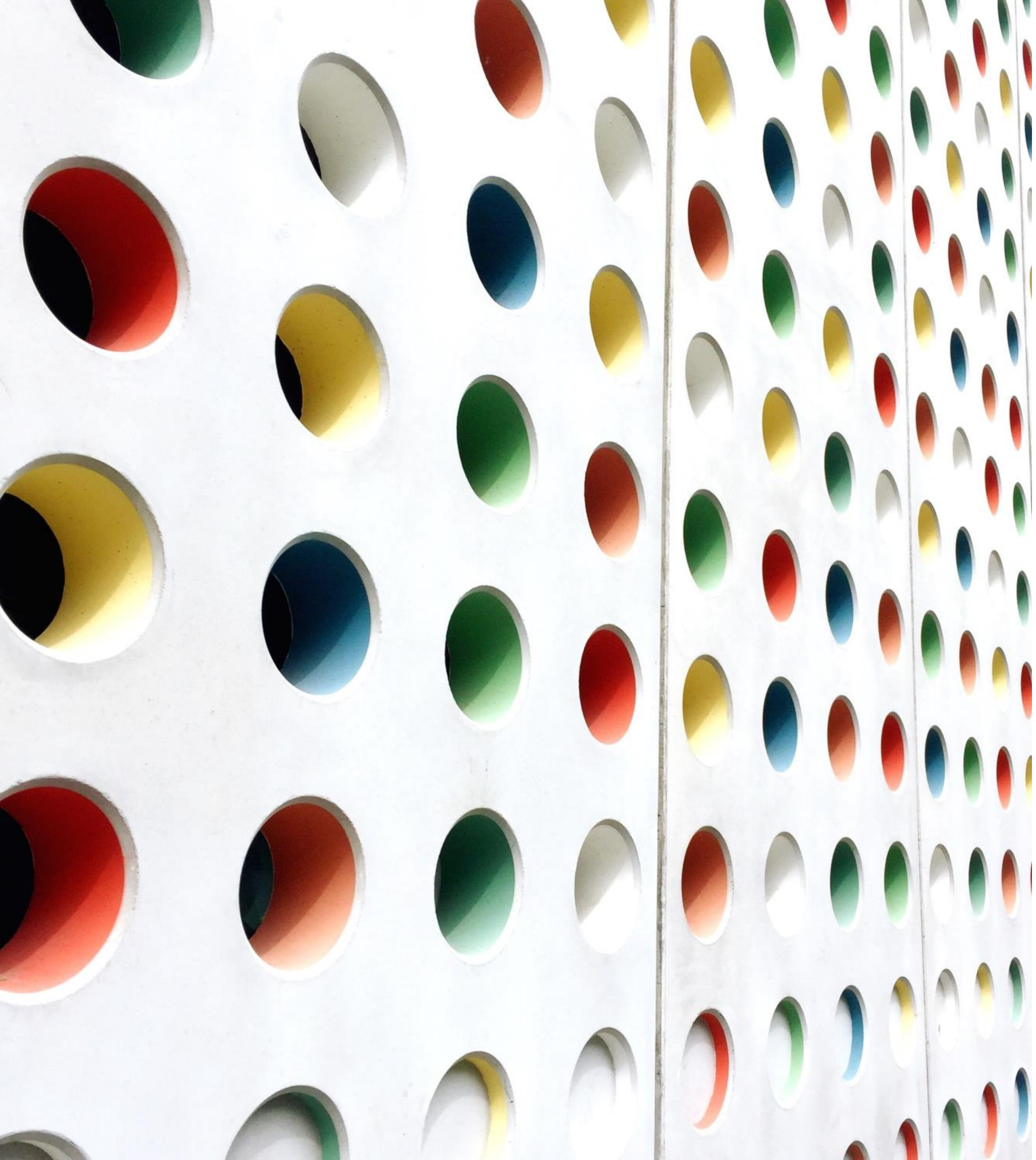

Final Value Reconciliation

PVD CONFERENCE CALL

JANUARY 2025

Value Reconciliation

- Cost Approach
- MRA Approach
- Adjusted Sale Price of Comparable (3 to 5 Comps)
- Weighted Estimate
- Market/Comp Sales Approach
- Income Approach
- Index Value

