

Mr. Peter Shefman
3140 Lakewood Drive
Ann Arbor, Michigan 48103

February 19, 2015

Storm Water and Floodplain Management Office
Planning & Development Services
City of Ann Arbor Building Department
301 E. Huron Street
Ann Arbor, Michigan 48107-8647

Sent by US Mail on February 19, 2015
and Hand Delivered on February ~~20~~ 2015


Re: Request for Building Permit to Make Repairs to Building Located at 410 Miller St., Ann Arbor, Mi

To Whom it May Concern:

On May 29, 2014, the referenced permit request was filed. In a letter dated February 11, 2015, Craig E. Strong, Building Official, stated that the Building Department will not issue a building permit for this project until I have satisfied the "Hold" status that you have placed on the property.

Please confirm the "Hold" status, the reasons for the status, and what I can do to release the "Hold" so that the repairs requested can be performed.

Thank you.



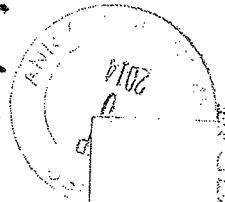
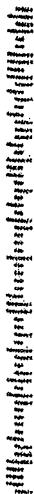
Peter Shefman
Felch L.L.C.

cc: Craig E. Strong
Building Official

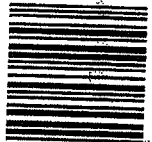
PETER STEPHAN / FELICE
% 3140 LAKEWOOD
ANN ARBOR, MICHIGAN 48103

CITY OF ANN ARBOR
BUILDING DEPARTMENT
ATT. RACHEL CLETON
301 E. HURON STREET
ANN ARBOR, MICHIGAN 48107-8647

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AMOUNT

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48103

ANN ARBOR MI

PAID

U.S. POSTAGE

Maybe you can
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good sections?

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1 HAVE A COPY
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CITY OF ANN ARBOR
BUILDING DEPARTMENT
ATTENTION: RALPH WELTON
301 E. HURON STREET
ANN ARBOR, MICHIGAN 48107-8647

9-9-2014

RE: BUILDING PERMITS APPLIED FOR REPAIRS TO 410 MILLER, ANN ARBOR

I have met with Ralph Welton of the Ann Arbor Building Department and Chief Development Official of Planning and Development Services prior April 24, 2014, who stated the meeting satisfied the initial Building Board of Appeal deadline set in the April 14, 2014 order that stated "Owner shall commence the necessary work by contacting the Building Dept official by April 24, 2014 regarding the requirements to obtain the necessary permits" and initiate prerequisite process prior to the repair of 410 Miller in Ann Arbor, Michigan.

I immediately sought arrangements to secure an architect to prepare the sealed plans requested by the building department, which took time due to architect's prior commitments and previous booked schedules since it was already well into the construction season. On 5-29-2014 the required sets of certified sealed plans by Focus Design architects, were submitted as requested to the Building Department and along with the initial fees paid as requested to apply for necessary building permits for 410 Miller repairs.

Note: building permits must be obtained prior to any repair work could be initiated.

Subsequently, I was informed that an issue potentially involving flood plain was being considered, although the property previously did not require any floodplain consideration.

I have not been issued building permits as of this date of this correspondence.

Please provide the specific basis you rely on, including ordinances, building codes, and all other relevant material that explains and supports why 410 Miller repairs require an upgrade to new building standards, that far exceed what would be involved to make the building safe as requested; also list specifically what I must do to get my already applied for building permits required to initiate repairs for 410 Miller, Ann Arbor.

Please issue the building permits to allow me to repair 410 Miller or specifically put in writing why permits have not yet been issued and what I can do to obtain the building permits to repair 410 Miller in Ann Arbor.

Thank you for your assistance,



Peter Shefman, on behalf of Felch LLC

SUNSHINE BATH PE
City of Ann Arbor Building Department
Ralph Welton - Chief Development Official
Planning & Development Services
301 E. Huron Street
Ann Arbor, Michigan 48107-8647

12-18-2014

Re: 410 Miller, Ann Arbor repairs
Hand delivered on 12-18-2014 to Ann Arbor Building Dept
with Appraisal attached

Please find attached is a current building appraisal for 410 Miller, Ann Arbor, from Affinity Valuation Group located in Ann Arbor, which states a current value, once minimal repairs completed utilizing current acceptable industry construction costs, would be \$34,535.02 and establishes the costs of repairs at \$1,998.00, a small fraction of the structure's overall value and that the City's zero value is completely erroneous.

As directed by Ralph Welton, head of Ann Arbor Building Department, certified architectural drawings were obtained and an application for building permits, submitted along with of all initial fees payment requested paid in full, on May 29, 2014 on behalf of the property owner.

The City delayed issuing the permits to repair 410 Miller based on the premise that the building had zero value from faulty records and is clearly in error.

The City forwarded to Felch LLC a correspondence they received from the adjacent property owner, the First Miller Limited Partnership, that suggests they would have no objection with their minimal portion of the building being removed.

Felch LLC has on an on going basis requested the issuance of the building permits for the repairs to 410 Miller, which could have likely been completed months ago.

With this benefit of the State Certified General Real Estate appraisal which determined 410 Miller's property value and the minimal cost of repairs, Felch LLC requests the City of Ann Arbor Building Department immediately issue the building permits so I can get started on the repairs.

Peter Shefman / Felch LLC

Peter Shefman / Felch LLC
3140 Lakewood
Ann Arbor, Michigan 48103

tee



BUILDING VALUATION

**410 Miller Avenue
Ann Arbor, Michigan**

Prepared For:

**Mr. Pete Shefman and Felch, LLC
3140 Lakewood
Ann Arbor, MI 48103**

Prepared By:

**Kurt R. Schmerberg
MI - State Certified General Real Estate Appraiser**

As of:

December 8, 2014

Affinity Valuation Group, LLC File No. 74215

RESTRICTED REPORT

PURPOSE OF THE APPRAISAL:

The purpose of this appraisal is to estimate the "As Is" value of the building located at 410 Miller Avenue, Ann Arbor, MI.

