value based on the “as is” **income approach** is:

\$1,701,000

FINAL VALUE RECONCILIATION

Summary of Value Indications

Cost Approach	N/A
Sales Comparison Approach	\$1,620,000
Income Approach	\$1,701,000

The sales comparison approach utilized improved sales within the subject's general area as well as from other competitive areas. The presented sales best represent market thinking for this property type and are generally of the size and quality of the subject. From the market sales, one unit of comparison was derived. This unit of comparison is based on a **price per apartment unit**. The indicated value by direct market comparison is considered to be a good representation of market thinking.

The income approach best typifies the actions of investors for most income producing properties. This approach considers the profit (NOI) that could be derived from the property by leasing the real estate as an apartment complex. The expenses and vacancy figures were based on the analyses of other similar properties as well as by professionals in the field of management and real estate insurance, and limited historical data. The projected net operating income was analyzed by capitalization of the net income. Therefore, the reconciled value by income is believed to be a relatively good representation of market thinking.

The final value indication by the income approach takes into consideration the present worth of the projected income stream, and reversion of the property at the end of a ten-year holding period. This analysis is commonly known as the **Discounted Cash Flow Analysis** since it converts each income period and reversion to present worth. The estimated cash flow and reversion is discounted to present worth by applying a discount rate, or risk rate. This rate reflects the risk or probability that the projections will occur and are sometimes called yield rates or the internal rate of returns. The investor expectation is based on information available from local developers and investors, as well as analysis of similar type properties found in national publications. The **income approach** is given credence because the subject's highest and best use is an apartment complex and is considered an income producing property in this situation.

The comparable sales are somewhat similar to the subject. The adjustments made to arrive at an adjusted value were believed reasonable and were based on age/condition and location considerations are believed to be reasonable. This adds credence to the sales comparison approach.

The comparable sales are similar to the subject. The adjustments made to arrive at an adjusted value were believed reasonable and were based primarily upon land values, traffic counts and physical factors. The remaining adjustments for age/condition and location are believed to be reasonable. This adds credence to the sales comparison approach.

The final value estimate is reconciled to the value indicated by the two approaches to value. The value estimated by these methods is believed reasonable and prudent.

Approach	Value Indication	% Applied	Total
Cost	\$0	0%	\$0
Sales Comparison	\$1,620,000	30%	\$486,000
Income	\$1,701,000	70%	\$1,190,700
Total		100%	\$1,676,700
Rounded To.....			\$1,677,000

Based on the analysis of the subject property and its physical and economic environment it is estimated that the subject property has a “as is” market value of:

Value Conclusion			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Leased Fee	December 16, 2023	\$1,677,000

**“As Is” Market Value
(\$1,677,000)**

A D D E N D A

- **Sales Contract**
- **Engagement Letter**
- **Resumes'**
- **Alabama Real Estate Appraisers Licenses**

PURCHASE AND SALE AGREEMENT
(Jefferson County, Alabama)

THIS PURCHASE AND SALE AGREEMENT ("**Agreement**") is entered into as of September, 26th, 2023, by and between 914 14th Street, LLC, a Utah limited liability company ("**Seller**"), and, Sunset Inspirational Investments, LLC, a Washington Limited Liability company ("**Buyer**") (referred to in this Agreement individually as a "Party" and collectively as the "Parties").

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914 Apartments, LLC,

1. Subject Property. Seller entity owns certain real estate located at 914 14th Street SW, in the City of Birmingham, Jefferson County, Alabama, tax parcel number 22 00 09 1 010 010.000, more particularly described below in their same respective order (All 3 are referred to in this Agreement as the "**Subject Property**"):

P O B 100S Ft NW Of Inter NW Line So Railway System & SW Line 14th St SW Th NW 246S Ft Alg 14th St SW to Alley Th SW 287S Ft To Alley Th SE 160S Ft Th NE 290S Ft To P O B Lying In NW ¼ Of NE ¼

According and subject to all of the provisions of this Agreement, Seller agrees to sell and Buyer agrees to buy the Subject Property, free of any liens or encumbrances not accepted by Buyer.

2. Purchase Price. The purchase price for the Subject Property ("**Purchase Price**") shall be One Million Six Hundred Fifty Thousand Dollars and No/100 (\$1,650,000.00), to be paid as follows:

2.1 Within three (3) business days after the execution of this Agreement, Buyer shall deposit with the Escrow Holder (as defined below) earnest money in the amount of Fifteen Thousand Dollars and No/100 (\$15,000.00) (the "**Deposit**"). At the closing of the transaction contemplated by this Agreement ("**Closing**"), the Deposit, together with any interest thereon, shall be paid to Seller and applied to the Purchase Price.

2.2 At or before Closing, Seller shall deposit with the Escrow Holder the remainder of the Purchase Price in immediately available funds, which shall be paid to Seller at Closing.

3. Escrow Holder: Within three (3) business days of the execution of this Agreement, Buyer shall open an escrow with Yates Law, LLC located at 2320 Highland Ave. S., Suite 290B, Birmingham, AL 35205 (the "**Escrow Holder**"). A copy of this Agreement shall be provided to the Escrow Holder to advise the Escrow Holder of the terms and conditions hereof. At the Closing Seller shall convey the Subject Property to Buyer by a general warranty deed (the "**Deed**"). Escrow Holder shall conduct the Closing pursuant to the escrow instructions of the Parties which shall be consistent herewith.

4. Title: Seller represents and warrants that Seller has good and marketable title to the Subject Property and has entered into no other agreements for the sale or option or lease of the Subject Property. Seller shall not permit liens or encumbrances to be filed against the Subject Property after the date of this Agreement which will survive the Closing. Prior to the expiration of the Feasibility Period, as defined herein, Buyer shall obtain a title commitment from the Escrow Holder ("**Title Commitment**"). Ten (10) days prior to the expiration of the Feasibility Period, Buyer shall deliver to Seller, in writing, such objections ("**Title Objections**") as Buyer may have to the Title Commitment, or to other documents referred to therein (collectively, "**Title Matters**"). Any Title Matter to which Buyer does not timely object shall be deemed approved by Buyer and shall constitute a "**Permitted Exception**". Seller shall have the right, but not the obligation, to attempt to cure a Title Objection for a period of ten (10) days (the "**Cure Period**") following receipt by Seller of the Title Objection. Prior to the expiration of the Cure Period, Seller shall send written notice ("**Seller's Cure Notice**") to Buyer of which Title Objections Seller elects to cure or declines to cure. In the event Seller fails or declines to

cure such a Title Objection within such Cure Period, then, and in such event, Buyer may (i) waive such Title Objections and proceed to Closing (in which case such title exceptions shall become Permitted Exceptions), provided however Buyer shall have the right to reduce the Purchase Price in an amount equal to any amounts expended by Buyer to remove monetary liens and monetary encumbrances as title exceptions, or (ii) terminate this Agreement and receive a refund of the Deposit.

