

## Addendum

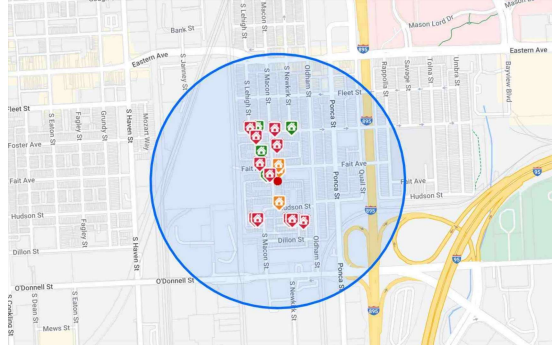
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|                  |                   |        |                |       |    |                |
|------------------|-------------------|--------|----------------|-------|----|----------------|
| Borrower/Client  | Doe, John & Jane  |        |                |       |    |                |
| Property Address | 123 Sample St     |        |                |       |    |                |
| City             | Baltimore         | County | Baltimore City | State | MD | Zip Code 21224 |
| Lender           | Sample (Redacted) |        |                |       |    |                |

## RECONCILIATION SECTION

### MARKET RESEARCH & PRICING ANALYSIS:

**Comparable Search Parameters:** Defined neighborhood boundaries / Attached and Semi-detached / Year Built within the last 20 Years / O'Donnell Sq Development.



In the past six months, five sales of three and four bedroom rowhomes are reporting with prices ranging from \$340,000 to \$395,000. The three sales that have more than 2,000 sq ft have closed for \$383,000, \$395,000, and \$395,000. Only comparables with more than 1,500 sq ft were considered.

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|----------|----------|----------|-----------|-----|--------|----------|--------------------|----------------|-----------|----------|---------------|-------|------|-------|
|          | Distance | MLS #    | Zoning    | DOM | Status | Date     | Price              | Address        | City Name | Age      | Acres/Lot SF  | GLA   | Beds | Baths |
|          | 0.1 mi   | MDBA     | RESIDEN   | 36  | CLS    | 08/29/24 | \$340,000          | 751 S Macon St | Baltimore | 11       | 0 / 0         | 1,568 | 3    | 2.1   |
|          | 0.1 mi   | MDBA     | R-8       | 21  | CLS    | 10/04/24 | \$360,000          | 958 S Macon St | Baltimore | 9        | 0.02 / 934    | 1,524 | 3    | 3.0   |
|          | 0.0 mi   | MDBA     | R-8       | 57  | CLS    | 08/30/24 | \$383,000          | 806 S Macon St | Baltimore | 8        | 0.03 / 1306.8 | 2,048 | 3    | 3.1   |
|          | 0.1 mi   | MDBA     | R-8       | 8   | CLS    | 06/13/24 | \$395,000          | 4646 Dillon Pl | Baltimore | 11       | 0 / 0         | 2,368 | 4    | 3.1   |
|          | 0.0 mi   | MDBA     | R-8       | 9   | CLS    | 06/04/24 | \$395,000          | 4523 Falt Ave  | Baltimore | 8        | 0 / 0.1       | 2,068 | 3    | 3.0   |

There are currently 3 active or pending listings that match the above physical search criteria. Their list prices are \$349,999, \$365,000 and \$399,000. The subject is pending at \$399,000 and is the highest priced listing. The next highest listing is under contract with the list price of \$365,000. It is significantly smaller than the subject.

