2015 REAL PROPERTY NOTICE OF DETERMINATION

Gunnison County
COLORADO

Kristy McFarland
Gunnison County Assessor
221 N Wisconsin St, Suite A
Gunnison, CO 81230

Date of Notice: June 30, 2015
Phone: (970) 641-1085
Fax: (970) 641-7920
Email: assessor@gunnisoncounty.org
Website: http://www.gunnisoncounty.org/assessor.html

Received
County Adminstration
7/13/2015
Case #: 71

ACCOUNT NUMBER	TAX YEAR	TAX AREA	PARCEL NUMBER
R001657	2015	100	3701-363-25-003

PROPERTY OWNER	LEGAL DESCRIPTION
DICKEY CHRIS 218 N WISCONSIN ST GUNNISON, CO 81230-2626	LOT 5 BLK 12 ORIGINAL GUNNISON #562734 #608149

PROPERTY CLASSIFICATION	PROPERTY OWNER'S ESTIMATE OF VALUE	ASSESSOR'S VALUATION	
		ACTUAL VALUE PRIOR TO REVIEW	ACTUAL VALUE AFTER REVIEW
Commercial		404,420	404,420
TOTALS		$404,420	$404,420

The Assessor has carefully studied all the available information, giving particular attention to the specifics included on your protest. The Assessor's determination of value after review is based on the following:

The actual value of the property is determined by appropriate consideration of the approaches to appraisal set forth in § 39-1-103(5)(a), C.R.S.

If you disagree with the Assessor's decision, you have the right to appeal to the County Board of Equalization for further consideration, § 39-8-106(1)(a), C.R.S.

The deadline for filing real property appeals is July 15.
The deadline for filing personal property appeals is July 20.

The Assessor establishes property values. The local taxing authorities (county, school district, city, fire protection, and other special districts) set mill levies. The mill levy requested by each taxing authority is based on a projected budget and the property tax revenue required to adequately fund the services it provides to its taxpayers. The local taxing authorities hold budget hearings in the fall. If you are concerned about mill levies, we recommend that you attend these budget hearings. Please refer to last year's tax bill or ask your Assessor for a listing of the local taxing authorities.

Please refer to the reverse side of this notice for additional information.

APPEAL PROCEDURES

Received County Administration 7/13/15 CBOE #32

County Board of Equalization Hearings will be held from July 1 through August 5 at Gunnison County Courthouse or Blackstock Government Center.

To appeal the Assessor's decision, complete the Petition to the County Board of Equalization shown below, and mail or deliver a copy of both sides of this form to:

Gunnison County Board of Equalization
200 E Virginia Ave
Gunnison, CO 81230
(970) 641-0248

To preserve your appeal rights, your Petition to the County Board of Equalization must be postmarked or delivered on or before **July 15 for real property** and on or before **July 20 for personal property** – after such date, your right to appeal is lost. You may be required to prove that you filed a timely appeal; therefore, we recommend that all correspondence be mailed with proof of mailing.

You will be notified of the date and time scheduled for your hearing. The County Board of Equalization must mail a written decision to you within five business days following the date of the decision. The County Board of Equalization must conclude hearings and render decisions by August 5, § 39-8-107(2), C.R.S. If you do not receive a decision from the County Board of Equalization and you wish to continue your appeal, you must file an appeal with the Board of Assessment Appeals by September 12, § 39-2-125(1)(e), C.R.S.

If you are dissatisfied with the County Board of Equalization's decision and you wish to continue your appeal, you must appeal within 30 days of the date of the County Board's written decision to ONE of the following:

Board of Assessment Appeals
1313 Sherman Street, Room 315
Denver, CO 80203
(303) 866-5880
www.dola.colorado.gov/baa

District Court
Contact the District Court in the county where the property is located. See your local phone book for the address and telephone number.

Binding Arbitration
For a list of arbitrators, contact the County Commissioners at the address listed for the County Board of Equalization.

If the date for filing any report, schedule, claim, tax return, statement, remittance, or other document falls upon a Saturday, Sunday, or legal holiday, it shall be deemed to have been timely filed if filed on the next business day, § 39-1-120(3), C.R.S.

PETITION TO COUNTY BOARD OF EQUALIZATION

What is your estimate of the property's value as of June 30, 2014? (Your opinion of value in terms of a specific dollar amount is required for real property pursuant to § 39-8-106(1.5), C.R.S.)

$ 225,000

What is the basis for your estimate of value or your reason for requesting a review? (Please attach additional sheets as necessary and any supporting documentation, i.e., comparable sales, rent roll, original installed cost, appraisal, etc.)

May 5, 2015 Valbridge Commercial appraisal that valued this bld. @ $280,000 (plus - I've made improvements since then)

ATTESTATION

I, the undersigned owner or agent* of the property identified above, affirm that the statements contained herein and on any attachments hereto are true and complete.

Signature: [signature] Telephone Number: 970-641-1414 Date: 7/9/15

*Attach letter of authorization signed by property owner.

publisher@gunnisontimes.com

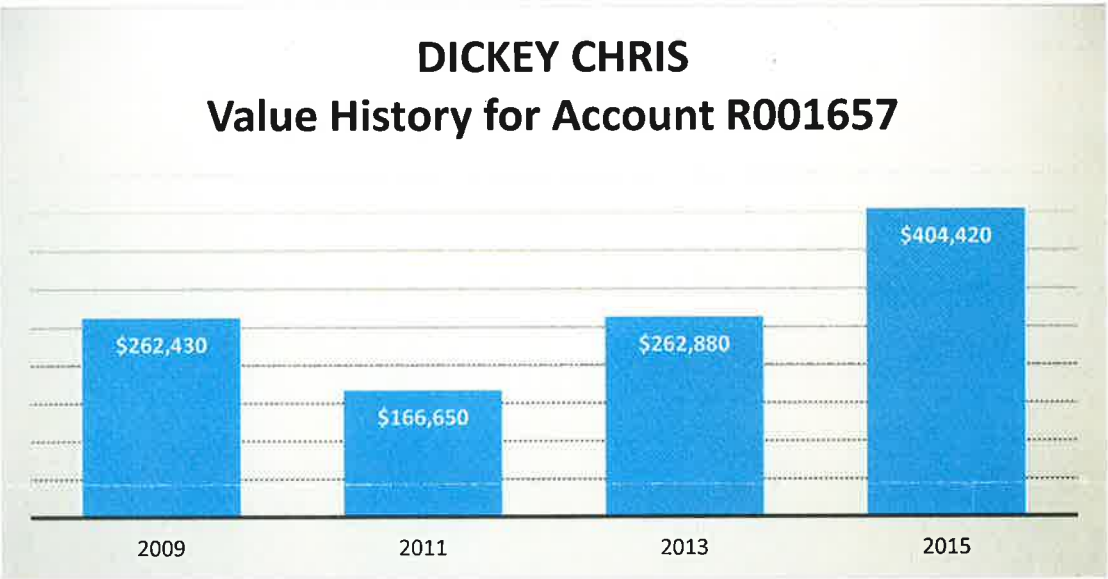
Received
County Administration
7/13/2015

Gunnison County Assessor's Office
221 North Wisconsin Street, Suite A
Gunnison, CO 81230

CBOE #72
EXHIBIT A
Page 1 of 1

Dear Property Owner,

The Assessor's Office reappraises all property in Gunnison County every two years. The chart below shows the valuation history of your property over the past four reappraisal cycles. We are providing this information to illustrate how the most recent change in your property value fits into the overall valuation trend of the past eight years.



GCT
218 N. Wisconsin
Gunnison CO
81230

DENVER CO 802
09 JUL 2015 PM 5 L

Received
County Administration
7/13/2015
CBOE #72

Gunnison County Board of Equalization
200 E. Virginia Ave.
Gunnison, CO 81230

81230224800

Appraisal Report

Office/Flex Building
218 North Wisconsin Street
Gunnison, CO 81230

FOR
Wells Fargo Bank
Mr. Brent Summers
1700 Lincoln Street, 23rd Floor
Denver, CO 80203

Valbridge Property Advisors | Mountain West

562 Highway 133
Carbondale, CO 81623
970.340.1016
970.797.9124 fax

valbridge.com

Valbridge File #15080
RETECHS #: WF-DEN-009993-03-1

May 8, 2015

Mr. Brent Summers
Wells Fargo Bank
1700 Lincoln Street, 23rd Floor
Denver, CO 80203

RE: RETECHS #: WF-DEN-009993-03-1
Office/Flex Building
218 North Wisconsin Street
Gunnison, CO 81230

Dear Mr. Summers:

In accordance with your request, we have prepared a real property appraisal of the above-referenced property. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions.

The subject property consists of an office/flex building located at 218 North Wisconsin Street in Gunnison, Colorado and operates as the Gunnison Country Times newspaper office. The freestanding, single-story building was built in 1946 using masonry construction and contains 3,120 square feet of gross building area. The subject site measures 3,125 SF (0.07 acres) and is identified by assessor's parcel number 3701-363-25-003. The building is divided equally into office and shop space, with office occupying the western (front) portion of the building. The rear warehouse/shop space includes two restrooms, an open layout and a rear overhead door accessed from the alley. There is no on-site parking at the subject and it is located in the Gunnison central business district.

As of the valuation date of this report, the subject was owned by DICKEY CHRIS, doing business as the Gunnison Country Times. There have been no transactions involving the subject property in the three year period preceding the valuation date of this report. According to the property owner, the subject is not listed for sale, nor is it encumbered by a sale contract.

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA); the Interagency Appraisal and Evaluation Guidelines; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client.

Wells Fargo Bank is the client in this assignment and is the sole intended user of the appraisal and report. The intended use is for loan underwriting purposes. Wells Fargo Bank reserves the right to use the report for the purposes of syndication with other financial institutions for securitization. The value opinions reported herein are subject to the definitions, assumptions and limiting conditions, and certification contained in the addenda to this report.

The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are contingent on the following extraordinary assumptions and/or hypothetical conditions:

Extraordinary Assumptions:
None.

Hypothetical Conditions:
None.

Based on the analysis contained in the following report, our value conclusions involving the subject property are summarized as follows:

VALUE CONCLUSION

Date of Value	May 5, 2015
Market Value Conclusion – Fee Simple Estate "As Is"	**$280,000**

This letter of transmittal must be accompanied by all sections of this report as outlined in the Table of Contents, in order for the value opinions set forth above to be valid.

Respectfully submitted,
Valbridge Property Advisors | Mountain West

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Brian Mooney
Research Analyst

Table of Contents

Table of Contents i
Summary of Salient Facts 1
Analysis Introduction 3
Neighborhood and Regional Analysis 7
Market Analysis 17
Site Description 25
Zoning Information 27
Improvements Description 29
Assessment & Tax Data 35
Highest & Best Use 37
Appraisal Methodology 41
Sales Comparison Approach 43
Income Capitalization Approach 57
Reconciliation 69
General Assumptions & Limiting Conditions 73
Certification 79

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Summary of Salient Facts

Property Type:	Office/Flex Building
Address:	218 North Wisconsin Street Gunnison, CO 81230
Assessor's Parcel Number:	3701-363-25-003
Property Rights Appraised:	Fee Simple Estate "As Is"
Zoning:	CBD: Central Business District *Per City of Gunnison Planning Department*
Site Size:	3,125 SF (0.07 acres)
Existing Improvements	
Gross Building Area:	Office: 1,560 SF Shop Space: 1,560 SF Total: 3,120 SF *Per Gunnison County Assessor's Office & appraiser measurements*
Year Built:	1946
Condition:	Average
Extraordinary Assumptions:	None
Hypothetical Conditions:	None
Highest and Best Use	
As Vacant:	Hold for future development
As Improved:	As improved as an office/flex building
Date of Inspection:	May 5, 2015
Date of Report Preparation:	April 27, 2015 through May 8, 2015

VALUE INDICATIONS & CONCLUDED VALUES

Valuation Date:	May 5, 2015
Sales Comparison Approach	$280,000
Income Capitalization Approach	$235,000
Market Value Conclusion – Fee Simple Estate "As Is":	**$280,000**

AERIAL VIEW/BIRD'S EYE VIEW

STREET VIEW

Analysis Introduction

Client and Other Intended Users of the Appraisal

The client in this assignment is Wells Fargo Bank. The intended user of this report is Mr. Brent Summers, officers of Wells Fargo Bank, and no others.

Intended Use of the Appraisal

The intended use is for loan underwriting purposes. Wells Fargo Bank reserves the right to use the report for the purposes of syndication with other financial institutions for securitization.

Real Estate Identification

The subject property is located at 218 North Wisconsin Street, Gunnison, CO 81230. The Gunnison County Assessor's Office identifies the subject property as parcel number 3701-363-25-003.

Legal Description

LOT 5 BLK 12 ORIGINAL GUNNISON #562734 #608149

Real Property Interest Appraised

We have appraised the fee simple interest of the subject "As Is".

Types of Value

We have developed the following types of value for the subject property.

VALUATION SCENARIOS

Valuation	Completed
"As Is"	Yes

Please refer to the Glossary in the Addenda section for the definition(s) of value type employed in this report.

Effective Dates of Value

The effective date of value is May 5, 2015. We inspected the property on May 5, 2015.

Date of Report

The date of this report is May 8, 2015, the date of the letter of transmittal. Our conclusions are reflective of current market conditions.

Scope of Work

The scope of work includes all steps taken in the development of the appraisal. This includes 1) the extent to which the subject property is identified, 2) the extent to which the subject property is inspected, 3) the type and extent of data researched, 4) the type and extend of analysis applied, and the type of appraisal report prepared. These items are discussed as follows:

Extent to Which the Property Is Identified

- Legal Characteristics
  The subject was legally identified via county records.

- Physical Characteristics
  The subject was physically identified via an interior and exterior inspection.

Extent to Which the Property Is Inspected

We inspected the subject on May 5, 2015 and performed a full interior and exterior inspection.

Type and Extent of the Data Researched

We researched and analyzed: 1) market area data, 2) property-specific, market-analysis data, 3) zoning and land-use data, and 4) current data on comparable listings, sales, and rentals in the competitive market area.

Type and Extent of Analysis Applied

The subject site has improvements that contribute to an overall value that exceeds the land value. Since there is no proposed development or expansion involving the subject site, an intensive feasibility analysis is not warranted. We observed surrounding land use trends, the condition of the improvements, demand for the subject property, and relative legal limitations in concluding a highest and best use. We then valued the subject based on the highest and best use conclusion, employing the Sales Comparison and Income Approaches.

Approaches not used: Cost Approach; the subject was constructed in 1946. Accrued depreciation is subjective and rarely based on data extracted directly from the market, rendering any value estimate via a Cost Approach less reliable. Therefore, the Cost Approach is less relevant than the Income and Sales Comparison Approaches and was not developed. The omission of the Cost Approach does not reduce the reliability of the final estimate to value.

Type of Appraisal and Report Option

This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2b(S-R Rule).

Use of Real Estate as of the Effective Date of Value

The subject property consists of an owner-occupied flex building.

Current Ownership

According to the Gunnison County Assessor's Office, the subject is vested in DICKEY CHRIS, doing business as the Gunnison Country Times.

Property History

The previous owner, PIEROTTI STEPHEN J, purchased the subject property in February of 2006 for $200,000. In September 2011, the subject was transferred by special warranty deed at no cost to DICKEY CHRIS, doing business as Gunnison Country Times. Per discussions with the owner, the roof was replaced in 2014 with a membrane roof system, and minor upgrades were completed to the office space.

There have been no transactions involving the subject property in the three year period preceding the valuation date of this report. According to the property owner, the subject is not listed for sale, nor is it encumbered by a sale contract.

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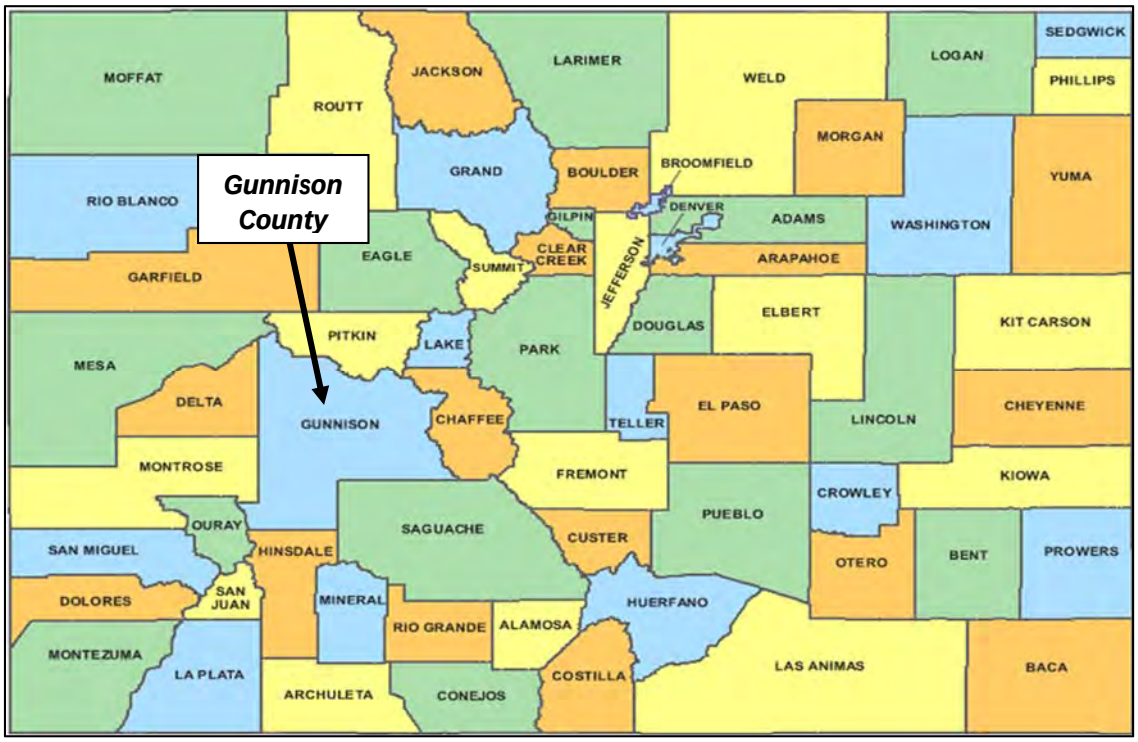
Neighborhood and Regional Analysis

Area Overview

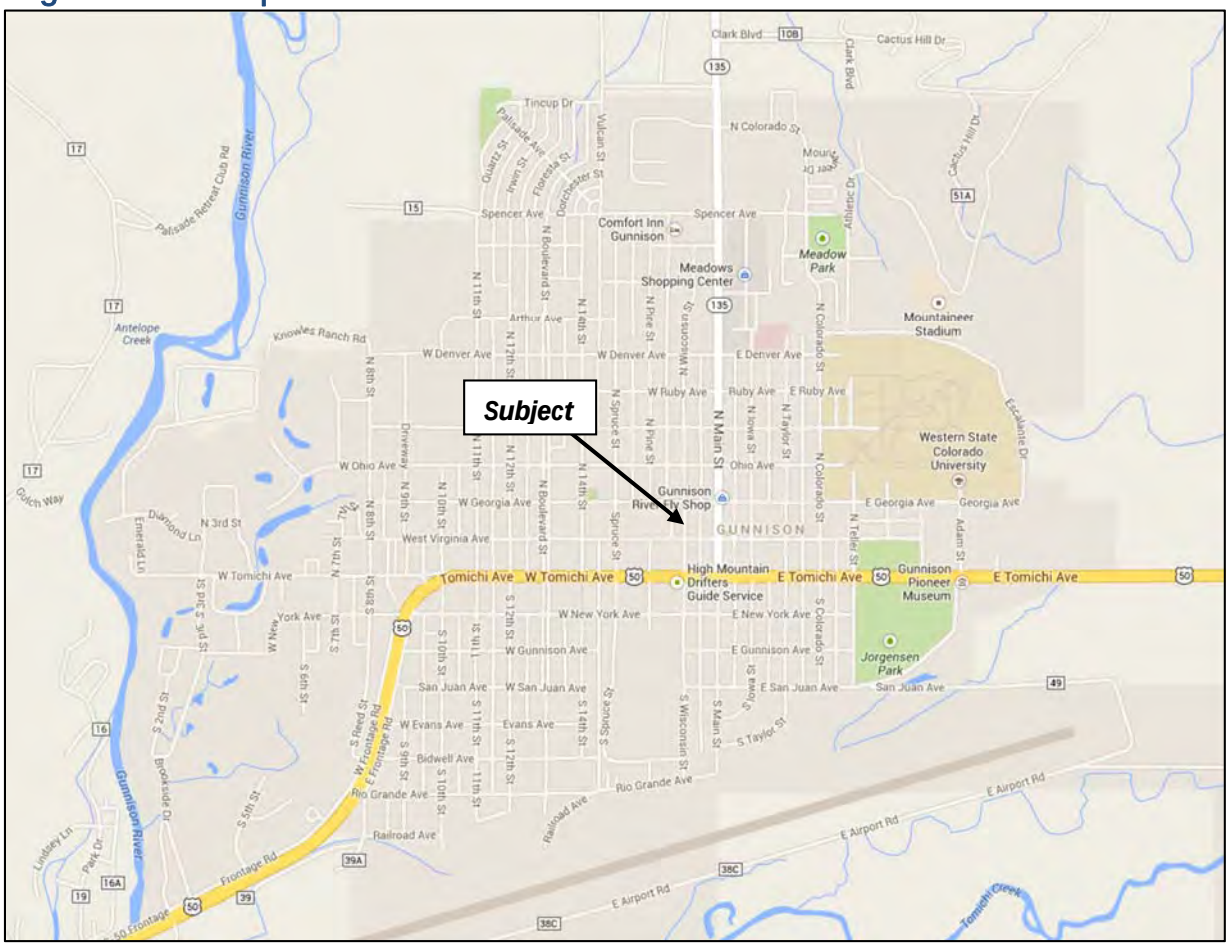
The subject is located in the City of Gunnison within Gunnison County, Colorado.



Neighborhood Overview

The subject property is located within the city limits of Gunnison, in Gunnison County, Colorado. The subject is located in downtown Gunnison, which is the focus of this section of the report. The Gunnison market is heavily influenced by Western State Colorado University. The immediate area surrounding the subject consists primarily of retail/office properties and nearby single-family homes. Where appropriate, our analysis includes the entirety of the City of Gunnison and/or the greater Gunnison County area.

