

# INDEPENDENT PROPERTY ANALYSIS

Prepared for:  
John Smith  
Real Estate Company  
123 Main Street  
Colorado Springs, CO 80903



Property located at:  
789 First Street  
Colorado Springs, CO 80906

BY

MICHAEL MAZZOLA  
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**Property Address** – 789 First Street, Colorado Springs, CO 80906.

**Legal Description** - Lot 10 Any Subdivision.

**Intended Use** - The property market analysis contained herein is not considered an appraisal. The report is not prepared for a federally related transaction and does not follow Fannie Mae and Freddie Mac guidelines. The report completed is for consulting purposes only to assist the client in decision-making regarding the price of the subject property.

**Inspection Date/Date of Opinion** - August 30, 2008.

**Scope of Work** - Collection of data is from client and/or homeowner, El Paso County Assessor's Office, the Pikes Peak Association of Realtors Multiple Listing Service and other pertinent data sources. Analysis of the subject property and comparable sales is communicated in this report.

**An analysis of the subject property and the comparable properties is shown on the two adjustment grids below.**

COMPARABLE SALE ANALYSIS					
ITEM	SUBJECT	COMPARABLE SALE NO. 1	COMPARABLE SALE NO. 2	COMPARABLE SALE NO. 3	
Address	789 First Street	1924 Sunshine Drive	4212 Creekview Lane	880 Peachtree Road	
Sales/Listing Price	NA	\$365,000	\$379,000	\$350,000	
Price/GLA	NA	\$163.97	\$142.32	\$140.96	
Data and/or Verification Source	Physical Inspection El Paso County/MLS	MLS #1234567 El Paso County	MLS #7654321 El Paso County	MLS #3456789 El Paso County	
<b>ADJUSTMENTS</b>	<b>DESCRIPTION (+/- adj.)</b>	<b>DESCRIPTION (+/- adj.)</b>	<b>DESCRIPTION (+/- adj.)</b>	<b>DESCRIPTION (+/- adj.)</b>	
Sales or Financing	NA	Conventional	Conventional	Conventional	
Concessions	DOM-NA	DOM-296	DOM-41	DOM-106	
Date of Sale/Time	NA	January 31, 2008	April 4, 2008	June 20, 2008	
Location	Good				
Site	9,500 sq. ft. +/-	-10,000	-10,000	-10,000	
View	Wooded/Mountain Views				
Design and Appeal	2 story/Good				
Quality of Construction	Bv/Hdbd/Good	-5,000		-5,000	
Age	19 Years +/-				
Condition	Good	7,500	7,500	7,500	
Above Grade Room Count	9/Rms 3/Bds 2.5/Bath				
Gross Living Area (sq.ft.)	2,214	Equal	-13,470	-8,070	
Basement & Fin. (sq.ft.)	980 sq. ft. / 100% fin.	-2,500	-5,000	-2,500	
Rooms Below Grade	Rec/Bedroom/Bath				
Functional Utility	Average				
Heating/Cooling	Gas FWA				
Energy Efficient Items	Typical				
Garage/Carport	2-garage-att Ovr.Sized	-5,000			
Porch, Patio, Deck	Two-level deck	5,000	5,000	5,000	
Fireplace	1 fireplace	-3,000			
Updates/Upgrades		15,000	10,000	15,000	
<b>NET ADJUSTMENTS</b>		<u>2,000</u>	<u>-5,970</u>	<u>1,930</u>	
<b>ADJUSTED SALE PRICE</b>		<b><u>367,000</u></b>	<b><u>373,030</u></b>	<b><u>351,930</u></b>	



