



August 21, 2026

**2025 Appraisal Report
27.02 Disposition of Real Property**

Addendum 3

- 1. The attached 2025 appraisal report document is provided as an additional resource for potential bidders.**

**Addendum Description**

2025 Appraisal Report

Notice Modifications

Notice Information	From Value	To Value
No entries		

Category Modifications

Added Categories
No Categories Added

Removed Categories
No Categories Removed

Added Documents[A]

Document	Size	Uploaded Date	Language
Appraisal Report 501 W University.pdf [pdf]	2 Mb	08/26/2026 08:46 AM EDT	English

Integra Realty Resources

Detroit

Appraisal of Real Property

Former Administration Building

501 W. University Drive

Rochester, Oakland County, Michigan 48307

Prepared For:

Rochester Community Schools

Date of the Report:

September 5, 2025

Report Format:

Appraisal Report

IRR - Detroit

File Number: 142-2025-1071

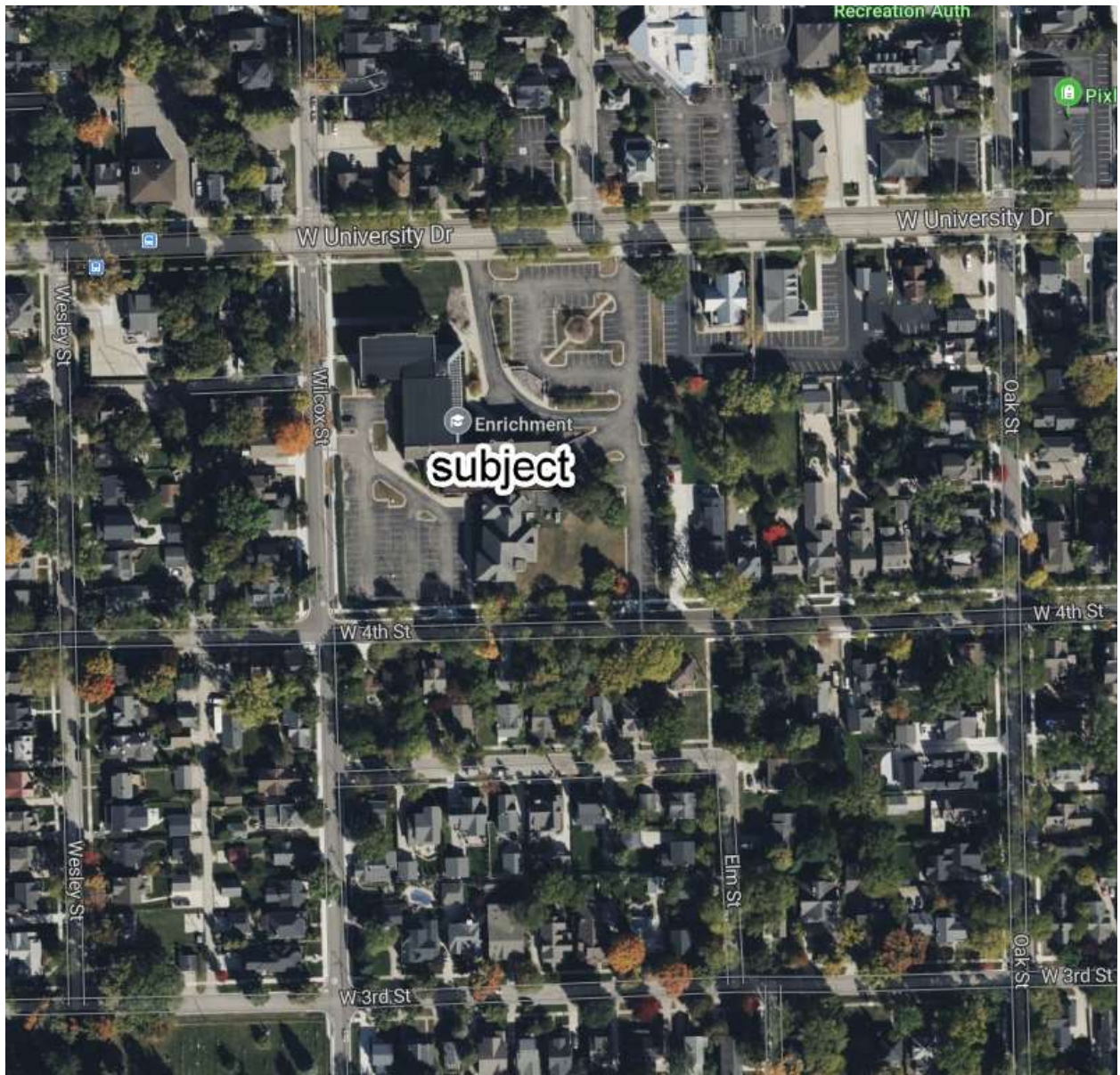


Subject Photographs



Former Administration Building
501 W. University Drive
Rochester, Michigan

Aerial Photograph





September 5, 2025

Pete Muscio
Director Capital Programs & Facilities
Rochester Community Schools
52585 Dequindre Road
Rochester, MI 48307

SUBJECT: Market Value Appraisal
 Former Administration Building
 501 W. University Drive
 Rochester, Oakland County, Michigan 48307
 IRR - Detroit File No. 142-2025-1071

Dear Mr. Muscio:

Integra Realty Resources – Detroit is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop the following opinions of value:

- The market value as is of the fee simple interest in the subject property as of the effective date of the appraisal, August 15, 2025
- The hypothetical market value as if vacant land of the fee simple interest in the subject property as of the effective date of the appraisal, August 15, 2025

The client for the assignment is Rochester Community Schools. The intended user of this report is the client. The intended use of the report is for property disposition purposes. No other party or parties may use or rely on the information, opinions, and conclusions contained in this report.

The subject is a vacant, multistory special purpose property that was formerly utilized as an administration building. The building contains a gross building area of 88,504 SF based on drawing provided by the property owner. The site area is 4.338 acres or 188,963 square feet. The original portion of the building was constructed in 1889 per municipal records, with various additions since this timeframe. The building improvements were viewed to be

in fair condition with dated interior finishes. Any future use of this building would require a comprehensive rehabilitation program. As will be expanded in the report, the Highest and Best Use of the property is for redevelopment of the property to its current zoning requirements as the value of the underlying land is the component that drives value and marketability for this property. The site is zoned R-1, One-Family Residential, which permits one-family dwellings, churches (special exception), and schools (special exception). The R-1 zoning district requires a minimum lot area of 6,000 SF and a minimum lot width of 50 feet.

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, and applicable state appraisal regulations.

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinions of value are as follows:

Value Conclusions

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Fee Simple	August 15, 2025	\$2,100,000
Hypothetical Market Value As if Vacant Land	Fee Simple	August 15, 2025	\$3,430,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. The market values concluded herein assume the subject can be redeveloped with 21 home sites. The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.
1. The hypothetical market value as if vacant land, assumes the current building and site improvements have been demolished and the site is vacant and available for development as of the effective date of value.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Pete Muscio
Rochester Community Schools
September 5, 2025
Page 3

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Detroit



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Quality Assurance

IRR Quality Assurance Program

At IRR, delivering a quality report is a top priority. Integra has an internal Quality Assurance Program in which managers review material and pass an exam in order to attain IRR Certified Reviewer status. By policy, every Integra valuation assignment is assessed by an IRR Certified Reviewer who holds the MAI designation, or is, at a minimum, a named Director with at least ten years of valuation experience.

This quality assurance assessment consists of reading the report and providing feedback on its quality and consistency. All feedback from the IRR Certified Reviewer is then addressed internally prior to delivery. The intent of this internal assessment process is to maintain report quality.

Designated IRR Certified Reviewer

An internal quality assurance assessment was conducted by an IRR Certified Reviewer prior to delivery of this appraisal report. This assessment should not be construed as an appraisal review as defined by USPAP.

Executive Summary

Property Name	Former Administration Building
Address	501 W. University Drive Rochester, Oakland County, Michigan 48307
Property Type	Redevelopment Land
Owner of Record	School Dist No. 5
Tax ID	15-15-203-001
Land Area	4.338 acres; 188,963 SF
Zoning Designation	R-1, One-Family Residential
Highest and Best Use	Residential use
Exposure Time; Marketing Period	9-12 months; 9-12 months
Date of the Report	September 5, 2025

Value Conclusions

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Fee Simple	August 15, 2025	\$2,100,000
Hypothetical Market Value As if Vacant Land	Fee Simple	August 15, 2025	\$3,430,000

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than Rochester Community Schools may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. The market values concluded herein assume the subject can be redeveloped with 21 home sites. The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.
1. The hypothetical market value as if vacant land, assumes the current building and site improvements have been demolished and the site is vacant and available for development as of the effective date of value.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Strengths, Weaknesses, Opportunities, Threats (SWOT Analysis)

The analyses presented in this report consider the internal strengths and weaknesses of the subject property, as well as opportunities and external threats. The overall valuation influences are summarized in the following table.

Valuation Influences

Strengths

- The property is within walking distance of downtown Rochester.
- Lack of land available for residential development in Rochester.
- Strong demand for new construction in Rochester, as new builds command prices over \$1.0MM.
- Frontage along three thoroughfares, which potentially reduces development costs.

Weaknesses

- The current building improvements are dated with a challenged layout. The building would require massive capital investment to bring to market standards.
- The size of the building dramatically shrinks the potential pool of buyers.
- Any prospective buyer of the current building improvements would need to secure large amounts of public assistance to undertake a complete renovation of the current improvements.
- If a complete renovation was pursued, the potential increase in the property value from such a renovation would most likely be significantly lower than the cost to complete such work.
- Development costs have increased significantly over the past several years, which negatively impacts what a developer would pay for land.

Opportunities

- Pursue a rezoning of the property to provide more density.