5. Feasibility Period: As a condition to Closing, Buyer, at Buyer's expense, must have determined, in Buyer's sole discretion with only those conditions that are acceptable to Buyer, that the following (the "**Suitability Requirements**") are met: (a) the Subject Properties are in all respects suitable for Buyer's intended purposes (including economic feasibility of its intended purposes), and (b) that Buyer will be able to obtain all approvals and permits required by any governmental entity and utility provider. Without expense to Seller, Seller shall cooperate with Buyer in obtaining all necessary permits and approvals, including, but not limited to use or zoning approvals, signage approvals, and ingress and egress approvals, as applicable. To determine whether the Suitability Requirements are met, Seller hereby grants to Buyer, its agents and contractors, the right and license to go onto the Subject Property, including the units, for the purpose of conducting due diligence, including, without limitation, termite and wood inspection reports, physical tests, inspections, and evaluations which Buyer may require in its assessment of the Subject Property. Within seven (7) days hereof, Seller shall furnish Buyer with copies of any environmental reports, termite and/or wood infestation reports, plans, maintenance records, tenant leases and all other available documentation in Seller's possession. Buyer shall have Twenty-One (21) days after the execution of this Agreement by both parties (the "**Feasibility Period**"), to perform all desired due diligence including but not limited to property inspections and financing approval. During the Feasibility Period Buyer may terminate this Agreement, by providing written notice to Seller, if based on Buyer's determination, in its sole discretion, that the Subject Property does not satisfy the Suitability Requirements, in which event the Deposit shall be returned to Buyer within three (3) Business days.

6. Personal Property. All personal property at the Subject Property shall be transferred to Buyer, free of liens, at Closing at no additional cost. Personal Property to include but shall not be limited to AC Units, Furnace, H2O Heater, etc)

7. Destruction and Condemnation. In the event of material damage or destruction of the Subject Property or condemnation or threat of condemnation of all or a portion of the Subject Property, Buyer may elect to terminate this Agreement, in which event the Deposit shall be returned to Buyer.

8. Closing: The Closing shall take place within Fourteen (14) days after the expiration of the Feasibility Period. At Closing, Seller shall convey title to the Subject Property to Buyer by the Deed subject only to the Permitted Exceptions and shall deliver sole and exclusive possession to Buyer upon funding. Seller represents and warrants (and will indemnify, defend and hold Buyer harmless for claims arising out of breach of such representations and warranties) that at Closing: (A) Seller has the power and authority to enter into this Agreement; (B) the execution of this Agreement and consummation of the transaction contemplated by this Agreement is not in violation of any contract, agreement, order or judgment of any nature by which Seller is bound; (C) there is no action, suit or proceeding pending or threatened against Seller affecting the Subject Property; (D) there are no assessments against the Subject Property that are unpaid; and (E) to Seller's actual knowledge, the Subject Property is not located within a flood zone.

9. Commissions: Seller shall be responsible for paying any licensed broker which has been contracted or has performed work on Seller's behalf. Any fees and/or commissions to be paid to any licensed broker engaged by Buyer, pursuant to a separate agreement, shall be the responsibility of the Buyer. Each party agrees to indemnify, defend and hold the other party harmless against any claims for fees or commissions by brokers or agents claiming by or through the indemnifying party.

10. Closing Costs: Seller shall pay all Attorney's fees and title costs, and the cost of recording the Deed. Any escrow costs pertaining to the Closing shall be paid for by the Buyer. General real property taxes and rents will be prorated as of the date of Closing. Seller shall pay the premium for a standard owner's policy of title insurance. Seller shall pay transfer taxes, greenbelt or rollback taxes, and excise taxes. All other costs shall be shared by the Parties in accordance with local custom. Each Party shall bear its own attorney's fees and costs associated with the negotiation of this Agreement and Closing. Any security deposits, cleaning deposits, or any other deposits made by existing tenants shall be deducted from the Purchase Price at Closing.

11. Notices: Notices made or given by the Parties must be in writing and may be served personally or by depositing the same in the United States mail, postage prepaid to be delivered as certified mail, or by another commercially recognized means of delivery (such as Federal Express), addressed as follows:

To Seller: **914 14th Street, LLC & MODR HOLDINGS, LLC**
2381 Royal Lane
Cottonwood Heights, Utah 84093
Attention: Nicolas J. Morgan

To Buyer: Sunset Inspirational Investments, LLC
100 N Howard Street Suite R
Spokane, Washington 99201
Attention: Robert Dunstan & Jesse Taylor

Notices shall be deemed given and effective upon deposit with a nationally recognized overnight delivery service (e.g., FedEx) or on the date of receipt by hand-delivery, email, or certified mail and may be given by a party's attorney on that party's behalf.

12. Nonforeign Status: If requested, Seller agrees to execute and deliver to Buyer and Escrow Holder a certification of nonforeign status pursuant to Section 1445 of the Internal Revenue Code.

13. SELLER'S DEFAULT: IF THE SALE AND PURCHASE OF THE SUBJECT PROPERTY IS NOT CONSUMMATED ON ACCOUNT OF SELLER'S DEFAULT OR FAILURE TO PERFORM HEREUNDER, BUYER SHALL HAVE THE RIGHT TO TERMINATE THIS AGREEMENT AND RECEIVE A REFUND OF ITS EARNEST MONEY DEPOSIT OR TO INITIATE AN ACTION FOR SPECIFIC PERFORMANCE. PROVIDED HOWEVER, IN THE EVENT THE REMEDY OF SPECIFIC PERFORMANCE IS UNAVAILABLE TO BUYER, BUYER SHALL HAVE THE RIGHT TO SUE FOR DAMAGES EQUAL TO THE AMOUNT OF THE EARNEST MONEY DEPOSITED AS FULL AND COMPLETE LIQUIDATED DAMAGES FOR SUCH DEFAULT OF SELLER.

