

Quality Adjustment Rating: A pure replacement cost system of valuation relies only on quality of materials, design and workmanship in quality grade determinants. It has been said that the three most important considerations in purchasing real estate are Location, Location and Location. Unfortunately, a pure cost system does not address what might be a major value ingredient on improvement values (**Neighborhood and Location**). Yes, materials, design and workmanship should be the primary quality grade determinant, but the neighborhood's appeal, or lack thereof, may have a secondary impact. An extreme example of this is that the so-called \$100,000 home in the \$200,000 neighborhood will usually bring more than its pure replacement cost. Because Vision Government Solutions, Inc's Appraisal System is a combination of Cost/Market Appraisal Systems, quality grades may need to vary slightly among similar neighborhoods. Any variations from the pure cost approach quality rating should be made only with supportable conclusive market evidence, using neighborhood sales to justify these adjustments. Once the quality grade determinants are determined, the final quality grades should be similar on similar homes within similar neighborhoods. Equitability and consistency are paramount.

Within Vision Government Solutions, Inc's Appraisal System, there are quality adjustments available to cover a wide range of possible construction qualities. The quality grades applied to the properties are multipliers, or factors, applied to the basic construction rate, which is derived from the structural components.

What follows are the guidelines in establishing quality grades based purely on a cost approach system, unadjusted for market neighborhood conditions:

Quality Grading Guidelines: The general quality specifications and associated factor for each grade are as follows:

Minimum Grade (E, .50 Factor): Buildings constructed with very low grades of materials. No extras, only bare minimum.

Below Average Grade (D-, .60 Factor, D, .70 Factor, D+, .80 Factor): Buildings constructed with a minimum grade materials, usually "culls" and "seconds" and poor quality workmanship resulting from unskilled, inexperienced, "do-it-yourself" type labor. Low-grade heating, plumbing

and lighting fixtures.

Average Grade (C-, .90 Factor, C, 1.00 Factor, C+, 1.10 Factor): Buildings constructed with average quality materials and workmanship throughout, conforming to the base specifications used to develop the pricing schedule. Minimal architectural treatment. Average quality interior finish and built-in features. Standard grade heating, plumbing and lighting fixtures.

Good Grades (B-, 1.20 Factor, B, 1.35 Factor, B+, 1.50 Factor): Buildings constructed with good quality materials and workmanship throughout. Moderate architectural treatment. Good quality interior finish and built-in features. Good grade heating, plumbing and lighting fixtures.

Very Good Grades (A-, 1.70 Factor, A, 1.90 Factor, A+, 2.10 Factor): Buildings constructed with very good quality materials and workmanship throughout. Moderate architectural treatment. Very good quality interior finish and built-in features. Very good grade heating, plumbing and lighting fixtures.

Excellent Grades (X-, 2.35 Factor, X, 2.70 Factor, X+, 3.10 Factor): Buildings generally having an excellent architectural style and design, constructed with excellent quality materials and workmanship throughout. Excellent quality interior finish and built-in features. Excellent grade heating, plumbing and lighting fixtures.