

MEMORANDUM

To: Potential Bidders

From: Royce A. Rowles, MAI
Appraiser
OBO/PRE/MPE/EV

Date: August 31, 2012

Re: Residential Real Estate Appraisal Services – Kampala, Uganda

Reference: None

Attached are a Real Estate Appraisal Services Scope of Work (SOW) and a Real Estate Appraisal Specification and Format. These documents concern the valuation of a property in Kampala, Uganda. **This document should be considered as part of the RFP to all firms interested in submitting fee quotes.**

**U.S. DEPARTMENT OF STATE
DEPARTMENT OF OVERSEAS BUILDINGS OPERATIONS (OBO)
REAL ESTATE APPRAISAL
SCOPE OF WORK (SOW)**

BACKGROUND

This Request for Proposal (RFP) is seeking real estate appraisal services to value the current Deputy Chief of Mission Residence (DCR). In addition, OBO is requesting an estimate of market rent for the DCR.

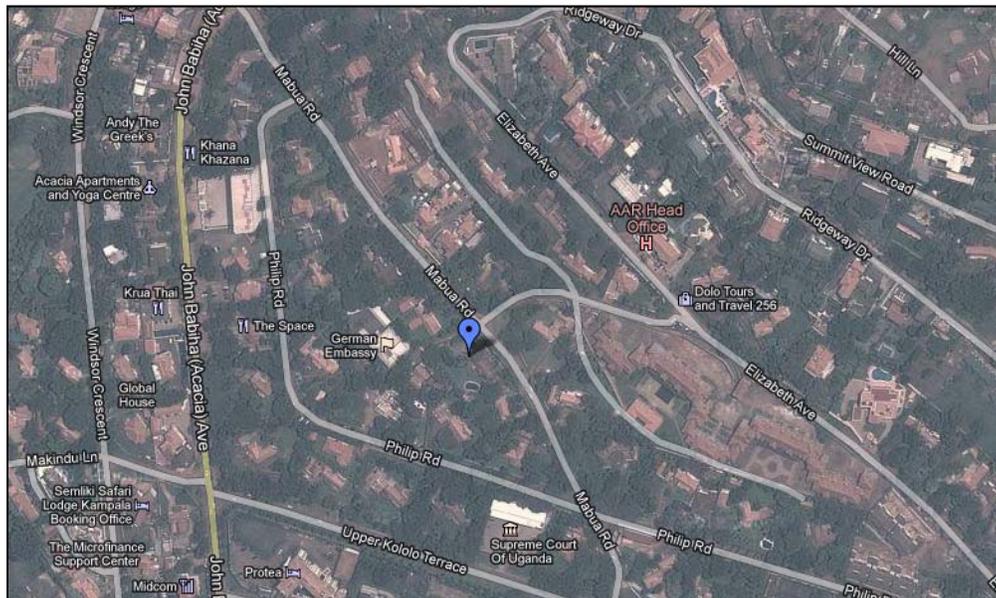
PROPERTY TO BE APPRAISED:

This is a luxury residence located at 11A Mabua Road, Kololo, Kampala, Uganda. The property is located at coordinates: lat 0.330437, lon 32.589419. The property has a gross size of 353 square meters and net size 276 Square Meters according to USG measurements. The property has a garden size of 1,700 square meters.

Kololo is the premier neighborhood of Kampala and is home to many of the most prominent diplomatic officials, government ministers, and other cultural and societal leaders.

The physical information provided on this property is for informational purposes only and it is the responsibility of the appraiser to verify the factual data and the physical and functional characteristics of the property. The information is provided in order to assist potential appraisers in formulating bids.

AREA MAP



APPRAISAL PROBLEM/PURPOSE OF THE APPRAISAL:

The U.S. Department of State is seeking a fee quote to provide the fair market rental value (FMRV) and the fair market value (FMV) of the freehold interest of the residence described above for internal decision-making purposes in conjunction with the possible acquisition of the

property or lease negotiation. The appraisal shall be submitted in an abbreviated summary format, with the exception that the comparable data and analysis must be written up in detail.

POINTS OF CONTACT:

Local POC - Local point of contact for this engagement is Jeff Biron, GSO, U.S. Embassy Kampala, Uganda, 1577 Ggaba Road, Kampala, Uganda Tel. (256) 414-306-631, Email BironJL@state.gov.

