

PREPARED FOR
Kevin Heslin
Griffin Capital Funding

A SUMMARY APPRAISAL REPORT OF
A Church Campus



LOCATED AT
2439 Adeline Street
Oakland CA 94621

EFFECTIVE VALUE DATE
June 23, 2013

PREPARED BY
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July 23, 2013

Griffin Capital Funding
Attn: Mr. Kevin Heslin
302 E 14th Street
San Leandro, CA 94577

Re: The church located at:
2439 Adeline Street
Oakland CA 94607

In accordance with your request I have prepared the attached appraisal report, with the above referenced property being the property under appraisal. You requested that I develop an opinion of Market Value (as defined) for the property under appraisal

The attached appraisal report is the valuation which contains my analyses, opinions, and conclusions along with market data and reasoning appropriate for the scope of work detailed later. It was prepared solely for the intended use and intended user(s) explicitly identified in the attached report. Unauthorized users do so at their own risk. The appraisal is communicated in the attached Summary report, and conforms to the version of the Uniform Standards of Professional Appraisal Practice (USPAP) in effect on this report's preparation date of July 23, 2013. The effective date of this report is June 23, 2013.

This letter is not the appraisal report and it must not be removed from the attached 92-page report. If this letter is disjoined from the attached appraisal report, then the value opinions set forth in this letter are invalid because the analyses, opinions, and conclusions cannot be properly understood.

In general, valuation of the subject property involves no atypical issues. All value opinions are affected by all the information, extraordinary assumptions, hypotheses, general limiting conditions, facts, descriptions, and disclosures stated in the attached appraisal report. After careful consideration of all factors pertaining to and influencing value, the data and analysis thereof firmly supports the following final value opinion(s) for the subject property as of the effective date of this report:

AS IS
FIVE HUNDRED THOUSAND DOLLARS
\$500,000

Thank you for the opportunity to provide this valuation service. Respectfully submitted by;



Karen J. Mann, SRA, ASA, MRICS
Certified General Real Estate Appraiser
California License AG007008
License Expiration Date: 04/29/2014

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Overview of Property . . .

Salient Summary		
<i>Property Type</i>	The Valuation Of The Current Church Campus Of Greater Galilee Church of God	
<i>Property Location</i>	2439 Adeline St. Oakland, CA 94607	
<i>County</i>	Alameda	
<i>Client</i>	Griffin Capital Funding	
<i>Owner / Borrower</i>	Greater Galilee Church of God	
<i>Land Area</i>	6,400 square feet or .16 of an Acre	
<i>Building Area</i>	3,778 square feet	
<i>On site Parking</i>	None	
<i>Sanctuary Seating</i>	Approx 100	
<i>Property Zoning</i>	CIX-1/S-19	
<i>Highest and Best Use</i>	As Though Vacant As Now Improved	Lt Industrial/Commercial Church campus
<i>Effective Value Date</i>	June 23, 2013	
<i>Report Preparation Date</i>	July 23, 2013	
<i>Value Indications</i>	Land Value	\$217,600
	Cost Approach	\$560,000
	Sales Comparison	\$500,000
	Income Approach	Not utilized
<i>Final Value Conclusion(s)</i>	\$500,000	"As Is"

Noteworthy Issues

As a preview, the subject property physically consists of a rectangular parcel containing some 6,400 square feet of land. The site is improved with a 70-year old; one story church campus which includes an office area, a sanctuary, fellowship hall, and kitchen. The interior and exterior has been updated. The exterior has boxed in eaves, new paint, new roof, new metal rain gutters & downspouts, and new paint. The two lavatories located at the entry area ADA accessible and were renovated with ceramic tile flooring and updated fixtures. The entry of the church has a concrete ramp designed for ADA compliance for access via handicapped people

The building was measured to some 3,778 square feet of building area. Due to the building to land coverage, we can observe that subject has no on-site parking, which is not unusual in urban or former neighborhood church campus properties.



Scope of Work

Introduction

The Uniform Standards of Professional Appraisal Practice (USPAP) 2012/13 version, defines scope of work as “the type and extent of research and analysis in an assignment”. Scope of work includes, but is not limited to:

- the extent to which the property is identified;
- the extent to which tangible property is observed;
- the type and extent of data researched; and
- the type and extent of analyses applied to arrive at opinions or conclusions.

Assignment Elements

The purpose of this assignment (the problem to be solved) is to form one or more opinions about value. This purpose necessitates identification of seven assignment elements listed below.

- | | | |
|-----|---|---|
| 1. | The Client <i>(the person who engaged the appraisal and an intended user)</i> | Kevin Heslin |
| | Client's Interest In Property Appraised | Lender |
| 2. | Other Intended Users | Those of similar intentions as client |
| 3. | Intended Use Of Report <i>(To aid)</i> | Security for a mortgage loan |
| 4. | Standard / Definition Of Value Used To Form The Value Opinion | Market Value, as defined in the appraisal report. |
| 5. | Key Dates | |
| | Effective Value Date <i>(point in time the value applies)</i> | June 23, 2013 |
| | Report Preparation Date <i>(date the report was prepared)</i> | July 23, 2013 |
| | Date Property Observed by undersigned appraiser(s) | June 23, 2013 |
| 6. | Assignment Conditions | |
| | Extraordinary Assumptions | Included in this report |
| | Hypothetical Conditions | None included in this report |
| | Expected Public or Private On-Site or Off-Site Improvements Affect Value | Not Expected |
| | Assemblage of Estates or Component Parts Affects Value | Not Expected |
| 7a. | Physical | |
| | Existing Property Use | Church campus |
| | Property Use Reflected In the Value Opinion(s) | Church Campus |
| | Inspection of property | On site observation June 23, 2013 |
| 7b. | Legal | |
| | Category Of Property Appraised | Real Property |
| | Estate Appraised | Fee Simple |



Legal Issues Considered	No Atypical Legal Issues
Environmental Concerns	No Known Environmental Concerns
7c. Economic	
Effect Of Lease(s) On Value	No Leases Hence Not Applicable
Cost Information	Marshall Swift Cost Handbook
Type of Reconstruction Cost Used	Replacement Cost Not utilized
Source of Reconstruction Cost Information	Marshall Swift Cost Handbook, updated April, 2013
Extent of Services Provided	
Value Opinion(s) Provided in this Appraisal	As Is
Extent Of Report Provided	A Complete Appraisal in a Summary Report Format
Report Preparation Complies With Requirements Set Forth In USPAP Standard Rule	2-2(b)
Other Reporting Requirements	Report Complies With FIRREA.
Extent Of Data Research	Extensive Public records, Comps Incorporated database, Multiple Listing Services and First American Title records, our Firm's files, and Loopnet. Additional interviews were conducted with people in the subject's marketplace in reference to some of these sales. Although some of this data is secondary in nature, it is assumed accurate and included in this analysis.
Data Sources	
	Flood and earthquake zones were obtained from state published reference maps, and are assumed to be accurate. Market overview, information was obtained from a variety of sources including, published data such as determined to be the most indicative of the market, in addition to existing appraisals prepared by this office and other sources. Review of business and market analysis published in numerous publications of which the undersigned reads and depends on for additional general market information; such as the Moody's Bond Survey, and the Wall Street Journal.
Additional Data and development	
Documents Considered	Documents as provided by client and by the purchaser
Data Verification	Direct and Indirect Methods
Extent Of Subject Observation By Appraiser Signing Report	Adequate Interior and Exterior



Other Intended Use Considerations

Client's Prior Engagement Of Appraisal Services	Very Frequent
Loan To Value Ratio	Unknown
Atypical Issues	Addressed in Noteworthy Issues
Assignment Complexity	Somewhat Complex
FIRREA Compliance	Fully Compliant
Insurable Value	Insurable Value Is Not An Intended Use
Other Than Signatories, Name(s) Of Person(s) Providing Significant Real Property Assistance To The Development Of The Value Opinion(s)	No Real Property Assistants
Scope of Work Agreement	Agreement in Addenda

Appraisal Development

Appraisal development is the extent of research and analyses that produce one or more credible opinions of value for one or more specifically identified intended users and an explicitly stated intended use. In this context, credible is defined as "worthy of belief" and from what reliable sources were available.

Depending upon the intended use, intended users, and Scope of Work between the appraiser and the client, the appraisal development process may include most, but not necessarily all of, the following tasks.

- observation of the property appraised
- research for appropriate market data using all data sources available
- data verification via multiple sources
- consideration of influential market area, physical, economic, and governmental factors
- determination of the subject's highest and best use(s)
- development of one or more applicable approaches to value
- reconciliation of value indications
- preparation of this report

In most cases, the core valuation process begins with a highest and best use analysis. This is essential because it establishes a framework for the proper selection of comparables. Cited comparables should have the same highest and best use as the property appraised.



Appraisal Development

According to USPAP, all approaches that are applicable to the interest being appraised and necessary to produce credible results must be developed. The type of highest and best use; extent of feasibility considered; and the relevance of each major approach are listed below.

Highest and Best Use	A Fundamental Analysis is provided
Feasibility Analysis <i>(a more detailed study separate from highest & best use)</i>	Separate Feasibility Analysis Not Developed
Cost Approach	Applicable and Included in this Report
Sales Comparison (Land)	Applicable And Included In this Report
Income Approach	Not Applicable And Not Included In Report

Quoting "*The Appraisal of Real Estate*", 13th edition published by the Appraisal Institute, page 186 says

"Highest and best use analysis and feasibility analysis are interrelated, but feasibility analysis may involve data and considerations that are not directly related to highest and best use determinations. Such analyses may be more detailed than highest and best use analysis, have a different focus, or require additional research."

Applicable and necessary approaches were selected for development after consideration of available market data, intended use, and intended user(s). An approach considered not applicable was omitted because this methodology is not appropriate for the property interest being appraised, or sufficient data to properly develop the approach was not available. Any approach judged not applicable, yet included in this report, was developed solely at our client's request. Data used to develop an inapplicable but included approach has a low to nil degree of comparability to the subject. Hence, no emphasis was given an approach deemed not applicable but included. Furthermore, no liability or responsibility is assumed for an approach considered not applicable but included at the client's request.

Concept Explanations

Intended use and all intended user(s) should be weighed heavily during the scope of work decision. A single intended user who frequently engages appraisal services is likely very knowledgeable about the appraisal process. For this type user, appraisal development and reporting for less complex property types might be toward the lower end of the spectrum. By contrast, multiple intended users, especially those with opposing motivations, likely need extensive appraisal development and reporting. Litigation is a prime example when a thorough appraisal development and detailed reporting is warranted.

Prior engagement of appraisal services by a client implies a level of awareness about the appraisal process. A greater awareness may justify a less thorough level of report detail whereas the opposite is true for an individual who has never engaged an appraisal.

A Jurisdictional Exception is an assignment condition, which voids a portion of USPAP that is contrary to law or public policy. When a Jurisdictional Exception applies, only the contrary portion is void. The remainder of USPAP remains in full force and effect. Jurisdiction Exceptions always shrink USPAP, not expand it.

Information from all data sources was examined and every attempt was made to confirm the data for accuracy. Therefore the information provided herein is believed reliable, and assumed reasonably accurate. This data is not based on legal or guaranteed searches. No guaranties or warranties for the information are expressed or implied. No liability or responsibility is assumed by Mann & Associates or the appraiser(s) for any inaccuracy from any seemingly credible information source. Data contained in this report comes from a multitude of sources, from observations made by the signing appraiser, and from information supplied by third parties.



The appraisal process is not an exact science, and some subjective judgment is involved. However, it is our belief that this report, and the data used herein, is reliable and accurate. The appraisal fee charged does not include assumptions of liability (by the appraiser) for the accuracy of the data. By accepting this report, said company or person(s) agree to hold the undersigned appraiser free and harmless from any claim(s) or liability from loss.

A statement about observation of the subject property by the appraiser is listed above. If the subject was observed, this viewing was not as thorough as a professional property inspection. A professional inspector determines the precise physical condition, remaining useful life, and operability of major building components like the structural system, roof cover, electrical system, plumbing, and heating plant. Inspectors typically do not ascertain size of the building, or characteristics of the land. By contrast, an appraiser commonly ascertains both land and building size. Ordinarily, appraisers do not determine operability, or remaining useful life of building systems. An appraiser typically views real estate to determine only general attributes like physical condition of the building as a whole, site topography and access, building size, construction quality, floor plan, and functionality of the property as a whole. For this appraisal, no probes, investigations, or studies were made to discover unapparent, adverse physical features and the appraiser cannot be held liable for such adverse factors.

Highest and best use analyses can be categorized into two groups - inferred and fundamental. A fundamental analysis is quantified from broad demographic and economic data such as population, household size, and income. Supply is inventoried. Subject specific characteristics are considered. Then, the relationship between supply and demand is weighed to determine a specific highest and best use for the subject. An inferred analysis uses local trends and patterns to infer a general highest and best use for the subject. For an inferred analysis, market dynamics that might be considered include prices, market exposure times, rents, vacancy, and listings of similar real estate. Inferred analyses emphasize historical data while fundamental analyses are based on future projections. The kind of highest and best use analysis utilized in this assignment is listed above.

Report Reliance & Use Restrictions

No liability is assumed, expressed, or implied by Mann & Associates, or the appraiser(s) for unauthorized use of this report. Only those persons, parties, entities, companies, corporations, partnerships, associations, or groups that are clearly and explicitly identified as an intended user on page 2 may rely on, and use this report. There are no implied, suggested, inferred, consequential, or indirect intended users of this report. Unauthorized users should not use, or rely on any portion of this document. Unauthorized users do so at their own risk and peril.

Hypothetical Conditions

USPAP defines a hypothetical condition as “that which is contrary to what exists but is supposed for the purpose of analysis”. Hypothetical conditions assume conditions that are contrary to known fact. An illustration is the current valuation of a proposed improvement. (For the purpose of a rational analysis, it is assumed the improvements exist as of the effective value date, but it is known the home is nonexistent.)

- Uncertainty is not involved with a hypothetical condition.
- An essential premise underlying the valuation is known not to exist on the date of value.
- USPAP Standard Rule 1-2(g) requires the identification of all hypothetical conditions that are necessary for a credible value opinion.
- This appraisal employs no hypothetical conditions.

Personal Property & Intangibles

Personal property is movable and **not** permanently affixed to the real estate. Examples of personal property are freestanding ranges, refrigerators, tables, desks, chairs, beds, linen, silverware, hand tools, and small utensils. An intangible is a nonphysical asset like franchises, trademarks, patents, goodwill, and mineral rights. Personal and intangible property included in this appraisal's value opinion, if any, is considered typical for this type real estate, yet insignificant to the value opinion. Therefore, non-realty is not itemized or valued herein. Moreover, this report's final value conclusion(s) **excludes** unaffixed equipment, detached trade fixtures, and chattel unless specifically stated to the contrary.



Insurable Value – If Utilized

The cost approach may or may not be developed herein. Unless explicitly stated otherwise, the cost approach was developed solely to support the subject's market value. Use of this appraisal, in whole or part, for another purpose is not an intended use. Nothing in this appraisal should be used, or relied upon for the purpose of determining the amount or type of insurance coverage to be placed on the subject property. The signatory / signatories to this report assume no liability for, and do not guarantee that any insurable value inferred from this report will result in the subject property being adequately insured for any loss that may be sustained. Since labor costs, material costs, building codes, construction intervals, and governmental regulations are constantly changing, the cost approach may not be a reliable indication of replacement or reproduction cost for any date other than this report's effective value date.

Definition of Appraised Estates

One or more of the following underlined legal estates or interests are valued in this report. Definitions of these estates are quoted from *The Dictionary of Real Estate Appraisal*, Fifth Edition; published by the Appraisal Institute, copyright 2010.

- 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."*
- Leased Fee Estate *"A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship."*
- Leasehold Estate *"The tenant's possessory interest created by a lease."*

Conceptually, market value of the leased fee estate is the worth of the property to the landlord, also known as the lessee, as encumbered by terms set forth in a lease or leases. A leasehold estate is the tenant's or lessee's interest in a property.

Sales History

On-line public records and / or a private data-reporting service were used to search for prior sales of the subject real estate. This research discovered no recorded conveyance of the subject during the three-years preceding this report's effective value date.

Subject's Current Ownership	
Owner	Information Source
Greater Galilee Church of God	Public Record



Extraordinary Assumptions & Disclosures

An extraordinary assumption is defined by USPAP to be “an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinion or conclusions”. Extraordinary assumptions presume as fact otherwise uncertain information. In other words, this type assumption involves uncertainty about an underlying premise. An example is a survey that displays a lot size. If the lot size is later found to be much smaller, then the value conclusion may be negatively affected.

USPAP Standard Rule 1-2(f) requires the identification of all extraordinary assumptions that are necessary for credible assignment results. This appraisal employs the following extraordinary assumptions.

- Features of the subject site such as legal description, dimensions, size, etc. were obtained from publicly available sources. All information taken therefrom is assumed reasonably correct.
- Observation of the subject property was limited to the site. It is further assumed the subject has no hidden defects. The appraiser(s) did not attempt to study, dig, probe, investigate, detect, remove materials, or discover unfavorable physical features.
- A public water system and public sewer main are not connected to the rear portion of the parcel. This appraisal also assumes the water is potable and non-contaminated. If these systems are inadequate to properly serve the subject’s intended use, then the subject’s value and marketability would be adversely affected.
- Assumptions and presumptions discussed in the Noteworthy Issues section of this report, if any, are incorporated by way of reference into these Extraordinary Assumptions & Disclosures.
- A recently issued title policy was furnished to the appraiser(s). If a value-impairment is identified or suggested in a title policy, another professional report, or some other document, this appraisal does not address issues that are significantly atypical for a valuation of this type property unless specifically identified in the Scope of Work and/or Noteworthy Issues section of this report.

The above extraordinary assumptions as well as other assumptions anywhere herein are integral premises upon which the conclusions in this document are based. If any of these assumptions are later found to be materially untrue or inaccurate, then this report’s assignment results may or may not be affected.



Exposure & Marketing Time

The Market Value estimate is based on the assumption that a reasonable time is allowed for exposure in the open market. A reasonable exposure time was estimated based upon market evidence including actual exposure times for improved religious facilities from within the subject's market area. In addition, brokers active in this specific market were interviewed to determine their input in regards to the time required to sell an improved property similar to the subject. The brokers interviewed indicated the marketing time would primarily depend on the asking price and the price a buyer would be willing to accept. It was noted that special purpose facilities such as the subject have a limited market that is further restricted by the special purpose nature of their construction and use. Per the Appraisal Standards Board (ASB) Statement 6 (SMT-6) issued on 9/16/1992.

USPAP specifically addresses the confusion.

Term	Definition	Explanation
Exposure Time (Statement 6)	<i>"... 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".</i>	Backward looking; ends on the effective value date. Based on factual, past events.
Marketing Time (Advisory Opinion 7)	<i>"... an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value during the period immediately after the effective date of the appraisal".</i>	Forward looking; starts on the effective value date. A forecast based on expectancies of future occurrences.

Marketing time and exposure time are both influenced by price. That is, a prudent buyer could be enticed to acquire the property in less time if the price were less. Hence, the time span cited below coincides with the value opinion(s) formed herein.

USPAP Standard rule 1-2(c)(iv) requires an opinion of exposure time, not marketing time, when the purpose of the appraisal is to estimate market value. In the recent past, the volume of competitive properties offered for sale, sale prices, and vacancy rates have fluctuated little. Sale concessions have not been prevalent. In light thereof, an estimated exposure time for the subject is estimated to be 6–12 months assuming competitive pricing and prudent marketing efforts.

Typical marketing time is an estimate of the time that it may take to sell a specific real property or interest during the period immediately after the effective date of an appraisal. The estimate of e marketing time can be based on either statistical information about days on the market, interviews with brokers, and/or anticipated change in the market condition.

The reasonable marketing time is a function of price, time, use, and anticipated market conditions such as changes in the cost and availability of funds, not an isolated estimate of time alone. If the current owner decides to sell their interest, it is reasonable to assume that a marketing time equal to the exposure time estimated above would be applicable. A marketing time estimate is a forecast of a future occurrence. History should be considered as a guide, but anticipation of future events & market circumstances should be the prime determinant. Overall market conditions are expected indicate a the time on the market of 6 to 12 months is predicted for the subject.



Definition of Market Value

The following definition of *market value* was taken from Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989. (Source: 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994.)

Federal agencies publishing this definition include the

- Office of the Comptroller of the Currency (OCC) 12 CFR 34, subpart C
- Federal Reserve Board (FRB) 12 CFR 225, Subpart G
- Federal Deposit Insurance Corporation (FDIC) 12 CFR 323
- Office of Thrift Supervision (OTS) 12 CFR 564
- National Credit Union Administration (NCUA) 12 CFR 722

This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994; and in the "*Interagency Appraisal and Evaluation Guidelines*", dated October 27, 1994. A very similar definition is also cited in Advisory Opinion 30 of the current version of the Uniform Standards of Professional Appraisal Practice (USPAP).

"Market value means 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:

- 1. buyer and seller are both typically motivated;*
- 2. both parties are well informed or well advised and acting in what they consider their own best interests;*
- 3. a reasonable time is allowed for exposure in the open market;*
- 4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- 5. 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."*

This definition is used by many well-known entities. Fannie Mae, Freddie Mac, the VA, and the FHA, which are governmental agencies or governmentally sponsored agencies, require usage of this definition as well.



Certifications

The appraisers signing this report make the following certifications to the best of their knowledge and belief.