COMPETING LISTING ANALYSIS					
ITEM	SUBJECT	COMPETING LISTING NO. 4	COMPETING LISTING NO. 5	COMPETING LISTING NO. 6	
Address	789 First Street	2462 Walnut Lane	1786 Parkway Drive	1823 Second Street	
Sales/Listing Price	NA	\$384,900	\$395,000	\$380,000	
Price/GLA	NA	\$175.03	\$185.27	\$189.43	
Data and/or Verification Source	Physical Inspection El Paso County/MLS	MLS #9876543 El Paso County	MLS #8765432 El Paso County	MLS #7654321 El Paso County	
<b>ADJUSTMENTS</b>	<b>DESCRIPTION (+/- adj.)</b>	<b>DESCRIPTION (+/- adj.)</b>	<b>DESCRIPTION (+/- adj.)</b>	<b>DESCRIPTION (+/- adj.)</b>	
Sales or Financing Concessions	NA DOM-NA	Active Listing DOM-6	Active Listing DOM-21	Under Contract DOM-12	
Date of Sale/Time Location	NA Good	Active Listing	Active Listing	Under Contract	
Site	9,500 sq. ft. +/-		-10,000	-10,000	
View	Wooded/Mountain Views				
Design and Appeal	2 story/Good				
Quality of Construction	Bv/Hdbd/Good	-5,000		-5,000	
Age	19 Years +/-				
Condition	Good				
Above Grade Room Count	9/Rms 3/Bds 2.5/Bath				
Gross Living Area (sq.ft.)	2,214	Equal	2,460	6,240	
Basement & Fin. (sq.ft.)	980 sq. ft. / 100% fin.	-5,000	-2,500		
Rooms Below Grade	Rec/Bedroom/Bath				
Functional Utility	Average				
Heating/Cooling	Gas FWA				
Energy Efficient Items	Typical				
Garage/Carport	2-garage-att Ovr.Sized	-5,000			
Porch, Patio, Deck	Two-level deck			5,000	
Fireplace	1 fireplace		-3,000		
Updates/Upgrades					
<b>NET ADJUSTMENTS</b>		<u>-15,000</u>	<u>-13,040</u>	<u>-3,760</u>	
<b>ADJUSTED SALE PRICE</b>		<u><b>369,900</b></u>	<u><b>381,960</b></u>	<u><b>376,240</b></u>	
<b>ADJUSTED PRICE OPINION</b>				<u><b>\$370,000</b></u>	

**Estimated Days on Market** - The days on market of the comparable sales located within the subject's development range between 6 and 296. The current estimated marketing time for the subject property, based on the sales in the neighborhood and at the price opinion contained in this report, is 60-90 days.

**Comparable Sale Comments** - Comparable sales are selected on the basis of nearest similarity to the subject property as to time of sale, proximity of location and similarity as to age, condition, gross living area, bedroom and bathroom count, basement, garage size and updated and upgraded features. The sales used in this report are among the best available based on these features and require the least amount of adjustments. Use of other sales would require larger adjustments and would render a less accurate price opinion.

Sale prices are presented subject to adjustments as necessary for financing terms, relationship of buyer and seller, agreements for expenses between the parties, and any other factor that would affect the net sales price.

Time adjustments are made to relate each comparable sale price to current-market price levels. The adjustments are based upon estimated appreciation rates for the property type. Considerable effort has been made to use sales within six months of the date of the price opinion. The subject's neighborhood is currently experiencing a relatively stable market with moderate appreciation. No time adjustments are necessary.

The appraiser attempts to use comparable sales located within the subject's subdivision. If this is not feasible, sales are used from competing developments within the subject's market area. If



necessary, location adjustments are based on the use of sales outside the subject's development and the differences of predominant values between the competing developments.

Site adjustments are based on the differences of lot size between the subject and the sales. Adjustments applied are based on the contributory value of the added land, not the actual cost of the site.

Adjustments for view may reflect various situations. Mountain views of Pikes Peak and the front range of Colorado, and backing to park and open space generally attract higher sale prices. Views of commercial property or location on busy streets may reflect negatively on a property due to increased traffic noise and decreased privacy.

Design and appeal adjustments reflect differences between home designs such as ranch, two-story, tri-level, bi-level, etc. An adjustment in this category may also be based on the market reaction to various front elevations and curb appeal.

The construction quality adjustments recognize differences in building construction and the amount and quality of exterior and interior finish.

The age and condition adjustments consider observable differences in actual age and condition of the comparables and the subject with regard to periodic routine maintenance and deferred maintenance.

Adjustments for bedroom and bathroom count reflect the market reaction of importance of these features. The bedroom and bathroom differences may or may not be relevant in a particular development based on the demographics and family status of the typical purchaser in a given neighborhood.

Gross living area adjustments are based on the differences of above grade square footage. Adjustments applied are made on a dollar-amount per square foot basis. These adjustments

generally range from \$20.00 to \$40.00 per square foot. In the subject's neighborhood, the typical buyer does not differentiate between homes that are within fifty square feet of each other. No adjustments are applied in this situation.

Adjustments for basement are based on the differences of below grade square footage. Adjustments applied are made on a dollar-amount per square foot basis. These adjustments generally range from \$5.00 to \$20.00 per square foot. In the subject's neighborhood, the typical buyer does not differentiate between basements that are within fifty square foot of each other. No adjustments are applied in this situation.

A separate adjustment may be applied for rooms below grade. The adjustments applied are based on the contributory value of the improvements, not the cost to construct.

Adjustments for updates and upgrades reflect updating a property has recently received. Examples are new carpet, paint, windows, furnace, roof, landscaping, etc. Upgraded features generally reflect the amount of added features installed by the builder of newer homes.