Neighborhood Map



Neighborhood Aerial

History

The City of Gunnison is located in rural central Colorado along U.S. Highway 50, between Salida to the east and Montrose to the West. The region is surrounded by high mountains to the north, east, and south, while to the west of Gunnison lies more open expanses including Blue Mesa Reservoir and Black Canyon of the Gunnison National Park. The town holds a unique geographic position at the valley bottom of three of Colorado's largest mountain ranges, the Sawatch to the East, Elks to the North, and the San Juans to the South. The region is well known for its surrounding geography and recreational activities; including mountain biking, fishing, rafting, skiing and hiking.

Although originally founded as a ranching and mining town, the economy of Gunnison and surrounding areas has been closely linked to Western State Colorado University since it was founded in Gunnison in 1901. The area has grown as the home of Western State Colorado University with a current enrollment of over 2,400 undergraduates. The university has maintained an enrollment of approximately 2,400 since the 1980's after experiencing overcrowding problems in the late 1970's. Today little natural resource extraction occurs in Gunnison and the city economy relies on the local university its anchor as well as tourism both in the summer and winter months.

Land Use

Neighborhood land use includes a mix of residential and commercial uses. The subject's neighborhood also includes Western State Colorado University with an enrollment of 2,400 students. The subject benefits from good synergy with surrounding properties which include the Gunnison Post Office and Gunnison County offices. Other land use characteristics are summarized in the following table.

Age of Improvements	80+ years to new construction
Predominant Quality and Condition	Good
Approximate Percent Developed	>60%
Life Cycle Stage	Stable
Immediate Surrounding Land Use	
North	Single Family Homes, Retail Building
South	Gunnison Post Office
East	Downtown Gunnison
West	Gunnison County Offices Building

Access

The Gunnison neighborhood has good access from Highway 50 linking the subject neighborhood with Montrose and Salida. Highway 135 provides access from Gunnison to Crested Butte in the north. Access from more local areas is primarily along North Main Street (Highway 135), which runs north-south through the center of the neighborhood. Commercial properties tend to be clustered along the main business corridors of Highway 50 (Tomichi Avenue) and Highway 135 (Main Street), while residential properties are scattered throughout the neighborhood along the secondary thoroughfares.

Overall, access to and from the neighborhood is average. Despite having access to most amenities, Gunnison remains rather remote from the larger markets of Grand Junction and Denver, which lie 125 to the west and 200 miles to the east, respectively. The density of development in the downtown area allows for good access *within* the neighborhood including ample opportunities for bicyclists and pedestrians.

Demographic Analysis

The following demographic information was obtained from multiple sources. We have primarily drawn upon information from the US Census Bureau, the Bureau of Labor Statistics, demographics website www.usa.com, Gunnison County and the City of Gunnison.

Population

The City of Gunnison had a population of 5.892 in 2012. Since 2010, the population has been shrinking slightly while Gunnison County continued to slowly grow. The population of the City of Gunnison is projected to continue growing at a pace slightly slower than Gunnison County as a whole.

Population				
	Gunnison	Gunnison County	Colorado	National
2000 Census	5,404	14,006	4,338,801	281,421,906
2010 Census	5,916	15,389	5,049,717	308,745,538
2012 Estimate	5,892	15,475	5,196,618	312,780,968
% Change 2010-2012	(0.004)%	0.005%	1.65%	0.93%

Educational Attainment

The following table shows the educational attainment for the population over the age of 25. The high school graduation rate for the City of Gunnison and Gunnison County is very similar to the state average of 89.31%. A lower percentage of the City of Gunnison has attained a Bachelor's Degree (38.99%) than the remainder of Gunnison County; however these figures are above the state and national averages.

Education				
	Gunnison	Gunnison County	Colorado	National
High School Diploma	88.29%	94.31%	89.31%	85.03%
Bachelor's Degree	38.99%	51.90%	35.88%	27.90%
Advanced Degree	14.44%	14.27%	12.85%	10.30%

Housing

USA.com projects that 36.03% of the housing units in the City of Gunnison are owner occupied, 51.61% are renter occupied, and 12.36% are vacant. The median home value is $246,300, is similar to the state average but falls well below Gunnison County ($326,400) which includes the resort market of Crested Butte. Vacancy rates are slightly higher in Gunnison than elsewhere in the state and across the nation.

Housing				
	Gunnison	Gunnison County	Colorado	National
Total Housing Units	2,645	11,412	2,212,898	133,455,832
Owner Occupied %	36.03%	34.17%	58.4%	57.7%
Renter Occupied %	51.61%	22.92%	30.7%	30.9%
Vacant (%)	12.36%	42.90%	10.9%	11.4%
Median Home Value	$246,300	$327,400	$236,600	$179,900

Household Income

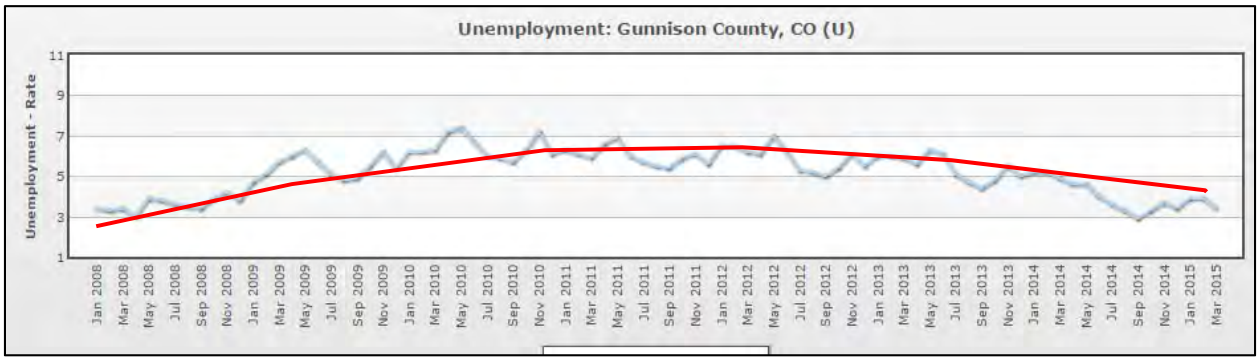
The US Census Bureau estimates median household income to be $39,181 in the City of Gunnison, which is less than the median household income levels in Gunnison County ($50,091). This figure is also significantly lower than the Colorado average ($56,765) and national average of $51,371.

Median Household Income				
	Gunnison	Gunnison County	Colorado	National
2010 Estimate	$39,181	$50,091	$56,915	$52,703
2012 Estimate	N/A	N/A	$56,765	$51,371
% Change 2010-2012	N/A	N/A	-0.26%	-2.53%

Unemployment Data

The BLS does not forecast the unemployment rate for the City of Gunnison. As of January 2015, the unemployment rate in Gunnison County was 3.9%, which is lower than in the state of Colorado (4.2%). The unemployment rate has remained consistently lower than state and national averages over the time period examined. During 2014 Colorado had the largest percentage drop in unemployment of any state, from 6.7% to 4.2%. In addition Colorado employers created over 62,000 jobs while increasing payroll by 2.6%.

Unemployment			
Time	Gunnison County	Colorado	National
January 2008	3.4%	4.1%	5.0%
January 2009	5.1%	6.7%	7.8%
January 2010	7.1%	8.8%	9.8%
January 2011	7.1%	8.9%	9.1%
January 2012	7.2%	8.3%	8.3%
January 2013	6.6%	7.3%	7.9%
January 2014	5.7%	6.1%	6.6%
January 2015	3.9%	4.2%	5.7%

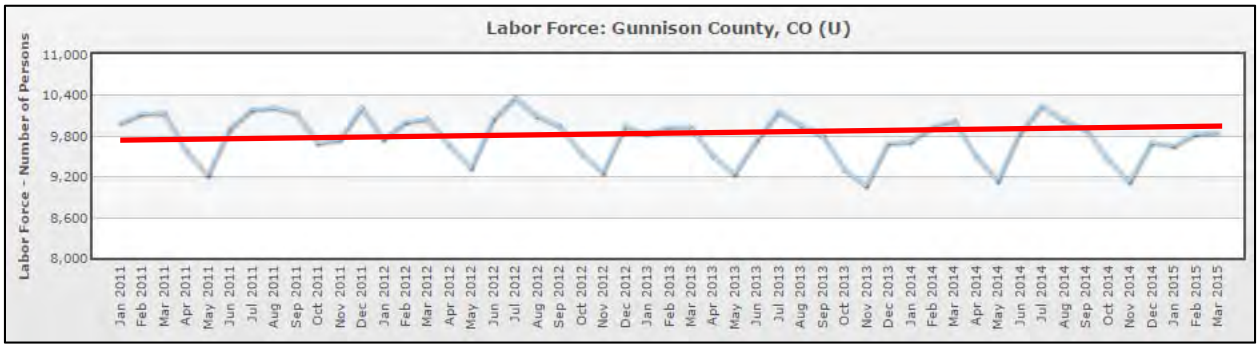


Source: Bureau of Labor Statistics

As can be seen in the above graph, the longer term unemployment rate trend appears to be heading in a positive direction. Although the unemployment rate has not yet returned to levels seen in early 2008 at the onset of the global financial crisis, the unemployment rate has declined by several percentage points from the high reached in early 2010.

Labor Force Data

The below graph illustrates the labor force for Gunnison County from January 2011 through January 2015. As of January 2015, the total labor force of Gunnison County was reported to be 9,652. This represents a slight decrease from the total as of January 2014 (9,711). As is evident in the graph, the labor force has been trending towards stability despite large seasonal fluctuations.



Source: Bureau of Labor Statistics

Outlook and Conclusions

The City of Gunnison is located in rural central Colorado located along Highway 50 between Salida and Montrose. The economy is closely tied to Western State Colorado University, whose enrollment of 2,400 creates a large student rental population in the downtown area. The university continues to be a popular choice for students, particularly those with strong interests in outdoor recreation. The performance of Crested Butte also drives the Gunnison economy, particularly during the summer and winter months. Although the population growth of Gunnison has been stagnant in recent years, there continues to be relatively low vacancy and unemployment. With roots in both education and the growing outdoor recreation market, Gunnison's economy is likely to continue to provide a positive environment to work and live in the near future.

Looking South along North Wisconsin Street

Looking North along North Wisconsin Street

New Brewery Scheduled to Open in Summer 2015

Gunnison Central Business District

Typical Multi-Family Property

Gunnison Post Office (South of Subject)

Gunnison County Office Building (West of Subject)

Multi-Tenant Mixed-Use Building

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Market Analysis

MARKET AREA MAP – CITY OF GUNNISON

Overview

The subject is located within the City of Gunnison, within Gunnison County, Colorado. This analysis includes the entirety of the City of Gunnison in addition to Gunnison County where appropriate. The subject itself is located along the east side of North Wisconsin Street, one block west of Main Street. Important factors impacting the Gunnison market include Western State Colorado University as well as the Crested Butte resort market.

The subject is located in the Gunnison Central Business District, which is characterized by storefront retail and restaurant properties along North Main Street, as well as scattered office and mixed-use properties along secondary thoroughfares. Businesses in the CBD consist primarily of mom-and-pop operations, while chain and national tenants are located further north and along Tomichi Avenue (Highway 50). A Wal-Mart shopping center is located approximately seven blocks north along North Main Street, with a City Market located adjacent and other national retailers in close proximity.

Definition of Product & Market Segmentation

In the following paragraphs, we describe the competitive qualities of the subject and the market segment in which it competes:

Property Type

The subject consists of a freestanding office/flex building in average condition. The property has historically been occupied by the Gunnison Country Times and has an attractive downtown location. The subject's versatile design and layout would appeal to a variety of office and general commercial users.

Location of Competition

The subject is located within the City Limits of Gunnison. The subject's primary competition consists of other office buildings located along secondary thoroughfares in downtown Gunnison. Properties located within the CBD are notably superior relative to those located on the periphery of town, such as the southwest and along the East Tomichi Avenue corridor.

Demographic information

Both the City of Gunnison and Gunnison County population's growth rates are stagnant. Although not growing rapidly, the existing population is well educated and able to earn incomes that produce excess wealth to liven the economy.

Supply & Demand Trends

Where possible, we have utilized objective, third-party data in researching the market area to determine real-estate trends as they apply to the subject property. However, due to a lack of available data for the smaller communities located on the western slope of Colorado, we have included analysis, information and evidence provided by key market participants such as knowledgeable brokers, local investors and government employees.

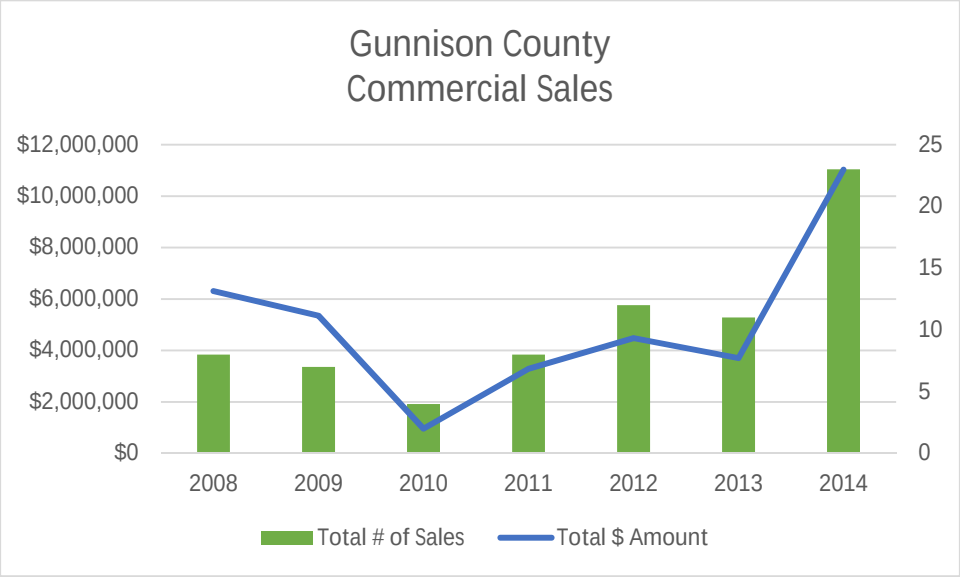
Barriers to Entry & Future Development

There are no significant geographic barriers to development in the City of Gunnison. Gunnison is surrounded by land that appears to be suitable for development if and when economic conditions allow. Per discussions with local investors and brokers, a large portion of agricultural land located east of town between the Gunnison limits and the Gunnison Cemetery is the discussion of a possible annexation. However, the city and the owners of the land are far apart in negotiations as to who will pay for infrastructure costs, reported to total approximately $18 million.

At the present time, no significant commercial or multi-family development is scheduled for the City of Gunnison. There are approximately 18 single-family homes with foundations poured that may be added to the rental market upon completion; however, these will not compete with the subject for tenants. There are several new housing proposals for the Town of Crested Butte, including a tax-credit housing project. However, these projects are aimed at the local workforce renter base and are not expected to impact the Gunnison rental market.

Gunnison County Commercial Sales

Data analyzed includes all of Gunnison County including Gunnison, Crested Butte, Mt. Crested Butte, and Lake City. Commercial sales remained suppressed for three years following the bottom of the recession in 2010. The total number of commercial sales in 2014 rose to a record high 23 sales. Similarly, the total sales volume reached $11,028,750, nearly three times the volume sold in 2013. Although the median sale price dropped by 10.7% to $315,000, the median price sold per square foot increased by over 90% to $182. In 2014 properties were marketed for an average of 83 more days on the market than in 2013. Detailed figures can be found in the chart and displayed in the graph below.



Gunnison County Residential Sales Data							
	2008	2009	2010	2011	2012	2013	2014
Total Sales	8	7	4	8	12	11	23
Total Volume	$6,308,000	$5,350,500	$961,000	$3,284,000	$4,483,000	$3,701,000	$11,028,750
Median Sale Price	$345,000	$675,000	$227,000	$250,000	$160,000	$353,000	$315,000
Avg. DOM	335	533	52	372	517	456	539
Median $ PSF	$307	$158	$68	$141	$144	$94	$182

City of Gunnison Commercial Sales

The Gunnison commercial real estate market alone consummated just a handful of sales in the five years preceding 2014. Sales have increased dramatically over the past year with six sales in 2014, and three already this year in 2015. The median sale price per square foot of these recent sales is $83.46, which is 18.6% lower than the listing prices. The total median sale price has been $350,000. Most of the sales have occurred within the subject's immediate neighborhood of downtown Gunnison. In addition, the properties have sold within a relatively tight range of $200,000 to $600,000 with only two sales valued over $500,000. Slow growth in the commercial market in Gunnison is expected to continue through year-end 2015.

Vacancy Rates

Based on discussions with active brokers within the area and our ongoing appraisal experience, vacancy rates appear to be somewhat stable, if not declining. Vacancy rates for commercial properties in desirable locations within the City of Gunnison are estimated at around 10%. Local brokers suggest that occupancy in the CBD will increase during the busy spring and summer months.

Rental Rates

Rental rates in Gunnison are typically directly correlated to the location of the property. Commercial lease rates have remained stagnant over the past year. Per discussions with local brokers, office and retail within the central business district are leasing for approximately $10-12 per square foot annually. Commercial properties with second-tier locations proximate to the CBD generally lease in a range between $6 and $8 per square foot. Additionally, properties near the downtown areas of Gunnison typically command higher rates than those properties on the periphery of town.

Typical Lease Terms

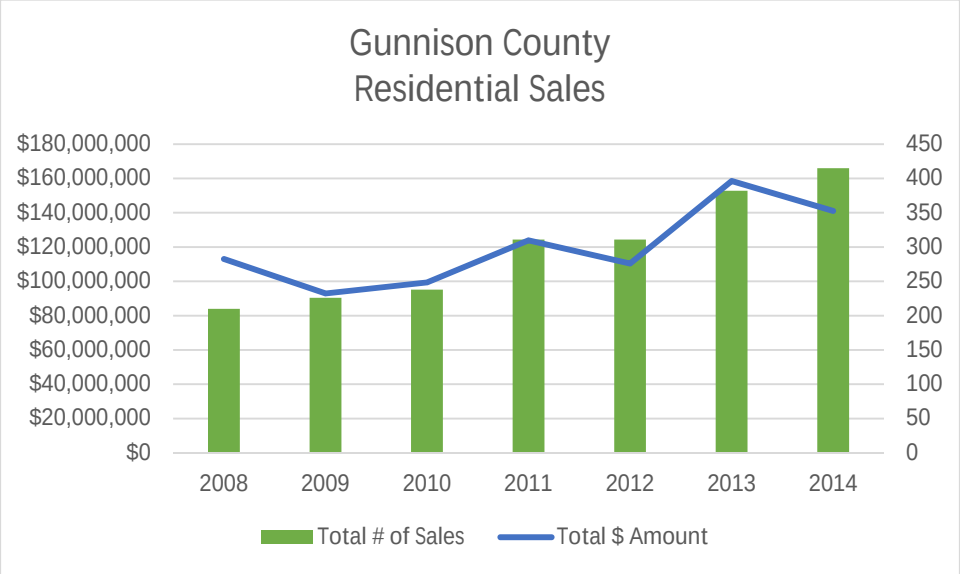
Per discussion with local brokers, lease terms have been shorter than average in recent years due to economic uncertainty. Most brokers indicated that lease terms are averaging three to five years for office space. Retail tenants are signing shorter leases in a bid to test the market; average retail leases are in the order of one to two years, often with an option period. Industrial is similar in lease terms to office space; however, one year leases are still common in the market for some industrial space.

Capitalization Rates

Capitalization rates are a common measure of commercial investor sentiment, based on the theory that the income potential of a particular property is directly related to the price an investor would be willing to pay for that property. Due to a shaky economic climate in recent years, there have been very few investor sales from which to derive capitalization rates. We spoke with several brokers active in the Gunnison market who indicated that commercial properties rarely transact based on capitalization rates, albeit multi-tenant shopping centers and triple net retail spaces. Implied capitalization rates typically range from 7% to 10%. Brokers report that buyers often overpay for properties based on their existing income, often times yielding atypically low capitalization rates that are not indicative of acceptable returns for most investors.

Residential Sales

Residential sales have been on a positive track since the recession. The total number of residential sales rose to a seven year high in 2014 with 415 individual sales. To be noted is that the majority of residential sales have occurred in the resort market of Crested Butte, whereas the City of Gunnison has experienced far fewer sales. Despite median sale price increasing to $258,500 the total volume in Gunnison County fell 1.1% to $141,094,605. In 2014 properties spent nearly the same amount of time on average on the market as in 2013. The median sale price in 2014 continued to rise for the fourth consecutive year and price per square foot increased for the third consecutive year, reaching $210.18. Detailed figures can be found in the chart and displayed in the graph below.

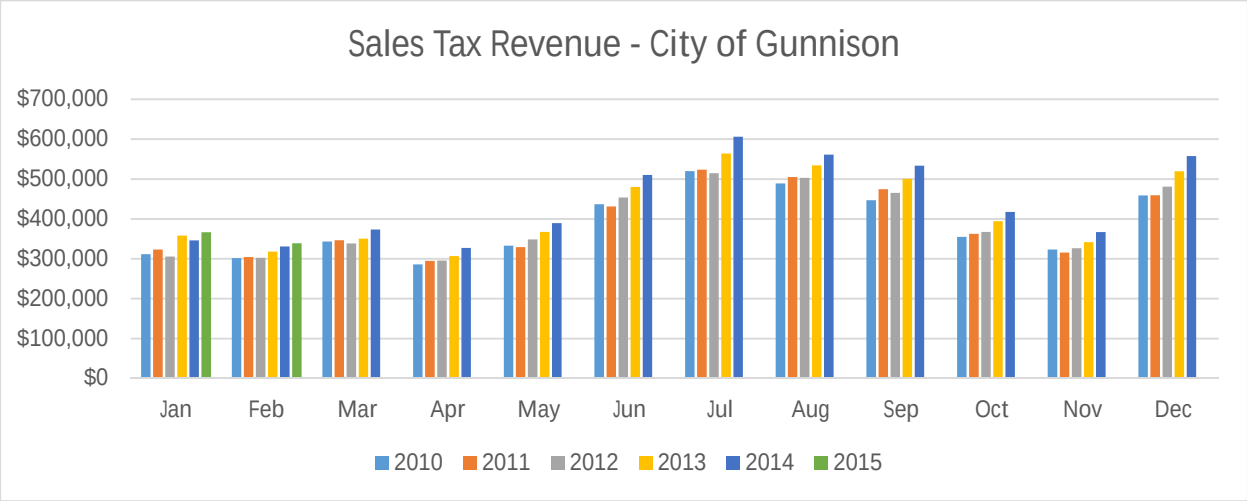


Gunnison County Residential Sales Data							
	2008	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Total Sales	210	226	238	311	311	382	415
Total Volume	$113,006,015	$92,959,574	$99,347,137	$123,923,090	$110,392,237	$158,504,560	$141,094,605
Median Sale Price	$320,000	$276,500	$274,750	$230,000	$239,500	$255,000	$258,500
Avg. DOM	279	325	290	292	334	283	282
Avg. $ PSF	$268.28	$229.65	$218.84	$196.83	$185.63	$207.84	$210.18

Growth Factors

Retail Sales Tax

According to the City of Gunnison Finance Department, retail sales tax collections increased by 5.65% in 2014 when compared to the previous year. Retail sales tax revenues have increased each of the past five years, including a 7.09% increase in 2013. In 2014, the City of Gunnison collected a total of $5,320,744 in retail sales taxes. The graph below shows the month-on-month comparison from 2010 through year-to-date 2015.