INTENDED USE OF REPORT:

The intended use of this report is for to justify improvements to the current structure to extend the physical life and economic contribution to the land.

INTENDED USER OF REPORT

The intended user of this report is Mr. Pete Shefman, Felch, LLC and the City of Ann Arbor.

INTEREST VALUED:

Building Value only

EFFECTIVE DATE OF VALUE:

December 8, 2014

DATE OF REPORT:

December 15, 2014

SCOPE OF THE APPRAISAL:

Extent to Which the Property is Identified

- Physical characteristics

In this assignment, I viewed the interior and exterior of the subject improvements located at 410 Miller Avenue, Ann Arbor, MI, in order to gather information about the physical characteristics of the subject improvements that are relevant to the valuation problem.

- Legal Characteristics

No title report was prepared for information regarding easements, covenants, restrictions, and other encumbrances. I did not research the presence of such items independently.

Extent to Which the Property is Inspected

On December 8, 2014, I viewed the interior and exterior of the building structures situated on the subject property exclusive of the crawl space area.

Type and Extent of the Data Researched

The Marshall and Swift Commercial Cost Manual was researched to establish estimated building costs.

Type and Extent of Analysis Applied

The value opinions presented in this report are based upon review and analysis of the market conditions affecting real property value, including the attributes of competitive properties, and sales data for commercial properties.

The appraisal problem did not warrant an intensive highest and best use study. Given the nature of the subject real estate, my conclusion of highest and best use was based on logic and observed evidence.

I have considered all three approaches and reconciled the appropriate approaches to value at a final opinion of value for the subject building. The Depreciated Cost Approach was given sole consideration in the final determination of the building value. Since there has been no recent rental of the structure the Income Approach was not considered.

I did not apply the Sales Comparison because no comparable properties in a similar condition where the structure only was transferred could be located. I applied only the Depreciated Cost Approach, which is necessary for credible results given the intended use, property characteristics, and type of value sought.

PROPERTY SALES HISTORY

The available records for recent sales of the subject property have been searched in accordance with the uniform standards of professional appraisal practice (USPAP). The appraiser has also researched the three-year sales history of the subject in accordance with USPAP. Current leases, options and listings of the subject have also been sought out. The owners purchased the subject property more than three years ago.

EXTRAORDINARY ASSUMPTIONS

None

HYPOTHETICAL CONDITIONS

The appraisal is based upon the hypothetical assumption the section of the building owned by the adjacent property owner will be removed. Costs of the removal are not a part of this analysis.

PURPOSE OF THE APPRAISAL

The purpose and intended use of this appraisal is to determine the "as is" value - as defined below - as of December 8, 2014. The intended use of this report is to justify improvements to the current structure to extend the physical life and economic

contribution to the land. Please refer to the limiting conditions section for restrictions on the use of this report.

INTEREST APPRAISED

Ownership in real property consists of a bundle of rights. Knowing exactly which rights are under consideration is fundamental to the value of the property in question. The appraiser's estimate of Value is for the building value only.

REASONABLE EXPOSURE TIME AND MARKET TIME

The value in this report assumes a reasonable exposure to the market that is normal for properties of this use type. Following are additional conditions and interpretations set forth by the Appraisal Standards Board.

Reasonable exposure time always occurs prior to the effective date of the appraisal. Marketing time always occurs after the effective date of the appraisal. The estimate of exposure time should always be based on information gathered through the sales verification process and may be expressed as a range.

Exposure time is different for various types of real estate and varies based on market conditions. The reasonable exposure time is a function of price, time and use and is not an isolated estimate of time alone.

The marketing time of some of the comparable sales could be determined and help to be a frame of reference. Based on the typical marketing time of sales of similar properties, both the exposure time and marketing time are between 60 to 180 days.

EXPLANATION OF VALUATION PROCEDURES

DIRECT SALES COMPARISON APPROACH

The market approach or the Direct Sales Comparison Approach looks to the recent sales of similar properties (comparable sales) for an indication of the market value of the subject property. Naturally, no two properties are exactly the same, so the appraiser typically chooses points of comparison by which he can analyze the comparable sales and correlate them with the subject property. In the course of the appraiser's research, the subject property was compared with other similar properties. These sales were then analyzed and adjusted for differences between themselves and the subject.

There are insufficient sales data of similar properties to analyze and arrive at a reasonable conclusion of value from the direct sales comparison approach. Therefore, this approach to value will not be used in the valuation of the subject property.

INCOME APPROACH

The income approach to value seeks to determine the amount a property would sell on the open market based on the net income stream accruing from the property. The basis for this approach lies in the assumption that a potential purchaser would be interested in the property for income or rental purposes and that the purchaser would be using net income as a basis for comparing properties.

Properties such as this are purchased for their rental income and as such this approach is considered to provide the primary indicator of fee simple market value. Since the valuation problem considers the improvements only and there has been no recent rental of the structure, the Income Approach was not considered

COST APPROACH

In this method of valuation, an estimate is made of the current replacement cost new of the improvements this figure is then adjusted for depreciation from all causes.

The cost approach is the sole method considered in this analysis as the value indicator of the subject improvements.

BUILDING DESCRIPTION AND ANALYSIS

LOCATION

The property is located on the north side of Miller Avenue just east of the elevated rail crossing.

TOTAL BUILDING AREA

792± SF

UTILITIES:

Public utilities including natural gas, and electrical service, municipal sewer and water have all been extended to the structure.

FLOOD PLAIN:

The improvements are located in a designated flood area.

EASEMENTS / ENCROACHMENTS:

The building straddles the property line on the east and a 150 +/- square foot section is owned by the adjacent property owner.

ZONING:

M-1; Manufacturing

TAX IDENTIFICATION NO:

09-09-29-221-035

BUILDING EXTERIOR

The improvements were constructed with a mixture of building materials. Brick and block on a slab were used with a flat roof over the area nearest Miller Avenue. A wooden frame section to the rear with pitched roof and standard three tab shingles over a crawl space were added. The assessment records do not indicate the year the structure was constructed, but it is estimated to be over 75 years old.

FOUNDATION

There is a 10" poured concrete foundation around the perimeter of the rear section. The front portion is built on a concrete slab.

