



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

Metropolitan Historic Zoning Commission
Sunnyside in Sevier Park
3000 Granny White Pike
Nashville, Tennessee 37204
Telephone: (615) 862-7970
Fax: (615) 862-7974

STAFF RECOMMENDATION
204 South 11th Street
December 18, 2013

Application: Demolition

District: Lockeland Springs-East End Neighborhood Conservation Zoning Overlay

Council District: 06

Map and Parcel Number: 08313001400

Applicant: David Baird, architect, dbaird@building-ideas.net

Project Lead: Robin.Zeigler, robin.zeigler@nashville.gov

Description of Project: The applicant proposes to demolish a contributing historic building to the Lockeland Springs-East End Neighborhood Conservation Overlay based on economic hardship.

Recommendation Summary: Staff recommends approval of demolition based on the fact that the cost of rehabilitation outweighs the potential value and meets section IV.B.c for economic hardship.

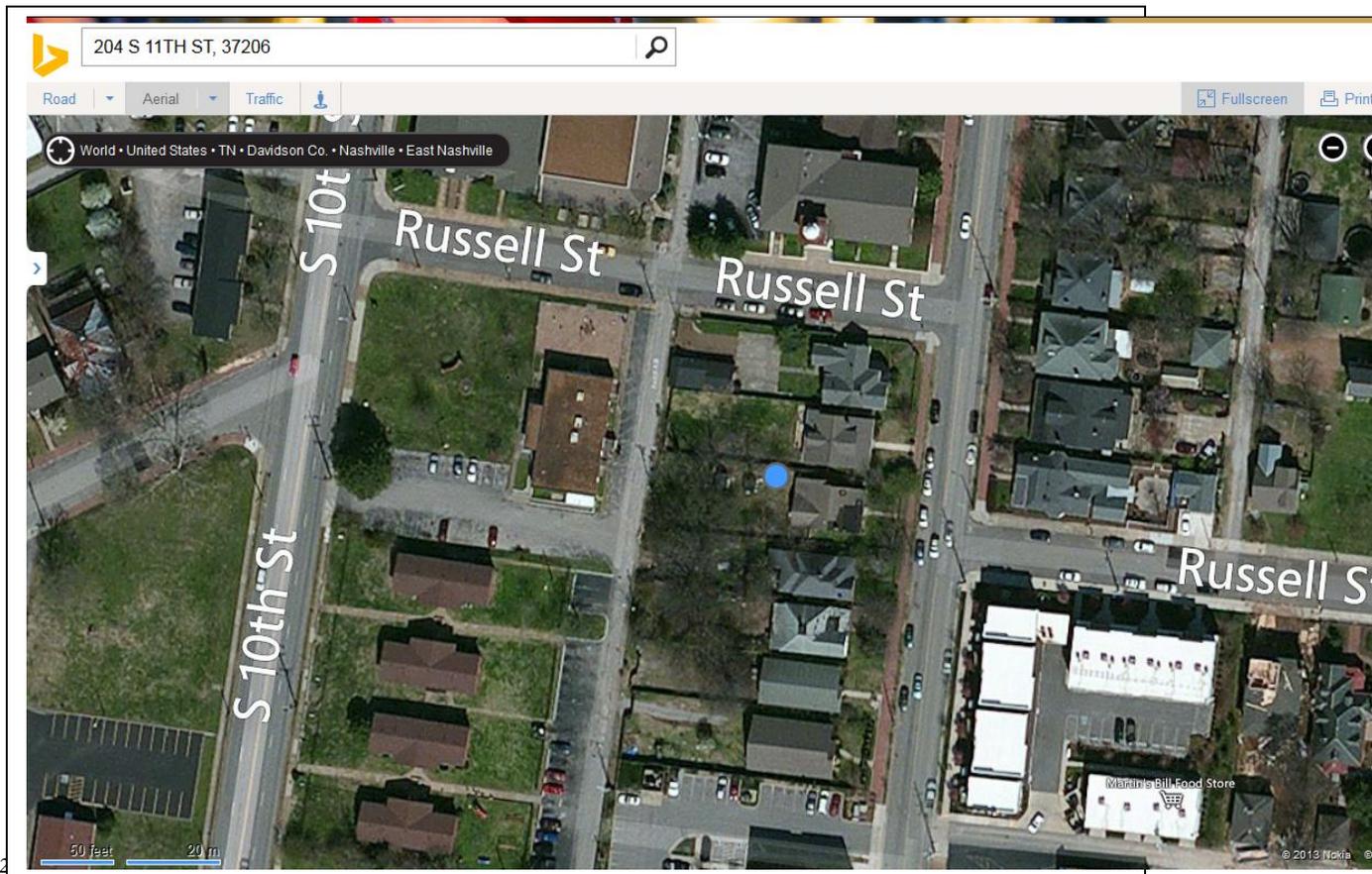
Attachments

- A:** Appraisal
- B:** Engineer Report
- C:** Rehab estimates

Vicinity Map:



Aerial Map:



Applicable Design Guidelines:

IV. B. Demolition

Demolition is not appropriate

- a. if a building, or major portion of a building, is of such architectural or historical interest and value that its removal would be detrimental to the public interest; or
- b. if a building, or major portion of a building, is of such old or unusual or uncommon design and materials that it could not be reproduced or be reproduced without great difficulty and expense.

Demolition is appropriate

- a. if a building, or major portion of a building, has irretrievably lost its architectural and historical integrity and significance and its removal will result in a more historically appropriate visual effect on the district;
- b. if a building, or major portion of a building, does not contribute to the historical and architectural character and significance of the district and its removal will result in a more historically appropriate visual effect on the district; or
- c. if the denial of the demolition will result in an economic hardship on the applicant as determined by the MHZC in accordance with section 17.40.420 (Historic Zoning Regulations), Metropolitan Comprehensive Zoning Ordinance.

Economic Hardship: *A condition that warrants the demolition of a contributing structure where the cost of a structure plus the cost of repairs to the structure to make it habitable are greater than the market value of the structure. Economic hardship may be caused by, but not limited to structural damage, termite damage, and fire damage. This exception shall not apply to any property owner who creates a hardship condition or situation as a consequence of their own neglect or negligence. Refer to Section 17.40.420 D of the Metro Code of Nashville and Davidson County.*

17.40.420.D.

Determination of Economic Hardship. In reviewing an application to remove an historic structure, the historic zoning commission may consider economic hardship based on the following information:

1. An estimated cost of demolition and any other proposed redevelopment as compared to the estimated cost of compliance with the determinations of the historic zoning commission;
2. A report from a licensed engineer or architect with experience in rehabilitation as to the structural soundness of the subject structure or improvement and its suitability for rehabilitation;
3. The estimated market value of the property in its current condition; its estimated market value after the proposed undertaking; and its estimated value after compliance with the determinations of the historic zoning commission.
4. An estimate from an architect, developer, real estate consultant, appraiser, or other real estate professional experienced in rehabilitation as to the economic feasibility of rehabilitation or reuse of the existing structure.
5. Amount paid for the property, the date of purchase, and the party from whom purchased, including a description of the relationship, if any, between the owner of record or applicant and the person from whom the property was purchased, and any terms of financing between the seller and buyer.
6. If the property is income-producing, the annual gross income from the property for the previous two years; itemized operating and maintenance expenses for the previous two years; and depreciation deduction and annual cash flow before and after debt service, if any, during the same period.
7. Any other information considered necessary by the commission to a determination as to whether the property does yield or may yield a reasonable return to the owners.

8. Hardship Not Self-Imposed. The alleged difficulty or hardship has not been created by the previous actions or inactions of any person having an interest in the property after the effective date of the ordinance codified in this title.

Background: Previous owners received a permit from the MHZC for partial-demolition and construction of a rear addition in 2012. A portion of the demolition took place before the property was sold.



Analysis and Findings:

Preservation consultant Robbie D. Jones researched the home in 2012 and wrote the following history:

The original occupants of this home were William Doak Ray (1888-1928) and Eva Sarah Binkley Ray (b.1888). A native of Eagleville in Rutherford County, William had moved to Nashville by 1910 where he worked as a baker and foreman at the American Bread Company, forerunner of Nashville's Sunbeam Bakery, located on 4th Avenue North near the Public Square. Eva grew up on a farm in Cheatham County, but by 1910 Eva she worked as a stenographer for a Nashville publishing house and lived in her cousin's boarding house on 4th Avenue North. William and Eva had two sons, William Doak Ray, II (1914-1997) and Samuel B. Ray (1922-2011). They lived on Spring Street before moving to this home on 11th Street South around 1925.

Three years later William Ray died on July 17, 1928, at age 40 of unknown causes. He is buried in Spring Hill Cemetery in Madison. His widow Eva continued to live here until her own death around 1960. Evan worked in the publishing industry as a book binder until the late 1950s at Foster & Parkes Company on Church Street, which at one time printed the *Nashville Banner* newspaper.

In 1930, Eva's widowed mother Minnie Binkley, 59, lived here, working as a housekeeper. In 1940, she lived here with her two sons, William, then 25 and married, and Samuel, then 17. That year, William worked as a ham radio operator with the city and Samuel was a senior at East Nashville High School where he was a First Lieutenant in the R.O.T.C.

Samuel attended MTSU and served in the Air Force during World War II before later settling in Benton, Arkansas. Later William worked as a radio operator and navigator for Eastern Airlines in North Little Rock, Arkansas. He died in Florida and is buried at the Bomar Cemetery in Bedford County, Tennessee – his wife’s family cemetery.

Beginning in the late 1930s, Eva occasionally shared the house with married renters such as Chester A. Chamberlain, a machinist, and his wife Etta, and later William and Ruby Robertson. Renters enabled the single mother to supplement her income at the publishing house. After living there for nearly 40 years, Eva passed away around 1962. Her burial place is unknown.

Between the 1962 and 1985, the home was occupied by Lelia M. Clark (1924-1993), who grew up at 613 Garfield Street in North Nashville’s Salemtown neighborhood. Dallas and Mary Loden owned the property from 1985 until 2012.

The Eva Ray House at 204 South 11th Street is a one-story bungalow constructed c. 1925. The house is a simple rectangular form with a side gable and full-width flat roof porch. The siding is lap-sided wood and the roof asphalt shingle. The windows are four-over-one double hung wood windows with paired windows on the front façade and a central entrance. There is a side brick chimney and the metal porch posts are replaced.

The original form and character defining features of the building remain intact. Based on its age, form, and architectural details, the house is contributing to the Lockeland Springs-East End Neighborhood Conservation Zoning Overlay. Because the building contributes to the historic character of the district, demolition meets sections IV.B.a. and b. for inappropriate demolition.

Analysis

Because the property is zoned MUL and so could be used as a residence, commercial use or a mixed use, the applicant has provided rehabilitation estimates for both residential and commercial and staff has analyzed both scenarios.

In an economic hardship case, rehabilitation costs are those costs required to simply bring the building up to building code and does not include high-end finishes or costs not associated with meeting code such as loan fees. Value is an estimate of the property once the building has been rehabilitated to meet code.

The engineer's report clarifies of some of the estimated costs provided by the applicant. (See attached.) Follows is additional information.

- “Selective demolition” is based on removing only those portions of the building that are salvageable. The order of selective demolition is the following: roofing, roof sheathing, roof framing, ceiling joists, interior wall framing, exterior wall framing, lateral bracing of existing walls, flooring & floor sheathing, floor joists, shoring up of existing floor framing, removal of unusable foundations, removal of remaining rotten or termite damaged wall & floor framing which sometimes necessitates the removal of other framing members, clean up debris of crawl space.
- Estimated costs do not include salvaging siding, doors or windows. The applicant estimates that only approximately half the siding would be able to be retained.
- About 1/3 of the floor structure towards the front of the house will be retained. There is flooring salvageable due to the prior demolition, various past renovations, neglect, fire, water damage.
- The line item for “top soil/seed/straw” includes erosion control/silt fencing during construction that is required by Metro. During demolition and construction, the site will have most of the ground compacted and all of the grass and plants killed.
- “Water drainage system” includes connecting the ends of the downspouts to the foundation drainage
- Pest control is required by Codes for termites.
- Project insurance is for theft, damage, fire, and vandalism, during construction. It protects against material loses not injury.
- The estimate does not include margin for errors, price increases or unknown renovation factors. The applicant recommends adding a 5% contingency fee to the estimated costs.

