

Commercial Real Estate

Sales, Leasing, Management,
Development, Appraisals,
Counseling

3200 Woodcrest Place

Suite 210

Birmingham, Alabama 35209

Phone (205) 871-7100

Fax (205) 871-3331

www.grahamcompany.com

Henry M. Graham
1916-1999

Steve Graham, MAI, CRE

Mike Graham, CFM, SOR

Henry G. Seibels III

Sonny Culp, SOR

Ogden S. Deaton, SOR

Jack Key

July Lewis

Dan Lovell, SOR

J. Claude Thiele, SOR

Jack Brown

Kristin Victory

Timothy D. Rau

Walter H. Brown, Jr.

Thomas H. Krebs, FMA, RPA

Weyman W. Praier

HUNTSVILLE, ALABAMA

Gardner Lee, CFM

MEMBERSHIP:

REALTORS

Society of Industrial &
Office Realtors

Appraisal Institute

Councilors of Real Estate

Institute of Real Estate
Management

National Association of
Industrial & Office Parks

Building Owners & Managers
Association International



Limited Analysis Summary Appraisal Report Summary Appraisal Reviews

For

Mr. Kenneth E. Kellner
Counsel
Committee on Standards of Official Conduct
U. S. House of Representatives
BT-2 The Capitol
Washington, D C 20515

Property

Commercial Building
1612-14 3rd Avenue North
Birmingham, AL

-Rental Analysis- 1992-1997

-Value Estimates- 9/93, 4/95

-Appraisal Reviews- 12/87, 8/91, 11/95

Report Date: May 2000

GRAHAM & COMPANY, INC.

Birmingham • Knoxville

May 23, 2000

Commercial Real Estate
Sales, Leasing, Management,
Development, Appraisals,
Counseling

2200 Woodcrest Place
Suite 210
Birmingham, Alabama 35209
Phone (205) 871-7100
Fax (205) 871-5334
www.grahamcompany.com

Henry V. Graham
1916-1999

Steve Graham, MAI, CRE

Mike Graham, CFM, SIOR

Henry G. Selbets III

Sunny Guljo, SIOR

Ogden S. Denton, SIOR

Jack Key

Judy Lewis

Don Lovell, SIOR

J. Claude Todd, SIOR

Jack Brown

Kristin Vickery

Timothy C. Rau

Water J. Brown, Jr.

Thomas P. Krebs, FMA, REA

Weyman W. Deater

KNOXVILLE, TENNESSEE
Gardner Lee, CFM

MEMBERSHIP
REALTORS

Society of Industrial &
Office Realtors

Appraisal Institute

Counselors of Real Estate

Institute of Real Estate
Management

National Association of
Industrial & Office Parks

Building Owners & Managers
Association International



Mr. Kenneth E. Kellner
Counsel
Committee on Standards of Official Conduct
U. S. House of Representatives
HT-2 The Capitol
Washington, D C 20515

RE: Commercial Building
1612-14 3rd Avenue North
Birmingham, AL
Rent Study/Value Analysis
Appraisal Reviews
Summary Appraisal Report

Dear Mr. Kellner:

At your request, I have prepared the enclosed analysis and summary of my research for commercial property located in the West Central Business District of Birmingham, AL. The function of this study is to provide the House Committee on Standards a guide to a reasonable and economic market rent for commercial property at 1612-14 3rd Avenue North in the years 1992 -1997, and to provide a market value estimate effective 9/93 and 4/95. More specifically, your inquiry addresses an estimate of market rent for an undetermined amount of square footage of commercial/office space on the ground floor and a portion of the 2nd floor storage areas. The value estimates apply to the real property as a whole, land and building.

The intended users of this consulting report include legal counsel to the House Committee and other members of the committee in connection with their role and function on said committee. During the times in question, the subject property was owned by American Trust Life Insurance Company or The African American Institute, Incorporated. The property interest appraised assumes a fee simple interest.

Conclusions:

As discussed below, I have estimated the reasonable rental for the subject property during the 1992 -97 time frame and a market value estimate as follows:

Grade floor retail/commercial, 3,500 sf	\$500 to \$700/month
Grade floor office, 3,500 sf	\$700 to \$900/month
Second floor shell space, 7,000 sf	\$150 to \$200/month
Small Office suite, 350 sf - 400 sf	\$290 to \$333/month
Market Value Conclusions, 9/93, 4/95	\$130,000 to \$140,000

Subject Property

The subject property is located at 1612-14 3rd Avenue North on a site of 7,000 square feet (50 x 140) containing a two-story building of 14,000 square feet. The subject building was built in the early 1900's and partially renovated in the 1980's. The ground floor is improved with commercial store space (west 25') and office space (east 25'). The upper floor is an essentially unfinished shell. On the ground floor, the west 25 foot store space (1612) is occupied by a photography studio. The east 25 feet (1614) is currently occupied by several businesses, but mostly an employment or industrial staffing company.