Threats

- Extended approval process for redevelopment.
 - The U.S. government has proposed and/or implemented higher tariffs on goods coming into the U.S. from many countries, including major trading partners such as Canada, Mexico, and China. Most observers expect these “trade wars” to significantly increase the cost to consumers for a wide variety of goods. The potential for higher prices for construction materials and other goods and services has resulted in uncertainty concerning the national economy and may have a detrimental impact on real estate.
-

Identification of the Appraisal Problem

Subject Description

The subject is a vacant, multistory special purpose property that was formerly utilized as an administration building. The building contains a gross building area of 88,504 SF based on drawing provided by the property owner. The site area is 4.338 acres or 188,963 square feet. The original portion of the building was constructed in 1889 per municipal records, with various additions since this timeframe. The building improvements were viewed to be in fair condition with dated interior finishes. Any future use of this building would require a comprehensive rehabilitation program. As will be expanded in the report, the Highest and Best Use of the property is for redevelopment of the property to its current zoning requirements as the value of the underlying land is the component that drives value and marketability for this property. The site is zoned R-1, One-Family Residential, which permits one-family dwellings, churches (special exception), and schools (special exception). The R-1 zoning district requires a minimum lot area of 6,000 SF and a minimum lot width of 50 feet. A legal description of the property is provided within the body of this report.

Property Identification

Property Name	Former Administration Building
Address	501 W. University Drive Rochester, Michigan 48307
Tax ID	15-15-203-001
Owner of Record	School Dist No. 5

It should be noted that municipal records quote a building area of 67,454 SF, while the floor plans provided by the client indicate a building area of 88,504 SF via an interior measurement. The first floor of the building is partially below grade due to the hilly topography of the site. This most likely provides explanation for the two measurements as municipal records most likely does not include any below grade building area.

For special-purpose buildings in the marketplace, finished lower level space is commonly considered usable area, thus is included in the gross building area. Common uses of lower levels in such buildings include a fellowship hall, meeting space, classrooms, offices, kitchen, restrooms, and storage. Due to the aforementioned, we utilize a building area of 88,504 SF in our analysis.

Sale History

No known sales or transfers of ownership have taken place within a three-year period prior to the effective appraisal date.

Pending Transactions

Based on discussions with the appropriate contacts, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date.

Appraisal Purpose

The purpose of the appraisal is to develop the following opinion(s) of value:

- The market value as is of the fee simple interest in the subject property as of the effective date of the appraisal, August 15, 2025
- The hypothetical market value as if vacant land of the fee simple interest in the subject property as of the effective date of the appraisal, August 15, 2025

Per the client's direction, the hypothetical market value as if vacant land, assumes the current building and site improvements have been demolished and the site is vacant and available for development as of the effective date of value.

The date of the report is September 5, 2025. The appraisal is valid only as of the stated effective date or dates.

Value Type Definitions

The definitions of the value types applicable to this assignment are summarized below.

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.¹

Appraisal Premise Definitions

The definitions of the appraisal premises applicable to this assignment are specified as follows.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.²

¹ Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472

² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

Property Rights Definitions

The property rights appraised which are applicable to this assignment are defined as follows.

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.³

Client and Intended User(s)

The client and intended user is Rochester Community Schools. No other party or parties may use or rely on the information, opinions, and conclusions contained in this report.

Intended Use

The intended use of the appraisal is for property disposition purposes. The appraisal is not intended for any other use.

Applicable Requirements

This appraisal report conforms to the following requirements and regulations:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute;
- Applicable state appraisal regulations.

Report Format

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis used to develop the opinion of value.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

Appraiser Competency

No steps were necessary to meet the competency provisions established under USPAP. The assignment participants have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, appraiser competency provisions are satisfied for this assignment. Appraiser qualifications and state credentials are included in the addenda of this report.

Scope of Work

Introduction

The appraisal development and reporting processes require gathering and analyzing information about the assignment elements necessary to properly identify the appraisal problem. The scope of work decision includes the research and analyses necessary to develop credible assignment results, given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

To determine the appropriate scope of work for the assignment, the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors were considered. The concluded scope of work is described below.

Research and Analysis

The type and extent of the research and analysis conducted are detailed in individual sections of the report. The steps taken to verify comparable data are disclosed in the addenda of this report. Although effort has been made to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Subject Property Data Sources

The legal and physical features of the subject property, including size of the site, flood plain data, property zoning, existing easements and encumbrances, access and exposure, and condition of the improvements (as applicable) were confirmed and analyzed.

Contacts

In addition to public records and other sources cited in this appraisal, information pertaining to the subject was obtained from the following party:

Property Contacts		
Contact Name	Title/Role	Company
Pete Muscio	Director Capital Programs & Facilities	Rochester Community Schools

Inspection

Details regarding the property inspection conducted as part of this appraisal assignment are summarized as follows:

Property Inspection		
Party	Inspection Type	Inspection Date
Constantino G. Naoum	Interior and exterior	August 15, 2025
Anthony Sanna, MAI, CRE	None	N/A

Valuation Methodology

Three approaches to value are typically considered when developing a market value opinion for real property. These are the cost approach, the sales comparison approach, and the income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

Due to the absence of vacant land sales of acreage size in Rochester over the past 10+ years, the subject's site is valued using a land residual analysis. Furthermore, the subject contains frontage along three thoroughfares which would reduce the potential development costs for a developer. Vacant land sales would not capture this benefit and would underestimate value.

In summary, the land residual analysis requires estimating improved lot prices, forecasting an appropriate absorption schedule, and deducting all relevant development costs, holding expenses, and entrepreneurial profit. The residual indication represents the market-supported value of the underlying land as of the effective date of value. The land residual approach does incorporate the sales comparison approach when concluding to an appropriate lot price.

Given the age of the existing improvements and structural concerns, the cost approach is not applicable. Also, the income approach is not applicable because the subject is not likely to generate rental income in its current state.

Economic Analysis

Surrounding Area Analysis

The subject is located slightly west of downtown Rochester, along the south side of University Drive. Area boundaries and delineation are indicated in the following table. A map identifying the location of the property follows below.

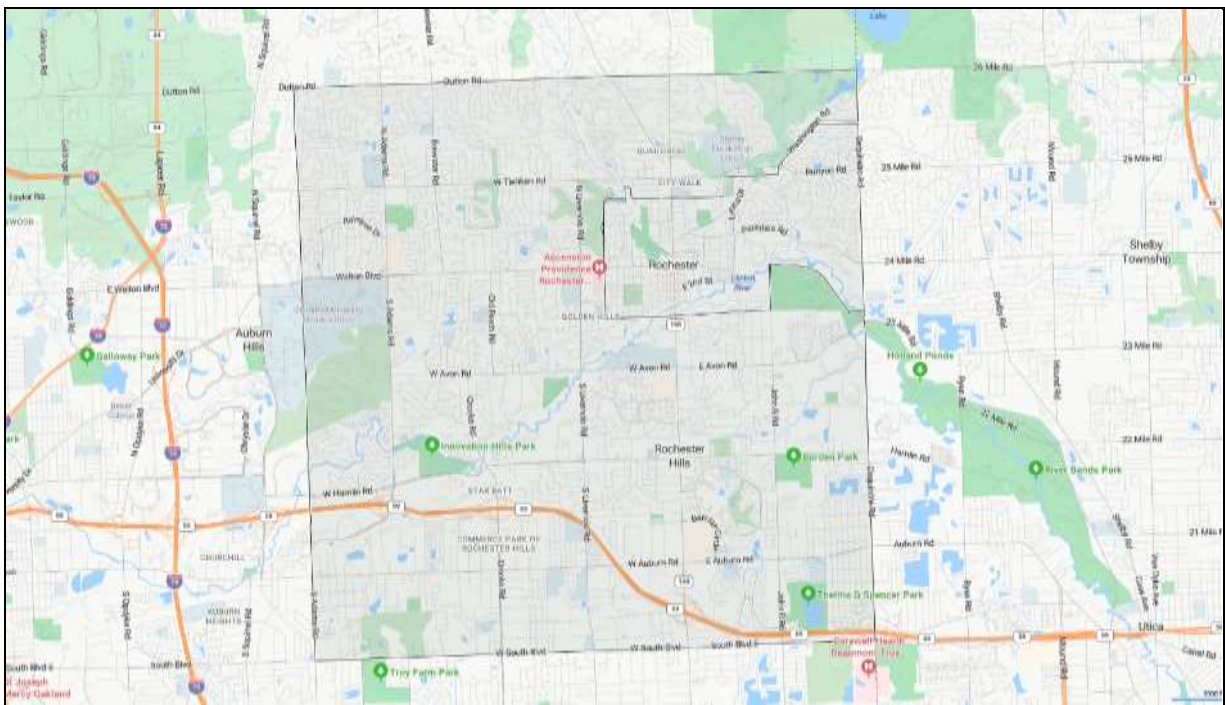
Boundaries & Delineation

Boundaries

Market Area	Metropolitan Detroit
Area Type	Suburban

Delineation

North	Dutton Road
South	South Boulevard W.
East	Dequindre Road
West	S Adams Road



The City of Rochester is primarily surrounded by the City of Rochester Hills; thus the greater Rochester area is comprised of both communities. The Rochester area contains 36.6 square miles and is surrounded by the communities of Lake Orion and Oakland Charter Township to the north, Auburn Hills, Lake Angelus, and Pontiac to the west, Troy and Bloomfield to the south, and Shelby Township to the east.

the east. Rochester Hills is situated in the East portion of Oakland County. The area is located approximately 28 miles north of downtown Detroit, 50 miles northeast of Ann Arbor, and 45 miles south of Flint.

Access and Linkages

Primary access and linkages to the market area, including highways, roadways, public transit, and airports, are summarized in the following table.

