

# **The Gorman Group, Ltd**

**1200 West 175<sup>th</sup> Street  
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**Restricted Report**

**Heartbreak Apartments  
1234 Main Street  
Romeoville Heights, IL**

## **RESTRICTED APPRAISAL REPORT COMPLETE APPRAISAL**

*This is a Restricted Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(c) of the Uniform Standards of Professional Appraisal Practice for a Restricted Report. As such, it does not present discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of the discussion contained in this report is specific to the needs of the client and for the intended use stated herein. The appraiser is not responsible for unauthorized use of this report, IT IS INTENDED ONLY FOR THE USE OF THE CLIENT, Mr. John Smith, Attorney.*

**PREPARED FOR:**

Mr. John Smith, Attorney  
188 West Randolph  
Chicago, IL 60601

**Ordered by:** Della Street

**PROPERTY LOCATION:**

Heartbreak Apartments  
1234 N Main Street  
Romeoville Heights, Illinois 60612  
05-24-200-016 (PIN)

**PREPARED BY:**

The Gorman Group, Ltd.  
1200 West 175<sup>th</sup> Street  
East Hazel Crest, Illinois 60429

**PURPOSE/USE OF THE APPRAISAL:** The purpose of the appraisal is to estimate the Market Value of the unencumbered Fee Simple Interest of the property that is the subject of this report. The appraisal is to be used to assist the client, Mr. John Smith, Attorney, in evaluating the property for litigation purposes.

**DEFINITION OF MARKET VALUE:** The purpose of this appraisal is to estimate Market Value as defined:

Market value is defined as the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonable knowledgeable seller to a willing and reasonable knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic use of the property at the time of the appraisal.<sup>1</sup>

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
  2. Both parties are well informed or well advised, and each acting in what they consider their own best interests;
  3. A reasonable time is allowed for exposure in the open market;\*
  4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
  5. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.
- \*Exposure period – 9 to 12 months

**INTEREST VALUED:** The property was appraised as, a whole, owned in Fee Simple and unencumbered.

**EFFECTIVE DATE OF VALUE:** September 12, 2003

**DATE OF REPORT:** September 15, 2003

**DATE OF INSPECTION:** September 12, 2003

**SCOPE OF APPRAISAL:** In preparing this appraisal, I inspected the property and analyzed sales of similar properties in the general area. This restricted report sets forth only my conclusions. Supporting documentation is retained in my file.

**PROPERTY HISTORY:** The property was reported as sold on August 6, 1998. The reported price was \$15,000,000.00. The grantor was reported to be Homeless People to Save the Universe L.P. and the grantee was reported as F & F Realty.

**DESCRIPTION:** The property being appraised consists of an apartment complex that contains a total of 466 units on September 12, 2003.

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<sup>1</sup> Uniform Appraisal Standards for Federal Land Acquisitions, 2000, page 13

**HIGHEST AND BEST USE:** Highest and Best use is defined by the Appraisal Terminology and Handbook, published by the American Institute of Real Estate Appraisers, as "the most profitable likely use to which a property can be put." The opinion of such use may be based on the highest and most profitable continuous use to which the property is adapted and needed, or likely to be in demand, in the reasonably near future.

If elements affecting value depend upon events or a combination of occurrences, which while possible, are not shown to be reasonable or probable, they should be excluded from consideration. Also, if the intended use is dependent upon an uncertain act of a third person, the intention should not be considered.

The existing use is the highest and best use.

**Conclusion:** After considering the available pertinent data, I have concluded that the subject has the following value: \$18,000,000.00

# CONTINGENT AND LIMITING CONDITIONS

## For the purpose of this appraisal, I have assumed:

- It is assumed that the title to this property is good and marketable. No title search has been made, nor have we attempted to determine ownership of the property. The value estimate is given without regard to any questions of title, boundaries or encroachments. It is assumed that all assessments are paid. We assume the property to be free and clear of liens and encumbrances except as noted. No attempt has been made to render an opinion or determine the status of easements that may exist.
- The legal description, if included herein, should be verified by legal counsel before being relied upon or used in any conveyance or other document.
- We are not familiar with any engineering studies made to determine the bearing capacity of the land. Improvements in the area appear to be structurally sound. It is therefore assumed that soil and subsoil conditions are stable unless specifically outlined in this report.
- The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We 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 the property, together with a detailed analysis of the requirements of the ADA, could reveal that the 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 the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.
- Any exhibits in the report are intended to assist the reader in visualizing the property and its surroundings. The drawings are not intended as surveys and no responsibility is assumed for their cartographic accuracy. Drawings are not intended to be exact in size, scale or detail.
- Areas and dimensions of the property may or may not have been physically measured. If data is furnished by the principal or from plot plans or surveys furnished by the principal, or from public records, we assume it to be reasonably accurate. In the absence of current surveys, land areas may be based upon representations made by the owner's agents or our client. No responsibility is assumed for discrepancies that may become evident from a licensed survey of the property.
- Our value estimate involves only the real estate and all normal building equipment if any improvements are involved. No consideration was given to personal property (or special equipment), unless stated.
- It is assumed that the property is subject to lawful, competent and informed ownership and management unless noted.
- Information in this report concerning market data was obtained from buyers, sellers, brokers, attorneys, trade publications or public records. To the extent possible, this information was examined for accuracy and is believed to be reliable. Dimensions, areas or data obtained from others is believed correct; however, no guarantee is made in that the appraiser did not personally measure same.
- Any information, in whatever form, furnished by others is believed to be reliable; however, no responsibility is assumed for accuracy.