Neighborhood Comments

The West Central Business District can be generally described those blocks east of Interstate 65 forming the west boundary, north to 6th Avenue North and south to 1st Avenue North, extending eastward to 19th Street. The area is a mixture of commercial, office, automobile retailing, grade level automobile parking and some small light industrial applications. During the 1990's, the neighborhood has experienced vacancies higher than in other portions of the downtown market. Businesses tend to be smaller and local in nature, with the exception of fast food restaurants along the axis of I-65 and three major automobile dealerships that anchor the western end of the Central Business District.

Traffic patterns are carried east and west by companion one-way streets. Principal traffic in the area moves east and west with secondary traffic moving north and south. Properties within the immediate block of the subject property include a car wash, an employment agency, blood/plasma bank, grade level parking, a barber shop and a security business. From the west, 3rd Avenue functions as a one-way (east) entry into the downtown area from Interstate 65. In the block to the east of the subject property is the new headquarters of Citizens Federal Savings & Loan Association, additional grade-level parking and a variety of 25 to 50 foot retail stores.

The subject neighborhood is a mixture of commercial and grade parking with older buildings and traffic patterns which move through the area rather than to the area. Vacancies are prevalent in each block, though there are signs of improved occupancy levels and more activity in the last year or so. I expect the area to remain reasonably stable with modest demand for secondary commercial and office uses.

Highest & Best Use

The most likely and probable use of the subject property is for commercial store space or commercial office space on the ground floor with storage for the tenants/occupants on the upper floor.

Analysis Methodology

To formulate an opinion as to the market rent for the subject property, I have interviewed property managers and tenants from the subject neighborhood with regard to rental rates, tenant size, length of lease and tenant obligations. The results of that market research and interviews have been summarized in the attached grid. The location of the subject property and the location of the competitive rental data has been set out on the accompanying tax map for this portion of the subject neighborhood.

As summarized on the grid, the market rents are varied and range from as little as \$350/month to \$1,200/month depending on the building location, age and tenant size. The typical commercial or retail store space tends to be a 25' - 50' store building, extending a depth from 100 feet to 140 feet, the latter depth extending fully to the alleys that run east and west through downtown Birmingham. The upper floors tend to be used for storage only with limited build out for office space. Most tenant spaces are rented on the basis of the ground floor retail areas, though many spaces are leased without specific computations of square footage. The market for upper floor rental is less defined than that for the ground floor, and in many instances, the upper floor areas are leased as an adjunct to the ground floor area without a specific allocation of rent for the upper storage areas.

Market Rent Conclusions: 25'- 50' Store Space

The subject property is a two story 14,000 square foot building with 7,000 square feet of ground floor space used for office and retail purposes. The interior finish is average and consistent generally with the other properties in the subject neighborhood.

Based on the current research, for the subject property, a 25 foot retail store space should command a retail rental rate in the range of \$500 to \$700 per month, corresponding to a range of \$1.70 to \$2.40 per square feet per annum. A 50 foot store space has an estimated market rent in the range of \$1,000 to \$1,200 per month for commercial purposes.

Because of the greater number of partitions, and the potential of renting out smaller office suites, a 25 foot ground floor office space is estimated to have a higher rental rate, estimated at \$700 to \$900 per month.

The market lease rates quoted above are typically structured on what is commonly referred to as a commercial gross basis in which the tenant pays for the prorata utilities (water, gas, power) and for interior maintenance and janitorial. The landlord is responsible for the ad valorem taxes, casualty insurance and roof or exterior maintenance. This data is used in the income approach for the 9/93 and 4/95 value estimates set out as an enclosure.

Market Rent Conclusions- Small Office Suite/Upper Storage

As a secondary analysis, I was asked for an estimate of market rent for a small office suite or room(s) on the ground floor of the subject and for a judgment of rent for storage areas in the upper floor.

With regard to a rental estimate for a portion of the ground floor, I was able to locate limited office lease rental data for upper floor offices at 319 17th Street North. The upper floor space of 6,500 sf is leased to two tenants at a rate of \$9.00/sf on a full service basis.

Rents for office space in the older Class C office buildings and those west of 20th Street suggest a range of \$9.00 to \$12.00 per sf on a full service lease. The Farley Building at 1929 3rd Ave. North (35,096 sf) offers office space at rental rates of \$11.00/sf as of 4th quarter 1995, with occupancy level of 72.5%.¹ Late 99 data for Farley indicates the occupancy level is 88.6%. The Ideal Building at 109 19th Street North (24,000 sf) offers office space at rents of \$10.00/sf; 4th quarter office surveys indicate this building is 66.7% occupied.²

For the American Trust Building, I would estimate a small office room(s) on the ground floor would constitute an area of 350-400 sf (i.e., 10 x 14 + 15 x 15 = 365). A reasonable rental rate for such a small space would be estimated at \$10.00 per square foot on an annual basis, full service. Annual rent would compute to \$3,500 to \$4,000 per year or \$290 - \$333 per month.