This upwards trend indicates positive consumer sentiment and increased local spending; both of which are signs of a healthy economy. Year-to-date the sales tax collected in the months of January and February both outpaced 2014 figures.

Annual Skier Visits

The local economy is driven in part by winter tourism and particularly skier visits. According to Mr. Robert Katz, CEO of Vail Resorts, in an article published in The Atlantic on February 7, 2012, a single day of skiing drives other businesses and brings in more economic value than the price of the lift ticket alone. Mr. Katz estimates the price of a lift ticket accounts for approximately 46% of the value to the local economy. In addition to ticket prices, economic benefits include spending on accommodations, transportation, equipment hire, food and beverages, and other miscellaneous spending. Colorado Ski Country USA is a non-profit association containing 21 member ski resorts (out of the 25 total ski resorts in Colorado), including nearby Mount Crested Butte Ski Resort. Below is a record of all skier visits for the member resorts as reported by Colorado Ski Country USA.

As can be seen in the above graph, a clear upward trend in the annual number of skier visits across Colorado Ski County USA member resorts was since 2011-2012. An increase in skier visits was seen in the 2012-13 season, suggesting that skier visits will increase as long as the snowfall is conducive. The 2013-2014 season brought a six year high to skier visitor totals as record snowfall in Colorado attracted visitors from across the country and the world. Colorado Ski Country USA announced that early season visitor totals through December 31, 2014 were only 1% behind last year's figures and season end totals have yet to be calculated.

Outlook and Conclusions

Given the preceding discussion and market drivers, the Gunnison rental market is currently in the growth phase following years of stagnant commercial market. Commercial sales are returning to the market, with increased activity expected through year-end 2015. Meanwhile, residential vacancy rates have fallen near historic lows and many property managers report prolonged waitlists for properties. As demand for commercial properties is anticipated to continue in the coming years, there is potentially for increasing lase rates by year-end 2015. In addition, growth factors including retail sales tax and annual skier visits have seen at least three years of consecutive growth. Overall, the Gunnison market has made a significant recovery in the last 12 months and most market participants expect favorable market conditions to persist for the foreseeable future.

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Site Description

The following description is based on our property inspection, assessor records, and information provided by the client, owner, property manager, and/or broker.

ASSESSOR'S PARCEL MAP

General Data

Location:	Gunnison Central Business District
Street Address:	218 North Wisconsin Street Gunnison, CO 81230
Assessor Parcel Numbers:	3701-363-25-003
Size:	3,125 SF (0.07 acres)
Shape and Topography:	The subject site is rectangular in shape and level.

Adjacent Land Uses

North:	Single Family Home, Retail Building
South:	Gunnison Post Office
East:	Downtown Gunnison
West:	County Offices

Access

Street Name:	Wisconsin Street
Street Type:	Secondary thoroughfare
Alley Access:	Yes
Signalized Intersections:	No

Site Improvements

Utilities:	All utilities available to the site

Flood Zone Data

Flood Map Panel:	08051C1266D effective May 16, 2013
Flood Zone:	Zone X
Floodplain Status:	Areas determined to be outside the 0.2% annual chance floodplain (outside the 500 year floodplain).
Flood Insurance:	Not federally required within this zone.
Comments:	No portion of the parcel is encumbered by any flood hazard.

Other Site Conditions

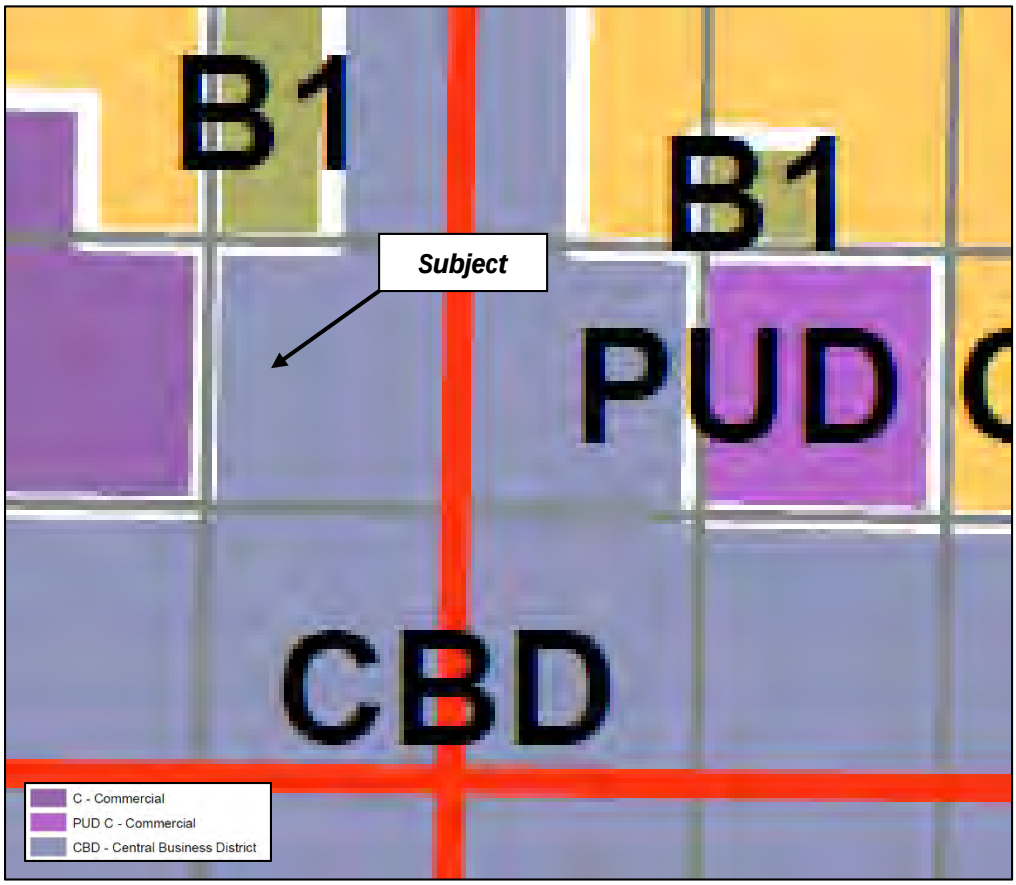
Soils:	We were not provided a soil report to review. We assume that the soil's load bearing capacity is sufficient to support development. We did not observe any evidence to the contrary during our physical inspection of the property and surrounding areas.
Environmental Issues:	As referenced in the Assumptions and Limiting Conditions to this report, we are not considered experts nor competent to assess environmental issues. Given this limitation and the previously outlined extraordinary assumption, it is noted that our physical inspection of the subject property did not reveal any indication of environmental hazard.
Easements & Encroachments:	None known.

Analysis/Comments on Site

The subject site consists of a single parcel located along the east side of North Wisconsin Street, one block west of Main Street. The site is rectangular in shape and level. The building essentially comprises the entire site. Wisconsin Street is attractively landscaped and has a concrete sidewalk. The site is located directly across from the Gunnison County Office Building, making the site attractive to professional office users requiring close proximity to county officials.

Zoning Information

ZONING MAP



Zoning Designation

Zoning Code:	CBD
Zoning Designation:	Central Business District
Purpose:	This zone district is established to provide for the business and civic functions that make up the city core. The Central Business District (CBD) has a strong pedestrian character and provides for concentrated commercial activity, with buildings covering the entire street frontage. It contains a mix of business, commercial and residential uses, and serves the needs of the entire community and those of visitors to the community.

Permitted Uses

Upper level residential, Home Occupation, Home Business, Daycare Home, Parks, Banks, Government Offices, Medical and Dental Clinics, Professional Offices, Radio and TV Studio, Art Galleries, Book Stores, Convenience Stores, Furniture and Appliance Stores, Athletic Club, Barber, Dry Cleaning, Photo Studio, Bar and Tavern, Coffee Shop/bakery, Restaurants, Private Lodges and clubs, Indoor Recreation, Theaters, Bike Repair, Locksmith, Catering, ***Printing, publishing, lithography***, Post Office

Development Regulations

Minimum lot size:	N/A
Maximum Lot Coverage:	100%
Minimum Setbacks:	None
Maximum Building Height:	35’
Parking:	Uses in the CBD zone district are exempt from the on-site parking space requirements.

Legal, Conforming Status

Legally Permitted Use:	Yes
Conforms to Parking Standards:	Yes
Conformity Conclusion:	The subject constitutes a legal, conforming use as a publishing/printing office.

Improvements Description

The following description is based on our property inspection, assessor records, and information provided by the client and owner.

218 NORTH WISCONSIN STREET, GUNNISON, CO 81230

General Data

Property Type:	Office/Flex Building
Number of Stories:	One
Number of Tenant Spaces:	One
Gross Building Area:	Office: 1,560 SF Shop Space: 1,560 SF Total: 3,120 SF *Per Gunnison County Assessor's Office and appraiser's measurements*
Loading Doors:	(1) 8' x 8'
Land to Building Ratio:	1.00:1 (based on 3,125 SF site and 3,120 SF GBA)
Coverage Ratio:	99.84% (based on 3,120 SF footprint and 3,125 SF site)
Parking Ratio:	No on-site parking

Age / Life

Year Built:	1946
Actual Age:	69 years
Effective Age:	30 years
Typical Building Life:	50 years (Average Class C Office)
Remaining Economic Life:	20 years

Exterior

Construction Class:	Class C (per Marshall & Swift Valuation Service)
Foundation:	Assumed concrete slab on grade
Frame:	CMU
Exterior Wall Finish:	Brick
Roof System:	Flat/ Low Pitch
Roof Cover:	EPDM

Interior: Office/Shop

Floors:	Carpet, Tile/ Sealed concrete
Walls:	Painted drywall/ Painted Drywall
Ceiling Finish:	Painted drywall, Drop Tile/ Painted Drywall
Lighting Fixtures:	Ceiling-mounted fluorescent
No. of Restrooms:	Two
Quality of Restroom Finishes:	Fair
Furniture, Fixtures & Equipment:	Excluded for the purposes of this real property appraisal

Mechanical Systems

Electrical:	Assumed adequate and typical for the intended use
HVAC:	Forced-air (furnace) and suspended gas heating, no cooling
Fire Safety Systems:	None. Assumed to code.

Improvement Ratings

Quality:	Average
Condition:	Average
Functional Utility:	Average
Deferred Maintenance	None noted
Overall Rating:	Average

Analysis/Comments on Improvements

The subject property consists of an office/flex building that was built in 1946 using masonry block construction. The brick exterior has been well-maintained over the years and provides the building with above-average curb appeal. The freestanding, single-story building contains 3,120 square feet of gross building area equally divided into office and shop space. The office space has forced-air heating while the shop has a suspended gas heater.

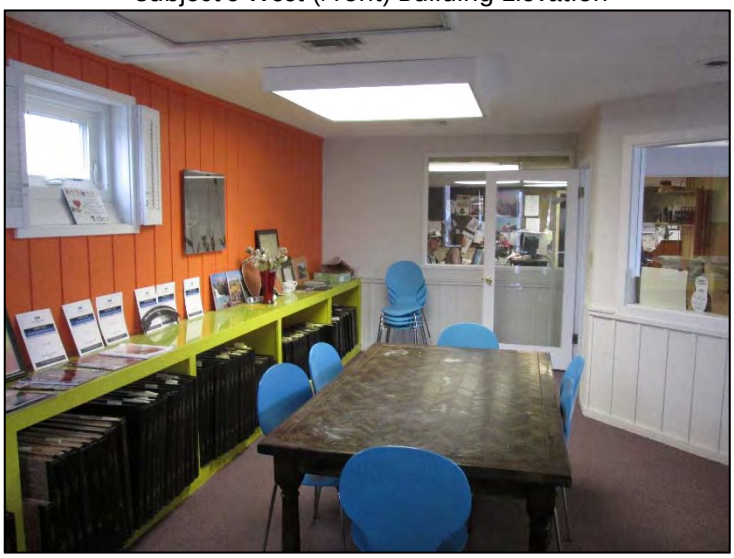
Office space occupies the western half building and consists of an open work area, an executive office, and a reception area. The office has a combination of tile and carpet flooring and painted drywall and drop tile ceilings. The shop space has sealed concrete flooring with a painted drywall ceiling. The two restrooms are located in the shop area. There is a single 8’ x 8’ loading door along the east building elevation accessing the rear alley.

Overall, the subject is an average quality structure and in average condition throughout. No apparent signs of deferred maintenance were noted during our inspection, and the owner reported that all mechanical systems are in good working order. The roof was replaced with a membrane system in 2014 and is in good condition.

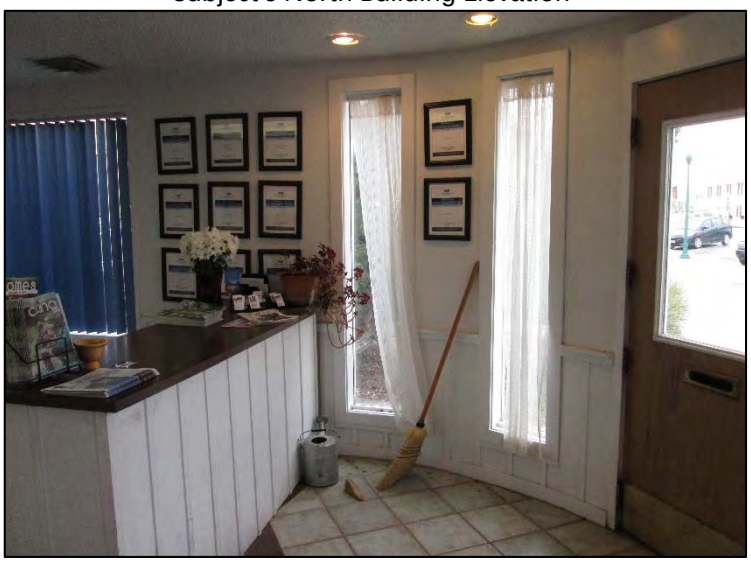
Subject's West and South Elevations

Subject's West (Front) Building Elevation

Subject's North Building Elevation

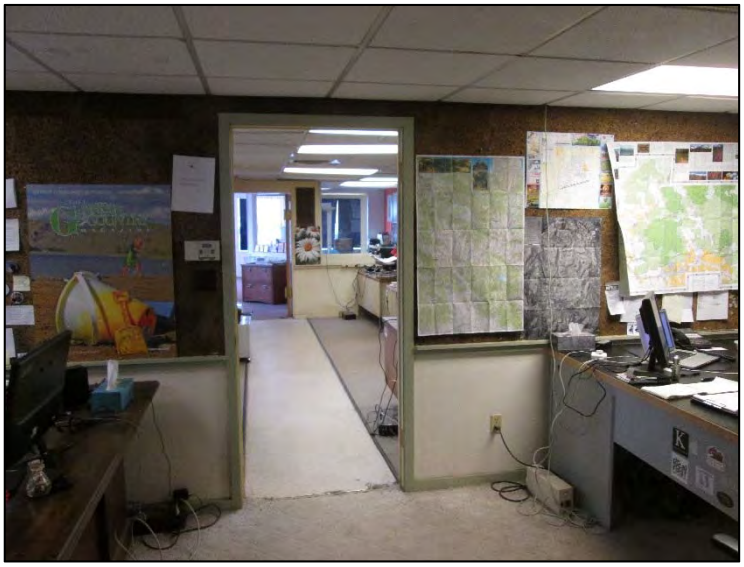


Conference Room

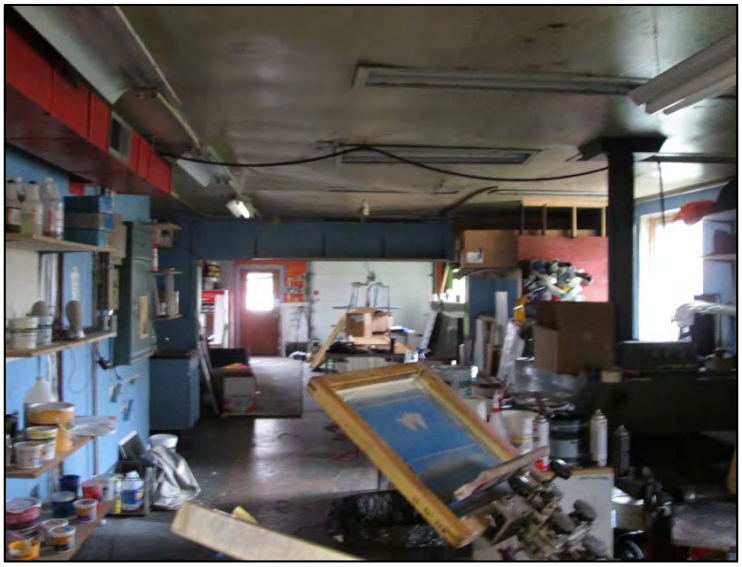


Lobby/Reception Area

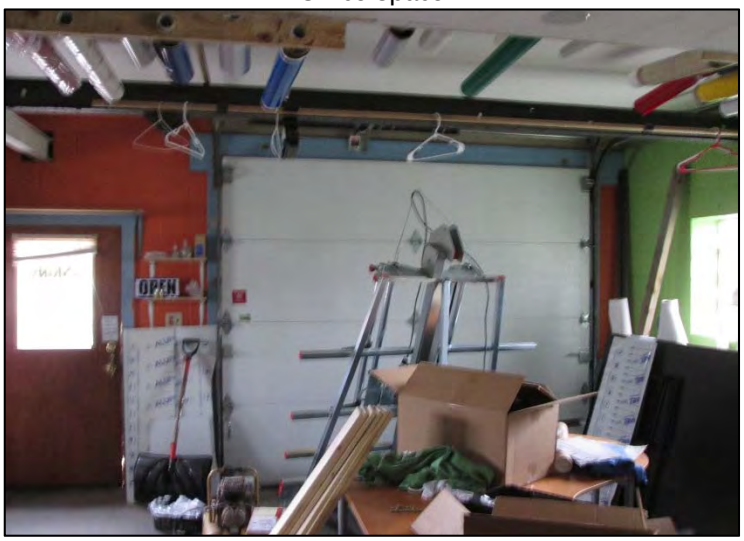
Office Space



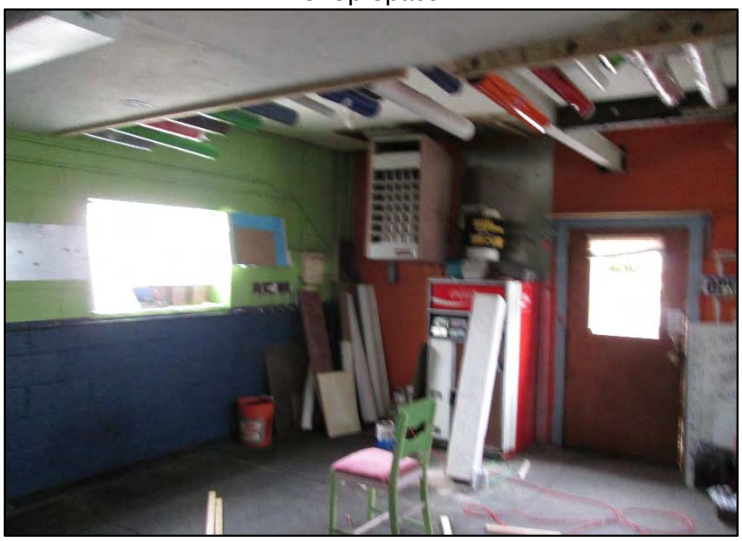
Office Space



Shop Space



Rear Overhead Door (Alley Access)



Shop Space

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Assessment & Tax Data

Assessment Methodology

The State of Colorado assesses taxes at different rates for commercial properties and residential properties. Residential property is assessed at a rate of 7.96%, while commercial property is assessed at 29%. The residential assessment rate may be changed every second year; however the commercial assessment rate is only amended by a change in the constitution of the State of Colorado.

Properties are typically appraised by the local county's assessor's office using the mass appraisal process. The assessor's valuation of a particular property is generally a statistical probability and does not value a property's individual characteristics. Assessor's values may also lag behind current market estimates of value. The value contained in this report is not derived from the assessor's actual value for a property; the assessor's actual value is used as for taxation purposes only.

Property taxes are payable in the year after the taxes are levied, and may be paid in two halves. If paid in full, the taxes are payable by April 30th. If paid in halves, the payments must be made by February 18th and June 15th. For the 2014 tax year, payments are to be made in 2015.

Assessed Values and Property Taxes

The subject's assessed values, applicable tax rates and total taxes including direct assessments are shown in the following table.

REAL ESTATE TAXES

Account: R001657	2014	2015
Land Value	N/A	$32,460
Improvements Value	N/A	$371,960
Total Actual Value	$262,880	$404,420
Assessment Rate	29%	29%
Assessed Value	$76,240	$117,280
Mill Levy	56.217	Based on previous year's
Total Taxes (rounded)	$4,286	$6,593
Tax PSF GBA (3,120 SF)	$1.37	$2.11
Status of Taxes	Half Paid, $2,149.43 Due	Projected

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Highest & Best Use

The Highest and Best Use of a property is the reasonably probable and legal use of vacant land or an improved property that is: physically possible, appropriately supported, financially feasible, and that results in the highest value.

Improved properties may have a highest and best use that is different than the existing use. The existing use will generally continue however, until land value exceeds the total value of the property in its existing use plus demolition costs.