CONDITION

The building shows extensive deferred maintenance. The flat roof section has all but deteriorated and the front section of the building is open to the elements. Block wall construction on the westerly side of the front section is deteriorating. Brick parapet on the upper front elevation is separating from the building. A 40" x 18 section of the foundation wall on the westerly side is open. The pitched roof over the rear frame construction addition has been 50% re shingled, with the westerly side being in average condition and the easterly side being in fair/poor condition. Water infiltration has caused some sections of the interior floor to deteriorate. Exterior walls on the west side of the rear section have newer OSB wood siding. Both the exterior, and to a lesser extent the interior, have been vandalized with graffiti painted on walls and doors. The utility systems have been disconnected so the electrical and plumbing systems could not be tested. The gas service has been disconnected so the building is currently without heat.

HIGHEST AND BEST USE

The highest and best use for the property is as currently utilized, for storage.

COST APPROACH TO VALUE

As there are two distinctive areas of the building, two separate sections of the Marshall Valuation Service Commercial Cost Guide were utilized to estimate reproduction cost of the subject structure. Sections consulted are Storage Warehouses (406) in Section 14, page 26 from the most recent update available as of this report (February 2014). Local and regional multipliers are applied to the national figures to localize the application as of 12/2014.

Section 1: Front section of brick and block with flat roof: 12.83' x 14.5' or 186 SF Building Area; Class "C" Low Cost described as block or cheap brick, tilt-up, light construction with minimum lighting and plumbing. \$28.96 per SF.

Section 2: Rear Section of wood siding and shingle pitched roof: 24.75' x 24.5' or 606 SF Building Area; Class "D" Average Cost described as wood frame with wood trusses, adequate lighting, low cost plumbing fixtures. \$36.88 per SF.

Foundation: 78 lineal feet of 10" concrete to 5' depth; 359 SF Low Cost \$12.44 per SF. 181 SF Concrete Slab 4" thick with footings

Regional Multiplier for the Central Area of the United States is 1.00.

Local Multiplier for the Ann Arbor Area of the State of Michigan for both Class "C" and "D" is 1.10.

Section 1 - $\$28.96 \times 1.0 \times 1.10 = \$31.86 \times 186\text{sf} =$ \$ 5,925.22

Section 2 - $\$36.88 \times 1.0 \times 1.10 = \$40.57 \times 606\text{sf} =$ \$24,584.21

Foundation - $\$12.44 \times 1.0 \times 1.10 = \$13.68 \times 359\text{sf} =$ \$ 4,911.12

Slab - 6 yds. of concrete with sand fill & footings = \$ 1,112.47

TOTAL COST NEW \$36,533.02

ESTIMATE OF ACCRUED DEPRECIATION

Accrued depreciation is "a loss in value from the reproduction or replacement cost of improvements due to any cause as of the date of the appraisal."¹ In this case, we are using the replacement cost new of the structure and then applying the depreciation to arrive at a depreciated value of the improvements. When each component of depreciation is figured separately and then applies the grand total of all these components, this is known as the "Breakdown Method" of estimating accrued depreciation.

There are three main components of depreciation. These are physical, functional and economic or external depreciation. The physical and functional depreciation are broken down into two components; curable and incurable.

In estimating depreciation for the subject property, the appraiser consulted renovation plans from Todd Ballou, Registered Architect to identify areas of specific physical deterioration in the form of deferred maintenance and to determine the repair items to meet existing city requirements. The table below outlines the specific items and the estimated cost for each item.

- 1) Remove and replace deteriorated block from upper west wall of front section; \$363; (\$16.50/SF x 22 sf) approximately 25 8" concrete blocks.
- 2) Remove and replace flat roof over front section of structure; \$598
- 3) Fill opening in existing concrete foundation on west side: \$150
- 4) Replace double hung window in rear; \$154
- 5) Remove easterly wall and roof supports and reconstruct new wall (1 hr. fire rated) relocating to the current property line, re shingle roof section; \$733

TOTAL ESTIMATE TO CURE DEFERRED MAINTENANCE - \$1,998

In addition to the deferred maintenance the subject suffers from other curable and incurable physical depreciation. By using the age life method the additional physical depreciation to the structure can be assessed.

Once the deferred maintenance is corrected the estimated effective age of the structure is 20 years. The total economic life of the structure is 40 years, thus 20/40 equated to 50% additional physical depreciation.

No functional depreciation would be present given the hypothetical assumption of the removal of the structure owned by the adjacent property owner.

¹ The Appraisal of Real Estate, 11th Ed., 1992, Appraisal Institute

External depreciation was not anticipated as the subject use would not be impacted by the location of any external influences.

APPLICATION OF THE COST APPROACH

| | |
|----------------------------------------------------|----------------------|
| Replacement Cost New | \$36,533.02 |
| Less Deferred Maintenance | <u>(\$ 1,998.00)</u> |
| Subtotal | \$34,535.02 |
| Less Accrued Physical Depreciation 50% x 34,535.02 | (17,267.51) |
| INDICATED VALUE OF THE IMPROVEMENTS | \$17,267.51 |

The following is an analysis of the value of the fee simple interest of the building.

INDICATED MARKET VALUE VIA THE DEPRECIATED COST APPROACH AS OF DECEMBER 8, 2014 (ROUNDED)

SEVENTEEN THOUSAND THREE DOLLARS
\$17,300.000

FINAL RECONCILIATION

Indicated Value By:

| | |
|----------------------------------|----------------|
| Direct Sales Comparison Approach | Not Applicable |
| Income Capitalization Approach | Not Applicable |
| Cost Approach (Rounded) | \$17,300 |

The cost approach was considered a sole applicable indicator of value given the valuation assignment.