As to upper floor storage areas, the market research suggests that there is little independent demand for these upper storage areas and that the ground floor tenants have access to these storage areas for little or no additional rent. In a typical 25' retail store building with a market rent of \$500 to \$700 per month for the ground floor, I would allocate approximately \$100 per month for access to storage areas of the upper floor.

If a landlord can locate a separate user for the upper storage area, I would estimate a rental of \$150 to \$200 per month could be achieved for the entire upper floor of 7,000 sf.

¹ Wilhelm Report 4th Quarter, 1995

² Data on the Ideal Building indicates the same offering rate of \$10.00/sf and 66.7% occupied as far back as 4th quarter 1995 according to "The Wilhelm Report".

Market Rents from 1992-1997

During the 1990's, the subject neighborhood has experienced significant and continuing vacancies in a large number of the commercial buildings. There has been increased activity in the subject area in the last two years, and the occupancy levels have improved. In interviewing property managers and tenants, the rental rates have tended to remain relatively flat over the lease term with only modest increases. Based on my observations and from these interviews, I would conclude that the current rents are generally supportive of rents from a time period of 1992 to 1997. The probable rental rate is reasonable for a 3,500 sf shop space in a range from \$500 to \$700 per month, and for ground floor office of 3,500 sf in a range of \$700 to \$900 per month.

As to a small office suite, I would conclude that the current rent estimate of \$290 to \$333 per month for an office room would have been a reasonable rate going back during the early 1990's. As reported there has been little or no change in the rental rates in the immediate subject neighborhood.

Market Value Estimate: 9/93, 4/95

I have completed additional research regarding sales of improved properties in the west and east portions of the CBD as a guide to an estimate of market value for the subject building of 14,000 sf, effective 9/93 and 4/95. As with the rents, sales data from this time period is scattered geographically and sales from 1991 to 1995 would tend to support a value conclusion for both the time periods in question, 1993 and 1995. At the time of valuation, it is my understanding that the subject property was partially renovated on the ground floor, and the upstairs was in a shell condition.

I have reviewed sales for older downtown buildings which were in varying states of renovation and repair. The buildings range in size from 4,000 sf to 21,000 sf. The prices paid for such shell properties will vary widely due to location and the extent of renovations, if any, \$4.00/sf to \$15.00/sf. The subject location is in the middle of the block and there is no off street parking for the subject. At 2 stories and 14,000 sf, the subject is among the larger of the older CBD shell buildings. Most of the sales data tends to fall in a tighter range of \$7.00 to \$15.00.

The American Trust building is superior to Sale 3 across the street at \$7.00/sf. The subject is inferior to Sale 4 (H. S. Lee) which is 14,000 sf on one level and a corner location at \$11.00/sf. The subject is inferior to Sales 8 (\$19.84) and 9 (\$18.50), both corners and in superior locations. The sales grid is set out as an attachment to this letter.

With consideration to the perceived condition of the building, its interior location, and the overall appeal, the reconciled unit value is estimated at \$10.00/sf or a total of \$140,000, effective 9/93 and 4/95.

Appraisal Review: 3 Reports

I have reviewed three appraisal reports supplied by counsel from various time frames. Comments about each are set out below.

12/30/87. Appraiser- Willie Casey. Value conclusion of \$654,000. Value is subject to completion of extensive remodeling and renovations, which were apparently only partially completed. This report contains a cost approach which has little significance for a value conclusion. The Cost Approach is flawed in its assessment of depreciation and its replacement cost. The Sales Comparison Approach is flawed as the selection of the sales data does not include any sales of properties in the immediate sub-market of the subject, and there appears to be some math errors in the analysis. The Income Approach suggests potential rental rates that are unreasonable or at least unsupported from the limited market data presented. Overall the appraisal methodology is questionable. Even with the proposed renovations, the value conclusion is not well supported and does not appear reasonable.

8/25/91. Appraiser- Lonnie Tidwell. Value conclusion of \$305,000. Value is subject to completion of extensive renovations, but the detail of the cost or the extent of renovations can only be inferred from the available text. The amount of renovations is suggested at \$157,500 as an item of functional obsolescence in the cost approach. For the subject property, the cost approach has little significance in the market place.

In the Income Approach, the rental data is broadly presented as an Exhibit. The rent data is second generation survey and the estimated rental rates for the subject are not well supported. The expenses appear high for commercial leases and low for leases that are structured as full service leases. The presented income estimates may have a blend of commercial leases and full service leases, but I am unable to determine clearly from the text.