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| <div><div></div></div>            | Distance | MLS #                                          | Zoning | <div><div></div><div></div><div></div></div> | DOM | Status | Date     | Price     | <div><div></div></div> | Address         | City Name | Age | Acres/Lot SF | GLA   | Beds | Baths |
|-----------------------------------|----------|------------------------------------------------|--------|----------------------------------------------|-----|--------|----------|-----------|------------------------|-----------------|-----------|-----|--------------|-------|------|-------|
| <div><div></div><div></div></div> | 0.0 mi   | <div><div></div><div>MDBA</div></div>          | R-8    | <div><div></div><div></div><div></div></div> | 4   | PND    | 10/06/24 | \$399,900 | <div><div></div></div> | 809 S Macon St  | Baltimore | 9   | 0.01 / 435.6 | 1,876 | 4    | 3.1   |
| <div><div></div><div></div></div> | 0.1 mi   | <div><div></div><div>MDBA</div></div>          | R-8    | <div><div></div><div></div><div></div></div> | 49  | PND    | 08/30/24 | \$365,000 | <div><div></div></div> | 4613 Hudson St  | Baltimore | 10  | 0.03 / 1524  | 1,524 | 3    | 3.0   |
| <div><div></div><div></div></div> | 0.1 mi   | <div><div></div><div>MDBA RESIDENT</div></div> |        | <div><div></div><div></div><div></div></div> | 29  | ACT    | 09/20/24 | \$349,999 |                        | 4523 Foster Ave | Baltimore | 11  | 0.03 / 1481  | 1,568 | 3    | 3.0   |

Based off of this market analysis, the contract price is not supported. The two highest comparables that sold for \$395,000 all required negative GLA adjustments and one of them required another adjustment for having a two car garage. They are all in similar condition to the subject and no other adjustments are warranted.

### CONCLUSION:

Based on the definition of market value used for this assignment, the sales comparison approach is the most credible and reliable valuation method used to develop an opinion of market value since it reflects real transactions between the buyer and seller in an open market. The cost approach is used to measure depreciation and evaluate the subject's H&BU but was not developed since it would not produce more credible results. More details regarding the exclusion of the cost and income approaches can be found in their sections.

Comparables are selected based off of their similarity to the subject, date of sale, and proximity. Similarity is measured by analyzing the required net/gross adjustments. The comparables requiring the least amount of adjustments are considered the most similar to the subject. Date of sale is an important factor since the most recent sales are better indicators of current market conditions. All of the comparables are inside the subjects market area so proximity is not considered as vital as the other two factors in this case.

Listings receive little to no direct consideration since their actual sales price will often differ from their last reported list price. Some listings are priced low as a strategy to get more traction and don't reflect market value or their intended sales price. Active or pending listings are not considered reliable market value indicators without the support of settled and verified sales. Their main purpose is to ensure that the value derived from the settled comparables complies with the theory of substitution.

#### Comparable Summary

Comparables Summary & Estimated Indicated Value

|          | Sale Price | Net Adj % | Grs Adj % | Ind Value | Weight |
|----------|------------|-----------|-----------|-----------|--------|
| Comp #1: | 383,000    | 3.1       | 3.1       | 371,000   | 36.04  |
| Comp #2: | 395,000    | 1.3       | 1.3       | 390,000   | 44.14  |
| Comp #3: | 395,000    | 6.7       | 6.7       | 368,500   | 19.82  |
| Comp #4: | 360,000    | 8.3       | 8.3       | 390,000   |        |

ESTIMATED INDICATED VALUE OF THE SUBJECT: \$379,000. The appraisers opinion of market value is \$385,000.

The above calculations are not intended to produce a final opinion of value. It is intended to produce a credible data point which is to be considered in the reconciliation phase, along with the contract price and other market factors, to aid in developing a reasonable opinion of value. The contract price can not be used to influence comparable selection or act as a target value but, per USPAP, it is intended to be considered as a data point only in the reconciliation phase.

Comparable one and two received the most consideration because they are the most similar to the subject requiring the least amount of gross adjustments. All of the comparables are located inside the subjects project and are the best comparables currently available.

The contract price is \$400,000 and is not supported. After reconciling the indicated weighted value above with the contract and other market factors, the appraisers opinion of value is \$385,000. The opinion of value is higher than the weighted average but is still bracketed by the adjusted value of comparable two and the pending listing. The subjects low days on market, contract price, and lack of inventory in the market resulted in an opinion of market value that is towards the higher end of the range.