Cost Approach

Formula

Replacement Cost New

- Depreciation

+ Land Value

- Best used for new construction and unique properties
- Works well for properties that lack adequate sales representation in the model
- Must have land and depreciation calibrated

MRA Approach

Formula

Constant

+ (Coeffiecent-1 * Variable-1)

+ (Coeffiecent-2 * Variable-2)

+ (Coeffiecent-3 * Variable-3) . . .

+ (Coeffiecent-X * Variable-X)

- The best estimate of value based on the broad model
- Utilizing MRA between similar properties will result in more uniformity
- If MRA is significantly higher/lower than Market/Comp Sales Estimate, check comps for comparability to subject
- Avoid using if subject characteristics were not well represented in the model

Adjusted Sale Price of Comparable

Formula

MRA Estimate of Subject

- MRA Estimate of Comparable

MRA Difference

Comparable Sale Price

+/- MRA Difference

- Best Used as Support for MRA and Market/Comp Sales Estimates
- Review Comparability/Distance Points
  - Review Don't Rely
- Be Careful "Hitching your Wagon" to a Single Adjusted Sale Price
  - Comp needs to be a High-Quality Match Supported by Other Estimates

Weighted Estimate

Formula

$(\text{Max Distance}/2)^2$

$+ \text{Comparable Distance}^2$

$+ (2 * \text{Max Distance} *(\text{Adjusted Sale Price}-\text{Sale Price})/\text{Sale Price})^2$

*See market modeling material for more detailed calculation

- Provides an estimate of value by applying weight to each of the adjusted sale prices based of their distance points
- Can be given high consideration when the sale of the subject property is included as a comparable of the comp sheet
  - Especially when the subject sale price differs significantly from MRA and Comp Sales

Market/Comp Sales Approach

Formula

MRA Estimate

Weighted Estimate

Adjusted Sale Price Comp 1

Adjusted Sale Price Comp 2

Adjusted Sale Price Comp 3

Adjusted Sale Price Comp 4

Adjusted Sale Price Comp 5

Lowest 2 & Highest 2 Eliminated

Average Remaining Values

- Gives an overview of the full sales comparison approach to value
- Should support MRA Estimate
- Works best when all comparables are “Tight” and have good resemblance to the subject property
- Avoid using if subject property differ from comps
- If Comps change, the estimate will change
  - Cost and MRA not effected by Comp Selection

Income Approach

Formula

Net Operating Income

÷ Capitalization Rate

<u>OR</u>

Monthly Market Rent

x Gross Rent Multiplier

- Used for income producing properties
  - Commercial Properties
  - Apartments
  - Single Family and Duplexes in neighborhoods with lower owner-occupied ratios
- Works when Rent, Vacancy, Expense, and Cap Rate information is available
- Use when comparable sales may be lacking

Index Value

Formula

Prior Year Value

x Index Factor

*Index Factor can be more than 1.00 to increase values or less than 1.00 to decrease values

- Method of uniformly adjusting values
- Used mostly as point of reference for direction values should go
- COD and PRD need to satisfy industry standards
  - COD Less Than 20.0
  - PRD Between 0.98 and 1.03
- Do not use if there was a change to the property
  - Split/Combination
  - Permit, new construction, demolition, or other change
  - Any data change impacting value

Final Value Reconciliation

Approach	When to Use
Cost Approach	New Construction Unique Properties Subjects that lack Comparable Sales Subjects not well Represented in the Regression Model
MRA Approach	When Market Model is well Calibrated (High R-squared) Subject Characteristics are well Represented in the Regression Model
Adjusted Sale Price of Comparable	Subject Sale Appears as a Comp Comp is Very Similar to Subject Comp is a Recent Sale
Weighted Estimate	Subject Sale Appears as a Comp When the Comps a Very Similar to Subject
Market/Comp Sales Approach	Comps are “Tight” Supported by MRA Estimate
Income Approach	Property is Income Producing (or High Potential to be) Sales Lack to Perform Adequate Sales Comparison Approach
Index Value	When COD and PRD meet Industry Standards