The Sales Comparison Approach is flawed in the selection of the comparable sales. Secondly, the sales data are for older comparable data, with unsupported upward adjustments for time. The upward adjustments for condition are not valid as the renovations apparently never occurred to the extent as contemplated in the appraisal. Even with adjustments for location at -20%, the sales data is flawed in that the sales prices are adjusted up by 50% to 60% which is presumably attributable to the planned renovations. Given the comparable data, and the questionable adjustments made to the sales price data, the conclusion from the Sales Comparison Approach does not appear to be reasonable or adequately supported.

Overall the value conclusion is subject to the proposed renovations, which are not clearly presented in scope or dollar amount in the copy of the text for my review. The value conclusion does not appear to be reasonable from my review of the data.

11/25/95. Appraiser- James C. Childress. Value conclusion of \$210,000. Pages 16-24 apparently are missing from the text I reviewed and address the description and condition of the building in this time frame. The Childress computations are based on a building size of 13,750 sf, rather 14,000 sf used in the other analyses. In the Sales Comparison Approach, the sales data used for comparison would appear to be superior in appeal or location to the subject. The market conditions adjustment is based on the CPI index, and not consistent with my observations of the sub-market. The conclusion from the Sales Comparison Approach appears high based on the comparable selection and the market conditions adjustment.

In the Income Approach, appropriate rental data from the west CBD is considered, and the rental estimate appears reasonable for the ground floor, but inconsistent with the limited demand and appeal for rental of the 2nd floor. The expenses appear to be in line with market parameters. Based on my estimate for a lower rental estimate, the conclusion from the income approach is not appropriate.

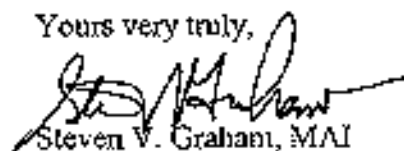
The Childress report places equal weight on the Sales Comparison Approach and the Income Approach with a reconciled conclusion of \$210,000. The market data is generally adequate. The adjustments are not consistent with my interviews of agents in the area, and the estimated rent for the upper floor is not consistent with my data from the market participants. The value conclusion does not appear to be reasonable from my review of the data in the appraisal text and the supplemental data generated from my research.

Conclusions:

Set out above are conclusions related to the market rent estimate for commercial and office space at 1612-14 3rd Avenue North, an estimate of market value effective 9/93 and 4/95, and review and comments about appraisals on the subject property during a time period of 1987 to 1995. Please refer to the attached grids for supporting data on market rents and improved sales.

This report is intended to be a summary valuation report and submitted in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