14. BUYER'S DEFAULT: IF THE SALE AND PURCHASE OF THE PREMISES CONTEMPLATED BY THIS AGREEMENT IS NOT CONSUMMATED ON ACCOUNT OF BUYER'S DEFAULT HEREUNDER, SELLER SHALL BE ENTITLED, AS ITS SOLE AND EXCLUSIVE REMEDY HEREUNDER, TO RECEIPT OF THE DEPOSIT AS FULL AND COMPLETE LIQUIDATED DAMAGES FOR SUCH DEFAULT OF BUYER, THE PARTIES ACKNOWLEDGING THAT IT IS IMPOSSIBLE TO ESTIMATE MORE PRECISELY THE DAMAGES WHICH MIGHT BE SUFFERED BY SELLER UPON BUYER'S DEFAULT OF THIS AGREEMENT OR ANY DUTY ARISING IN CONNECTION OR RELATING HEREWITH. SELLER'S ENTITLEMENT TO AND RECEIPT OF THE DEPOSIT IS INTENDED NOT AS A PENALTY, BUT AS FULL AND COMPLETE LIQUIDATED DAMAGES. THE RIGHT TO RETAIN SUCH SUMS AS FULL LIQUIDATED DAMAGES IS SELLER'S SOLE AND EXCLUSIVE REMEDY IN THE EVENT OF DEFAULT OR FAILURE TO PERFORM HEREUNDER BY BUYER, AND SELLER HEREBY WAIVES AND RELEASES ANY RIGHT TO (AND HEREBY COVENANTS THAT IT SHALL NOT) SUE BUYER AS TO ANY CLAIMS, INJURY OR LOSS ARISING FROM OR IN CONNECTION WITH THIS AGREEMENT: (I) FOR

SPECIFIC PERFORMANCE OF THIS AGREEMENT, OR (II) TO RECOVER ACTUAL DAMAGES IN EXCESS OF THE DEPOSIT.

15. Miscellaneous.

15.1 The undersigned officers of Seller and Buyer hereby represent and warrant that all actions necessary by their respective organizations have been obtained and that they are authorized to enter into this Agreement.

15.2 The terms, covenants and conditions herein contained shall be binding upon and inure to the benefit of the heirs, successors, transferees and assigns of the Parties.

15.3 This Agreement constitutes the entire Agreement between the Parties with respect to the subject matter hereof and may only be modified by a subsequent writing duly executed by both Parties. This Agreement shall be interpreted and construed only by the contents hereof, and there shall be no presumption or standard of construction in favor of or against either Seller or Buyer.

15.4 Should both parties agree to use a mediator, mediation may be used in lieu of a legal proceeding. In the event a Party commences a legal proceeding to enforce any of the terms of this Agreement, the prevailing Party in such action shall have the right to recover reasonable attorneys' fees and costs from the other Party to be fixed by the court in the same action. Any lawsuit brought forth by either party must be filed in Jefferson County, Alabama. Should both parties agree to use a mediator, mediation may be used in lieu of a lawsuit.

15.5 The provisions of Paragraphs 4 and 9 and the indemnity agreements contained in this Agreement shall survive any expiration or termination of this Agreement and shall not merge into any deed delivered and accepted upon the closing of the transaction herein contemplated.

15.6 Property is being sold in AS-IS condition. Seller makes no warranties or representations about the property's condition to the Buyer. Seller does Guarantee property will be Rented at 94% Occupancy upon date of closing; but shall have no further responsibility for property occupancy following completion of closing.

15.7 This Agreement may be executed in counterparts, each of which shall be an original and all of which shall together constitute one and the same instrument.

15.8 This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of Alabama.

15.9 Time is of the essence to this Agreement.

15.10 Except as otherwise provided herein, all risk of loss to the Subject Property, including physical damage or destruction, shall be borne by Seller until Closing.

~~Addendum #1~~

~~for the Real Estate Purchase and Sale Agreement dated 0/26/2023 between 014 14th St OW LLC as the Seller, and Sunset Inspirational Investments, LLC as the Buyer.~~

~~1. Seller has agreed to offer a loan to the Buyer totaling 10% of the total purchase price listed in Section 2 of the above referenced contract labeled "Purchase Price". This loan from the Seller to the Buyer will for contractual purposes pursuant to this agreement be known as the "Seller Finance Loan".~~

~~Section 1.1 Seller Finance Loan Terms~~

- ~~1) Seller Finance Loan amount shall be Three Hundred Fifteen Thousand and 00/100 (\$315,000.00)~~
- ~~2) Term of the Seller Finance Loan shall be no more than 10 years~~
- ~~3) If the Buyer pays back the full balance of the Seller Finance Loan before the end of year 8, no interest will be charged to the Buyer~~
- ~~4) If the Buyer pays back the balance of the Seller Finance Loan after year 8 but prior to the end of year 9, Buyer shall be required to pay an additional 9% interest on the remaining loan balance to the Seller (1% per year since the loan was made)~~
- ~~5) If the Buyer pays back the balance of the Seller Finance Loan prior the end of year 10 The Buyer shall be required to pay an additional 20% interest on the remaining loan balance to the Seller (2% per year since the loan was made excluding the 1% already added in end of year 0)~~
- ~~6) If the Buyer does not pay the Seller in full by the end of year 10, then the Seller shall have the right to either foreclose on the Subject Property or assume the 1st mortgage on the property should that option be available~~
- ~~7) Also, Buyer is aware that should the IRS deem that the Seller is found to be responsible for paying any taxes due to the low interest rates being charged on the Seller Finance Loan during the course of the entire 10 year period, then Buyer fully agrees to be responsible for paying any and all taxes due by the Seller as a result of the loan. Should this highly unlikely event occur Seller will notify the Buyer of the tax burden due and Buyer must pay all taxes due within sixty (60) calendar days~~
- ~~8) Seller shall be listed on the title as a Lien Holder in 2nd position and a mortgage shall be filed on behalf of the seller at the Buyers expense. This lien shall remain in effect until the Seller Finance Loan, along with any interest due, has been paid in full by Buyer to Seller~~

IN WITNESS WHEREOF, the Parties hereto have executed this Purchase and Sale Agreement and Addendum #1 as of the date first above written.

BUYER / GUARANTOR:

SELLER:

Sunset inspirational Investments, LLC
a Washington limited liability company

914 14TH STREET, LLC
a Utah limited liability company

By: *Robert Dunstan*
Print Name: Robert Dunstan
Title: partner
Date: 09/26/2023

Print Name Nicolas J Morgan
Signature: *N. J. Morgan*
Title: Manager / Partner
Date: 09/26/2023

By: *Jesse Taylor*
Print Name: Jesse Taylor
Title: Manager / Partner
Date: 09/26/2023

MODR HOLDINGS, LLC
a Utah limited liability company

By: _____
Print Name: _____
Title: _____
Date: _____

Print Name Nicolas J Morgan
Signature: *N. J. Morgan*
Title: Manager / Partner
Date: 09/26/2023

All Parties Fully Acknowledge by signing below that the entirety of Addendum 1 has been struck-out entirely and therefore ceases to exist at all as a part of this contractual agreement .