- The statements of fact contained in this report are true and correct. Reported analyses, opinions, and conclusions are limited only by the assumptions and limiting conditions contained within this report, and are the appraisers' personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The appraisers have no present or prospective interest in the property that is the subject of this report, or personal interest with the parties involved. The appraisers have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- This engagement is not contingent upon developing or reporting predetermined results. Compensation paid to the appraisers is not contingent upon the development or reporting of a predetermined value, or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.
- Reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Foundation.
- A statement regarding observation of the subject property by the appraisers is listed below. This viewing, if any, did not attempt to probe, study, investigate, detect, or discover unfavorable physical features.
- This appraisal report complies with all applicable rules, regulations and guidance of NCUA and Ministry Partners.
- Starting on January 1, 2010, the Conduct Section of the Ethics Rule of the Uniform Standards of Professional Appraisal Practice (USPAP) requires appraisers to disclose all prior services to the subject property during the three year period preceding acceptance of an assignment for an appraisal, appraisal review, or appraisal consulting service.
- The undersigned appraiser discloses she **has not** performed prior services to the subject property during the three year period preceding acceptance of this assignment.

Karen J. Mann, SRA, ASA, MRICS
Certified General Real Estate Appraiser
California License AG007008
License Expiration Date: 04/29/2014



Contingent and Limiting Conditions

1. By this notice, all persons, companies, or corporations using or relying on this report in any manner bind themselves to accept these contingent and limiting conditions, and all other contingent and limiting conditions contained elsewhere in this report. Do not use any portion of this report unless you fully accept all contingent and limiting conditions contained throughout this document.
2. Throughout this report, the singular term "Appraiser" also refers to the plural term "Appraisers". The terms "Appraiser" and "Appraisers" refer collectively to "Mann & Associates", its officers, employees, subcontractors, and affiliates. The masculine terms "he" or "his" also refer to the feminine term "she" or "her".
3. These conditions are an integral part of this appraisal report, and are a preface to any certification, definition, description, fact, or analysis. Moreover, these conditions are intended to establish as a matter of record that the purpose of this report is to provide one or more value opinions for the subject property. All value opinions are prepared solely for the explicitly identified client and other explicitly identified intended users.
4. The liability of the Appraiser is limited solely to the client. There is no accountability, obligation, or liability to any other third party. Other intended users may read but not rely on this report. The Appraiser's maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) is limited to the fee paid to Mann & Associates for that portion of their services, or work product giving rise to liability. In no event shall the Appraisers be liable for consequential, special, incidental or punitive loss, damages or expense (including without limitation, lost profits, opportunity costs, etc.) even if advised of their possible existence. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all contingent and limiting conditions, assumptions, and disclosures. Use of this report by third parties shall be solely at the risk of the third party.
5. As part of this appraisal, information was gathered and analyzed to form value opinion(s) that pertain solely to one or more explicitly identified effective value dates. The effective value date is the only point in time that the value applies. Information about the subject property, neighborhood, comparables, or other topics discussed in this report was obtained from sensible sources. In accordance with the extent of research disclosed in the Scope of Work section, all information cited herein was examined for accuracy, is believed to be reliable, and is assumed reasonably accurate. However, no guaranties or warranties are made for this information. No liability or responsibility is assumed for any inaccuracy which is outside the control of the Appraiser, beyond the scope of work, or outside reasonable due diligence of the Appraiser.
6. Real estate values are affected by many changing factors. Therefore, any value opinion expressed herein is considered credible only on the effective value date. Every day that passes thereafter, the degree of credibility wanes as the subject changes physically, the economy changes, or market conditions change. The Appraiser reserves the right to amend these analyses and/or value opinion(s) contained within this appraisal report if erroneous, or more factual-information is subsequently discovered. No guarantee is made for the accuracy of estimates or opinions furnished by others, and relied upon in this report.
7. This appraisal is not an engineering, construction, legal, or architectural study. It is not an examination or survey of any kind. Expertise in these areas is not implied. The Appraiser is in no way responsible for any costs incurred to discover, or correct any deficiency in the property. In the case of limited partnerships, syndication offerings, or stock offerings in the real estate, the client agrees that in case of lawsuit (brought by the lender, partner, or part owner in any form of ownership, tenant, or any other party), the client will hold Mann & Associates, its officers, contractors, employees and associate appraisers completely harmless. Acceptance of, and/or use of this report by the client, or any third party is prima facie evidence that the user understands, and agrees to all these conditions.



Contingent and Limiting Conditions

8. Unless specifically stated otherwise herein, the Appraiser is unaware of any engineering study made to determine the bearing capacity of the subject land, or nearby lands. Improvements in the vicinity, if any, appear to be structurally sound. It is assumed soil and subsoil conditions are stable and free from features that cause unusual or extraordinary costs to arise. It is also assumed existing soil conditions of the subject land have proper load bearing qualities to support the existing improvements, or proposed improvements appropriate for the site. No investigations for potential seismic hazards were made. This appraisal assumes there are no conditions of the site, subsoil, or structures, whether latent, patent, or concealed that would render the subject property less valuable. Unless specifically stated otherwise in this document, no earthquake compliance report, engineering report, flood zone analysis, hazardous substance determination, or analysis of these unfavorable attributes was made, or ordered in conjunction with this appraisal report. The reader should note that most of the State of California is located in an identified area which could be affected by seismic activities. Additionally many areas are built on expansive soil which contracts and expands depending on the moisture in the soil. Should the client be concerned about such soils issues, the client is strongly urged to retain experts in these fields, if so desired. Should the appraiser observe an issue which is extraordinary, the appraiser will identify his/her concern (not the cause nor the corrective work which may be involved).
9. If this appraisal values the subject as though construction, repairs, alterations, remodeling, renovation, or rehabilitation will be completed in the future, it is assumed such work will be completed in a timely fashion, using non-defective materials, and proper workmanship. All previously completed work is assumed to substantially conform to plans, specifications, descriptions, or attachments made or referred to herein. It is also assumed all planned, in-progress, or recently completed construction complies with the zoning ordinance, and all applicable building codes. A prospective value opinion has an effective value date that is beyond or in the future relative to the report preparation date. If this appraisal includes a prospective valuation, it is understood and agreed the Appraiser is not responsible for an unfavorable value effect caused by unforeseeable events that occur before completion of the project.
10. If this appraisal values an interest that is less than the whole fee simple estate, then the following disclosure applies. The value for any fractional interest appraised plus the value of all other complementary fractional interests may or may not equal the value of the entire fee simple estate.
11. This valuation may or may not include an observation of the appraised property by a signatory to this report. The extent of any observation is disclosed in the Scope of Work section of this report. Any observation by a signatory is not, and should not be misconstrued as a professional property inspection. Comments or descriptions about physical condition of the improvements, if any, are based solely on a superficial visual observation. Electric, heating, cooling, plumbing, water supply, sewer or septic, mechanical equipment, and other systems were not tested. No determination was made regarding the operability, capacity, or remaining physical life of any component in, on, or under the real estate appraised. All building components are assumed adequate and in good working order unless stated otherwise. Private water wells and private septic systems are assumed sufficient to comply with federal, state, or local health safety standards. No liability is assumed for the soundness of structural members since structural elements were not tested or studied to determine their structural integrity. The roof cover for all structures is assumed water tight unless otherwise noted. Comments regarding physical condition are included to familiarize the reader with the property. This document is not an engineering or architectural report. If the client has any concern regarding structural, mechanical or protective components of the improvements, or the adequacy or quality of sewer, water or other utilities, the client should hire experts in an appropriate discipline before relying upon this report. No representations are made herein as to these matters unless explicitly stated otherwise in this report.
12. No liability is assumed for matters of legal nature that affect the value of the subject property. Unless a clear statement to the contrary is made in this report, value opinion(s) formed herein are predicated upon the following assumptions. (A) The real property is appraised as though, and assumed free from all value impairments including yet not limited to title defects, liens, encumbrances, title claims, boundary discrepancies, encroachments, adverse easements, environmental hazards, pest infestation, leases, and atypical physical deficiencies. (B) All real estate taxes and assessments, of any type, are assumed fully paid. (C) The property being appraised is assumed to be owned under responsible and lawful ownership.



- (D) It is assumed the subject property is operated under competent and informed management. (E) The subject property was appraised as though, and assumed free of indebtedness. (F) The subject real estate is assumed fully compliant with all applicable federal, state, and local environmental regulations and laws. (G) The subject is assumed fully compliant with all applicable zoning ordinances, building codes, use regulations, and restrictions of all types. (H) All licenses, consents, permits, or other documentation required by any relevant legislative or governmental authority, private entity, or organization have been obtained, or can be easily be obtained or renewed for a nominal fee.
13. An appraised property that is a physical portion of a larger parcel or tract is subject to the following limitations. The value opinion for the property appraised pertains only to that portion defined as the subject. This value opinion should not be construed as applying with equal validity to other complementary portions of the same parcel or tract. The value opinion for the physical portion appraised plus the value of all other complementary physical portions may or may not equal the value of the whole parcel or tract.
 14. The allocation of value between the subject's land and improvements, if any, represents our judgment only under the existing use of the property. A re-evaluation should be made if the improvements are removed, substantially altered, or the land is utilized for another purpose.
 15. The Appraiser assumes a prospective purchaser of the subject is aware of the following. (A) This appraisal of the subject property does not serve as a warranty on the physical condition of the property. (B) It is the responsibility of the purchaser to carefully examine the property, and to take all necessary precautions before signing a purchase contract. (C) Any estimate for repairs is a non-warranted opinion of the Appraiser.
 16. Any exhibits in the report are intended to assist the reader in visualizing the subject property and its surroundings. The drawings are not surveys unless specifically identified as such. No responsibility is assumed for cartographic accuracy. Drawings are not intended to be exact in size, scale, or detail.
 17. Value opinions involve only real estate, and inconsequential personal property. Unless explicitly stated otherwise, value conclusions do not include personal property, unaffixed equipment, trade fixtures, business-good will, chattel, or franchise items of material worth.
 18. Conversion of the subject's income into a market value opinion is based upon typical financing terms that were readily available from a disinterested, third party lender on this report's effective date. Atypical financing terms and conditions do not influence market value, but may affect investment value.
 19. All information and comments concerning the location, market area, trends, construction quality, construction costs, value loss, physical condition, rents, or any other data for the subject represent estimates and opinions of the Appraiser. Expenses shown in the Income Approach, if used, are only estimates. They are based on past operating history, if available, and are stabilized as generally typical over a reasonable ownership period.
 20. This appraisal was prepared by Mann & Associates and consists of trade secrets and commercial or financial information, which is privileged, confidential, and exempt from disclosure under 5 U.S.C. 522 (b) (4). Please notify Mann & Associates of any request for reproduction of this appraisal report.
 21. The Appraiser is not required to give testimony or produce documents because of having prepared this report unless arrangements are agreed to in advance. If the Appraiser is subpoenaed pursuant to court order or required to produce documents by judicial command, the client agrees to compensate the Appraiser for his appearance time, preparation time, travel time, and document preparation time at the regular hourly rate then in effect plus expenses and attorney fees. In the event the real property appraised is, or becomes the subject of litigation, a condemnation, or other legal proceeding, it is assumed the Appraiser will be given reasonable advanced notice, and reasonable additional time for court preparation.
 22. Effective January 26, 1992, the Americans with Disabilities Act (ADA) - a national law, affects all non-residential real estate or the portion of any property, which is non-residential. The Appraiser has not observed the subject property to determine whether the subject conforms to the requirements of the ADA. It is possible a compliance survey, together with a detailed analysis of ADA requirements, could reveal the



subject is not fully compliant. If such a determination was made, the subject's value may or may not be adversely affected. Since the Appraiser has no direct evidence, or knowledge pertaining to the subject's compliance or lack of compliance, this appraisal does not consider possible noncompliance or its effect on the subject's value.

23. Mann & Associates and the Appraiser have no expertise in the field of insect, termite, or pest infestation. We are not qualified to detect the presence of these or any other unfavorable infestation. The Appraiser has no knowledge of the existence of any infestation on, under, above, or within the subject real estate. No overt evidence of infestation is apparent to the untrained eye. However, we have not specifically inspected or tested the subject property to determine the presence of any infestation. No effort was made to dismantle or probe the structure. No effort was exerted to observe enclosed, encased, or otherwise concealed evidence of infestation. The presence of any infestation would likely diminish the property's value. All value opinions in this communication assume there is no infestation of any type affecting the subject real estate. No responsibility is assumed by Mann & Associates or the Appraiser for any infestation or for any expertise required discovering infestation. Our client is urged to retain an expert in this field, if desired.
24. All opinions are those of the signatory Appraiser based on the information in this report. No responsibility is assumed by the Appraiser for changes in market conditions, or for the inability of the client, or any other party to achieve their desired results based upon the appraised value. Some of the assumptions or projections made herein can vary depending upon evolving events. We realize some assumptions may never occur and unexpected events or circumstances may occur. Therefore, actual results achieved during the projection period may vary from those set forth in this report. Compensation for appraisal services is dependent solely on the delivery of this report, and no other event or occurrence.
25. No part of this report shall be published or disseminated to the public by the use of advertising media, public relations media, news media, sales media, electronic devices, or other media without the prior written consent of Mann & Associates. This restriction applies particularly as to analyses, opinions, and conclusions; the identity of the Appraiser; and any reference to the Appraisal Institute or its MAI, SRPA, or SRA designations. Furthermore, no part of this report may be reproduced or incorporated into any information retrieval system without written permission from Mann & Associates, the copyright holder.



Environmental Risks

Disclosure

During the course of this appraisal, the appraiser(s) did **not** detect or attempt to discover any environmental hazard on, under, above, or within the subject real estate. No overt evidence of any environmental hazard is apparent to the untrained eye. It should be known the appraiser(s) did not view the subject property with the intent of detecting any environmental hazard. It is beyond the expertise of the appraiser(s) to detect or determine the chemical nature of any substance or gas. No effort was made to dismantle or probe any part of the property to discover enclosed, encased, or concealed hazards. No effort was exerted to ascertain the presence of any environmental hazard including but not limited to the following.

<i>Asbestos</i>	<i>Urea-formaldehyde insulation</i>
<i>Underground storage tanks</i>	<i>Soil contamination or deficiencies</i>
<i>Lead-based paint</i>	<i>Toxic mold</i>
<i>Radon</i>	<i>PCB</i>
<i>Chemical spills</i>	<i>Fire resistant treated plywood (FRTP)</i>

Flood hazards are detailed elsewhere in this report. Except as enumerated herein, the appraiser(s) were not given the results of any environmental testing on or near the property being appraised. Neither observation of the subject property, or research conducted as part of a typical real estate appraisal suggest the presence of any hazardous substance or detrimental environmental condition affecting the subject. Nearby sites were not investigated to determine whether they are contaminated. Public information and other Internet sources were not researched to determine the presence of hazardous substances or detrimental environmental conditions in the subject's vicinity.

Federal, State, and local laws concerning any hazardous substance or gas are sometimes contradictory. Therefore, any needed clean up should comply with the most stringent laws. The appraiser(s) are **not** informed or trained in environmental legalities. It is assumed no hazardous substance or gas adversely affects the subject real estate. If the subject is adversely influenced by a hazardous condition, then the subject's market value would be impaired.

Recommendation

The presence of any hazardous condition usually diminishes market value. The value opinion formed in this report assumes there is no environmental hazard affecting the subject real estate. No responsibility is assumed by the appraiser(s) or Mann & Associates for any hazard or for any expertise required in discovering any environmentally hazardous condition. Our client is urged to retain an expert in this field, if desired, although no adverse environmental hazards were readily evident upon the undersigned appraisers' observation of the property.

Professional Standards

All leading professional appraisal organizations, the U.S. Congress, all state legislatures, and numerous legal jurisdictions recognize the Uniform Standards of Professional Appraisal Practice (USPAP), promulgated by the Appraisal Foundation. Revised bi-annually to keep it contemporary, these standards set forth ethical practices and proper procedures for a competent appraisal. This appraisal fully complies with all relevant portions of the USPAP version in effect on the date this report was prepared. It also complies with the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA), a federal law.



Appraisal Institute Disclosure

The Appraisal Institute, the professional organization that awards the MAI and SRA appraisal designations, conducts a program of continuing education only for its designated members. Associate and Affiliated Members may attend educational courses and seminars, but they do not receive continuing education credit from the Appraisal Institute.

- Completed The appraiser is a designated member of the Appraisal Institute who declares he / she has completed the continuing education program prior to this report's preparation date.

Each appraiser affixing his / her signature to this document makes the following declaration, which is defined immediately above.

Appraiser	Declaration
Karen J. Mann, SRA, ASA, MRICS	Completed

Signatories to this report, who are Appraisal Institute designated members, associates, or affiliates, incorporate the following Certifications to those listed under the bolded topic named "Certifications" located in this document.

- 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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which includes the Uniform Standards of Professional Appraisal Practice.
- Use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

American Society of Real Estate Appraisers

The American Society of Appraisers is the only international appraisal association with multi-disciplined membership. Members in the ASA are identified by their areas of expertise. In order to attain the ASA professional designation with in the particular area of expertise the member must qualify via a series of rigorous tests, submission of appraisal reports, and an interview. The members are identified by the ASA designation and their area of expertise as the last portion of the designation. ASA members are held to a Code of Ethics.



Area (Regional)Data . . .

REGIONAL LOCATION MAP



LOCATION & OVERVIEW

The San Francisco Bay Area, commonly known as the Bay Area, is a populated region that surrounds the San Francisco and San Pablo estuaries in Northern California, United States. The region encompasses the major cities and metropolitan areas of San Francisco, Oakland, and San Jose, along with smaller urban and rural areas. The Bay Area's nine counties are Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma.. Home to approximately 7.15 million people, the nine-county Bay Area contains many cities, towns, airports, and associated regional, state, and national parks, connected by a network of roads, highways, railroads, bridges, tunnels and commuter rail. The combined urban area of San Jose and San Francisco is the 53rd largest urban area in the world.

Moderate temperatures of the coastal areas have Pacific Ocean influence for mild year round temperatures. Inland areas of Alameda and Contra Costa County are further removed from the marine exposures of the westerly portion of the area and have warmer summers and dense fog during a portion of the winter. The most temperate areas are those areas which surround the bays where high morning fog cools down most summer days, and winter month temperatures typically stay above 50 degrees. The Bay Area supports an array of land uses from agricultural areas to major urban centers. The environments in this locale range from marine to mountain regions A primary tourist attraction is the City of San Francisco which includes the Golden Gate Bridge, Alcatraz Island and other tourist attractions. Another area of increased tourism is the Napa Valley, the world renown vineyard areas of the Napa and Sonoma Counties. The desirable climate accompanied by the variance of activities available to residents (marine to mountain) has resulted in a desirable living environment. Additionally, the major employment centers of the Bay Area have fueled additional attraction for the locale. Based on market studies nationwide, it has been discovered that home prices in the Bay Area generally are the highest in the nation, however, that has not resulted in the reduction of population growth, in fact, the population growth for this locale continues to grow with anticipation of a 15% growth rate between 2000 and 2020 per the Association of Bay Area Governments.



During 1989 the westerly portion of the Bay Area was affected by the Loma Prieta Earthquake, which registered 8.2 on the Richter scale. Although the infrastructure was tested, and we did lose a portion of Highway 880, the loss of lives and property damage was much less than anticipated. The Loma Prieta Earthquake was the largest seismic activity since the famous 1906 San Francisco Earthquake, which devastated the City. Since 1989, the reconstruction of freeways and buildings has resulted in new seismic standards. New seismic retrofit standards now exist for the area. Although there was some physical damage to some improvements in the area, there is no long-term economic effect of the earthquake. People who live and work in the Bay Area seem to accept that California is generally known to be in an Earthquake Zone and in most cases an earthquake is not damaging to property or to people.

Population & Growth

The trend of population growth has shifted to the areas where developable land is available at a more reasonable cost, such as eastern Contra Costa County, Solano County and Sonoma County. Commutes (over one hour each way) provide evidence of the existence of a strong demand for affordable housing. We observed that during the period between 1990 and 2000 has increased in the region by some 13%. Alameda County is slightly less than the regional norm for that period, however the projected range (between 1990 and 2020) maintains the continuum of the norm for the Region. In the Bay Area region, the areas of highest growth are in the Contra Costa and Solano Counties, areas with an abundance of vacant land, which is optimum for residential growth.

The Historical population of the San Francisco Bay Area is as follows.

Historical populations		
Census	Pop.	%±
1860	114,074	—
1870	265,808	133.00%
1880	422,128	58.80%
1890	547,618	29.70%
1900	658,111	20.20%
1910	925,708	40.70%
1920	1,182,911	27.80%
1930	1,578,009	33.40%
1940	1,734,308	9.90%
1950	2,681,322	54.60%
1960	3,638,939	35.70%
1970	4,628,199	27.20%
1980	5,179,784	11.90%
1990	6,023,577	16.30%
2000	6,783,760	12.60%
2010	7,150,739	5.40%

Note: 9 County Population Totals

The following will illustrate the projections for the San Francisco Bay area, as published by the Association of Bay Area Governments.



Regional Projections for the San Francisco Area

	2000	2005	2010	2015	2020	2025	2030
Population	6,783,762	7,091,700	7,419,600	7,749,100	8,094,000	8,419,100	8,747,100
Household Population	6,640,974	6,943,100	7,270,100	7,596,900	7,939,500	8,264,000	8,592,000
Persons Per Household	2.69	2.69	2.7	2.7	2.7	2.7	2.7
Households	2,466,020	2,582,980	2,697,600	2,818,610	2,940,630	3,060,340	3,182,220
Employed Residents	3,452,117	3,225,100	3,517,320	3,805,320	4,092,620	4,398,840	4,698,800
Mean Household Income	\$92,500	\$89,100	\$94,800	\$101,200	\$107,000	\$113,000	\$118,700

EMPLOYMENT

In 2011 the San Francisco Bay Area had a GDP of \$518.1 billion, which would rank 20th among countries.