Analysis Of Highest And Best Use As If Vacant

Legally Permissible:

A threshold of highest and best use is what is legally permissible. This analysis considers private restrictions, existing zoning, likely zoning, building codes, historic district controls, urban renewal ordinances, and other encumbrances because they may preclude many potential uses.

Characteristic	Conclusion
Classification:	CBD – Central Business District (City of Gunnison)
Permitted Uses:	Upper level residential, Home Occupation, Home Business, Daycare Home, Parks, Banks, Government Offices, Medical and Dental Clinics, Professional Offices, Radio and TV Studio, Art Galleries, Book Stores, Convenience Stores, Furniture and Appliance Stores, Athletic Club, Barber, Dry Cleaning, Photo Studio, Bar and Tavern, Coffee Shop/bakery, Restaurants, Private Lodges and clubs, Indoor Recreation, Theaters, Bike Repair, Locksmith, Catering, *Printing, publishing, lithography*, Post Office
Probability of Change	Unlikely

Physically Possible:

Multiple factors affect the uses with which the land may be developed. These factors typically include size, shape, utility, visibility, location within a flood plain, soil conditions and environment concerns.

Physically, the subject site contains 3,125 square feet and is rectangular in shape with level topography. The size of the site limits potential development to small freestanding commercial properties. The site is located in the CBD one block west of Main Street. Its location directly across from the Gunnison County Government Building would make it appealing to a variety of professional service users requiring proximity to county officials and offices (i.e. law firms, planners, architects, etc.).

Characteristic	Conclusion
Size	3,125 square feet (0.07 acres)
Shape	Rectangular
Utilities	All municipal utilities to site
Visibility	North Wisconsin Street – secondary neighborhood thoroughfare with above-average traffic counts and good pedestrian volumes due to the Gunnison County Government Building
Flood Plain	Not located in a flood hazard area
Soil Conditions	No atypical conditions apparent or disclosed to appraiser
Environmental	No atypical conditions apparent or disclosed to appraiser
Topography	Level
Physically Possible Uses	**Industrial, office, retail, residential, special/mixed uses**

Financially Feasible:

After determining the uses that are physically possible and legally permissible, an appraiser considers the uses that are likely to produce an adequate return on investment. All uses that yield a positive return are financially feasible. Feasibility is tested through a cost/benefit analysis or through direct market observation.

Comparison of construction costs and land values relative to anticipated rental rates, capitalization rates and sale prices indicates that speculative development of the legally permissible uses would not likely provide an adequate return on investment. New development is Gunnison has been scarce in recent years, and a most local brokers and market participants are in agreement that the feasibility of speculative development is several years away. The significant amount of external obsolescence present in the market also makes owner-user development infeasible.

Conclusion of Highest and Best Use As Vacant

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. Our analysis of the subject site and the market indicates that neither owner-user nor speculative commercial development is feasible at the current time, lending to our conclusion the highest and best use of the site as vacant is to hold for future development.

Analysis of Highest and Best Use As Improved

In determining the highest and best use of the property as improved, the focus is on three possibilities for the property: 1) continuation of the existing use, 2) modification of the existing use, or 3) demolition and redevelopment of the land.

Continuation of Existing Use

The improvements conform to surrounding uses and are in harmony with the mixed commercial uses within the neighborhood. The subject is a small freestanding commercial building that has historically housed the local newspaper. The building is demised as 50% office space and 50% shop/warehouse space, with the rear portion previously serving as a printing warehouse for the newspaper. The building was constructed in 1946 of masonry with a brick façade. The brick exterior has been well maintained over the years and provides the building with an above-average curb appeal that would be attractive to a variety of commercial users.

The building is in average physical condition for its age and can continue to support a variety of uses into the foreseeable future. The interior is somewhat dated, but functional for its current use. As mentioned, the subject would appeal to professional service users, who may decide to update the interior finishes. Retaining the improvements as they currently exist meets the tests for physical possibility and financial feasibility.

Conversion/Modification

Conversion/modification of the improvements is physically possible, and per discussions with the planning department, expansion of the existing improvements would likely be permitted by the city. However, the subject meets the current market expectations and functions well for a variety of users. Modification of the property will not likely increase the value to a point that makes such modifications financially feasible.

Demolition/Redevelopment

Demolition and redevelopment of the subject is physically possible, but not likely to be financially productive given the current market conditions.

Interim Use

There are many instances where highest and best use will likely change in the foreseeable future. The use of a property until it can be put to its terminal highest and best use is its interim use. Thus, interim uses are the current highest and best uses that are anticipated to change in the foreseeable future. Examples of these interim uses include farms, parking lots, and old buildings. The current use is not interim in nature.

Conclusion Of Highest And Best Use As Improved

As will be indicated in our analysis, the value of the property is maximized operating as owner-user property, as opposed to an income property (with no consideration to lease-up costs, which would further lower this value). Therefore, we conclude that the highest and best use of the subject property is continued use as an owner-user property as improved.

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Appraisal Methodology

Most Probable Purchaser/User

The subject consists of freestanding office/flex building that is 100% owner-occupied. Given the lack of leases or cash flow, and in light of the highest and best use discussion above, the subject lacks significant appeal to an investor. Prevailing market conditions are characterized by relatively suppressed lease rates for office and flex space similar to the subject, lending further credence to the assertion that the subject is most likely to be purchased by an owner-user that will fully occupy the subject property. This is evidenced by the majority of sales of small commercial properties within the market being purchased by owner-users.

Three Approaches to Value

There are three traditional approaches to developing an opinion of value: the cost, sales comparison, and income capitalization approaches. Each of these approaches to value and their applicability in this analysis are discussed below:

Cost Approach

The cost approach is based upon the principle of substitution, which states that a prudent purchaser would not pay more for a property than the amount required to purchase a similar site and construct similar improvements without undue delay, producing a property of equal desirability and utility. This approach is particularly applicable when the improvements being appraised are relatively new or when the improvements are so specialized that there is little or no sales data from comparable properties.

Sales Comparison Approach

The sales comparison approach involves the direct comparison of sales and listings of similar properties, adjusting for differences between the subject property and the comparable properties. This valuation technique is based on the principle of substitution, in that a prospective purchaser would not typically pay more for a property than would be required to purchase an equally desirable property. This method can be useful for valuing nearly every improved property type and vacant land. This valuation method is particularly applicable when there is an active sales market for the property type being appraised – either by owner-users or investors.

Income Capitalization Approach

The income capitalization approach is based on the principle of anticipation, or the assumption that value is created by the expectation of benefits to be derived in the future, such as expected future income flows. Its premise is that a prudent investor will pay no more for the property than he or she would for another investment of similar risk and cash flow characteristics. The income capitalization approach is widely used and relied upon in appraising income-producing properties, especially those for which there is an active investment sales market.

Valuation of the Subject Property

In an active market the Sales Comparison Approach is the primary approach for owner users. As previously noted, the most probable purchaser of the subject is an owner-user. This type of purchaser analyzes comparable sales in the market when making a purchase decision; particularly in relatively small markets such as Steamboat Springs. We were able to locate several recent sales of retail and general purpose commercial properties located within the Gunnison market, all of which have closed since March 2012. Given the most likely purchaser and strength of available sales data in the market, the Sales Comparison Approach is a relevant valuation method and thus, was developed.

The Income Approach is typically developed and relied upon by investors when valuing leased properties. The subject property is not currently encumbered by a lease agreement, and therefore, has little appeal to an investor in the current market. Furthermore, owner-user purchasers are generally less concerned with the property's potential to generate rental income. However, because this property type can be and is frequently leased in the Gunnison market, the Income Approach is relevant and thus, was developed. An owner-user (the most likely purchaser) would likely develop this approach as support for the value indication via the Sales Comparison Approach, and we do not believe that this type of purchaser would make deductions for stabilization costs when developing this approach.

The subject was constructed in 1946. Accrued depreciation is subjective and rarely based on data extracted directly from the market, rendering any value estimate via a Cost Approach less reliable. Therefore, the Cost Approach is less relevant than the Income and Sales Comparison Approaches, and was not developed. The omission of the Cost Approach does not reduce the reliability of the final estimate to value.

Sales Comparison Approach

Methodology

This approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. In the sales comparison approach, an opinion of market value is developed by analyzing consummated sales, pending sales or active listings of properties similar to the subject property, using the most relevant units of comparison. The comparative analysis focuses on the difference between the comparable sales and the subject property using all appropriate elements of comparison.

A systematic procedure for applying the sales comparison approach includes the following steps:

(1) Researching and verifying transactional data
(2) Selecting relevant units of comparison
(3) Analyzing and adjusting the comparable sales for differences in various elements of comparison
(4) Reconciling the adjusted sales into a value indication for the subject

Unit of Comparison

The primary unit of comparison selected depends on the appraisal problem and nature of the property. The primary unit of comparison for commercial properties within the Gunnison market is price per square foot of building area, with functional mezzanine and basement space sometimes included. Therefore, the most relevant unit of comparison for our analysis is price per square foot of gross building area.

Elements of Comparison

Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The main elements of comparison that should be considered in sales comparison analysis are as follows: real property rights conveyed, financing terms, conditions of sale, expenditures made immediately after purchase, market conditions, location, physical characteristics, economic characteristics, zoning/use, and non-realty components of value.

Recent Transactions

Often times a recent sale or sale contract of the subject property itself can be an excellent indicator of market value. There have not been any sales involving the subject in the last five years. The subject is not listed for sale, nor is it under contract.

Comparable Sales Data

A search of data sources and public records, a field survey, and interviews with knowledgeable real estate professionals in the area is conducted to obtain and verify properties comparable to the subject property which have sold or been listed recently in the competitive market.

A thorough search was conducted on the Gunnison MLS, the Gunnison County Assessor's Office, LoopNet, CoStar and discussions with several brokers for recently sold commercial properties in the Gunnison market. From this extensive search, we selected the four sales and one active listing we determined to be most relevant in valuing the subject property. These comparables are detailed in the table on the next page, followed by a location map, pictures and discussion of adjustments.

COMPARABLE SALES DETAIL

	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Listing 1
Property Type	**Freestanding Office/Flex Building**	**Storefront Retail Building**	**Freestanding Commercial Building**	**Freestanding Commercial Building**	**Storefront Commercial Building**	**Storefront Office Building**
Address	218 North Wisconsin Street	111 North Main Street	107 South 12th Street	614 West New York Avenue	302 West Tomichi Avenue	110 South Main Street
City/State	Gunnison, CO	Gunnison, CO	Gunnison, CO	Gunnison, CO	Gunnison, CO	Gunnison, CO
APN	3701-363-25-003	3701-363-32-018	3787-021-04-016	3787-021-03-006	3701-363-30-009	3787-012-04-019
Sale Date	N/A	1/27/2015	12/4/2013	12/10/2012	3/28/2012	Active Listing
Price	N/A	$325,000	$175,000	$100,000	$300,000	$245,000
Days on Market	N/A	2,048	Pocket Listing (DOM unknown)	436	1,912	207
Site Size (SF)	3,125	3,125	16,563	4,487	9,438	3,125
Building/Unit Size (SF)	3,120	3,011	2,331	2,310	5,268	1,786
Unit Price (PSF)	**N/A**	**$107.94**	**$75.08**	**$43.29**	**$56.95**	**$137.18**
Interest Transferred	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Cap Rate	N/A	N/A	N/A	N/A	N/A	N/A
Occupancy TOS	N/A	Vacant	Vacant	Vacant	Vacant	Vacant
General Location	Gunnison CBD	Gunnison CBD	SW Gunnison / W Tomichi corridor	SW Gunnison / W Tomichi corridor	W Tomichi corridor (just west of CBD)	South of CBD
Frontage/Visibility	Wisconsin Street	Main Street, primary thoroughfare	S 12th Street, secondary thoroughfare	W New York Avenue, secondary thoroughfare	West Tomichi Avenue (Hwy 50)	S Main Street, secondary thoroughfare
Access	Wisconsin Street and Alley	Main Street and alley access	S 12th Street and alley access	W New York Avenue and alley access	W Tomichi Avenue and N Pine Street	S Main Street and alley access
Year of Construction	1946	1898	1946	1967	1928	1939
Condition of Construction	Average	Fair	Fair	Fair	Average	Average
Construction Materials	Masonry block	Masonry brick	Masonry	Masonry (block and stone)	Masonry	Frame and stucco
Interior Finish Quality	50% average office space; 50% basic shop/ warehouse space	Average quality retail finishes (clothing store)	Basic/shell interior	Basic/shell interior	Basic/shell interior	Average quality office finishes
Parking	No on-site parking	No on-site parking	9 on-site parking spaces 3.86 : 1,000 SF	No on-site parking	9 on-site parking spaces 1.71 : 1,000 SF	2 on-site parking spaces 1.12 : 1,000 SF
Above/Below-Grade	Street-Level	Street-Level (GBA excludes 216 SF of unfinished basement space)	Street-Level (GBA excludes 1,200 SF of unfinished basement space)	Street-Level	Street-Level	Street-Level
Building/Unit Layout	Front office space, rear shop/ warehouse w/ loading door from alley	Typical retail storefront building layout	Open interior layout; previously used as a fraternal club (VFW)	Open interior layout (previously Odd Fellows Lodge)	Open warehouse space	Partitioned office space
Other Factors/Amenities	Nothing notable	Purchased by High Alpine Brewery; currently undergoing extensive remodeling and reconfiguration	Nothing notable	Nothing notable	Previously used as warehouse space; purchased by Family Vision Center and extensively renovated since purchase	Nothing notable

COMPARABLE SALES MAP

COMP PHOTOS

Sale 1 – Street View

Sale 1 – Aerial View

Sale 2 – Street View

Sale 2 – Aerial View

Sale 3 – Street View

Sale 3 –Aerial View

COMP PHOTOS

Sale 4 – Street View (Current Photo)

Sale 4 – Aerial View

Listing 1 – Street View

Listing 1 – Aerial View

Sales Comparison Analysis

All of the sales are analyzed, and adjustment are made for differences in the various elements of comparison including market conditions, location, size, and other relevant factors.

When sufficient market data is available, quantitative adjustments to the unit price of the comparables are applied. Otherwise, adjustments are made qualitatively using positive and negative symbols. If a comparable is considered superior to the subject, we apply a negative (-) adjustment to achieve comparability with the subject. A positive adjustment (+) is applied to the comparable property if it is considered inferior to the subject. The number of symbols applied is directly correlated to the magnitude of the adjustment. For example, (+) is considered *slightly inferior*, while a *vastly inferior* adjustment is represented by (+++).

Transaction Adjustments

Transaction adjustments include 1) property rights conveyed, 2) financing terms, 3) conditions of sale, 4) expenditures made immediately after purchase, and 5) market conditions. These items are applied prior to the application of property adjustments, and are discussed as follows:

Property Rights Conveyed

Before a comparable sale can be used in the Sales Comparison Approach, we must first ensure that the sale price of the comparable property applies to property rights that are similar to those being appraised. In the case of the subject property, the leased fee interest is being appraised. All of the sales should reflect a similar interest or an adjustment may be required for this element of comparison.

The subject is 100% owner-occupied and we are valuing the fee simple estate. All of the sales transferred fee simple interests and no adjustments are warranted for property rights conveyed. Listing 1 is currently vacant, and if sold as is, will convey a fee simple interest.

Financing Terms

The transaction price of one property may differ from that of an identical property due to different financial arrangements. All of the sales used should involve typical market terms by which the sellers received cash or its equivalent and the buyers tendered typical down payments and obtained conventional financing at market terms for the balance. If otherwise, an adjustment would be required for this element of comparison.

None of the comparable sales were reported to have financing that was atypical of market terms. No adjustments are warranted for financing terms.

Conditions of Sale

When the conditions of sale are atypical, the result may be a price that is higher or lower than that of a normal transaction. Adjustments for conditions of sale usually reflect the motivations of either a buyer or a seller who is under duress to complete the transaction. Another more typical condition of sale involves the downward adjustment required to a comparable property's for-sale listing price which usually reflects the upper limit of value. All of the comparable sales should involve typical conditions for closed transactions, or an adjustment would be required for this element of comparison.

None of the consummated comparable sales had any atypical conditions associated with their transactions. Listing 1 has been marketed for sale at its current list price for 207 days. However, it has been listed on and off since October 2011 with an initial asking price of $295,000. It went under contract in December 2013, but fell through and went back on the market for $249,500. It was withdrawn from the market in October 2014, then subsequently relisted for the current price of $245,000. The listing broker feels the asking price is slightly optimistic, but did not give an anticipated sale price for the property.

Given the amount of time it has been exposed to the market, it is apparent that the current list price is optimistic and it will likely sell for less than the asking price. A review of commercial sales over the last 12 months indicates an average sale-to-list price discount of 7.91%. Local brokers indicate that a 10% discount from asking price is a commonly used negotiation tactic used by buyers in the Gunnison market. We apply a 10% downward adjustment to account for the anticipated sale price of Listing 1.

Expenditures Made Immediately After Purchase

A knowledgeable buyer considers expenditures that will have to be made upon purchase of a property because these costs affect the price the buyer agrees to pay. Such expenditures may include: (1) costs to cure deferred maintenance, (2) costs to demolish and remove any portion of the improvements, (3) costs to petition for a zoning change, and/or (4) costs to remediate environmental contamination. The relevant figure is not the actual cost incurred but the cost that was anticipated by both the buyer and seller. Unless the sales involved expenditures made immediately after purchase; no adjustments to the comparable sales are required for this element of comparison.

Market Conditions

Market conditions may change between the time of sale of a comparable property and the effective date of the appraisal of the subject property. Changes in market conditions may be caused by inflation, deflation, fluctuations in supply and demand, or other factors. Market conditions that change over time create the need for an adjustment. If market conditions have changed, adjustments would be required for this element of comparison.

In determining market trends, we take into consideration several sources including; interviews with knowledgeable market participants, historical sale price data, lease and vacancy rate trends and paired sales/listings data when available.

The table below illustrates commercial sale trends throughout Gunnison County since 2011 as reported by the Gunnison MLS. The data suggests the commercial market bottomed out in 2012 and has improved annually since. Commercial sales volume reached a four-year peak in 2014, and also achieved the highest median sale price on a per square foot basis. However, due to limited commercial sales activity, we also analyzed residential sale trends in determining a market conditions adjustment.

Gunnison County Commercial Sale Trends

Year	Number of Sales	Median Days on Market	Median Sale Price PSF	% Change (Year-Over-Year)	% Change to Year-End 2014
2011	9	336	$152.67	N/A	8.64%
2012	17	392	$113.67	-25.55%	45.91%
2013	12	272	$136.36	19.96%	21.63%
2014	23	329	$165.86	21.63%	N/A

Given the relatively few commercial sales in Gunnison County over the past several years, we also analyzed sale price trends of all residential properties within the City of Gunnison. To be noted is that the majority of residential sales in Gunnison County occur in the Crested Butte market, which being a resort market, have little relevance to the Gunnison commercial market. The sale price trends correlate the improving trends illustrated by commercial sales since 2011, with a notable improvement in 2013 and 2013 relative to previous years.

City of Gunnison Residential Sale Trends					
Year	Number of Sales	Median Days on Market	Median Sale Price PSF	% Change (Year-Over-Year)	% Change to YTD 2014
2011	36	133	$113.47	N/A	15.47%
2012	32	140	$124.44	9.67%	5.29%
2013	44	138	$138.76	11.51%	-5.58%
2014	43	116	$131.02	-5.58%	N/A

Based on the available MLS data, it is apparent the Gunnison real estate market has improved significantly since 2011 and 2012. The commercial data show a substantial 46% increase in median sale prices since 2012, while the residential data indicate a more modest 5% increase. We believe a 10% upward adjustment for 2012 sales is warranted. Trends for 2013 are conflicting, as the commercial data suggest a 22% increase in median sale prices while the residential data indicate a 6% decrease. We spoke with several market participants, the majority of whom suggested only a nominal, if any, improvement since 2013. Therefore, no adjustment is applied to the 2013 sales.

Property Adjustments

In addition to the adjustments for transaction related issues, it is necessary to evaluate the comparable sales based on locational, physical and economic characteristics. The elements of comparison considered most appropriate for this analysis are discussed individually in the following paragraphs:

Locational Characteristics

Location adjustments may be required when the locational characteristics of a comparable property are different from those of the subject property. These include, but are not limited to, general neighborhood characteristics, accessibility, exposure, corner versus interior lot location, neighboring properties, views, and other factors.

The subject is located in the Gunnison Central Business District directly across from the Gunnison County Government Building one block west of Main Street. Surrounding development consists of Main Street commercial uses, mixed office uses and scattered residential development. The CBD location makes it highly desirable to small office users, particularly those that benefit from access to the county building (i.e. attorneys, planners, architects, etc.). However, the subject's location along a secondary thoroughfare reduces its retail appeal, as retailers in this market prefer to be located along Main Street or Tomichi Avenue. Overall, the subject's location is considered good for office and general commercial use, but is considered inferior to those located along North Main Street.

Sale 1 is located along North Main Street just north of Tomichi Avenue (Highway 50). It has excellent visibility and exposure, and benefits from a high concentration of surrounding retail and restaurant uses. This location provides average daily traffic counts of approximately 7,500 vehicles per day, as well as extensive pedestrian volumes. This is considered to be one of the premier retail locations in Gunnison, and we consider it superior to the subject in location.

Sales 2 and 3 are located southwest of the CBD along secondary thoroughfares south of Tomichi Avenue. This area is characterized by older single-family residences, scattered office and general commercial uses, and light industrial development. This area is considered far less desirable for office and general commercial use relative to the CBD, and we consider these comparables to be inferior to the subject in location.

Sale 4 is located three blocks west of the CBD along West Tomichi Avenue (Highway 50), which serves as the primary access route to Gunnison from the west. Traffic counts at this location average 10,000 vehicles per day. Surrounding development consists of highway commercial uses, including office, light industrial and fast food restaurants. The superior traffic counts of this comparable make it slightly superior to the subject in location.

Listing 1 is located along South Main Street just south of the CBD. It is within close walking distance to CBD amenities; however, there is minimal pass-by traffic at this location. Overall, we consider this location to be similar to the subject.

Building Sizes

Typically, all other factors being similar, larger properties tend to sell for lower unit prices, reflecting an inverse relationship between price and size. Typically, larger properties are less expensive to construct on a cost per unit basis, due to economies of scale associated with the large scale nature of a project. Additionally, overall acquisition price is a common consideration of a purchaser, which impacts demand and accordingly unit sale price.