CONCLUSION OF AS IS FEE SIMPLE MARKET VALUE OF BUILDING ONLY AS OF DECEMBER 8, 2014

SEVENTEEN THOUSAND THREE HUNDRED DOLLARS
\$17,300

ASSUMPTIONS AND LIMITING CONDITIONS:

- 1) This is a Restricted Report, which is intended to comply with the reporting requirements set forth under Standard Rule 2-2 (b) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, the content of the report must be consistent with the intended use of the appraisal and, at a minimum;
 - i. state the identity of the client by name or type; and state a prominent use restriction that limits use of the report to the client and warns that the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's work file;
 - ii. state the intended use of the appraisal;
 - iii. state information sufficient to identify the real estate involved in the appraisal;
 - iv. state the property interest appraised;
 - v. state the type of value and cite the source of its definition;
 - vi. state the effective date of the appraisal and the date of the report;
 - vii. state the scope of work used to develop the appraisal;
 - viii. state the appraisal methods and techniques employed, state the value opinion(s) and conclusion(s) reached and reference the work file; exclusion of the sales comparison approach, cost approach, or income approach must be explained;
 - ix. state the use of the property existing as of the date of value and the use of the real estate reflected in the appraisal;
 - x. when in opinion of highest and best use or the appropriate market or market level was developed by the appraiser, state that opinion;
 - xi. clearly and conspicuously state all extraordinary assumptions and hypothetical conditions; and that their use might have affected the assignment results; and
 - xii. include a signed certification in accordance with Standards Rule 2-3.

The appraiser is not responsible for unauthorized use of this report.

- 2) This appraisal is for no purpose other than property valuation, and the appraisers are neither qualified nor attempting to go beyond that narrow scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

The appraisal is not a survey

- 3) It is assumed that the utilization of the land and improvements is within the boundaries of the property lines of the property described and that there is no encroachment or trespass unless noted with the report.
- 4) The appraiser has made no survey of the property and no responsibility is assumed in connection with such matters. Any maps, plats, or drawings reproduced and included in this report are intended only for the purpose of showing spatial relationships. The reliability of the information contained on any such map or drawing is assumed by the appraiser and cannot be guaranteed to be correct. A surveyor should be consulted if there is any concern on boundaries, setbacks, encroachments, or other survey matters.

The appraisal is not a legal opinion

- 5) No responsibility is assumed for matters of a legal nature that affects title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable. The value estimate is given without regard to any questions of title, boundaries, encumbrances, or encroachments. We are not usually provided an abstract of the property being appraised and, in any event, we neither made a detailed examination of it nor do we give any legal opinion concerning it.
- 6) It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report. A comprehensive examination of laws and regulations affecting the subject property was not performed for this appraisal. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined, and considered in the appraisal report. Information and analysis shown in this report concerning these items is based only on a rudimentary investigation. Any significant question should be addressed to local zoning or land use officials and/or an attorney.
- 7) It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns on these items since we have not made a comprehensive examination of laws and regulations affecting the subject property.

The appraisal is not an engineering or property inspection report

- 8) This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the

physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraisers are not construction, engineering, environmental, or legal experts, and any statement given on these matters in this report should be considered preliminary in nature.

- 9) The observed condition of the foundation, roof, exterior walls, interior walls, floors, heating system, plumbing, insulation, electrical service, and all mechanicals and construction is based on a casual inspection only and no detailed inspection was made. For instance, we are not experts on heating systems and no attempt was made to inspect the interior of the furnace. The structures were not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless so stated in the report.
- 10) Some items such as conditions behind walls, above ceilings, behind locked doors, or under the ground are not exposed to casual view and therefore were not inspected. The existence of insulation, if any is mentioned, was found by conversation with others and/or circumstantial evidence. Since it is not exposed to view, the accuracy of any statements about insulation cannot be guaranteed.
- 11) It is assumed that there are no hidden or unapparent conditions of the property, sub-soil, or structures that would render it more or less valuable. No responsibility is assumed for such conditions, or for the engineering that may be required to discover such factors. Since no engineering or percolation tests were made, no liability is assumed for soil conditions. Sub-surface rights (mineral and oil) were not considered in making this appraisal.
- 12) Wells and septic systems, if any, are assumed to be in good working condition and of sufficient size and capacity for the stated highest and best use.
- 13) We are not environmental experts, and we do not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, toxic waste, asbestos or hazardous building materials, or any other environmental hazards on the subject or surrounding properties. If we know of any problems of this nature that we believe would create a significant problem, they are disclosed in this report. Nondisclosure should not be taken as an indication that such a problem does not exist, however. An expert in the field should be consulted if any interested party has questions on environmental factors.
- 14) The appraiser on the subject property performed no chemical or scientific tests, and it is assumed that the air, water, ground, and general environment associated with the property present no physical or health hazard of any kind unless otherwise

noted in the report. It is further assumed that the lot does not contain any type of dumpsite and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environmental unless otherwise noted in the report.

- 15) The age of any improvements to the subject property mentioned in this report should be considered a rough estimate. We are not sufficiently skilled in the construction trades to be able to reliably estimate the age of improvements by observation. We therefore rely on circumstantial evidence that may come into our possession (such as dates on architectural plans) or conversations with those who might be somewhat familiar with the history of the property such as property owners, onsite personnel, or others. Parties interested in knowing the exact age of improvements on the land should contact us to ascertain the source of our data and then make a decision as to whether they wish to pursue additional investigation.
- 16) Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any observed condition or other comments given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is made as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating system, air condition system, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a construction expert be hired for a detailed investigation.
- 17) As can be seen from limitations presented above, this appraisal has been performed with a limited amount of data. Data limitations result from a lack of certain areas of expertise by the appraiser (that go beyond the scope of the ordinary knowledge of an appraiser), the inability of the appraiser to view certain portions of the property, the inherent limitations of relying upon information provided by others, etc.
- 18) There is also an economic constraint, however. The appraisal budget (and the fee for this appraisal) did not contain unlimited funds for investigation. We have spent our time and effort in the investigative stage of this appraisal in those areas where we think it will do the most good, but inevitably there is a significant possibility that we do not possess all information relevant to the subject property.
- 19) Before relying on any statement made in this appraisal report, interested parties should contact us for the exact extent of our data collection on any point, which they believe to be important to their decision-making. This will enable such interested parties to determine whether they think the extent of our data gathering process was adequate for their needs or whether they would like to pursue additional data gathering for a higher level of certainty.