OBO POC – The OBO point of contact is Royce A. Rowles, MAI. Telephone is 01-703-875-7197, Email is RowlesRA@State.Gov.

FORMAT AND DUE DATE:

All items specified in the APPRAISAL SPECIFICATION & FORMAT located on the following pages shall be included in a detailed and logical form. No departure from this provision shall be accepted without adequate explanation. Following OBO’s recommended format and methodology will expedite the review process and approval for payment of the invoice. The report must include all Assumptions & Limiting Conditions.

1. An acceptable draft of the report produced under this service is due to OBO within **30 days** from receipt of the Purchase Order (PO). The draft must be submitted electronically, with analyses and addenda to RowlesRA@State.Gov.
2. The USG expects the draft report to have been thoroughly reviewed under a quality control procedure that it is fully compliant with the SOW, free from grammatical, methodological, and mathematical errors. If the review appraiser finds this is not the case, the report will be rejected and returned to the appraiser for revisions. If the report is returned for these reasons, it is not considered to have been received in an acceptable draft form and the USG reserves the right to impose a late penalty, as noted herein.
3. With the submission of the draft report, provide the reviewer with electronic versions of all data summary tables and adjustment grids in an unlocked, usable Microsoft Excel format.
4. Two copies of the final report are due one week following the completed review of the draft document by OBO. The review of the draft report is considered complete when the appraisers have addressed all questions to the satisfaction of OBO.
5. A complete copy of the final report must also be provided to OBO via CD-ROM.
6. The report must be transmitted in English.
7. Market value must be reported in the currency in which real estate transactions occur in the market. In addition, in the final value reconciliation market value must also be converted into U.S. Dollars, with the exchange rate stated as of the date of value.

When approved, final reports must be sent to the review appraiser via overnight courier, i.e., FED EX, UPS, or other express mail service to:

ROYCE A. ROWLES, MAI
U.S. DEPARTMENT OF STATE, OBO/PRE/MPE/EV
1701 NORTH FT MYER DRIVE, RM 10W16
ROSSLYN, VA 22209
USA
TEL: 703-875-7197 OR 703-516-1933

FEE QUOTE: The fee quote must be provided in the following manner

| Description/Action | All-Inclusive Fee Quote |
|-------------------------------------|-------------------------|
| Residential Appraisal | \$ |
| Appraisal Update (within 12 months) | \$ |
| Up to two days Field Support | \$ |

1. Fee quotes must be in U.S. Dollars.
2. Fee quotes must be all-inclusive; therefore, all travel and incidental costs shall be included.
3. As part of this assignment, the USG may be seeking two days field support if an OBO representative visits post and requires assistance. Typical actions that may be requested on the part of the contractor could include a field inspection of sales and listing data relevant to the appraisals, an inspection of the city and the areas of prime commercial and residential development, additional field research on the subject properties in particular, negotiation guidance, and other field research as needed. The fee to provide this service should be presented as a separate line item and it may or may not be needed.
4. With the submission of the fee quote, the vendor must also submit the name of the appraiser(s) who will be performing the appraisal assignment, their experience in the subject market and property type, the name/location of the office or firm that the appraiser is assigned to, and the appraiser's credentials. It is expected that the identified appraiser(s) will inspect the comparable properties and significantly contribute to the opinions rendered.
5. Fee quotes must remain valid for a period of up to twelve months.
6. A separate fee quote must be provided to update the appraisal within 12 months from the completion of the initial assignment.
7. If the draft appraisal report is not delivered on or before the contractually agreed to date, and there is no mutual understanding between the USG and the contractor that the report will be late for good cause, **the USG reserves the right to impose a 2% daily base fee reduction as penalty for each day the draft report is late.**

REVIEW AND APPROVAL:

Upon review of the appraisal, comments needing further clarification, if any, will be forwarded to the appraiser e-mail. There might be several rounds of communication including additional drafts, prior to the finalization of any report. Since these assignments are time sensitive, prompt responses are expected from the appraiser.

PAYMENT:

Payment will be made after OBO approval and receipt of the final reports and CD.