Yours very truly,



Steven V. Graham, MAI

Member Appraisal Institute

State Certified General Real Property Appraiser G00140

Enclosures

Rental Grid

10/25/90

COMPARABLE RENTAL DATA
WEST OGDEN BRIMMINGHAM, ALABAMA

DATE OF SURVEY 4/10/90

NO.	PROPERTY ADDRESS	CONTRACT	GROUND SIZE	CONDITION	RENT	TENANT	USE	REMARKS
1	Ala Ballet 4600 2nd Ave. No.	Capar, Downer	80 x 140 7,000	1980	25 x 140	2,500	\$ 4,200	\$ 1.20 Ground floor leased for storage of props. Commercial gross lease.
2	Sara Tech 4600 2nd Ave. No.	Capar, Downer	80 x 140 7,000	1980	25 x 140 50 x 140	10,500	\$ 7,275	\$ 0.50 25' ground floor for pump/mach and lobby. Upper floor for offices.
3	Sara Tech 4600 2nd Ave. No.	Sublease	60 x 140 7,000	1980	2 stories 50 x 140	14,000	\$ 12,300	\$ 0.85 Commercial gross lease 1st & 2nd story finished out as offices and commercial, 3rd floor unfinished.
4	Matcha Floral 1600 2nd Ave. No.	Outlets	25 x 100 2,500	1980	25 x 100	2,500	\$ 7,200	\$ 2.88 25' commercial building. Commercial gross lease.
5	Haji Kroger 1600 2nd Ave. No.	Outlets	75 x 140 11,500	1980	25 x 100	2,500	\$ 7,600	\$ 3.00 25' store with retail parking. Commercial gross lease.
6	Industrial Building 4600 2nd Ave. No.	Outlets	75 x 140 11,500	1980	50 x 100	5,000	\$ 12,125	\$ 2.43 Temporary labor employer. Basic parking. Commercial gross lease.
7	McKard Campaign 1700 4th Ave. North	Charles Griffin	25 x 140 3,500	1980	2,075	2,475	\$ 3,600	\$ 1.73 1987 lease for one year. Bldg. also owned by BGC. Suite also reportedly much smaller.
8	Whampton Place 1812 A 3rd Ave. North	American Trust	50 x 140 7,000	1980	25 x 140	3,000	\$ 4,200	\$ 1.20 Part of subject building. Ground floor photo studio.
9.1	For Lease 203 15th Street No. 2nd Floor Office	Gwyn Realty	50 x 100 5,000	1980	48 x 100 x 2 2nd floor	4,000	\$ 24,000	\$ 5.22 Commercial gross lease Tenant to pay for utilities.
9.2	New Photo Shop 200 North 15th Street	Gwyn Realty	50 x 100 5,000	1980	48 x 100 x 2 2nd floor	3,000	\$ 34,400	\$ 4.80 Tenant also to estimate New lease from 1988-1990.
9.3	United Hair Dressers 220 15th Street No.	Gwyn Realty	50 x 100 5,000	1980	48 x 100 x 2 1st floor	1,500	\$ 7,500	\$ 5.00 Tenant also to estimate. New lease from late 1989.
10	Open/Unfin. Bldg 1327 3rd Ave. No.	Gwyn Realty	35 x 100 2,500	1980	23 x 100 x 2 6,500	5,000	\$ 12,000	\$ 2.40 25' store bldg. used for 1st & 2nd floor. Commercial gross lease.
11	Old Agave Hair 1325 3rd Ave. No.	Clawson McGee	25 x 100 2,500	1980	23 x 100 x 2	2,600	\$ 3,400	\$ 3.36 25' retail bldg. 1st floor only. 2nd floor vacant and in poor repair. Rent in 91 at \$500 up to \$100 in 1990.
12	Heavy Supplier Vadely Shop 1712 3rd Ave. No.	Tom Deal	25 x 140 3,500	1980	25 x 140 3,500	3,500	\$ 5,400	\$ 1.54 Bldg. has a split floor level street. Basement of 1st floor only. Commercial gross lease.
13	Recreation Beauty Shop 500 17th Street No.	Nelson Bros.	77.5 x 48.6 3,827	1980	70 x 40 25 x 90 2,900	600	\$ 4,500	\$ 7.00 Recreation equipment manager. Manager would not reveal.
14	Nelson Bros. Child 312-14 17th Street No.	Nelson Bros.	77.5 x 48.6 3,827	1980	70 x 40 30 x 40 2,900	1,500	\$ 8,500	\$ 8.00 Call on alley corner. Data from proprietor of child, who may also be owner of bldg.
15	Urban Impact, Inc. 1701 4th Ave. No.	Perrica	45 x 140 6,300	1980	48 x 140 x 2 12,800	30 x 70 2,400	\$ 14,400	\$ 6.00 Commercial gross. Tenant pays for water. Tenant pays for water. Lease is for ground floor space. Been a tenant since 1991. 2000 is first year to pay rent. First year to rent bldg. renovations. Upper floor offices.
16	Lee Building 312-028 16th St. No.	Mark Threlley	105 x 145 14,000	1980	100 x 140 14,000	25 x 100 2,500	\$ 4,200 \$ 4,800	\$ 3.20 \$ 3.52 25' store buildings rent @ \$254/month La Veno Restaurant at corner at \$550/mo. Commercial gross. File change in rent over last 6 years.
Average:						\$ 726.31	2,952.66	\$ 3.37

Subject Property
1812 3rd Ave. North
Land Area 50 x 140 7,000
Building 50 x 140 x 2 14,000
Comments: Ground floor finished as offices, and retail photo store
Upper floor unfinished and used for general storage.