The Silicon Valley is located within the southern reaches of the Bay Area. The leading high technology region in the world, Silicon Valley covers San Jose and several cities of South Bay. The Valley is home to many of the industry leaders in technology such as Google, Yahoo!, Facebook, Cisco, Apple, Oracle, Marvell, Intel, and Hewlett-Packard. Major corporations in San Francisco, San Jose, Oakland, and the surrounding cities help make the region second in the nation in concentration of Fortune 500 companies, after New York. The region's northern counties encompass California's famous Wine Country, home to hundreds of vineyards and wineries. The Bay Area is a leader in sustainable agriculture, organic farming, and sustainable energy and for being a leading producer of high quality food, wine, and innovation in the culinary arts. California Cuisine was developed primarily in the Bay Area, as was the San Francisco burrito. Oakland, on the east side of the bay, has the fifth largest container shipping port in the United States. The city is also a major rail terminus

Biggest Bay Area Employers

Here are the top 25 companies, ranked by total payroll.

Company	2004	2005	Bay Area
Safeway Inc.	208,000	191,000	19,012
Gap Inc.	153,000	152,000	5,000
Hewlett-Packard Co.	142,000	151,000	8,000
Wells Fargo & Co.	140,000	145,500	15,000
Intel Corp.	79,700	85,000	6,493
ABM Industries Inc.	64,000	70,000	5,009
Solectron Corp.	66,000	57,000	1,790
Sanmina-SCI Corp.	45,008	48,721	n/a
ChevronTexaco Corp.	61,533	47,000	6,300
Oracle Corp.	40,650	41,658	11,000
Williams-Sonoma Inc.	32,000	36,049	3,046
Cisco Systems Inc.	34,000	34,000	14,000
Sun Microsystems Inc.	36,100	32,600	10,000
Agilent Technologies Inc.	29,000	28,000	2,600
URS Corp.	26,000	27,500	700
Ross Stores Inc.	22,511	26,590	2,789
McKesson Corp.	24,500	24,600	1,040
Longs Drug Stores Corp.	22,200	22,900	n/a



PG&E Corp.	20,600	20,200	11,821
CNF Inc.	26,000	20,100	195
Knight Ridder Inc.	18,000	18,000	2,340
Del Monte Foods Co.	17,200	17,200	325
Advanced Micro Devices Inc.	14,300	15,900	4,200
Charles Schwab Corp.	16,300	14,200	3,600
Maxtor Corp.	13,656	13,554	1,875

Many of the figures include part-time and temporary positions. n/a = not available.

The Association of Bay Area Governments recently published the following with the economic/employment aspect of the region. With an economy of almost \$300 billion, the Bay Area ranks 24th in the world when compared to national economies. On a per capita basis, it ranks ahead of all national economies, including the U.S. The region is at the cutting edge of global technology, and is a leader in many key indicators of regional, global and national competitiveness, including:

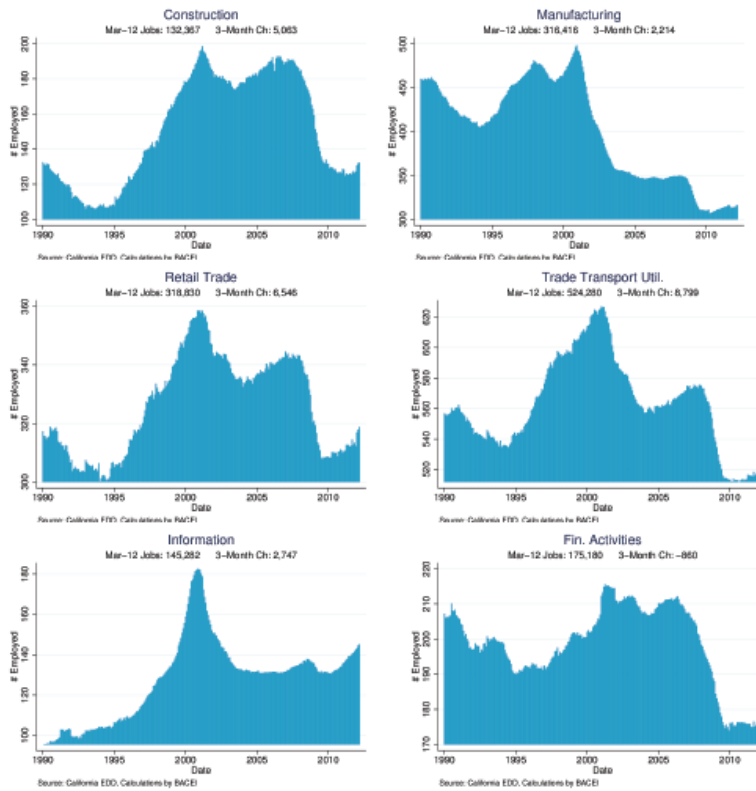
- The nation's largest concentration of national laboratories, corporate and independent research laboratories, and leading research universities;
- The largest number of top-ten ranked graduate programs in business, law, medicine and engineering in the nation;
- The highest density of venture capital firms in the world, with 32% of total U.S. venture capital funding invested in the region;
- More Fortune 500 companies than any region except New York;
- The highest internet penetration of any U.S. region;
- The highest level of patent generation in the nation, with more patents generated per employee than any other major metropolitan area;
- The most highly educated workforce in the nation, with the highest percentage of residents with graduate and professional degrees;
- A leading position in global trade, with exports larger than all but one U.S. state;
- The highest economic productivity in the nation—almost twice the U.S. average.

1990 to 1998, total employment in the region increased over the employment picture of the 1980's. Contra Costa County and San Francisco County posed declines during that period; Solano County was roughly flat over that same period. Some 461,200 jobs (14.3%) increase during that five year period. 1999 to 2003, the employment decrease has eliminated some 7% of those jobs and perhaps even more. Many employers are relocating from the urban center of San Francisco and San Jose, to more affordable facilities in Oakland, Pleasanton and Livermore (and easterly to the Central Valley). One of the other factors in which employers are monitoring is the cost of living in each locale for their employees. Housing costs in Santa Clara, San Mateo and San Francisco Counties are some of the highest in the nation. The Bay Area is not dependent primarily on a single industry; however, the Santa Clara County area does have an emphasis on high-technology business. The region offers an array of primary businesses and ancillary businesses, which provide for employment for more than 95% of the population.



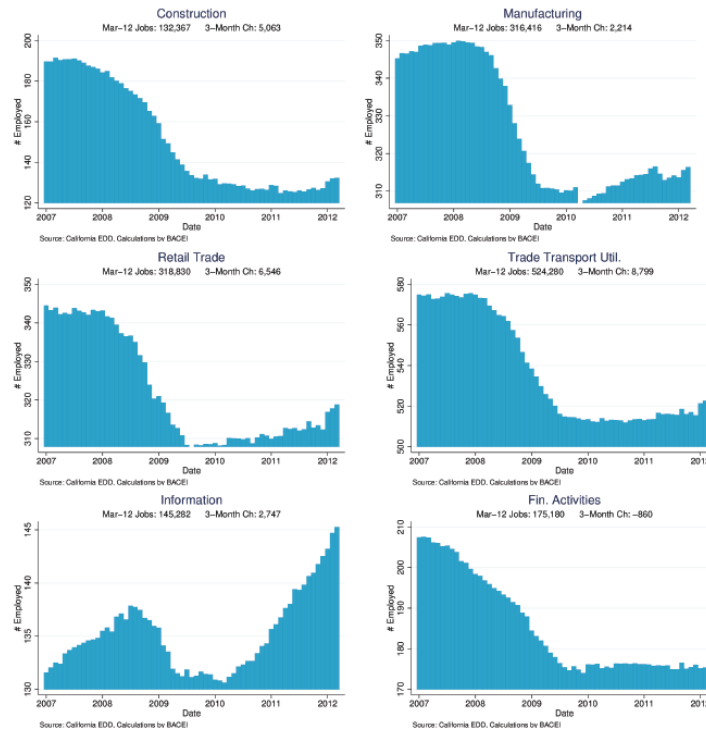
Following is an array of graphs which illustrate the overall industry overview between 1990 and 2012. We can see that each segment increased substantially between 1995 and early 2000.

Industry Overview: 1990 - Current



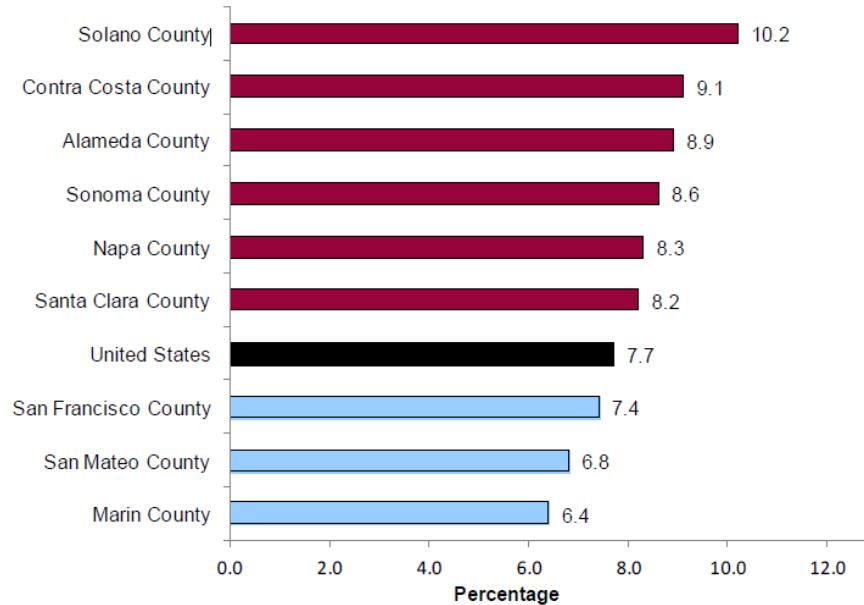
The national recession really began to swing into full swing in the bay area between 2007 and 2008. The following changes as produces by California EDD (March 2012)

Industry Overview: 2007 - Current

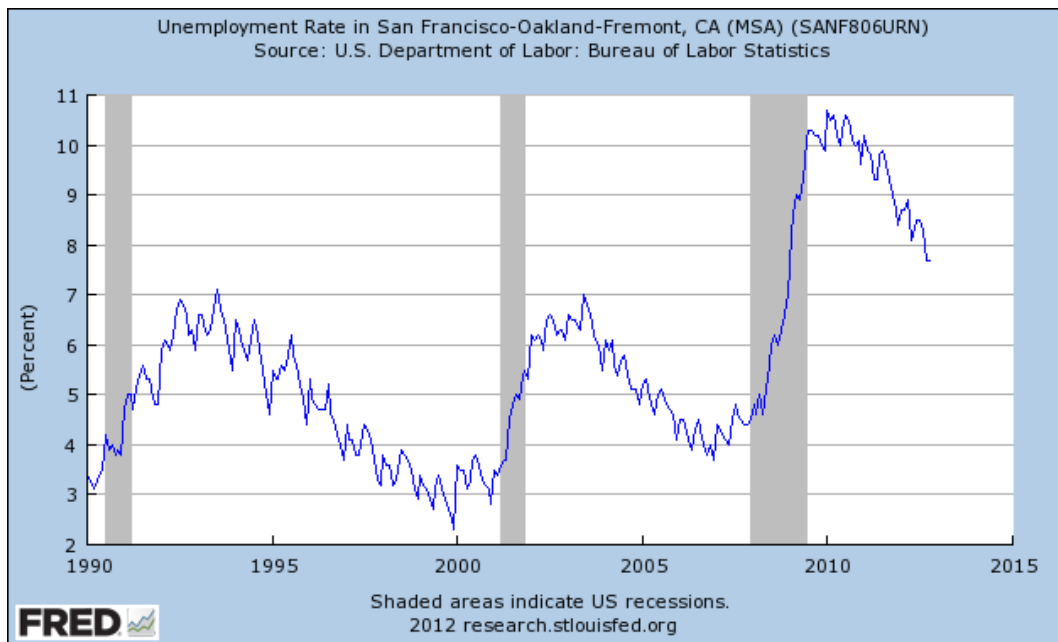




The only area of employment which has rebounded in spite of the economy is the Information Systems (computer) segment. The decline in the other three areas has created an imbalance and some of the highest unemployment rates in the Bay Area since the Great Depression (1920-1933). The current recession really began to affect the San Francisco Bay area in 2007/2008. The following illustrates the trends for unemployment in the Bay Area for mid 2012.



The historical trend of unemployment for the Bay Area is as follows;





TRANSPORTATION

The region has a highly diversified transportation system which is complicated with the presence of five bays which provide access to the ocean. The transportation infrastructure included 1,500 miles of highway, eight toll bridges, six public ports, five passenger ferries and five commercial airports. Transportation is diversified because of the trend toward decentralized work places. More and more people are commuting longer distances to work, putting an increased burden on the regions' transportation network.

AIR

There are three major airports in the San Francisco Bay Area:

- San Francisco International is the largest, a major international airport with numerous passenger amenities.
- Oakland International smaller and serves destinations in the U.S. and Mexico.
- Mineta San Jose International (in Silicon Valley) serves the U.S. and only a few international flights to Mexico.

All are served by discount airlines such as Southwest, though OAK and SJC tend to have more low-cost flights than SFO. All three airports may be reached by inexpensive public transit (SFO and OAK are both served by the regional BART system, though OAK requires a separate shuttle bus ride), though SJC is the most inconvenient to San Francisco (SJC is served by San Jose's VTA Light Rail and the regional Caltrain line). Private pilots should consider Oakland rather than SFO, as the separate general aviation field there is more accommodating to light aircraft. San Francisco International Airport, Oakland International Airport, San Jose International Airport, and several smaller light plane airports provide adequate regional air transportation for passengers and for cargo.

TRAIN

The Bay Area Rapid Transit system (BART) is a high speed rail system with nearly 1000 miles of track. This is a major commuter transportation system which links stations in Alameda, Contra Costa, San Mateo and San Francisco Counties. Bart has recently been extended to the San Francisco International Airport. Following is a map of the BART route currently in place.



Amtrak provides commuter transportation from Sacramento to San Jose twice daily.

Freight and cargo trains are via Union Pacific, who recently purchased Southern Pacific. This carrier has railroad lines to the major urban areas where train stations remain for rail



shipments.

WATER

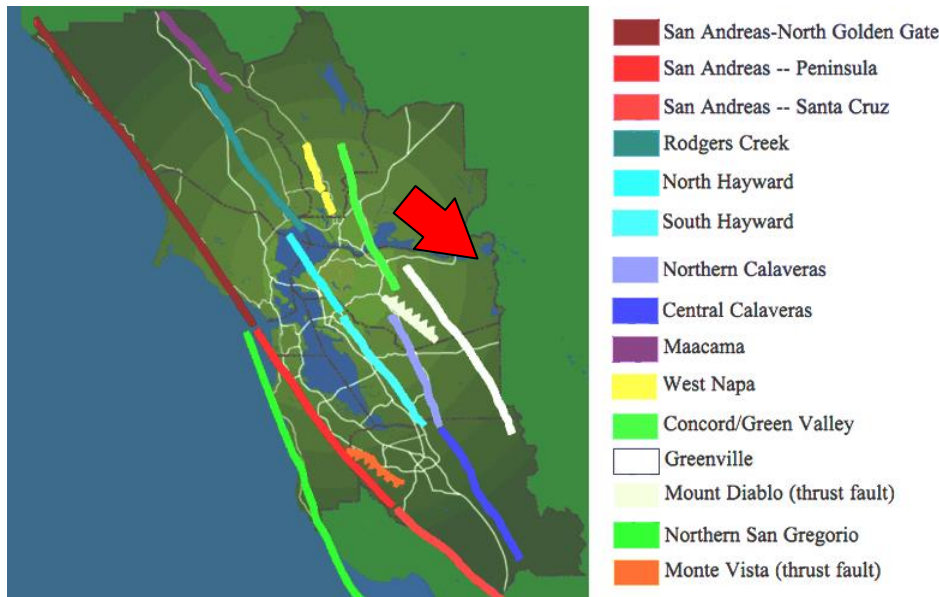
The Port of Oakland and the Port of San Francisco are two of the six largest ports in the State of California. Inland some 50 miles is also the Port of Stockton and the small port of Sacramento. Easy access to the Pacific Ocean from Oakland and San Francisco facilitates increased shipping.

Passenger ferries link many of the cities in the Bay Area (particularly the North Bay), and can be a very scenic way to get around, with splendid views of the San Francisco skyline, Alcatraz, and much of the lush hillside scenery. In San Francisco, the ferries dock at one or both of the city's two piers at Fisherman's Wharf and the Ferry Building, the later of which is a very short walk from extensive BART and Muni services. In Oakland, the ferry terminal is at the foot of Clay Street in Jack London Square. There are five operators of ferry services in the Bay Area.

SEISMIC

On the basis of research conducted since the 1989 Loma Prieta earthquake, U.S. Geological Survey (USGS) and other scientists conclude that there is a 62% probability of at least one magnitude 6.7 or greater quake, capable of causing widespread damage, striking the San Francisco Bay region before 2032. Major quakes may occur in any part of this rapidly growing region. This emphasizes the urgency for all communities in the Bay region to continue preparing for earthquakes.

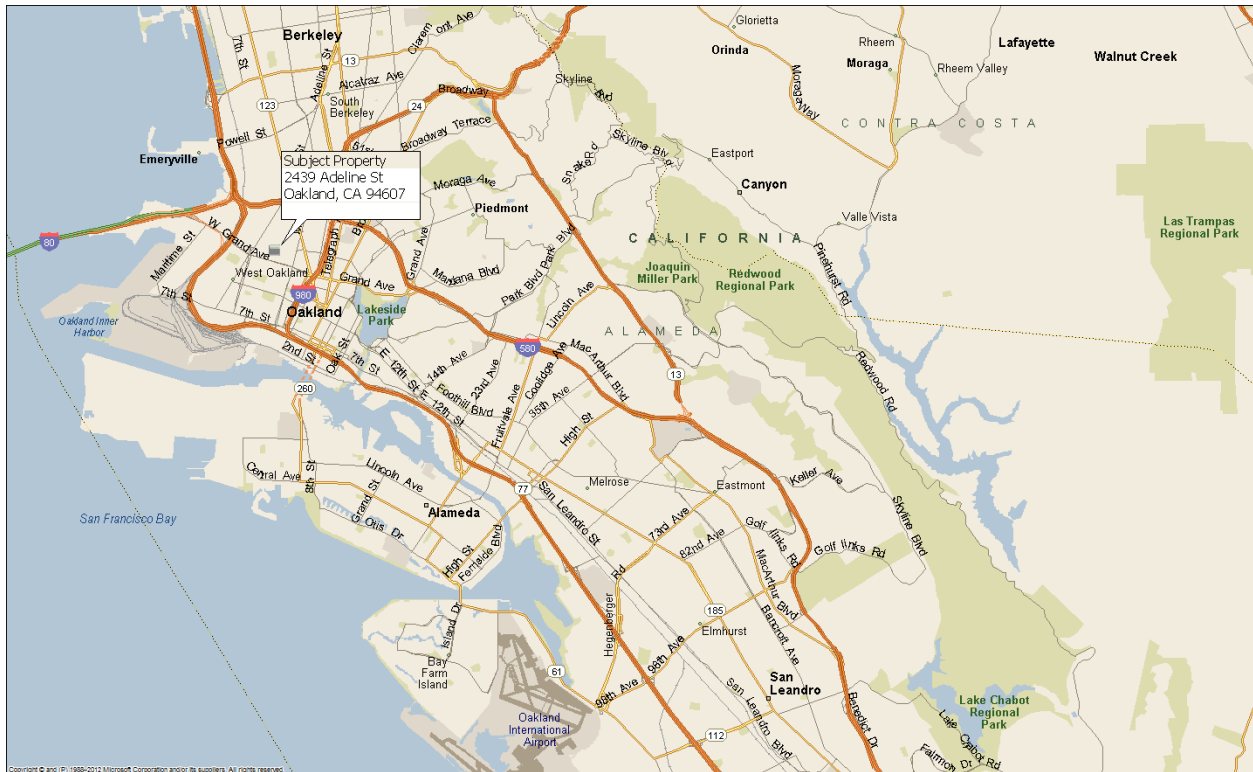
Following is an approximation of the location of the major fault lines in the Bay Area.



The presence of potential seismic activity has not adversely affected the property values or the appeal for the San Francisco Bay Area. In fact, since the 1989 Loma Prieta Earthquake the typical home value has increased in value some 233%. The construction methodology required by the Planning Departments of the area requires the presence of seismic reinforcement. Additionally, older more rigid structures (brick or masonry) have seismic retrofit requirements. During the Loma Prieta Earthquake the loss of life was less than 60, and the primary areas of damage were to a stretch of freeway (Highway 880), homes in the Marina District of San Francisco, and homes near the epicenter in the mountainous area of the Santa Cruz Mountains. With the presence of seismic maps, local planners monitor the construction of improvements within a reasonable proximity of the known Fault Line. The presence of such seismic activity does not prove to be an adverse factor to appeal nor demand for the area. Should the property under appraisal be located in close proximity to such a known zone, it will be disclosed in the appraisal report.