N. J. Morgan
11/14/2023

Jesse Taylor
11/14/2023

Robert Dunstan
11/14/2023

By Signing Below, it is understood that the buyer entity has changed to a new LLC by the name of 914 Apartments, LLC. Also, all Parties ARE FULLY AWARE that Closing has been further extended and Closing shall occur on or before November 30th, 2023.

N. J. Morgan

Jesse Taylor

Robert Dunstan

EXHIBIT A: GUARANTY

FOR VALUE RECEIVED, and as an inducement for 914 14th Street, LLC referred to as the "Seller" is to enter into the aforementioned Purchase and Sale Agreement with Sunset Inspirational Investments, LLC, the undersigned Guarantor jointly and severally guarantees the full and punctual payment, performance, and discharge of the Buyer's obligations under the Agreement, including but not limited to the responsibility for any encumbrances on the property and damages arising from or related to the Buyer's failure to adhere to the terms of the Purchase and Sale Agreement and any addendums thereto.

1. **Obligations:** This Guaranty will remain in full force until the Buyer has fully performed its obligations under the Agreement, including addressing any encumbrances on the property and any damages resulting from non-compliance with the Agreement and its addendums.
2. **Enforcement:** The Seller will not be obligated to first attempt to collect from the Buyer or resort to any security or other means before enforcing this Guaranty against the Guarantor. This Guaranty is a guarantee of payment and not of collection.
3. **Binding Effect:** This Guaranty shall bind the successors, heirs, and assigns of the undersigned Guarantor and shall ensure to the benefit of the Seller and its successors and assigns.
4. **Entire Agreement:** This Guaranty contains the complete understanding of the parties with respect to the subject matter herein and supersedes all prior agreements and understandings, oral or written, relating to it.

IN WITNESS WHEREOF, each of the undersigned Guarantors has executed this Guaranty as of the date first above written.

BUYER / GUARANTOR:

Sunset inspirational Investments, LLC
a Washington limited liability company

By: *Robert Dunstan*
Print Name: Robert Dunstan
Title: Partner
Date: 09/26/2023

By: *Jesse Taylor*
Print Name: Jesse Taylor
Title: Manager / Partner
Date: 09/26/2023

By: _____
Print Name: _____
Title: _____
Date: _____

SELLER:

914 14TH STREET, LLC
a Utah limited liability company

Print Name Nicolas J Morgan
Signature: *N. Morgan*
Title: Manager / Partner
Date: 09/26/2023

MODR HOLDINGS, LLC
a Utah limited liability company

Print Name Nicolas J Morgan
Signature: *N. Morgan*
Title: Manager / Partner
Date: 09/26/2023

PURCHASE AND SALE AGREEMENT

(Jefferson County, Alabama)

THIS PURCHASE AND SALE AGREEMENT ("**Agreement**") is entered into as of September, 26th, 2023, by and between 914 14th Street, LLC, a Utah limited liability company ("**Seller**"), and, Sunset Inspirational Investments, LLC, a Washington Limited Liability company ("**Buyer**") (referred to in this Agreement individually as a "Party" and collectively as the "Parties").

1. Subject Property. Seller entity owns certain real estate located at 914 14th Street SW, in the City of Birmingham, Jefferson County, Alabama, tax parcel number **22 00 09 1 010 010.000**, more particularly described below in their same respective order (All 3 are referred to in this Agreement as the "**Subject Property**"):

P O B 100S Ft NW Of Inter NW Line So Railway System & SW Line 14th St SW Th NW 246S Ft Alg 14th St SW to Alley Th SW 287S Ft To Alley Th SE 160S Ft Th NE 290S Ft To P O B Lying In NW ¼ Of NE ¼

Accordinging and subject to all of the provisions of this Agreement, Seller agrees to sell and Buyer agrees to buy the Subject Property, free of any liens or encumbrances not accepted by Buyer.

2. Purchase Price. The purchase price for the Subject Property ("**Purchase Price**") shall be One Million Six Hundred Fifty Thousand Dollars and No/100 (\$1,650,000.00), to be paid as follows:

2.1 Within three (3) business days after the execution of this Agreement, Buyer shall deposit with the Escrow Holder (as defined below) earnest money in the amount of Fifteen Thousand Dollars and No/100 (\$15,000.00) (the "**Deposit**"). At the closing of the transaction contemplated by this Agreement ("**Closing**"), the Deposit, together with any interest thereon, shall be paid to Seller and applied to the Purchase Price.

2.2 At or before Closing, Seller shall deposit with the Escrow Holder the remainder of the Purchase Price in immediately available funds, which shall be paid to Seller at Closing.

3. Escrow Holder: Within three (3) business days of the execution of this Agreement, Buyer shall open an escrow with Yates Law, LLC located at 2320 Highland Ave. S., Suite 290B, Birmingham, AL 35205 (the "**Escrow Holder**"). A copy of this Agreement shall be provided to the Escrow Holder to advise the Escrow Holder of the terms and conditions hereof. At the Closing Seller shall convey the Subject Property to Buyer by a general warranty deed (the "**Deed**"). Escrow Holder shall conduct the Closing pursuant to the escrow instructions of the Parties which shall be consistent herewith.

4. Title: Seller represents and warrants that Seller has good and marketable title to the Subject Property and has entered into no other agreements for the sale or option or lease of the Subject Property. Seller shall not permit liens or encumbrances to be filed against the Subject Property after the date of this Agreement which will survive the Closing. Prior to the expiration of the Feasibility Period, as defined herein, Buyer shall obtain a title commitment from the Escrow Holder ("**Title Commitment**"). Ten (10) days prior to the expiration of the Feasibility Period, Buyer shall deliver to Seller, in writing, such objections ("**Title Objections**") as Buyer may have to the Title Commitment, or to other documents referred to therein (collectively, "**Title Matters**"). Any Title Matter to which Buyer does not timely object shall be deemed approved by Buyer and shall constitute a "**Permitted Exception**". Seller shall have the right, but not the obligation, to attempt to cure a Title Objection for a period of ten (10) days (the "**Cure Period**") following receipt by Seller of the Title Objection. Prior to the expiration of the Cure Period, Seller shall send written notice ("**Seller's Cure Notice**") to Buyer of which Title Objections Seller elects to cure or declines to cure. In the event Seller fails or declines to

cure such a Title Objection within such Cure Period, then, and in such event, Buyer may (i) waive such Title Objections and proceed to Closing (in which case such title exceptions shall become Permitted Exceptions), provided however Buyer shall have the right to reduce the Purchase Price in an amount equal to any amounts expended by Buyer to remove monetary liens and monetary encumbrances as title exceptions, or (ii) terminate this Agreement and receive a refund of the Deposit.

