



311 S. ROYAL OAKS BOULEVARD, SUITE 110
FRANKLIN, TN 37064
615.866.4863
EVALS@BGJONESCOMPANY.COM
WWW.BGJONESCOMPANY.COM

EVALUATION

THIS IS NOT AN APPRAISAL. THE FOLLOWING REPORT IS AN EVALUATION AND IS INTENDED TO COMPLY WITH THE INTERAGENCY APPRAISAL AND EVALUATION GUIDELINES. THE FOLLOWING IS NOT INTENDED TO BE CONSTRUED AS AN APPRAISAL, DOES NOT COMPLY WITH USPAP, AND HAS NOT BEEN PREPARED BY, OR REVIEWED BY A LICENSED APPRAISER. THIS REPORT IS INTENDED FOR INTERNAL USE ONLY BY THE STATED CLIENT/INTENDED USER. B.G. JONES & COMPANY IS NOT LIABLE FOR ANY UNAUTHORIZED USE OF THIS REPORT.

CLIENT ID No.: 8675309
CLIENT/INTENDED USER: [REDACTED]
INTENDED USE: Financing/Underwriting
ASSIGNMENT OBJECTIVE: To develop an estimate of Market Value, as defined by the federal financial institution regulatory agencies, of the stated interest in the subject property.
BORROWER NAME: [REDACTED]
EFFECTIVE DATE OF VALUATION: 6/20/2015
DATE OF REPORT: 6/25/2015
REAL PROPERTY INTEREST VALUED: Fee Simple Estate

IDENTIFICATION OF REAL ESTATE:

Address: [REDACTED]
City: Nashville
County: Davidson
State: TN
Zip: 37216
Map/Parcel: [REDACTED]



PROPERTY DESCRIPTION:

Land Area (Ac.): 0.35

Land Area (SF): 15,246

Source of Land Area: Tax Card

Floodplain: None

Other Significant Easements/Encumbrances: N/a*

**See general assumptions & limiting conditions*

Building Type: Retail

Exterior Construction: Brick/Masonry & Siding (Average Quality, Below Average to Average Condition)

Building Size (SF): 1,824

Source of Building Area: Public Record

FAR: 0.12

No. Units: 1

Building Year Built: 1930

Secondary Improvements: Chain-link fencing; paved parking area (below average condition)

Overall Construction Quality: Average

Overall Property Condition: Fair to Average

Current Use: Vacant Retail Store (Converted Residential Building)

Projected Use: Retail or Office Use

Zoning: MUL-A (Mixed-Use Limited: Alternative) with UDO (Urban Design Overlay)

Zoning Compliance: Legally Conforming

Additional Comments: The subject property consists of a 0.35 acre parcel that is improved with a 1,824 sq. ft. residential building that has been converted to retail/office use. The building was originally constructed in 1930, and is considered to be in fair to average condition relative to the actual age of the improvements. Upon inspection of the property, signs of deferred maintenance were noted, with damage to the exterior walls and windows of the property. Photographs of the deferred maintenance are included at the conclusion of the evaluation report.



OWNERSHIP/PREVIOUS SALE DATA:

Current Owner: [REDACTED]

Prior Sale Date: 4/21/2014

Prior Sale Price: [REDACTED]

Prior Sale Price/SF: [REDACTED]

*Is Prior Sale Arms Length?:*Yes

Comments/Other recent sales:

The subject property transferred in April of 2014 for [REDACTED]/SF, via Warranty Deed of record in Document No. [REDACTED]

CURRENT LISTING/CONTRACT INFORMATION:

Pending Sale Price: \$0.00

Current List Price: \$0.00

Pending Sale Price/SF: \$0.00

Current List Price/SF: \$0.00

Pending Sale Price/Unit: \$0.00

Current List Price/Unit: \$0.00

DOM: 0

LOCATION DESCRIPTION/MARKET ANALYSIS:

The subject property is located along the corner of [REDACTED] within the city of Nashville, Davidson County, Tennessee. The property features good access and visibility from along [REDACTED], with approximately 108' of direct frontage. Surrounding property uses along [REDACTED] are comprised of a wide variety of retail uses, multifamily residential uses, commercial office uses, light industrial office uses, and institutional uses. Single family residential uses within the area are primarily located along secondary thoroughfares such as [REDACTED] Avenue. The subject neighborhood is considered to be urban in character, with medium-to-high density development. The following market data was taken from the 1st Quarter 2015 CoStar Retail Market Report for the Nashville MSA. The subject is located within the North Nashville retail submarket. Vacancy within the submarket was reported at 6.3% in the 1st Quarter of 2015, up from 5.9% in the 1st Quarter of 2014. Rental rates were quoted at \$12.84/SF, up from \$10.61/SF in the 1st Quarter of 2014.

Neighborhood Character: Urban

Neighborhood Life-Cycle Stage: Stability

Overall Market Vacancy: 6.30%

Market Vacancy Trend: Increasing

Current Space Under Construction (SF): 5,465

Market Construction Trend: Stable

Average Asking Lease Rate (\$/SF): \$12.84

Average Asking Lease Rate Trend: Increasing

Market Absorption Trend: Neutral



HIGHEST AND BEST USE CONCLUSION:

Highest & Best Use: Continued use of the existing improvements as retail or office use

SCOPE OF WORK:

- Analyzed surrounding area/neighborhood and general market trends
- Gathered and analyzed data to determine the highest and best use of the property
- Gathered and analyzed comparable sale data to estimate the as is market value of the property as of the effective date of report

Level of Inspection:

Exterior drive-by inspection by a representative of B.G. Jones & Company or a B.G. Jones & Company approved vendor. Given the exterior only inspection of the subject property, this report is subject to the extraordinary assumption that the quality and condition of the interior of the structure(s) is consistent with the character of the exterior and that, unless otherwise noted, the interior layout is functional for the intended use.

No inspection performed. Given the lack of inspection of the subject property, this report is subject to the extraordinary assumption that the quality and condition of the structure(s) is consistent with furnished information.

Walk-through inspection by a representative of B.G. Jones & Company or a B.G. Jones & Company approved vendor.

Data Services Utilized: CRS, Costar, Public Record

ASSIGNMENT CONDITIONS:

See extraordinary assumptions associated with the level of inspection, above. This report is not subject to any additional extraordinary assumptions or hypothetical conditions.



SALE COMPARABLES:

	Comparable 1 (Subject)	Comparable 2	Comparable 3
Address		3823 Gallatin Pike	2623 Gallatin Pike
City/County	Nashville/Davidson	Nashville/Davidson	Nashville/Davidson
State	TN	TN	TN
Map/Parcel		61-15/312	72-10/107
Property Type	Retail/Office (Residential)	Retail/Office (Residential)	Retail/Office (Residential)
Sale Date	4/21/2014	1/28/2015	1/6/2014
Sale Price		\$400,000.00	\$157,000.00
Financing	Typical	Typical	Typical
Conditions of Sale	Typical	Typical	Typical
Size (SF)	1,824	1,935	1,266
Site Area (Acres)	0.35	0.58	0.22
Site Area (SF)	15,246	25,264	9,583
No. Units	1	1	1
Floor Area Ratio	0.12	0.08	0.13
Location Rating	N/a	Similar	Similar
Floodplain	None	None	None
Year of Construction	1930	1930	1925
Construction Quality	Average	Above Average	Average
Property Condition	Fair to Average	Average	Average
Price/SF		\$206.72	\$124.01
Price/Unit		\$400,000.00	\$157,000.00
Ancillary Improvements	N/a	Superior	Inferior
Overall Comparability	N/a	Superior	Inferior