- 20) Information (including projections of income and expenses) provided by local sources, such as government agencies, financial institutions, accountants, attorneys, and others is assumed to be true, correct, and reliable. The appraiser assumes no responsibility for the accuracy of such information.
- 21) The comparable sales data relied upon in the appraisal are believed to be from reliable sources. Though all the comparables were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.
- 22) Engineering analysis of the subject property were neither provided for use nor made as a part of this appraisal contract. Any representation as to the suitability of the property for uses suggested in this analysis is therefore based only on a rudimentary investigation by the appraiser and the value conclusions are subject to said limitations.
- 23) All values shown in the appraisal report are projections based on our analysis as of the date of the appraisal. These values may not be valid in other time periods or as conditions change. We take no responsibility for events, conditions, or circumstances affecting the property's market value that take place subsequent to either the date of value contained in this report or the date of our field inspection, whichever occurs first.
- 24) Since projected mathematical models and other projections are based on estimates and assumptions that are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.
- 25) This appraisal is an estimate of value based on an analysis of information known to us at the time the appraisal was made. We do not assume any responsibility for incorrect analysis because of incorrect or incomplete information. If new information of significance comes to light, the value given in this report is subject to change without notice.
- 26) Opinions and estimates expressed herein represent our best judgment but should not be construed as advice or recommendation to act. Any actions taken by you, the client, or any others should be based on your own judgment, and the decision process should consider many factors other than just the value estimate and information given in this report.

The appraisal report limitations

- 27) Appraisal reports are technical documents addressed to the specific technical needs of clients. Casual readers should understand that this report does not contain all of

the information we have concerning the subject property or the real estate market. While no factors we believe to be significant but unknown to the client have been knowingly withheld, it is always possible that we have information of significance which may be important to others but which, with our limited acquaintance of the property and our limited expertise, does not seem to be important to us.

- 28) Appraisal reports made for lenders are technical documents specifically made to lender requirements. Casual readers are cautioned about their limitations and cautioned against possible misinterpretation of the information contained in these reports. The appraiser should be contacted with any questions before this report is relied on for decision making.
- 29) This appraisal was prepared at the request of and for the exclusive use of the client to whom the appraisal is addressed. No third party shall have any right to use or rely upon this appraisal for any purpose.
- 30) There are no requirements, by reason of this appraisal, to give testimony or appear in court or any pretrial conference or appearance required by subpoena with reference to the property in question, unless sufficient notice is given to allow adequate preparation and additional fees are paid by the client at our regular rates for such appearances and the preparation necessitated thereby.
- 31) This report is made for the information and/or guidance of the client and possession of this report, or a copy thereof, does not carry with it a right of publication. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the appraiser. Nor shall the appraiser, firm, or professional organization of which the appraiser is a member be identified without the written consent of the appraiser.
- 32) It is suggested that those who possess this appraisal report should not give copies to others. Certainly legal advice should be obtained on potential liability issues before this is done. Anyone who gives out an incomplete or altered copy of the appraisal report (including all attachments) does so at their own risk and assumes complete liability for any harm caused by giving out an incomplete or altered copy. Neither the appraiser nor this company assumes any liability for harm caused by reliance upon an incomplete or altered copy of the appraisal report given out by others. Anyone with a question on whether their copy of an appraisal report is incomplete or altered should contact our office.
- 33) Values and conclusions for various components of the subject parcel as contained within this report are valid only when making a summation; they are not to be used independently for any purpose and must be considered invalid if so used. The allocation of the total value in this report between land and improvements applies

only under the reported highest and best use of the property. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

CERTIFICATION

I certify that, to the best of my knowledge and belief:

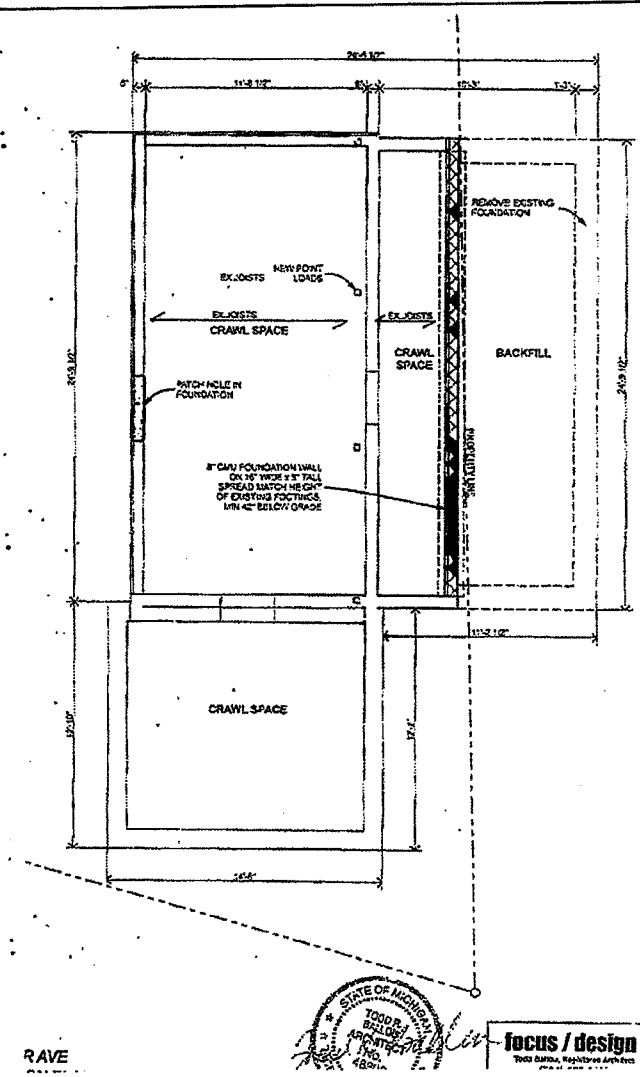
- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
- I have no bias with respect any property is the subject of this report or to the properties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my 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 likely related to the intended use of this appraisal.
- my analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice. Also, this report is in conformity with the Principles of Appraisal Practice and Code of Ethics of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report.
- no one provided additional assistance to the appraiser signing this appraisal report.
- Appraisers are required to be licensed and are regulated by the Michigan Department of Licensing and Regulatory Affairs., P.O. Box 30018, Lansing, MI.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- the appraiser signing this appraisal report has completed the requirements of the continuing education program of the Appraisal Institute for practicing affiliates.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report with the three-year period immediately preceding acceptance of this assignment.