5. Feasibility Period: As a condition to Closing, Buyer, at Buyer's expense, must have determined, in Buyer's sole discretion with only those conditions that are acceptable to Buyer, that the following (the "**Suitability Requirements**") are met: (a) the Subject Properties are in all respects suitable for Buyer's intended purposes (including economic feasibility of its intended purposes), and (b) that Buyer will be able to obtain all approvals and permits required by any governmental entity and utility provider. Without expense to Seller, Seller shall cooperate with Buyer in obtaining all necessary permits and approvals, including, but not limited to use or zoning approvals, signage approvals, and ingress and egress approvals, as applicable. To determine whether the Suitability Requirements are met, Seller hereby grants to Buyer, its agents and contractors, the right and license to go onto the Subject Property, including the units, for the purpose of conducting due diligence, including, without limitation, termite and wood inspection reports, physical tests, inspections, and evaluations which Buyer may require in its assessment of the Subject Property. Within seven (7) days hereof, Seller shall furnish Buyer with copies of any environmental reports, termite and/or wood infestation reports, plans, maintenance records, tenant leases and all other available documentation in Seller's possession. Buyer shall have Twenty-One (21) days after the execution of this Agreement by both parties (the "**Feasibility Period**"), to perform all desired due diligence including but not limited to property inspections and financing approval. During the Feasibility Period Buyer may terminate this Agreement, by providing written notice to Seller, if based on Buyer's determination, in its sole discretion, that the Subject Property does not satisfy the Suitability Requirements, in which event the Deposit shall be returned to Buyer within three (3) Business days.

6. Personal Property. All personal property at the Subject Property shall be transferred to Buyer, free of liens, at Closing at no additional cost. Personal Property to include but shall not be limited to AC Units, Furnace, H2O Heater, etc)

7. Destruction and Condemnation. In the event of material damage or destruction of the Subject Property or condemnation or threat of condemnation of all or a portion of the Subject Property, Buyer may elect to terminate this Agreement, in which event the Deposit shall be returned to Buyer.

8. Closing: The Closing shall take place within Fourteen (14) days after the expiration of the Feasibility Period. At Closing, Seller shall convey title to the Subject Property to Buyer by the Deed subject only to the Permitted Exceptions and shall deliver sole and exclusive possession to Buyer upon funding. Seller represents and warrants (and will indemnify, defend and hold Buyer harmless for claims arising out of breach of such representations and warranties) that at Closing: (A) Seller has the power and authority to enter into this Agreement; (B) the execution of this Agreement and consummation of the transaction contemplated by this Agreement is not in violation of any contract, agreement, order or judgment of any nature by which Seller is bound; (C) there is no action, suit or proceeding pending or threatened against Seller affecting the Subject Property; (D) there are no assessments against the Subject Property that are unpaid; and (E) to Seller's actual knowledge, the Subject Property is not located within a flood zone.

9. Commissions: Seller shall be responsible for paying any licensed broker which has been contracted or has performed work on Seller's behalf. Any fees and/or commissions to be paid to any licensed broker engaged by Buyer, pursuant to a separate agreement, shall be the responsibility of the Buyer. Each party agrees to indemnify, defend and hold the other party harmless against any claims for fees or commissions by brokers or agents claiming by or through the indemnifying party.

10. Closing Costs: Seller shall pay all Attorney's fees and title costs, and the cost of recording the Deed. Any escrow costs pertaining to the Closing shall be paid for by the Buyer. General real property taxes and rents will be prorated as of the date of Closing. Seller shall pay the premium for a standard owner's policy of title insurance. Seller shall pay transfer taxes, greenbelt or rollback taxes, and excise taxes. All other costs shall be shared by the Parties in accordance with local custom. Each Party shall bear its own attorney's fees and costs associated with the negotiation of this Agreement and Closing. Any security deposits, cleaning deposits, or any other deposits made by existing tenants shall be deducted from the Purchase Price at Closing.

11. Notices: Notices made or given by the Parties must be in writing and may be served personally or by depositing the same in the United States mail, postage prepaid to be delivered as certified mail, or by another commercially recognized means of delivery (such as Federal Express), addressed as follows:

To Seller: **914 14th Street, LLC & MODR HOLDINGS, LLC**
2381 Royal Lane
Cottonwood Heights, Utah 84093
Attention: Nicolas J. Morgan

To Buyer: Sunset Inspirational Investments, LLC
100 N Howard Street Suite R
Spokane, Washington 99201
Attention: Robert Dunstan & Jesse Taylor

Notices shall be deemed given and effective upon deposit with a nationally recognized overnight delivery service (e.g., FedEx) or on the date of receipt by hand-delivery, email, or certified mail and may be given by a party's attorney on that party's behalf.

12. Nonforeign Status: If requested, Seller agrees to execute and deliver to Buyer and Escrow Holder a certification of nonforeign status pursuant to Section 1445 of the Internal Revenue Code.

13. SELLER'S DEFAULT: IF THE SALE AND PURCHASE OF THE SUBJECT PROPERTY IS NOT CONSUMMATED ON ACCOUNT OF SELLER'S DEFAULT OR FAILURE TO PERFORM HEREUNDER, BUYER SHALL HAVE THE RIGHT TO TERMINATE THIS AGREEMENT AND RECEIVE A REFUND OF ITS EARNEST MONEY DEPOSIT OR TO INITIATE AN ACTION FOR SPECIFIC PERFORMANCE. PROVIDED HOWEVER, IN THE EVENT THE REMEDY OF SPECIFIC PERFORMANCE IS UNAVAILABLE TO BUYER, BUYER SHALL HAVE THE RIGHT TO SUE FOR DAMAGES EQUAL TO THE AMOUNT OF THE EARNEST MONEY DEPOSITED AS FULL AND COMPLETE LIQUIDATED DAMAGES FOR SUCH DEFAULT OF SELLER.