The existing building is 1328 square feet. The cost per square foot for a commercial rehab is \$128.54 and the cost for a residential rehab is \$136.46 per square feet. These estimates are within the general ranges of rehab costs per square foot provided to staff by local architectural firms that work in the districts frequently.

The value of the property is more difficult to analyze as the only appraisal available assumes the demolition of the building and so values the land itself at \$260,000. To determine the potential value of the building after rehabilitation, staff used the comps provided by the applicant and researched each building on the property assessor's website, where the value of land and buildings are separated from the overall value of the property.

In the case of this project, the property assessor values the property at \$225,000 and more specifically the building at \$80,000 and the land at \$144,800. The assessment values the land alone at \$260,000, which is significantly greater than the property assessor's land

value of \$144,800. This discrepancy suggests that true-value is different from tax-related values; however, the property assessor is the only source that divides the two values so that they can be compared to the land-only appraisal provided. Since the property assessor's land value is below the land value of the assessment, it is likely that these building values, provided for comparison in the table below, are also low.

The table shows a summary of the comps provided by the applicant as well as the building values, as provided by the property assessor's website. Because the properties vary in size, compared to 204 South 11th Street, the building values were broken down to a value per square foot, the square footage also being taken from the property assessor's website, which allows for a more accurate comparison. The average of the commercial building values by square foot was calculated as well as the mean of residential buildings. Using a mean rather than average allows for the removal of the outliers but an average was used on the commercial properties since only four are available. Comps were also provided for mixed-use but since no rehabilitation costs for mixed-use were provided, there was no need to estimate building value for those properties as there are no costs to which to compare them.

Summary of Comps Provided by Applicant

SALES DATE	ADDRESS	SALE PRICE	\$/SQFT	ZONING	PA VALUE OF BUILDING	PA/BLDG PER SQ FT
COMMERCIAL						
10/8/12	1103 HOLLY ST	295000	79	OR20	263,900	151.40
8/6/13	3 MCFERRIN ST	550000	108	CS	335,600	74.57
5/8/13	700 FATHERLAND	424900	132	R8 but RETAIL ?	120,200	37.4
12/21/12	1628 FATHERLAND	358000	100	CN	164,600	47.31
Average			105		60.94	77.67
MIXED-USE						
10/4/13	1521 RUSSELL ST	442500	173	MUN		
6/3/11	206 S 11 TH ST	256700	141	MUL		
Mean			157			
RESIDENTIAL						
5/9/13	1104 CALVIN ST	222900	105	R6	163,500	135
9/6/13	1105 CALVIN ST	228000	151	R6	80400	79.76
5/31/12	1107 RUSSELL ST	235000	200	R6	112,900	145.67

1/27/12	1420 BOSCOBEL	209500	122	R6	129,500	105.28
4/26/12	1622 BOSCOBEL	165000	129	R6	125200	98.27
9/11/12	1606 FATHERLAND	195000	157	R6	131200	126.27
8/28/12	312 S 11 TH ST	165000	142	R6	88400	75.81
4/29/13	315 S 11 TH ST	182000	125	R6	127200	87.42
12/21/12	318 S 11 TH ST	283000	165	RS5	203700	169.32
9/6/13	507 S 12 TH ST	217000	188	RS5	174100	151.64
8/23/13	515 S 11 TH ST	214500	163	RS5	180200	151.55
2/29/12	525 S 10 TH ST	159000	128	RS5	109800	115.57
12/28/12	613 S 10 TH ST	126900	134	RS5	90000	94.73
Mean			145		117	117

The mean of the residential building values is \$117 per square foot. The average of the four commercial buildings is \$77.67. Multiplying these mean and average building values with the 1328 square feet of the 204 South 11th Street results in a commercial building value of \$103,145 and a residential building value of \$155,376 after rehabilitation. Adding in the value of the land, which the appraisal estimates at \$260,000 a final commercial-use value of the entire property would be approximately \$363,000 and a residential-use value would be approximately \$415,000. See table below for calculation and comparison.

	VALUE	REHAB COST	DIFFERENCE
COM	\$260,000 (land) 103,145.76 (building) \$363,145.76 TOTAL	\$170696.27 (rehab) 250,000 (purchase price) \$420696.27	(\$57550.51)
RES	\$260,000 (land) 155,376 (building) \$415,376 TOTAL	\$181,223.47 (rehab) 250,000 (purchase price) \$431223.47	(\$15,847.47)

This analysis shows that there is a hardship for retaining the building.

Recommendation:

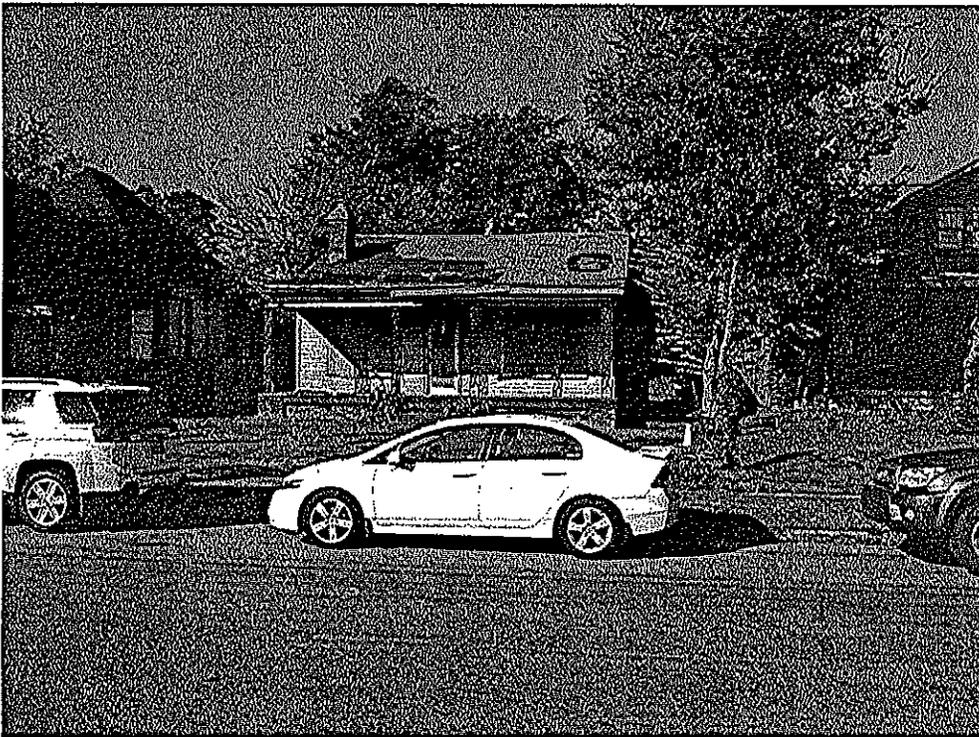
Staff recommends approval of demolition based on the fact that the cost of rehabilitation outweighs the potential value and meets section IV.B.c for economic hardship.

A Summary Appraisal Report of:

**204 South 11th Street
Nashville, TN 37206**

Borrower: Angie Lawless, John Miller and Steve Morris

Prepared for Pinnacle Bank



By

**Steven H. Williams, CG-4087
State Certified General Real Estate Appraiser**

**Newman Appraisal Services, Inc.
208 East Main Street, Lebanon, TN 37087 (615) 444-8022**

NEWMAN APPRAISAL SERVICES, INC.
Real Estate Appraisers and Consultants

October 29, 2013

Erik Sanford
Pinnacle Bank
150 3rd Avenue South, Suite 900
Nashville, TN 37201

**RE: 204 South 11th Street
Nashville, TN 37206
Appraisal ID: 18282**

Dear Mr. Sanford:

At your request, I have personally inspected and appraised the above-mentioned property for the purpose of providing an opinion of the subject's Market Value. The function of this report is only to assist Pinnacle Bank, with proper underwriting, loan classification, and/or disposition of the asset. Use of this report by others is not intended by the appraiser. Furthermore, the appraisal is not intended for any other use.

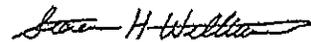
The report, which follows, contains a summary of my investigation and analysis. The pertinent facts and data, which I believe applicable to the property, are summarized and the reasons leading to my opinion of value is indicated. To the best of my knowledge, this report conforms to the current requirements prescribed by the Uniform Standards of Professional Appraisal Practice of the Appraisal Standards Board of the Appraisal Foundation, as required by FIRREA.

Based on the inspection of the property and the investigation and analyses undertaken, it is my opinion that the "as is" Market Value, of the fee simple interest in the subject property, as of October 25, 2013, subject to the Assumptions, Limiting Conditions and Extraordinary Assumption set forth within this report, is:

**Two Hundred Sixty Thousand Dollars
(\$260,000)**

I appreciate the opportunity of working with you in this matter. If I can be of further assistance in the future, please contact the office.

Respectfully Submitted,



Steven H. Williams, CG-4087
State Certified General
Real Estate Appraiser

A Summary Appraisal Report

This is a Summary Appraisal Report, which is intended to comply with the reporting requirements set forth under the Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal for a Summary Appraisal Report. As a result, it presents only summary 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 discussion contained in this report is specific to the needs of the client and for the intended use stated below.

CLIENT: Pinnacle Bank 150 3 rd Avenue South, Suite 900 Nashville, TN 37201 Appraisal ID: 18282	APPRAISER: Steven H. Williams, CG-4087 Newman Appraisal Services, Inc. 208 East Main Street Lebanon, TN 37087
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EFFECTIVE DATE: October 25, 2013

IDENTIFICATION OF SUBJECT PROPERTY

Address:	204 South 11 th Street <small>Street Address</small>	Nashville <small>City</small>	Davidson <small>County</small>	Tennessee <small>State</small>	37206 <small>Zip Code</small>
Tax ID:	083-13-0-014				
Legal Description:	Tract identified in Book 6591, Page 729 in the Register's Office of Davidson County, TN				
Current Owner:	Narrow Gate 300, LLC				
Tax & Assessment:	\$135,800 <small>Land Value</small>	\$74,800 <small>Improvements Value</small>	\$210,600 <small>Total Value</small>	\$52,650 <small>Assessed Value</small>	2,453.49 <small>Total Tax Liability</small>

Interest Appraised: Fee Simple

Listing History: No current or historic listings were found for the subject property within the past year.

Sale History: The subject was quitclaimed from PDP Holdings to North Gate 300, LLC on June 5, 2013 as recorded in Document #20130607-0058231 R.O.D.C.T. Prior to the previously summarized conveyance, the property was conveyed from Mary C. Loden to George F. Brandt and wife, Heather Rogers on May 8, 2012 for a consideration of \$110,000. It was then conveyed from George F. Brandt and wife, Heather Rogers to PDP Holdings on October 12, 2012 for \$250,000. No other conveyances were found within the past three years.

Purchase Contract: The subject is current under encumbered by a purchase and sale agreement between North Gate 300, LLC (seller) and Wagon Wheel Title and Escrow or affiliated assignees (buyer). The contract was initiated on September 5, 2013 for \$257,500. This contract is contingent upon the buyer obtaining a demolition permit for the current improvements. All other terms of the agreement appear typical.