Additional adjustments are made for heating and cooling types, garage sizes, decks, patios, porches, fireplaces, etc. Adjustments made are based on the market reaction to these features in the subject's neighborhood.



**Conclusion** - The property evaluation contained in this report is not considered an appraisal and does not follow Fannie Mae and Freddie Mac guidelines. The purpose of the report is to aid the client in decision-making purposes regarding the price of the subject property. This report is completed by a Colorado State Certified Appraiser with extensive experience in appraising properties in the Pikes Peak Region.

The recommended price opinion for the subject property is \$370,000.

Sincerely,

A handwritten signature in dark blue ink that reads 'Michael B. Mazzola'.

Michael B. Mazzola  
Mazzola Appraisal Service, Inc.  
Colorado State Certified Appraiser  
No. CR 40023668  
Expiration Date: December 31, 2010



## DEFINITIONS

**Capitalization** - The capitalization process used in the income approach to valuation translates net income to a value estimate. The capitalization rate is a ratio between a property's normalized net operating income and its sale price. The capitalization rate estimated for the subject property is based upon the respective ratios between net incomes and sale prices found in comparable sale properties.

**Cost Approach** - The cost approach is a summation of the expenses required to replace the subject with a property of like utility and quality, taking into consideration depreciation of the subject. It includes the valuation of the land and the estimated replacement cost of improvements.

**Income Approach** - The income approach is a valuation method based upon the relationship of property income to value. It is used for properties that have income-producing capacity. Anticipated future income-benefits to be derived from the ownership of the property are converted into a value estimate. The income approach steps are outlined below:

1. **Income** - determining the property's effective gross income potential from the its lease rents and rental basis, the rents of comparable properties, and deducting appropriate estimates for vacancy and collection loss;
2. **Expenses and Net Income** - estimating net income by deducting expenses of the type and quantity appropriate for the property; and
3. **Capitalization of Income** - converting net operating income to a value level through the appropriate capitalization process.

**Highest and Best Use** - The highest and best use is that use of the property, from among the reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest value.

**Market Value** - The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affective 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 a) buyer and seller are typically motivated, b) both parties are well informed or well advised, and each acting in what he considers his own best interest, c) a reasonable time is allowed for exposure in the open market, d) payment is made in terms of cash in U.S. Dollars or in terms of financial consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale , e) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

**Sales Comparison Approach** -This is a method of estimating the value of the subject property based upon sales of like properties in the recent past.

**USPAP** - The Uniform Standards of Professional Appraisal Practice (USPAP).



**PROFESSIONAL QUALIFICATIONS STATEMENT**  
**Michael B. Mazzola**

**PROFESSIONAL EXPERIENCE**

2005- Present      **Real Estate Broker Associate**  
Rampart Realty, Inc., Colorado Springs, CO

2004-2005      **Real Estate Broker Associate**  
Tighe and Associates, Inc., Colorado Springs, CO

2001- Present      **President, Commercial and Residential Real Estate Appraiser**  
Mazzola Appraisal Service, Inc., Colorado Springs, CO

2001- Present      **Commercial Real Estate Appraiser**  
Joseph L. Hastings, MAI, Colorado Springs, CO

2001-2004      **Commercial Real Estate Appraiser**  
Thomas Colon and Associates, Colorado Springs, CO

1999-2001      **Commercial and Residential Real Estate Appraiser**  
The Appraisal Network, Inc., St. Charles, MO

**EDUCATION**

1997      Bachelor's Degree - University of Missouri - St. Louis

**EDUCATIONAL ACTIVITIES**

Real Estate Broker Program (Jones Real Estate College)  
Course 410, National USPAP Course (Appraisal Institute)  
Course 420, Business Practice and Ethics (Appraisal Institute)  
Appraising Manufactured Housing (Appraisal Institute)  
Residential Appraisal Report Writing (McKissock)  
1.1 Principles of Residential Real Estate Appraising (NAIFA)  
5.0 Professional Standards of Practice (NAIFA)  
1.5 Residential Analysis for Small Income Property Appraisals (NAIFA)  
Principles of Capitalization (Lowman & Co.)  
Materials for Manufacturing and Construction (Central Missouri State University)

**APPRAISAL ASSIGNMENTS**

Residential - Single family homes, multi-family properties and vacant residential sites in Missouri and Colorado.

Commercial - Retail strip shopping centers, office buildings, apartment buildings, light-industrial buildings, vacant land, restaurants. Assignments completed in Missouri and Colorado.

**LICENSING**

No. CR40023668, State of Colorado, Board of Real Estate Appraisers  
No. FA40043581, State of Colorado, Real Estate Broker License

**PROFESSIONAL ASSOCIATIONS**

Associate member of The Appraisal Institute