The subject contains a total of 3,120 square feet of gross building area. We searched for comparables that are similar to the subject buildings in size. The comparables indicate a size range of 1,786 to 5,268 square feet and we did note a correlation between building size and sale price per square foot for properties within this size range. Some comparables required slight adjustments for size, as detailed in the sales adjustment grid.

Condition

A typical purchaser will consider both actual age and overall condition of a property, both interior and exterior, when making a purchase decision. An estimate of condition is the primary concern as older properties that have been recently renovated could have more appeal with less need for any alterations than newer properties that have not been maintained or that suffer from deferred maintenance.

The subject building was constructed in 1946 and has been renovated periodically since. The roof of the building was replaced in 2014, and some of the office space was remodeled at this time. The brick exterior of the building appears to have been well-maintained and is in average condition for its age. The interior of the building is somewhat dated and could benefit from upgrades. The property owner reported that all mechanical systems are in good working order. Overall, the subject is in average physical condition.

Sale 1 was originally constructed in 1898 and has been modified and renovated periodically since. The listing broker of this comparable reported that it was in fair condition at the time of sale. It is currently in the process of a major renovation to be retrofitted for use as a brewery. The age and fair condition at the time of sale make this comparable slightly inferior to the subject in condition.

Sales 2 and 3 were constructed in 1946 and 1967. While similar to the subject in year of construction, they showed considerable signs of wear at the time of sale and were in fair condition. We consider these comparables slightly inferior in condition.

Sale 4 was constructed in 1928. A review of photos from the time of sale indicate that it showed significant signs of wear at this time. It has since undergone extensive renovations to retrofit it from warehouse use to an optometry office. We consider this comparable slightly inferior to the subject in condition.

Listing 1 was constructed in 1939, but has been extensively renovated in recent years. Our visual inspection of this building indicates it is in average physical condition. However, the interior has been renovated and appears considerably newer than the subject. Thus, we consider this comparable slightly superior to the subject in condition.

Quality of Construction

A typical buyer takes the quality of a property's construction into consideration when analyzing a property. General construction materials are of primary concern because construction costs vary significantly with the building class and frame/general construction material (i.e. masonry-constructed Class C building vs. a wood-frame Class D building). Also taken into consideration is the design, which has the biggest impact on the curb appeal of a property. An additional quality attribute considered by office and retail users/tenants are interior finishes. Costs for interior finishes range significantly and can impact value.

The subject is a masonry framed building with an attractive brick exterior. The interior is demised as 50% average quality office space and 50% rudimentary quality warehouse/shop space. The brick exterior of the building offers above-average curb appeal that would appeal to a variety of office and general commercial users.

Sale 1 is a masonry brick framed building with a rustic storefront design commensurate with other properties in the CBD. It had an average design at the time of sale with basic quality retail finishes. We consider this comparable to be generally similar to the subject in quality.

Sale 2 is a masonry framed building with a generic commercial design. It was most recently used as a VFW hall and has basic quality interior finishes with a mostly open layout. The generic design and lack of interior office space make this comparable inferior to the subject in quality.

Similar to Sale 2, Sale 3 is a masonry building with a generic design. It was utilized as a social club prior to the sale with basic interior finishes and minimal partitions. We consider this comparable inferior to the subject in quality.

Sale 4 is a masonry framed warehouse building with a basic design. It consisted of open warehouse space with dated and rudimentary quality finishes at the time of sale. This comparable is inferior to the subject in quality.

Listing 1 is a wood framed storefront office building with a stucco façade. The interior was fully demised as office space for a local law firm, including five partitioned offices, a conference room and a small kitchen. The quality of the interior is noticeably superior compared to the subject. This attribute offsets the frame construction making it overall similar to the subject in quality.

Parking Ratio/Availability of Parking

The subject's footprint comprises almost the entirety of the site and there is no room for on-site parking. On-site parking is not a requirement of the CBD zoning designation, as there is an abundance of available street parking in the CBD. That said, comparables that have on-site parking warrant a superior adjustment as users are often willing to pay a premium for this attribute.

Sales 1 and 3 had no on-site parking and little, if any, room to accommodate on-site parking. These comparables are both similar to the subject in this element of comparison.

Sales 2, 4 and Listing 1 all had on-site parking and are superior to the subject in some degree.

Functional Utility

The subject is a versatile freestanding commercial building that currently functions as an office/flex building. It has historically operated as the local newspaper office with on-site printing, although printing has since been outsourced. Currently, the front half of the building serves as general purpose office space while the rear is demised as open warehouse/shop space with 9' clear heights and a rear loading door. The design and layout of the building allows it to function for a variety of uses. The rear shop space could relatively easily be converted into general purpose office use or gallery space. Furthermore, the freestanding nature of the subject allows for future redevelopment potential. Overall, the subject functions adequately for a multitude of general commercial uses.

Sale 1 is a storefront retail building that consists of mostly street-level retail space. There is 216 square feet of unfinished basement storage space that was excluded from the GBA, but is suitable for storage purposes. Furthermore, the ceiling heights of the building allow for the potential of adding lofted mezzanine space. Overall, we consider this comparable slightly superior to the subject in functional utility.

Sale 2 consists of a rectangular shaped freestanding commercial building. Similar to the subject, the layout of this building allows for a variety of uses and potential redevelopment. However, there is 1,200 square feet of unfinished basement storage space in this building that was excluded from the GBA due to low ceiling heights and minimal utility. The additional storage space makes this comparable superior to the subject in functional utility.

The remaining comparables consist of general commercial buildings with all of their gross building areas situated on a single, at-grade level. They are all considered generally similar to the subject in functional utility.

Summary of Adjustments

Based on the preceding comparative analysis, we have summarized adjustments to the comparable sales on the following table. These adjustments are based on our market research, best judgment, and experience in the appraisal of similar properties.

COMPARABLE SALES ADJUSTMENT GRID

Analysis Grid	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Listing 1
Address	218 North Wisconsin Street	111 North Main Street	107 South 12th Street	614 West New York Avenue	302 West Tomichi Avenue	110 South Main Street
City/State	Gunnison, CO	Gunnison, CO	Gunnison, CO	Gunnison, CO	Gunnison, CO	Gunnison, CO
Sale Date	N/A	1/27/2015	12/4/2013	12/10/2012	3/28/2012	Active Listing
Price	N/A	$325,000	$175,000	$100,000	$300,000	$245,000
Usable Area (SF)	3,120	3,011	2,331	2,310	5,268	1,786
Unit Price	**N/A**	**$107.94**	**$75.08**	**$43.29**	**$56.95**	**$137.18**
Interest Transferred	Fee Simple	FS	FS	FS	FS	FS
Expenditures After Sale		None	None	None	None	None
Financing		Typical	Typical	Typical	Typical	Typical
Conditions of Sale		None	None	None	None	Listing ($13.72)
Market Conditions		Jan-15	Dec-13	Dec-12 $4.33	Mar-12 $5.69	Active Listing
Net Property Adjustment		**$0.00**	**$0.00**	**$4.33**	**$5.69**	**($13.72)**
Adjusted Unit Price		**$107.94**	**$75.08**	**$47.62**	**$62.64**	**$123.46**
Location		--	++	++	-	
Size					++	-
Condition		+	+	+	+	-
Quality			++	++	++	
Parking			--		--	-
Functional Utility		-	--			
Other Factors						
Net Property Adjustment		(--)	(+)	(+++++)	(++)	(---)
Subject's Value Indication		***Less than*** **$107.94**	***More than*** **$75.08**	***More than*** **$47.62**	***More than*** **$62.64**	***Less than*** **$123.46**

Sales Comparison Approach Value Indication

As is displayed in the adjustment table on the previous page, the bracketing comparables indicate a range of value for the subject between $75.08 and $107.94 per square foot. The middle of this range is $91.51 per square foot, while the overall average of the comparables is $83.35 per square foot.

Sale 1 was the most recent sale having closed in January 2015. This property is a storefront retail building that is currently being converted into a brewery. Its Main Street location is considered superior to the subject, while the basement space and upper level potential make it slightly superior in functional utility. The fair condition of the building at the time of sale make it slightly inferior to the subject in this aspect. Overall, this comparable is superior to the subject suggesting a value lower than $107.94 per square foot is warranted for the subject.

Sale 2 closed in late 2013 and is still generally reflective of current market conditions. This property consists of a former VFW social hall and is inferior to the subject in condition and quality. In addition, its location southwest of the CBD in a less desirable neighborhood make it inferior in location. These factors are partially offset by the superior parking and functional utility. However, this comparable is noticeably inferior to the subject in most features suggesting a value higher than $75.08 per square foot.

While neither comparable it truly similar, the subject is well-bracketed by these comparables suggesting a value near the middle of the indicated range is appropriate. Therefore, we conclude to a value for the subject near the average at $90.00 per square foot, equating to a total value for the subject of **$280,000** ($90.00 PSF x 3,120 SF).

SALES COMPARISON APPROACH - VALUE INDICATION

Sales Comparison Approach – Fee Simple	
Building Size	3,120 SF
Indicated Value	$280,000
Value Per Square Foot	$89.74

As additional support, we spoke with local broker Cathie Elliot regarding the subject property. Ms. Elliot is familiar with the property, and stated she would expect the property to sell in a range between $275,000 and $300,000. Therefore, our concluded value via the Sales Comparison Approach appears reasonable.

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Income Capitalization Approach

Methodology

In the income approach, the value indication is based on the property's capacity to generate income. This approach is developed by converting a projection of future installments of income into a present value by a capitalization process. There are two types of capitalization: direct capitalization and yield capitalization, also known as discounted cash flow (DCF) analysis.

Direct capitalization involves developing a stabilized forecast of income, and capitalizing the income into value using a capitalization rate. Direct capitalization assumes the income forecast will remain stable over the holding period.

Yield capitalization requires a forecast of the income stream a property may produce during its remaining useful life or during a specific holding period, and a value reversion (i.e., resale of the property) at the end of the holding period. The development of cash flow is predicated upon various assumptions about the property's future performance. The income stream and reversion are discounted to a present value at an appropriate yield rate. Yield capitalization allows modeling of an income stream to reflect potential fluctuations over the holding period, and is of particular importance to investors as it enables one to compare the financial return of the subject with alternative investments.

Income-producing properties, by nature, are developed and purchased for investment purposes, where earning power, including an income stream and return of investment, are the most critical elements affecting value. The forecast of income and selection of appropriate rate(s) are therefore important aspects of the valuation process. The steps in developing the income approach are as follows:

Analysis of Existing Leases

The subject's existing leases or lease abstracts (if any) are reviewed.

Market Rent Analysis

An opinion of market rent is developed through and analysis of comparable rental transactions obtained through market surveys.

Income Analysis

Existing subject leases (if any) are compared to market rent. Market rent is applied to vacant space and upon lease rollover. Additional income sources, expense recoveries, and rent escalations are considered. The sum of all income develops potential gross income (PGI).

Vacancy Analysis

The subject's existing vacancy is compared to the market. Turnover loss and collection loss are considered. Application of vacancy loss develops effective gross income (EGI).

Expense Analysis

Expenses that are an obligation to the property are estimated based on the subject's history and/or comparable data, and are deducted to develop an estimate of net operating income (NOI). Inflation of expenses and other costs such as leasing commissions, tenant improvements, concessions and replacement reserves are developed as appropriate.

Rate Analysis

Capitalization of the net income and/or cash flow stream is completed through the development of appropriate direct (going-in), terminal, and yield capitalization rates, as appropriate.

Application of Methodologies

Direct capitalization is most applicable to stabilized properties and those with long-term leases and level income. Yield capitalization better recognizes changes in income patterns over a holding period and is most applicable to investment-grade properties, particularly those with multiple tenants, anticipated changes in income patterns and/or anticipated lease turnover.

Due to the size, condition, age, and market location, the subject would not appeal to a national investor, and market participants in the Gunnison market suggest that local and regional investors rarely utilize the yield capitalization approach. In this appraisal, we employed the direct capitalization method in developing an opinion of market value as of the effective date of this report.

Analysis of Existing Leases

The subject property is currently owner-occupied and has historically functioned in this fashion. There are no existing or recent leases to report.

Market Rent Analysis

To develop an opinion of market rent, we surveyed representatives of comparable and competitive properties in the local market area, focusing on commercial properties generally similar location, size and market appeal. The following pages contain a summary the comparable leases, along with map, photos of each comparable and market rent conclusions for the subject's space.

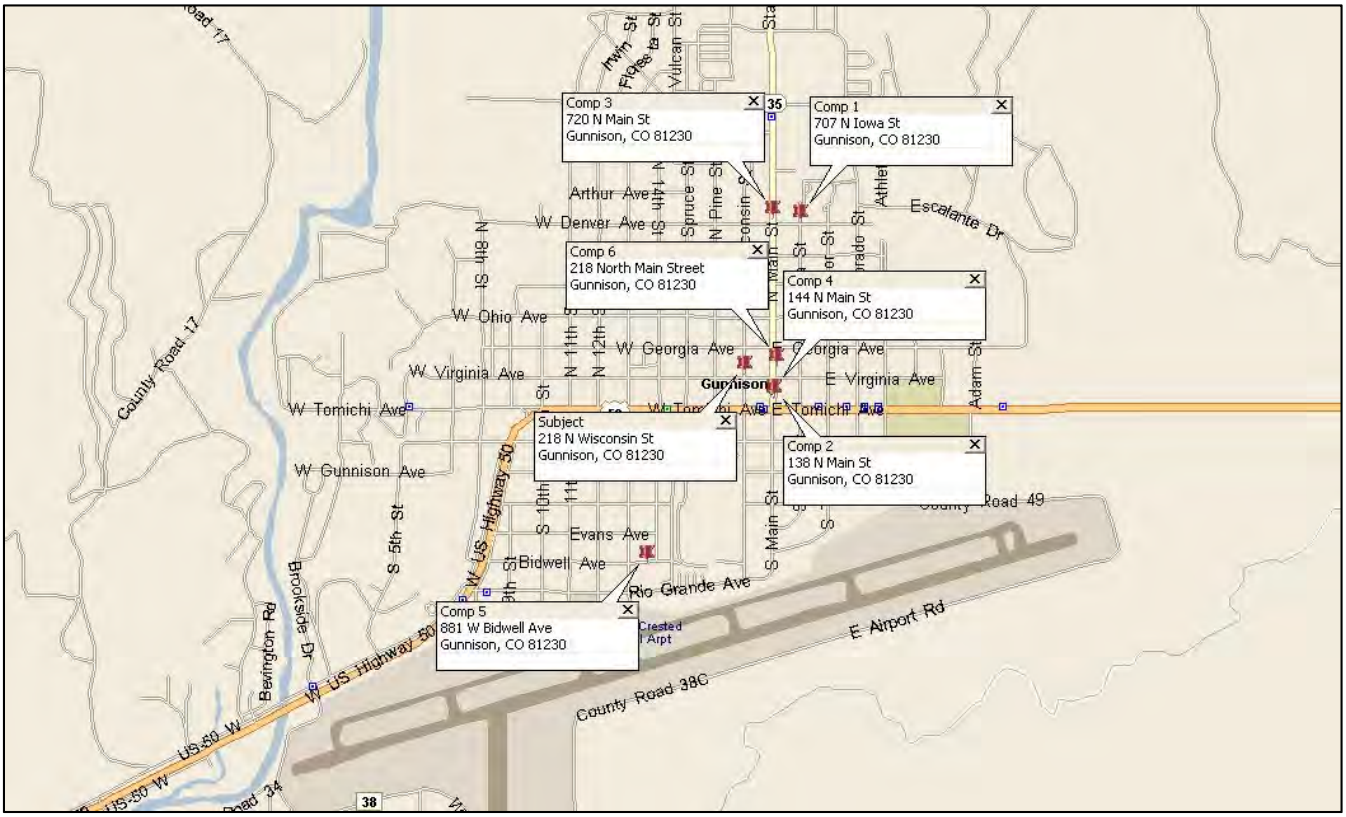
The subject is a versatile property that would appeal to a variety of office, light industrial and quasi-retail users. Therefore, we have included a range of property types in our rental analysis that would generally appeal to a similar type of user. While commercial properties in the Gunnison market are often leased, discussions with local brokers indicate that the majority of commercial properties are occupied by owner-users.

We conducted an exhaustive search of third-party data sources for recently signed leases and active lease listings. However, the Gunnison MLS rarely reports leasing data and third-party sources such as LoopNet and Showcase have only one property currently listed for lease. We also requested leasing information from businesses within the CBD, although the majority of those contacted were unable to disclose their current lease rates. Therefore, we relied primarily on interviews with local brokers and market participants for lease comparables, the most relevant of which are summarized on the following page.

LEASE COMPARABLES – SUMMARY

Comparable No.	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Space Type	Flex Building	Medical Office Building	Storefront Restaurant Boiling	Retail Strip Center	Retail Storefront	Industrial Warehouse	Retail Storefront
Address	218 North Wisconsin Street	707 North Iowa Street	138 North Main Street	720 North Main Street	144 North Main Street	881 West Bidwell Avenue	218 North Main Street
City	Gunnison	Gunnison	Gunnison	Gunnison	Gunnison	Gunnison	Gunnison
Space Size (SF)	3,120	4,775	1,236	1,500 to 3,000	309 to 1,236	1,600	1,660
Year of Construction	1948	1986	1950	1995	1949	1995	1927
Condition	Average	Above Average	Average	Above Average	Average	Average	Average
Quality	Average	Above Average	Average	Average	Average	Average	Average
Parking	No On-Site Parking	Ample On-Site Parking	No On-Site Parking	Adequate On-Site Parking	No On-Site Parking	Adequate On-Site Parking	No On-Site Parking
Actual/Asking	N/A	Actual rate	Actual Rate	Asking Rate	Actual Rate	Asking Lease-Back Rate	Actual Rate
Lease Date	N/A	May-13	Jun-12	TBD	2012 and 2013	TBD	Early 2012
Tenant	N/A	Gunnison Valley Health	Gunnison Brewery	TBD	RoSham Bo; Tango	Waste Management	Hair of the Dawg
Term	N/A	5 Years	Not Disclosed	Negotiable	Not Disclosed	Negotiable	3 Years
Lease Rate	N/A	**$9.83**	**$10.60**	**$12.00**	**$15.25 (avg)**	**$7.50**	**$10.84**
Lease Structure	N/A	NNN	MG	NNN	MG	MG	NNN
Expense Adjustment	N/A	$0.00	($2.08)	$0.00	($2.87)	($1.60)	$0.00
NNN Equivalent (PSF)	**N/A**	**$9.83**	**$8.52**	**$12.00**	**$12.30**	**$5.90**	**$10.84**
Comparability to subject	**N/A**	**Superior**	**Superior**	**Superior**	**Superior**	**Inferior**	**Superior**

LEASE COMPARABLES – MAP



LEASE COMP PHOTOS

Comp 1 – 707 North Iowa Street

Comp 2 – 138 North Main Street

Comp 3 – 720 North Main Street

Comp 4 – 144 North Main Street

Comp 5 – 881 West Bidwell Street

Comp 6 – 218 North Main Street

Market Rent Indication

From the available market data, we have selected six comparable properties for which actual or asking lease rates were known. Due to limited third-party data available and the proprietary nature of leases in the CBD, the lease comparables are not ideal for the subject property. However, they do provide a credible insight as to what various property types are currently leasing for in the Gunnison market.

The lease comparables are structured on modified gross and triple net bases. For simplification purposes, we convert the modified gross leases to a triple net lease structure, as this is the most likely structure the subject would be leased upon. The lease comparables range from $5.90 to $12.00 per square foot triple net. The middle of this range is $10.34 per square foot. The subject is bracketed by Comp 2 at $8.52 per square foot and Comp 5 at $5.90 per square foot.

Comparable 2 consists of a storefront restaurant space that was previously leased to the Gunnison Brewery, although this tenant recently closed their business. The lease commenced in June 2012 with triple net equivalent rate of $8.52 per square foot. The business completed tenant improvements at their own cost. The Main Street location in the CBD makes this comparable superior to the subject, suggesting a rate lower than $8.52 per square foot is appropriate.

Comparable 5 consists of an industrial property that is currently offered for sale. The seller is offering to lease-back a 1,600 square foot portion of the property for $5.90 per square foot once converted to a triple net structure. This comparable is located in the southwest portion of Gunnison and consists predominantly of warehouse space. It is inferior to the subject in most aspects suggesting a rate notably higher than $5.90 per square foot is warranted.

Comparable 6 is a storefront retail building that is currently leased to a local pet grooming business. The owner of this property reported the lease commenced in early 2012 when the market was still soft. The current lease rate is $10.84 per square foot triple net. Again, the Main Street location makes it superior to the subject.

As noted, the comparables are less than ideal, but provide a meaningful range of lease rates for the subject property. We also interviewed several local brokers regarding lease rates for the subject property. Cathie Elliot of The Clark Agency is a prominent commercial broker in the Gunnison market. While Ms. Clark conceded she is primarily a sales broker, she reported that Main Street commercial properties typically lease in the $10 to $12 per square foot range. The subject, being located just off Main Street, would likely lease at a rate slightly lower than this range. Erich Ferchau of RE/MAX is another prominent commercial broker and also owns several commercial properties. Mr. Ferchau reported that the subject would likely lease for approximately $2,000 per month, which would equate to a triple net rate of $7.69 per square foot.

In summary, the comparables best support a rate for the subject slightly less than $8.52 per square foot. Based on the comparables, with support from the market participant interviews, we conclude to a market lease rate for the subject of **$8.00 per square foot triple net.**

Income Analysis

In this section, existing subject leases are compared to market rent. Market rent is applied to vacant space and upon lease rollover. Additional income sources, expense recoveries, and rent escalations are considered. The sum of all income develops potential gross income (PGI), discussed as follows:

Potential Gross Rental Income

Potential gross income using market rent is forecasted at **$24,960** (3,120 SF x $8.00 PSF). There are no existing long-term leases/contract rents for the subject property. Therefore, we rely on potential gross income, as indicated by market rents, throughout our analysis.

Expense Recoveries

The majority of leases for freestanding light industrial and general commercial properties within the Steamboat market are structured on a triple net basis. Thus, our estimate of market rent reflects this lease structure, which is supported by the lease structure of the majority of the comparables. With this structure all operating expenses are paid directly by the tenant.