Comp Sheet Examples

SALE INFORMATION				
Sale Date		8/2/2023	7/21/2022	1/5/2023
Sale Price		$96,000	$68,000	$70,810
Market Condition Adjustment		$10,560	$16,320	$12,750
MKT Cond Adjusted SP - 1/1/25		$106,560	$84,320	$83,560
DESCRIPTION				
NBHD/NBHD Group	140/Group3	140/Group3	140/Group3	140/Group3
Year Built/Year Remodel	1925/2008	1966/	1930/1996	1924/1950
Arch Style	Bungalow	Ranch	Bungalow	Bungalow
Number of Units				
Story Type	1 Story	1 Story	1 Story	1 1/2 Story Unfin
MFLA/UFLA/TLA (above grade)	1270/0/1270	1064/0/1064	1242/0/1242	1154/0/1154
Basement - Area/HiFin/LowFin	Crawl-190/0/0	Crawl-0/0/0	Crawl-0/0/0	Partial-572/0/0
Quality/CDU/PH Condition	AV(-)/AV(-)/AV(-)	FR(+)/FR/AV(-)	FR/FR/AV(-)	AV(-)/FR/AV(-)
Bed/Fbath/Hbath/TotFix	3/1/0/5	2/1/0/5	2/1/0/5	3/1/0/5
Heating/AC Type	Central Air	Central Air	Non-Central	Central Air
Garage Att/Det/BsmtGar#	0/0/0	0/572/0	0/0/0	0/162/0
Open Prch/Enc Prch/Deck	330/0/0	40/0/0	18/0/0	180/0/0
COST APPROACH				
Frnt/Dpth/MktAcrs (non aguse)	0/0/0.31	0/0/0.15	0/0/0.17	0/0/0.1
Land Value	$15,040	$11,340	$11,960	$8,350
OBY Cost Value	$710	$3,810	$0	$0
Dwelling Cost Value	$89,510			
Total Cost Value	$105,260			
MARKET APPROACH				
MRA Estimate	$107,300	$107,400	$74,100	$90,500
Adj Sale Price of Comparables		$106,470	$117,480	$100,400
Weighted Estimate	$108,090			
Comp Sale Estimate	$107,300			
Comparability		30	32	36
Indexed Estimate	$108,240			
GRM Value	$90,000			
Prior Year Class R/F	$99,300			

All approaches support each other
Lean MRA to achieve better overall uniformity

SALE INFORMATION				
Sale Date		8/8/2023	3/13/2023	7/23/2024
Sale Price		$205,000	$168,000	$230,000
Market Condition Adjustment		$9,400	$15,670	$0
MKT Cond Adjusted SP - 1/1/25		$214,400	$183,670	$230,000
DESCRIPTION				
NBHD/NBHD Group	120/Group2	120/Group2	120/Group2	120/Group2
Year Built/Year Remodel	1975/	1965/	1961/	1976/
Arch Style	Ranch	Ranch	Ranch	Ranch
Number of Units				
Story Type	1 Story	1 Story	1 Story	1 Story
MFLA/UFLA/TLA (above grade)	1292/0/1292	1305/0/1305	1226/0/1226	1144/0/1144
Basement - Area/HiFin/LowFin	Full-1292/0/300	Full-1305/0/0	Full-962/0/576	Full-1144/0/0
Quality/CDU/PH Condition	AV/AV(+)/AV(+)	AV(+)/AV/AV(+)	AV(-)/AV/AV(+)	AV/AV(+)/AV
Bed/Fbath/Hbath/TotFix	3/2/0/8	3/2/1/10	3/2/0/8	3/2/0/8
Heating/AC Type	Central Air	Central Air	Central Air	Central Air
Garage Att/Det/BsmtGar#	400/0/0	462/0/0	0/0/0	520/0/0
Open Prch/Enc Prch/Deck	286/0/0	263/0/0	220/0/0	88/0/0
COST APPROACH				
Frnt/Dpth/MktAcrs (non aguse)	0/0/0.26	0/0/0.2	0/0/0.25	0/0/0.22
Land Value	$22,710	$19,830	$22,540	$21,230
OBY Cost Value	$0	$180	$340	$0
Dwelling Cost Value	$194,180			
Total Cost Value	$216,890			
MARKET APPROACH				
MRA Estimate	$226,800	$215,200	$181,300	$202,800
Adj Sale Price of Comparables		$225,980	$229,150	$254,030
Weighted Estimate	$234,940			
Comp Sale Estimate	$230,300			
Comparability		23	26	28
Indexed Estimate	$227,120			
GRM Value	$165,000			
Prior Year Class R/F	$216,300			