14. BUYER'S DEFAULT: IF THE SALE AND PURCHASE OF THE PREMISES CONTEMPLATED BY THIS AGREEMENT IS NOT CONSUMMATED ON ACCOUNT OF BUYER'S DEFAULT HEREUNDER, SELLER SHALL BE ENTITLED, AS ITS SOLE AND EXCLUSIVE REMEDY HEREUNDER, TO RECEIPT OF THE DEPOSIT AS FULL AND COMPLETE LIQUIDATED DAMAGES FOR SUCH DEFAULT OF BUYER, THE PARTIES ACKNOWLEDGING THAT IT IS IMPOSSIBLE TO ESTIMATE MORE PRECISELY THE DAMAGES WHICH MIGHT BE SUFFERED BY SELLER UPON BUYER'S DEFAULT OF THIS AGREEMENT OR ANY DUTY ARISING IN CONNECTION OR RELATING HEREWITH. SELLER'S ENTITLEMENT TO AND RECEIPT OF THE DEPOSIT IS INTENDED NOT AS A PENALTY, BUT AS FULL AND COMPLETE LIQUIDATED DAMAGES. THE RIGHT TO RETAIN SUCH SUMS AS FULL LIQUIDATED DAMAGES IS SELLER'S SOLE AND EXCLUSIVE REMEDY IN THE EVENT OF DEFAULT OR FAILURE TO PERFORM HEREUNDER BY BUYER, AND SELLER HEREBY WAIVES AND RELEASES ANY RIGHT TO (AND HEREBY COVENANTS THAT IT SHALL NOT) SUE BUYER AS TO ANY CLAIMS, INJURY OR LOSS ARISING FROM OR IN CONNECTION WITH THIS AGREEMENT: (I) FOR

SPECIFIC PERFORMANCE OF THIS AGREEMENT, OR (II) TO RECOVER ACTUAL DAMAGES IN EXCESS OF THE DEPOSIT.

15. Miscellaneous.

15.1 The undersigned officers of Seller and Buyer hereby represent and warrant that all actions necessary by their respective organizations have been obtained and that they are authorized to enter into this Agreement.

15.2 The terms, covenants and conditions herein contained shall be binding upon and inure to the benefit of the heirs, successors, transferees and assigns of the Parties.

15.3 This Agreement constitutes the entire Agreement between the Parties with respect to the subject matter hereof and may only be modified by a subsequent writing duly executed by both Parties. This Agreement shall be interpreted and construed only by the contents hereof, and there shall be no presumption or standard of construction in favor of or against either Seller or Buyer.

15.4 Should both parties agree to use a mediator, mediation may be used in lieu of a legal proceeding. In the event a Party commences a legal proceeding to enforce any of the terms of this Agreement, the prevailing Party in such action shall have the right to recover reasonable attorneys' fees and costs from the other Party to be fixed by the court in the same action. Any lawsuit brought forth by either party must be filed in Jefferson County, Alabama. Should both parties agree to use a mediator, mediation may be used in lieu of a lawsuit.

15.5 The provisions of Paragraphs 4 and 9 and the indemnity agreements contained in this Agreement shall survive any expiration or termination of this Agreement and shall not merge into any deed delivered and accepted upon the closing of the transaction herein contemplated.

15.6 Property is being sold in AS-IS condition. Seller makes no warranties or representations about the property's condition to the Buyer. Seller does Guarantee property will be Rented at 94% Occupancy upon date of closing; but shall have no further responsibility for property occupancy following completion of closing.

15.7 This Agreement may be executed in counterparts, each of which shall be an original and all of which shall together constitute one and the same instrument.

15.8 This Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of Alabama.

15.9 Time is of the essence to this Agreement.

15.10 Except as otherwise provided herein, all risk of loss to the Subject Property, including physical damage or destruction, shall be borne by Seller until Closing.

Addendum #1
for the Real Estate Purchase and Sale Agreement dated 9/26/2023 between 914 14th St SW LLC as the Seller, and Sunset Inspirational Investments, LLC as the Buyer.

1. Seller has agreed to offer a loan to the Buyer totaling 19% of the total purchase price listed in Section 2 of the above referenced contract labeled "Purchase Price". This loan from the Seller to the Buyer will for contractual purposes pursuant to this agreement be known as the "Seller Finance Loan".

Section 1.1. Seller Finance Loan Terms

- 1) Seller Finance Loan amount shall be Three Hundred Fifteen Thousand and 00/100 (\$315,000.00).
- 2) Term of the Seller Finance Loan shall be no more than 10 years
- 3) If the Buyer pays back the full balance of the Seller Finance Loan before the end of year 8, no interest will be charged to the Buyer.
- 4) If the Buyer pays back the balance of the Seller Finance Loan after year 8 but prior to the end of year 9, Buyer shall be required to pay an additional 9% interest on the remaining loan balance to the Seller (1% per year since the loan was made).
- 5) If the Buyer pays back the balance of the Seller Finance Loan prior the end of year 10. The Buyer shall be required to pay an additional 20% interest on the remaining loan balance to the Seller (2% per year since the loan was made excluding the 1% already added in end of year 9).
- 6) If the Buyer does not pay the Seller in full by the end of year 10, then the Seller shall have the right to either foreclose on the Subject Property or assume the 1st mortgage on the property should that option be available.
- 7) Also, Buyer is aware that should the IRS deem that the Seller is found to be responsible for paying any taxes due to the low interest rates being charged on the Seller Finance Loan during the course of the entire 10 year period, than Buyer fully agrees to be responsible for paying any and all taxes due by the Seller as a result of the loan. Should this highly unlikely event occur, Seller will notify the Buyer of the tax burden due and Buyer must pay all taxes due within sixty (60) calendar days.
- 8) Seller shall be listed on the title as a Lien Holder in 2nd position and a mortgage shall be filed on behalf of the seller at the Buyers expense. This lien shall remain in effect until the Seller Finance Loan, along with any interest due, has been paid in full by Buyer to Seller.

IN WITNESS WHEREOF, the Parties hereto have executed this Purchase and Sale Agreement and Addendum #1 as of the date first above written.