Vicinity/City Map



LOCATION

Oakland, California, is the largest and most established of the East Bay cities and is situated essentially in the center of the Bay Area. Located in Alameda County, Oakland encompasses 56 square miles of land, with 19 miles of coastline to the west and rolling hills to the east. Within those easterly foothills lies the Alquist Priolo Special Study Zone identified as the Hayward Fault.

The city benefits from immediate access to rail, air, sea, freeway, and bus service to all major employment and residential centers in the greater Bay Area. Oakland's central site at the crossroads of major freeways and transit systems means the city is closer to more of the region's workforce than most other cities in the Bay Area.

HISTORY

Oakland grew initially from having its hillside oak and redwood timber resources logged to build San Francisco, and Oakland's fertile flatland soils helped it become a prolific agricultural region. In the late 1860s, Oakland was selected as the western terminus of the Transcontinental Railroad. It continued to grow into the 20th century with its port, shipyards, and a thriving automobile industry. Following the 1906 San Francisco earthquake, many San Franciscans left that city's destruction, and a great number of Oakland's homes were built during the 1910s and 1920s. An extensive streetcar network connected most of Oakland's neighborhoods to inter-city rail lines and to ferry lines. During the 1940s, thousands of war-industry workers moved to Oakland from the Deep South, and the late twentieth century saw a steady influx of immigrants from around the globe. Oakland has struggled with significant challenges, including high unemployment, widespread poverty, and an elevated rate of violent crime. Ruptures along the nearby San Andreas fault caused severe earth movement in 1906 and in 1989. During the 1989 Loma Prieta earthquake, Oakland suffered significant property damage, as well as many deaths and injuries. San Andreas quakes cause induced creep in the Hayward fault, which runs directly through Oakland. In 1991 an urban firestorm destroyed nearly 4,000 homes and killed 25 people in the Oakland hills; it was the worst such firestorm in American history.



Climate

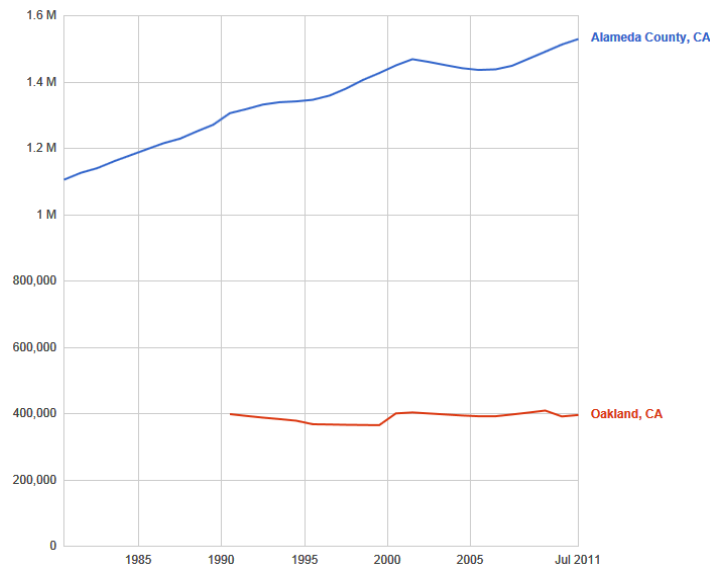
Oakland's climate is typified by the temperate and seasonal Mediterranean climate. Summers are usually dry and warm and winters are cool and wet. More specifically, it has features found in both nearby coastal cities such as San Francisco and inland cities such as San Jose, making it warmer than San Francisco and cooler than San Jose. Its position on San Francisco Bay directly across from the Golden Gate means that the Northern part of the city can occasionally experience cooling maritime fog. It is far enough inland, though, that the fog often burns off by midday, allowing it to have typically sunny California days.

Demographics

The population in Oakland has grown significantly over the years. We can see several tiers of growth; the first being between 1870 and 1900 – the turn of the Century after the Gold Rush in the 1850's. The next wave of growth occurred after the Great Earthquake of 1906 which directly resulted in extensive damage to homes and businesses in San Francisco – the relocation across the Bay to Oakland was a logical move. During the 1920's to the late 1930's employment opportunities grew in the area, resulting in an increase of occupants. Since 1960's the population has essentially flattened out due to the lack of vacant land and the increased desirability of the suburbs located southerly and easterly areas. During the last 10-15 years, there has been a resurgence of appeal for urban living, therefore, we are seeing a moderate increase as of late 1990 thru 2000, although a slight decline in 2010.

Historical populations		
Census	Pop.	%±
1860	1,543	—
1870	10,500	580.5%
1880	34,555	229.1%
1890	48,682	40.9%
1900	86,960	37.5%
1910	150,174	124.3%
1920	216,261	44.0%
1930	284,063	31.4%
1940	302,163	6.4%
1950	384,575	27.3%
1960	367,548	-4.4%
1970	361,561	-1.6%
1980	339,337	-6.1%
1990	372,242	9.7%
2000	399,484	7.3%
2010	390,724	-2.2%

The following graph illustrates the population trend since 1990 between the City of Oakland and Alameda County. While Alameda County has shown an increase, Oakland has remained stable overall.



Current population for the city of Oakland is reported to be 395,000.



Neighborhoods

Oakland has more than 50 distinct neighborhoods across land running from the San Francisco Bay up into the East Bay hills, many of which are not "official" enough to be named on a map. The common large neighborhood divisions in the city are downtown Oakland and its greater Central Business District, East Oakland, North Oakland, and West Oakland. East Oakland actually encompasses more than half of Oakland's area, stretching from Lakeshore Drive on the east shore of Lake Merritt southeast to San Leandro. North Oakland encompasses the neighborhoods between downtown and Berkeley and Emeryville. West Oakland is the area between downtown and the Bay, partially surrounded by the Oakland Point, and encompassing the Port of Oakland.

Another broad geographical distinction is between "the hills" and "the flatlands" (or "flats"). The flatlands are the working-class neighborhoods located relatively closer to San Francisco Bay, and the hills are the upper-class neighborhoods along the northeast side of the city. This hills/flats division is not only a characteristic of the City of Oakland, but extends beyond Oakland's borders into neighboring cities in the East Bay's urban core. Downtown and West Oakland are located entirely in the flatlands, while North and East Oakland incorporate lower hills and flatlands neighborhoods.

The relatively affluent city of Piedmont, incorporated in Oakland's central foothills after the 1906 earthquake; Piedmont is essentially a community completely surrounded by the city of Oakland.

EMPLOYMENT

Oakland's leading industries are business and health care services, transportation, food processing, light manufacturing, government, arts, culture, and entertainment. The Port of Oakland is one of the busiest ports in the world for container ships. Nearly 200,000 jobs are related to the movement of cargo through Oakland marine terminals. Chief exports at the port include fruits and vegetables, waste paper, red meat and poultry, resins, chemicals, animal feed, raw cotton, wood and lumber, crude fertilizers/minerals, industrial machinery, and cereal. Oakland's principal imports include auto parts, computer equipment, wearing apparel, toys, games and items made of plastic, processed fruits and vegetables, fasteners and household metal products, red meat, pottery, glassware and ceramics, iron and steel, beverages, and lumber products.

Oakland is an important commercial center. Approximately 13 percent of Oakland's work force is employed in the wholesale and retail trade. The city has hundreds of manufacturing plants employing almost 9 percent of the city's workers. Shipbuilding has flourished along the city's inner harbor. Other major industries include electrical equipment, chemicals, glass, automobiles and trucks, and pharmaceuticals. Oakland's leading industry sectors include business services, health care services, transportation, food processing, light manufacturing, government, arts, culture and entertainment.

Oakland's business community faced some major problems in the 1980s and 1990s. The Loma Prieta Earthquake in 1989 not only caused physical damage but caused many companies to consider relocation. Although Alameda County had economic growth in the 1980s, Oakland did not participate in that growth and the economy actually declined. Major plant closures in the late 1980s and 1990s included Gerber Products, General Electric, National Lead, American Can, and Oakland's largest manufacturing facility, Transamerican Delaval, which had employed 1,600 workers. The ripple effect of these closures led to the closing of many small businesses that had been suppliers to these firms. The city received a designated Urban Enterprise Zone to help alleviate the employment situation, particularly for inner city residents. By the late 1990s Oakland's economy was showing some vitality. In 2002, Oakland was ranked the 8th best city in the nation for business in the *Forbes* annual survey of the Best Places in America for Business and Careers. In the mid-2000s, Oakland benefited from a strong and diverse business environment. Among its major corporations were Clorox, Kaiser Permanente, Cost Plus, Dreyer's Grand Ice Cream, APL Limited, and Rainin Instruments. According to the Landauer Realty Group, out of the 60 largest office markets in the United States, Oakland was expected to have the strongest market for the next several years.

The Port of Oakland is the 4th largest container port in the United States and 20th in the world. The Port of Oakland occupies 19 miles on the mainland shore of San Francisco Bay, one of the most unique natural harbors in the world. There are 10 container facilities, 20 deepwater berths, and 35 container cranes. On-dock storage space exceeds 600,000 square feet. Major expansion of the port was under way in 2005 to expand the port's



capabilities. The port's facilities are backed by a network of local roads and interstate freeways, warehouses, and intermodal railyards. Oakland offers direct, competitive rail service to the Midwest and Atlantic and Gulf coasts for Overland Common Point, micro-bridge, and mini-landbridge service via the two railroads that serve the port. All major carriers serve the port and many maintain terminals in the harbor area.

Air freight through Oakland International Airport totals more than 1.4 billion pounds, and more than 76 million pounds of air mail pass through the airport each year.

Labor Force and Employment Outlook

The Oakland labor force is described as skilled, educated, and available to employers who need managerial/executive, professional, sales, technical, and clerical staff. Nearly one-third of area residents have a college degree, and about 100,000 students attend local institutions of higher learning. Although the Oakland area benefits from a diverse economic base, it suffered a loss of 50,000 jobs from 2001 to 2004, according to the Economic Development Alliance for Business. However, a rebounding economy in 2005 was expected to add 12,500 jobs in the East Area, with further gains in 2006. Employment growth rates through 2015 will be highest in the area of manufacturing.

Following is a list of the major employers located in the Oakland City Limits.

Employer Name	Location	Industry
Alameda County Law Enforcement	Oakland	Sheriff
Alameda County Sheriff's Ofc	Oakland	Sheriff
Alta Bates Summit Medical Ctr	Oakland	Hospitals
Childrens Hospital Health Lbry	Oakland	Hospitals
Clorox Co	Oakland	Specialty Cng Plshng/Sanitation (Mfrs)
Cooper Vision Inc	Pleasanton	Physicians & Surgeons Equip & Supls-Mfrs
East Bay Water	Oakland	Transit Lines
Highland Hospital	Oakland	Physicians & Surgeons
Kaiser Permanente Medical Ctr	Oakland	Hospitals
Transportation Dept-California	Oakland	State Government-Transportation Programs
Washington Hospital Healthcare	Fremont	Hospitals
Waste Management Inc	Oakland	Garbage Collection

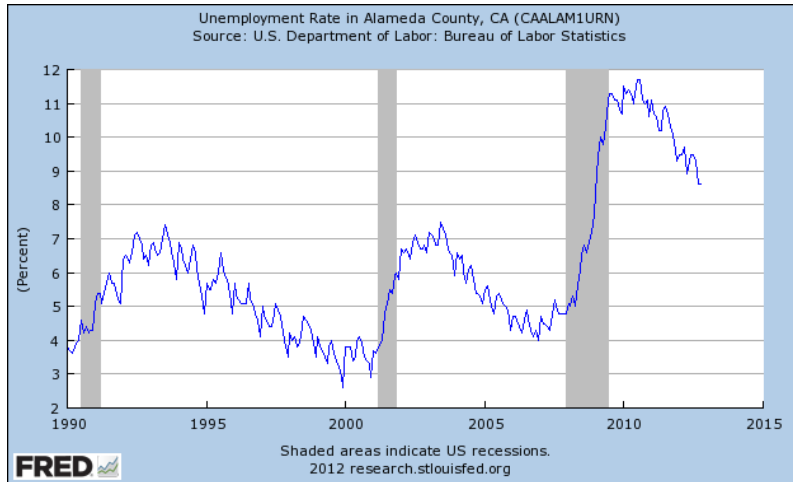
City of Oakland is a major West Coast port, and is home to several major corporations including Kaiser Permanente and Clorox, as well as corporate headquarters for national retailers like Dreyer's and Cost Plus World Markets. The first Longs Drugs store opened in Oakland. Because of its size, Oakland offers a substantial number of shopping districts and restaurants representing many American and international cuisines.

While Oakland has seen economic revitalization during the 2000s, the issue of gentrification has become a controversial topic which has affected Oakland's politics, culture, longtime, and new residents throughout the city. In West Oakland a community land trust has been formed in an attempt to secure collective non-profit ownership of residentially-zoned land. The Institute for Community Economics has worked to retain West Oakland's longtime residents and mitigate the economic impacts of rent intensification. With some developers interested in a "village community" with the West Oakland BART station as its center, West Oakland has seen an influx of new residents. In response, programs such as the Anti-Displacement Network, have attempted to assist in the stabilization of costs for homeowners and renters in West Oakland.

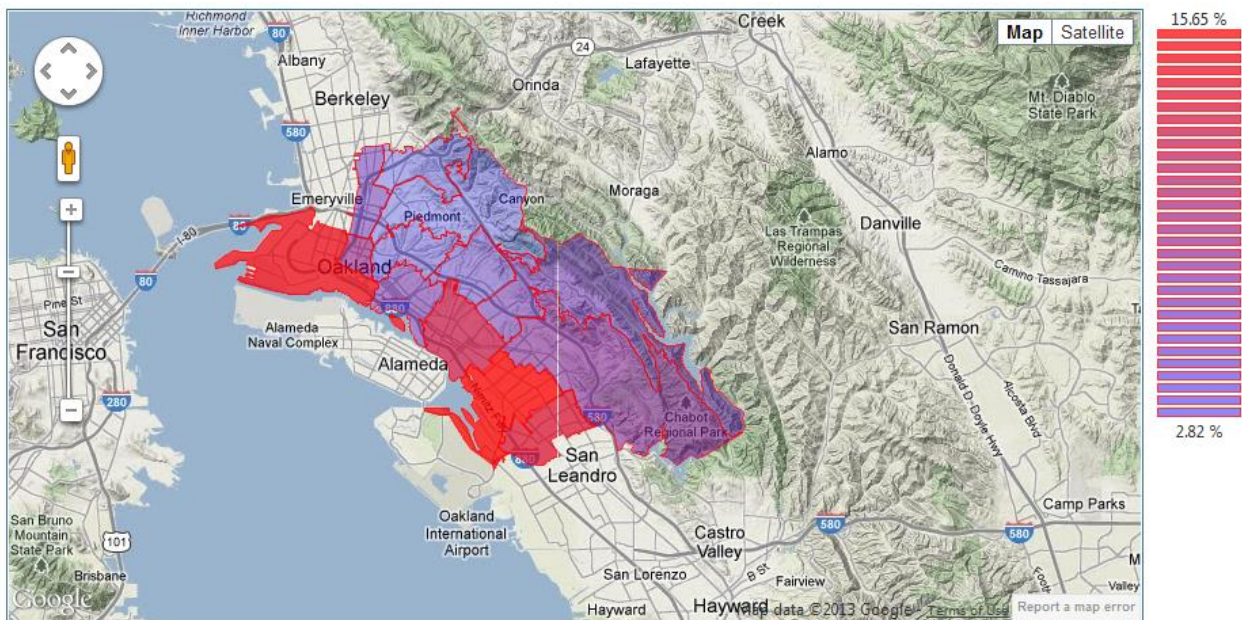


UNEMPLOYMENT

The following is a graph which illustrates the unemployment rate trend in Alameda County. The current unemployment rate for the County of Alameda is in the range of 8.5% (Countywide). Considering the proximity to employment, this is obviously a rate which adversely affects the entire economy for the County.



The following graph illustrates the unemployment trend for the City of Oakland since 1990. We can see that the unemployment rate shot up between 2008 and 2010. Between 2010 and 2012 the rate has begun to decline, however, it is still hovering around 14%, which is significantly inferior to the unemployment rate found for Alameda County as a whole. Unemployment rates exceeding 7% is an adverse weight on the economy as a whole as residents have less money for retail, demand for housing affected and crime generally increases. The following illustrates the diverse employment information for the City of oakland. The deeper red areas are locations in the City with a higher unemployment rate, while the locations in purple have a lower unemployment rate.



The following is a more detailed information of the segments or the neighborhoods within Oakland with the population totals along with the current unemployment rates for each zip code. We can observe that the subject is currently location in an area of the highest unemployment, although the overall rate



for the city is calculated to be some 8.4% this could be misleading due to the extremes found per zip code.

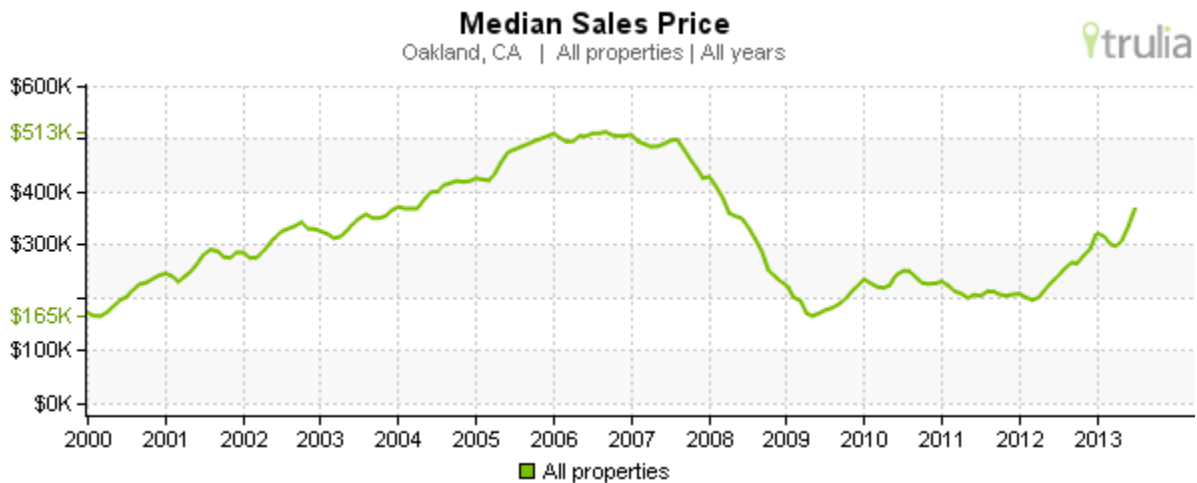
#	Zip Code	Location	City	Population	% Unemployment Rate	National Rank
1.	94621	37.750553, -122.197175	Oakland, California	30,744	15.65 %	#1,544
2.	94607	37.807070, -122.297401	Oakland, California	21,048	14.93 %	#1,711
3.	94603	37.739113, -122.175602	Oakland, California	31,389	13.79 %	#2,042
4.	94601	37.776523, -122.219268	Oakland, California	54,857	12.82 %	#2,399
5.	94612	37.809014, -122.269739	Oakland, California	11,700	9.87 %	#4,292
6.	94605	37.758019, -122.138678	Oakland, California	42,852	8.57 %	#5,748
7.	94606	37.792489, -122.244314	Oakland, California	41,872	7.32 %	#7,846
8.	94619	37.787186, -122.146330	Oakland, California	24,501	6.76 %	#9,136
9.	94609	37.834341, -122.264370	Oakland, California	21,093	6.48 %	#9,802
10.	94602	37.803883, -122.208417	Oakland, California	28,880	5.41 %	#13,106
11.	94610	37.808731, -122.238708	Oakland, California	29,963	4.35 %	#17,351
12.	94618	37.845510, -122.235181	Oakland, California	15,420	2.97 %	#23,745
13.	94611	37.828416, -122.216005	Oakland, California	36,508	2.82 %	#24,397

REAL ESTATE TRENDS

Oakland experienced an increase of both its population and of land values in the early to mid 2000s. The 10k Plan, which began during former mayor Elihu Harris' administration, and intensified during former mayor Jerry Brown's administration resulted in several thousand units of new multi-family housing and development. In addition, Oakland's mild weather, central geographic location, and hillside neighborhoods with views of San Francisco and the Bay provide an attractive alternative to the high rents and home prices in nearby San Francisco. The City of Oakland runs the gamut from bungalow pre/post WWII homes to modern, custom hillside homes with spectacular view of the Bay and the Golden Gate Bridge.