Comps represent Subject
MRA and Market/Comp Sales support each other

SALE INFORMATION				
Sale Date		3/29/2024	12/15/2023	9/5/2023
Sale Price		$92,000	$180,000	$159,900
Market Condition Adjustment		$3,680	$5,250	$9,320
MKT Cond Adjusted SP - 1/1/25		$95,680	$185,250	$169,220
DESCRIPTION				
NBHD/NBHD Group	130/Group2	130/Group2	130/Group2	130/Group2
Year Built/Year Remodel	1984/	1918/	1960/	1955/
Arch Style	Bi-Level	Bungalow	Ranch	Ranch
Number of Units				
Story Type	Bi-Level	1 1/2 Story Unfin	1 Story	1 Story
MFLA/UFLA/TLA (above grade)	1495/0/1495	1215/194/1409	1342/0/1342	1264/0/1264
Basement - Area/HiFin/LowFin	Full-1240/682/0	Full-1020/0/0	Full-1342/1342/0	Full-1264/0/0
Quality/CDU/PH Condition	AV(-)/AV(-)/FR	AV(-)/FR/FR	AV/AV(-)/AV(-)	AV/AV/AV(-)
Bed/Fbath/Hbath/TotFix	4/2/1/12	3/1/0/6	3/2/0/8	3/2/0/9
Heating/AC Type	Central Air	Central Air	Central Air	Central Air
Garage Att/Det/BsmtGar#	0/0/465	0/0/0	308/0/0	240/0/0
Open Prch/Enc Prch/Deck	0/0/0	256/108/0	28/0/0	0/30/296
COST APPROACH				
Frnt/Dpth/MktAcrs (non aguse)	50/170/0.2	50/132/0.15	50/130/0.15	75/139/0.24
Land Value	$15,820	$14,390	$14,250	$17,970
OBY Cost Value	$1,720	$860	$0	$100
Dwelling Cost Value	$200,630			
Total Cost Value	$218,170			
MARKET APPROACH				
MRA Estimate	$188,100	$101,000	$186,700	$165,500
Adj Sale Price of Comparables		$182,770	$186,660	$191,820
Weighted Estimate	$187,490			
Comp Sale Estimate	$187,400			
Comparability		43	43	47
Indexed Estimate	$189,000			
GRM Value	$141,750			
Prior Year Class R/F	$175,000			

