

# **FutureForensics™**

**Automotive Damage Investigations**

September 7, 2012

Mr. Mike Swift  
929 141st Place SW  
Lynnwood, WA 98087

RE: Diminished value of SWIFT 2008 Ford Mustang Shelby GT500 Coupe  
Allstate Claim#: 0255301079-B03  
Future Forensic File #: 7935

Dear Mr. Swift,

I had an opportunity to review documents regarding the above referenced vehicle. Prior to my review the vehicle had been taken to Bellevue Auto Rebuild in Bellevue, Washington, for corrective repairs as a result of a front end collision on August 11, 2012. The subject vehicle is a 2008 Ford Mustang Shelby GT500 two door coupe with a 5.4 liter, V8 engine and having a vehicle identification number of 1ZVHT88S185185072 and a Washington state license plate number of 586YHC.

The major damages noted to the vehicle that were repaired or replaced include: front bumper cover, left front fender, right front fender, hood, and front valance panel. The amount of the vehicle repair totaled \$3,445.08.

Based upon the information provided on the subject vehicle it is assumed that the subject vehicle has been completely and properly repaired.

With the vehicle being properly repaired, this leaves only Inherent Diminished Value to assess.

### Inherent Diminished Value

Inherent Diminished Value is a projection of the loss of value of a subject vehicle. Inherent Diminished Value is the amount of money that would need to be taken off the retail selling price of the vehicle with full disclosure to the vehicle buyer that it has been in a collision. The fact that it has been in a collision in and of itself is not the issue; the issue is was there any frame/structural damage to the vehicle. Frame and structural damage affects the resale value of the vehicle even if it has been properly repaired. The amount of diminished value is only a projection because the ultimate Inherent Diminished Value is decided after the vehicle has been sold. Dealers will often try to say that the value loss of a vehicle is 40% - 50% of wholesale value, only to list the selling price of the vehicle somewhat near retail value - using the diminished value taken on trade in as room to negotiate additional profit. Generally vehicles that have been classified as "totaled" will receive the most amount of diminished value. A total loss is generally defined as damage exceeding 70-80% of retail value. Generally a vehicle that has been listed as a total loss- that is repaired properly will suffer a value loss of 20%-50% upon retail sale. The difference in the amount depends on the vehicle age. This vehicle was not classified as a total loss. The total cost of the vehicle repair was \$3,445.08. The approximate retail value of the vehicle at the time of the loss was \$33,000.00. It appears that the cost to repair the vehicle was approximately 10.4% of pre-

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loss retail value. The vehicle's retail value at the time of loss is established by reviewing the value amount as listed by NADA (National Automotive Dealers Association) and comparing that value with comparable vehicles for sale on the retail market.

Inherent Diminished Value assumes that the repairs have been done completely and thoroughly and there are no repairs that need to be done. This vehicle is of unibody design. The term unibody refers to the fact that major parts of the vehicle body are welded or bonded together to form one body or "unibody". Major parts of this vehicles unibody in the front include: radiator core support, front frame rails, inner fender panels and cowl. The front bumper assembly attaches to the front unibody at the point where the front frame rails, inner fenders and radiator core support come together. As noted above the front bumper cover, left front fender, right front fender, hood, and front valance panel were repaired or replaced and the vehicle was refinished.

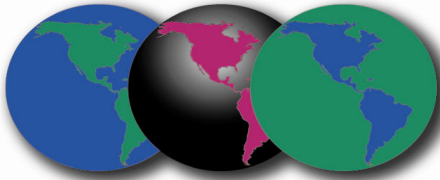
My assessment is based on research with dealers, actual selling prices of collision damaged vehicles and general knowledge of vehicle market values. The factors used to determine diminished value in my formula include: vehicle mileage at the time of the loss, vehicle overall condition prior to the loss, overall extent of damage, percentage of repairs to vehicle value, prior damage/repairs and vehicle age at the time of loss. New cars suffer more diminished value than vehicles that are several years old with the same type of damage. It is my opinion that an acceptable amount of value loss to this vehicle, which was worth approximately \$33,000.00 at the time of loss, is \$2,116.86. This brings the retail value of the vehicle down to a retail value with disclosure of \$30,883.14. This amount again is only a projection and the true extent of the diminished value will not be known until the vehicle is sold on a retail basis. As additional time passes from the date of the collision and as the vehicle continues to age the actual diminished value amount will be reduced due to natural depreciation. The actual diminished value loss can only be known upon retail sale. The vehicle owner's actual damages are equal to the difference between the fair market value of the vehicle immediately before it was damaged and its fair market value immediately after it was damaged. The fair market value of any property is the amount which would be agreed upon as a fair price by the owner who wants to sell, but is not compelled to do so, and a buyer who wants to buy, but is not compelled to do so.

If I can be of any further assistance in this matter or any other please do not hesitate to contact me at my office.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark E. Olson', with a long horizontal flourish underneath.

Mark E. Olson



## Inherent Diminished Value

### Vehicle Owner

Mike Swift  
929 141st Place SW  
Lynnwood, WA 98087

### Insurance Company:

Allstate Insurance Company  
Claim #0255301079-B03

### Date:

Sept. 5, 2012

Forensic file #

7935

Vehicle/loss year

2008 / 2012

### VIN

1ZVHT88S185185072

### VEHICLE TYPE:

2008 Ford Mustang Shelby GT500 coupe

Evaluated By: Mark Olson

Mileage 28,941

Lic. Plate 586YHC

Estimate Total \$3,445.08

% of value 10.4

Date of Loss 8/11/12

Vehicle age at time of loss 4

Vehicle More than one year old. (1.0)

Age Modifier used

1.00

### Vehicle Value (comp)

Base

\$33,000.00

Special consideration

Total vehicle pre-loss value

\$33,000.00

### Extent of Damage Modifier

1.0 Severe damage to the structure of vehicle

.75 Major damage to structure and panels.

.50 Moderate damage to structure and panels.

.25 Minor damage to structure of vehicle.

0.0 No structural damage and replaced panels.

Appraisers judgment of damage extent

0.30

### Extent of Damage Modifier (prior damage/repair)

0.0 Rebuilt Total Loss (will automatically 0 DV value.)

0.1 Severe damage to the structure of vehicle

.25 Major damage to structure and panels.

.50 Moderate damage to structure and panels.

.75 Minor damage to structure of vehicle.

1.0 No structural damage and replaced panels.

Appraisers judgment of damage extent

1.00

### Mileage Modifier:

The mileage modifier

is based on a

percentage of miles

unused base on

200,000.

Below is that

percentage rounded to

the nearest Hundredth.

### Percentage repairs to

value 10.4

### modifier

100+% (1.40)

75%-100% (1.30)

50%-75% (1.20)

25%-50% (1.10)

1%-25% (1.00)

Modifier used: 0.86

1.00

### Calculations of Inherent Diminished Value

Vehicle Pre-loss value

\$33,000.00

Base LOV

\$8,250.00

Mileage Modifier

0.86

Extent of damage Modifier

0.30

Prior damage Modifier

1.00

% or repair to ACV Modifier

1.00

Vehicle Age Modifier

1.00

Total Projected Diminished Value **\$2,116.86**

Total Projected Post Repair Value

\$30,883.14