Access & Linkages	
Vehicular Access	
Major Highways	M-59 and I-75
Primary Corridors	Rochester Road, Crooks Road, Adams Road, John R Road, Dequindre Road, Tienken Road, Auburn Road, Avon Road, Hamlin Road, Livernois Road
Vehicular Access Rating	Average
Public Transit	
Providers	SMART bus (Suburban Mobility Authority for Regional Transportation)
Transit Access Rating	Average
Airport(s)	
Name	Detroit Metropolitan Wayne County Airport (DTW)
Driving Time	30 to 45 Minutes
Primary Transportation Mode	Automobile

Primary access to the area is provided by M-59, a major arterial that services Michigan running east west and Interstate-75, a major north-south freeway that services Michigan

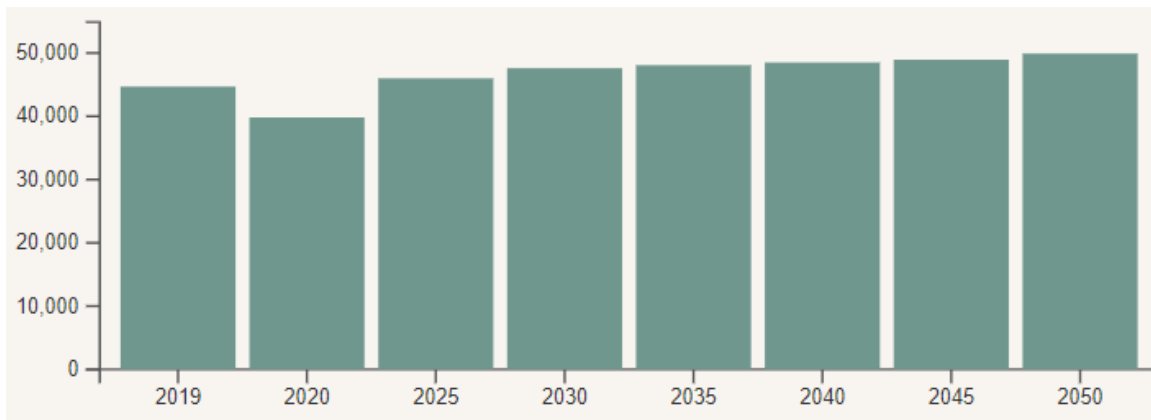
Demand Generators

The typical generators of demand affecting the Rochester and Rochester Hills market area are discussed and analyzed below.

Employment and Employment Centers

Employment in this region is dominated by the automotive industry and related suppliers, subsidiaries, etc. The Stellantis North American Headquarters is situated in Auburn Hills. This facility has a tremendous impact on demand for all types of real estate including office, industrial, residential, and multifamily. The Ford and GM World Headquarters are within a 45-minute drive of the market area, in Dearborn and Detroit, respectively. Employment is based in other areas of Southeast Michigan including Troy, Warren, Detroit and Auburn Hills. The mean travel to work is 30 minutes for Rochester and Rochester Hills residents according to Claritas.

The Southeast Michigan Council of Governments (SEMCOG) is projecting that employment in Rochester Hills will continue to grow through 2050.



When looking at the Rochester area, most residents are employed in financial activities and healthcare services according to the Southeast Michigan Council of Governments (SEMCOG). Overall, nearly 5,200 new jobs are anticipated through 2050.

Forecasted Jobs By Industry Sector	2019	2020	2025	2030	2035	2040	2045	2050	Change 2019-2050	Pct Change 2019-2050
Natural Resources, Mining, & Construction	1,742	1,710	2,346	2,305	2,301	2,303	2,305	2,335	593	34%
Manufacturing	5,512	4,998	5,226	5,235	5,246	5,196	5,155	5,301	-211	-3.8%
Wholesale Trade	2,158	2,056	2,235	2,306	2,401	2,410	2,409	2,450	292	13.5%
Retail Trade	5,869	5,170	5,686	5,488	5,214	5,038	4,869	4,777	-1,092	-18.6%
Transportation, Warehousing, & Utilities	1,028	1,024	1,261	1,317	1,331	1,343	1,350	1,352	324	31.5%
Information & Financial Activities	5,102	4,522	5,336	5,543	5,556	5,648	5,706	5,788	686	13.4%
Professional and Technical Services & Corporate HQ	4,251	4,081	4,632	4,888	5,035	5,170	5,362	5,564	1,313	30.9%
Administrative, Support, & Waste Services	3,191	2,539	2,993	3,163	3,287	3,403	3,528	3,656	465	14.6%
Education Services	2,619	2,431	2,661	2,748	2,863	2,885	2,892	2,925	306	11.7%
Healthcare Services	6,675	6,112	7,034	7,569	7,781	8,014	8,189	8,533	1,858	27.8%
Leisure & Hospitality	3,900	2,858	3,938	4,277	4,295	4,317	4,328	4,352	452	11.6%
Other Services	2,421	2,091	2,401	2,507	2,494	2,518	2,586	2,621	200	8.3%
Public Administration	231	226	252	263	266	265	263	262	31	13.4%
Total Employment Numbers	44,699	39,818	46,001	47,609	48,070	48,510	48,942	49,916	5,217	11.7%

Nearby Retail Uses

The market area has an above average offering of shopping facilities primarily situated along major roadways. Strip retail and regional power centers are present throughout this area including national retailers, restaurants, and service establishments. The large shopping area is Hampton Village Centre is located at South Rochester Road and E Auburn Road. It contains a Target, T.J. Maxx, Petco, Ulta, Kohls, Old Navy, and is surrounded by national and local restaurants and fast-food chains. Another mall is the Village of Rochester Hills at the north end of Rochester Hills along Adams Road and Walton Boulevard. The Village is an open-air mall anchored by Whole Foods Market. Overall, there is sufficient retail/shopping to service this market area.

Downtown Rochester includes more than 350 shops, salons, and restaurants and 85% of them are independent merchants. A Farmer's Market is offered downtown from Spring through Fall. Downtown Rochester also offers a five-star hotel, Royal Park, as well as several breweries. Downtown Rochester's natural beauty is attributed to the waterways (Paint Creek) that travels through the downtown area along with numerous parks and bike trails. Parking downtown is provided by several large parking decks, along with metered parking spaces in front of most stores.

Population and Income

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics				
2025 Estimates	City of Rochester	Rochester Hills	Oakland County	State of Michigan
Population 2020	13,035	76,300	1,274,395	10,077,331
Population 2025	12,849	75,904	1,271,424	10,052,475
Population 2030	12,786	76,230	1,280,099	10,129,941
Compound % Change 2020-2025	-0.3%	-0.1%	0.0%	0.0%
Compound % Change 2025-2030	-0.1%	0.1%	0.1%	0.2%
Households 2020	5,770	29,711	524,047	4,041,760
Households 2025	5,747	29,612	526,492	4,063,373
Households 2030	5,750	29,819	532,520	4,114,212
Compound % Change 2020-2025	-0.1%	-0.1%	0.1%	0.1%
Compound % Change 2025-2030	0.0%	0.1%	0.2%	0.2%
Median Household Income 2025	\$104,590	\$114,218	\$93,885	\$69,662
Average Household Size	2.2	2.5	2.4	2.4
College Graduate %	68%	60%	50%	32%
Owner Occupied %	63%	75%	70%	71%
Renter Occupied %	37%	25%	30%	29%
Median Owner Occupied Housing Value	\$503,767	\$407,371	\$350,594	\$249,348
Median Year Structure Built	1983	1983	1975	1972
Average Travel Time to Work in Minutes	29	27	28	26
Source: Claritas				

Population in the area has been stable in recent years, and this trend is expected to continue in the foreseeable future. Compared to the Oakland County area overall, the population and households in

the Rochester area are expected to continue growing at a similar rate. Income levels in the market area are higher than in Oakland County and Michigan.

Services and Amenities

The nearest public services, including police and fire departments, as well as public schools are summarized in the following table.

Public Services	
Service	
Police Department	Rochester and Oakland County Sheriff's Office
Fire Department	Rochester and Rochester Hills
Hospital	Ascension Providence Rochester Hospital
School District(s)	Rochester Community and Avondale School Districts

Recreational land uses in this area include various parks (city and regional), golf courses, biking/walking trails, and other recreational activities is above average. In regard to secondary education, both Oakland University and Rochester College are located in Rochester Hills, while Oakland Community College operates a campus in nearby Auburn Hills.

Land Use

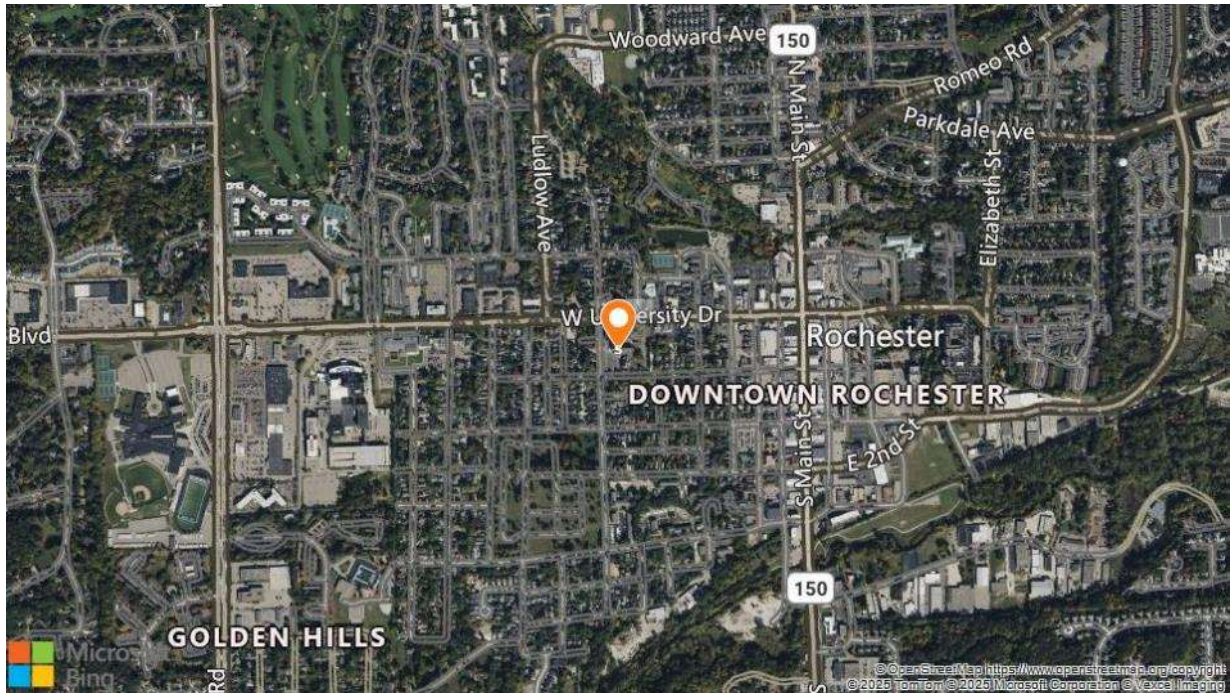
Adjacent land uses are summarized as follows:

Immediate Surroundings	
North	Commercial / Residential
South	Residential
East	Commercial
West	Residential

Outlook and Conclusions

The area is in the growth stage of its life cycle. There have been a number of recent developments in the area, suggesting increasing demand for most types of real estate. We anticipate that property values will continue to show modest increases into the foreseeable future.