RESIDENTIAL REAL ESTATE

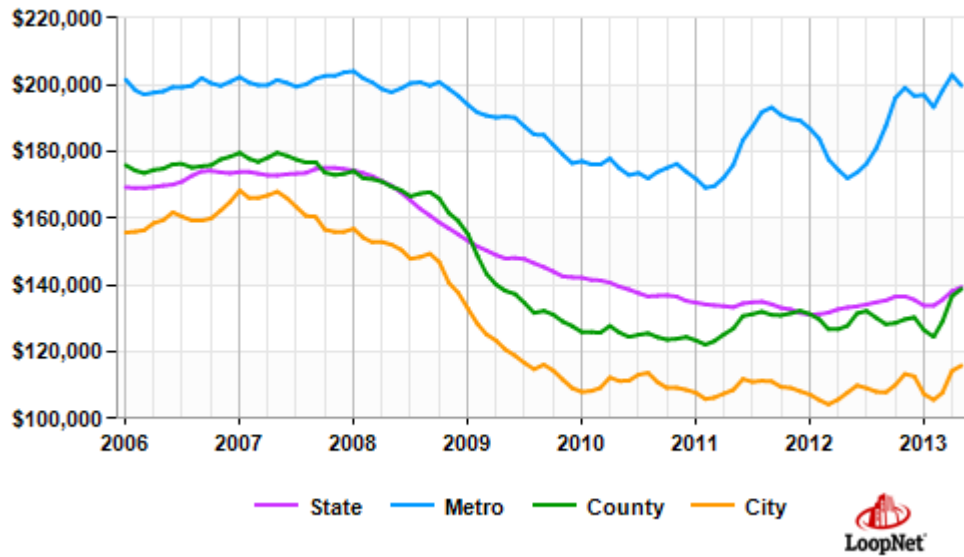
The following graph from Trulia.com illustrates the median sales price of homes between January 2000 and Mid 2013. We can see that the "bubble burst" approximately mid year of 2007. Current prices are approximately or slightly exceed those in January 2000 and are generally parallel to 2002/3. Residential property values in the "flat land" areas have suffered more than those located in the more desirable hills and in the Piedmont area. An incline is noted for the 2nd half of 2012 and the first half of 2013.





Meanwhile the multi-family price trends remain in decline. The following is a comparison between the State, County and City of Oakland. City of Oakland remain the low end of the prices (yellow line), while the County, Metropolitan area and the State of California have higher prices for multi family units.

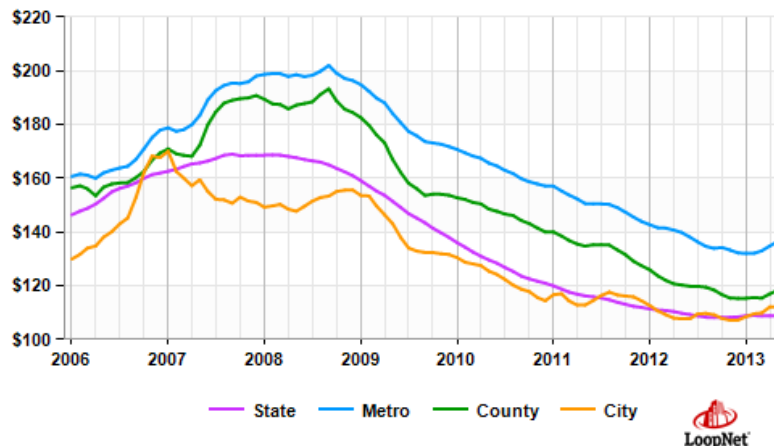
Asking Prices Multifamily for Sale Oakland, CA (\$/Unit)



INDUSTRIAL PROPERTIES

Oakland is known for the former heavy industrial uses (automobile manufacture, railroad, etc). Today, Oakland is a mix of heavy industrial properties and light industrial properties. The proximity of the Port requires more industrial uses than some other communities in the Bay Area. Following is an asking price comparison as published in Loopnet. We can see the differential between the State of California, Alameda County, and The City of Oakland. Between 2009 and 2012 the price trend has been downward or declining, and remains in a downward trend for all four area indicators.

Asking Prices Industrial for Sale Oakland, CA (\$/SF)

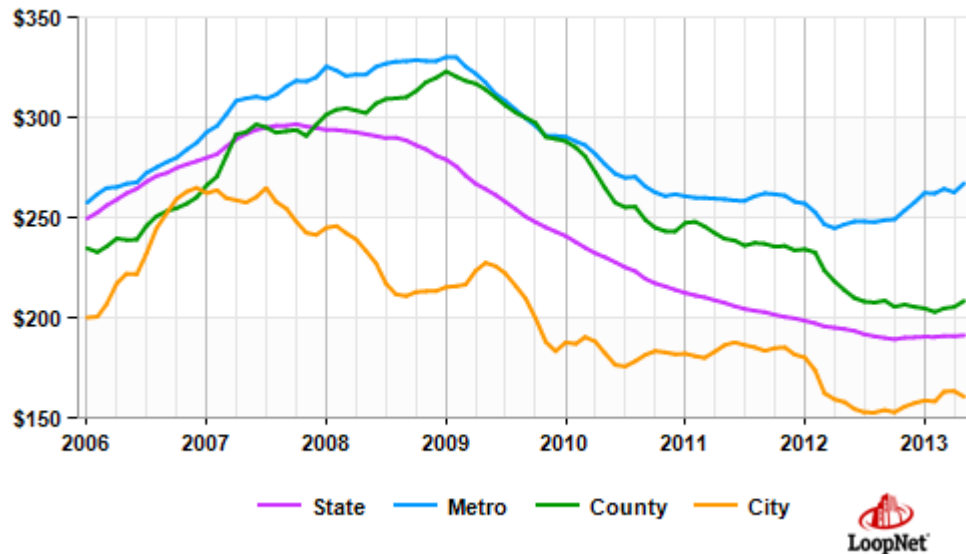




OFFICE PROPERTIES

One of the effects of a high unemployment rate is the lack of demand for office space. The following published graph illustrates that the office market in Oakland remains in decline during 2012, as does the County and the State. The Metropolitan area shows some signs of stabilization during 2012, however, not the City of Oakland which appears to be just beginning to show an increase after continuous decline since 2007.

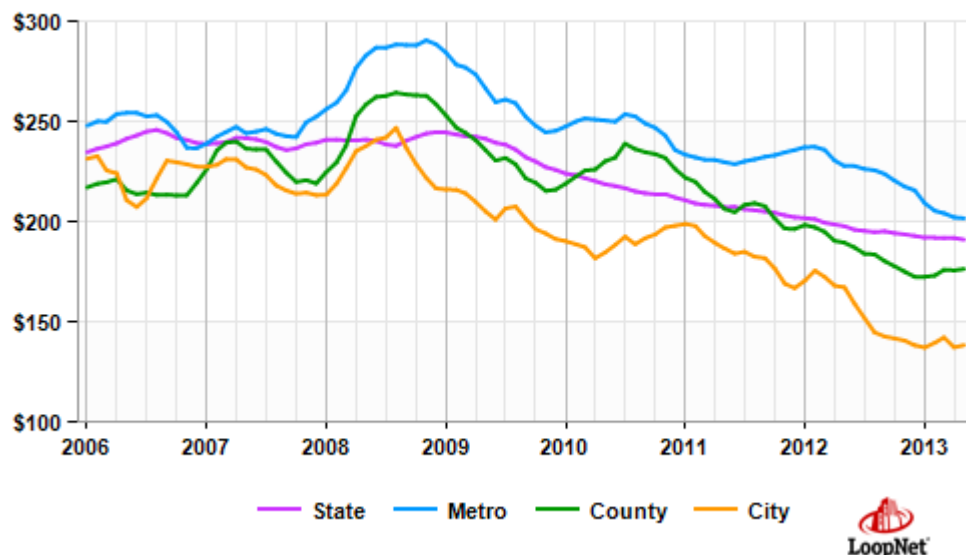
Asking Prices Office for Sale Oakland, CA (\$/SF)



RETAIL PROPERTIES

The following graph illustrates that the demand for retail property in Oakland remains in decline. Again, this is not surprising due to the current unemployment rate within the portions of the City Limits. The other three indicators (State, County and Metropolitan) have declined although not at the more drastic rate as Oakland.

Asking Prices Retail for Sale Oakland, CA (\$/SF)





TRANSPORTATION

- Air** Residents of Oakland utilize three major airports in the San Francisco Bay Area: Oakland International Airport, San Francisco International Airport, and San Jose International Airport. Oakland International Airport, located within the city limits of Oakland, is 4 miles (6 km) south of downtown Oakland and serves domestic and international destinations. Southwest Airlines has a large presence at the airport and has been flying there since 1989.
- Bridge & Roadways** Oakland is served by several major highways: Interstate 80 (Eastshore Freeway), Interstate 580 (MacArthur Freeway), Interstate 880 (Nimitz Freeway), Interstate 980 (Williams Freeway), State Route 13 (Warren Freeway) and State Route 24 (Grove Shafter Freeway). A stub of a planned freeway was constructed at the High Street exit from the Nimitz Freeway, but that freeway extension plan was abandoned. In 1989, the Loma Prieta earthquake caused the Cypress Street Viaduct double-deck segment of the Nimitz Freeway I-880 to collapse, killing 42 people. The old freeway segment had passed right through the middle of West Oakland, forming a barrier between West Oakland neighborhoods. Following the earthquake, this section of the Nimitz Freeway was rerouted around the perimeter of West Oakland and rebuilt in 1999. The east span of the San Francisco – Oakland Bay Bridge also suffered damage from the quake when a 50-foot (15 m) section of the upper deck collapsed onto the lower deck; the damaged section was repaired one month after the earthquake. As a result of the earthquake, a significant seismic retrofit was performed on the western span of the Bay Bridge, and the eastern span is scheduled for replacement, with the new span projected to be completed in 2014.
- Two underwater tunnels, the Webster and Posey Tubes, connect the main island of Alameda to downtown Oakland, coming above ground in Chinatown. In addition, the Park Street, Fruitvale, and High Street bridges connect Alameda to East Oakland over the Oakland Estuary.
- In the hills, the Leimert Bridge crosses Dimond Canyon, connecting the Oakmore neighborhood to Park Boulevard. The Caldecott Tunnel carries Highway 24 through the Berkeley Hills, connecting central Contra Costa County to Oakland. The Caldecott has three bores, with a fourth one planned.
- Other Transit** 24.3 percent of Oaklanders used public transportation, walked or used "other means" to commute to work, not including telecommuting, with 17 percent of Oakland households being "car free" and or statistically categorized as having "no vehicles available." Bus transit service in Oakland and the inner East Bay is provided by the Alameda and Contra Costa Transit District, AC Transit. Many AC Transit lines follow old Key System routes. Currently the district is planning a full scale Bus Rapid Transit line for the 1 line on the International Boulevard and Telegraph Avenue corridors.
- The metropolitan area is served by Bay Area Rapid Transit (BART) from eight stations in Oakland. The system has headquarters in Oakland, with major transfer hubs at MacArthur and Oakland City Center/12th Street stations. BART's headquarters was located in a building above the Lake Merritt Station until 2006, when it relocated to the Kaiser Center due to seismic safety concerns.
- The city has regional and long distance passenger train service provided by Amtrak, with a station located blocks from Jack London Square served by the Amtrak *Capitol Corridor*, *Coast Starlight* and *San Joaquin* train routes. *Capitol Corridor* trains also stop at a



second, newer Oakland Coliseum station. Amtrak's *California Zephyr* has its western terminus at Emeryville, CA station.

The Alameda / Oakland Ferry operates ferry service from Jack London Square to Alameda, San Francisco, and Angel Island.

Railroad

Freight service, which consists primarily of moving shipping containers to and from the Port of Oakland, is provided today by Union Pacific Railroad (UP), and to a lesser extent by BNSF Railway (which now shares the tracks of the UP between Richmond and Oakland).

Historically, Oakland was served by several railroads. Besides the transcontinental line of the Southern Pacific, there was also the Santa Fe (whose Oakland terminal was actually in Emeryville), the Western Pacific Railroad (who built a pier adjacent to the SP's), and the Sacramento Northern Railroad (eventually absorbed by the Western Pacific which in turn was absorbed by UP in 1983).

Port

As one of the three major ports on the West Coast of the United States, the Port of Oakland is the largest seaport on San Francisco Bay and the fourth busiest container port in the United States. It was one of the earliest seaports to switch to containerization and to intermodal container transfer, thereby displacing the Port of San Francisco which never modernized its waterfront. One of the earlier limitations to growth was the inability to transfer containers to rail lines, all cranes historically operating between ocean vessels and trucks. In the 1980s the Port of Oakland began the evaluation of development of an intermodal container transfer capability, i.e. facilities that now allow trans-loading of containers from vessels to either trucks or rail modes.

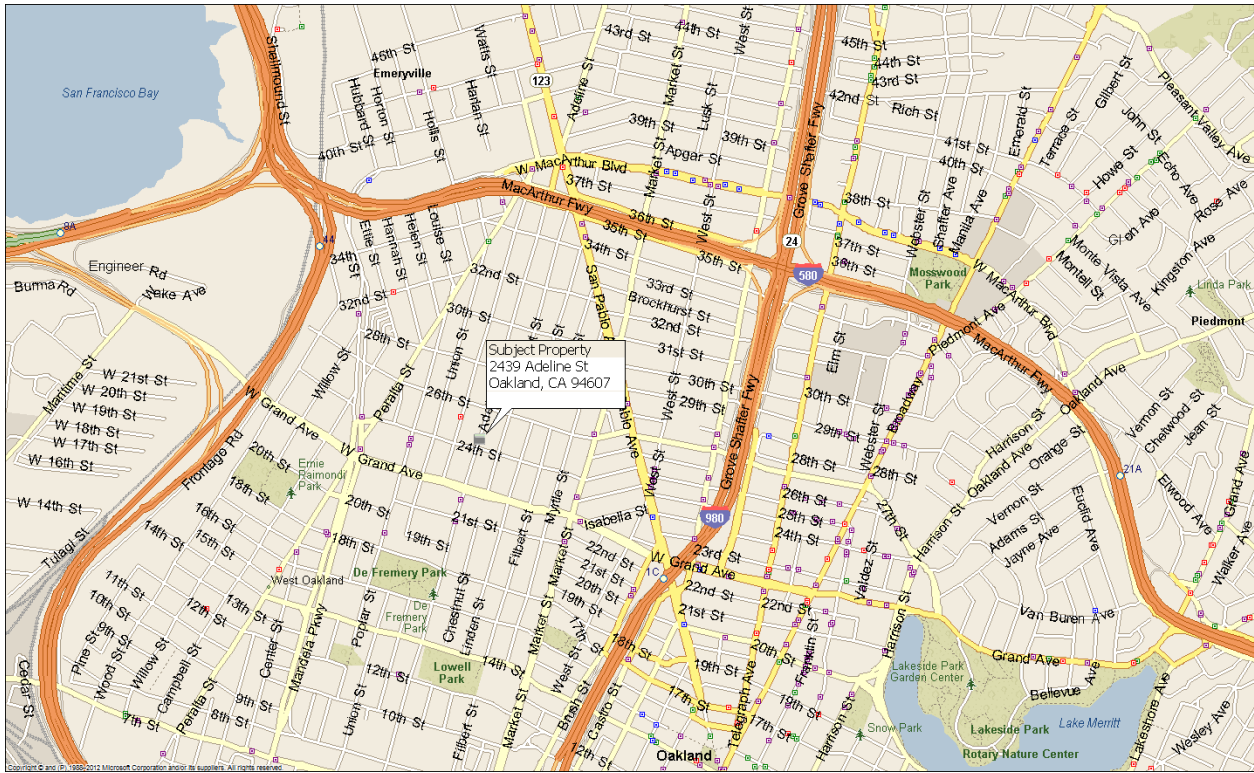
CONCLUSION OF THE CITY:

The City of Oakland has been a hub of the San Francisco Bay Area since the mid 1800's (the Gold Rush Era) and has been an area of high appeal due to the favorable weather and the good transportation routes. Oakland started off as an area of high industrial appeal due to the Port of Oakland which allowed for easy access to ships for transportation of automobiles and other manufactured goods from California. As the manufacturing relocated to less expensive locations nationally and internationally, the demand for heavy manufacturing began to decline. Additionally, post WWII resulted in a surge of residential subdivisions which contributed to the squeezing out of the higher polluting manufacturers. The heavy industrial uses have been replaced with high tech uses, retail uses and other uses with a lower impact to the local residents. Although the Port of Oakland remains a viable and important Port, the use of trucks and more efficient shipping containers has changed the landscape of the community as the manufactured goods can easily be shipped via truck or rail to the Port, so that the manufacturing can be more cost effective.

The demand for homes in the City is influenced by much of the older area located in the "flatlands" of Oakland. Homes in the hills which enjoy westerly views of the Bay and the Golden Gate Bridge remain high in demand. Communities within Oakland (ie Piedmont, Rockridge, etc.) remain very high and command much higher prices (between \$400,000 and \$2million). The appeal of the easterly portion of Oakland and the proximity to San Francisco provides increased appeal to residents who prefer the urban lifestyle.



NEIGHBORHOOD MAP

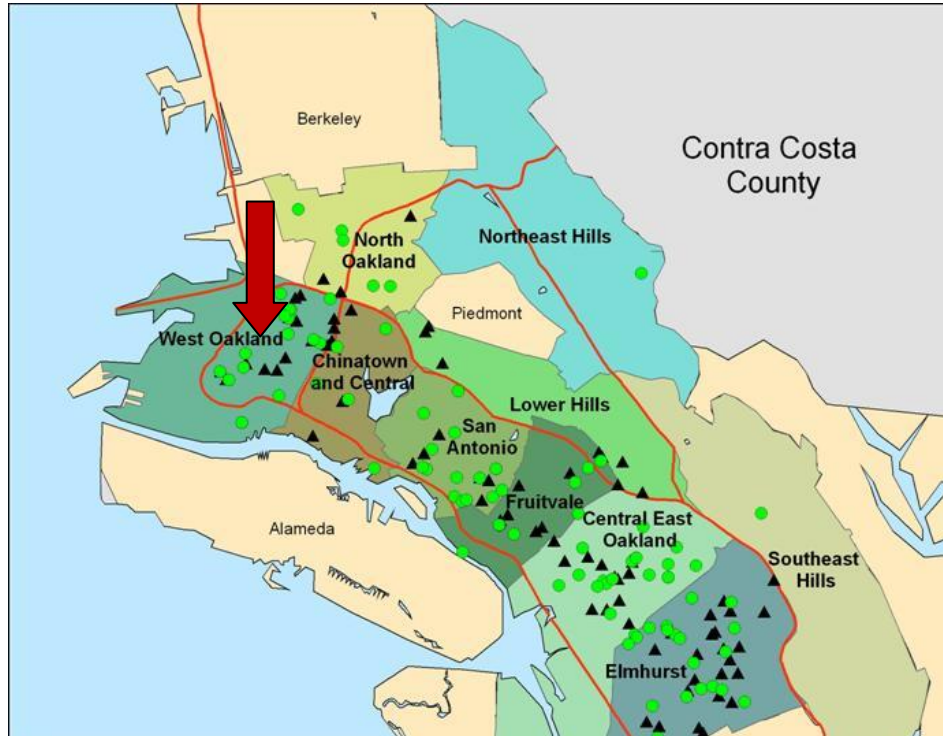


Proximity Features

Expected Changes in Economic Base	None
Protection From Adverse Conditions	Average
Demand for Real Estate Like Subject	Adequate
Potential Additional Supply Like Subject	Minimal Potential
Building Age Range {excluding extremes}	30 to 100 Years
Oversupply of Property Like Subject	None
General Appearance of Properties	Average
Location	Urban
Land Use Change	Not Likely
Police & Fire Protection	Average
Expressway Access	Less than two miles (Highway 880 & Highway 580)
Employment Centers	Within the City and from Nearby Cities
Property Compatibility	Average
Appeal to Market	Average



As illustrated in the following map, the subject is located within the West Oakland District, located westerly of Downtown Oakland and the San Francisco Bay, just southerly of Emeryville and Berkeley.



The population grew after 1863, when the San Francisco-Oakland railroad connected central Oakland to the San Francisco bay ferries. In 1869, West Oakland became the terminus of the transcontinental railroad, and the population grew again as railroad workers settled in the neighborhood.

In the 1880s and 1890s, a large number of shops and small and medium-sized houses were built to accommodate the large number of European Americans, African Americans, Portuguese, Irish, Mexicans, Japanese, and Chinese immigrants who settled in West Oakland. The Pullman Palace Car Company, had their headquarters here. The writer Jack London lived in West Oakland in the late 19th century, and his novel *Valley of the Moon* is set in West Oakland. Many of the houses built in that period are still standing today and make up the quaint character of the neighborhood. Oakland's baseball team, the Oakland Oaks, played at the Oakland Baseball grounds West Oakland in 1879. In 1906, many people left homeless by the 1906 San Francisco earthquake settled in West Oakland. The original wooden train station at 16th and Wood Streets was replaced in 1912 by a large Beaux Arts structure which is still standing, though it was severely damaged in the 1989 Loma Prieta earthquake.

World War I brought new job opportunities in the shipyards and with it an influx of workers and business growth. By 1930, West Oakland was a thriving, neighborhood of about 280,000 residents. Seventh Street was lined with jazz and blues clubs.

West Oakland experienced a decline in the Depression in the late 1930s, and some residential areas became dilapidated. In the 1940s and 1950s, dozens of blocks were bulldozed and replaced with public housing projects. The 1940s and World War II saw a new influx of workers for the shipbuilding industry and the newly constructed Oakland Army Base and Naval Supply Center.



As the railroads declined and Americans turned to the automobile for transportation in the 1950s, many employees moved away. When the Cypress Freeway, a double-decker freeway connecting the San Francisco – Oakland Bay Bridge with the Nimitz Freeway, was built in the 1950s above Cypress Street, it effectively split the neighborhood in half and isolated it from downtown Oakland. In the late 1960s and early 1970s, block after block was razed and thousands of residents were displaced for the building of the massive Oakland Main Post Office, the West Oakland BART Station, and the Acorn Plaza housing project. The east end of the Transbay Tube is located in West Oakland. These projects coincided with a period of economic decline characterized by unemployment, poverty, and urban blight.