Conclusions

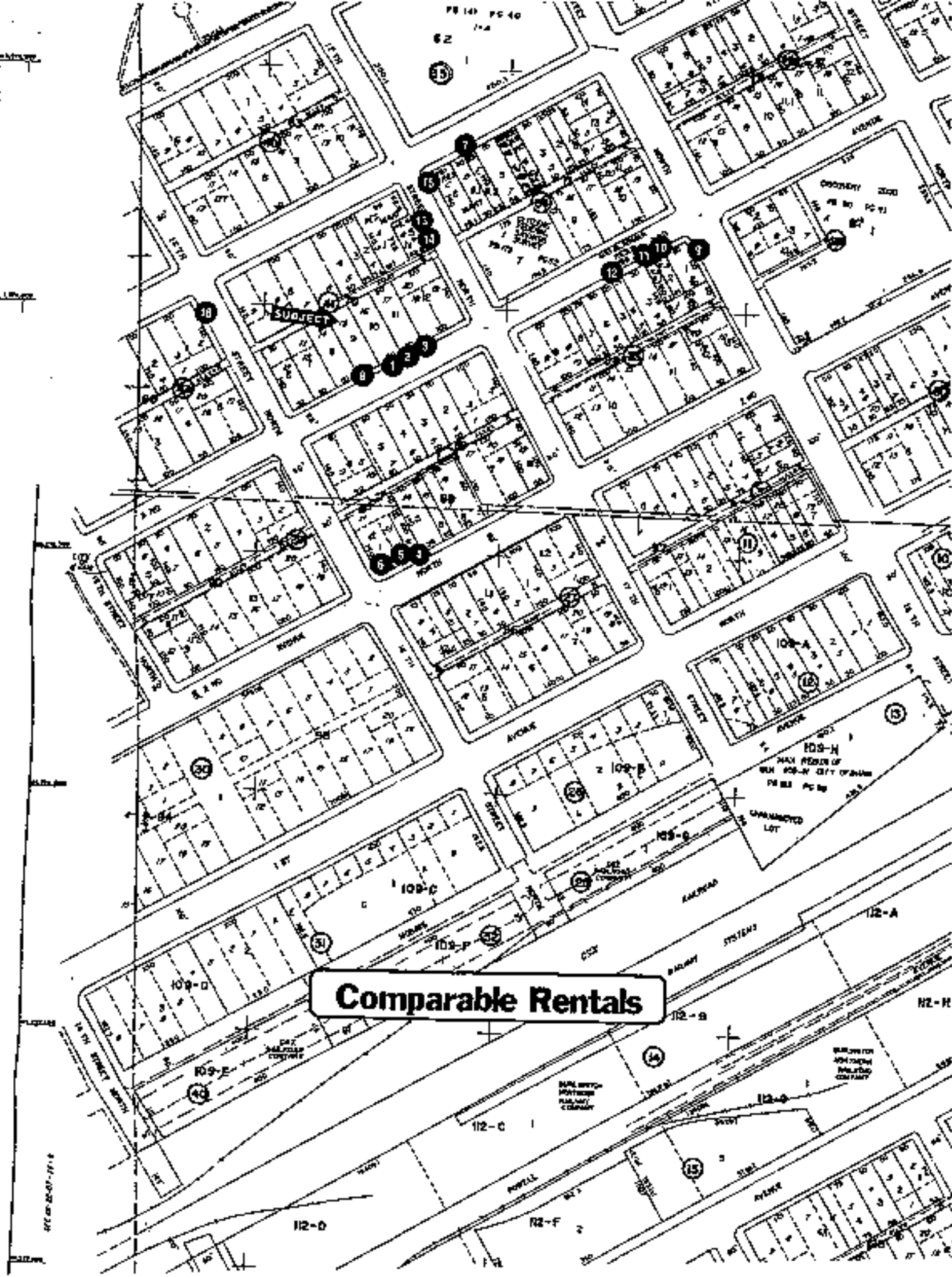
Typical retail space tends to be on ground floor with a 25' to 50' front.
Commercial space of 3500 sq ft should command a rental rate in a range of
\$ per month \$ 300.00 to \$ 700.00
Office floor office (2,500 sq ft) rental rate estimate per sq. \$ 700.00 \$ 700.00
Tenant usually pays utilities (except water). Landlord pays for light, water, heat, roof.
Square footage rent Monthly Est. Annual Est. Monthly Est. Annual Est.

3,500	\$ 500.00	\$ 1.71	\$ 700.00	\$ 2.40
3,500	\$ 700.00	\$ 2.40	\$ 800.00	\$ 3.00
7,000	\$ 1,000.00	\$ 1.71	Office rent estimate for 400 sq ft office space \$300.00 per month	
7,000	\$ 1,200.00	\$ 2.96		

Historical Rent Conclusions for 3500 sq ft Shop
Formula based on CPI adjustments

Year	CPI	Adjusted Rent	Rent Range
Monthly		\$ 500.00	\$ 700.00
Annual		\$ 1.71	\$ 2.40
1983	0.0819	\$ 1.67	\$ 2.37
1997	0.0150	\$ 1.64	\$ 2.30
1998	0.0254	\$ 1.60	\$ 2.25
1999	0.0360	\$ 1.67	\$ 2.29
2000	0.0278	\$ 1.58	\$ 2.15
2001	0.0363	\$ 1.50	\$ 2.10
2002	0.0356	\$ 1.45	\$ 2.05
2003	0.0350	\$ 1.43	\$ 2.01
2004	0.0357	\$ 1.57	\$ 2.25

Analyst also suggested that the above rates may be unrealistic and that the 1995-2000 rates are 100% of rates from early to mid 1990s.