	Comparable 4	Comparable 5	Comparable 6
Address	1000 Lebanon Pike	943 Main Street	1306 3rd Avenue N
City/County	Nashville/Davidson	Nashville/Davidson	Nashville/Davidson
State	TN	TN	TN
Map/Parcel	94-10/26	82-12/272	82-9/493
Property Type	Office - General	Retail/Office (Residential)	Retail/Office (Residential)
Sale Date	4/10/2015	9/30/2014	10/15/2013
Sale Price	\$225,000.00	\$250,000.00	\$255,000.00
Financing	Typical	Typical	Typical
Conditions of Sale	Typical	Typical	Typical
Size (SF)	1,572	1,654	1,498
Site Area (Acres)	0.61	0.18	0.14
Site Area (SF)	26,571	7,840	6,098
No. Units	1	1	1
Floor Area Ratio	0.06	0.21	0.25
Location Rating	Inferior	Superior	Superior
Floodplain	None	None	None
Year of Construction	1945	1935	1910
Construction Quality	Average	Average	Average
Property Condition	Average	Average	Above Average
Price/SF	\$143.13	\$151.15	\$170.23
Price/Unit	\$225,000.00	\$250,000.00	\$255,000.00
Ancillary Improvements	Superior	Inferior	Inferior
Overall Comparability	Similar	Similar	Superior



VALUATION ANALYSIS:

The comparable sales indicate values ranging between \$157,000 and \$400,000, with mean and median indicators of \$257,000 and \$252,500 respectively. From a price per square foot standpoint, the sales range in values from \$124.01/SF to \$206.72/SF, with mean and median values of \$155.84/SF and \$147.14/SF. To the best of our knowledge, all of the comparable sales represent arm's length transactions between unrelated parties.

Represented as Comparable 1 in the preceding sales grid, the April 2014 acquisition of the subject property has been considered for valuation purposes. Demand and prices have risen in the overall Nashville market over the past year, so upward adjustment for inferior market conditions is considered to be necessary. Likewise, Comparable 3 will be adjusted upwards for inferior market conditions.

In addition to the preceding comparable sales, we have considered the active listings of 632 W Old Hickory Boulevard and 2807 Foster Avenue within the city of Nashville, Tennessee.

Listing 1 - 632 W Old Hickory Boulevard: The property contains a 0.87 acre parcel of land that is improved with a 1,840 sq. ft. converted residential building in use as an office. The building was constructed in 1955 and is considered to be in average condition relative to the age of the improvements. The property is listed for sale at \$275,000, or \$149.46/SF. The listing will be adjusted downwards for superior building condition, and upwards for inferior location in relation to the subject.

Listing 2 - 2807 Foster Avenue: The property is comprised of a 0.35 acre parcel of commercial land that is improved with a 1,638 sq. ft. residential building (could be used for retail or office use). The building was constructed in 1949 and is considered to be in average condition overall. The property is listed for sale at \$275,000, or \$167.89/SF. The listing will be adjusted downwards for superior building condition.

Both listings will be adjusted downward for status, as closed sale prices typically fall below listed prices.

Based upon the preceding sales and market data, a price per square foot unit value of \$145.00/SF has been selected to be applied to the subject property's gross building area. The as-is market value calculation is presented below:

$$\text{[REDACTED] /SF} \times 1,824 \text{ sq. ft. of GBA} = \text{[REDACTED]}$$

Rounded to: [REDACTED]

VALUE CONCLUSION: [REDACTED]



CERTIFICATION:

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, unbiased professional analyses, opinions and conclusions.
3. 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.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. 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 evaluation.
7. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Interagency Appraisal and Evaluation Guidelines, effective December 10, 2010.
8. In addition to any coursework and prior working experience, I have been trained by B.G. Jones & Company with regard to valuation methodology and am considered reasonably competent to perform this evaluation, given the scope of work of the assignment.

A handwritten signature in black ink that reads "Seth Jones".

Seth S. Jones
B.G. Jones & Company
Banking Services
615.866.4863
evals@bgjonescompany.com



GENERAL ASSUMPTIONS & LIMITING CONDITIONS:

This evaluation report and resulting estimate of value is subject to the following assumptions and limiting conditions. Where stated throughout, B.G. Jones & Company includes but is not limited to, ownership, staff, and independent contractors conducting business through B.G. Jones & Company, including the signing evaluator.