PROPERTY DESCRIPTION

Size:	±9,052 SF or ±0.21 Acre				
Zoning:	MUL, Mixed Use Limited				
Flood Hazard:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No	FEMA Map: 47037C0217F	Zone: X	Date: 04/20/2001
Frontage:	±50' along South 11 th Street, ±50' along public alley			Visibility: Average	
Highest & Best Use:	<input type="checkbox"/> Current Use	<input checked="" type="checkbox"/> Other Use	See Comments		
Improvements:	Single-family residential dwelling in poor condition. (see comments)				
Utilities:	Public	Other (explain)	Physical Attributes:		
Electricity	<input checked="" type="checkbox"/>		Topography:	Clear and basically level to slight grade	
Water	<input checked="" type="checkbox"/>		Size:	Average	
Sewer	<input checked="" type="checkbox"/>		Shape:	Rectangular	
Gas	<input checked="" type="checkbox"/>		View:	Commercial and mixed-use properties	
Underground Elec.	<input type="checkbox"/>		Drainage:	Appears adequate	

Property Description Comments: The subject represents a single parcel of land that is currently improved with a residential dwelling. This is a basically rectangular shaped interior parcel that is located along the western periphery of South 11th Street, three parcels south of Russell Street. The site begins at the approximate elevation of South 11th Street and is basically level at the front before sloping gently upward to the rear. The rear boundary of the site is created by a public alley, providing access to the rear portion of the site.

The legal description of the subject that is utilized within this report is dated June 25, 1985 and is recorded in Book 6591, Page 729 in the Register's Office of Davidson County, Tennessee. There are more recent documents with a legal description for the subject, all of which appear to have a typo that indicates an incorrect site dimension. These documents that are believed to be incorrect indicate a northern boundary dimension of 130.4 feet, while the legal description that is utilized indicates a northern dimension of 180.4 feet. The distance of 180.4 feet is consistent with neighboring sites and the Davidson County Assessor's Office dimensions. Therefore, this report has been completed under the extraordinary assumption that the legal description recorded in Book 6591, Page 729 in the Register's Office of Davidson County, TN is correct.

As previously mentioned, the subject is currently improved with a single-family residential dwelling. According to the tax records this structure was constructed in 1920 and consists of approximately 1,328 square feet. It is constructed with a stacked brick and stone foundation, wood frame, wood siding exterior and shingle roof. The interior of this improvement has been completely stripped of all finishes. Furthermore, the structural components show evidence that a fire has occurred at some unknown time within the structure. The exterior has been neglected and is in poor condition, with some of the exterior finishes having been removed.

The subject fronts along South 11th Street, which is a two lane secondary street within the Five Points neighborhood. This immediate area is currently experiencing a change in use from residential to commercial and mixed use. Residential dwellings are commonly renovated and converted to commercial uses, serving primarily as professional offices, boutique retail, local restaurant and personal service uses. A property across the street from the subject has recently been constructed with a three-story residential condo development.

ZONING

The subject property currently falls under the zoning jurisdiction of the Davidson County Planning Commission. The subject property is presently zoned MUL, Mixed Use Limited with an Urban Zoning Overlay, a Neighborhood Conservation Overlay, and the Five Points Redevelopment District Overlay. A summary of the corresponding zoning ordinance and uses permitted is provided below.

Mixed-Use Limited District

"The MUL and MUL-A districts are intended to implement the moderate intensity mixed-use policies of the general plan. These districts also may be used in areas policied for concentrations of mixed commercial uses and for existing areas of commercial arterial development that are located in the vicinity of major intersections. The bulk standards permitted by this district, along with the range of allowable uses, are designed to promote the preservation and adaptive reuse of larger structures that contribute to the historical or architectural character of an area. These districts should be applied to areas that have good access to collector or arterial streets and public transportation service. MUL-A is designed to create walkable neighborhoods through the use of appropriate building placement and bulk standards and is an alternative to a zoning district that requires a site plan."

(1) Uses Permitted:

Single-family; Two-family; Multi-family; Boarding house; Consignment sale; Historic home events; Cultural center; Monastery or convent; Orphanage; Religious institution; Business school; Community education; Dormitory; Personal instruction; Cash advance; Check cashing; Financial institution; General office; Leasing/sales office; Title loan; Assisted living care; Hospice; Medical appliances sales; Medical office; Medical lab; Nursing home; Outpatient clinic; Rehabilitation services; Residence for handicapped; Automobile parking; Bar or nightclub; Bed and breakfast; Business service; Funeral home; Furniture store; Hotel/motel; Pawnshop; Personal Care; Restaurant; Retail; Amateur radio antenna; Audio/video tape transfer; Multi-media production; Printing and publishing; Satellite dish; Safety services; Water/sewer pump station/ Club; Commercial amusement; Golf course; Greenway; Park; Recreational center; Rehearsal hall; Theater; Pond/lake.

(2) Uses Permitted Subject to Certain Conditions:

Daycare center; Daycare home; Vocational School; Veterinarian; ATM; Automobile convenience; Car wash; Custom assembly; Donation center; Home improvement sales; Mobile storage unit; Telephone services; Distributive business/wholesale; Warehouse; Power/gas substation; Reservoir/water tank; Wind energy facility; Construction/demolition waste processing; Driving range.

(3) Uses Permitted Special Exemption:

Radio/TV/satellite tower; Bus transfer station; Commuter rail; Waste water treatment; Water treatment plant; Temporary festival.

HIGHEST AND BEST USE

AS THOUGH VACANT

Legally Permissible: The subject is presently zoned MUL, Mixed-Use Limited, which permits a variety of commercial, community and residential uses. These uses have been previously listed in the zoning section of this report. The subject is also within an Urban Zoning Overlay, a Neighborhood Conservation Overlay and the Five Points Redevelopment Overlay. No deed, subdivision, or additional types of restrictions were found to legally govern the subject property.

Physically Possible: The physical characteristics of a site that affect its possible uses include, but are not limited to location, street frontage, size, shape, ingress/egress, availability of utilities, easements, soil quality, and topography. The physical size of the site, which contains a total of ± 0.21 acre, appears to be adequate for mostly of the legally permissible uses. However, some uses might find this size site too small to support the use. The interior location of the site provides sufficient ingress/egress for all legal uses. The site is on a slight grade and clear, which would also accommodate all legal uses. Considering these factors, as well as the other physical characteristics of the property, the site would be desirable for virtually all of the legally permissible uses that could utilize this relatively small site.

Financially Feasible & Maximum Productivity: Considering that the subject property is situated within the Five Points neighborhood, and that the surrounding properties have been redeveloped into commercial uses, this location would likely be financially feasible for a majority of the legally permissible commercial uses, but not community or residential uses. Furthermore, commercial uses are likely to result in maximum productivity of the site. Based upon this reasoning, it is my opinion that the highest and best use of the subject property, as though vacant, would be for a commercial site.

AS IMPROVED

The above parameters also hold true to the subject's highest and best use, as improved. As previously discussed, the subject property is currently improved with a single-family residential dwelling that is in poor condition. Considering the poor state of the improvements, and the fact that the neighborhood is undergoing redevelopment into commercial uses with growing in appeal, it is unlikely that a potential buyer would give value to the current improvements. Furthermore, it appears most likely that a typical buyer would purchase the subject property based on the value of the underlying land and would elect to raze the current improvements to make way for new commercial construction. Based upon this reasoning, it is my opinion that the highest and best use of the subject property, as improved, is to raze the current improvements to make way for new commercial construction.

NEIGHBORHOOD

Boundaries: North by Forrest Avenue, south by Fatherland Street, west by South 9th Street and east by South 13th Street.

Description: The subject is located within an established and densely built-up area of East Nashville. It is located within the Five Points neighborhood, which has been growing in appeal and is currently undergoing redevelopment. Although growth has been limited by the availability of vacant land, redevelopment has been seen in the way of renovating existing residential properties to facilitate commercial uses. These are primarily utilized for office, boutique retail, local restaurant and personal service uses. Renovations to these structures range from renewing existing finishes to complete replacement with emphasis on retaining the historic nature of the property.

Structures are occasionally razed to make way for new development, which is regulated by the Historic Zoning Commission. New construction has occurred in the way of multi-story mixed-use properties, as well as a three-story residential condo development across the street from the subject. Various multi-tenant commercial and mixed-use properties are currently underway or have been recently completed.

Commercial uses have been gaining appeal over the past several years as the ability to walk to conveniences within residential areas has become increasingly appealing. Residential uses are located throughout all areas of the neighborhood and are separated from commercial uses through local zoning. Residential buildup predominantly represents older construction, which has experienced an increase in appeal due to the historic nature of the area, prompting renovation of older properties for the purpose of retaining the historic character of the structures.

In summary, the subject neighborhood is an established area along the eastern perimeter of the Nashville Central Business District. Growth of the area has been limited in recent years due to the limited availability of vacant land and older nature of the area. However, there has been a push for redevelopment and revitalization of sections of the neighborhood within recent years. The proximity to the Nashville Central Business District and availability of conveniences promotes appeal of the neighborhood. No adversities were noted regarding the neighborhood.

SALES COMPARISON APPROACH				
	Subject	Comparable 1	Comparable 2	Comparable 3
Address or Location	204 South 11 th Street Nashville, TN	205 South 10 th Street Nashville, TN	109 South 11 th Street Nashville, TN	1105 Woodland Street Nashville, TN
Proximity to subject	N/A	Adjacent to Rear	±0.1 Mile North	±0.15 Mile North
Tax Map/Parcel	083-13-0-014	083-09-0-207	083-09-0-183	083-09-0-485
Date of Sale	Pending	04/2013	07/2009	04/2010
Location	Above Average	Average	Above Average	Above Average
Size	±0.21 Acre	±0.89 Acre	±0.25 Acre	±0.33 Acre
Topography	Slight Grade, Clear	Basically Level, Clear	Basically Level, Clear	Basically Level, Clear
Shape/Utility	Rectangular/Average	Rectangular/Similar	Rectangular /Similar	Rectangular /Similar
Frontage	Average	Good/Corner	Average	Average
Utilities	All Public Available	All Public Available	All Public Available	All Public Available
Zoning	MUL, Mixed-Use	SP, Mixed-Use	CS, Comm. Service	MUL, Mixed-Use
Encumbrances	None Adverse Known	None Adverse Known	None Adverse Known	None Adverse Known
Improvements	Old House	Commercial/Razed	None	Parking Lot/Razed
Data Sources:	Inspection, Public Records	Tax, Public Records, Limited Visual	Tax, Public Records, Limited Visual	Tax, Public Records, Limited Visual
Sale Terms:	N/A	Typical	Typical	Typical
Price (cash equiv.)	N/A	\$950,000	\$325,000	\$350,000
Indicated Price/Unit	N/A	\$24.45/SF	\$29.30/SF	\$24.11/SF
Similitude				
Time/Conditions		Recent/Similar	Dated/Similar	Dated/Similar
Location		Inferior	Similar	Similar
Size		Larger	Similar	Similar
Topography		Similar	Similar	Similar
Shape/Utility		Similar	Similar	Similar
Frontage		Superior	Similar	Similar
Zoning		Similar	Similar	Similar
Encumbrances		Similar	Similar	Similar
Improvements		Similar	Superior	Similar
Overall Similitude		Inferior, Larger	Superior	Similar

Comparable #1 is a recent sale that adjoins along the rear boundary of the subject. It is located along South 10th Street, which has less commercial buildup and inferior overall appeal in comparison to the trendy nature of South 11th Street. This is a larger site, which typically commands a lower per-unit value in comparison to a site the size of the subject. Therefore, the size of the site should be considered in the reconciliation. This is a corner site, providing superior ingress/egress to the site. It was improved with a commercial building and paved parking lot at the time the sale occurred, but was immediately razed following the sale. Considering the cost to raze these larger commercial improvements, this property has a higher cost of demolition in comparison to the improvements of the subject. This is considered a comparable but overall inferior property due to the location and higher cost to raze the improvements.

Comparable #2 is located along the same street as the subject and provides similar location appeal. Although this property has a commercial zoning, trends of the area suggest that this property would be utilized for a similar use of the subject. This represents the sale of a vacant site, where the subject will require costs associated with razing the current improvements. Overall, this property has similar appeal, with a relatively small consideration for the costs associated with razing the subject's current improvements.

Comparable #3 is a comparable sale that is located just to the north of the subject, within a similar area of the Five Points neighborhood. This property was completely improved with a paved parking lot, which has a similar cost to raze as the residential construction of the subject. This property was purchased for construction of an office, which is a likely use for the subject.