In the Loma Prieta earthquake of 1989, the Cypress Freeway collapsed. Several people were killed despite heroic rescue efforts by West Oakland residents. West Oakland residents successfully resisted efforts to rebuild the freeway in the same location. With the freeway now removed, West Oakland started to undergo gentrification. Cypress Street was renamed Mandela Parkway, a recently-finished wide thoroughfare with a pedestrian path and greenway in its median, including a park commemorating the 1989 earthquake. It is lined with condominiums and new and established businesses. Several of the surrounding warehouses now serve as artist studios. Most notably the former seven acres of facilities for American Steel are now Big Art Studios, a unique facility for large-scale artists. Several pieces of work by the constituent art groups within can be found on display outside the complex.

Mandela Gateway, a mixed retail and residential development at the south end of Mandela Parkway, surrounds the West Oakland BART station. The old Victorian houses are being refurbished, and new construction is springing up. The new Central Station project has brought Zephyr Gate, a 130-unit condominium development, and the Pacific Cannery Lofts, a 163-unit development to the area around the train station. Construction has started on the Lampwork Lofts, a former GE light bulb factory built, which will contain 92 live-work lofts. The growth of Emeryville on the border of West Oakland, West Oakland's proximity to San Francisco via the San Francisco – Oakland Bay Bridge and BART, and the more affordable rental and home prices, have attracted many new residents.

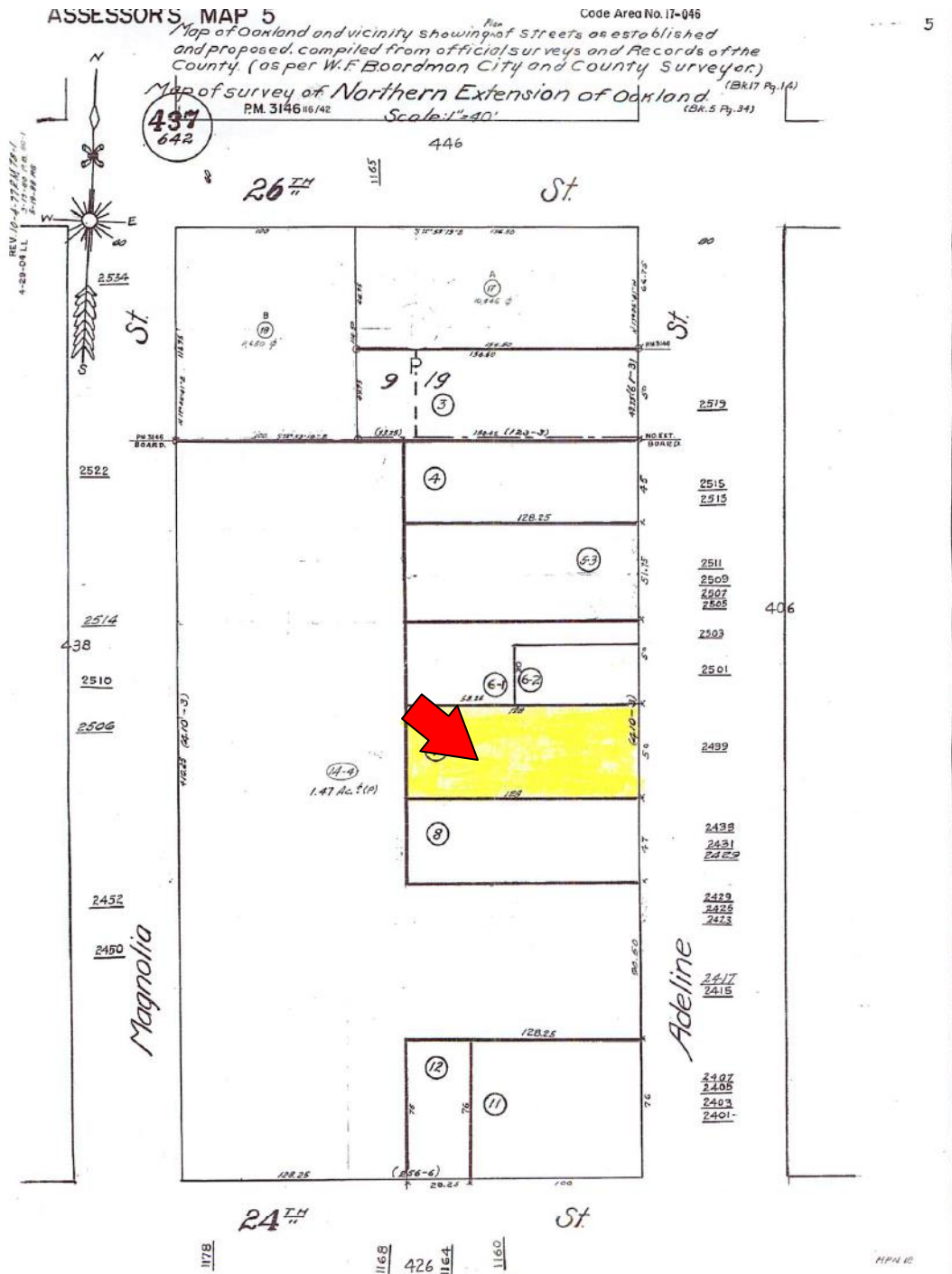


Subject Property . . .

Identification of the Property

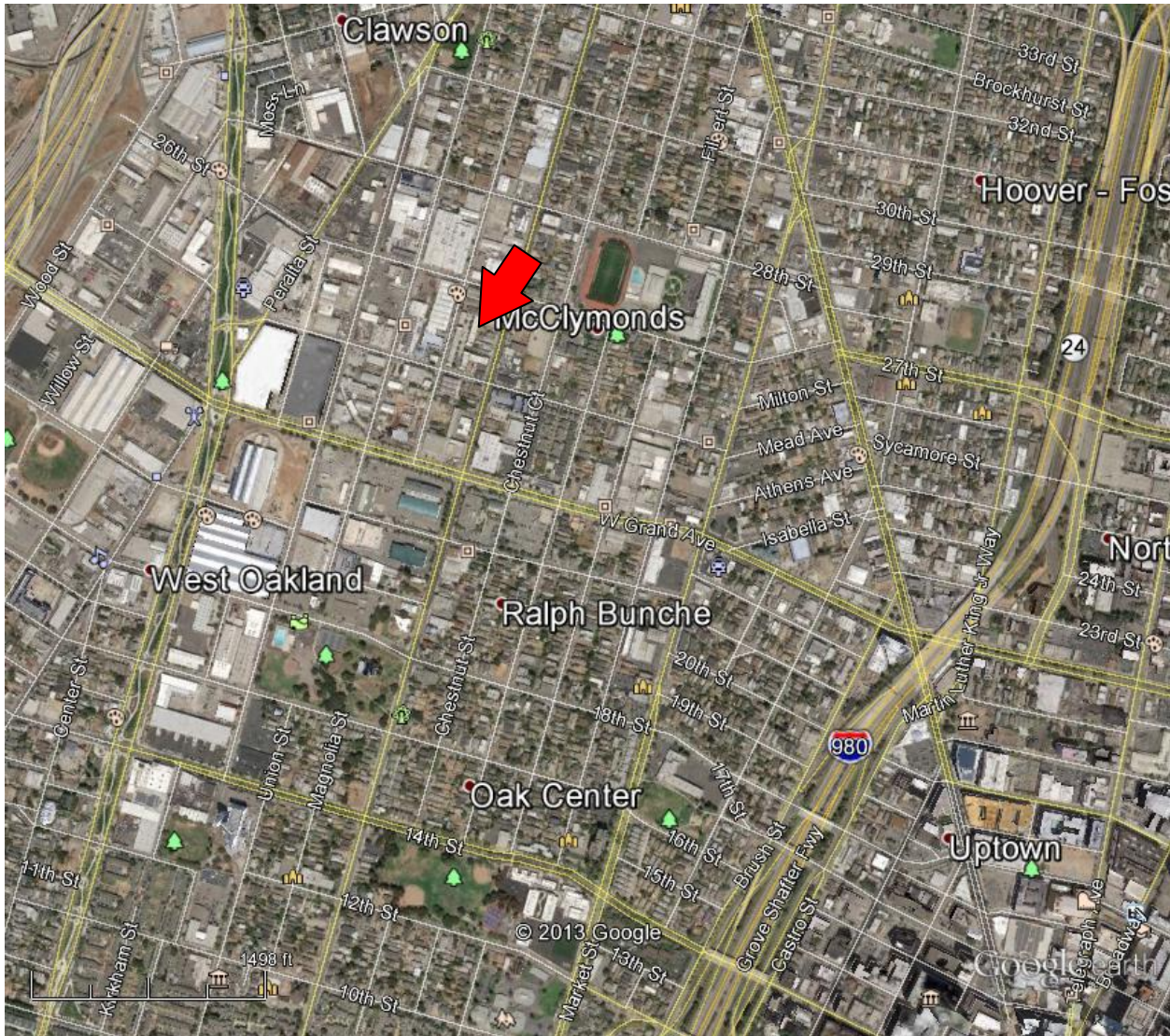
This real estate appraised is situated on the westerly side of Adeline Street between 26th Street and 24th Street, within the City of Oakland, Alameda County, State of California 94607. The common address is 2439 Adeline St., City of Oakland, California 94578. APN: 005-0437-007.

Plat Map



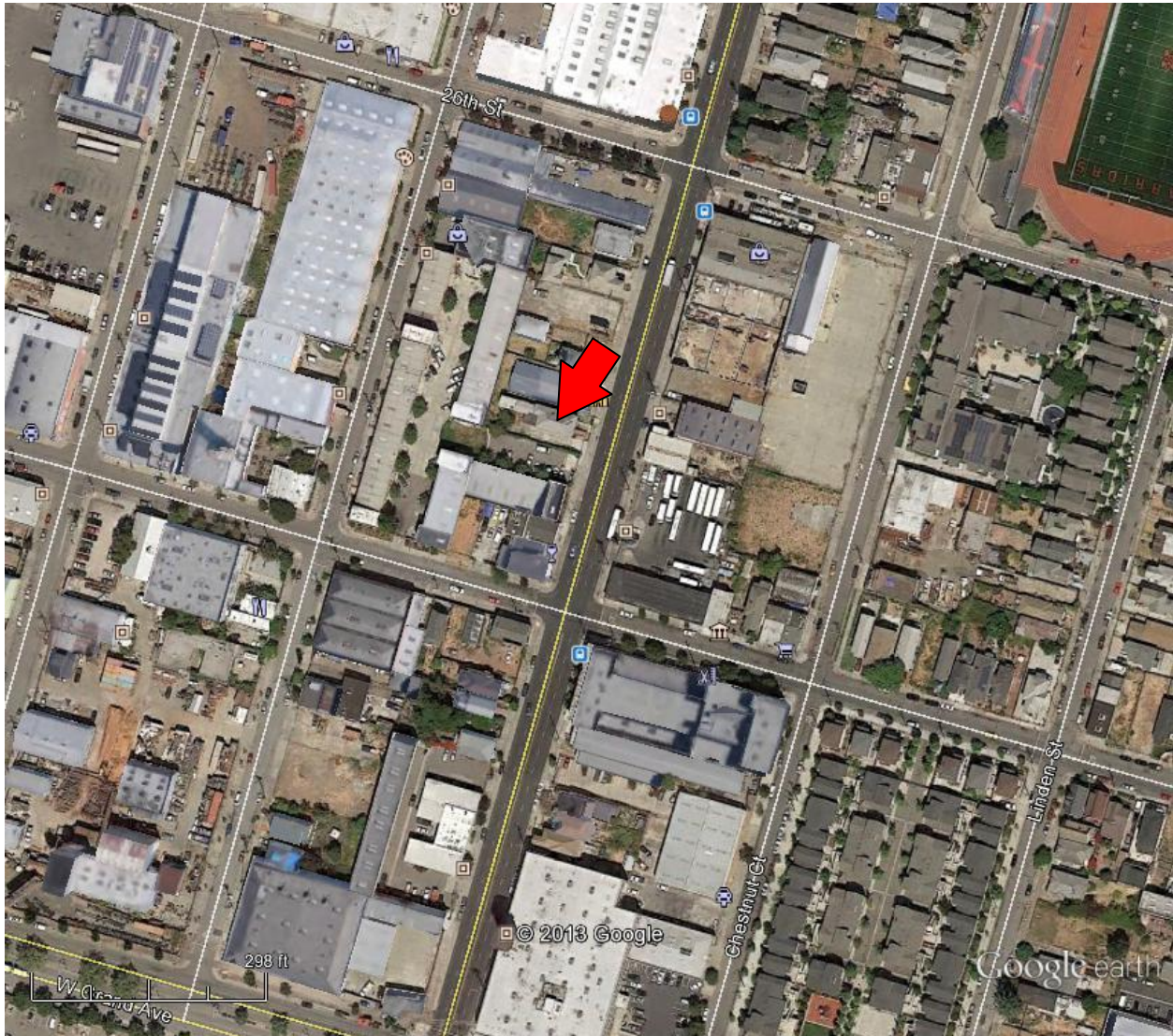


Aerial View – Far Out





Aerial View – Close Up





Site Description

<i>Address</i>	2439 Adeline St., Oakland, CA
<i>Size</i>	6,400 sf
<i>Shape</i>	Rectangular
<i>Topography</i>	Level
<i>Access</i>	Typical public street
<i>Alley</i>	None
<i>Utilities</i>	Potable water is supplied by the City's system. Wastewater is discharged via the City's sewer system. Public companies provide telephone, gas, and electric services at prevailing rates.
<i>Easements</i>	None known; none assumed
<i>Encroachments</i>	None known; none assumed
<i>Curbs & Gutters</i>	Concrete curbs, concrete gutters
<i>Sidewalks</i>	Concrete
<i>Nearby Land Uses</i>	Commercial, light industrial, single family residences
<i>Major Flaws</i>	None
<i>Overall Features</i>	The land has typical physical features as compared to similar alternatives. Its overall locational attributes are average relative to competitive parcels.



Zoning



The provisions of this chapter shall be known as the industrial zones regulations. This chapter establishes regulations for the (CIX-1) Commercial Industrial Mix-1, (CIX-2) Commercial Industrial Mix-2, (IG) General Industrial, and (IO) Industrial Office.

These industrial zoning districts are intended to create, preserve, and enhance areas for industrial uses, including manufacturing, scientific and product-related research and development, construction, transportation, warehousing/storage/distribution, recycling/waste-related activities, clean technology, and similar uses. The primary purposes of these areas are to support Oakland's economic base and to provide employment opportunities. The specific purposes of these industrial districts are to:

1. Provide a diversified economic base and a wide range of employment opportunities;
2. Maximize Oakland's regional role as a transportation, distribution, and communications hub;
3. Support Port operations and expansion by providing land for Port services such as trucking, warehousing, and distribution;
4. Preserve areas with good freeway, rail, seaport, and/or airport access for business and industrial uses;
5. Prohibit residential uses and limit commercial uses in General Industrial (IG) areas so that a maximum amount of the City's land base is preserved for industrial uses, and so that industrial uses may operate without impacting those activities;
6. Locate high impact industrial uses away from residential areas; and
7. Allow heavy-impact or large scale commercial retail uses on sites with direct access to the regional transportation system.

- A. **CIX-1 Commercial Industrial Mix 1 Zone.** The CIX-1 zone is intended to create, preserve, and enhance the industrial areas of West Oakland that are appropriate for a wide variety of businesses and related commercial and industrial establishments. This zone is intended to accommodate existing older industries and provide flexibility in order to anticipate new technologies. Large-scale commercial and retail uses will be limited to sites with direct access to the regional transportation system.

The intent of the S-19 Health and Safety Protection Combining Zone is to promote the public health, safety and welfare by ensuring that activities which use hazardous material substances or store hazardous materials, hazardous waste, or explosives locate in appropriate locations and develop in such a manner as not to be a



serious threat to the environment, or to public health, particularly to residents living adjacent to industrial areas where these materials are commonly used, produced or found.

For the purposes of this regulation, the following definitions apply:

A. Hazardous Material. Hazardous material is defined as that which could exhibit one or more of the hazard characteristics defined in the California Fire Code (CFC), which generally means any material that, because of its quantity, concentration, or physical or chemical characteristics, poses a significant present or potential hazard to human health and safety or to the environment if released into the workplace or the environment

B. Hazardous Waste. Hazardous waste is defined as any hazardous material whose intended original purpose is no longer applicable for its use, or a waste that meets federal or state criteria for ignitability, corrosively, reactivity or toxicity, or is specifically listed by the federal or state law or regulations

C. Explosives. Explosives are defined as chemicals that cause a sudden, almost instantaneous release of pressure, gas and heat when subjected to sudden shock, pressure, or high temperatures; or a material or chemical, other than a blasting agent, that is commonly used or intended to be used for the purpose of producing an explosive effect

A. The standards of this combining zone shall apply to the following zoning districts:

1. Housing and Business Mix (HBX) zones;

2. D-CE-3 and D-CE-4 (Central Estuary District) zones;

3. CIX-1 (Commercial Industrial Mix-1) zone;

4. CIX-2 (Commercial Industrial Mix-2) and IG (General Industrial) and IO (Industrial Office) zoning districts that are within three hundred (300) feet from any residential, open space, or institutional zone boundary.

B. The standards of this combining-zone shall apply to the following facility types:

1. All new nonresidential facilities or activities;

2. Any nonresidential facility which has lost its legal non-conforming status;

3. Any existing facility or activity where the usable floor area is expanded by more than twenty percent (20%) after the effective date of the adoption of this chapter;

4. Any alteration or expansion of a facility or activity, such that it requires a new Risk Management Plan or other Hazardous Materials Business Plan.



ALQUIST-PRIOLO SPECIAL STUDY ZONE:

On the basis of research conducted since the 1989 Loma Prieta earthquake, U.S. Geological Survey (USGS) and other scientists conclude that there is a 62% probability of at least one magnitude 6.7 or greater quake, capable of causing widespread damage, striking the San Francisco Bay region before 2032. Major quakes may occur in any part of this rapidly growing region. This emphasizes the urgency for all communities in the Bay region to continue preparing for earthquakes.



The presence of potential seismic activity does not adversely affect the property values nor the appeal for the San Francisco Bay Area. In fact, since the 1989 Loma Prieta Earthquake the typical home value has increased in value some 200%. The construction methodology required by the Planning Departments of the area requires the presence of seismic reinforcement. Additionally, older more rigid structure (brick or masonry) have seismic retrofit requirements. During the Loma Prieta Earthquake the loss of life was less than 60 lives were lost, and the primary areas of damage were to a stretch of freeway (Highway 880), homes in the Marina District of San Francisco, and homes near the epicenter in the mountainous area of the Santa Cruz Mountains. With the presence of seismic maps, local planners monitor the construction of improvements within a reasonable proximity of the known Fault Line. The presence of such seismic activity does not prove to be an adverse factor to appeal nor demand for the area. According to the State Division of Mines & Geology, this map may not show all faults that have the potential for surface fault or rupture, either within the special studies zones or outside their boundaries. No opinion or warranty, expressed or implied, is made herein as to the potential or possibility of earthquake occurrence or to the existence or non-existence of any known, unknown, or uncertain fault traces of fault zones. It is not uncommon for areas throughout California to be located within these zones as evidenced by previous earthquakes. According to the State Division of Mines & Geology, this map may not show all faults that have the potential for surface fault or rupture, either within the special studies zones or outside their boundaries. No opinion or warranty, expressed or implied, is made herein as to the potential or possibility of earthquake occurrence or to the existence or non-existence of any known, unknown, or uncertain fault traces of fault zones.