- 1 The forecasts, projections, or operating estimates contained herein are based upon current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. Therefore, these forecasts are subject to changes in future conditions. Value estimates in this evaluation report are stated in United States currency as of the date of evaluation.
- 2 No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable and in Fee Simple, unless otherwise stated in the report.
- 3 The property is valued free and clear of all existing liens and encumbrances, including deed restrictions and developers agreements, unless otherwise stated in this evaluation report.
- 4 Information furnished by others is believed to be true, correct, and reliable. B.G. Jones & Company assumes no responsibility for the accuracy of information provided by others, including but not limited to third party database records, public record, and/or that provided by parties related to the transaction, including the client.
- 5 Maps, plats, and exhibits included in this appraisal report are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose. B.G. Jones & Company has not made a survey of the property, and no responsibility is assumed in connection with such matters.
- 6 Unless noted otherwise, the physical condition of the improvements described herein was based on a visual, drive-by exterior inspection. No liability is assumed for the soundness of structural members, building components, mechanical equipment, plumbing, or electrical components as no professional tests were made of the same. B.G. Jones & Company assumes that no hidden or unapparent conditions of the property, subsoil, or structures exist, which would render the property more or less valuable. B.G. Jones & Company assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.
- 7 Unless additional information is provided by the client and noted herein, easements and encumbrances (other than flood plain) are based upon visual inspection only.
- 8 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 this report.
- 9 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 this report. A survey may be required to determine legal conformity (including but not limited to setbacks and/or encroachments), and as determinations herein are based on visual inspection, aerial photographs, and other public record, no responsibility is assumed for its accuracy.
- 10 It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate(s) contain in this report is based.
- 11 It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that no encroachment or trespass exists, unless noted in this report.



- 12 Value estimates in this report apply only to the entire property, and cannot be prorated to individual portions or fractional interests. Any proration or division of interest will invalidate the value estimate(s), unless such proration or division of interests is set forth in this report.
- 13 No representative of B.G. Jones & Company is required to give testimony or attendance in court by reason of this evaluation, with reference to the property in question, unless arrangements have been made previously therefore. The fee charged for this evaluation does not include payment for court testimony or for further consultation.
- 14 Unless otherwise stated in this appraisal report, B.G. Jones & Company did not observe the existence of hazardous material, which may or may not be present on the property. B.G. Jones & Company has no knowledge of the existence of such materials on or in the property. Representatives of B.G. Jones & Company, however, are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. Value estimates within this report are predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any expertise or engineering knowledge required to discover them. B.G. Jones & Company recommends that appropriate experts be retained to investigate and determine to what extent, if any, such substances are present and what risks, if any, are involved.
- 15 The determination concluded in this evaluation, as to whether or not the subject property is located within a Flood Hazard Zone, is based solely on an inspection of available Flood Insurance Rate Map(s) (FIRM) which are distributed by the National Flood Insurance Program (NFIP) and local GIS records (where available). Although these maps are the basis for flood hazard determination, the map scale is typically not adequate for accurate comparisons with other maps and/or surveys. Therefore, the determination presented herein regarding location of the subject property outside or within a flood hazard zone should not be construed as a guarantee or certification. Certification of this can only be provided by a qualified engineer and/or surveyor. If there is any possibility that the subject is within an identified flood hazard zone, we recommend that the property should be covered by adequate flood insurance.
- 16 Unless otherwise noted in this report, no consideration in the valuation process has been given to subsurface rights (minerals, oil, water, etc.) that may be found on the subject property.
- 17 B.G. Jones & Company reserves the right to alter estimates of value contained in this evaluation on the basis of information withheld or not discovered in the normal course of a diligent investigation.
- 18 The Americans with Disability Act (ADA) became effective July 26, 1992. B.G. Jones & Company has 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 the property together with a detailed analysis would reveal the need for renovations to comply with that statute. Such a requirement could have an adverse impact on the market value of the property. Because B.G. Jones & Company has no direct evidence relating to this issue, B.G. Jones & Company did not consider possible noncompliance with the requirements of the ADA in this report.
- 19 The evaluation format has a limited scope which may be inappropriate for certain transactions. B.G. Jones & Company assumes no responsibility for any possible loss due to the use of an evaluation. The client accepts the inherent risk associated with the use of an evaluation in support of a credit decision.

PHOTOGRAPHS: DELETED FOR CONFIDENTIALITY