RECONCILIATION OF SALES COMPARISON APPROACH

The submitted comparable sales summarized above have indicated a narrow range of \$24.11/SF to \$29.30/SF. When considering the various characteristics of each sale in comparison to the subject property, it is the appraiser's opinion that the Market Value of the subject property would fall within this range.

The following illustration provides a ranking analysis, which brackets the subject's unit value.

Comparable Sales	Unit Price	Similitude	Size	Time/Conditions
Comparable #2 Subject	\$29.30/SF	Superior	Similar	Dated/Similar
Comparable #1	\$24.45/SF	Inferior	Larger	Recent/Similar
Comparable #3	\$24.11/SF	Similar	Similar	Dated/Similar

Consideration has been given to the unit value derived by each of the submitted sales. Based upon the above analysis, reasoning and ranking, it is reasonable to conclude that the subject's Market Value should fall within the middle to upper end of the indicated range, between Comp #1 and #2. This is further supported by the prior sale of the subject, as well as less recent and less similar sales within the subject's broader market area, which have also been reviewed for support. Additionally, this indication of value considers the "as is" state of the subject and the demolition costs associated with razing the current improvements. Based upon this reasoning, it is my opinion that the unit value of the subject property is approximately \$29.00/SF. Thus,

$$\pm 9,052 \text{ SF} \times \$29.00/\text{SF} = \$262,508 \text{ or } \$260,000 \text{ Rounded}$$

FINAL RECONCILIATION

All approaches to value were considered. The Cost Approach is deemed inapplicable since the subject's improvements do not have any contributory value for a typical buyer. The Income Approach was considered inapplicable due to insufficient sales/rental data as comparable properties are not commonly rented within this or surrounding markets. Thus, weight is placed solely on the Sales Comparison Approach, which is considered to be reflective of current market conditions and value.

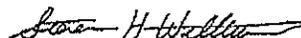
Considering the currently sluggish state of the economy and hesitation within the local and national real estate markets, marketing time for the subject property is estimated to be six to twelve months. The appraiser would not be surprised if a shorter marketing period was achieved, but this time frame appears more reasonable. Exposure time is similarly estimated to be six to twelve months.

FINAL OPINION OF VALUE AND CONCLUSIONS

Based on the inspection of the property and the investigation and analyses undertaken, it is my opinion that the "as is" Market Value of the fee simple interest in the subject property, as of October 25, 2013, subject to the Assumptions, Limiting Conditions and Extraordinary Assumption set forth within this report, is:

**Two Hundred Sixty Thousand Dollars
(\$260,000)**

Attached are certain exhibits including, the legal description of the subject property and various other pertinent data. If you should have any questions concerning this appraisal, please do not hesitate to contact this office.


Steven H. Williams, CG-4087
State Certified General
Real Estate Appraiser

PURPOSE, FUNCTION AND INTENDED USE OF THE APPRAISAL

The purpose of this appraisal is to provide an opinion of Market Value, of the fee simple interest in the subject property. The function of this report will be to assist the client in the internal decision making process regarding making a loan, underwriting purposes, and/or the possible disposition of the asset. This report is not intended for any other use. The indicated "client" is the only intended user of this report. Use of this report by others is not intended by the appraiser. Therefore, this appraisal may not be used or relied upon by anyone other than the stated intended user. The appraiser, appraisal firm and related parties assume no obligation, liability or accountability to any third party without such written consent.

MARKET VALUE DEFINITION

For the purpose of this appraisal, Market Value is defined as follows:

"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 and knowledgeably, and assuming the price is not affected 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:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and are 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."

This is the definition utilized by the Comptroller of Currency in 12 CFR Part 34 Section 34.42(g), and may also be found in the Uniform Standards of Professional Appraisal Practice, 2012-2013 Issue.

SCOPE OF THE APPRAISAL

The term "scope of the appraisal," means the extent of the process of collecting, confirming and reporting data.

The process of completing this appraisal assignment began with a physical inspection of the subject property. The inspection was conducted on the indicated "effective date" of the appraisal. The inspection was conducted on and around the subject site, as well as a visual inspection of the immediate area. A search of public records was conducted to ascertain ownership, legal description, easements and encumbrances of or on the property. The appraiser has checked courthouse records for land sales and for improved sales similar to the subject property. Tax records, KAL, MLS, Pulse, recorded documents and/or various other sources have also been utilized for comparable sales data, as well as being a source in determining the attributes of the comparable sales.

When applicable, the appraisers have discussed and analyzed market leases and expenses with owners and tenants of properties similar to the subject. When possible sales were confirmed by interviewing the grantor or grantee and, or by reviewing recorded documents. An inspection of each of the sales utilized in this report was conducted to the extent deemed sufficient for credible consideration. General data regarding demographics of the area and neighborhood was obtained from the local chamber of commerce, state agencies and a working knowledge of the area.

The appraisers have made a conscientious effort to adequately and correctly research, confirm, correlate, analyze and communicate all the pertinent data sufficiently enabling the reader to understand the appraisal report properly.

The appraisers who have participated in this appraisal assignment have adequate knowledge and experience with this type of property to comply with the Competency Provision of USPAP. This appraisal report represents a Complete Appraisal analysis in a Summary Report format.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

This report has been completed under the extraordinary assumption that the legal description recorded in Book 6591, Page 729 in the Register's Office of Davidson County, TN is correct. (See property description comments on page 2.) There are not any other extraordinary assumptions or hypothetical conditions within this report.

ASSUMPTIONS AND LIMITING CONDITIONS

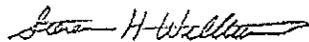
Standard Rule 2-2g of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute requires the appraiser to clearly and accurately set forth all facts, assumptions and conditions that affect the analysis, opinions and conclusions upon which the appraisal is based. In compliance therewith, and to assist the reader in interpreting this report, such assumptions and limiting conditions are set forth as follows:

1. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements, and restrictions except those specifically disclosed in the report.
2. No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, notwithstanding the fact that such matters may be discussed in the report.
3. The date of value to which the opinions expressed in this report apply is set forth in the letter of transmittal. The appraiser assumed no responsibility for economic or physical factors occurring at some later date, which may affect the opinion herein stated.
4. The valuation is reported in dollars of currency prevailing on the date of appraisal.
5. Maps, plats, and exhibits included herein 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.
6. All information and comments pertaining to this and other properties included in the report represent the personal opinion of the appraiser, formed after examination and study of the subject and other properties. While it is believed the information, estimates and analysis are correct, the appraiser does not guarantee them and assumes no liability for errors in fact, analysis or judgment.
7. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without prior written consent and approval of the undersigned.
8. The appraiser is not required to give testimony or to appear in court by reason of this appraisal, unless prior arrangements have been made.
9. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuation for land and buildings must not be used in this appraisal only if it is believed to be accurate and correct. However, such information is not guaranteed.
10. Certain information concerning market and operating data was obtained from others. This information is verified and checked, where possible, and is used in this appraisal only if it is believed to be accurate and correct. However, such information is not guaranteed.
11. Real Estate Values are influenced by a large number of external factors. The data contained herein is all of the data we considered necessary to support the value estimate. We have not knowingly withheld any pertinent facts, but we do not guarantee that we have knowledge of all factors, which might influence the value of the subject property. Due to rapid changes in the external factors, the value estimate is considered reliable only as of the date of the appraisal.
12. Opinions of value contained herein are estimates. There is no guarantee, written or implied, that the subject property will sell for such amounts.
13. In the event the appraisal is based upon proposed improvements, it is assumed that the improvements will be constructed in substantial conformity with plans and specifications, which have been furnished the appraiser, and with good materials and workmanship. It is also assumed that the proposed foundation and conclusion techniques are adequate for the existing sub-soil conditions.
14. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is 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. The value estimate is predicated on the assumption that there are no such conditions, on or in the property that would cause loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
15. This appraisal report/analysis is prepared for the indicated client. The information and opinions contained in this analysis set for the appraiser's best judgment in light of the information available as of the date of appraisal. Any use of this appraisal by any other person or entity, or any reliance or decisions based on this analysis are the sole responsibility and the sole risk of the third party. The appraiser accepts no responsibility for damages suffered by any third party as a result of use or reliance on the decisions made or actions taken based on this report.

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 represents 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 I have no personal interest or bias with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this appraisal or to the parties involved.
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 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 appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
8. I, Steven H. Williams, have made a personal inspection of the property that is the subject of this report.
9. No other person(s) provided significant professional assistance to the person(s) signing this report.
10. I have not performed any services, as an appraiser or in any other capacity, regarding the subject property within a three year period immediately preceding acceptance of this assignment.
11. It is my opinion that the "as is" Market Value of the fee simple interest in the subject property, as of October 25, 2013, subject to the Assumptions, Limiting Conditions and Extraordinary Assumption set forth within this report, is:

**Two Hundred Sixty Thousand Dollars
(\$260,000)**



Steven H. Williams, CG-4087
State Certified General
Real Estate Appraiser

ADDENDUM

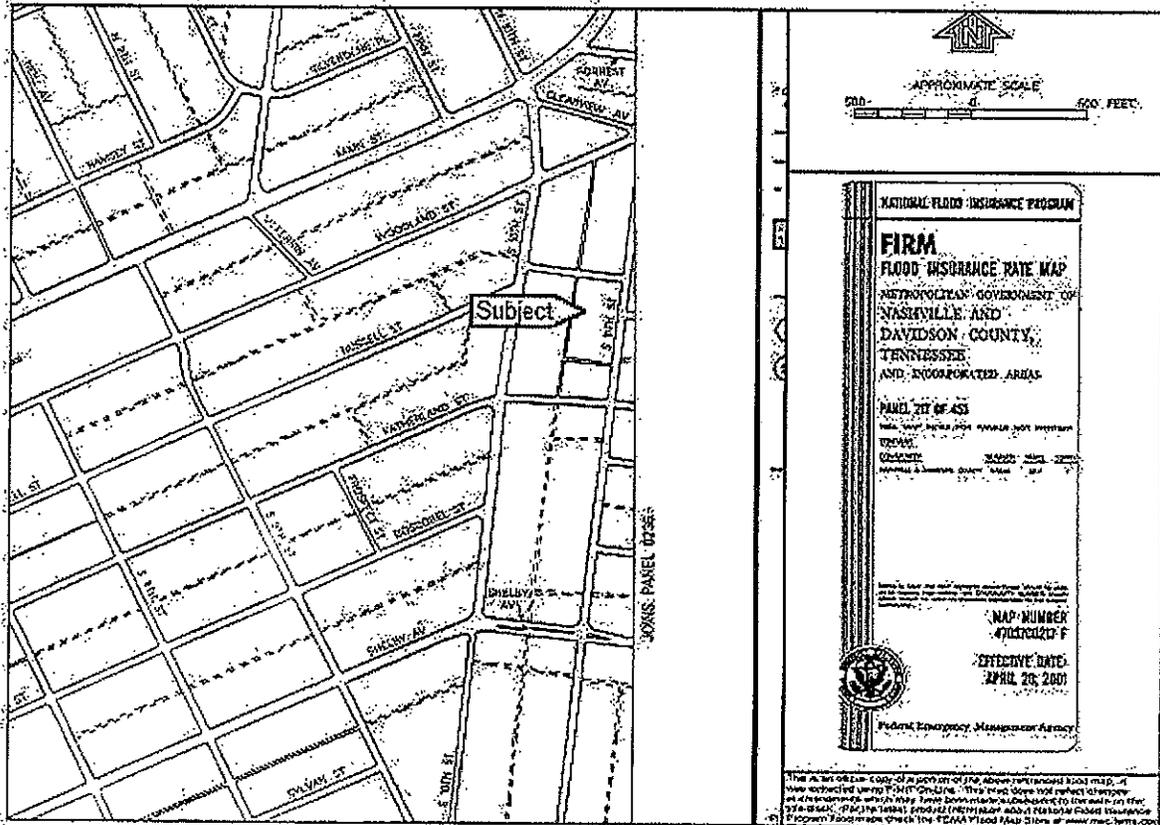
TAX MAP OF SUBJECT PROPERTY



AERIAL PHOTO OF SUBJECT PROPERTY
With approximate outline of subject site

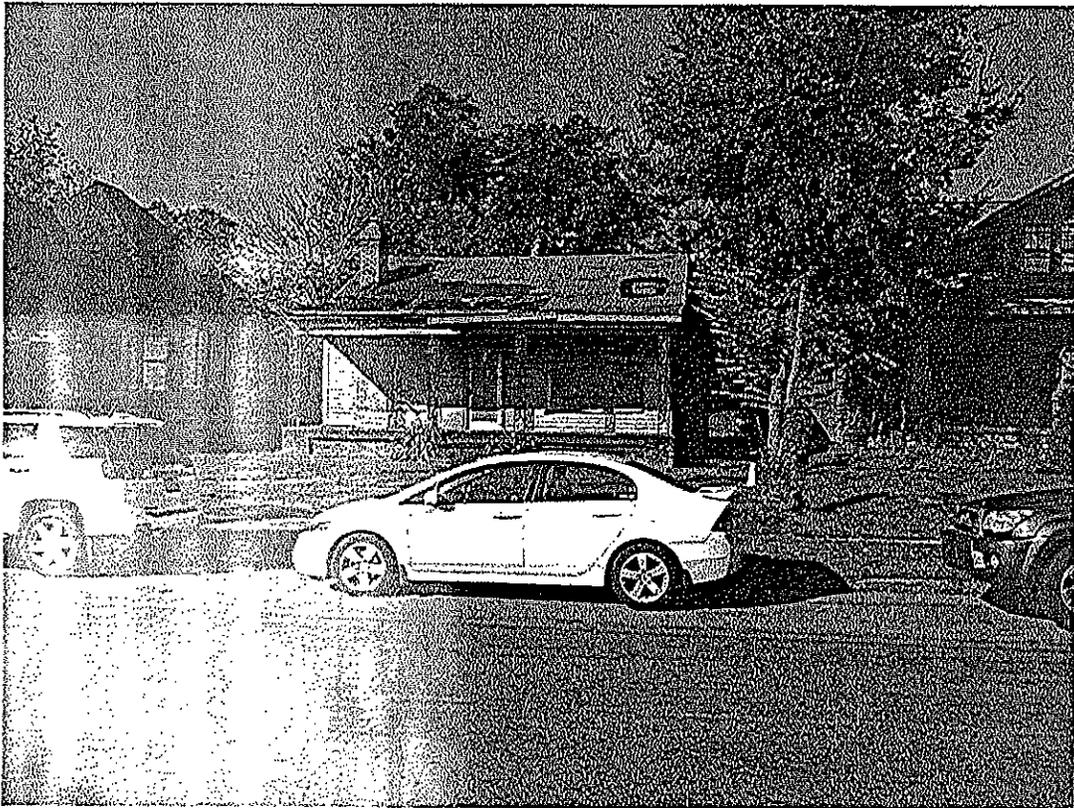


FEMA FLOOD MAP OF SUBJECT PROPERTY

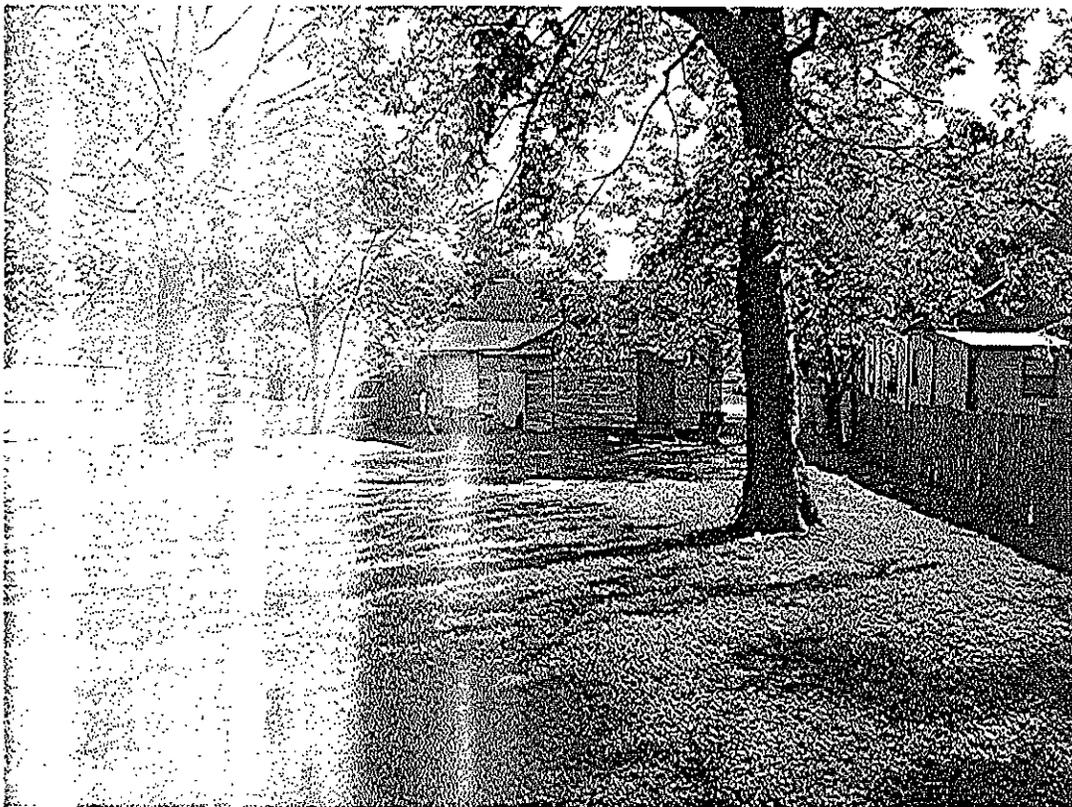


This is not a scale copy of a portion of the above-mentioned flood map. It was extracted using FIRM Studio. This map does not reflect changes or amendments which may have been made to the subject FIRM since the date of the last update. For the latest product information and National Flood Insurance Program flood maps, check the FEMA Flood Map Store at www.msc.fema.gov.

SUBJECT PROPERTY PHOTO ADDENDUM



FRONT VIEW OF SUBJECT PROPERTY



REAR VIEW OF SUBJECT PROPERTY



October 6, 2013

Wagon Wheel Title

Attn.: Steven T. Morris, Esq.

202 S. 11th St.

Nashville, TN 37206

RE: Structural Observation Report
Residence, 204 S. 11th St., Nashville

Dear Mr. Morris:

As requested, I met David Baird at the above listed residence on October 4, 2013, to perform structural observations to evaluate the condition of the residence (Photo 1). I understand you wanted to document the structural condition of the residence as part of the process of developing a cost analysis for the rehabilitation of the structure. The structure has been completely gutted and the amount of rehabilitation work required will require the structure to meet current building codes, the 2006 IRC.

Roof and Roof Framing

The roof shingles need to be replaced (Photo1). The presence of patches on top of the shingles acts to impede runoff flow making leaks more likely. The roof deck is planking that has been exposed to fire as evidenced by black staining, many splits, and isolated cracks typical of those created by heat damage (Photo 2). The roof rafters are 2x4 at a spacing of about 24-inches on-center. Current codes require 2x8 rafters at 16-inches on-center for the span of the rafters. GEC recommends:

- The roof covering and roof framing need to be completely replaced.

Ceiling Joists

The existing ceiling joists are 2x6. These joists are not suitable for bearing the loads of finished space. The ceiling joists over the front porch are over-notched at the bearing location on the front wall of the residence (Photo 3). GEC recommends:

- For typical spans for floor joists for finished space, the 2x6 ceiling joists will need 2x8 sister joists for normal floor loads and 2-ply 2x8 sister joists beneath non-load-bearing partition walls and areas with tile floor covering.
- The 2x6 ceiling joists over the front porch need to be replaced.



Wall Framing

The exterior and interior load-bearing walls do not have headers above doorways and windows (Photos 4 and 5). The load-bearing walls do not have 2-ply top plates; therefore, studs must directly align with ceiling joists and/or rafters bearing on the walls, which they do not (Photo 6). GEC recommends:

- The load-bearing walls need to be completely reframed with 2-ply top plates and properly sized headers.

Subfloor Framing

The subfloor framing has scattered termite damage and areas of extensive fungal growth (Photos 7 and 8). The fungal growth is the beginning stages of dry rot, which can structurally weaken the framing. Many of the framing connections are toe-nailed without support by a ledger board or joist hanger (Photo 9). The girders supporting the floor joists are over-spanned. Girders should also be supported by structural piers not cedar posts bearing on concrete blocks or the ground or thin-walled steel posts (Photos 10 through 12). GEC recommends:

- Termite damaged wood should be repaired with same-size scabs extending at least 2-ft beyond the damaged area.
- Fungal growth needs to be treated before the wood is structurally weakened by dry rot.
- Toe-nailed framing connections should be secured with joist hangers.
- A 3-ply 2x10 girder should span about 6-ft supporting one-story of floor loads and 5-ft supporting two stories. A 2-ply 2x10 should span about 5-ft supporting one-story of floor loads and 4-ft supporting two stories.
- In general, structural piers are 6x6 lumber (cedar posts are acceptable), schedule 40 steel with ¼-inch thick walls, or concrete masonry block with mortared joints bearing on poured concrete pads with minimum dimensions of 24-inches by 24-inches by 8-inches thick.

Dug-Out Basement Foundation Wall

The dug-out basement does not have properly constructed foundation walls (Photos 10, 14, and 15). The block is non-reinforced hollow core and there is no structural footing. No drainage has been installed behind the wall and no fill has been installed to support the cut earth banks. GEC recommends:

- The dug-out basement foundation walls need to be reconstructed with a reinforced poured concrete strip footing, steel reinforcement in the wall, a drainage system behind the wall, and backfill between the wall and the earth bank



Foundation

Wood at the right rear corner is in contact with the ground (Photo 15). Current codes require the non-wood foundation to extend high enough so there is at least 6-inches clearance between wood siding or framing and the exterior ground surface. The original foundation is pillar and beam with structural brick pillars bearing on the ground supporting the rim board. The single wythe of brick on the foundation wall between the pillars is not structural. On the right side of the residence, the foundation is leaning outward (Photo 16). GEC recommends:

- The foundation at the right rear corner needs to be reconstructed so wood is not within 6-inches of the ground on the exterior and so non-pressure-treated wood is not within 18-inches of the ground in the crawlspace.
- The right foundation wall needs to be reconstructed with concrete masonry block on a reinforced strip footing or the brick pillars need to be replaced with structural piers constructed as previously described as long as the rim board can span between pillars when analyzed by current standards.

Our structural evaluation is the residence is not structurally sound and is not suitable for renovation or repairs. Please call me if you have any questions.

Respectfully Submitted,
Garman Engineering Company, LLC



Keith Michael Garman, PhD, PE, PG
Copy: David Baird, dbaird@building-ideas.net
WagonWheelTitle-204S11thSt-Nashville



Photo 1: View of front of residence at 204 S. 11th St.



Photo 2: View of roof decking showing fire damage.



Photo 3: The ceiling joists are over-notched at the bearing on the front wall of the residence.



Photo 4: View of exterior wall showing the absence of a header above the window.



Photo 5: View of interior load-bearing wall showing the absence of a header.