Comparable Rentals

62
 65
 68 141 PC 40
 124
 125

34

34

R2-D

R2-C

R2-F

34

35

R2-A

R2-H

SEE MAP 107-171-4

RAILROAD
 SEWER SYSTEM
 GARAGED LOT
 109-N
 MAX. PERM. OF
 WITH 109-N CITY ORDINANCE
 PER 109-PC 20

RAILROAD
 SEWER SYSTEM
 GARAGED LOT

Income Approach Grid

American Trust
 1612-14 3rd Ave. North
 Birmingham, Alabama
 Effective Dates 9/29/1993 4/27/1995

Income Approach

1612-14 3rd Ave. North	Est. Rent/mo	Annual Rent	Annual/sf
Grade Floor W	3,500 \$ 600.00		\$ 2.06
Grade Floor E	3,500 \$ 900.00		\$ 3.09
2nd Floor	7,000 \$ 200.00		\$ 0.34
Total	14,000 \$ 1,700.00	\$ 20,400	\$ 1.46
Less VCL		5.00% \$ 1,020	
Effective Gross Income		\$ 19,380	
Less Expenses			
Management @	4% \$ 775		
Taxes	\$ 2,608		
Insurance	\$ 0.05 \$ 700		
Repairs/Maint	\$ 0.10 \$ 1,400		
Total		\$ 5,483	
NOI		\$ 13,897	
Capitalized at	10.50%	\$ 132,350	
Rounded		\$ 130,000	
Indicated Value per SF of Bldg		\$ 9.29	

Comparable Building Sales



100-10-10-10

100-10-10-10

100-10-10-10

100-10-10-10

100-10-10-10

Improved Sales Grid

American Trust Bldg
1812-14 3rd Ave. North
Birmingham, Alabama

Effective Dates 9/29/1993 4/27/1995
Land 50 x 140 7000 sf
Bldg 2 story 14000 sf

SALES COMPARISON APPROACH

No	Date	Record #	Property	Address	Land	Bldg. sf	Year Built	Price	Price/sf	Comments
1	11/24/1994	Green/	230 18th Street No		5000	9092	1960			2 bldg sold by US Marshall
	4427/358	Fan Ware	1727 3rd Ave. No		5000	8185				Leases # 9 & 10.
	4427/359				10000	17275		\$ 80,000	\$ 4.63	
2	12/4/1991	Wee Care	1813-15		7000	21000	1900	\$ 80,000	\$ 3.81	3 story bldg renovated to child care centers in 93.
	4160/151	Academy	3rd Ave. N							
	4160/453									
3	11/28/1995	Peaka lb	1615 3rd Ave No.		7000	7000	1920	\$ 50,000	\$ 7.14	Remade of bldg from 1991 sale of \$25,000
	9513/4408	Etheridge								
4	5/18/1992	BTW/	1801 5th Ave No		14000	14000	1920	\$ 155,000	\$ 11.07	Corner bldg at K1 Park. Renovated for offices
		Helen Shores Lee								
5	12/19/1984	Roberts/	2118 2nd Ave No		3500	6000	1924	\$ 62,500	\$ 10.42	25 store bldg. 2 story
		Denaberg								
6	10/23/1993	McKaig/	213 16th Street N		4000	3198	1940/68	\$ 49,500	\$ 15.18	Renovated by McKaig who bought in 81 for \$20K
	9314/3887	Smoot								
7	8/26/1985	Trawick/	2017 3rd Ave No		3500	9952	1920	\$ 70,000	\$ 7.11	3 story shell renovated for offices.
	9509/9316	Advantage								
8	6/8/1994	Bham/	1701 4th Ave. No		6300	12800	1925	\$ 250,000	\$ 18.84	Corner shell bldg of prime corner. \$150K for upgrades.
	4038/482	Parick								
9	12/14/1982	Lesang/	1801 3rd Ave. No		5000	10000	1920	\$ 185,000	\$ 14.50	Prime corner. Adj Alabama Theater. CAPS.
	4441/707	Bham Ldnarks								

Subject	Probable Value
1812-14 3rd Ave No. CBD Shell with some renovations on ground floor.	Subject of Unit \$ Total 14,000 \$ 10.00 140,000

CERTIFICATION
STEVEN V. GRAHAM, MAI
MEMBER APPRAISAL INSTITUTE

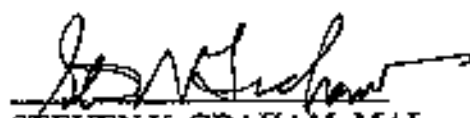
I, the undersigned, do certify that with respect to the property identified as:

American Trust Building
1612-14 3rd Avenue North
Birmingham, AL

To the best of my knowledge and belief...