Surrounding Area Map



Property Analysis

Land Description and Analysis

Land Description	
Land Area	4.338 acres; 188,963 SF
Source of Land Area	Public Records
Primary Street Frontage	University Drive - 424 feet
Secondary Street Frontage	Wilcox Street - 448 feet
Shape	Rectangular
Corner	Yes
Topography	Rolling
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	26125C0392F
Date	September 29, 2006
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No
Zoning; Other Regulations	
Zoning Jurisdiction	City of Rochester
Zoning Designation	R-1
Description	One-Family Residential
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	One-family dwellings, churches (special exception), and schools (special exception)
Minimum Lot Area	6,000 SF
Minimum Lot Width (Feet)	50 feet
Minimum Setbacks (Feet)	Front yard - 25 feet; Side yards - 15 feet (total of two); Rear yard - 35
Maximum Building Height	2.5 stories (25 feet)
Other Land Use Regulations	None noted
Utilities	
Service	Provider
Water	Municipal
Sewer	Municipal
Electricity	Available
Natural Gas	Available
Local Phone	Various

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required.

Streets, Access and Frontage

Streets, Access and Frontage			
Street	University Drive	Wilcox Street	W. 4th Street
Frontage Feet	424	448	420

Easements, Encroachments and Restrictions

A current title report was not provided for review. There are no apparent easements, encroachments, or restrictions that would adversely affect value. This valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Conclusion of Site Analysis

Overall, the physical characteristics and the availability of utilities result in a functional site, suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include one-family dwellings, churches (special exception), and schools (special exception). No other restrictions on development are apparent.

Improvements Description and Analysis

Overview

Improvements Description

General Property Type	Special Purpose
Property Sub Type	Governmental/Institutional
Number of Buildings	1
Stories	3
Condition	Fair
Gross Building Area (SF)	88,504
Year Built	1889
Actual Age (Yrs.)	136

Improvements Analysis

The building was viewed to dated and functionally obsolete in its current condition and layout. Any future potential user of this building would incur a significant expense to repair, renovate, and upgrade the building superstructure, its interior, and mechanical systems (plumbing, electrical, heating, and cooling).

Hazardous Substances

The building improvements are older in nature, it is possible that some hazardous substances such as asbestos and lead paint may be present in the building. An environmental assessment report was not provided for review, and environmental issues are beyond the scope of expertise of the assignment participants. Qualified professionals should be consulted.

Summary

Any future use of the existing building would require a substantial capital investment as significant repairs, replacements, and upgrades are required.



Front elevation



Rear elevation



Front parking lot



Exterior view



Exterior view



Side elevation



Exterior view



Exterior view



Entrance driveway



Rear parking lot



Street scene



Street scene

Former Administration Building





Street scene



Interior view



Interior view

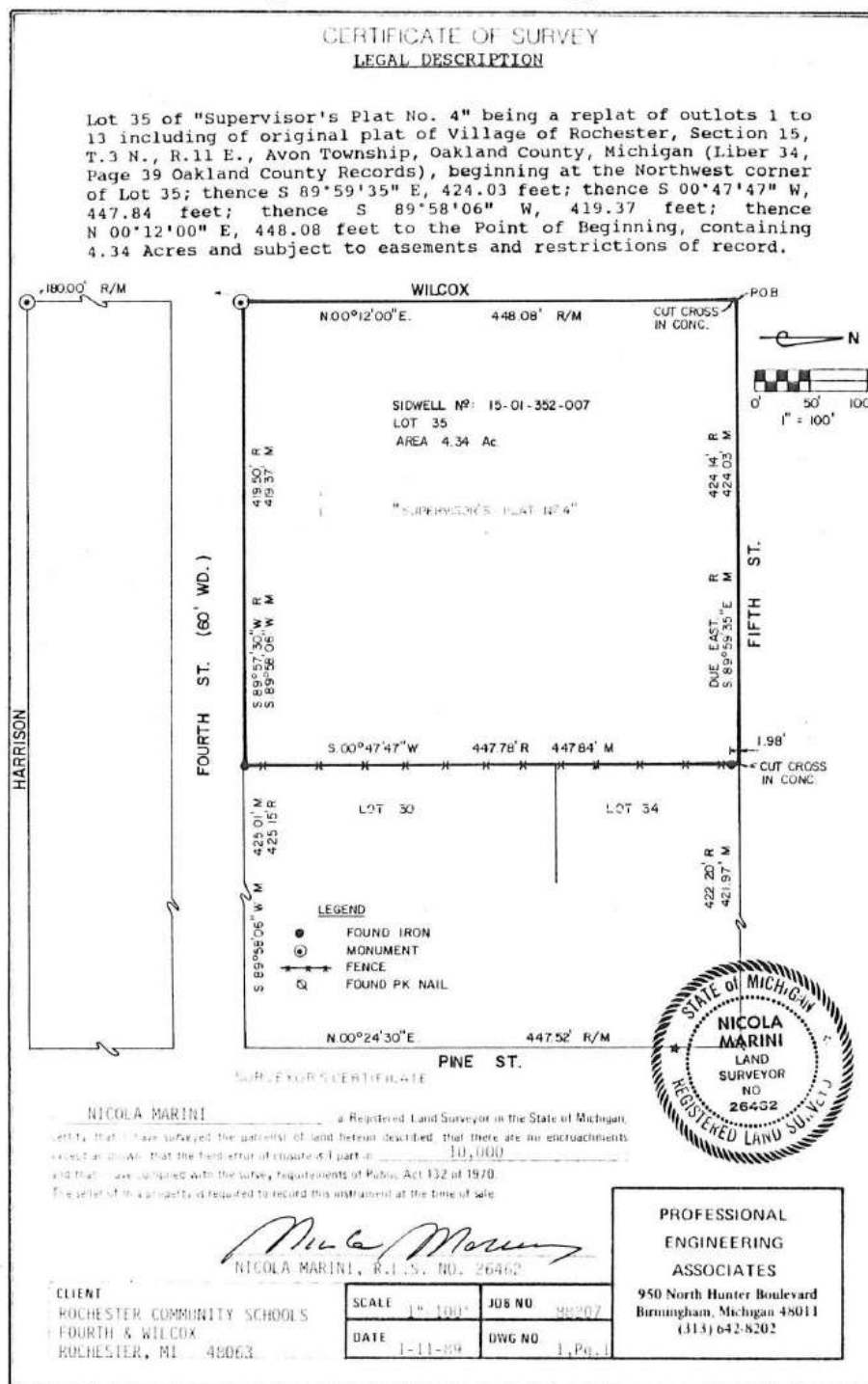


Interior view

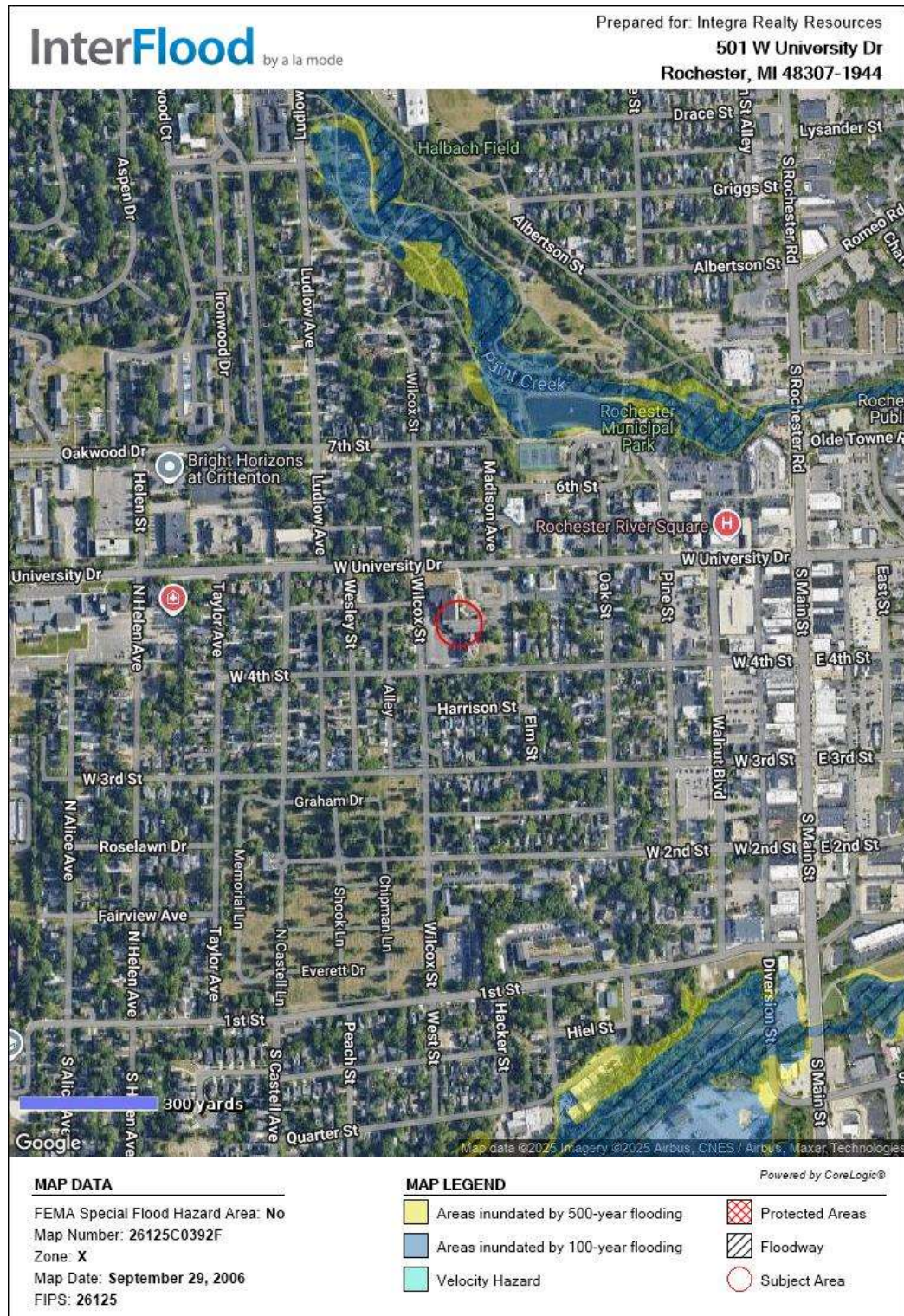
This aerial map shows a residential neighborhood with a large property highlighted in red. The highlighted property is a large building complex with a central courtyard and parking lot. The map shows surrounding streets, including Wilcox St, and various lot numbers and addresses.