Kurt R. Schmerberg

MI - State Certified General Appraiser No. 1201000979

ARCHITECTURAL PLANS



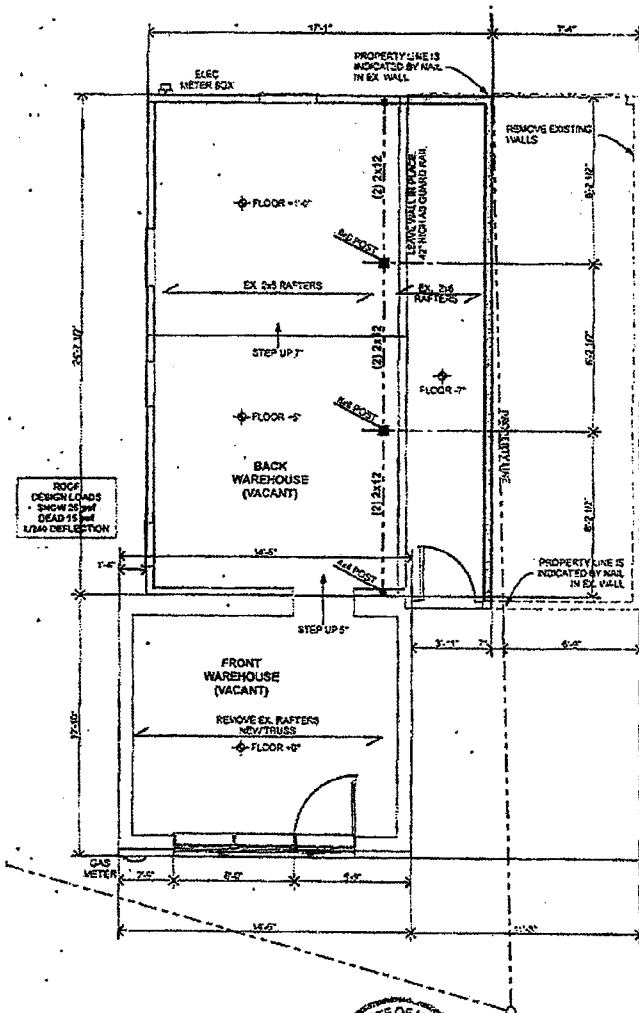
RAVE



focus / design
TODD BALDUCCI, REGISTERED ARCHITECT
PRINCIPAL DESIGNER



Affinity Valuation Group, LLC

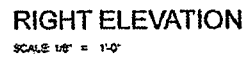


ER AVE
ROOF FRAMING PLAN



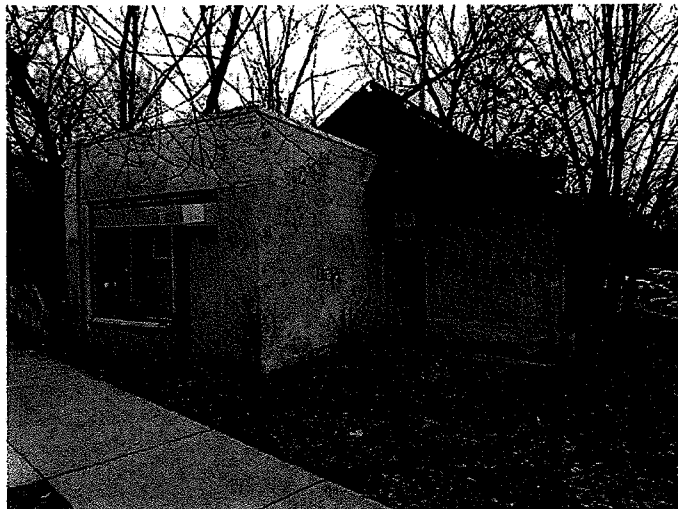
focus / design
Todd Ballou, Registered Architect
(734) 276-2110
tballou@focusdesign.net
2160 Burns Dr. Westland, MI 48090



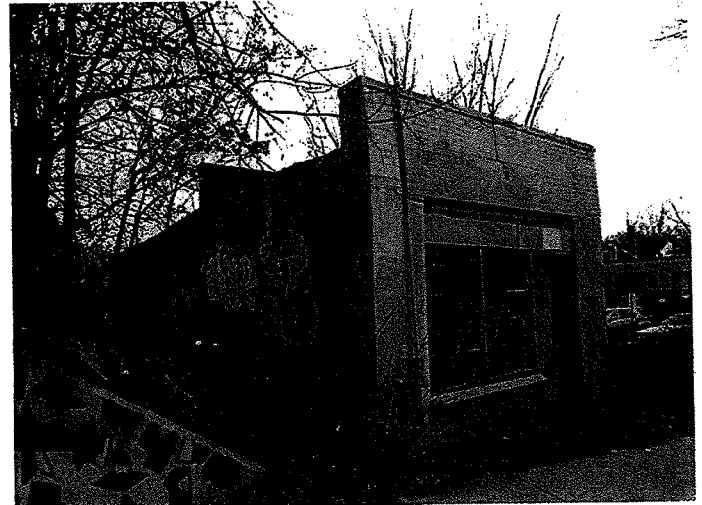


Photograph Addendum

| | | | | | |
|------------------|--------------------|--------|-----------|-------|-------------------|
| Owner | FELCH L.L.C. | | | | |
| Property Address | 410 Miller Ave | | | | |
| City | Ann Arbor | County | Washtenaw | State | MI Zip Code 48103 |
| Appraiser | Kurt R. Schmerberg | | | | |



Subject Front



Alternate Front View



Subject Rear



Alternate Rear View

Mr. Peter Shefman
3140 Lakewood Drive
Ann Arbor, Michigan 48103

February 19, 2015

Storm Water and Floodplain Management Office
Planning & Development Services
City of Ann Arbor Building Department
301 E. Huron Street
Ann Arbor, Michigan 48107-8647

Sent by US Mail on February 19, 2015
and Hand Delivered on February 20, 2015

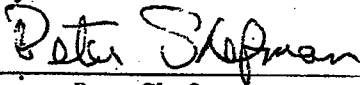
Re: Request for Building Permit to Make Repairs to Building Located at 410 Miller St., Ann Arbor, Mi

To Whom it May Concern:

On May 29, 2014, the referenced permit request was filed. In a letter dated February 11, 2015, Craig E. Strong, Building Official, stated that the Building Department will not issue a building permit for this project until I have satisfied the "Hold" status that you have placed on the property.