Photographs of Subject
(photo page 1)



Front view



Side view



Photographs of Subject

(photo page 2)



Rear of structure



Street scene



Photographs of Subject
(photo page 3)



Foyer



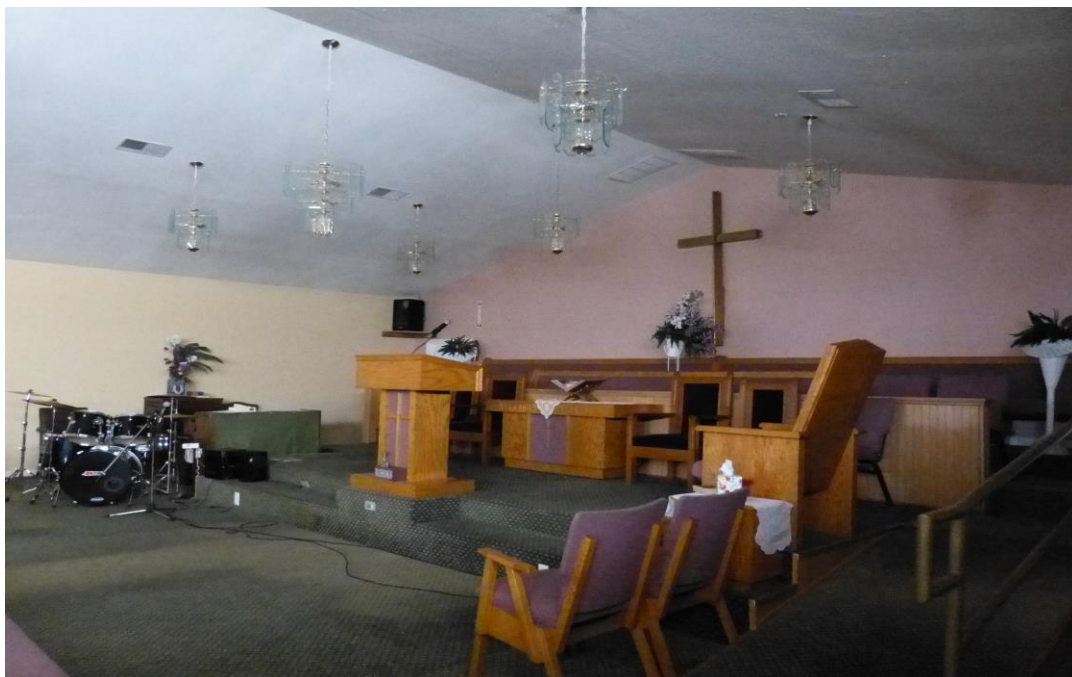
Lavatory



Photographs of Subject
(photo page 4)



Sanctuary



Front of Sanctuary



Photographs of Subject

(photo page 5)



Sanctuary



Office



Photographs of Subject

(photo page 6)



Fellowship Hall

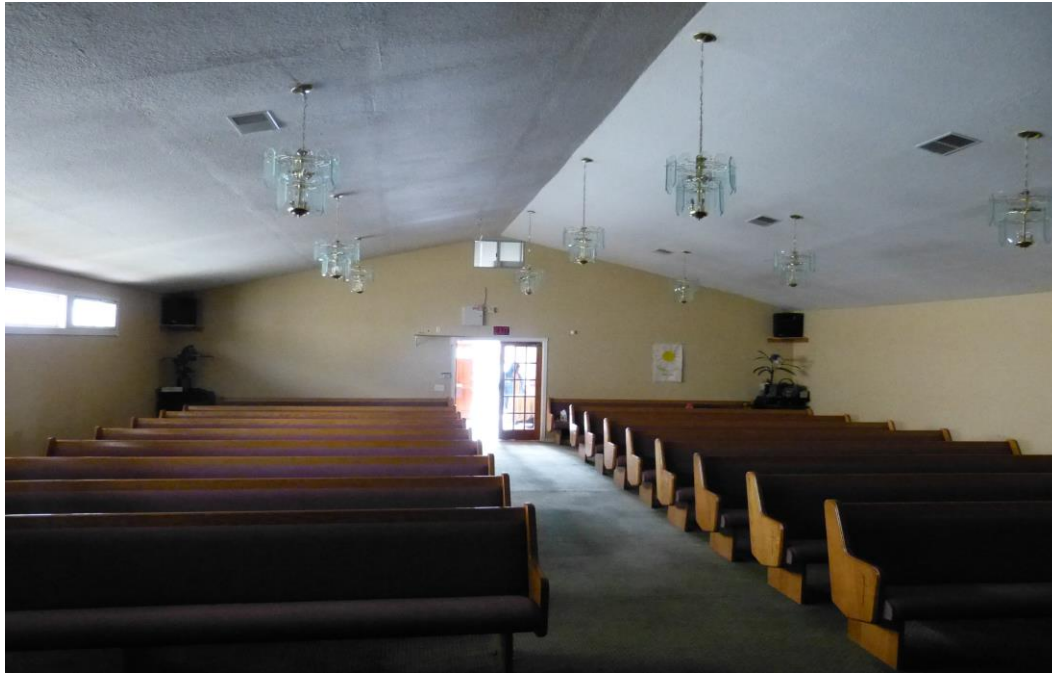


Kitchen

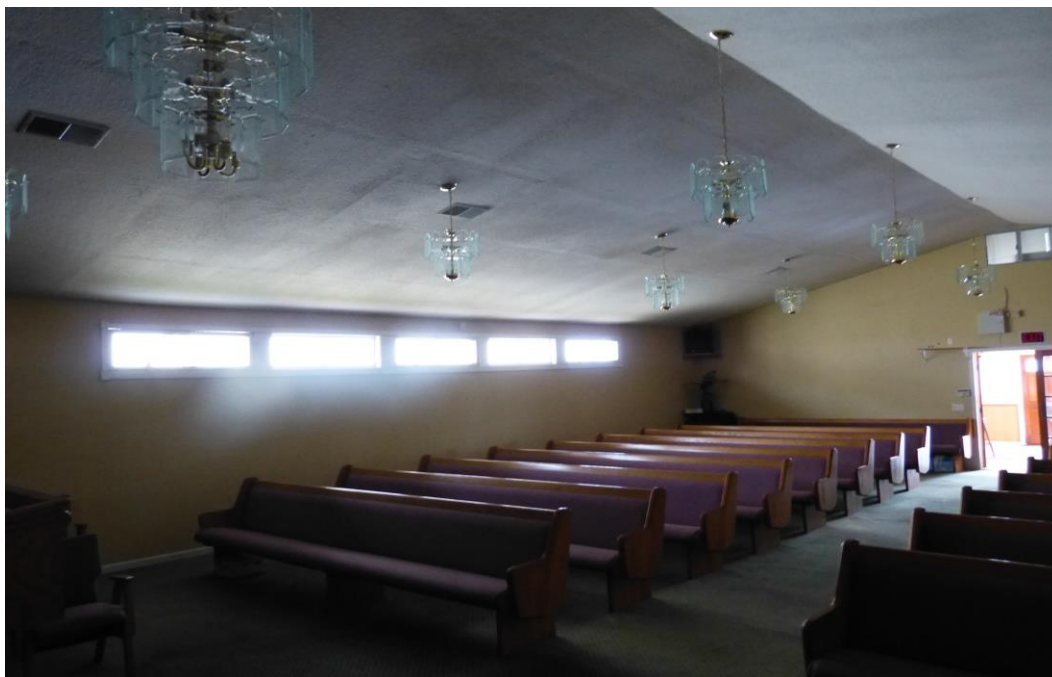


Photographs of Subject

(photo page 7)



Sanctuary

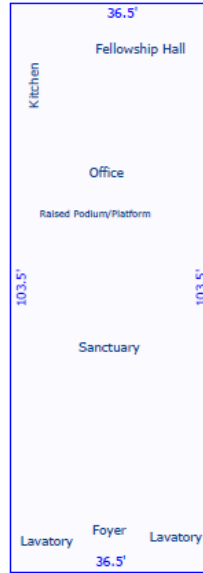


Interior of Sanctuary



BUILDING SKETCH

IMPROVEMENTS SKETCH



Adeline Street

Scale: 1" = 25'

AREA CALCULATIONS

AREA CALCULATIONS SUMMARY				LIVING AREA BREAKDOWN			
Code	Description	Net Size	Net Totals	Breakdown			Subtotals
GLA1	First Floor	3777.75	3777.75	First Floor			
				0.5 x	103.5 x	0.0	0.00
				0.5 x	36.5 x	0.0	0.00
					36.5 x	103.5	3777.75
	Net LIVABLE Area	(rounded)	3778	3 Items	(rounded)		3778

The structure was personally measured by the undersigned appraiser.



Description of Improvements

SUMMARY:

Worship Center	3,778 square feet
TOTAL BUILDING AREA:	3,778 SQUARE FEET

Currently the building is configured as follows;

Worship Center

Average quality, Class D building

- Foyer
 - Ceramic tile
 - Access to two lavatories
- Sanctuary
 - Low pile carpet
 - Painted wall over lath and plaster & drywall walls
 - Pitched ceiling
 - Painted
 - Recessed lighting
 - Pitched ceiling
 - Ceiling Fans
 - Seating for approximately 100 people (plus choir area)
 - Wood pews
 - Padded seats and back
 - Two rows
 - Raised platform
 - Choir area
 - Podium
- Rear of building
 - Office
 - Low pile carpet
 - Florescent lighting
 - Painted drywall
 - Ceiling fan
 - Fellowship Hall
 - Vinyl floor covering
 - Painted walls and ceiling
 - Access to kitchen
 - Stainless steel sink
 - Residential quality range/oven, fan & Hood
 - Vinyl flooring
 - Formica countertops
 - Pass through window to fellowship hall
- Age of building
 - Estimated 70+ years
- General Construction
 - Roof
 - Pitched, composition shingle
 - Windows



- Predominately metal casement
- HVAC
 - FAU system
- Frame
 - Wood frame Class D Construction
- Parking on site
 - None



Value Introduction – The Process

The Valuation Process is an organized, methodological, path in which to consistently perform an appraisal report. This Process is the basis of each appraisal report, although, the variety of properties and purposes of appraisal may require some adaptation to parts of the overall process.

DEFINITION OF THE PROBLEM

- **Identify the property**, with the use of the street address and/or the legal description.
- **Identify the property rights**, which is identified by the form of ownership rights, and the legal estate (fee simple, leased fee, or leasehold).
- **Identify the use of the appraisal**, by the client's needs or requirements.
- **Definition of value** utilized in the appraisal report. The value could be a historical value, insurance value or Market Value
- **Identification of the date of the value estimate.** *It is not uncommon for the need of a historical value or an anticipated value. Therefore, the Date of Value must be clearly identified - which may very well be a different date than the date of inspection and the date of the collection of all the data.*
- **Identify the scope of the appraisal.** *Within the scope of the appraisal the appraiser identifies the steps taken and the extent of value collection.*
- *The extent of the valuation process is also addressed.*
- **Disclose other limiting conditions** which this report is subject to.

PRELIMINARY ANALYSIS AND DATA SELECTION & COLLECTION

- **General Data** - The general analysis involves the collection of data from the region, city, and neighborhood. This information should address the social, economic, governmental and environmental issues of the area. This information is helpful in observing local trends and identifying value influences.
- **Specific** - The specific data includes obtaining the legal, cost, financing, income, expenses, physical information of the land and improvements. At this point an analysis can be made of the supply and demand currently with additional observations of anticipated future trends.
- **Competitive Supply and Demand** - Research the inventory of competitive properties that are currently listed on the open market place and the closed sales which illustrate a pattern for a historical period prior to the effective date of the appraisal report.

HIGHEST AND BEST USE ANALYSIS

- **Value the Site, as if vacant** - this is to consider alternate choices, which would be physically possible, legally possible, financially feasible, and would provide maximum value to the property. This exercise is the beginning of the identification of the direction of the value process.
- **Value the Site, as improved** - this is the test to see if the present improvement can truly be supportable as the primary use which brings the maximum value to the property. The major questions are; *Are the improvements satisfactory? Should they be modified, updated, or repaired? Should the building be demolished? What would maximize the value of the subject?*

LAND VALUE ESTIMATE

- A land value estimate is required when the land's contribution to the total property is required. A land value is vital for the inclusion of the Cost Approach. There are six methods of determining a Land Value – typically the Sales Comparison Method is utilized.

THREE VALUATION APPROACHES

- ❖ **Cost Approach** - this is the process of calculating either the Reproduction Cost or the Replacement Cost new of the improvements, less Accrued Depreciation on the improvements. The Accrued Depreciation accumulates the Physical, Functional and External loss of value and is added to the remainder of the improvement costs.
- ❖ **Sales Comparison Approach** - utilized recently sold and closed sales of similar type properties, which can provide illustrations of the similarities and differences as observed by the marketplace. The appraiser's task is to analyze the component or contributory portions of the properties in order to determine the markets contributory value for each factor.
- ❖ **The Income Approach** - is viable for income-producing property only. The income approach measures the income stream and with the interpretation of the present worth of future income.

RECONCILIATION

- All the appropriate valuation procedures are discussed and a single value or a range of value is expressed at this point. Differences in value conclusions from within each of the above three approaches are explained and the methodology of the final conclusion is explained.

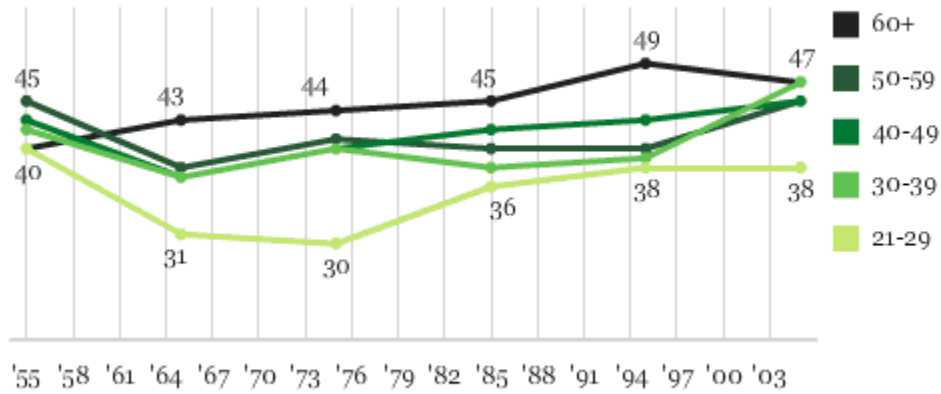


MARKET ANALYSIS – Adequacy of Church Campus Analysis

The national economy has resulted in the implementation of two-income families. In addition, with the increase of divorces and single parent families, the needs of the community have changed. Historically, churches have been considered the central point to many communities. However, during the 1960's many young people rebelled against the “traditionalism” which was offered in most churches. During the 1970's many people began to “look within” for spiritual growth and many small “non-denominational” churches began to prosper. Many of the smaller churches remained small during the 1980's, a period of personal prosperity in the State of California, until a recession began to affect this locale during mid 1989. During such times of crisis, many return to church in order to deal with the turmoil. Also after the September 11th attacks in New York and Washington DC, the public again has returned to their foundations to have basic assurances for themselves and their families. Currently the unstable economic times has resulted in higher unemployment and housing foreclosures, increasing the stresses to daily living.

Church Attendance Among Protestants, by Age

% Attended church in last seven days



GALLUP POLL

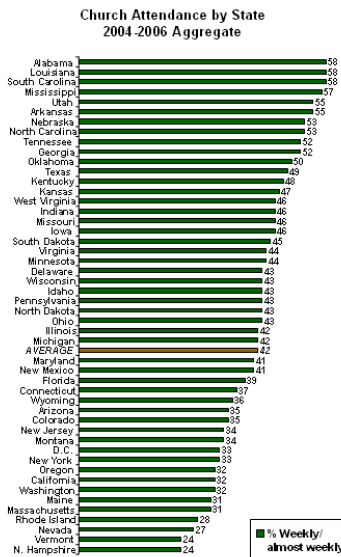
Forty-two percent of Americans say they attend church or synagogue once a week or almost every week, while 43% say that they seldom or never attend church. These self-reported worship service rates vary significantly from state to state. A special Gallup Poll analysis of more than 68,000 interviews conducted over the past two years shows that reported church attendance is highest in the Southern states, in Utah, and in certain Midwestern states, while church attendance is lowest in the New England states, Nevada, and other Western states. This analysis is based on responses to this question, "How often do you attend church or synagogue -- at least once a week, almost every week, about once a month, seldom, or never?"



How often do you attend church or synagogue?		
	Frequency	Percentage
Once a week	21,333	31
Almost every week	7,239	11
Once a month	9,069	13
Seldom	18,273	27
Never	11,103	16
Don't know	152	*
Refused	862	1
Total	68,031	
* Less than 0.5%		

The analysis is based on an aggregated dataset of 68,031 interviews, conducted by Gallup between January 2004 and March 2006.

Regional stereotypes are abundant in American society. One such stereotype concerns people in the western portion of the United States who are perceived as being less religious than those in other regions of the country. One of the reasons for this perception is the news coverage of the many more liberal aspects of western urban life in addition to the diminishing coverage of “typical” living patterns in the west. Hence, the rest of the country has a distorted view of westerners and their lifestyle. There is some statistical evidence that actually refutes the perceptions. In March, 1993, the Gallup poll asked participants how important religion was in their own lives. The westerners reportedly stated that religion was important, although, not necessarily very important. However, based on attendance records, it was discovered that worship attendance in the western region of the United States is higher than it is in other regions of the country. The average worship attendance in the west is typically 66% of the church membership, which is the highest among the four sectors of the country. The South is reported to have 58% of their members in regular attendance, the Midwest 51% and the Northeast was at 50%.



The most probable conclusion reached by some of the analysts regarding these interesting results is based on the social expectations concerning church membership. In the South, Midwest and the Northeast, many churches have been well established for over one hundred years. In those areas the community is more concerned with which church you belong to, whether you really wish to attend or not. In other words, it is less acceptable for a person in those areas not to belong to a church than in the west, where social concerns such as church membership



are relaxed. Therefore, a marginally religious person in the west might be less likely than those in other regions to join a local church because of social pressures, but would attend a church because they want to. Urban areas are often less personal due to the high population within city limits. High population does not translate into an abundance of interpersonal relationships. It has been verified that most residents in urban locations do not necessarily know their neighbors. However, in a suburban or rural community, it is more likely that most residents will know their neighbors and will actually have a wider range of interpersonal relationships. The intimacy of a small community church within an Urban setting is preferred by many attendees who seek not only the spiritual growth but also seek companionship and friendship with people of similar values.

U.S. Protestant church attendance has also been steady over the past decade, but is actually higher now than it was in the 1970s and 1980s, in part the result of a resurgence of regular attendance among young adults.

Analyses have been performed on “houses of worship” throughout Northern California and within the State of Oregon and a trend in the potential membership has been found. Typically, the range per capita has been found to be between 900 to 1,200 per church with the lower numbers being most prevalent in Urban areas. In suburban communities, where the delineation of City Limits is obscured by the homogeneity of the general community, it is common for people to consider attending churches in adjacent cities. Therefore, the observed trend in the suburban communities is a range per capita between 1,400 and 2,000.



CHURCHES PER CAPITA BY CITY AND BY AREA CLASSIFICATION

City/Community Name	Classification	Population	# of Churches	Per Capita Indicator
Farmersville	Rural	10,000	13	769
Hanford	Rural	44,350	52	853
Jackson	Rural	4,000	11	364
LeMoore	Rural	20,650	23	898
Portola	Rural	2,249	9	250
			Average	627
Brentwood	Suburban	51,481	31	1,661
Chico	Suburban	85,000	186	457
Citrus Heights	Suburban	90,000	30	3,000
Clovis	Suburban	95,128	92	1,034
Danville	Suburban	43,243	21	2,059
Elk Grove	Suburban	141,430	75	1,886
Eugene, OR	Suburban	400,000	290	1,379
Eureka	Suburban	42,200	41	1,029
Fairfield	Suburban	105,000	66	1,591
Gilroy	Suburban	50,000	36	1,389
Hayward	Suburban	140,000	86	1,628
Hollister	Suburban	31,000	30	1,033
Lincoln	Suburban	37,000	15	2,467
Livermore	Suburban	78,000	37	2,108
Los Banos	Suburban	29,150	27	1,080
Manteca	Suburban	50,000	31	1,613
Merced	Suburban	81,000	90	900
Napa	Suburban	71,412	59	1,210
Novato	Suburban	47,630	14	3,402
Oakdale	Suburban	21,000	29	724
Pacifica	Suburban	38,390	24	1,600
Pleasanton	Suburban	70,000	27	2,593
Porterville	Suburban	39,615	22	1,801
Portland, OR	Suburban	536,240	300	1,787
Redding	Suburban	93,308	72	1,296
Roseville	Suburban	102,191	85	1,202
Salinas	Suburban	152,677	118	1,294
Santa Maria	Suburban	99,553	109	913
Santa Rosa	Suburban	168,000	141	1,191
Tracy	Suburban	82,922	62	1,337
Union City	Suburban	60,000	16	3,750
Vacaville	Suburban	88,625	51	1,738
Visalia	Suburban	96,000	100	960
Windsor	Suburban	25,920	12	2,160
Woodland	Suburban	50,614	43	1,177
			Average	1,613
Bakersfield	Urban	328,692	391	841
Fremont	Urban	209,000	84	2,488
Fresno	Urban	490,000	439	1,116
Las Vegas	Urban	607,876	821	740
Milpitas	Urban	67,500	35	1,929
Modesto	Urban	200,000	175	1,143
Mountain View	Urban	73,100	31	2,358
Oakland	Urban	400,000	667	600
Palo Alto	Urban	62,299	112	556
Pittsburg	Urban	63,264	67	944
Redwood City	Urban	75,402	37	2,038
Reno	Urban	225,221	168	1,341
Sacramento	Urban	460,242	679	678
San Francisco	Urban	856,095	998	858
San Jose	Urban	1,006,892	1165	864
San Leandro	Urban	85,000	46	1,848
San Mateo	Urban	94,650	114	830
Sparks, NV	Urban	86,000	61	1,410
Stockton	Urban	290,000	406	714
Vallejo	Urban	125,000	126	992
			Average	1,214



Per Capita Indicators

Minimum 457
Maximum 3750
Average 1,613

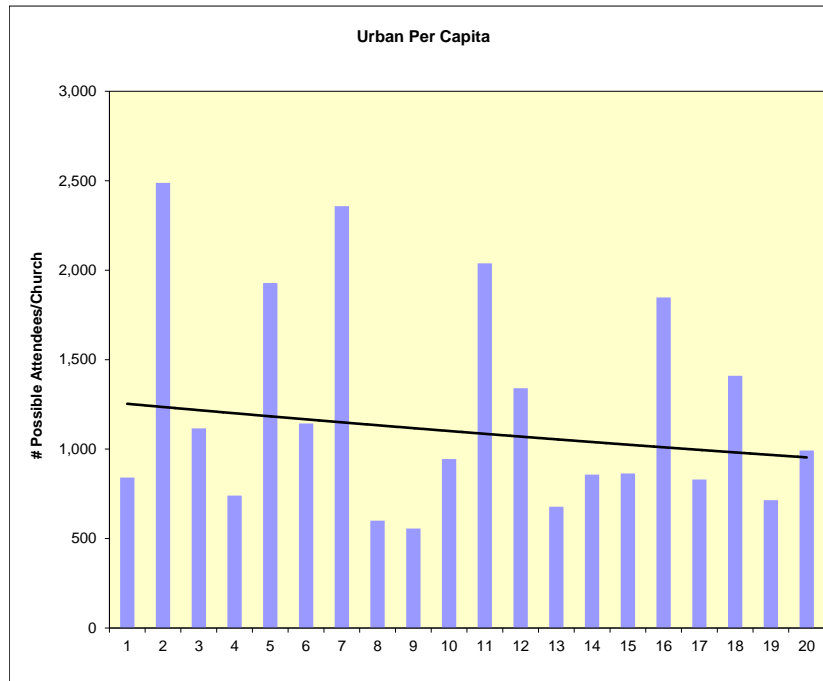
Suburban

Minimum 556
Maximum 2,488
Average 1,214

Urban

Minimum 364
Maximum 898
Average 627

Rural



CONCLUSION:

The City of Oakland is reported to currently have some 600 churches within the City Limits. Currently the population for the City of Oakland is rounded to some 400,000 people. Oakland has a per capita of some 666 people per church, which falls just below the norm for the area. It appears that the City's number of churches is within the range for an urban area. Multiple denominations exist in the City which lowers the per capita, due to ethnic influences which results in several denominations of different dialect within the City Limits. This is not unusual for an urban center like Oakland.