Expense recoveries are essentially a charge to the tenant for the specified operating expenses, which in the case of a triple net lease, typically includes full reimbursement of real estate taxes, property insurance and common area utilities and maintenance charges. During times of vacancy, the owner will lose income due to the inability to recover expenses. As will be demonstrated in the Operating Expenses section, we project pass-through income for the subject property to be **$12,626.**

Other Income

Functioning as a leased income property, we would not expect the subject to generate any income beyond base rent and expense recoveries.

Estimated Vacancy and Collection Loss

It is prudent to expect some income loss as tenants vacate, fail to pay rent, or pay rent late. Vacancy is impacted by assumptions and projections regarding current occupancy, absorption of vacant space, the probability of tenant renewal, and the amount of time required to relet space once it is vacated. When using direct capitalization, it is typical to project a vacancy rate that represents long-term expectations.

To estimate a market vacancy rate for the subject, we evaluate market vacancy averages and statistics from various sources. There are no third-party data sources that track vacancy rates within the Steamboat Springs commercial real estate market. Therefore, we analyze the subject's historical performance, conduct broker interviews and a review of the subject's immediate surrounding area in estimating a market vacancy rate.

We conducted a thorough search of the neighborhood during our property inspection for properties available for sale and lease. Our inspection indicates that prime positioned commercial properties in the CBD along Main Street are nearly fully occupied. There have been several properties purchased in the last 12 months, with renovations and redevelopment occurring to some of the buildings. CBD periphery properties appear to also be performing well, with few properties available for sale or lease. Based on our observations, we estimate current vacancy rates within the CBD to be approximately 5% to 10%.

We spoke with Erich Ferchau regarding vacancy in the Gunnison CBD. Mr. Ferchau reported that he has seen a notable improvement in terms of occupancy since 2012, and while leasing activity has improved slightly, he stated that many vacant properties have been absorbed by owner-users. While he was unable to estimate an accurate vacancy figured, he did note that the commercial space in the CBD will be hard to come by during the upcoming spring and summer months when leasing is at its strongest. Mr. Ferchau did state that turnover is typically quite high for Main Street properties in the CBD.

Based upon the available sources, it is our opinion that an investor would model a **10.0%** vacancy allowance for the subject property to account for high tenant turnover and a somewhat inconsistent commercial leasing market.

Rollover Vacancy

Turnover (or rollover) vacancy occurs when existing tenants vacate the property upon lease expiration. Three factors affect the amount of turnover vacancy experienced during a given period: 1) the length of the lease term, 2) the probability of renewal, and 3) the length of time space remains vacant between leases. If rollover vacancy in any given year/over the projection is less than stabilized vacancy loss, additional general vacancy is deducted so that total vacancy loss equals the stabilized vacancy loss estimated for the subject.

Rollover vacancy is not typically estimated for single-tenant properties within the subject's market and is not applicable in direct capitalization methodology where we are projecting relatively long terms of three to five years. We do not estimate roll-over vacancy.

Expense Analysis

Operating expenses applicable to the subject property must be deducted to arrive at net operating income. To estimate stabilized operating expenses, we have reviewed the provided historical operating expense data for the subject, which was limited, and those of comparable office/warehouse properties. Industrial office/warehouse properties typically categorize operating expenses into the following categories:

- **Real Estate Taxes**
  This category of tax expense includes all state, county, city and local property assessments for real property. This expense category is discussed in detail within the Assessment Data & Taxes section of the report.

- **Insurance**
  This category includes property, casualty and liability insurance for the subject property.

- **Utilities**
  This category includes electricity, natural gas, other fuel, water and sewer charges in addition to trash removal.

- **Common Area Maintenance/Repairs**
  This category includes security, landscaping, snow removal, exterior lighting, janitorial services for common areas, ground maintenance (landscaping & snow removal) and other charges associated with the common areas of facilities.

- **Management/Administrative Fees**
  This represents the sum paid for property management services, typically a third party management company for smaller properties where on-site management is not feasible. This category also relates to administrative expenses directly related to the operation of the property and includes payroll and benefits for administrative personnel, professional fees and general expenses of running and maintaining the building's management office, when applicable.

Projected Operating Expenses

The subject has historically been owner-occupied and we were not provided with actual operating expenses for the subject property. For our projection of operating expenses over the next twelve month period we use our projection for the subject's taxes, and use comparables (retained in appraiser's files) that operate in a similar fashion to the subject to estimate the other operating expenses. Our projected expenses for the subject property are displayed below:

Projected Operating Expenses		
Itemized Expenses	**Projected PSF**	**Projected Total**
Real Estate Taxes	$2.11	$6,593
Insurance	$0.50	$1,560
Common Area Utilities (Nominal)	$0.00	$0
Repairs/Maintenance	$1.00	$3,120
Administrative/Management	$1.20	$1,353
Recoverable Expenses	**$4.05**	**$12,626**

We note that given the subject's single-tenant nature, the common area utilities would be nominal; thus, we do not estimate this expense.

Reserves for Replacement

Reserves are used to account for the need to replace short-lived items during the property's useful life. In this market, it is not typical for reserves to be deducted as a line-item operating expense. Therefore, we have not made a deduction for capital reserves within our analysis.

This methodology is supported by the publisher of the Burbach & Associates Real Estate Survey, James Burbach (MAI), who indicated that within the Colorado market apartment and hotel properties are typically the only property types where deductions are made for reserves 'above the line'.

Direct (Going-In) Capitalization Rate

The direct capitalization rate is the ratio between a single year's net operating income expectancy and the total property price or value. The three most common methods of selecting the appropriate capitalization rate are: comparable sales, investor surveys and the band of investment (or mortgage equity) technique. We estimate an appropriate market capitalization rate using several sources on the following pages:

Market extracted Capitalization Rates – Sales/Listings

The most revealing indication of capitalization rates in a given market is the capitalization rates extracted from sales of properties in that market/region. There have been an exceedingly limited number of sales of commercial properties located within the Gunnison market with which to extract capitalization rates. Therefore, we expanded our search to include investor sales of commercial properties in Montrose and other similar small market Western Slope communities. The following table shows comparable commercial sales and listings from this market and their indicated capitalization rates.

CAPITALIZATION RATE COMPARABLES

No	Address	City	Property Type	Date	Size	YOC	Rate
L1	2125 E. Main St.	Montrose	MT Industrial Property	Active	5,051	1970	5.98%
L2	707 North Iowa Street	Gunnison	ST Medical Office	Active	4,775	1985	5.87%
L3	720-730 North Main St	Gunnison	Retail Strip Center	Active	8,904	1996	7.00%
1	4078-4088 N Townsend	Montrose	MT Mixed-Use Property	1/15	10,184	1998-2007	9.25%
2	1414 Hawk Parkway	Montrose	ST Retail Condo	10/14	1,449	1998	7.50%
3	102 Par Place	Montrose	MT Office Building	5/14	9/600	1994	10.24%
4	340 North Ave	Grand Junction	MT Industrial Building	12/13	16,203	1946	9.78%
5	144 North Main St	Gunnison	Four Retail Condos	10/13	2,511	1949	8.48% (Estimated)
6	2188 Airport Road	Rifle	ST Industrial Building	7/13	3,000	2002	8.32%
7	2760 N. Townsend	Montrose	MT Office/Industrial Building	6/13	7,737	1962	8.84%

The comparable sales transacted with capitalization rates ranging from 7.50% to 10.24%, while the active listings range from 5.87% to 7.00%.

The three Gunnison comparables theoretically provide the best indication of investor expectations within the market; however, two of the comparables are active listings that have been on the market for over one year.

L2 is a single-tenant medical office building that is currently leased to Gunnison Valley Health with approximately four years remaining. The asking price has been reduced periodically during the listing period, with a current list price of $800,000. The current lease rate of $9.83 per square foot generates a cap rate of 5.87%. There appears to be some upside in the lease rate upon expiration, although the lease is not scheduled to expire until 2018. Therefore, an investor purchasing this property today would expect a sizable discount from the list price to generate a sufficient yield during the below-market lease years. Furthermore, there is considerable risk the tenant would be unwilling to renegotiate a higher lease rate upon expiration. In summary, this comparable provides little indication of current capitalization rates in the Gunnison market and the subject warrants a rate much higher than the rate of this comparable.

L3 is a six-unit strip center that has been condominiumized. It is currently 83% occupied and offered for sale for $1,200,000 generating a 7.00% capitalization rate at the asking price. This property is located adjacent to Wal-Mart and City Market and is a well-positioned retail property with high traffic counts. The subject's second-tier location and higher effective age warrant a rate higher than 7.00%.

Sale 5 is perhaps most relevant in determining an appropriate capitalization rate for the subject property. This property consists of four retail condominium units located in the CBD along North Main Street. The property was fully occupied at the time of sale, and the listing broker reported rents to approximate $3,200 per month. This reflects the entire building with the owner paying taxes, insurance and maintenance. Deducting appropriate expenses from the reported gross rental income yields a net operating income of approximately $31,157. It sold in October 2013 for $368,000 indicating an implied capitalization rate of 8.48%. This property is superior to the subject due to its Main Street location, although three of the four units have frontage along Virginia Avenue, a secondary thoroughfare. We believe this comparable supports a rate slightly higher than 8.50% for the subject property.

The remaining comparables are from outside the Gunnison market, the majority of which are in Montrose. The Montrose market was one of the most severely impacted commercial markets in the state during the recession years and has been slow to recover. As such, commercial lease rates have remained suppressed and investors have predominantly only be interested in distressed and fire sale investment deals. We believe the Gunnison market is more robust than the Montrose market, thus indicating a capitalization rate lower than 9.25% is appropriate for the subject.

Based on the available data, we believe the comparables best support a rate for the subject that approximates **9.00%.**

Third Party Surveys

To estimate a capitalization rate based on third-party investor surveys, we utilize Burbach & Associates, RealtyRates, PWC Investor Survey and the RERC real Estate Report. The following table details this survey's results:

	Burbach & Associates	CoStar	PwC Real Estate Investor Survey
Market	All Colorado Markets	All Colorado Markets	Denver Metro
Survey Date	Summer 2014	Year-End 2014	3rd Quarter 2014
Property Type	Suburban/Low-Rise Office	Office	Office
Range	7.00% to 10.00%	5.75% - 8.50%	5.00% - 9.00%
Average	8.25%	7.94%	6.71%

The third-party investor surveys displayed above indicate an overall capitalization rate range for office properties of 5.75% to 10.00%, and a range of the average of each survey of 6.71% to 8.25%. The Price Waterhouse Coopers survey indicate slightly lower capitalization rates than the Burbach survey, which has respondents from communities throughout Colorado. These surveys are useful in both establishing a low end of the range for the subject, and identifying trends in rates. The Burbach & Associates and Costar surveys are the most relevant third-party resource, as it is not specific to Denver and includes communities within the Western Slope Region of Colorado. This survey is the best indicator for the subject and has a capitalization rate range for office space of 6.50% to 10.00%.

The 2013 Emerging Trends in Real Estate article, published by PricewaterhouseCoopers, indicates increased demand for recently constructed office properties, as opposed to dated buildings, which are seeing a decrease in demand due primarily to changing working environments, new technology and labor outsourcing. Furthermore, we note that nearly all third-party surveys indicate a downward trend in capitalization rates since late 2009/early 2010.

The subject's location in a small rural market warrants a rate higher than the average indicated by Burbach & Associates, as tenant demand is limited, thus increasing the risk profile of the subject property. We believe the third-party investor surveys best support a rate for the subject of approximately 9.00%.

Band Of Investment Analysis

The Band of Investment Analysis method recognizes that an appropriate capitalization rate should reflect the cash flow requirements necessary to satisfy the equity and mortgage positions of a real estate investment.

We used the band of investment technique to develop a going-in capitalization rate based on market equity requirements and mortgage financing terms, including market interest rates, loan-to-value ratios, and amortization terms. We selected the mortgage and equity parameters based on the mortgage terms and equity dividend rates quoted in RealtyRates.com's Investor Survey. The resulting capitalization rate is presented as follows:

MORTGAGE – EQUITY ANALYSIS

Band of Investment					
	Interest Rate:		6.00%		
	Term (yrs):		20		
Mortgage	75%	x	8.60%	=	6.45%
Equity	25%	x	10.00%	=	2.50%
Overall Rate					**8.95%**

Market Participant Interviews

We spoke with several local brokers during the course of this appraisal. Erich Ferchau of RE/MAX is one of the prominent commercial brokers in Gunnison and also owns several investment properties. Mr. Ferchau stated that properties rarely transact on the basis of a capitalization rate, as investors typically purchase properties for long-term appreciation and pride of ownership. Mr. Ferchau reported that analyzing implied and actual capitalization rates in the Gunnison market often makes little sense, as capitalization rates can range considerably with buyers often overpaying for properties when looking at the existing cash flows. He was unable to estimate an appropriate market capitalization rate for the subject property, nor what buyers are currently expecting for CBD commercial properties.

Capitalization Rate Indications and Conclusion

The capitalization rates derived from the various techniques are summarized in the following table:

CAPITALIZATION RATE INDICATIONS AND CONCLUSION

Source	Rate
Comparable Sales	9.00%
Investor Surveys	~ 9.00%
Band of Investments	8.95%
Broker Interviews	Inconclusive
Appraiser's Estimate	**9.00%**

Direct Capitalization Conclusion

Based on the forecast of net operating income and the selected direct capitalization rate, the results of the direct capitalization analysis indicate a market value indication as follows:

INCOME & EXPENSE FORECAST AND VALUE INDICATION

Gross Potential Rental Income		**$24,960**
Add: Other Income		$0
Add: Expense Reimbursements		$12,626
Total Gross Potential Rental Income		**$37,586**
Less: Vacancy & Collection Loss	10.00%	$3,759
Effective Rental Income		**$33,827**
Real Estate Taxes	$6,593	
Insurance	$1,560	
Utilities	$0	
CAM/Repairs	$3,120	
Administrative/ Management	$1,353	
Total		**$12,626**
Net Operating Income		**$21,201**
Capitalization Rate		9.00%
Value Indication by Direct Capitalization		**$235,567**
	Rounded to:	***$235,000***

Value Conclusion

Based on this analysis, we correlate to a value indication from the Income Approach of:

VALUE INDICATION – FEE SIMPLE

Income Approach	
Building Size	3,120 SF
Indicated Value	**$235,000**
Value per Square Foot	$75.32

Reconciliation

Summary of Value Conclusions

The indicated values from the approaches used and our concluded market values for the subject property are summarized in the following table.

VALUE INDICATIONS & CONCLUDED VALUES

Valuation Date:	May 5, 2015
Sales Comparison Approach	$280,000
Income Capitalization Approach	$235,000
Market Value Conclusion – Fee Simple Estate "As Is":	**$280,000**

In order to reach a final opinion of value, we considered the reliability and relevance of each value indication based upon the quality of the data and applicability of the assumptions underlying each approach. The approaches relate to one another within a pattern characteristic of current market conditions.

Our analysis of recent sales and discussions with area brokers indicates that small commercial buildings like the subject are overwhelmingly purchased by owner-users. In an active market the Sales Comparison Approach is the primary approach for this type of purchaser, who analyzes comparable sales in the market when making a purchase decision. We were able to locate several relatively recent sales of retail and general commercial properties located within the subject's market, which indicate a relatively tight and credible value range for the subject property. Given the strength of available sale data in the market, the value indication from the Sales Comparison Approach is given 100% weight in our value conclusion.

The Income Approach is typically relied upon when there is a lease in place and/or the subject property appeals to an investor. The subject is unencumbered by a formal lease and has little appeal to an investor. Furthermore, local brokers in the market reported that the subject property type would have little appeal to a speculative investor due to its secondary location. The Income Approach was developed as support for the Sales Comparison Approach and although it does add support to our concluded value and the highest and best use of the subject as an owner-user property, no weight is placed on this value indication.

Analysis of Recent Transactions

There have not been any recent transactions involving the subject property. Furthermore, the subject is not listed for sale, nor is it under contract.

Exposure and Marketing Periods

Exposure time may be defined as: the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The opinion of exposure time may be expressed as a range and can be based on one or more of the following:

- Statistical information about days on market;
- Information gathered through sales verification; and
- Interviews of market participants.

The reasonable marketing time is an opinion of the amount of time it might take to sell a real property interest at the concluded market value level during the period immediately after the effective date of an appraisal. The opinion of marketing time may be a range and can be based on one or more of the following:

- Statistical information about days on market;
- Information gathered through sales verification;
- Interviews of market participants; and
- Anticipated changes in market conditions.

The marketing time is a function of price, time, use, and anticipated market conditions, such as changes in the cost and availability of funds, and is not an isolated opinion of time alone. It is appropriate to discuss the impact of price/value relationships on marketing time and to contrast different potential prices and their associated marketing times with an appraiser's market value opinion for the subject property.

In estimating exposure and marketing times for the subject property, we considered the following data:

- The total combined Days on Market and Escrow Length for the comparables used in our analysis ranged from 207 to 2,048 days. Per a review of all sales of commercial properties within the subject market over the past year, the average marketing period for consummated sales was 329 days.
- According to interviews with investment brokers active in the market area, demand for commercial properties like the subject has strengthened over the past twelve months and a reasonable exposure time for properties similar to the subject is less than twelve months for commercial properties in Gunnison, if properly priced and marketed.
- Given the subject's CBD location, as well as its versatile design and layout, we consider the subject's marketability to be average.

Based on statistical information regarding days on market, escrow length, and marketing times gathered through sales within the subject's market, and interviews of market participants, marketing and exposure time estimates, of twelve months and fifteen months respectively, are considered reasonable and appropriate for the subject property.

INSURABLE REPLACEMENT COST ESTIMATE

Effective date: 12-19-2013

PROPERTY: Flex Building

LOCATION: 218 North Wisconsin Street
Gunnison, CO 81230

PROPERTY DESCRIPTION: Gunnison Country Times Newspaper Office
Flex Building

INSURABLE REPLACEMENT COST CALCULATIONS:

Building #:	A				
Building Size (SF):	3,120				
Structure Class:	C				
Marshall Valuation	Sec 15; Pg 17				
Service Reference:	MVS				
(or source referenced)					
Base Cost PSF:	$ 105.46				
Plus (PSF)					
>					
>					
>					
>					
Subtotal:	**$ 105.46**	**$ -**	**$ -**	**$ -**	**$ -**
Multipliers					
Number of Stories:	1.00				
Height Per Story:	1.00				
Perimeter:	1.02				
Calculator Cost:	1.01				
Local:	1.02				
Non-Perishable Items:	0.90	0.90	0.90	0.90	0.90
Adjusted Cost PSF:	**$ 99.54**	**$ -**	**$ -**	**$ -**	**$ -**
Estimated Insurable Replacement Cost:	**$310,000**	**$ -**	**$ -**	**$ -**	**$ -**

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General Assumptions & Limiting Conditions

This appraisal is subject to the following limiting conditions:

1. The legal description – if furnished us – is assumed to be correct.

2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.

3. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.

4. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.

5. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.

6. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory, or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | Mountain West is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.

7. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.

8. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions.

9. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.

10. The information, estimates and opinions which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.

11. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by MW Appraisal Inc dba Valbridge Property Advisors | Mountain West. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.

13. No claim is intended to be expressed for matters of expertise which would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.

14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | Mountain West and Client. Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.

15. Distribution of this report is at the sole discretion of the client, but no third parties not listed as an intended user on the face of the appraisal or the engagement letter may rely upon the contents of the appraisal. In no event shall client give a third party a partial copy of the appraisal report. We will make do distribution of the report without the specific direction of the client.

16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | Mountain West.

17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.

18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of nontidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.

19. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given to rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our “Income & Expense Projection” are anticipated.

20. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

21. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated.

22. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.

23. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.

24. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire a greater level of measuring detail, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer). We reserve the right to use an alternative source of building size and amend the analysis, narrative and concluded values (at additional cost) should this alternative measurement source reflect or reveal substantial differences with the measurements used within the report.

25. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, we reserve the right to amend this appraisal (at additional cost) if substantial differences are discovered.

26. If only preliminary plans and specifications were available for use in the preparation of this appraisal, then this appraisal is subject to a review of the final plans and specifications when available (at additional cost) and we reserve the right to amend this appraisal if substantial differences are discovered.

27. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.

28. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.

29. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.

30. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.

31. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.

32. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and noninsurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.

33. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.

34. All disputes over matters in excess of $5,000 shall be submitted for resolution by arbitration. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Mountain West and client cannot agree on the arbitrator, then the dispute shall be submitted to the American Arbitration Association (the "AAA"). Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that we are waiving the right to have the dispute decided in a court of law before a judge or jury.

35. This report and associated work files may be subject to evaluation by Valbridge Property Advisors, Inc. for quality control purposes.

36. The value opinion(s) provided herein is subject to any and all predications set forth in this report.

37. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.

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Certification

I/We certify that, to the best of my/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 my/our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

3. I/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. I/We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of the appraisal within the three-year period immediately preceding acceptance of this assignment.

5. I/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. My/Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

7. My/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 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. My/Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

9. Aaron Ward made a personal inspection of the property that is the subject of this report.

10. No one provided significant real property appraisal assistance to the person/people signing this certification.

11. 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 the Standards of Professional Appraisal Practice of the Appraisal Institute.

12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Gabriel Molnar
Certified-General Appraiser # CG40046402
Expiration Date: 12/31/2017

Aaron Ward, MAI, CCIM
Certified-General Appraiser # CG100034386
Expiration Date: 12/31/2017

Brian Mooney
Research Analyst

Addenda

-Glossary
-Engagement
-Qualifications

Glossary

Definitions are taken from the Dictionary of Real Estate Appraisal, 5th Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP) and Building Owners and Managers Association International (BOMA).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

Additional Rent

Any amounts due under a lease that is in addition to base rent. Most common form is operating expense increases. (Dictionary)

Amortization

The process of retiring a debt or recovering a capital investment, typically though scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

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. (Dictionary)

Base (Shell) Building

The existing shell condition of a building prior to the installation of tenant improvements. This condition varies from building to building, landlord to landlord, and generally involves the level of finish above the ceiling grid. (Dictionary)

Base Rent

The minimum rent stipulated in a lease. (Dictionary)

Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

Building Common Area

The areas of the building that provide services to building tenants but which are not included in the rentable area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building common areas are; floor common areas, parking spaces, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

Certificate of Occupancy (COO)

A statement issued by a local government verifying that a newly constructed building is in compliance with all codes and may be occupied.