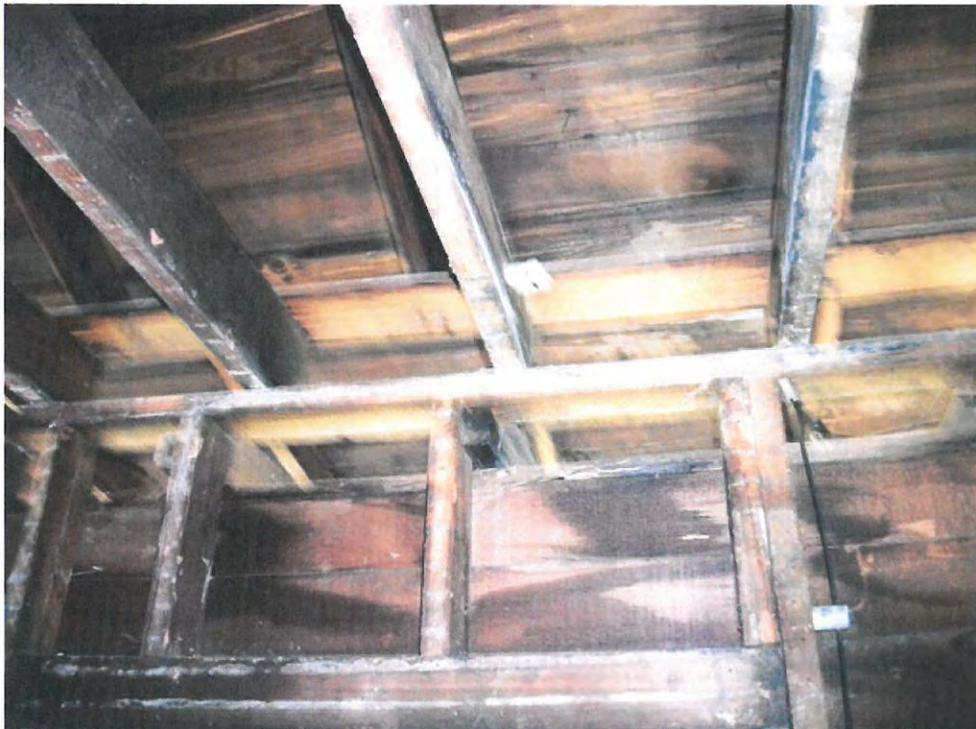


Photo 6: The ceiling joists do not align with the studs.



Photo 7: The subfloor framing has scattered termite damage.



Photo 8: White fungal growth on subfloor framing is beginning of dry rot.



Photo 9: Framing connections without support by ledgers or joist hangers.



Photo 10: Cedar post bearing on a hollow concrete block.



Photo 11: Thin-walled steel post and stacked block supporting framing.



Photo 12: Thin steel and stacked block piers.



Photo 13: Hollow-core block dug-out basement foundation wall.



Photo 14: Hollow-core block dug-out basement foundation wall.



Photo 15: Wood siding and framing within 6-inches of the ground



Photo 16: Leaning foundation walls on the right side.

September 23, 2013



Angie Lawless
Wagon Wheel Title
202 South 11th Street
Nashville, TN 37209
angie@wagonwheeltitle.com

4014 Flagstone Court
Franklin, TN 37069
www.docair.com
615-373-2498
bwestbrook@docair.com

Proposal to Remediate Adverse Environmental Conditions – 204 South 11th Street Residence

Dear Angie:

Here is the proposal you requested to remediate adverse environmental conditions at the residence located at 204 South 11th Street in Nashville, Tennessee. You have requested this proposal as part of a potential restoration program for the property.

Component #1 - Mold Remediation in the Crawl Space/Cellar

We should note that many of the floor joists and sub floor in the crawl space is also affected by dry rot and may need to be replaced even after the surface mold has been removed. The scope of work for this component is as follows:

- Apply an aggressive formulation of boric acid and hydrogen peroxide to the affected wood. Due to the heavy layers of mold that have accumulated over time, this process will be repeated.
- Remove the mold residue from the surface of the wood by wet wiping and wire brushing.

This component is scheduled for two days using three remediation technicians. The fee for Component #1 will be **\$4,300**.

Component #2 – Asbestos Remediation

During our site visit we identified likely asbestos-containing insulation in the crawl space which was also damaged and exposed to further disturbance. This observation indicates that much of the debris in the crawl space is contaminated with asbestos dust.

In order to minimize the threat of airborne asbestos exposure, we recommend the following scope of work:

1. The remediation technician will don respiratory protection from airborne particulates along with Tyvek suits and gloves.
2. Construct and inter-lock flapping system over doorway to the crawl space that will be used for ingress and egress.

3. The work area will be placed under negative pressure to minimize the potential for any migration of asbestos particulates to other areas of the building.
4. We will spray a citrus based encapsulant over the dusty debris to minimize the amount of dust generated from the removal of the debris.
5. All waste materials taken from the crawl space will be placed in two layers of 6 mil polyethylene disposal bags and taken offsite for landfill disposal.
6. After the debris is removed, only soil should remain. We will remove the top inch of soil and take offsite for landfill disposal.
7. The remaining soil will be amended by another spray application of encapsulant.
8. The last step will be the installation of a 10 mil vapor over the entire ground surface and the center (cellar portion) of the crawl space.

The fee for Component #2 will be **\$4,800.**



Rear of Subject Property



Left Side View of Subject Property



Heavy Mold Residues on Floor Joists and Sub Floor



Floor Structures Affected by Dry Rot



Active Mold on Floor Joists



Accumulated Debris in Crawl Space



Suspect Asbestos Thermal Insulation

Summary

We hope this information meets your needs at this time. If you have questions or would like to commission the work, please call or email and we will work to meet your schedule.

Best regards,

Barry C. Westbrook, CIH, PE (KY)
President, DocAir LLC

Digitally signed by Barry Westbrook
DN: cn=Barry Westbrook, o=DocAir, ou, email=bwestbrook@docair.com, c=US
Date: 2013.09.23 16:20:07 -05'00'

Payment Terms and Conditions

There is a 50% deposit required to schedule the installation. The final payment is due, **in full**, at the substantial completion of scope of work.

Please indicate your acceptance of these terms by signing below. Work will be scheduled immediately upon your approval to proceed. This proposal is valid for 45 days.

Client Signature

Date

Printed Name

McGuigan & Associates

Real Estate Appraisers

October 24, 2013

Mr. Brandon Miller
Wagon Wheel Title
202 S 11th St
Nashville, Tennessee 37206

RE: Appraisal of 204 S. 11th St., Nashville, TN 37206

Dear Mr. Miller:

We were engaged to complete a residential appraisal of 204 S. 11th St., Nashville, TN 37206. A physical inspection of the subject property was completed on October 22, 2013, as well as an inspection of the subject neighborhood. The structure has been left vacant, causing visible structural issues and deferred maintenance. Items of concern include the presence of mold, potential presence of asbestos, dry rot damage to flooring joists, compromised integrity of the roof structure, charred framing, and numerous other items of depreciation that cause concern for the safety and structural soundness of the property. The current condition of the property is poor, the lowest opinion of condition applicable in an appraisal.

The subject property is zoned MUL (Mixed-Use Limited), which allows for the subject to be used as a commercial property, which is maximally productive. Therefore, the highest and best use of the subject property is for commercial use. This is supported by the subject's two adjacent properties, 202 S. 11th St. and 206 S. 11th St., both having MUL zoning and being currently used as commercial properties.

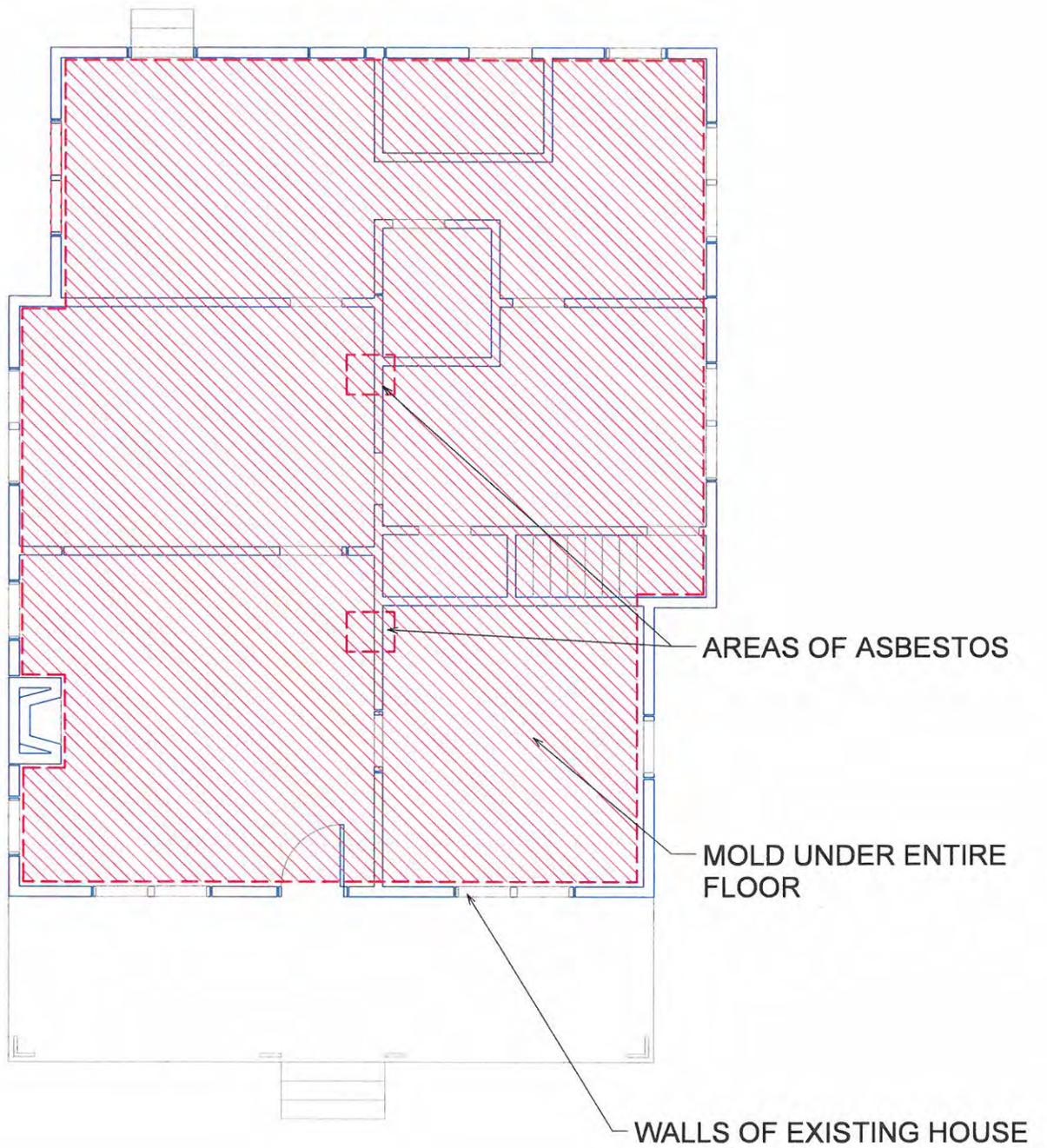
In order to complete an appraisal that complies with USPAP (Uniform Standards of Professional Appraisal Practice), a commercial appraisal must be completed based on the highest and best use of the property. It should also be noted, if the subject were reconstructed as a single-family property, you could not get conventional residential financing on the property, as Fannie Mae and Freddie Mac do not lend on properties with commercial highest and best use.

Feel free to contact us if you have additional questions/ concerns with regards to this property.

