

THIS IS NOT AN APPRAISAL

Commercial Evaluation Report

Property located at
2162 Wilson Road
Memphis, Tennessee 38116

Prepared For:
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Subject Property

Address: 4907 Autumn Leaf, Memphis, Tennessee 38116
Tax Address: 2162 Wilson Road, Memphis, Tennessee 38116

Owner of Record

Wilson Townhomes, LLC
11230 Gold Express Dr.
Suite 310
Rancho Cordova, CA 95670

Scope of the Evaluation

This report is an evaluation and not an appraisal. The intended use of this report is to determine an estimate of the market value of the subject property for the benefit of the client. This evaluation report is intended solely for internal use by the client.

The significant element of this evaluation includes the following; External drive-by inspection of the subject property and immediate neighborhood, analysis of the local market data and an analysis of all data provided to the evaluator by the client resulting in an estimate of the subject market value as of the effective date of this evaluation.

Date of Evaluation

March 20, 2018

Property Description

The property is located just west of Airways Boulevard which provides the Western boundary of the Memphis Airport property.

Immediately north of the subject property is an area previously consisting of mixed used properties made up primarily of single family residences, all of which were condemned by and purchased by the Memphis Airport Authority as required by governmental regulation for noise abatement. Property in this location was deemed to be in too close proximity to the runway and all properties were removed and the area is now vacant land.

The property measures 625 feet by 587 feet and contains 8.72 acres of land. On the parcel has 156 townhomes in mostly poor condition. The data provided show that there is a 38.5% occupancy rate producing \$29,044.00 in monthly income

Market Observations

The apartments in the closest proximity to the subject property; Summit Park, Oakshire Downs, Highland Meadows and Millcreek are offering one bedroom units that average \$447.00 per month and two bedroom units that average \$556 per month.

All these comparable units are superior to the subject property and include perimeter fencing and secured entrances that require gate scans to enter the complex.

All but one has both washer and dryer connections with one providing a washer and dryer. All but one has fully furnished kitchen appliances. Two have pools. Lease arrangements are typically twelve months with one offering a choice of seven or twelve month lease arrangements

All comparable properties had rental office open daily Monday through Saturday from 8:00 am to 5:00 or 6:00 pm.

Other Marketing Notes

The subject property advertising on the internet includes a presence on Craig's List. The subject property offers a free 32" TV or \$250.00 discount on first months rent. The subject offers the first months rent at \$99.00 with a \$150.00 deposit. Comparable lease deposits are \$250.00 to \$500.00.

The two bedroom apartments rent for \$479.00 month and the three bedroom apartment rent for \$579.00 per month.

Assumptions

Data received from the client in e-mail dated 12/12/17 was utilized in the compilation of this evaluation report.

The data provided show that there is a 38.5% occupancy rate producing \$29,044 in monthly income.

There is a total of past due rents and collections of \$47,552.66

Value Calculations

Occupancy 38.5% x 156 units = 60 units leased

Vacancy 61.5% x 156 units = 96 units vacant

Current Income

Income

\$29,044.00 x 12 = \$348,528.00

Expenses

\$32,419.75 x 12 = \$398,037.00

Loss

\$49,509.00

**THERE IS CURRENTLY NO VALUE REPRESENTATIVE
OF THIS PROPERTY**

Potential Income Assumptions

If renovated the projected monthly income would be \$89,875.

Cost of renovation due to vandalism, water damage, etc to be between \$7,000.00 and \$15,000 per unit. Due to nature of units observed by evaluator on March 13, 2018, \$13,500.00 was selected for calculation of repairs needed in vacant units.

96 Units x \$13,500.00 = \$1,294,650.00 total cost of renovation

Expenses increased at 10% for years during renovation.
Total renovation would require 48 months to complete

Projected Income

Income

Following total renovation

\$1,078,500.00

Expenses

\$582,765.00

Profit

\$495,735.00

The Evaluation of the Property Using Potential Income

\$3,100,000 - \$3,650,000