Common Area (Public) Factor

In a lease, the common area (public) factor is the multiplier to a tenant's useable space that accounts for the tenant's proportionate share of the common area (restrooms, elevator lobby, mechanical rooms, etc.). The public factor is usually expressed as a percentage and ranges from a low of 5% for a full tenant to as high as 15% or more for a multi-tenant floor. Subtracting one (1) from the quotient of the rentable area divided by the useable area yields the load (public) factor. At times confused with the "loss factor" which is the total rentable area of the full floor less the useable area divided by the rentable area. (BOMA)

Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property.

CAM can be a line-item expense for a group of items that can include maintenance of the parking lot and landscaped areas and sometimes the exterior walls of the buildings. CAM can refer to all operating expenses.

CAM can refer to the reimbursement by the tenant to the landlord for all expenses reimbursable under the lease. Sometimes reimbursements have what is called an administrative load. An example would be a 15% addition to total operating expenses, which are then prorated among tenants. The administrative load, also called an administrative and marketing fee, can be a substitute for or an addition to a management fee. (Dictionary)

Condominium

A form of ownership in which each owner possesses the exclusive right to use and occupy an allotted unit plus an undivided interest in common areas.

A multiunit structure, or a unit within such a structure, with a condominium form of ownership. (Dictionary)

Conservation Easement

An interest in real property restricting future land use to preservation, conservation, wildlife habitat, or some combination of those use. A conservation easement may permit farming, timber harvesting, or other uses of a rural nature to continue, subject to the easement. In some locations, a conservation easement may be referred to as a conservation restriction. (Dictionary)

Contributory Value

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service (DCR = NOI/Im), which measures the relative ability to a property to meet its debt service out of net operating income. Also called Debt Service Coverage Ratio (DSCR). A larger DCR indicates a greater ability for a property to withstand a downturn in revenue, providing an imp[roved safety margin for a lender. (Dictionary)

Deed Restriction

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

Depreciation

1) In appraising, the loss in a property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2) In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method. (Dictionary)

Disposition Value

The most probable price that a specified interest in real property is likely to bring under the following conditions:

- Consummation of a sale within a exposure time specified by the client;
- The property is subjected to market conditions prevailing as of the date of valuation;
- Both the buyer and seller are acting prudently and knowledgeably;
- The seller is under compulsion to sell;
- The buyer is typically motivated;
- Both parties are acting in what they consider to be their best interests;
- An adequate marketing effort will be made during the exposure time specified by the client;
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 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. (Dictionary)

Easement

The right to use another's land for a stated purpose. (Dictionary)

EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

Effective Date

1) The date at which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. 2) In a lease document, the date upon which the lease goes into effect. (Dictionary)

Effective Rent

The rental rate net of financial concessions such as periods of no rent during the lease term and above- or below-market tenant improvements (TI's). (Dictionary)

EPDM

Ethylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings. (Dictionary)

Escalation Clause

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called an expense recovery clause or stop clause. (Dictionary)

Estoppel Certificate

A statement of material factors or conditions of which another person can rely because it cannot be denied at a later date. In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an estoppel letter. (Dictionary)

Excess Land

Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the

potential to be sold separately and is valued separately. (Dictionary)

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. (Dictionary)

Exposure Time

1) The time a property remains on the market. 2) The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. (Dictionary)

Extraordinary Assumption

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (Dictionary)

Fair Market Value

The price at which the property should change hands between and willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts. [Treas. Reg. 20.2031-1(b); Rev. Rul. 59-60. 1959-1 C.B. 237]

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. (Dictionary)

Floor Common Area

Areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. (BOMA)

Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called a full service lease. (Dictionary)

Going Concern Value

- The market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the market value of the going concern.
- The value of an operating business enterprise. Goodwill may be separately measured but is an integral component of going-concern value when it exists and is recognizable. (Dictionary)

Gross Building Area

The total constructed area of a building. It is generally not used for leasing purposes (BOMA)

Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50% or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of the same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

Gross Up Method

A method of calculating variable operating expense in income-producing properties when less than 100% occupancy is assumed. The gross up method approximates the actual expense of providing services to the rentable area of a building given a specified rate of occupancy. (Dictionary)

Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

Ground Rent

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

HVAC

Heating, ventilation, air conditioning. A general term encompassing any system designed to heat and cool a building in its entirety.

Highest & Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are 1) legal permissibility, 2) physical possibility, 3) financial feasibility, and 4) maximally profitability. Alternatively, the probable use of land or improved property-specific with respect to the

user and timing of the use–that is adequately supported and results in the highest present value. (Dictionary)

Hypothetical Condition

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (Dictionary)

Industrial Gross Lease

A lease of industrial property in which the landlord and tenant share expenses. The landlord receives stipulated rent and is obligated to pay certain operating expenses, often structural maintenance, insurance and real estate taxes as specified in the lease. There are significant regional and local differences in the use of this term. (Dictionary)

Insurable Value

A type of value for insurance purposes. (Dictionary)
(Typically this includes replacement cost less basement excavation, foundation, underground piping and architect's fees).

Investment Value

The value of a property interest to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)

Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position as he or she would be if the property had not been taken. (Dictionary)

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease). (Dictionary)

Leasehold Interest

The tenant's possessory interest created by a lease. (Dictionary)

Lessee (Tenant)

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

Lessor (Landlord)

One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

- Consummation of a sale within a short period.
- The property is subjected to market conditions prevailing as of the date of valuation.
- Both the buyer and seller are acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider to be their best interests.
- A normal marketing effort is not possible due to the brief exposure time.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- 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. (Dictionary)

Loan to Value Ratio (LTV)

The amount of money borrowed in relation to the total market value of a property. Expressed as a percentage of the loan amount divided by the property value. (Dictionary)

Major Vertical Penetrations

Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement including permitted uses, use restrictions, expense obligations; term, concessions, renewal and purchase options and tenant improvements (TI's). (Dictionary)

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:

a. Buyer and seller are typically motivated;
b. Both parties are well informed or well advised, and acting in what they consider their own best interests;
c. A reasonable time is allowed for exposure in the open market;
d. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
e. 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.

Market Value As If Complete

Market value as if complete means the market value of the property with all proposed construction, conversion or rehabilitation hypothetically completed or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value shall reflect the market value of the property as if complete and prepared for occupancy by tenants.

Market Value As If Stabilized

Market value as if stabilized means the market value of the property at a current point and time when all improvements have been physically constructed and the property has been leased to its optimum level of long term occupancy.

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Standards Board of the Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time). (Dictionary)

Master Lease

A lease in which the fee owners leases a part or the entire property to a single entity (the master lease) in return for a stipulated rent. The master lessee then leases the property to multiple tenants. (Dictionary)

Modified Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a double net lease, net net lease, partial net lease, or semi-gross lease. (Dictionary)

Option

A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the optionee) to buy, sell, or lease real property for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

Partial Interest

Divided or undivided rights in real estate that represent less than the whole (a fractional interest). (Dictionary)

Pass Through

A tenant's portion of operating expenses that may be composed of common area maintenance (CAM), real estate taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)

Prospective Future Value Upon Completion

Market value "upon completion" is a prospective future value estimate of a property at a point in time when all of its improvements are fully completed. It assumes all proposed construction, conversion, or rehabilitation is hypothetically complete as of a future date when such effort is projected to occur. The projected completion date and the value estimate must reflect the market value of the property in its projected condition, i.e., completely vacant or partially occupied. The cash flow must reflect lease-up costs, required tenant improvements and leasing commissions on all areas not leased and occupied.

Prospective Future Value Upon Stabilization

Market value "upon stabilization" is a prospective future value estimate of a property at a point in time when stabilized occupancy has been achieved. The projected stabilization date and the value estimate must reflect the absorption period required to achieve stabilization. In addition, the cash flows must reflect lease-up costs, required tenant improvements and leasing commissions on all unleased areas.

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. (Dictionary)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all of the deficiencies, superadequacies, and obsolescence of the subject building. (Dictionary)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (Dictionary)

Sandwich Leasehold Estate

The interest held by the original lessee when the property is subleased to another party; a type of leasehold estate. (Dictionary)

Sublease

An agreement in which the lessee (i.e., the tenant) leases part or all of the property to another party and thereby becomes a lessor. (Dictionary)

Subordination

A contractual arrangement in which a party with a claim to certain assets agrees to make his or her claim junior, or subordinate, to the claims of another party. (Dictionary)

Substantial Completion

Generally used in reference to the construction of tenant improvements (TI's). The tenant's premises are typically deemed to be substantially completed when all of the TI's for the premises have been completed in accordance with the plans and specifications previously approved by the tenant. Sometimes used to define the commencement date of a lease.

Surplus Land

Land that is not currently needed to support the existing improvement but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

Triple Net (Net Net Net) Lease

A lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called NNN, triple net leases, or fully net lease. (Dictionary)

(The market definition of a triple net leases varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

Usable Area

The measured area of an office area, store area or building common area on a floor. The total of all the usable areas or a floor shall equal floor usable area of that same floor. The amount of floor usable area can vary over the life of a building as corridors expand and contract and as floors are remodeled. (BOMA)

Value-in-Use

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. (Dictionary)

RIMS Customer: Wells Fargo
RETECHS #: WF-DEN-15-009993-03-1

Award Information

Date Awarded: 4/27/2015
Canceled: No
Fee: [redacted]
Award Comments: Please see uploaded documents if applicable.

Directly Awarded: No
Delivery Date: 5/8/2015

Job Attachments:
There are currently no job attachments

Bid Information

Proposed Fee: [redacted]
Signatory Information:

Proposed Delivery Date: 5/8/2015
Office Location:

Prior Services: Have you or your company performed or provided any professional services pertaining to the subject property within the prior three years, as an appraiser or in any other capacity, or is your company presently involved with the management, leasing, disposition, or any similar service regarding the subject property. If Yes, please provide details in the Comments field.
No

Bid Comments: We have recently appraised several commercial properties in the Gunnison market and are able to meet the requested delivery date. Thank you for the bidding opportunity.

RFP Information

Purpose Of Request: New Permanent Loan
Response Deadline: 4/24/2015
Desired Delivery Date: 5/08/2015

RFP Contact: Clifford Brent Summers (DNV)
Contact Phone: 303-863-6154

ADDRESSEES:

First name	Last name	Company	Address	
Clifford Brent	Summers (DNV)	Wells Fargo RETECHS	1700 LINCOLN ST 23rd Floor	Denver, CO 80203

Total Addressees: 1

DISTRIBUTION:

Number Of Copies	First Name	Last Name	Company	Address	
2	Dale	Peterson (R JBK-SBA)	Wells Fargo	625 Marquette Ave 13th Floor	Minneapolis, MN 55402

Total # Hard Copies: 2

SCOPE OF SERVICES:

WF Bank Requirements

The scope of service requested by WF RETECHS may not be omitted or altered by the vendor without the expressed and written consent of WF RETECHS:

For non-income producing (e.g., owner/user) properties, comment on a potential buyer's purchase criteria and the effect on value of factors such as fluctuating interest rates. Reference these opinions in a dedicated report section with the Market Participant Interviews (Item No. 1 below).

1. For the subject and all comparables indicate if they are located in a flood plain and the zone/classification of the flood zone. Appropriate adjustment must be made for this location factor.

2. All appraisal products require an insurable value. The insurable value needs to be calculated for each building/structure on the property regardless of whether the appraiser deems the building/structure to contribute to the market value.

The Insurable Replacement Cost Template is available for download in RIMS Central.

Potential Market Changes

Due to concerns with changing market conditions and trends, we are requiring your report analysis to consider:

1. Market Participant Interviews: Discussions with real estate market participants (buyers, sellers, property managers, real estate agents/brokers). Reference these interviews in a dedicated section, and report and analyze the most pertinent comments and how they impact the subject value with Item No. 2 below.

2. Overall Capitalization Rate Sustainability: We are interested in the market's opinion of trends and catalysts for potential changes in Overall Rates (OARs#. Specifically, what are market participants' observations on the likely impact of expected changes in interest rates, rents, supply & demand dynamics, the scarcity of comparable investments, excess investment capital, etc., on cap rates in the future? Please provide a discussion framed by market participant interviews for: (a) the potential direction and magnitude of cap rate movement; (b) the timeframe in which this may occur; and (c) how this may impact market value. Be specific to the subject property type and location, and avoid boilerplate commentary. For non-income producing (e.g., owner/user) properties, comment on a potential buyer's purchase criteria and the effect on value of factors such as fluctuating interest rates. Reference these opinions in a dedicated report section with the Market Participant Interviews (Item No. 1 above).

3. Comparable Listings: In addition to consummated comparable sales and leases, listings should be considered, with the most pertinent items reported, analyzed and incorporated within your market data, including any impact relative to flood insurance requirements.

4. Strengths and Weakness: Include a Strengths & Weaknesses section within the appraisal that focuses on the subject property, and its product type and market on a micro and macro level.

SBA

In addition to information contained in APP-A General Appraisal Requirements and the General Contractual Requirements, the following additional requirements need to be performed by the awarded vendor:

WF-SBA appraisal request(s) that asks for Going Concern Value(s) require(s) that the appraisal segregate (allocate) the various components of the final value. You should especially note that from the SBAs perspective these components are land, building, "ff & e" and business enterprise value (aka intangible or blue-sky value).

Any Going Concern Value involving $250,000 or more business enterprise value requires the valuation be performed by an appraiser from a qualified source:

A "qualified source" is an individual who regularly receives compensation for business valuations and is accredited by one of the following recognized organizations:
(a) Accredited Senior Appraiser (ASA) accredited through the American Society of Appraisers;
(b) Certified Business Appraiser (CBA) accredited through the Institute of Business Appraisers;
(c) Accredited in Business Valuation (ABV) accredited through the American Institute of Certified Public Accountants;

(d) Certified Valuation Analyst (CVA) accredited through the National Association of Certified Valuation Analysts; and
(e) Accredited Valuation Analyst (AVA) accredited through the National Association of Certified Valuation Analysts.

In addition, the appraiser must be appropriately licensed or certified In the State that the property is located.

Proof of the appraiser's qualification to prepare a "Going Concern Valuation" in accordance with current US SBA SOP must be reflected within the report (addenda).

SBA 2

==========
WF-SBA appraisal request(s) that involves new construction or substantial renovation that is more than one-third of the purchase price or market value at the time of the application requires the appraiser to make a final property inspection upon completion of construction. The final inspection requires a written and dated certification by the appraiser that the property was constructed in conformance with plans and specifications (or other documentation) provided.
In these cases where the property was not built in compliance with the plans and specification (or other documentation) provided, the vendor is to contact RETECHS immediately to determine what additional scope of services may be required.

(Only if required the for WF-SBA assignment) Estimated inspection fees, disclosed at the time of initial appraisal request are awarded upon receipt of the completed construction inspection . WF will notify the appraiser of the need to inspect the subject property at the appropriate time.
==========
No appraisal product may be prepared with a scope of service that would cause the vendor to designate the finished product as a Restricted Report.

All appraisals must contain a Sales Comparison Approach.
==========
Any SBA appraisal request(s) that involves properties with partial or full rental income require the vendor to indicate in the appraisal any portion of the final value that is attributed to above market rental rates.
==========

SBA Contractual Addenda

All SBA loans require the appraisal to be addressed and include as intended users: The United States Small Business Administration, Wells Fargo Bank, N.A., and, if applicable, any participating Certified Development Company (CDC).

All appraisals are to be prepared in accordance with the most current version of the US SBA SOP as it pertains to appraisal requirements. A link to the SBA SOP site is listed below.

http://www.sba.gov/about-sba/sba_performance/policy_regulations/standard_operating_procedures

Scope Of Work

2.A. Appraisal; Two Approaches to Value - Appraisal Report:
1.USPAP Appraisal Report 2.Preparer inspects subject - unless otherwise instructed 3.Preparer provides two most meaningful approaches to value in a summary format 4.Preparer determines and states within the report, as described within their scope and subject to their extraordinary assumptions and hypothetical conditions - if applicable, the value conclusions - conclusions is credible. 5.Additional services - as instructed- please reference LOB requirements.

Value Requirements

Primary value premise is
"As Is"

"AS PROPOSED" premise: Assumes that all identified and described proposed changes to the subject real estate have in fact occurred and are in place and/or are operative on the prospective date of value.

"STABILIZED" premise: All subject improvements are either constructed or are assumed to have been constructed, and are leased to their estimated level of long-term stabilized occupancy on the prospective date of value. All initial lease-up costs (i.e. tenant improvements, commissions, etc.) are assumed to have already been paid out. Rollover lease-up costs are deducted as they occur. Free rent and/or any other rental concessions that impact net operating income are to be considered.

Appraiser Qualifications

A "qualified source" is an individual who regularly receives compensation for business valuations and is accredited by one of the following recognized organizations:
(a) Accredited Senior Appraiser (ASA) accredited through the American Society of Appraisers; (b)Certified Business Appraiser (CBA) accredited through the Institute of Business Appraisers;
(c) Accredited in Business Valuation (ABV) accredited through the American Institute of Certified Public Accountants;
(d) Certified Valuation Analyst (CVA) accredited through the National Association of Certified Valuation Analysts; and
(e) Accredited Valuation Analyst (AVA) accredited through the National Association of Certified Valuation Analysts.
and
The appraiser must be appropriately licensed or certified In the State that the property is located.

Reporting of Non-Realty Value Components

All appraisal reports must disclose if non-real property is included in any value premise(s). If applicable, the report should:

1. Identify and Describe Non-Realty Components: If it is necessary to include non-real property in the valuation, it must be described in a dedicated (property description) report section and segregated into two categories:
A. Personal Property (FF&E, M&E, etc.). And,
B. Intangible Property (business enterprise components).
NOTE: The source(s) for identification of non-realty items should be cited. This could include: appraisers inspection, property contact interview, inventory list, etc.

2. Value Allocation for Non-Realty Components: The contributory value of non-realty items should be allocated (and deducted) within each reported value premise. Separate value allocations should be segregated in accordance with item 1.A. and 1.B. above.

Should the appraiser determine the contributory value of the non-realty components is nominal, they must nonetheless still be identified and the rationale for their being considered nominal explained. Nominal is defined as a contributory value that does not materially impact the market value of the real estate. The sources and methodology for value allocations should be explained (e.g. new or depreciated book value, personal property and/or business appraisal, cost breakdown, Marshal Valuation Service, etc.).

Apartment Complex example: For existing, unfurnished apartments with basic kitchen and laundry packages, the appraiser must describe all non-realty components. The appraiser may conclude there is only nominal value attributable to the furnishings, fixtures and equipment (FF&E) and as such a separate value allocation would not be required. However, for furnished apartments, newly constructed or proposed unfurnished apartments, or any project where FF&E value is not considered nominal, a separate value allocation for FF&E components is required.

Owner-Occupied Property

Highest & Best Use (H&BU): All appraisal reports should specify the most probable buyer profile (e.g. user, investor or both) and what they would do with the property to maximize value.

Owner-Occupied Property: Similar to properties held in leased fee estate, owner occupied properties must be valued presuming a knowledgeable buyer is involved in a transaction. Many properties can appeal to an investor or an owner user under certain market conditions.

Leased Fee Value: If RETECHS has requested the Leased Fee interest be valued for a property that is occupied or partially occupied by an owner and/or their affiliates, this lease should be considered within the As Is value premise. In the event, the Leased Fee interest has been requested for owner-occupied property, a Fee Simple value premise in accord with directive below shall additionally be provided.

Fee Simple Value: If all or a part of the subject is currently owner occupied (or owner affiliate occupied) without lease(s), the current owner's (or owner affiliates) occupied portions of the subject should be assumed: This premise is based on the Extraordinary Assumption that the owner affiliated leased space is vacant as of the effective value date.

-Vacant as of the effective date of value
-Available for a potential purchaser to use in accord with the H&BU conclusion (e.g. occupy, rent, lease, reposition etc.)

For owner-occupied properties, please reference Owner-Occupied Valuation Guidelines within the Appraisal General Requirements.

Report Type: Appraisal Report (summary)
Report Format: Narrative

VALUATION SCENARIOS:

Valuation Premise	Premise Qualifier	Property Interest	Comment
Market Value	As-Is	Fee Simple	

RFP Comments: Two approaches to value: sales and income

+ RUSH

+++When estimating the As-Is value for existing, NON-STABILIZED properties, deducting rent loss, lease up and holding costs from the stabilized value estimate does not adequately address all required deductions. A buyer of a non-stabilized property would expect to be compensated for the risk of taking ownership of the property and managing it to stabilization. As such, entrepreneurial profit needs to be considered as a component in estimating As-Is values for existing, non-stabilized properties.
++++ALSO PROVIDE A BID FOR THE FOLLOWING - WFB-SBA appraisal requests that involve new construction or substantial renovation ("Substantial" means rehabilitation expenses of more than one-third of the purchase price or market value at the time of the application) , will require the appraiser to make a final property inspection upon completion of construction. The final inspection requires a written and dated certification by the appraiser that the property was built with only minor deviations (if any) from the plans and specifications upon which the original estimate of value was based.

*If other segments of value are identified in your report, such as going-concern or FF&E, please identify these as separate values.

GENERAL PERFORMANCE STANDARDS **Appraisal General Requirements**

-Property Information

Project Name: Gunnison Country Publications, LLC
Property Description / Construction Type: Subject property is CRE being pledged as primary collateral for a SBA 7a loan
Property Comment: Subject property is CRE being pledged as primary collateral for a SBA 7a loan
Property Type: HK1 - Office - Other - All other office-type properties.
Address: 218 N Wisconsin St, Gunnison, CO 81230
County: Gunnison
Improvement Size (Primary): 3,125 SF
Land Size: 0.72 Acres
Parcel Numbers: 3701-363-25-003
Year Built: 1996
Property Status: Existing
Property Tenancy: Owner Occupied 100%
Listed for Sale?: No

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WELLS FARGO

The information contained in this award, along with the information contained in the **General Appraisal Requirements, Specific Performance Standards, and the General Contractual Requirements** referenced in the RFP, as well as all other RFP information, serve as the contract for services to be rendered. If, within 12 months of this assignment date, the vendor is contacted to appraise the subject property by any other party than Wells Fargo RETECHS, vendor agrees to (1) notify Wells Fargo RETECHS in writing and (2) receive a written reply from RETECHS approving this request.

Unless specifically stated otherwise, information provided by the bank or borrower in conjunction with this assignment shall be considered confidential and may not be used except as necessary for the completion of this assignment. Additionally, such information may not be shared or provided to any individual or entity except as necessary for the completion of this assignment, or as required by law or as mandated by appropriate professional standards or organizations such as USPAP and the Appraisal Institute.