**U.S. DEPARTMENT OF STATE
BUREAU OF OVERSEAS BUILDINGS OPERATIONS
REAL ESTATE APPRAISAL SPECIFICATION & FORMAT
Summary Appraisal Report**

Note to Appraisers: The purpose of the format is to assist the appraiser in the preparation of a residential appraisal report based on the requirements of the U.S. Department of State, Bureau of Overseas Buildings Operations. The appraiser's justification for the value estimate should be presented clearly and logically with sufficient explanation to allow the reader to understand the appraiser's reasoning.

*The following outlines the **minimum** requirements for real estate appraisals. The appraiser is instructed to meet these requirements in a format that generally follows the order below. Where appropriate, and based on additional appraisal requirements and customs in the country in which the property is located, the specifications may be expanded to meet those requirements. **The appraiser should provide explanation for any deviation from our specifications.***

For adherence to this format, the appraisal(s) will be reviewed by a qualified real estate appraiser in the State Department. In the event that there are areas requiring completion or clarification, the review appraiser will contact the Appraiser to obtain the additional information. In order to expedite the review and approval process, the report must be in English and should contain the following information and analysis under each sub-heading.

I INTRODUCTION

1. Title Page
2. Letter of Transmittal
3. Table of Contents
4. Summary of Conclusions
5. Assumptions and Limiting Conditions – (The appraiser must state any special assumptions or limiting conditions that underlie the value estimate.)
6. Statement of Competency

II FACTUAL INFORMATION (1 Page)

1. Property Identification
2. Property Rights Appraised
3. Please use the following definition of market value: “*Market value is the most probable price a property should bring in existing market conditions, as of the effective date of the appraisal, assuming fee simple ownership, a willing buyer and willing seller, a reasonable exposure to the market and a cash or cash equivalent transaction.*”
4. Purpose of the Appraisal
5. Date of Valuation – typically this is the date of inspection

III PROPERTY DESCRIPTION (1-2 pages)

1. Site
 - Indicate the size, dimensions, and configuration of the site; indicate whether the site is level or sloping, which utilities are available to the site, and describe the properties that are adjacent to the site. Indicate whether the site is typical in size, or larger/smaller than similar properties in the neighborhood.
2. Site Improvements
 - Identify the site improvements (for example: main house, garage, swimming pool, tennis court, distinctive landscaping, perimeter fencing).

- Indicate the approximate age of the main house, the number of floors, the number of bedrooms and bathrooms, and the gross building area. Define gross building area and any other size standard commonly used in the marketplace by brokers and appraisers. Describe the condition and appeal of kitchen appliances and finishes, bathroom finishes, and the general style, condition, and appeal of living areas.
- Report evidence of damage, neglect, or wear and tear. Indicate the approximate age of the roof, hot water heater, and heating & cooling equipment.
- If the subject of appraisal is an apartment, report additional information on balconies, storage areas, and parking spaces (surface and/or underground).

3. Zoning –

- state/describe zoning if the Highest & Best Use (HBU) is to redevelop.

IV ECONOMIC BACKGROUND (1-2 pages)

1. City / Neighborhood Description: Briefly identify the neighborhood, and locate it in relation to the city center, the U.S. Embassy and local government offices. Relevant points for discussion may include proximity to schools, roads, and public transportation.
2. Area Map: Include map and show subject location plus the USG offices (Embassy)
3. Market Analysis: Describe current market conditions including if there is a glut of residential properties being offered on the market for sale. Or is this an active/competitive market and sellers are at an advantage? Are prices going up or down?
4. Marketing Time: State the typical marketing time that can be expected for a property such as the subject.

V VALUATION (3-5 pages)

1. Highest and Best Use: Unless this is a simple appraisal where the residence is already at its HBU, the appraiser is expected to go into some detail in this section, indicating whether the existing use of the land is most appropriate, or whether the neighborhood is changing as new uses are being introduced into the neighborhood. Are land use trends stable? Or are residential properties being converted to a higher-density use?
2. Sales Comparison: The sales comparison approach must be included. No other approach to value is required, unless the HBU is for redevelopment or an alternate use. If it is determined that the HBU is for redevelopment, a land sales comparison approach is required, as is a land residual analysis. In the sales comparison approach, a comparable fact sheet should be presented for each sale comparable along with a photograph, such as sample provided in the Addenda. Feel free to include additional categories.