- The physical condition of any improvements described herein was based on visual inspection only. Electrical, heating, cooling, plumbing, sewer and/or septic system, mechanical equipment and water supply were not specifically tested, but were assumed to be in good working order, and adequate, unless otherwise specified. No liability is assumed for the soundness of structural members, since no engineering tests were made of same. The roof(s) of structures described herein are assumed to be in good repair unless otherwise noted. The existence of potentially hazardous material used in the construction or maintenance of the building, such as urea formaldehyde foam insulation and/or asbestos insulation, which may or may not be present on the property, has not been considered. In addition, no deposits of toxic wastes, unless specifically mentioned herein, have been considered. The appraiser is not qualified to detect such substances and suggests the client seek an expert opinion, if desired.
- It is specifically noted that the appraiser(s) have not conducted tests to determine the presence of, or absence of Radon. We are not qualified to detect the presence of Radon gas, which requires special tests and therefore must suggest that if the buyer is suspect as to the presence of Radon or any other potentially hazardous substances, he or she should take steps to have proper testing done by qualified firms who have the equipment and expertise to determine the presence of this substance in the property.
- In addition, if the client has any concern regarding the structural, mechanical or protective components of the improvements described herein, or the adequacy or quality of sewer, water, or other utilities, it is suggested that independent contractors or experts in these disciplines be retained by said client, before relying upon this appraisal.
- The separate allocations between land and improvements, if applicable, represent our judgment only under the existing utilization of the property. A re-evaluation should be made if the improvements are removed or substantially altered, and the land utilized for another purpose.
- All information and comments concerning the location, neighborhood, trends, construction quality and costs, loss in value from whatever cause, condition, rents, or any other data for the property appraised herein, represents the estimates and opinions of the appraiser formed after an examination and study of the property.
- Any valuation analysis of the income stream has been predicted upon financing conditions as specified herein, which we have reason to believe are currently available for this property. Financing terms and conditions other than those indicated may alter the final value conclusions.
- Expenses shown in the Income Approach, if used, are estimates only, and are based on past operating history if available, and are stabilized as generally typical over a reasonable time period.
- The appraiser is not 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 made previously thereto. If the appraiser(s) is subpoenaed pursuant to court order, the client will be required to compensate said appraiser(s) for his time at his regular hourly rates, plus expenses.
- All opinions, as to values stated, are presented as the appraiser's considered opinion based on the information set forth in the report and his experience. We assume no responsibility for changes in market conditions or for the inability of the client or any other party to achieve their desired results based upon the appraised value. Further, some of the assumptions

made can be subject to variation depending upon evolving events. We realize some assumptions may never occur and unanticipated events or circumstances may occur. Therefore, actual results achieved during the projection period may vary from those in our report.

- Appraisals made subject to satisfactory completion of construction, repairs, alterations, remodeling or rehabilitation, are contingent upon completion of such work in a timely manner using good quality materials and workmanship and in substantial conformity to plans or descriptions or attachments made hereto.
- It is agreed that the liability of the appraiser/consultant to the client is limited to the amount of the fee paid as liquidated damages. The Appraiser/consultant responsibility is limited to the client, and use of this appraisal by third parties shall be solely at the risk of the client and/or third parties.
- A signatory of this appraisal is a member of the Appraisal Institute. The Bylaws and Regulations of the Institute require each member and candidate to control the use and distribution of each appraisal report signed by such member or candidate. Therefore, except as hereinafter provided, the party for whom this appraisal report was prepared may distribute copies of this appraisal report, in its entirety, to such third parties as may be selected by the party for whom this was prepared. Selected portions of this appraisal report, however, shall not be given to third parties without prior written consent of the signatories of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media or other media for public communication without the prior written consent of the signatories of this appraisal report. This restriction applies particularly as to the valuation conclusions, the identity of the appraisers, or any reference to the Appraisal Institute, or the MAI designation.
- Disclosure of the contents of this appraisal report is governed by the Bylaws and Regulations of the Appraisal Institute.

## **CERTIFICATE OF APPRAISAL**

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, 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 we have no personal interest or bias with respect to the parties involved.
4. This appraisal report has been prepared for the exclusive benefit of the client. It may not be used or relied upon by any other party. Any party who uses or relies upon any information in this report, without the preparer's written consent, does so at his own risk.
5. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

6. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of USPAP - Uniform Standards of Professional Appraisal Practice, and SPP-AI, Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute;
8. The use of this report is subject to the requirements of the Appraisal Institute relating to its review by duly authorized representatives.
9. Robert C. Gorman has made a personal inspection of the subject property.
10. No one provided significant professional assistance to the person(s) signing this report.
11. I do not authorize the out-of context quoting from or partial reprinting of this appraisal report. Further, neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser nor the name of the firm with which he is connected, or any reference to the Appraisal Institute) shall be reproduced, published, or disseminated to the public through advertising media, public relations media, news media, or another public means of communication, without the prior written consent of the appraisers signing this report.
12. The Appraisal Institute conducts a continuing education program for it's designated members. As of the date of this report, the appraisers have completed the requirements of the continuing education program of the Appraisal Institute.

The Gorman Group Ltd., an Illinois Corporation

by: \_\_\_\_\_

Robert C. Gorman, MAI  
President  
Illinois Certified General Appraiser #153.0000002  
License expires September 30, 2005