Comps not great representation of Subject style
Lean MRA

SALE INFORMATION				
Sale Date		9/12/2022	7/28/2023	7/28/2021
Sale Price		$35,000	$115,000	$74,500
Market Condition Adjustment		$1,080	$1,930	$3,750
MKT Cond Adjusted SP - 1/1/25		$36,080	$116,930	$78,250
DESCRIPTION				
NBHD/NBHD Group	017/Group9	017/Group9	017/Group9	017/Group9
Year Built/Year Remodel	2003/2019	2003/2019	2012/	1972/
Arch Style	Modular - 17	Modular - 17	Ranch	Modular - 17
Number of Units				
Story Type	1 Story	1 Story	1 Story	1 Story
MFLA/UFLA/TLA (above grade)	1152/0/1152	1152/0/1152	1305/0/1305	1128/0/1128
Basement - Area/HiFin/LowFin	Crawl-0/0/0	Crawl-0/0/0	Slab-0/0/0	Crawl-0/0/0
Quality/CDU/PH Condition	FR(-)/VP/AV(-)	FR(-)/VP/AV(-)	AV(-)/PR/AV	FR/FR(-)/AV
Bed/Fbath/Hbath/TotFix	3/2/0/8	3/2/0/8	3/2/0/8	3/1/0/5
Heating/AC Type	Central Air	Central Air	Central Air	Central Air
Garage Att/Det/BsmtGar#	0/0/0	0/0/0	0/0/0	0/440/0
Open Prch/Enc Prch/Deck	0/0/73	0/0/73	144/0/0	84/0/0
COST APPROACH				
Frnt/Dpth/MktAcrs (non aguse)	0/0/0.24	0/0/0.24	0/0/0.61	0/0/0.54
Land Value	$2,660	$2,660	$5,390	$5,130
OBY Cost Value	$0	$0	$2,130	$7,530
Dwelling Cost Value	$41,740			
Total Cost Value	$44,400			
MARKET APPROACH				
MRA Estimate	$26,400	$26,400	$84,800	$80,000
Adj Sale Price of Comparables		$36,080	$58,470	$24,610
Weighted Estimate	$39,860			
Comp Sale Estimate	$34,100			
Comparability		28	42	55
Indexed Estimate	$40,140			
GRM Value	$0			
Prior Year Class R/F	$36,830			

Comps represent Subject (Comp one is Subject Sale)
Lean Market/Comp Sales, Weighted Estimate, Adjusted Sale Price
Consider indication of Index

SALE INFORMATION				
Sale Date		10/10/2023	6/24/2023	6/5/2024
Sale Price		$220,000	$649,900	$355,000
Market Condition Adjustment		$8,260	$0	$290
MKT Cond Adjusted SP - 1/1/25		$228,260	$649,900	$355,290
DESCRIPTION				
NBHD/NBHD Group	180/Group3	145/Group3	105/Group1	145/Group3
Year Built/Year Remodel	1998/1998	1908/	2016/	1917/
Arch Style	Conventional	Old Style	Conventional	Old Style
Number of Units				
Story Type	1 1/2 Story	2 1/2 Story	2 Story	2 1/2 Story
MFLA/UFLA/TLA (above grade)	3144/1446/4590	1942/2563/4505	2646/1191/3837	1497/1722/3219
Basement - Area/HiFin/LowFin	Crawl-0/0/0	Full-1898/0/0	Partial-1604/1203/0	Full-1200/0/0
Quality/CDU/PH Condition	AV/PR/AV	AV(+)/FR/AV(-)	GD/AV/GD	GD(+)/AV/AV(+)
Bed/Fbath/Hbath/TotFix	4/4/0/19	6/3/2/18	4/5/1/23	4/3/1/15
Heating/AC Type	Central Air	Central Air	Central Air	Central Air
Garage Att/Det/BsmtGar#	0/0/0	0/608/0	832/0/0	0/432/0
Open Prch/Enc Prch/Deck	108/0/1764	495/141/27	108/0/0	444/60/148
COST APPROACH				
Frnt/Dpth/MktAcrs (non aguse)	0/0/0.34	117/126/0.34	0/0/0.64	100/130/0.3
Land Value	$18,050	$14,540	$36,610	$13,500
OBY Cost Value	$0	$9,650	$6,590	$8,750
Dwelling Cost Value	$277,770			
Total Cost Value	$295,820			
MARKET APPROACH				
MRA Estimate	$300,000	$267,300	$575,700	$315,700
Adj Sale Price of Comparables		$260,910	$374,210	$339,560
Weighted Estimate	$308,160			
Comp Sale Estimate	$315,900			
Comparability		71	101	104
Indexed Estimate	$297,320			
GRM Value	$125,880			
Prior Year Class R/F	$280,490			

Comps do not represent subject
Subject is not well represented in the model
Lean Cost