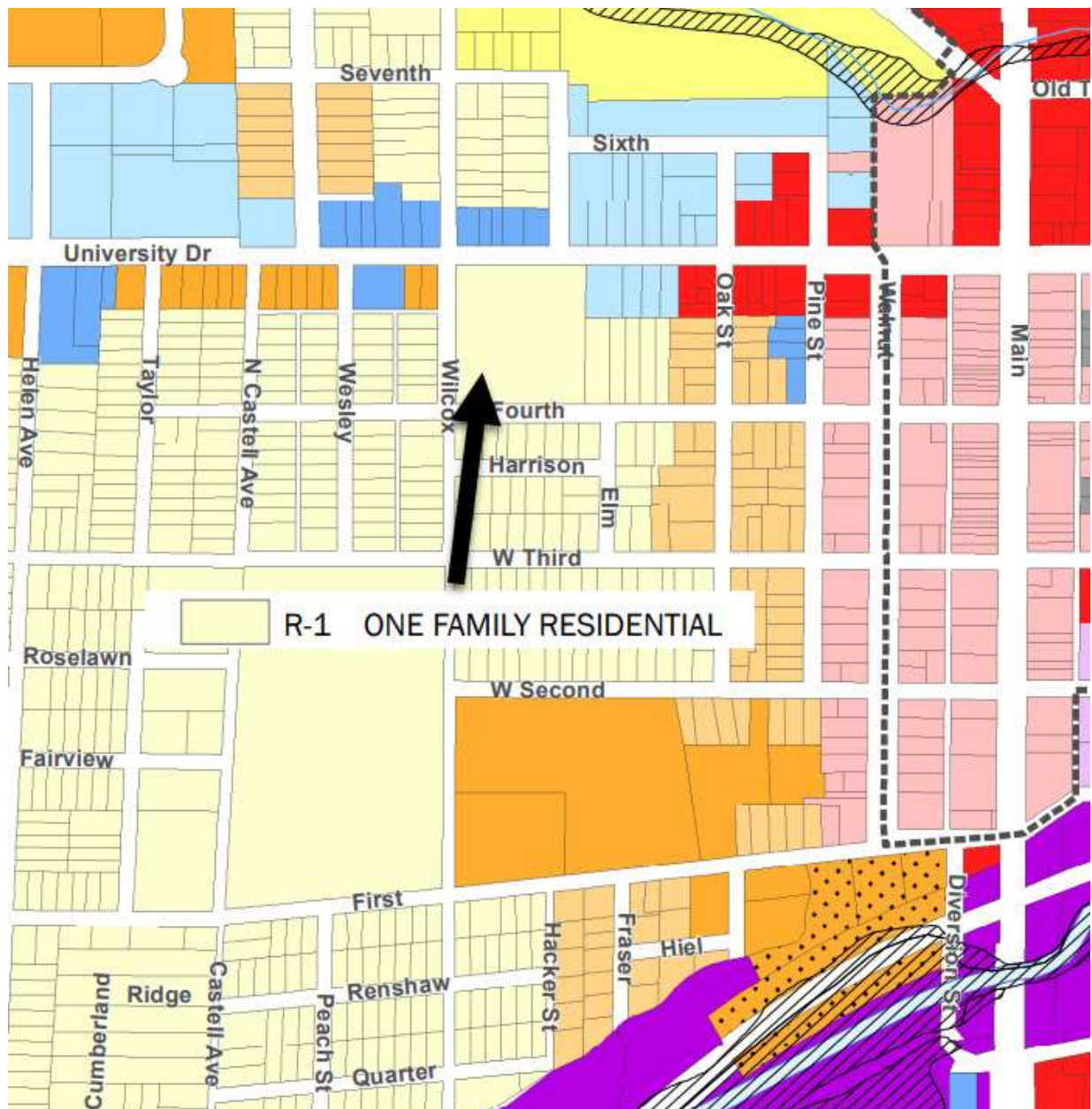
Survey / Legal Description



Flood Hazard Map



Zoning Map



Highest and Best Use

The highest and best use of a property is the reasonably probable use resulting in the highest value, and represents the use of an asset that maximizes its productivity.

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as though vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As Though Vacant

First, the property is evaluated as though vacant, with no improvements.

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

The site is zoned R-1, One-Family Residential. Permitted uses include one-family dwellings, churches (special exception), and schools (special exception). There are no apparent legal restrictions, such as easements or deed restrictions, effectively limiting the use of the property. Given prevailing land use patterns in the area, only residential use is given further consideration in determining highest and best use of the site, as though vacant.

Financially Feasible

Based on the accompanying analysis of the market, there is currently adequate demand for residential use in the subject's area. It appears a newly developed residential use on the site would have a value commensurate with its cost. Therefore, residential use is considered to be financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than residential use. Accordingly, residential use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Development of the site for residential use is the only use which meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as though vacant.

As Improved

The subject site is developed with 3-story, vacated school administration building, which is an allowable use under current zoning requirements via a special exception; however, not consistent with the highest and best use of the site as though vacant.

The following table summarizes building sales of special use properties similar to the subject. Due to the dearth of sales in the local market, we expanded our search regionally. We concentrated on larger buildings that are older in nature.

Summary of Comparable Improved Sales

No.	Name/Address	Sale Date; Status	Year Built; No. Stories	Acres	Effective Sale Price	Gross SF	\$/Gross SF
1	Former Simmons School 4318 St Louis Ave. Saint Louis MO	Sep-24 Closed	1899 2	2.68	\$500,000	87,542	\$5.71
2	St. Winifred 550 Sleepy Hollow Rd. Mt. Lebanon PA	Feb-24 Closed	1961 3	7.35	\$1,250,000	73,576	\$16.99
3	1504 Hill Road 1504 Hill Road Reading PA	Aug-21 Closed	1914 3	2.85	\$860,000	86,742	\$9.91
4	Former School Building 217 S. Capitol Ave Lansing MI	Jul-21 Closed	1924 7	0.38	\$1,750,000	109,826	\$15.93

The sales indicate unadjusted unit rates ranging from \$5.71/SF to \$16.99/SF with an average of \$12.14/SF. Market condition adjustments are not deemed necessary for this property type. The subject contains a gross building area of 88,504 SF, which includes finished space below grade. Applying this unit rate range to the subject's building area would imply a potential value range of roughly \$500,000 to \$1,500,000.

Several scenarios are examined to analyze feasibility, as follows:

Demolition: We were not provided a demolition budget for the subject. Based upon our review of demolition costs at redevelopment properties, a range of \$7-12/SF would be expected for the subject. Based upon the scope of the subject's improvements, we will utilize a demolition cost of \$10.00/SF. Furthermore, we will need a deduction for the parking lot improvements. An expense of \$1.50/SF is

estimated for this category. Finally, an expense figure for asbestos abatement is also necessary. Based upon the subject's size and lump figure of \$500,000 is utilized for this category.

The following table summarizes the demolition cost estimated for the subject utilizing the previous calculations.

Demolition Cost Estimate					
Item	Area (SF)		Cost/SF		
Building	88,504	x	\$10.00	=	\$885,040
Site Improvements	86,000	x	\$1.50	=	\$129,000
Asbestos Abatement	(lump figure)			=	\$500,000
Total					\$1,514,040
Rounded					\$1,510,000

Total demolition costs are estimated at \$1,510,000 (rounded).

Based on the conclusions herein, when considering demolition costs, the market value "as is" exceeds the market value of the current improvements.

Conversion: A conversion of the existing structure at the subject would require significant capital investment that would unlikely produce sufficient financial return to the owner/developer

Expansion: The expansion of the current improvements is not likely given its current size and significant construction costs.

Renovation: The subject was originally constructed in 1889 with various additions since this timeframe. It does not appear that renovation of the property would increase property value substantially. In other words, any potential increase in property value resulting from a renovation of the current improvements would be significantly lower than the cost to complete such work.

Continuation: The market value "as is" exceeds the market value of the current improvements, therefore continuation of the current improvements, coupled with the annual costs to maintain the property, is not feasible.

In conclusion, the most likely use of the subject is for demolition of the current improvements which would allow redevelopment of the site to a residential use based on current zoning restrictions.

Most Probable Buyer

Taking into account the characteristics of the site, as well as area development trends, the probable buyer is a developer / builder.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties and vacant land.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

It should be noted that a land residual analysis will be conducted for the subject property and given primary weight for the subject's valuation. The land residual approach does incorporate the sales comparison approach when concluding to an appropriate lot price.

Land Residual Approach

We employ a land residual analysis to estimate market value of the subject. A discounted cash flow analysis (DCF) is undertaken utilizing the sale of finished lots either to end users or builders. We will utilize annual periods, i.e., 12-month periods. In developing a DCF we must summarize various assumptions regarding absorption, lot pricing, real estate taxes (vacant land and improved lots), sales commission, administrative/overhead, inflation rate, and a discount rate range.

Development Scenario (Total Number of Home Sites)

The biggest challenge to undertaking a land residual analysis for the subject is determining the number of home sites the property can accommodate. As described, the subject contains 4.338 acres of land with frontage along three thoroughfares. The current zoning requires a minimum lot area of 6,000 SF which equates to roughly 7.3 lots per acre; however, acreage is lost due to the installation of interior roadways, setback requirements, etc. Therefore utilizing a more conservative density of 5.0 lots per acre and when applied to the subject's acreage results in 21 lots.

Robertson Brothers submitted a conceptual plan to the school district for the property back in 2022, which was not submitted with the city to our knowledge. This conceptual plan is found on a following page for reference and also outlines 21 lots for the property.

Based upon the aforementioned, we conclude that 21 lots (home sites) is supportable and utilized in our analysis. Any deviation from this amount would impact the valuation of the property.

Since the subject has no approvals in place, we estimate an approval process of one year, with sales commencing in the second year.

Lot Value

The following table summarizes several lot sales that have occurred in the immediate area.