BUYER / GUARANTOR:

Sunset inspirational Investments, LLC
a Washington limited liability company

By: *Robert Dunstan*
Print Name: Robert Dunstan
Title: partner
Date: 09/26/2023

By: *Jesse Taylor*
Print Name: Jesse Taylor
Title: Manager / Partner
Date: 09/26/2023

By: _____
Print Name: _____
Title: _____
Date: _____

SELLER:

914 14TH STREET, LLC
a Utah limited liability company

Print Name: Nicolas J Morgan
Signature: *NJ Morgan*
Title: Manager / Partner
Date: 09/26/2023

MODR HOLDINGS, LLC
a Utah limited liability company

Print Name: Nicolas J Morgan
Signature: *NJ Morgan*
Title: Manager / Partner
Date: 09/26/2023

EXHIBIT A: GUARANTY

FOR VALUE RECEIVED, and as an inducement for 914 14th Street, LLC referred to as the "Seller" is to enter into the aforementioned Purchase and Sale Agreement with Sunset Inspirational Investments, LLC, the undersigned Guarantor jointly and severally guarantees the full and punctual payment, performance, and discharge of the Buyer's obligations under the Agreement, including but not limited to the responsibility for any encumbrances on the property and damages arising from or related to the Buyer's failure to adhere to the terms of the Purchase and Sale Agreement and any addendums thereto.

1. **Obligations:** This Guaranty will remain in full force until the Buyer has fully performed its obligations under the Agreement, including addressing any encumbrances on the property and any damages resulting from non-compliance with the Agreement and its addendums.
2. **Enforcement:** The Seller will not be obligated to first attempt to collect from the Buyer or resort to any security or other means before enforcing this Guaranty against the Guarantor. This Guaranty is a guarantee of payment and not of collection.
3. **Binding Effect:** This Guaranty shall bind the successors, heirs, and assigns of the undersigned Guarantor and shall ensure to the benefit of the Seller and its successors and assigns.
4. **Entire Agreement:** This Guaranty contains the complete understanding of the parties with respect to the subject matter herein and supersedes all prior agreements and understandings, oral or written, relating to it.

IN WITNESS WHEREOF, each of the undersigned Guarantors has executed this Guaranty as of the date first above written.

BUYER / GUARANTOR:

Sunset inspirational Investments, LLC
a Washington limited liability company

By: *Robert Dunstan*
Print Name: Robert Dunstan
Title: Partner
Date: 09/26/2023

By: *Jesse Taylor*
Print Name: Jesse Taylor
Title: Manager / Partner
Date: 09/26/2023

By: _____
Print Name: _____
Title: _____
Date: _____

SELLER:

914 14TH STREET, LLC
a Utah limited liability company

Print Name Nicolas J Morgan
Signature: *NJ Morgan*
Title: Manager / Partner
Date: 09/26/2023

MODR HOLDINGS, LLC
a Utah limited liability company

Print Name Nicolas J Morgan
Signature: *NJ Morgan*
Title: Manager / Partner
Date: 09/26/2023



12/8/2023

Ronald Parker
Parker & Associates, LLC
508 Crest Avenue, P.O. Box 610414
Birmingham, AL 35206

Dear Parker,

We are pleased to engage you for the appraisal services described herein. Please include an executed copy of the engagement letter and a copy of your license/certification in your completed report. Please do not upload the executed engagement letter to RIMS to confirm engagement.

On behalf of Alpha Realty Advisors ("the client"), this letter authorizes you to prepare an independent appraisal for the property described below. Compliance with the terms of this letter is necessary to insure acceptance of the appraisal and prompt payment of your invoice.

Appraisal Type: Narrative

Report Content: Content described as "Summary" in previous versions of USPAP Narrative format unless a form report is authorized by the client

Required Approaches to Value: Approach - Sales Comparison

Sales Comparison Approach

Approach - Income

Income Approach

Special Instructions: nickmorganutah@gmail.com

Premise	Qualifier	Interest
Market Value	As-Is	Leased Fee

Intended Use: Use - Loan Underwriting
The intended use of this appraisal is for loan underwriting and-or credit decisions by Bank and-or participants

Intended User(s) User - Alpha Realty Advisors
The intended users of this report is Alpha Realty Advisors

Delivery Requirements Report. Upload one electronic copy of the report to RIMS.

Payment Subsequent to satisfactory review, within 30 days of invoice. Email invoice directly to AP@velocitymortgage.com. Please include **loan number, invoice number and invoice date** to avoid any delays in processing your payment.

Fee: \$2,600.00

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Due Date: 12/22/2023

Contact and notification requirements:
You agree to communicate with the property contact to arrange for inspection and request required information within 48 hours of engagement. Notify your appraisal coordinator via email to report the date of contact and the property inspection date. If you cannot make contact within two days, or do not receive the required documentation, notify the Appraisal Coordinator.

If at any time you believe that delivery of the report may be delayed for any reason, you must notify the appraisal coordinator. Delivery of the report by the due date is expected unless adequate notification has been sent to the appraisal coordinator.

Borrower Name: Jacob Villaret
Property Address: 914 14th Street Birmingham AL 35211
APN: 29-00-09-1-010-010.000
Loan or ID Number: 6723166827

Your contact for the property inspection and data request(s) is listed below.

Property Contact: Nick Morgan
Contact Info: 801-330-0343

Appraisal Coordinator: Velvet Martinez 877-243-8386
Client Contact Info:

Address Questions to Appraisal Coordinator:

Velvet Martinez
vmartinez@alpharealtyadvisors.com




Reports must comply with FIRREA and USPAP, and contain sufficient information to permit satisfactory review.

I agree to the terms of this engagement letter, and the additional client specific and general requirements contained herein. Acceptance of the electronic award of this engagement in the RIMS system constitutes acceptance by you of this engagement under the terms of this engagement letter.

Your inspection, communication, and appraisal report must comply with the Client Specific requirements that are defined in this engagement letter.

Appraiser Acceptance:

I agree to the terms of this engagement letter and to meet the client specific and additional requirements.

Date:  Digitally signed by Ronald M. Parker
Signature:  DN: cn=~~Ronald M. Parker~~, o=Parker
& Associates, ou,
email=parkerandassoc1@gmail.com
Printed Name:  , c=US
Date: 2024.01.16 21:18:17 -06'00'

Two steps are required to fully execute this engagement letter: 1) please sign on the indicated line above, and 2) initial the Client Specific Requirements summary that appears on a following page. Full compliance with the Client Specific Requirements is required to ensure acceptance of your report and processing of your



Ronald M. Parker *Initial*

Client Specific Requirements:

Notify the Client immediately if any of the following scenarios become apparent during the completion of the appraisal assignment:

1. If there are state or local rent moratoriums/restrictions in place, if present, appraiser must analyze and any potential impact on the value or marketability of the property.
2. Physical vacancy is greater than 20 percent.
3. The roof needs repairs or renovation, or the property requires repairs or renovations that exceed \$25,000.
4. If physically possible, the appraiser should measure the improvements. If the GBA estimate varies from public record by more than 10 percent the appraiser must reconcile the variance.
5. There are apparent health, safety and/or livability issues including, but not limited to, the presence of mold, and/or other possibly hazardous substances, the presence of potential structural issues due to noted deflection, leaning, cracking, or other evidence, etc.
6. There is an apparent encroachment, easement, or other adverse external site condition that negatively impacts the marketability and/or value of the subject property.
7. The current use is an illegal use, is permitted only by restrictive variance, or any other adverse zoning related issue that would negatively impact the marketability or market value; if legal non-conforming, provide information pertaining to its ability to be reconstructed if destroyed and if permitted only by variance, indicate whether said variance will transfer legally if the property is sold/transferred at a later date.
8. There are additional income generating components that are not permanent building improvements, including but not limited to, billboards, mobile homes, food trucks, cell towers, etc.
9. You are not granted full access to areas of the property you feel are critical to your valuation.
10. The improvements are occupied by marijuana-related uses or adult entertainment, or are located in a zone that permits marijuana-related uses;
11. Either the property or tenant(s) reflect regulated or subsidized rent;
12. If the value of the property consists significantly of land value;
13. If the improvements reflect a specialized use, including restaurant, daycare, bank or other specific uses;

Historical data Reconciled and Analyzed – You must fully comply with the USPAP requirements for analysis of the sales and listing history of the subject property. You must reconcile any variance(s) between the current appraised value, and all current sales/list prices or sales/listings within the last three years. **General Valuation Requirements:**

Historical Income

If applicable, historical operating statements and/or leases should be adequately acknowledged and discussed; a comparison and reconciliation should be made in regard to the current market and forecasted income.

Improvements sketch

The source of the unit and building square footages (GBA & NRA) must be identified and discrepancies from public record must be noted (see Client Specific Requirements). The conclusions should be verified against at least one independent source (Ex. Public record and/or listing). An improvement sketch or plan reductions that identifies the unit mix should be included in the report.

Photographs

Photos of the interior, exterior and street scenes are required, and must represent an accurate depiction of the subject property in terms of overall condition/quality. For multiunit properties, photos should be identified as being of a typical unit, upgraded unit or outdated/deferred unit. Any significant obsolescence must be identified and photographed.

Real Estate Taxes & Assessed Value

Actual taxes and delinquent taxes must be reported. For valuation purposes, the analysis should address whether the real estate taxes would change (up or down) if the property was sold and the property should be valued accordingly (especially if the current market value significantly differs from the current assessed value).

1. Assessed value and property taxes must be stated as well as the basis for the appraiser's estimate of property taxes.
2. Presentation of the property tax rate and special assessment information

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3. Know how the taxes are calculated in your jurisdiction and explain clearly to the reader

v.131980

PRESENTATION OF QUALIFICATIONS

Ronald M. Parker
Real Estate Appraiser
P.O. Box 610414
Birmingham, Al. 35261

SUMMARY OF QUALIFICATIONS:

- Residential Appraising
- Commercial Appraising
- Mortgage Underwriting
- HUD/FHA Direct Endorsement Underwriter (#H881)
- Mortgage Brokering
- Mortgage Banking Management
- Real Estate Sales
- Alabama Certified General Real Property Appraiser
- Veterans Administration Panel Appraiser
- **Alabama Real Estate Appraiser Board –6th Congressional District 02/15/97 to 06/10/2003.**
- **Alabama Real Estate Appraiser Board –Chairman 06/14/2000 to 06/10/2003.**

EDUCATION:

Continuing Education Courses (Included but not limited to the following):

Basic Residential HUD Appraisal Requirements
Uniform Residential Appraisal Report
Real Estate Finance
Real Estate Brokerage
Uniform Standards of Professional Appraisal Practice
Condemnation Appraising
Environmental Risk Screening
Marshall and Swift Residential Cost Approach
Marshall and Swift Commercial Cost Approach
Professional Standards
Narrative Report Writing
Using HP-12C
Income Approach
Advanced Income Approach
Advanced Income Capitalization
Uniform Appraisal Standards for Federal Land Acquisitions
7-Hour National USPAP Update Course
Data Verification Methods
General Appraiser Report Writing and Case Studies

- 1985-1986 : **Advanced Real Estate Studies.** Tulane University, New Orleans, LA. Extensive course work in residential and commercial real estate appraisal, real estate finance and brokerage.
- 1984 : **Bachelor of Arts, Real Estate.** Tulane University, New Orleans, LA.
- 1978-1980 : **Graduate.** Lake Charles High School, Lake Charles, LA.

EMPLOYMENT:

- November 1990 – Present : **Fee Appraiser.** Parker & Associates, Birmingham, AL. Actively engaged in commercial appraising.
- September 1989 - October 1990: **Appraiser.** Forrest and Associates, Real Estate Appraisers, Birmingham, AL.
- April 1988 - September 1989 : **Refinance Administrator/Review Appraiser Underwriter.** National Heritage Mortgage Corporation, Birmingham, AL. Formulated and managed a Refinance Department composed of six employees. Other responsibilities included managing the Underwriting Department and training Loan Processors.
- October 1987 - September 1989: **Appraiser.** Forrest and Associates, Real Estate Appraisers, Birmingham, AL. Part time residential and commercial appraiser position.
- July 1986 - April 1988 : **Mortgage Underwriter/Review Appraiser.** AmSouth Mortgage Corporation, Birmingham, AL. Underwriting FHA, VA, and Conventional loans. Performed numerous field and desk reviews of residential appraisals in Alabama, Tennessee and Louisiana.
- May 1984 - June 1986 : **Appraiser and Real Estate Consultant.** A. T. Fletcher & Co. Investment Corporation, New Orleans, LA. Myriad of responsibilities included: residential and commercial appraisals, feasibility studies, negotiating the purchase of privately held mortgages, and title researches. Also, participated integrally in a four-member group responsible for marketing and managing the investment company's real estate portfolio. (Appraisal assignments comprised of 85% +/- of total time allocation.)
- June 1984 - June 1986 : **Realtor Associate.** Martha Ann Samuel Realtor, Metairie, LA. Part-time residential sales agent.

PROFESSIONAL AFFILIATIONS

- **National Association of Independent Fee Appraisers** - Birmingham Chapter
President 1992 - 1993. Vice-President 1993-1994.
- **Appraiser Group Data Association** - Board of Directors. June 1994 - July 1996.
- **Alabama Real Estate Appraisers Board** - Certified General Member #00111.
- **Mississippi Real Estate Appraisers Board** - Certified General Member #GA-1019.
- **Appraisal Institute** – Candidate for Designation.

References available upon request.