Regards,



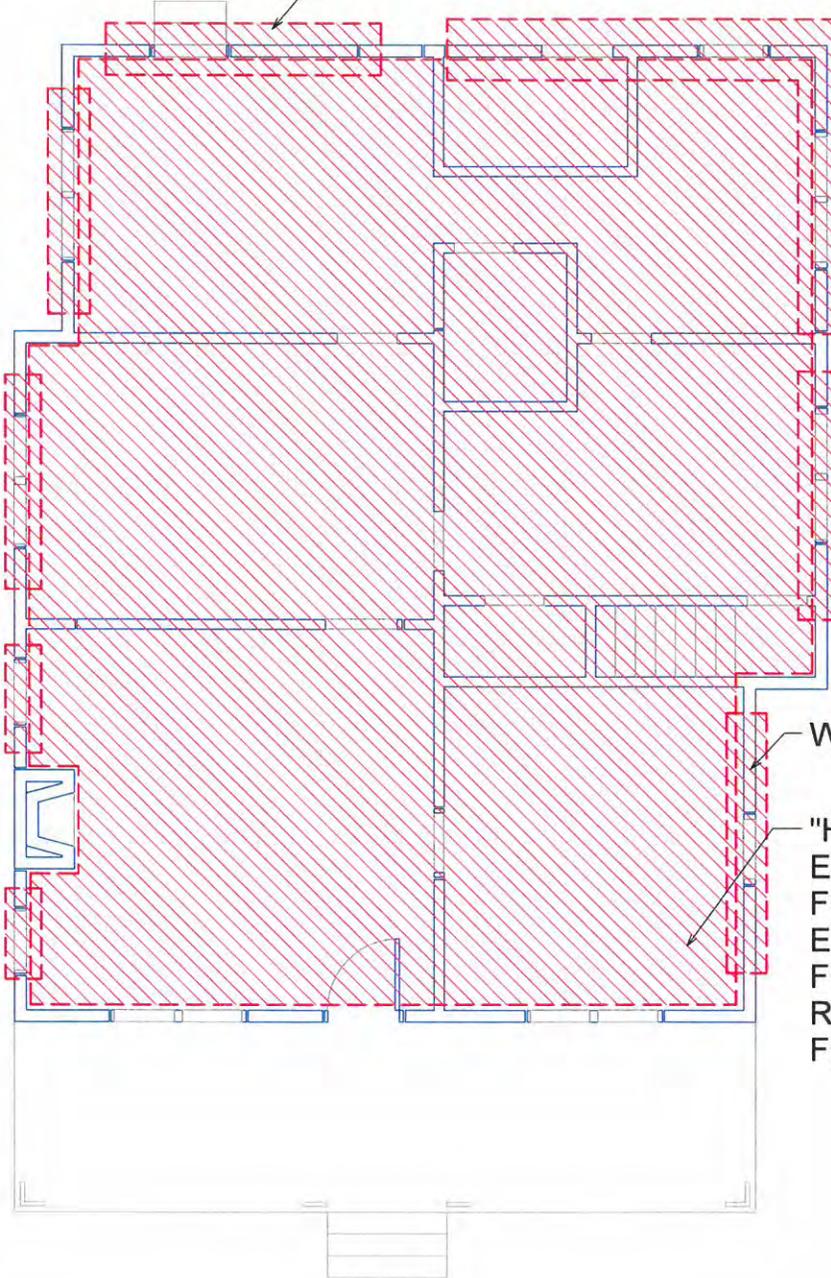
Joe Pat McGuigan
Certified Residential Appraiser
TN CR-3168



MOLD & ASBESTOS REMOVAL PLAN
1/8"=1'-0"

204 S 11TH ST
NASHVILLE, TN 37206

"HATCHED" AREA DENOTES
EXISTING EXTERIOR
FOUNDATION AREA WHERE
EXISTING DAMAGED
FOUNDATION IS REMOVED &
REPLACED WITH NEW
FOUNDATION

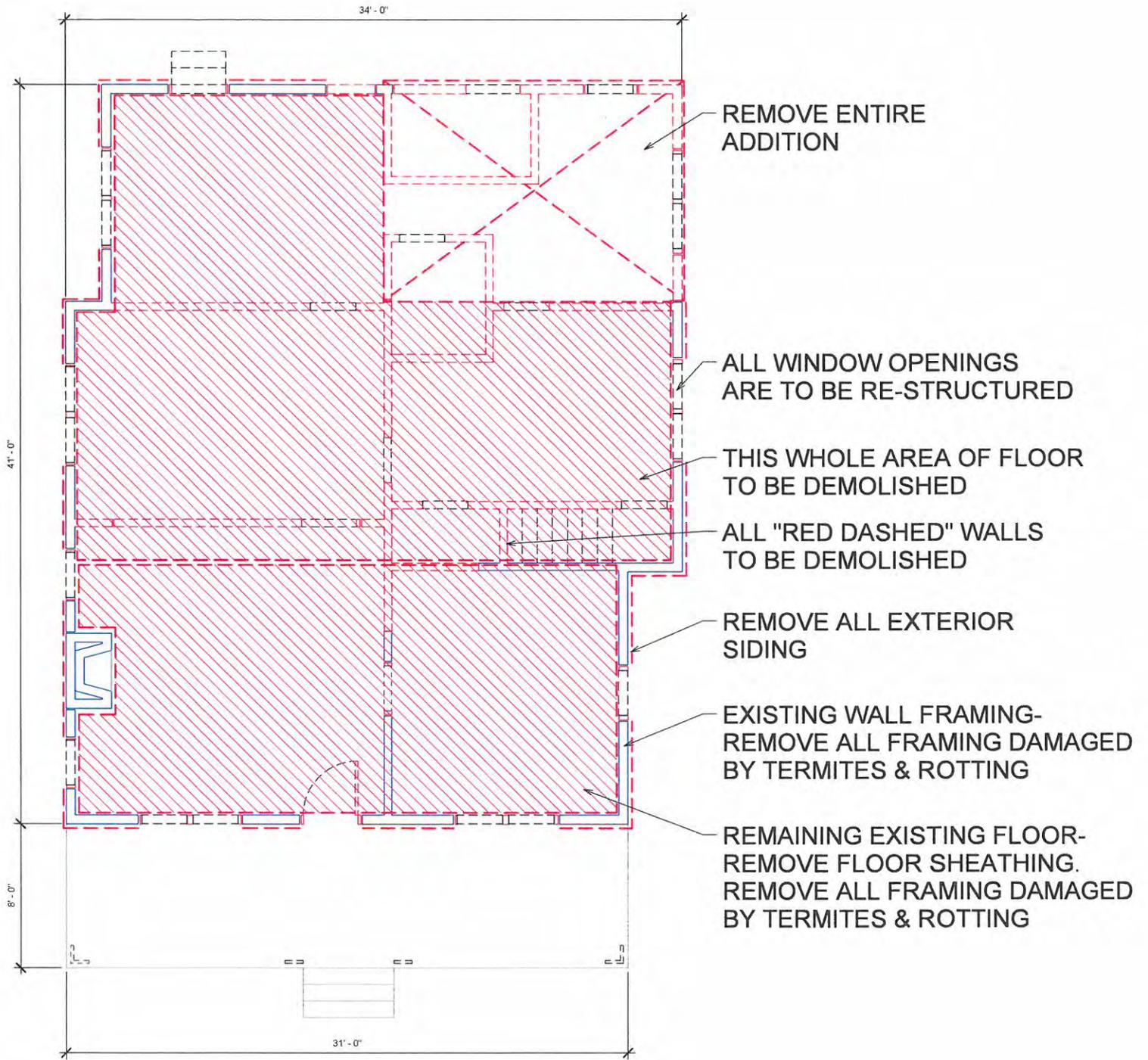


WALLS OF EXISTING HOUSE

"HATCHED" AREA DENOTES
EXISTING INTERIOR
FOUNDATION AREA WHERE
EXISTING DAMAGED
FOUNDATION IS REMOVED &
REPLACED WITH NEW
FOUNDATION

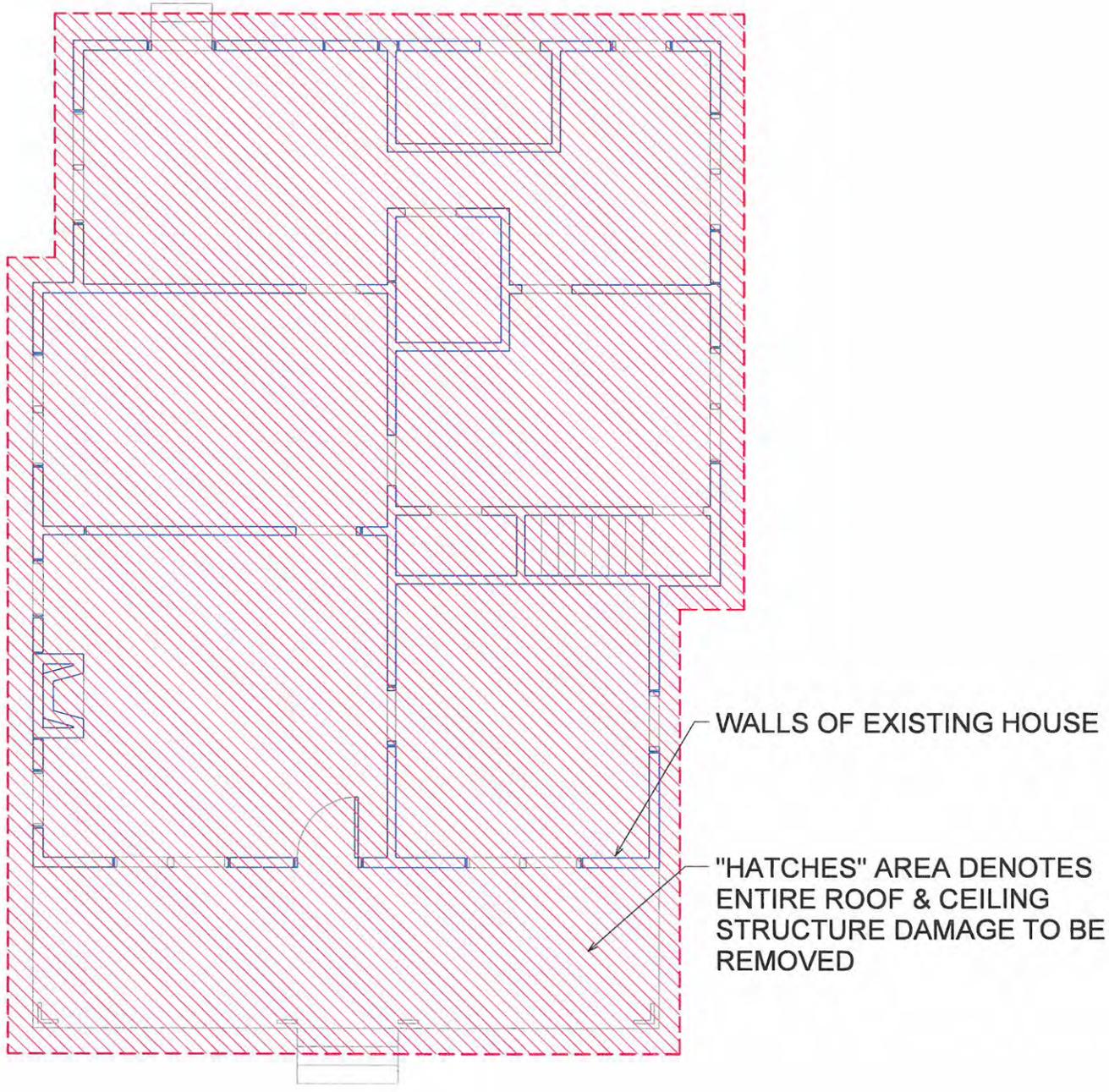
FOUNDATION DAMAGE REMOVAL & REPLACEMENT PLAN
1/8"=1'-0"