Lot Sales							
No.	Project/Address	Location	Lot Size	Sale Date	Sale Price/Lot ¹	Trended Price ²	Comments
1	308 W. 3rd	Rochester	91' x 145'	Nov-24	\$650,000	\$659,750	Potential for 2 sites.
2	731 Ludlow	Rochester	70' x 185'	Apr-24	\$325,000	\$333,678	Near downtown.
3	1021 Harding	Rochester Hills	Irregular	Jan-24	\$322,500	\$332,175	Existing sub.
4	463 Springview	Rochester	Irregular	Dec-23	\$276,450	\$284,744	Existing sub.
Average						\$402,587	

Source: MLS. ¹ Net of concessions, if any. Also includes any demo costs, if needed. ² Trended upwards 2% per year to current date.

The lot sales indicate time adjusted prices of \$284,744 to \$659,750 with an overall average of \$402,587. Considering the subject will have several lots with main road frontage, a concluded lot price of \$360,000 (average) will be utilized for the subject.

Conceptual Plan



Absorption

The following items are considered when selecting an appropriate absorption rate:

- The property is within walking distance of downtown Rochester.
- Lack of land available for residential development in Rochester.

Based upon current market conditions and the expected home prices, we estimate 7 sales/year starting in the second year.

Demolition Costs

The subject is improved with a multistory building and corresponding site improvements that need to be demolished to allow for a redevelopment of the property.

Based upon our review of demolition costs at redevelopment properties, a range of \$7-12/SF would be expected for the subject. Based upon the scope of the subject's improvements, we will utilize a demolition cost of \$10.00/SF. Furthermore, we will need a deduction for the parking lot improvements. An expense of \$1.50/SF is estimated for this category. Finally, an expense figure for asbestos abatement is also necessary. Based upon the subject's size and lump figure of \$500,000 is utilized for this category.

The following table summarizes the demolition cost estimated for the subject utilizing the previous calculations.

Demolition Cost Estimate					
Item	Area (SF)		Cost/SF		
Building	88,504	x	\$10.00	=	\$885,040
Site Improvements	86,000	x	\$1.50	=	\$129,000
Asbestos Abatement	(lump figure)			=	\$500,000
Total					\$1,514,040
Rounded					\$1,510,000

Total demolition costs are estimated at \$1,510,000 (rounded). This figure is incorporated within our land residual analysis regarding the "as is" market value. The hypothetical market value assumes the site is vacant and available for development, as such, no demolition expense is incorporated within this land residual analysis.

Indirect Costs

These expenses are associated with preliminary costs incurred to undertake the approval process of the project related to engineering, municipal fees, site plan approval, etc. These costs are generally referred to as indirect or soft costs and can range from \$5,000 to \$10,000 per lot. We will utilize a cost figure of \$7,500 per lot and is applied in the first period as this expense is incurred in the initial period.

Direct Cost

These expenses are associated with prepping the site and installation of the site infrastructure. These costs are generally referred to as direct or hard costs. Based upon our expertise with regards to land development projects and discussions with market participants, we estimate development costs of \$70,000 to \$90,000 per lot. As mentioned, the subject has frontage along three thoroughfares with many home sites expected to have access from these thoroughfares, which should reduce some development costs. Based on the foregoing, we utilize a cost figure of \$75,000 per lot. This expense is incurred at the very beginning of the second year, once the one-year approval process has been completed.

Developer's Profit

Residential projects expect a developer's profit of 5% to 20%, which is applied to any costs incurred by the developer in undertaking the project. We utilize a developer's profit of 10% which is applied to the direct and indirect costs.

Real Estate Taxes (Vacant Land)

The subject is currently tax exempt. Any developer that would purchase the subject will only close on the transactions once approval for the project is received. Due to the aforementioned, the subject will be tax exempt during the approval process for the first year, as such, no tax liability is forecasted.

Real Estate Taxes (Improved Lots)

The subject is forecasted to be improved with 21 lots at the beginning of the second year. The minimum lot size of these lots will be 6,000 SF or dimensions of 50 feet by 120 feet. The following table summarizes current assessments for various vacant lots in Rochester:

<u>Lot Assessments</u>				
No.	Address	Location	Lot Size	2025 SEV
1	308 W. 3rd	Rochester	91' x 145'	\$135,900
2	731 Ludlow	Rochester	70' x 185'	\$124,180

Both of the previous lots are larger in size versus the subject, as such, a concluded assessment (SEV) slightly below the indicated data is supportable, i.e., \$120,000 per lot. The current non-homestead tax rate is estimated at 5.05% of the current SEV and when applied to the estimated assessment results in a tax liability of \$6,060/lot/year. This figure is applied to the unsold improved lots in any given period, which is determined by taking an average of the beginning inventory for the current period and next period.

Sales Commission

5% of gross sales is utilized.

Administration/Overhead

A lump amount of \$50,000 is utilized for the first year, afterwards we utilize a rate of 1% of gross sales.

Discount Rate

Discount Rates (Free & Clear)¹		
Period	Range	Average
2nd Q 2025	12% to 30%	17.67%
4th Q 2024	12% to 30%	17.00%

Source: PwC Real Estate Investor Survey. ¹ Includes Developer's Profit

Based upon the subject's location and project size, a concluded range of 12% to 14% is utilized.

Inflation Factor

2% per year is utilized.

Final Value Estimates

The discounted cash flows (DCF) on the following pages calculate the residual land value for the subject property as of the effective date of value. The following summarizes the value calculations for both scenarios:

- Market Value As Is: \$2,100,000
- Hypothetical Market Value As if Vacant Land: \$3,430,000

“As Is” Market Value

Residual Discounted Cash Flow Analysis - As Is

Assumptions					
Number of Lots	21	Indirect Costs	\$8,000 per lot		
Lot Price (average)	\$360,000	Direct Costs	\$75,000 per lot		
R.E. Taxes - Land/Year	\$0	Inflation Factor	2.0% per year		
R.E. Taxes - Per Lot/Year	\$6,060				
Developer's Profit	10.0%				
Sales Commissions @	5%				
Admin./Overhead @	1%				
Period	1st Year - Approval Process	2nd Year	3rd Year	4th Year	Totals
Revenue:					
Beginning Inventory (# Improved Lots)	n/a	21	14	7	
Sold Improved Lots	n/a	7	7	7	21
Ending Inventory (# Improved Lots)	n/a	14	7	0	
Lot Price	n/a	\$360,000	\$360,000	\$360,000	
Inflation Factor	1.00000	1.02000	1.04040	1.06121	
Total Revenue	\$0	\$2,570,400	\$2,621,808	\$2,674,244	\$7,866,452
Development/Holding Costs					
Demolition Costs	\$1,510,000	\$0	\$0	\$0	\$1,510,000
Indirect Costs - Development	\$168,000	\$0	\$0	\$0	\$168,000
Direct Costs - Development	\$0	\$1,575,000	\$0	\$0	\$1,575,000
Developer's Profit - Development	\$16,800	\$157,500	\$0	\$0	\$174,300
Real Estate Taxes - Land	\$0	\$0	\$0	\$0	\$0
R. E. Taxes - Improved Lots	\$0	\$108,171	\$66,201	\$22,508	\$196,880
Sales Commissions	\$0	\$128,520	\$131,090	\$133,712	\$393,323
Admin./Overhead	\$50,000	\$25,704	\$26,218	\$26,742	\$128,665
Total Holding Expenses	\$1,744,800	\$1,994,895	\$223,509	\$182,963	\$4,146,167
Net Cash Flow	(\$1,744,800)	\$575,505	\$2,398,299	\$2,491,281	\$5,465,085
PV of Cash Flow @	12.0%	\$2,191,248			
PV of Cash Flow @	13.0%	\$2,096,725			
PV of Cash Flow @	14.0%	\$2,006,128			
Rounded		\$2,100,000			

Hypothetical Market Value As if Vacant Land

Residual Discounted Cash Flow Analysis - Hypothetical

Assumptions					
Number of Lots	21	Indirect Costs	\$8,000 per lot		
Lot Price (average)	\$360,000	Direct Costs	\$75,000 per lot		
R.E. Taxes - Land/Year	\$0	Inflation Factor	2.0% per year		
R.E. Taxes - Per Lot/Year	\$6,060				
Developer's Profit	10.0%				
Sales Commissions @	5%				
Admin./Overhead @	1%				
Period	1st Year - Approval Process	2nd Year	3rd Year	4th Year	Totals
Revenue:					
Beginning Inventory (# Improved Lots)	n/a	21	14	7	
Sold Improved Lots	n/a	7	7	7	21
Ending Inventory (# Improved Lots)	n/a	14	7	0	
Lot Price	n/a	\$360,000	\$360,000	\$360,000	
Inflation Factor	1.00000	1.02000	1.04040	1.06121	
Total Revenue	\$0	\$2,570,400	\$2,621,808	\$2,674,244	\$7,866,452
Development/Holding Costs					
Indirect Costs - Development	\$168,000	\$0	\$0	\$0	\$168,000
Direct Costs - Development	\$0	\$1,575,000	\$0	\$0	\$1,575,000
Developer's Profit - Development	\$16,800	\$157,500	\$0	\$0	\$174,300
Real Estate Taxes - Land	\$0	\$0	\$0	\$0	\$0
R. E. Taxes - Improved Lots	\$0	\$108,171	\$66,201	\$22,508	\$196,880
Sales Commissions	\$0	\$128,520	\$131,090	\$133,712	\$393,323
Admin./Overhead	\$50,000	\$25,704	\$26,218	\$26,742	\$128,665
Total Holding Expenses	\$234,800	\$1,994,895	\$223,509	\$182,963	\$2,636,167
Net Cash Flow	(\$234,800)	\$575,505	\$2,398,299	\$2,491,281	\$5,465,085
PV of Cash Flow @ 12.0%		\$3,539,462			
PV of Cash Flow @ 13.0%		\$3,433,008			
PV of Cash Flow @ 14.0%		\$3,330,689			
Rounded		\$3,430,000			

Reconciliation and Conclusion of Value

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded value opinion follows:

Value Conclusions

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Fee Simple	August 15, 2025	\$2,100,000
Hypothetical Market Value As if Vacant Land	Fee Simple	August 15, 2025	\$3,430,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. The market values concluded herein assume the subject can be redeveloped with 21 home sites. The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.
1. The hypothetical market value as if vacant land, assumes the current building and site improvements have been demolished and the site is vacant and available for development as of the effective date of value.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Based on the concluded market values stated previously, the probable exposure time is 9-12 months.