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
- 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.
- My compensation is not contingent on an action or event resulting from the analyses, opinions or conclusions, or the use of this report, or approval of a loan. Furthermore, my employment in this assignment was not conditioned upon producing a specific value or a value within a given range. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice, as adopted by the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.
- This assignment was made subject to regulations of the State of Alabama Real Estate Appraisers Board. The undersigned state certified appraiser has met the requirements of the Board that allow this report to be regarded as a certified appraisal.
- No one provided significant professional assistance to the person signing this report.
- I have made a physical inspection of the subject property.
- In my opinion, the conclusions related to the subject property, as of December 1, 1992 -97, are:

Grade floor retail/commercial, 3,500 sf	\$500 to \$700/month
Grade floor office, 3,500 sf	\$700 to \$900/month
Second floor shell space, 7,000 sf	\$150 to \$200/month
Small Office suite, 350 sf - 400 sf	\$290 to \$333/month
Market Value Conclusions, 9/93, 4/95	\$130,000 to \$140,000


STEVEN V. GRAHAM, MAI
 State Certified General Real Estate
 Appraiser Certificate Number G00140

GENERAL LIMITING CONDITIONS

1. The distribution, if any, of the total valuation in this report between land and improvements applies only under the state program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of the report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with proper written qualification and only in its entirety.
3. The appraiser herein by reason of this appraisal is not required to give further consultation, testimony or be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. 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 the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales or other media without the prior written consent and approval of the appraiser.
5. This appraisal covers the property as described in this report, and the areas and dimensions as shown herein are assumed to be correct.
6. Unless otherwise stated in this report, the existence of hazardous material, 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 is no such material on or in the property that would cause a 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.

GENERAL ASSUMPTIONS

1. No responsibility is assumed for the legal description or for matters including legal or title consideration. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined and considered in the appraisal report.
9. It is assumed that all required license, certificates of occupancy, consents or other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimated contained in this report is based.
10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

Definition of Market Rent

According to The Dictionary of Real Estate Appraisal, 3rd Edition, Appraisal Institute, market rent is defined as "the rental income that a property would most probably command in the open market; indicated by the current rents paid and as for comparable space as of the date of the appraisal" (Page 221).

Definition of Market Value

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 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.²

² *Federal Register*, volume 55, number 163, August 22, 1990, pages 34228 and 34229.

QUALIFICATIONS STEVE GRAHAM, MAI, CRE

Commercial Real Estate

Sales, Leasing, Management,
Development, Appraisals,
Counseling

2300 Woodcrest Place
Suite 210

Birmingham, Alabama 35209

Phone (205) 871-7800

Fax (205) 871-3331

www.grahamcompany.com

Henry N. Graham
1916-1999

Steve Graham, MAI, CRE

Mike Graham, CPMSIOR

Henry G. Seibels III

Sonny Culp, SIOR

Ogden S. Denton, SIOR

Jack Key

July Lewis

Don Love, SIOR

J. Claude Thulle, SIOR

Jack Brown

Katelin Vickery

Timothy E. Bau

Walter H. Brown, Jr.

Thomas P. Krebs, FMA, REA

Weyman W. Frazier

HUNTSVILLE, ALABAMA

Gardner Lee, CFPM

MEMBERSHIPS:

SENIORS

Society of Industrial &
Office Builders

Appraisal Institute

Councilors of Real Estate

Institute of Real Estate
Management

National Association of
Industrial & Office Parks

Building Owners & Managers
Association International



Education:

1973 - B.A., University of the South, Seawance, Tennessee
1978 - J.D., Cumberland School of Law, Samford University,
Birmingham, Alabama
Appraisal Institute Courses and Seminars

Real Estate Qualifications:

State of Alabama Broker's License - December, 1978
Primarily involved in real estate appraisal and consulting
in all types of real estate.
MAI - Appraisal Institute, Certificate No. 7194
CRE - Member, Councilors of Real Estate, Certificate No. 1214
State Certified General Real Property Appraiser, G00140

Activities:

Birmingham Area Board of Realtors, Board of Directors 1993-94
Alabama State Bar - September, 1978
Mid-South AL Chapter, Appraisal Institute, Officer 1990-1993, Board of Directors,
1996-1998
Operation New Birmingham, Board of Directors, 1986-1992
Alabama Real Estate Appraisers Board, Chairman, 1990-1994
Boy Scouts of America, Troop Committee, Troop 320

Experience:

Appraising and counseling for a wide range of real estate:
commercial, industrial, office and investment properties.
Clients include various investors, attorneys, accountants and corporations
in addition to those outlined below.

AmSouth Bank N.A.
SouthTrust Bank N.A.
Compass Bank N.A.
Colonial Bank
Regions Bank
Gulf States Paper
Capstone Development
University of Alabama at Birmingham

Baptist Medical Centers
Daniel Corporation
Ebsco Realty
Harbert Corporation
Vulcan Materials
Jefferson County
DCH Regional Medical Center
Children's Health Systems