204 S 11TH ST
NASHVILLE, TN 37206



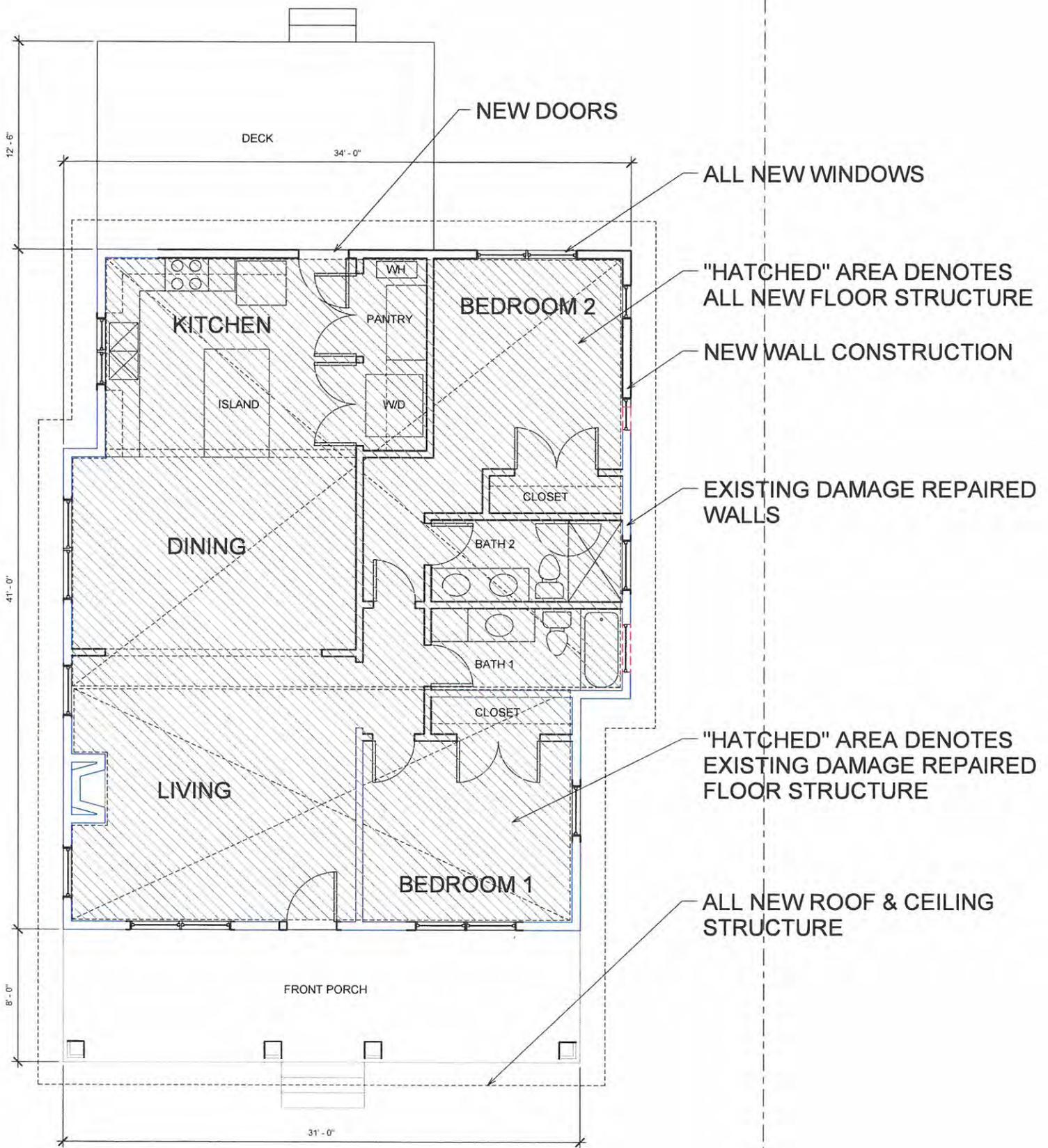
1ST FLOOR WALL & FLOOR DAMAGE REMOVAL PLAN
1/8"=1'-0"

204 S 11TH ST
 NASHVILLE, TN 37206



**ROOF STRUCTURE & CEILING JOIST STRUCTURE
DAMAGE REMOVAL PLAN 1/8"=1'-0"**

204 S 11TH ST
NASHVILLE, TN 37206



**1ST FLOOR PLAN- ALTERNATE #1
 RENOVATION FOR SINGLE FAMILY RESIDENCE
 1/8"=1'-0"**

204 S 11TH ST
 NASHVILLE, TN 37206

Luehrsen Construction LLC
1,328 Square Feet Commercial Renovation- 204 S 11th Street, Nashville, TN 37206
Cost Estimate without Land Value

Ordinary Income/Expense
Expense

A1. Permits and Fees

001.00 Metro Mapping Fee	35.00
001.10 Building Permit	610.07
001.15 Demolition Permit	0.00
001.25 Excavation Permits	0.00
001.35 Sewer Tap Fees	0.00
001.40 Water Permit Fees	0.00
001.45 Water Tap Fees	0.00
001.46 Hydrant Pressure Test	50.00
001.50 Register Of Deeds Filing	51.00
001.60 Fireplace Permit	75.00

Total A1. Permits and Fees	821.07
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A2. Building Costs

001.90 Asbestos/Mold Removal	9,100.00
002.00 Selective Demolition	5,800.00
003.10 Haul off Soil/Rock Labor	395.38
003.20 Trucking Costs	588.55
004.00 Tree trim/removal	75.45
009.00 Foundation Gravel	1,100.00
010.00 Foundtion Backfill Labor	500.00
011.00 Footing Labor	1,654.00
012.10 Footing Concrete	3,200.00
013.00 Block Foundation Labor	1,645.00
014.00 Block Foundation Mtrl	2,653.00
022.00 Drainage Pipe Material	634.00
022.20 Drainage Pipe Labor	512.00
031.00 Framing Labor	6,610.61
031.20 Deck Screwing	420.00
032.00 Framing Lumber/Material	13,836.00
032.10 Misc. Building Supplies	654.22
036.00 Hardi Plank Labor	3,259.64
037.00 Hardi Plank Material	5,918.61
040.00 Insulation	1,728.81
040.50 Crawl Space Insulation	900.00
041.00 Fireplace Insert	450.00
041.20 Fireplace Install Labor	100.00

041.23 Chimney Repair	1,500.00
044.00 Windows	3,746.57
045.00 Exterior Doors	1,330.79
046.00 Interior Doors	800.00
047.00 Roofing Labor	1,780.00
048.00 Roofing Material	5,300.00
050.00 Gutters	2,745.00
052.00 Trenching - Utility	562.50
056.00 Plumbing Labor	4,512.18
056.10 Utility Tap Labor	0.00
056.20 Utility Tap Material	0.00
058.00 Electrical Labor	6,910.92
060.00 HVAC	7,304.00
065.00 Security System	630.80
067.00 Cable/Phone	540.25
071.00 Drywall Labor	1,977.51
072.00 Drywall Material	1,254.82
075.00 Hardwood Floor Labor	2,762.84
076.00 Hardwood Floor Material	1,798.04
086.00 Finish Trim Labor	2,535.27
086.20 Mantel Material	200.00
087.00 Finished Trim Material	2,976.58
091.00 Interior Painting	2,837.09
092.00 Exterior Painting	2,792.42
094.00 Cabinets	7,400.00
096.75 Granite Tops	5,000.00
101.00 Tile/Ceramic Labor	1,800.00
102.00 Tile/Ceramic Material	200.00
109.00 Door Hardware	800.00
109.20 Door Hardware Labor	754.00
112.00 Light Cans/Bath Fans	747.85
113.00 Light Fixtures	3,749.68
114.00 Plumbing Fixtures RI	987.00
114.10 Plumbing Fixtures-TO	2,400.00
115.00 Appliances	2,980.00
117.00 Shower Doors	0.00
118.00 Mirrors	200.00
119.00 Bath Hardware	400.00
120.50 Closet Rod Material	0.00
122.00 Deck Material & Labor	3,600.00
125.00 Exterior Fencing	3,750.00
128.00 Top Soil	1,365.00
128.75 Water Drainage System	623.00

130.00 Landscaping	2,343.00
130.10 Irrigation System	0.00
130.20 Sod Lawn	0.00
130.30 Mailbox & Misc	342.00
131.00 Paving/Patching	3,000.00
134.00 Jobsite Cleaning	867.00
136.00 Interior Cleaning	540.00
138.00 Dumpster	1,324.00
139.00 Portable Toilet	248.00
140.00 Punchlist	1,300.00
157.00 Land Value per Metro Assessment	0.00
158.00 Jobsite Utilities	283.00
Total A2. Building Costs	165,536.40
A3. Bank/Loan fees	
161.00 Loan Interest	5,259.26
161.20 Credit Line Interest	0.00
162.00 Origination Points	447.07
163.00 Bank Appraisal Fees	0.00
166.00 Inspection Fees	0.00
167.00 Escrow Co. Fees	0.00
168.00 Title Insurance	0.00
170.00 State Tax Stamp	0.00
171.00 Recording Fees	0.00
172.00 Property Taxes	0.00
174.00 Condo Association Fees	0.00
177.00 Document Prep	0.00
180.00 Credit Report	0.00
Total A3. Bank/Loan fees	5,706.33
A4. Professional Fees	
185.20 Pest Control	165.00
186.00 Architectural Design Fees	5,184.00
187.00 Structural Engineer	400.00
188.00 Blue Prints	200.00
189.00 Indesign Design	945.00
191.00 Legal Fees	800.00
193.00 Land Survey fees	800.00
193.10 Locate Foundation	900.00
Total A4. Professional Fees	9,394.00
A5. Project Insurance	
200.00 Project Insurance	1,360.00
205.00 HOA Annual State Fee	0.00
Total A5. Project Insurance	1,360.00
A6. Home Sales Fees	0.00

194.00	Realator Fees	0.00
195.00	Escrow Fees on Sale	0.00
198.00	Property Taxes on Sale	0.00
	Total A6. Home Sales Fees	0.00
	Total Expense	182,817.80
		1,328.00 SF
		137.66 PER SF

Luehrsen Construction LLC

1,328 Square Feet Commercial Renovation- 204 S 11th Street, Nashville, TN 37206

Cost Estimate with Land Value Included

Ordinary Income/Expense

Expense

A1. Permits and Fees

001.00 Metro Mapping Fee	35.00
001.10 Building Permit	610.07
001.15 Demolition Permit	0.00
001.25 Excavation Permits	0.00
001.35 Sewer Tap Fees	0.00
001.40 Water Permit Fees	0.00
001.45 Water Tap Fees	0.00
001.46 Hydrant Pressure Test	50.00
001.50 Register Of Deeds Filing	51.00
001.60 Fireplace Permit	75.00

Total A1. Permits and Fees 821.07

A2. Building Costs

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002.00 Selective Demolition	5,800.00
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050.00 Gutters	2,745.00
052.00 Trenching - Utility	562.50
056.00 Plumbing Labor	4,512.18
056.10 Utility Tap Labor	0.00
056.20 Utility Tap Material	0.00
058.00 Electrical Labor	6,910.92
060.00 HVAC	7,304.00
065.00 Security System	630.80
067.00 Cable/Phone	540.25
071.00 Drywall Labor	1,977.51
072.00 Drywall Material	1,254.82
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118.00 Mirrors	200.00
119.00 Bath Hardware	400.00
120.50 Closet Rod Material	0.00
122.00 Deck Material & Labor	3,600.00
125.00 Exterior Fencing	3,750.00
128.00 Top Soil	1,365.00
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136.00 Interior Cleaning	540.00
138.00 Dumpster	1,324.00
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140.00 Punchlist	1,300.00
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158.00 Jobsite Utilities	283.00
Total A2. Building Costs	310,336.40
A3. Bank/Loan fees	
161.00 Loan Interest	5,259.26
161.20 Credit Line Interest	0.00
162.00 Origination Points	447.07
163.00 Bank Appraisal Fees	0.00
166.00 Inspection Fees	0.00
167.00 Escrow Co. Fees	0.00
168.00 Title Insurance	0.00
170.00 State Tax Stamp	0.00
171.00 Recording Fees	0.00
172.00 Property Taxes	0.00
174.00 Condo Association Fees	0.00
177.00 Document Prep	0.00
180.00 Credit Report	0.00
Total A3. Bank/Loan fees	5,706.33
A4. Professional Fees	
185.20 Pest Control	165.00
186.00 Architectural Design Fees	5,184.00
187.00 Structural Engineer	400.00
188.00 Blue Prints	200.00
189.00 Indesign Design	945.00
191.00 Legal Fees	800.00
193.00 Land Survey fees	800.00
193.10 Locate Foundation	900.00
Total A4. Professional Fees	9,394.00
A5. Project Insurance	
200.00 Project Insurance	1,360.00
205.00 HOA Annual State Fee	0.00
Total A5. Project Insurance	1,360.00
A6. Home Sales Fees	0.00

194.00 Realator Fees	0.00
195.00 Escrow Fees on Sale	0.00
198.00 Property Taxes on Sale	0.00
Total A6. Home Sales Fees	<u>0.00</u>
Total Expense	<u>327,617.80</u>

1,328.00 SF
246.70 PER SF