Note that the USG requires that closed sale transactional evidence is reported / used in this analysis. If there is an inadequate number of comparable sale transactions, the appraiser may also use some listings but the appraiser must report the time those properties have already been listed on the open market.

In this section indicate what the local practices are in reporting unit size. For instance the appraiser may report gross building area (GBA) for detached residences or gross living area (GLA) in reporting apartment units. Whichever the local convention, please define/clarify your term and be consistent. For example, a garage or unfinished basement area may be part of gross building area, but not part of the living area. Another example is that servant’s quarters are often not included in the GBA or GLA.

Provide an adjustment grid, which includes a summary of the comparable properties’ salient facts. An example follows.

| Adjustment Variables | Subject Property | Comparable 1 | Comparable 2 | Comparable 3 | Comparable 4 |
|---|-----------------------|---|--------------|--------------|--------------|
| Sale Price | N/A | | | | |
| Sale Price/M2 | N/A | \$100 | | | |
| Initial Adjustments: | | | | | |
| Special Financing Conditions | Standard | lower than market interest rate on loan | | | |
| Adjustment | N/A | 10% | | | |
| Date of Sale | Current | 6-months ago | | | |
| Adjustment | N/A | 5% | | | |
| Adjusted Prices (Initial) - Subtotal | | \$ | \$ | \$ | \$ |
| Other Adjustments: | | | | | |
| Neighborhood | Springdale | Inferior | | | |
| Adjustment | N/A | 10% | | | |
| Location | suburban, busy street | Similar | | | |
| Adjustment | N/A | 0% | | | |
| Unit Size (or #bedrooms/# baths) - not including servants' quarters | 300 m2 | Similar | | | |
| Adjustment | N/A | 0% | | | |
| Age / Condition | 10-years old / Good | 5-years /Very Good | | | |
| Adjustment | N/A | -10% | | | |
| Quality of Construction | Good | Average | | | |
| Adjustment | N/A | 5% | | | |
| Other (include additional line items for other categories)*: | N/A | N/A | | | |
| Adjustment | N/A | N/A | | | |
| Total Adjustment | | 10% | | | |
| Adjusted price/m2 | | | | | |
| Weighting of Comparables in Final Analysis | | 25% | 30% | 10% | 35% |
| * Single-family residence may have lot size/configuration, garage, servant's quarters, recreational amenities, basement/finish | | | | | |
| Condominium unit may have adjustment categories such as view/floor in building, assigned or owned parking spaces, assigned storage, recreation amenities, and security. | | | | | |

Discuss how the attributes of neighborhood, age, size, condition, and sale date influence the appeal and value of the appraised property. Conclude the discussion by the estimating the value and per-square-meter indication of value for the appraised property. Explain in your narrative how/why you made your adjustments and concluded a certain market value, in light of your analysis of the comparable sales.

Conclusion of Value: The appraiser should clearly indicate his/her thought process when concluding to an estimate of value by the sales comparison approach. The estimate should be the currency the local real estate transactions and also in U.S. dollars, as of the date of valuation. Indicate the exchange rate used and date of that exchange rate. The appraiser should indicate the amount of time it is likely to take for the property to sell at the estimated value.

Please indicate the date of the exchange rate, which ought to be on or close to the date of value.

3. Fair Market Rental Value: As part of this assignment we would like to have an estimate of market rent supported by comparable data for the residence.

Comparable Data

To understand the overall residential market, we are interested in several sets of data:

- Luxury home rents, as illustrated by completed transactions at comparable residences
- Current asking rents at comparable properties

To the extent possible, utilize comparables that represent executed lease transactions. While rental listings may also be used, any appropriate discounts to reflect their listing status should be considered. The discussion of each rental comparable should include:

- Photograph
- Property type, address, description, condition
- Name of landlord and tenant
- Date of lease
- Total floor area, leased area/area available to lease
- Lease term
- Rental rate
- Free rent and other landlord concessions
- Comprehensive discussion of how the comparable relates to the subject property, its superior and inferior features, how it compares overall to the subject, and what the comparable indicates as an appropriate rental value for the subject.

Provide a tabular summary of the comparable lease transactions and a data adjustment chart similar to that described in the sales comparison approach. A discussion of the adjustment process is also required. Analyze and discuss the market information relating to the property. The market rental analysis must clearly indicate how the estimated market rent was derived.