Marketing Period

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. The subject's marketing period is estimated at 9-12 months.

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of 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.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Constantino G. Naoum has made a personal inspection of the property that is the subject of this report. Anthony Sanna, MAI, CRE has not personally inspected the subject.
12. No one provided significant real property appraisal assistance to the persons signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

14. As of the date of this report, Anthony Sanna, MAI, CRE has completed the continuing education program for Designated Members of the Appraisal Institute.
15. In Michigan, appraisers are required to be licensed/certified and are regulated by the Michigan Department of Licensing and Regulatory Affairs, 611 West Ottawa, P. O. Box 30018, Lansing, Michigan, 48909.



Constantino G. Naoum
Michigan Certified General Real Estate Appraiser
#1205068135



Anthony Sanna, MAI, CRE
Michigan Certified General Real Estate Appraiser
#1205001324

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
5. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during

- the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
 19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
 20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. IRR - Detroit, Integra Realty Resources, Inc., and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
 21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
 22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
 23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
 24. IRR - Detroit is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR - Detroit. In addition, it is expressly agreed that in any action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless

- the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. IRR - Detroit is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. The market values concluded herein assume the subject can be redeveloped with 21 home sites.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. The hypothetical market value as if vacant land, assumes the current building and site improvements have been demolished and the site is vacant and available for development as of the effective date of value.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Addendum A

Appraiser Qualifications

Constantino G. Naoum

Experience

Mr. Naoum, Senior Director, is a Certified General Real Estate Appraiser who has been actively involved with appraisal and advisory services since 1995.

Mr. Naoum has extensive knowledge in a number of commercial property types including land development, manufactured housing communities, office buildings, medical office buildings, golf courses, single-and multi-tenant retail centers, multifamily and vacant land parcels. Mr. Naoum is highly proficient at Argus and has extensive experience working on very large multi-tenant office buildings with Life Insurance Companies, Conduits, and Conventional Lenders. Mr. Naoum also has extensive experience in litigation support including rezoning cases, tax appeals, divorce proceedings, partnership disputes, and right-of-way assignments.

Professional Activities & Affiliations

Appraisal Institute: Associate Member

Licenses

Michigan, Certified General Real Estate Appraiser, 1205068135, Expires July 2027

Education

Bachelor of Science in Business Administration, Major Finance

Masters of Business Administration, Major Finance, Wayne State University, Detroit, Michigan

Successfully completed numerous real estate related courses and seminars sponsored by the Appraisal Institute, including:

- Real Estate Appraisal Principles
- Real Estate Appraisal Procedures
- Basic Income Capitalization
- General Applications
- USPAP A & 420 USPAP B
- Advanced Income Capitalization
- Highest and Best Use
- Advanced Sales Comparison & Cost Approaches



Integra Realty Resources - Detroit

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GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
BUREAU OF PROFESSIONAL LICENSING
CERTIFIED GENERAL REAL ESTATE APPRAISER LICENSE

CONSTANTINO NAOM



LICENSE NO.
1205068135

EXPIRATION DATE
07/31/2027

25164120630

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THE STATE OF MICHIGAN

Anthony Sanna, MAI, CRE

Experience

Mr. Sanna, Executive Director, has actively counseled and advised clients on issues relating to the sale, leasing, valuation, management, and development of commercial real estate assets since 1989. Mr. Sanna served as the Managing Director of IRR Detroit from 2003-2018.

He has a diversified background in real estate with primary emphasis in the areas of valuation for investment property, institutional assets, portfolio asset management and complex real estate issues. Conversely, Mr. Sanna continually manages a re-occurring volume of traditional mortgage loan appraisal work on all varieties of properties, large and small, focusing on core real estate assets including hotel, office, industrial, retail, and multifamily properties.

Mr. Sanna has extensive consulting and valuation experience relating to corporate and private clients on an array of issues pertaining to estate and property trust matters, partnership disputes, air rights, partial and fractional interests, contract disputes, and mediation/arbitration disputes. Mr. Sanna's experience in these matters provides clients with a well-rounded framework for valuation and consulting solutions.

Professional Activities & Affiliations

MAI Designation, Appraisal Institute

CRE Designation, Counselors of Real Estate

Board of Director: Integra Realty Resources - 2005-2008; 2012-2017 and 2019-Current

Board of Director: Commercial Board of Real Estate - Michigan Chapter

Licenses

Michigan, Certified General Real Estate Appraiser, 1205001324, Expires July 2027

Education

Bachelor of Science (Business Administration) Wayne State University, Detroit, MI

Appraisal Institute Courses:

- Principals of Real Estate Appraisal
- Procedures of Real Estate Appraisal
- Uniform Standards of Professional Practice
- Basic Income Capitalization
- Advanced Income Capitalization
- Report Writing
- Advanced Applications/Case Studies

Qualified Before Courts & Administrative Bodies

Qualified expert witness before the Michigan Tax Tribunal, various Circuit Courts, planning boards, commissioner hearings and County Tax Boards.



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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LICENSING AND REGULATORY AFFAIRS
BUREAU OF PROFESSIONAL LICENSING
CERTIFIED GENERAL REAL ESTATE APPRAISER LICENSE

ANTHONY SANNA



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About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

irr.com



Addendum B

IRR Quality Assurance Survey

IRR Quality Assurance Survey

We welcome your feedback!

At IRR, providing a quality work product and delivering on time is what we strive to accomplish. Our local offices are determined to meet your expectations. Please reach out to your local office contact so they can resolve any issues.

Integra Quality Control Team

Integra does have a Quality Control Team that responds to escalated concerns related to a specific assignment as well as general concerns that are unrelated to any specific assignment. We also enjoy hearing from you when we exceed expectations! You can communicate with this team by clicking on the link below. If you would like a follow up call, please provide your contact information and a member of this Quality Control Team will call contact you.

Link to the IRR Quality Assurance Survey: quality.irr.com

Addendum C

Property Information

Municipal Field Record

Zoning Ordinance

7/29/25, 8:04 AM

Parcel Number - 68-15-15-203-001 | City of Rochester | BS&A Online

501 W UNIVERSITY DR ROCHESTER, MI 48307-1944 (Property Address)
Parcel Number: 68-15-15-203-001

Property Owner: SCHOOL DIST NO. 5

Summary Information

- > Commercial/Industrial Building Summary
 - > Yr Built: 1889
 - > # of Buildings: 4
 - > Total Sq Ft: 67,454
- > Assessed Value: \$0 | Taxable Value: \$0
- > 4 Building Department records found
- > Property tax information found
- > 46 Invoices Found, Amount Due: 0.00

Item 1 of 1 0 Images / 1 Sketch

Owner and Taxpayer Information

Owner SCHOOL DIST NO. 5
501 W UNIVERSITY DR
ROCHESTER, MI 48307-1944

Taxpayer SEE OWNER INFORMATION

General Information for Tax Year 2025

Property Class	402 RESIDENTIAL VACANT	Unit	68 City of Rochester
School District	ROCHESTER COMMUNITY SCH DIST	Assessed Value	\$0
ITOnly	POST	Taxable Value	\$0
PPBusCode	0	State Equalized Value	\$0
User Alpha 1	No Data to Display	Date of Last Name Change	08/08/2011
User Alpha 3	No Data to Display	Notes	Not Available
Historical District	No	Census Block Group	No Data to Display
User Alpha 2	No Data to Display	Exemption	No Data to Display

Principal Residence Exemption Information

Homestead Date No Data to Display

Principal Residence Exemption	June 1st	Final
2023	0.0000 %	-
2024	0.0000 %	0.0000 %

Previous Year Information

Year	MBOR Assessed	Final SEV	Final Taxable
2024	\$0	\$0	\$0
2023	\$0	\$0	\$0
2022	\$0	\$0	\$0

Land Information

Zoning Code	MF	Total Acres	4.338
Land Value	\$3,134.896	Land Improvements	\$106,330
Renaissance Zone	No	Renaissance Zone Expiration Date	No Data to Display
ECF Neighborhood	E.C.F. Table CME	Mortgage Code	00000
Lot Dimensions/Comments	No Data to Display	Neighborhood Enterprise Zone	No

Lot(s)	Frontage	Depth
No lots found.		
Total Frontage: 0.00 ft		Average Depth: 0.00 ft

Legal Description

x

<https://bsaonline.com/SiteSearch/SiteSearchDetails?SearchFocus=All+Records&SearchCategory=Address&SearchText=501&uid=1655&PageIndex=...> 1/2

7/29/25, 8:04 AM

Parcel Number - 68-15-15-203-001 | City of Rochester | BS&A Online

Land Division Act Information

Date of Last Split/Combine	No Data to Display	Number of Splits Left	Not Available
Date Form Filed	No Data to Display	Unallocated Divs of Parent	Not Available
Date Created	01/01/0001	Unallocated Divs Transferred	Not Available
Acresage of Parent	0.00	Rights Were Transferred	No
Split Number	0	Courtesy Split	No
Parent Parcel	No Data to Display		

Sale History

Sale Date	Sale Price	Instrument	Grantor	Grantee	Terms of Sale	Liber/Page	Comments
No sales history found.							