Please confirm the "Hold" status, the reasons for the status, and what I can do to release the "Hold" so that the repairs requested can be performed.

Thank you.



Peter Shefman
Felch L.L.C.

cc: Craig E. Strong
Building Official

Approved, SCAO

CITY OF ANN ARBOR
Original Court of Appeals/Circuit court
1st copy - Plaintiff

JIS CODE: COA
2nd copy - Appellee
3rd copy - Appellant

22 STATE OF MICHIGAN
JUDICIAL ☒ CIRCUIT ☐ DISTRICT
Washtenaw COUNTY
☐ IN THE COURT OF APPEALS

MAY 06 2014
CLAIM OF APPEAL

PLANNING & DEVELOPMENT SERVICES

CASE NO.
CIRCUIT 14-000048 AV
DISTRICT Nancy C Wheeler
PROBATE

Court address

101 E. HURON STREET, ANN ARBOR, MICHIGAN 48107

Court telephone no.

(734) 222-3001

Plaintiff's/Petitioner's name(s) and address(es) ☒ Appellant
☐ Appellee

FELCH LLC
3140 LAKEWOOD
ANN ARBOR, MICHIGAN 48103

Plaintiff's attorney, bar no., address, and telephone no.

PETER SHEFMAN
3140 LAKEWOOD
ANN ARBOR, MICHIGAN 48103
(734) 545-8800

Defendant's/Respondent's name(s) and address(es) ☐ Appellant
☒ Appellee

CITY OF ANN ARBOR
BUILDING BOARD OF APPEALS
301 E. HURON STREET
ANN ARBOR, MICHIGAN 48104

Defendant's attorney, bar no., address, and telephone no.

301 E. HURON STREET
ANN ARBOR, MICHIGAN 48107
(734) 794-6140

☐ Probate In the matter of CITY OF ANN ARBOR BUILDING BOARD OF APPEALS v FELCH LLC

Other interested party(ies) of probate matter

1. FELCH LLC claims an appeal from a final judgment or order entered on

Name

04/14/2014

Date

ANN ARBOR BUILDING BOARD OF APPEALS

Court name and number or county

Court of the State of Michigan,

by ☐ district judge ☐ circuit judge

☐ probate judge

☐ district court magistrate

ADMINISTRATIVE HEARING

N/A

Name of judge or district court magistrate

Bar no.

2. Bond on appeal is ☐ filed. ☐ attached. ☐ waived. ☒ not required.

3. ☒ a. The transcript has been ordered.

☐ b. The transcript has been filed.

☐ c. No record was made.

☐ 4. THIS CASE INVOLVES A CONTEST AS TO THE CUSTODY OF A MINOR CHILD.

05/02/2014

Date

Appellant/Attorney signature

PROOF OF SERVICE

I certify that copies of this claim of appeal and bond (if required) were served on

CITY OF ANN ARBOR

Name

on 05/02/2014

Date

by

☐ personal service.
☒ first-class mail.

Name

on

Date

by

☐ personal service.
☐ first-class mail.

Name

on

Date

by

☐ personal service.
☐ first-class mail.

05/02/2014

Date

Signature

MAY 20 9 22 AM '14

PLANNING & DEVELOPMENT SERVICES

| | | |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| CITY OF ANN ARBOR BUILDING BOARD OF APPEALS | DECISION AND ORDER TO FELCH, LLC AND FIRST MILLER LIMITED PARTNERSHIP REGARDING DANGEROUS BUILDING | SHOW CAUSE NO. 14-0599 |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|

TO FELCH, LLC AND FIRST MILLER LIMITED PARTNERSHIP:

THIS ORDER IS ISSUED IN THE MATTER OF THE SHOW CAUSE HEARING HELD ON APRIL 10, 2014, CONCERNING THE BUILDING, WHICH IS ON THE PROPERTY AT 410 MILLER AVENUE, ANN ARBOR, MICHIGAN, OWNED BY FELCH, LLC, AND ON A PORTION OF THE ADJACENT PROPERTY, OWNED BY FIRST MILLER LIMITED PARTNERSHIP, TO DETERMINE WHY THE BUILDING SHOULD NOT BE DEMOLISHED. A COPY OF THE LEGAL DESCRIPTION IS ATTACHED TO THIS DECISION AND ORDER.

Hearing Officers present at the Show Cause Hearing were Building Board of Appeals members Samuel Callan, Paul Darling, Robert Hart, Chair Kenneth J. Winters.

Presenting evidence and testimony on behalf of City staff was Ralph Welton, Building Official.

Peter Shefman was present at the hearing to speak on behalf of Felch, LLC, and Lisa York of McKinley, Inc. was present to speak on behalf of First Miller Limited Partnership.

Having held the Show Cause Hearing in this matter, based on the evidence and testimony presented at the hearing, the Building Board of Appeals finds that the Building is a dangerous building as defined in Chapter 101 of the Ann Arbor Code of Ordinances and orders it demolished, pursuant to the following motion and findings adopted by the Building Board of Appeals at the hearing:

Moved by R. Hart, That in the matter of the Show Cause hearing for 14-0599, concerning the building at 410 Miller Avenue, Ann Arbor, Michigan, owned by Felch, LLC, and on a portion of the adjacent property owned by First Miller Limited Partnership, the Building Board of Appeals finds that the Building is a dangerous building as defined in Chapter 101 of the Ann Arbor Code of Ordinances and that the owner(s) shall cause the building to be demolished or to be otherwise made safe. The owner(s) shall commence the necessary work by contacting the Building Official by April 24, 2014, regarding the requirements to obtain the necessary permits. The

MAY 06 2014

PLANNING & DEVELOPMENT SERVICES

owner(s) shall further pull such permits and shall complete the work by the 45th calendar day after the date of this decision and order. If the owner(s) does(do) not comply with this Order then the City will cause the building to be demolished.