This Statement of Work and Award is entered into as of the date of the award by and between Wells Fargo Bank, N.A. (Wells Fargo) and the awarded contractor, pursuant to the Master Agreement for Real Estate Services, dated September 15, 2010; all terms of which are incorporated herein by reference.

Note: Failure to deliver is subject to penalties as defined in the Master Service Agreement. Immediately contact Clifford Brent Summers (DNV) 303-863-6154 for any holds, delays, or further required information.

1. Project Name: Gunnison Country Publications, LLC
2. Description of Services: As indicated in the RFP
3. Performance Period
   Start Date: 4/27/2015
   End Date (if known): 5/8/2015

4. Work Site: 218 N Wisconsin St, Gunnison, CO 81230
5. Total Costs and Fees: [redacted]
6. Wells Fargo Job Manager: Clifford Brent Summers (DNV)

Property Access and Contact Information:

Chris Dickey

970-641-1414
publisher@gunnisontimes.com

Please make contact immediately for access to the property

Include the following statement in the Letter of Transmittal and Intended Use section of the report:

Wells Fargo reserves the right to use the report for the purposes of syndication with other financial institutions or securitization.

ADDENDUM

SBA CONTRACTUAL ADDENDA

In addition to information contained in Specific Contractual Requirements (App-12); APP-A General Appraisal Requirements, General Contractual Requirements and the Specific Performance Standards APP-12C, the following additional requirements need to be performed, as noted in the RFP, by the awarded vendor:

1.=WFC-SBA appraisal request(s) that asks for going concern or business value requires that the appraisal segregate (allocate) the various components of the final value. From the SBAs perspective these components are land, building, ff and e and blue sky (business) value. Please note the requirements for division of real estate into land and building components.

2.=WFC-SBA appraisal request(s) that involves new construction or substantial renovation ($100,000 or greater), require the appraiser to make a final property inspection upon completion of construction.

3.=The final inspection (see attached) requires:
a.=Written and dated certification by the appraiser that the property was constructed in conformance with plans and specifications (or other materials) provided.
b.=
See attached referenced document Certification of Completion Report.

4.=Preliminary scope of services will be determined by agreement between RETECHS and the vendor prior to the engagement of the appraisal. Actual scope of service will be determined at the time of the construction completion and dependent on the inspection findings.

5.=In these cases where the property was not built in compliance with the plans and specifications (or other materials) provided, the vendor is to contact RETECHS immediately to determine what additional scope of services may be required.

6.=Any post appraisal award fees (inspection and validation of value) will be determined and awarded at the completion of construction and only if required the for WFC-SBA assignment. WFC will notify the appraiser at the appropriate time.

7.=No valuation product may be prepared with a scope of service that would cause the vendor to designate the finished product as a Restricted Use Report.

8.=All valuations on properties located within a FEMA designated flood hazard zone require an insurable value (Insurable Replacement Cost Template)

9.=The scope of service requested by WFC RETECHS may not be omitted or altered by the vendor without the expressed and written consent of WFB RETECHS.

10.=All RETECHS ordered valuations for WFC-SBA 504 loans are required to be co-addressed and include as intended users: Wells Fargo & Co., the United States SBA and the participating Certified Development Company (CDC).

11.=WFC-SBA appraisal request(s) that involves properties with partial or full rental income require the vendor to indicate in the appraisal any portion of the final value that is attributed to above market rental rates.

12.=Enclosures: Please see uploaded documents if applicable.

APP-12A Appraisal Engagement Contract SBA (Revised 10-23-2012)

Delivery Instructions:
(Unless otherwise specified in the attached addendum)

All valuation services requested, which include the report with signatures, all associated exhibits, and any other pertinent supporting documentation, shall be delivered online via RIMSCentral to Wells Fargo Bank-RETECHS, and (if appropriate) via a hard copy to the Wells Fargo Banker or representative. In no case, will any valuation services ever be **solely delivered to a Wells Fargo Banker or representative without written authorization** from RETECHS. In addition, upload the final invoice separately for payment. The following guidelines provide more specific instructions:

1. Upload to RIMSCentral, under the appropriate assignment, a PDF APPRAISAL REPORT to include:
    - The Recipient information [name, address, etc]
      Wells Fargo Bank – RETECHS
      Clifford Brent Summers (DNV)
      1700 LINCOLN ST, 23rd Floor
      Denver, CO 80203
      WF-DEN-15-009993-03
    - Vendor digital signature
2. Upload to RIMSCentral a copy of the appraiser's state license / certification as an addendum to the appraisal report.
3. Upload to RIMSCentral any other property information used to complete the assignments as stated in the Request for Proposal (RFP)
4. Upload to RIMSCentral the Original Invoice addressed to:

    Wells Fargo Bank RETECHS
    Clifford Brent Summers (DNV)
    1700 LINCOLN ST, 23rd Floor
    Denver, CO 80203
    303-863-6154

Note: *If uploading the documents to RIMSCentral is* ***not feasible****, please contact RIMSCentral for upload assistance, or the RETECHS Job Manager, Clifford Brent Summers (DNV), for additional delivery instructions.*

If hard copies were requested per the RFP, only upon authorization via e-mail from a RETECHS representative is the vendor to deliver hard copy or copies:

Deliver to: Dale Peterson (RGBK-SBA)
N9311-131
625 Marquette Ave, 13th Floor
Minneapolis, MN 55402
612-667-9271

Additional Requirements may be specified in an attached addendum.

Qualifications of Gabriel Molnar
Senior Managing Director
Valbridge Property Advisors | Mountain West

Independent Valuations for a Variable World

State Certifications

Certified General
State of Colorado

Education

BS Urban Planning
University of
Colorado

Contact Details

970-340-1016 (o)

Valbridge Property Advisors | Mountain West
562 Highway 133
Carbondale, CO 81623

www.valbridge.com
gmolnar@valbridge.com

Experience:

Senior Managing Director
Present
Valbridge Property Advisors | Mountain West

Managing Director
2005 - 2013
Commercial Valuation Consultants

Market Analyst
2003 - 2005
Prior and Associates Inc.

Development Analyst
2001 - 2003
Thistle Community Housing

Broker Assistant
2000 - 2001
Julien J. Studley Inc.

Over thirteen years of real estate analysis experience, with the past eight years focused exclusively on commercial appraisal. The bulk of recent work has primarily been concentrated on the unique challenges of appraising in Colorado's high-value mountain resort markets

As Senior Managing Director, the focus is on providing expert analysis and oversight of the company's work as well as appraisals of specialty and complex properties throughout the state.

Valbridge
PROPERTY ADVISORS

STATE OF COLORADO

Department of Regulatory Agencies
Division of Real Estate

Active
Cert Gen Appraiser

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40046402	Jan 1 2015	Dec 31 2017
Number	Issue Date	Expires

GABRIEL E M[illegible]NAR
CARBONDA[illegible] CO 81623

COPY

Marcia Waters
Program Administrator

Licensee Signature

Qualifications of Aaron Ward, MAI, CCIM
Senior Managing Director
Valbridge Property Advisors | Mountain West

Independent Valuations for a Variable World

State Certifications

Certified General
State of Colorado

Education

BA Real Estate Finance
and Marketing University
of Northern Iowa

Contact Details

970-340-1016 (office)
970-797-9124 (fax)

Valbridge Property Advisors | Mountain West
562 Highway 133
Carbondale, CO 81623

www.valbridge.com
award@valbridge.com

Experience:

Senior Managing Director
2013 – Present
Valbridge Property Advisors | Mountain West

Senior Valuation Specialist
2007 - 2013
Commercial Valuation Consultants

Appraisal/valuation and consulting assignments include: industrial buildings, office buildings, retail buildings, condominium sell-outs, subdivision, specialty retail properties, car wash facilities and hotels.

Membership/Affiliations:
Member: Appraisal Institute - MAI Designation
Member: CCIM Institute – CCIM Designation

Appraisal Institute Courses:
Real Estate Finance and Investments
Real Estate Law
Business Practices and Ethics
Uniform Standards of Appraisal Practice
Advanced Income Capitalization
Advanced Sales Comparison and Cost Approaches
Report Writing and Valuation Analysis
Advanced Commercial Appraisal Applications
General Market Analysis and Highest & Best Use

CCIM Institute Courses:
Financial Analysis for Commercial Investment
Market Analysis for Commercial Investment Real Estate
User Decision Analysis
Investment Analysis for Commercial Real Estate
Preparing to Negotiate
Ethics Related to Real Estate Transactions

Valbridge
PROPERTY ADVISORS

STATE OF COLORADO
Department of Regulatory Agencies
Division of Real Estate

Active
Cert Gen Appraiser

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100034386	Jan 1 2015	Dec 31 2017
Number	Iss Date	Expir

AARON JAMES WAR
Carbondale, CO 8162

COPY

Marcia Waters
Program Administrator

Licensee Signature

Information on Valbridge Property Advisors

Valbridge covers the U.S. from coast to coast, and is one of the Top 3 national commercial real estate valuation and advisory services firms based on:

- Total number of MAIs (145 on staff)
- Total number of office locations (59 across the U.S.)
- Total number of staff (600 strong)

Valbridge is owned by our local office leaders. Every Valbridge office is led by a senior managing director who holds the MAI designation of the Appraisal Institute.

Valbridge services all property types, including:

- Office
- Industrial
- Retail
- Apartments/multifamily/senior living
- Lodging/hospitality/recreational
- Land
- Special-purpose properties

Valbridge welcomes single-property assignments as well as portfolio, multi-market and other bulk-property engagements. Specialty services include:

- Portfolio valuation
- REO/foreclosure evaluation
- Real estate market and feasibility analysis
- Property and lease comparables, including lease review
- Due diligence
- Property tax assessment and appeal-support services
- Valuations and analysis of property under eminent domain proceedings
- Valuations of property for financial reporting, including goodwill impairment, impairment or disposal of long-lived assets, fair value and leasehold valuations
- Valuation of property for insurance, estate planning and trusteeship, including fractional interest valuation for gifting and IRS purposes
- Cost segregation studies
- Litigation support, including expert witness testimony
- Business and partnership valuation and advisory services, including partial interests

Independent Valuation for a Variable World

Office Locations

Corporate Office
Valbridge Property Advisors
2240 Venetian Court
Naples, FL 34109
239-325-8234 phone
239-325-8356 fax

Alabama
Valbridge Property Advisors |
Real Estate Appraisers, LLC
4732 Woodmere Boulevard
Montgomery, AL: 36106
334-277-5077 phone
334-277-5078 fax

Arizona
Valbridge Property Advisors |
MJN Enterprises, Inc.
6061 E. Grant Road, Ste.121
Tucson, AZ 85712
520-321-0000 phone
520-290-5293 fax

California
Valbridge Property Advisors |
Hulberg & Associates, Inc.
225 Crossroads Boulevard
Ste. 326
Carmel, CA 93923
831-917-0383 phone
925-327-1696 fax

2813 Coffee Road, Ste.E-2
Modesto, CA 95355
209-569-0450 phone
209,569,0451 fax

One North Market Street
San Jose, CA 95113
408-279-1520 phone
408-279-3428 fax

3160 Crow Canyon Place, Ste.245
San Ramon, CA 94583
925-327-1660 phone
925-327-1696 fax

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99 S. Lake Avenue, Ste.21
Pasadena, CA 91101
626-744-0428 phone
626-744-0922 fax

Valbridge Property Advisors |
Penner & Associates
1370 N. Brea Boulevard, Ste. 255
Fullerton, CA 92835
714-449-0852 phone
714-738-4371 fax

Valbridge Property Advisors |
Ribacchi & Associates
10301 Placer Lane, Ste. 100
Sacramento, CA 95827
916-361-2509 phone
916-361-2632 fax

Colorado
Valbridge Property Advisors |
Bristol Realty Counselors
5345 Arapahoe, Ste. 7
Boulder, CO 80303
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303-443-96223 fax

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970-797-9124 fax

Connecticut
Valbridge Property Advisors |
Italia & Lemp, Inc.
6 Central Row, 3rd Floor
Hartford, CT 06103
860-246-4606 phone

17 High Street, Ste. 214
Norwalk, CT 06851
203-286-6520 phone

Florida
Valbridge Property Advisors |
Armalavage Valuation, LLC
2240 Venetian Court
Naples, FL 34109
239-514-4646 phone
239-514-4647 fax

Valbridge Property Advisors |
Beaumont, Matthes & Church, Inc.
603 Hillcrest Street
Orlando, FL 32803
407-839-3626 phone
407-839-3453 fax

Valbridge Property Advisors |
Broom, Moody, Johnson &
Grainger, Inc.
121 W. Forsyth Street, Ste. 1000
Jacksonville, FL 32202
904-926-3000 phone
904-296-8722 fax

Valbridge Property Advisors |
Entreken Associates, Inc.
1100 16th Street N
St. Petersburg FL 33705
727-894-1800 phone
727-894-8916 fax

Georgia
Cantrell Miller, LLC
2675 Paces Ferry Road, Ste. 145
Atlanta, GA 30339
678-644-4853 phone

Office Locations

Idaho

Valbridge Property Advisors |
Auble Jolicoeur & Gentry, Inc.
1875 N. Lakewood Drive, Ste. 100
Coeur d'Alene, ID 83814
208-292-2965 phone
208-292-2971 fax

Valbridge Property Advisors |
Mountain States Appraisal & Consulting, Inc.
1459 Tyrell Lane, Ste. B
Boise, ID 83706
208-336-1097 phone
208-345-1175 fax

Indiana

Valbridge Property Advisors |
Mitchell Appraisals Inc.
820 Fort Wayne Avenue
Indianapolis, IN 46204
317-687-2747 phone
317-687-2748 fax

Iowa

Valbridge Property Advisors |
Roy R. Fisher, Inc.
2010 E. 38th Street, Ste. 201
Davenport, IA 52807
563-355-6606 phone
563-355-6612 fax

Kansas

Valbridge Property Advisors |
Shaner Appraisals, Inc.
10990 Quivira, Ste. 100
Overland Park, KS 66210
913-451-1451 phone
913-529-4121 fax

Kentucky

Valbridge Property Advisors |
Allgeier Company
214 S. 8th street, Ste. 200
Louisville, KY 40202
502-585-3651 phone
502-589-7480 fax

Louisiana

Valbridge Property Advisors |
Argot, Derbes, Graham, Shuffield & Tatje, Inc.
10455 Jefferson Highway, Ste. 200
Baton Rouge, LA 70809
225-292-3443 phone
225-292-3473 fax

512 N. Causeway Boulevard
Metairie, LA 70001
504-833-8324 phone

7607 Fern Avenue, Ste.104
Shreveport, LA 71105
318-797-0543 phone
318-797-8030 fax

Maryland

Valbridge Property Advisors |
Lipman Frizzell & Mitchell LLC
6240 Old Dobbin Lane, Ste. 140
Columbia, MD 21045
410-423-2300 phone
410-423-2410 fax

Massachusetts

Valbridge Property Advisors |
Bullock Commercial Appraisal ,LLC
21 Muzzey Street, Ste.2
Lexington, MA 02421
781-652-0700 phone

Michigan

Valbridge Property Advisors |
The Oetzel-Hartman Group
321 Woodland Pass, Ste. 200
East Lansing, MI 48823
517-336-0001 phone
517-336-0009 fax

Nevada

Valbridge Property Advisors |
Lubawy & Associates, Inc.
3034 S. Durango Drive, Ste. 100
Las Vegas, NV 89117
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702-242-6391 fax

North Carolina

Valbridge Property Advisors |
John Bosworth & Associates, LLC
4530 Park Road, Ste. 100
Charlotte, NC 28209
704-376-5400 phone
704-376-1095 fax

Valbridge Property Advisors |
Paramount Appraisal Group, Inc.
412 E. Chatham Street
Cary, NC 27511
919-859-2666 phone
919-859-859-2667

Ohio

Valbridge Property Advisors |
Akron Appraisal Group, Inc.
333 Massillon Road, Ste. 16
Akron, OH4431
330-899-9900 phone
253-484-3302 fax

Valbridge Property Advisors |
Allgeier Company
9277 Centre Point Dr. Ste. 350
West Chester, OH 45069
513-785-0820 phone
513-563-3539 fax

Oklahoma

Valbridge Property Advisors |
Walton Property Services, LLC
8282 S. Memorial Drive, Ste. 302
Tulsa, OK 74133
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918-742-3061 fax

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412-881-8040 fax

Valbridge Property Advisors |
Lukens & Wolf LLC
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Philadelphia, PA 19103
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215-545-8548 fax

South Carolina
Valbridge Property Advisors |
Robinson Company
610 N. Main Street
Greenville, SC 29601
864-233-6277 phone
864-233-8577 fax

South Carolina
Valbridge Property Advisors |
Robinson Company
610 N. Main Street
Greenville, SC 29601
864-233-6277 phone
864-233-8577 fax

Valbridge Property Advisors |
Atlantic Appraisals,, LLC
1250 Fairmont Avenue\
Mt. Pleasant, DC 29464
843-884-1266 phone
843-881-7532 fax

800 Main Street, Ste. 220
Hilton Head, SC 29926
843-342-2302 phone
843-342-2304 fax

Tennessee
Valbridge Property Advisors |
C&I Appraisal Services, Inc.
6750 Poplar Avenue, Ste. 706
Memphis, TN 38138
901-753-6977 phone

Valbridge Property Advisors |
Meridian Realty Advisors, LLC
213 Fox Road
Knoxville, N 37922
865-522-2424 phone
865-522-0030 fax

Valbridge Property Advisors |
R.K. Barnes & Associates, Inc.
112 Westwood Place, Ste. 300
Brentwood, TN 37027
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615-369-0671 fax

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The Gerald A. Teel Company, Inc.
400 North St. Paul, Ste. 550
Dallas, TX 75201
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Houston, TX 77024
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713-467-0704 fax

1001 Texas Avenue, Ste. 150
Lubbock, TX 79401
806-744-1188 phone
806-744-1189 fax

Valbridge Property Advisors |
Dugger, Canaday, Grafe, Inc.
111 Soledad, Ste. 800
San Antonio, TX 78205
210-227-6229 phone
210-227-8520 fax

Utah
Valbridge Property Advisors |
Free & Associates, Inc.
260 South 2500 West, Ste. 301
Pleasant Grove, UT 84062
801-492-9328 phone
801-492-1420 fax

1100 East 6600 South, Ste. 201
Salt Lake City, UT 84121
801-262-3388 phone
801-262-7893 fax

20 North Main, Suite 304
St. George, UT 84770
435-773-6300 phone
435-773-6298 fax

Virginia
Valbridge Property Advisors |
Axial Advisory Group, LLC
656 Independence Parkway, Ste. 220
Chesapeake , VA 23320
757-7410-1222 phone
757-345-070 fax

7400 Beaufont Springs Drive, Ste. 200
Richmond, VA 23225
804-672-4473 phone

4732 Longhill Road, Ste. 3202
Williamsburg, VA 23188
757-345-0010 phone
757-345-0170 fax

Washington

Valbridge Property Advisors |
Allen Brackett Shedd
419 Berkley Avenue, Ste. A
Fircrest, WA 98466
253-274-0099 phone
253-564-9422 fax

12320 NE 8th Street, Ste. 200
Bellevue, WA 98005
425-450-4040 phone
425-688-1819 fax

Valbridge Property Advisors |
Auble, Jolicoeur & Gentry, Inc.
324 N. Mullen Road
Spokane Valley, WA 99206
509-747-0999 phone
509-747-3559 fax

Wisconsin

Valbridge Property Advisors |
Vitale Realty Advisors, LLC
12660 W. North Avenue
Brookfield, WI 53005
262-782-7900 phone
262-782-7590 fax

Gunnison County
COLORADO

Gunnison County Administration
Phone: (970) 641–0248 • Fax: (970) 641–3061
www.GunnisonCounty.org

July 20, 2015

CBOE #72
Chris Dickey
218 N Wisconsin
Gunnison, CO 81230
publisher@gunnisontimes.com

Schedule Number: R001657
Parcel Number: 3701-363-25-003
Property Description: LOT 5 BLK 12 ORIGINAL GUNNISON #562734 #608149

Dear Property Owner,

The Gunnison County Board of Equalization will hear your petition of protest on the valuation for assessment of your property on Tuesday July 28, 2015 at 9:45 am. The hearing will be held in the Board of County Commissioners meeting room, located in the Courthouse at 200 E. Virginia Ave. Gunnison, CO 81230. Please read the following information carefully.

You may appear before the Board in person, via telephone conference call, appear with your representative, or have your representative appear on your behalf. **If you plan to be represented by someone other than yourself at your hearing, please submit a letter of agency signed by you** to Bre Shelton by email at bshelton@gunnisoncounty.org, or by fax at 970-641-3061. **Please contact Bre prior to the hearing date to make a special request for a phone conference, if needed.**

1. You may submit your case in written form and waive a personal appearance before the Board. If your information is submitted in this manner, the Board will make a determination after reviewing the petition, any written evidence that has been provided, and after allowing the Assessor to give testimony and submit exhibits.

2. Upon your written request to the Assessor's Office at 221 N Wisconsin Street, Gunnison Colorado 81230, phone number 970-641-1085, the Assessor is required to make available to you, three (3) working days after receiving the request, all data supporting the valuation. Your request must be accompanied by your information supporting your valuation. This disclosure does not prohibit the introduction of additional data at the hearing discovered as a result of the exchange of the information.

3. Please provide one copy of the documentation that you plan to submit at the hearing, AND any documentation that has been provided to the Assessor's Office, by 8:00 am, two (2) business days prior to the hearing date of Tuesday July 28, 2015 to permit the exhibits to be presented to the Board. Please bring, or have delivered, such documentation to the County Administration Office located at 200 E. Virginia Avenue, Gunnison, Colorado. This documentation may also be faxed to 970-641-3061, or email to bshelton@gunnisoncounty.org. **If you must bring additional documentation to the hearing, please bring five (5) copies of each document.**

4. Because of the volume of cases before the Board of Equalization, all hearings scheduled are final and cannot be rescheduled. Hearings will go before the board in your absence. The Board will carefully consider all data submitted. If you cannot attend the hearing scheduled for you above, please contact Bre Shelton at 970-641-7600.

Sincerely,

Bre Shelton
Clerk to the Board of Equalization

7/23

Gunnison County
COLORADO

200 East Virginia Avenue
Gunnison, CO 81230

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Chris Dickey
218 N. Wisconsin
Gunnison CO 81230