Building Information - 45872 sq ft Office Buildings (Commercial)

Floor Area	45,872 sq ft	Estimated TCV	\$3,955,818
Occupancy	Office Buildings	Class	C
Stories Above Ground	2	Average Story Height	10 ft
Basement Wall Height	8 ft	Identical Units	1
Year Built	1889	Year Remodeled	No Data to Display
Percent Complete	100%	Heat	Package Heating & Cooling
Physical Percent Good	40%	Functional Percent Good	100%
Economic Percent Good	100%	Effective Age	48 yrs

Building Information - 14236 sq ft Office Buildings (Commercial)

Floor Area	14,236 sq ft	Estimated TCV	\$955,748
Occupancy	Office Buildings	Class	C
Stories Above Ground	2	Average Story Height	10 ft
Basement Wall Height	0 ft	Identical Units	1
Year Built	No Data to Display	Year Remodeled	No Data to Display
Percent Complete	100%	Heat	Package Heating & Cooling
Physical Percent Good	40%	Functional Percent Good	100%
Economic Percent Good	100%	Effective Age	48 yrs

Building Information - 5556 sq ft Office Buildings (Commercial)

Floor Area	5,556 sq ft	Estimated TCV	\$431,790
Occupancy	Office Buildings	Class	C
Stories Above Ground	2	Average Story Height	10 ft
Basement Wall Height	0 ft	Identical Units	1
Year Built	No Data to Display	Year Remodeled	No Data to Display
Percent Complete	100%	Heat	Package Heating & Cooling
Physical Percent Good	40%	Functional Percent Good	100%
Economic Percent Good	100%	Effective Age	48 yrs

Building Information - 1790 sq ft Office Buildings (Commercial)

Floor Area	1,790 sq ft	Estimated TCV	\$137,472
Occupancy	Office Buildings	Class	C
Stories Above Ground	1	Average Story Height	10 ft
Basement Wall Height	0 ft	Identical Units	1
Year Built	No Data to Display	Year Remodeled	No Data to Display
Percent Complete	100%	Heat	Package Heating & Cooling
Physical Percent Good	40%	Functional Percent Good	100%
Economic Percent Good	100%	Effective Age	48 yrs

****Disclaimer:** BS&A Software provides BS&A Online as a way for municipalities to display information online and is not responsible for the content or accuracy of the data herein. This data is provided for reference only and WITHOUT WARRANTY of any kind, expressed or inferred. Please contact your local municipality if you believe there are errors in the data.

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7/29/25, 8:08 AM

Rochester, MI Zoning

ARTICLE 6. - R-1, R-2, R-3, R-4, AND R-5 ONE-FAMILY RESIDENTIAL DISTRICTS

Sec. 600. - Intent.

- (a) The regulations are intended to encourage a suitable environment for families typically with children. To this end, uses are basically limited to single-family dwellings, together with certain other uses, such as schools, parks, and playgrounds, which provide a neighborhood environment. In keeping with the intent, development is regulated to a moderate density. Commercial and other uses, tending to be incompatible with the intent, are prohibited.
- (b) The R-1 District is only intended for areas already platted and substantially developed into lots of less than R-2 standards.

Sec. 601. - Permitted principal uses.

[The following principal uses shall be allowed in the R-1, R-2, R-3, R-4 and R-5 One-Family Residential Districts:]

- (1) One-family dwellings.

Sec. 602. - Permitted accessory uses.

[The following accessory uses shall be allowed in the R-1, R-2, R-3, R-4 and R-5 One-Family Residential Districts:]

- (1) Private garage.
- (2) Garden house, tool house, swimming pool, playhouse, or greenhouse, none used for commercial purposes.
- (3) A home occupation.
- (4) Automobile parking for domestic use of the dwelling unit.
- (5) Any use customarily incidental to the permitted principal use.

Sec. 603. - Special exception uses.

[The following special exception uses shall be allowed in the R-1, R-2, R-3, R-4 and R-5 One-Family Residential Districts:]

- (1) Churches and similar houses of worship, subject to approval by the planning commission according to article 26 and the following standards:
 - a. Shall have direct access to a thoroughfare and/or a neighborhood collector street, as designated on the city's adopted master plan.

7/29/25, 8:08 AM

Rochester, MI Zoning

- b. If the only access to the site is from a neighborhood collector street, the applicant shall submit a traffic impact study illustrating expected volume, peak days and hours, anticipated turning movements, and a plan for mitigating any adverse impacts on local residential streets that provide alternate routes of access.
- (2) Elementary, intermediate, and senior high schools, subject to approval by the planning commission according to [article 26](#) and the following standards:
 - a. Shall have direct access to a thoroughfare and/or a neighborhood collector street, as designated on the city's adopted master plan.
 - b. If the only access to the site is from a neighborhood collector street, the applicant shall submit a traffic impact study illustrating expected volume, peak days and hours, anticipated turning movements, and a plan for mitigating any adverse impacts on local residential streets that provide alternate routes of access.
- (3) Public or non-profit recreation uses, such as parks, playgrounds, golf courses, ball fields, athletic fields, swimming pools, and community centers.
- (4) See [section 2108](#) on public utilities and facilities.
- (5) Cemeteries.
- (6) Accessory buildings and uses customarily incidental to a use permitted above.
- (7) Bed and breakfast homes, subject to [section 2114](#).

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Rochester, MI Zoning

Sec. 2000. - Schedule of district regulations.

- (a) The area, height, bulk, and placement requirements for principal and accessory uses shall be as set forth below and following this schedule:

<i>District</i>	<i>Maximum Percent of Lot Coverage by all Buildings</i>	<i>Minimum Yard Setback From Lot Lines (in feet)</i>				<i>Maximum Building Height</i>		<i>Minimum Lot Size</i>	
		<i>Front Yard</i>	<i>Side Yards</i>		<i>Rear Yard</i>				
			<i>Least One</i>	<i>Total of Two</i>		<i>In Feet</i>	<i>In Stories</i>	<i>Area (in Square Feet)</i>	<i>Width (in feet)</i>
R-1	30	25	5	15	35	25	2½	6,000	50
R-2	30	25	5	15	35	25	2½	7,200	60
R-3	30	25	5	15	35	25	2½	8,400	70
R-4	25	25	10	30	35	25	2½	9,600	80
R-5	25	25	10	30	35	25	2½	15,000	100
RT	30	25	5	15	35	35	2½	3,200	54

7/29/25, 8:08 AM

Rochester, MI Zoning

RM-1	30	40	20	40	35	30	2½	1 BR: 2,250 2 BR: 3,000 3 BR: 3,750	
RM-2 1 or 2 stories	30	40	40	80	40	25	2	1 BR: 3,500 2 BR: 4,500 3 BR: 6,000 4 BR: 8,000	
More than 2 stories		50	50	50	50	100	8	1 BR: 1,000 2 BR: 2,000 3 BR: 5,000	
O-1*	—	25	5	20	30	35	2½	—	—
O-2*	—	25	10	20	30	35	2½	—	—
CBD	—	See following notes	10	35**	3**	—	—		
B-1	—	See following notes	10	35	3	—	—		

about:blank

2/3

7/29/25, 8:08 AM

Rochester, MI Zoning

RP	—	50	20	40	50	50		40,000	200
RP	See following notes								
IND-1	—	25	15	40	20	50		10,000	80
IND-2	—	25	15	40	20	75		10,000	80

*Minimum setback from residential district: 30 feet in O-1, 20 feet in O-2.

**Except west side of Walnut Boulevard to the east right-of-way line of Pine Street, with an extension of said east right-of-way line of Pine Street, southerly from Second Street to First Street (properties currently zoned CBD, Central Business District). Reduced to 25 feet and two stories. See [section 2010](#).

(Ord. No. 2005-08, 8-22-2005)

Addendum D

Engagement Letter



Integra Realty Resources
www.irr.com
NAVC | Detroit

400 W. Maple
Suite 100
Birmingham, MI 48009

T (248) 540-0040
F (248) 540-8239

August 11, 2025

Pete Muscio
Director Capital Programs & Facilities
Rochester Community Schools
52585 Dequindre Road
Rochester, MI 48307
248-726-3150
PMuscio@rochester.k12.mi.us

SUBJECT: Proposal/Authorization for Valuation Services
501 W. University Drive
Parcel #15-15-203-001
Rochester, MI 48307

Dear Mr. Muscio:

Integra Realty Resources (IRR) – Detroit appreciates the opportunity to provide this proposal for valuation services for the above-captioned property. The purpose of this assignment is to produce a market value estimate of the fee simple interest for the reference property as of the current date. Rochester Community Schools is the client and intended user of this report. The intended use of this valuation is to assist the Client for internal purpose for potential disposition of the asset. The property will be valued as follows, under the same report cover:

1. Current "as is" market value of the above captioned property.
2. Hypothetical market value of the above captioned property based on the hypothetical condition that the current building and site improvements have been demolished and the site is vacant and available for development, based upon its current zoning restrictions.

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Our total fee for this assignment will be **\$3,400**. The retainer for this assignment is waived. This assignment is subject to the terms specified in this document. Additional fees will be charged on an hourly basis for any work which exceeds the scope of this proposal, including performing additional valuation scenarios, and/or additional research.



August 11, 2025
Page 2 of 3

The report will be completed **3-4 weeks after the official execution of this engagement letter**. In order to complete this assignment in the designated time, we also will require the delivery of the requested information, as identified later in this letter, as soon as possible. Any delays in the receipt of this information, including access to the Subject property, will automatically extend the final delivery date of the report as well.

Furthermore, the appraisal report and conclusions therein will be predicated upon the accuracy and completeness of the information provided by the client. In the absence of some of this information, the appraisers will attempt to obtain this information from other sources and/or may require the use of Extraordinary Limiting Conditions and Assumptions within the appraisal report.

The appraisal report will be limited by our standard Assumptions and Limiting Conditions and any Extraordinary Assumptions and Limiting Conditions, which become apparent or necessary during the course of the assignment. A copy of the applicable Assumptions, Limiting Conditions, and Extraordinary Assumptions will be incorporated into the appraisal document.

In the event the Client provides a copy of this appraisal to, or permits reliance thereon by, any person or entity not authorized by IRR-Detroit, the Client agrees to indemnify and hold harmless IRR-Detroit, its affiliates and its shareholders, directors, officers and employees, from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the review appraisal by any such unauthorized person or entity, to the extent permitted by law.

If the appraisal is referred to or included in any offering material or prospectus, the appraisal shall be deemed referred to or included for informational purposes only and IRR-Detroit, its employees and the appraisers have no liability to such recipients. IRR-Detroit disclaims any and all liability to any party other than the Client which retained IRR-Detroit to prepare the appraisal.

The following information must be provided to competently complete this assignment in a timely fashion:

1. Survey (if available)
2. Building/Floor Plan (if available)

If this proposal is acceptable, please authorize us to proceed by executing this letter agreement where noted below, and returning one copy to the undersigned.

August 11, 2025
Page 3 of 3

Thank you for considering us for this assignment and we look forward to working with you. Please call if you wish to discuss this proposal or the assignment any further.

Sincerely,

Integra Realty Resources-Detroit

Constantino Naoum

Constantino G. Naoum
Senior Director

AGREED & ACCEPTED BY:

Authorized Signature



Printed Name

Matthew McDaniel

Date

8/12/25