THIS ORDER IS BASED ON THE FOLLOWING FINDINGS:

The building is vacant and accessible to outside non-inhabitants.
The building has a bowing masonry wall.
There is no roof on the front of the block building on Miller.
The building is not well secured.
There is a section of the roof missing on the rear frame portion of the building.
The general structure of the building has been compromised.

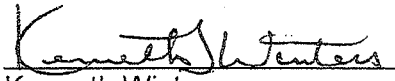
The motion was seconded by S. Callan.

On a Voice Vote – **MOTION PASSED – UNANIMOUS.**

FOR THIS REASON, THE BUILDING BOARD OF APPEALS ORDERS THAT you (Felch, LLC and First Miller Limited Partnership) shall **DEMOLISH OR OTHERWISE MAKE SAFE** the Building located on the property at 410 Miller, Ann Arbor, Michigan, and partially on the adjacent property.

THE BUILDING BOARD OF APPEALS FURTHER ORDERS THAT the work necessary to satisfy the requirements of this Order be **commenced by April 24, 2014**, and be **completed by May 27, 2014** and if you fail to comply with this Order, the City will cause the necessary work to be completed.

14 APRIL 2014
Date


Kenneth Winters
Chairperson, Building Board of Appeals

You have limited rights to appeal the decision and order of the building board of appeals. See Ann Arbor Code Sections 8:388, 8:387(6).

CITY OF ANN ARBOR
RECEIVED

MAY 06 2014

LEGAL DESCRIPTION

PLANNING & DEVELOPMENT SERVICES

A.PRT OF NE 1/4 OF NW 1/4 OF SEC 29, T2S, R6E, DESCR AS ALL THAT PRT NORTH OF MILLER AVE AND SOUTH OF FELCH ST, LYING E OF THE ANN ARBOR R.R. ROW (50FT WIDE) AND W OF A LINE DESCRIBED AS BEING PARALLEL WITH AND 25 FT DISTANT FROM THE E ROW LINE OF SAID R.R. ROW, MORE PARTICULARLY DESCRIBED AS A LINE BEG AT A PNT 50 FT E OF THE CENTERLINE OF THE R.R. ROW AND THE NLINE OF MILLER AV, TH N 51 DEG 01' E 350.49 FT; TH N 19 DEG 56' E 646.62 FT TO THE POINT OF ENDING. CONTAINING 24930 SF +/- OR .16 ACRES +/- THIS DESCRIPTION IS FOR PROPERTY TAXATION PURPOSES ONLY. Split on 03/02/2000 from 09-09-29-221-030; COMMONLY KNOWN AS 410 MILLER AVENUE, Tax Parcel ID 09-09-29-221-035

AND

LOTS 8 THRU 14 & PRT OF LOTS 1 THRU 7, B3N, R1E, JAMES B. GOTTS ADDITION, DESC AS COM N 1/4 COR OF SEC 29, T2S, R6E, TH N 87 DEG 53 MIN 30 SEC E 29.32 FT, TH S 2 DEG 6 MIN 30 SEC E 33 FT, TH S 4 DEG 27 MIN 50 SEC W 436.08 FT, TH N 85 DEG 51 MIN 10 SEC W 66.25 FT, TH S 4 DEG 2 MIN 10 SEC W 131.56 FT FOR POB, TH CONT S 4 DEG 2 MIN 10 SEC W 465.54 FT, TH WLY 84.87 FT, TH NWLY 29.1 FT, TH N 60 DEG 34 MIN 20 SEC W 117.71 FT, TH ALG A LINE 50 FT ELY OF CL OF ML OF AARR TRACK N 15 DEG 1 MIN 40 SEC E 350.49 FT & ALG ARC OF CIR CUR RT, RAD 3769.83 FT, CH N 15 DEG 31 MIN 45 SEC E 66 FT, TH S 83 DEG 23 MIN 50 SEC E 137.76 FT TO POB; COMMONLY KNOWN AS 310 MILLER, Tax Parcel ID 09-09-29-221-032

To : Ann Arbor Building Board of Appeals
Att: City Clerk of Ann Arbor
Stephen Postema-City Attorney
Kristen Larcom-City Attorney
City of Ann Arbor
301 E Huron St. PO Box 8647
Ann Arbor, Michigan 48107-8847

July 14, 2014

RECEIVED

JUL 14 2014

OFFICE OF THE CITY ATTORNEY
CITY OF ANN ARBOR

RE: REQUEST WRITTEN TRANSCRIPT OF BUILDING BOARD OF APPEAL HEARING
DATED APRIL 10, 2014

Please allow this correspondence to act a request for the complete written transcript for the
Circuit Court Appeal of the order from Show Cause hearing by the City of Ann Arbor Building Board
of Appeals dated April 10, 2014 regarding Felch LLC and the building located at 410 Miller

Appeal case : STATE OF MICHIGAN
IN THE WASHTENAW CIRCUIT COURT

PETER SHEFMAN ON BEHALF
OF FELCH LLC
Appellant,

v

Circuit Court Appeal No. 14-448-AV
City of Ann Arbor Building Board
of Appeal Order 14-0599
HONORABLE CAROL KUHNKE

CITY OF ANN ARBOR
Appellee.

Additionally, please find attached the order order (copy attached) from the 22nd Circuit Court
judge dated July 3, 2014 which directs the City of Ann Arbor to file a written transcript (not audio
recording) with the court and notify the parties pursuant the Michigan Court Rules and provide notice
to all parties and the court pursuant the Michigan Court Rules.

Thank you for you assistance,

Submitted by:
Dated: July 14, 2014



Felch LLC by Peter Shefman

Appellant
3140 Lakewood
Ann Arbor, Michigan 48103