4. Reconciliation and Conclusions: If multiple approaches to value are used in the appraisal (the conclusion by the sales comparison approach does not stand on its own), then this section is necessary.

5. Certification: Attest to the fact that the appraiser has no personal interest in the value estimate. Sign the report.

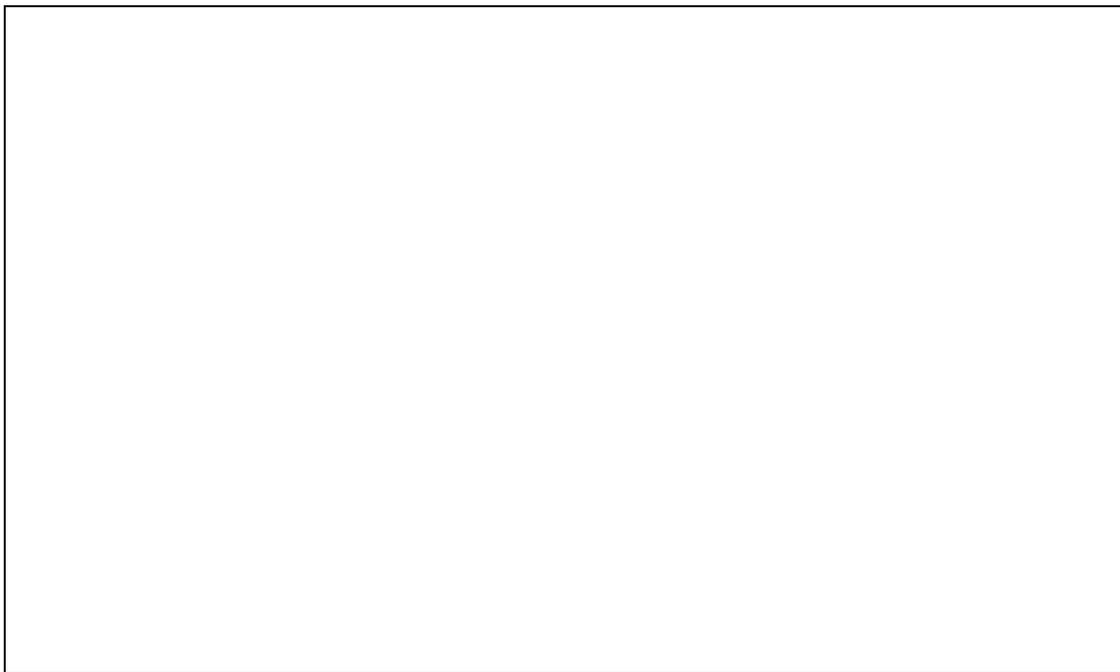
VI ADDENDA AND EXHIBITS

1. Location Map (Subject Property and Sale Comparables)
2. Site Plan, if a single-family dwelling
3. Floor plan
4. Subject Photographs (Exterior & Interior Photographs plus “street scene”)
5. Sale Comparable Fact Sheets (see sample)
6. Rent Comparable Fact Sheets

Addenda - Sample Sale Comparable Fact Sheets

For each sale comparable there should be a fact sheet that summarizes the key facts of the comparable in a chart like the one below, plus a photograph. If there are six sale comparables, there should be six comparable fact sheets.

| Comparable Number | 1 |
|---|---|
| Address | xxx Main Street |
| Neighborhood | Douglas Park |
| Location | Average but on busy street |
| Age/Condition | Date constructed / condition |
| Quality of Construction | |
| Type of Dwelling Unit | i.e. Single-Family Residence, Townhouse, high-rise condominium unit |
| Unit Size (GBA, GLA, gross floor area) - state type used | ___ M2 |
| Site Area/ Configuration (if Single-Family Residence) | i.e. 900 m2 site, rectangular in shape and level topography |
| Number of rooms | |
| Number of bedrooms/bathrooms | |
| Number of Assigned Parking Spaces | |
| Additional Amenities (garage/carport, outside kitchen, servant's quarters, proximity to metro, view, recreational amenities, balconies, etc.) | |
| Date of Sale | |
| Sales price (state currency) | |
| Price per M2 | |
| Comments | Any relevant comments such as distance to subject property, overall comparability, etc. |



**Photograph
Comparable #1, xxx Main Street**