Highest and Best Use

Introduction

A highest and best use analysis identifies the most probable and profitable competitive use the subject property could be used for. Since economic conditions change, a property's highest and best use changes as well. This analysis is an essential step in the determination of market value because it forms a framework for the proper selection of comparables.

The "Dictionary of Real Estate Appraisal", fourth edition, copyright 2002 by the Appraisal Institute defines this term on page 135 as:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and results in the highest value. The four criteria the highest and best use must meet are legally permissible, physically possible, financially feasible, and maximum productivity."

A highest and best use analysis identifies the most reasonably probable and appropriately supported use of the property appraised. Since supply & demand and market conditions can change, a property's highest and best use may change as well. This analysis is an essential step in the determination of market value. Market dynamics determines a property's use and an appraisal values the use. Practically speaking, a highest and best use analysis forms a framework for the proper selection of comparables.

There are four main tests in a highest and best use study, which are:

- 1) legal permissibility - governmental requirements and limitations like zoning and private deed restrictions are considered
- 2) physical constraints like size and shape are weighed
- 3) financial feasibility is ascertained via either an implied or calculated method
- 4) maximum productivity is determined

If more than one use survives the first three tests, then the use that produces the highest appropriately supported, positive value with the least risk is the highest and best use.

Highest and best use analyses can be categorized into two different levels of detail.

- inferred and
- fundamental

This appraisal's type of analysis is disclosed below. A fundamental analysis forecasts future demand from projections of broad demographic and economic data like population, income, and employment. Existing supply is inventoried. Then the relationship of supply and demand is weighed to determine net demand. If net demand is positive, then more of that property type is needed. Of course, the opposite is also true.

An inferred analysis is based on local trends and patterns from which inferences are made. This type analysis presumes that recent past trends will continue for the near future. Sale prices, number of competitive listings, marketing intervals, and / or price changes for other similar properties infer there is adequate demand for the subject at a price level congruous with this data. An inferred analysis emphasizes historical data while a fundamental analysis is based on expected future occurrences.



There are two types of highest and best use - “as though vacant” and “as though now improved”. The former presumes the land is vacant and available for development. The latter considers whether the building should be retained as is, renovated, remodeled, repaired, enlarged, demolished, or converted to an alternate use.

Identification of the "*ideal improvement*" is an essential element of highest and best use as now improved. If the property appraised has the same or similar attributes as the ideal, then the subject has no or minimal depreciation. Obviously, the opposite also applies. The ideal improvement is always new with no depreciation.

Zoning permits residential uses or related accessory uses – however the current use is a legal use. Nearby (interior) parcels are compatibly zoned while some of the parcels on Bancroft Ave are zoned for commercial uses. Physical attributes of the property appraised are well suited to serve the use selected below. Usage of the property in this manner produces a positive reward with acceptable risk. It is possible that a higher density use may be allowed if the City Planners were to approve such a use, however, the current zoning is RS. The City Planners may be more agreeable to a higher density residential zoning (as there are other properties in the area of higher density).

Following below are summary considerations used to form two highest and best use determinations for the property appraised.

Type of Highest & Best Analysis An Inferred Demand Analysis

Highest & Best As Though Vacant Land

Physical Use	Light industrial – commercial use
Timing of Physical Use	4+ years
Interim Use	Current use
Market Participants	
Most Likely Buyer	Small Developer
Most Likely User	Small investor

Highest & Best As Now Improved

Physical Use	Church campus
Timing of Physical Use	Immediate
Interim Use	Current use
Market Participants	
Most Likely Buyer	An owner-user
Most Likely User	An owner-user

This is proven with market data shown later herein. The worth of the land as if vacant is some \$217,600, and the property as is has a market value of \$500,000. There is little doubt the existing improvements significantly and positively contribute to value. Therefore, the highest and best use “as though now improved” is continuation of its present use.

In light of the foregoing highest and best use determinations, land and building comparables were selected with the same or similar highest and best use. This data was used to frame a value opinion for the property appraised.



Land Value

Introduction

The best method of valuing vacant land is the sales comparison approach. In an appraisal, the real estate being appraised is referred to as the “subject” or “subject property”. Properties possessing characteristics that are physically and locationally similar to the subject are called “comparables” or “comparable sales”. This approach compares prices, terms, and features of similar properties that sold. Differences are noted. Dissimilarities between the subject and comparables are categorized into elements of comparison. To compensate for dissimilarities, adjustments are applied to the sale prices of the comparable sales. Then, a value opinion for the subject is reconciled from the range in adjusted sale prices. The resultant value opinion is called "Market Value" or "Value in Exchange".

Factors considered most important while forming an opinion of land value include:

- ◆ Prominence of location
- ◆ Date of sale
- ◆ Size and usefulness
- ◆ Availability of utilities
- ◆ Utilities
- ◆ Topography
- ◆ As well as many other factors

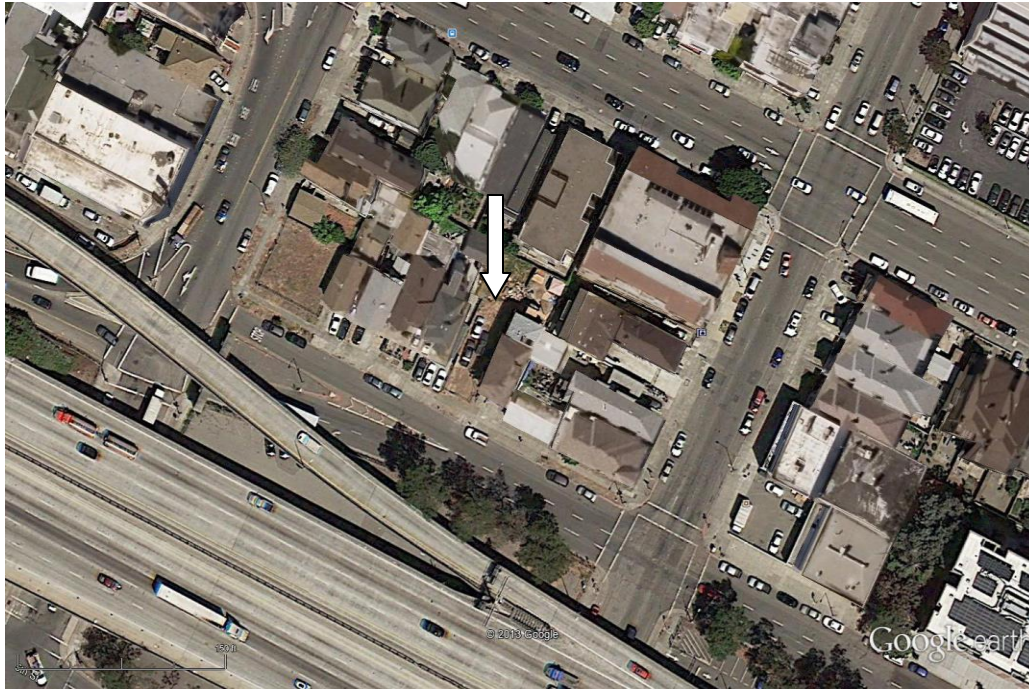
Numerous sales were reviewed, however, only those deemed most comparable were selected for detailed analysis. All conveyed on an “arm’s length” basis except if specifically noted otherwise. Land sales shown herein are presented on a dollar per square foot basis as a common denominator.

Comparables utilized represent a good bracket for developing a value conclusion of the subject, however it should be noted that vacant land sales in this fully developed area are rare.



Photographs of Land Comparables

(photo page 1)



Land Comp #1

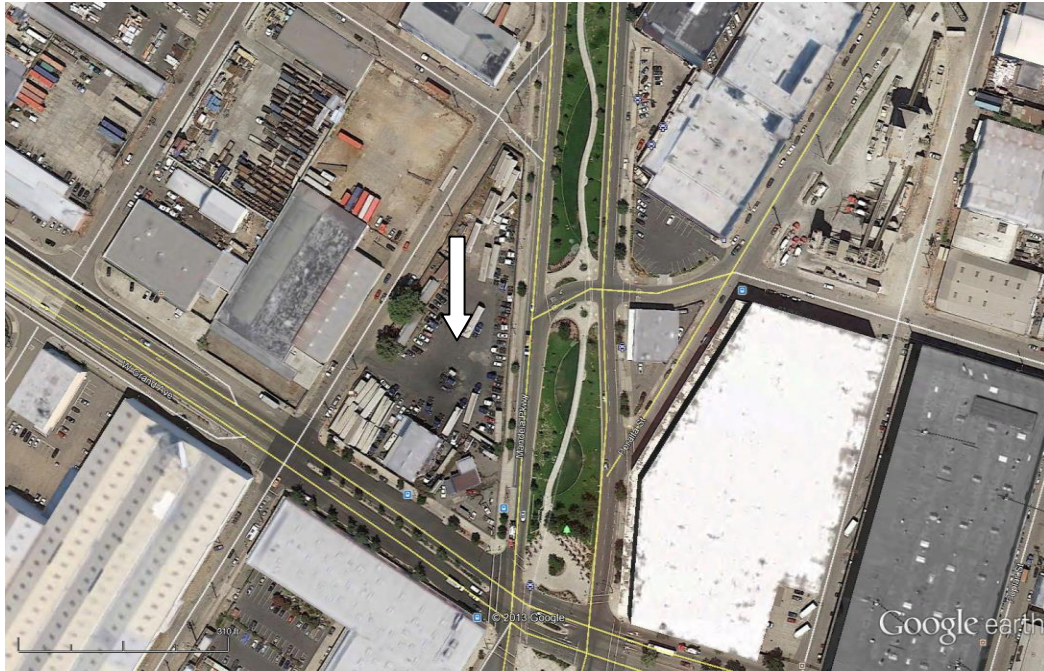


Land Comp #2



Photographs of Land Comparables

(photo page 2)



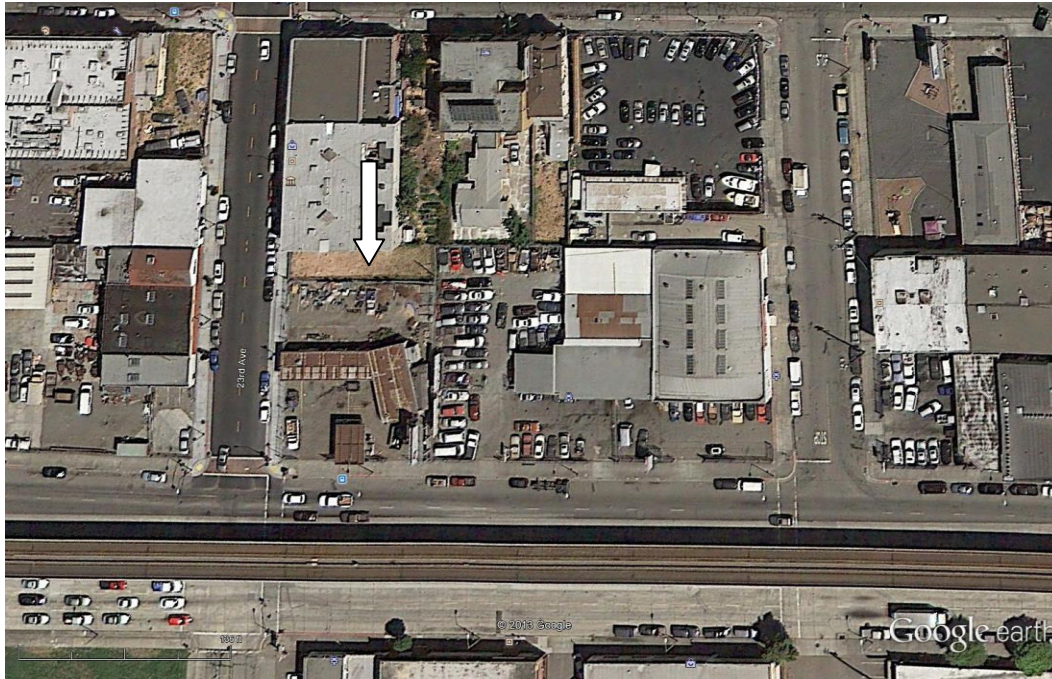
Land Comp #3



Land Comp #4



Photographs of Land Comparables
(photo page 3)



Land Comp #5



Land Value

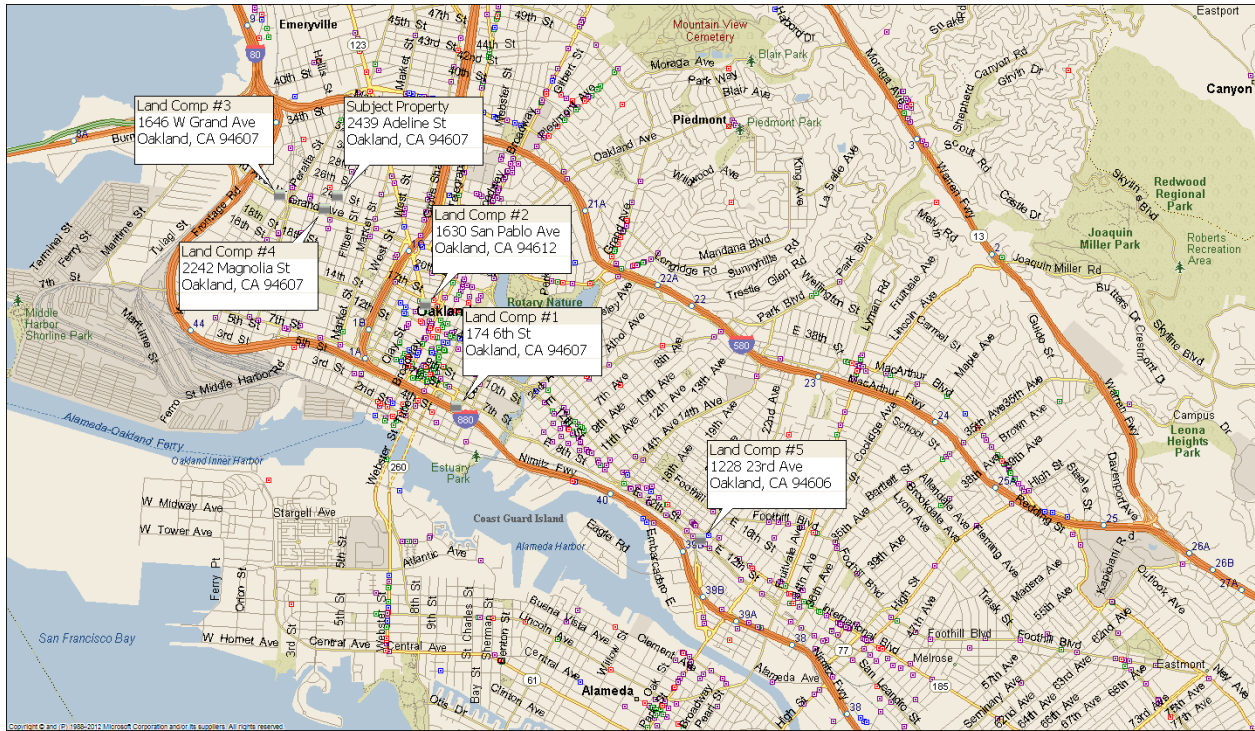
Quantitative Adjustment Grid

	Subject	Land Comp #1	Land Comp #2	Land Comp #3	Land Comp #4	Land Comp #5
Address City	2439 Adeline St Oakland	174 6th St Oakland	1630 San Pablo Ave Oakland	1646 W. Grand Ave Oakland	2242 Magnolia St Oakland	1228 - 23rd Ave Oakland
Current Use	As If Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land	Vacant Land
Buyer	N/A	Kirby Shum	San Pablo Commercial Center	Fleet 131 LLC	Active Listing	Active Listing
Seller	N/A	Ronald Gee	Rotunda Garage LP	W A & A M Langenhuizen Trust	Albert Sukoff	Edward De Avila & Patricia Perez-Arce
Information Source	Inspection	Loopnet; Real Quest	Costar/Comps; Real Quest; D# 170130	Costar/Comps; Real Quest D#42044	Loopnet/Broker Anne Bruff	Loopnet/Broker Ben Weinstein
Sale Price	n/a	\$110,000	\$152,000	\$2,400,000	Asking \$550,000	Asking \$95,000
Site Acres	0.15	0.06	0.09	1.84	0.37	0.06
Site Sq.Ft.	6,400	2,613	3,920	80,150	16,117	2,614
Sale \$ per Sq. Ft. Property Rights	NA Fee Simple	Fee Simple \$42.10 0%	Fee Simple \$38.77 0%	Fee Simple \$29.94 0%	Fee Simple \$34.13 0%	Fee Simple \$36.35 0%
Adjusted Sale Price Financing	Mkt Rate	100% Cash \$42.10 0%	100% Cash \$38.77 0%	Mkt Rate \$29.94 0%	Mkt Rate \$34.13 0%	Mkt Rate \$36.35 0%
Adjusted Sale Price Conditions of Sale	Typical	Typical \$42.10 0%	Typical \$38.77 0%	Typical \$29.94 0%	Typical \$34.13 0%	Typical \$36.35 0%
Adjusted Sale Price Expendit. After Sale	None	None \$42.10 -5%	None \$38.77 0%	None \$29.94 0%	None \$34.13 0%	None \$36.35 0%
Adjusted Sale Price Date of Sale	Observation date 6/23/2013	5/23/2013 \$40.00 0%	5/5/2013 \$38.77 0%	1/30/2013 \$29.94 0%	Active Listing \$34.13 0%	Active Listing \$36.35 0%
Adjusted Sale Price		\$40.00	\$38.77	\$29.94	\$34.13	\$36.35
Location	Oakland	Oakland 0%	Oakland 0%	Oakland 0%	Oakland 0%	Oakland 0%
Site Sq.Ft.	6,400	2,613 -15%	3,920 -15%	80,150 10%	16,117 5%	2,614 -15%
Shape	Rectangular	Rectangular 0%	Roughly rect 0%	Rectangular 0%	Rectangular 0%	Narrow Rectangular 10%
Terrain Slope	Level	Level 0%	Level 0%	Level 0%	Level 0%	Level 0%
Utilities	On site	Rdly Avail 0%	Rdly Avail 0%	Rdly Avail 0%	Rdly Avail 0%	Rdly Avail 0%
Zoning	CIX-1/S-19	CBD-4 0%	CBD-C 0%	CIX-1 0%	CIX1 0%	CIX2 0%
Entitlements	No	No 0%	No 0%	No 0%	None 0%	None 0%
Traffic exposure	Thorofare	Thorofare 0%	Thorofare 0%	Thorofare 0%	Thorofare 0%	Thorofare 0%
Total Adjustment		-15%	-15%	10%	5%	-5%
Subject Value Per Sq. Ft.		\$34.00	\$32.95	\$32.93	\$35.84	\$34.53
Indicated Subject Value		\$217,600	\$210,900	\$210,800	\$229,400	\$221,000
Min Unit Value	\$32.93					
Max Unit Value	\$35.84					
Range	8.8%					



Land Value

Land Sales Location Map



Comparables #3 and #4 are located closest in proximity to the subject. Subject is located in a town which has been fully developed for many years. The infrequent vacant land sales is typical in an urban area like Oakland.



Land Value

Analysis & Conclusions

The subject site and all foregoing sales have similar zoning as the subject and were considered the most recent and the most similar sales transactions from within the Oakland marketplace. Adjustments to compensate for dissimilarities between the subject and the cited comparables are applied where necessary. Comparables with superior amenities required a downward adjustment (when compared to the subject), while the comparables with inferior amenities than the subject required an upward adjustment. Four closed sales and two active listings were determined to be the most similar properties to compare to the subject. The land value is based on the premise that the value of the subject's land, as if vacant.

<u>Property Rights</u>	No adjustments are necessary for this element of comparison.
<u>Financing</u>	No adjustments are necessary for financing.
<u>Market Conditions</u>	This is an adjustment for change in value due to change in market conditions. It is commonly referred to as a time adjustment, but this is misleading. Value does not change simply due to the passage of time. Values fluctuate due to changes in market conditions, so this adjustment compensates for change in market conditions between a sale's transaction date and a later point in time. All cited comparables occurred during the period where there was no change of market; therefore, there was no market condition adjustments (as substantiated with the active listings).
<u>Location</u>	Each property was rated to the subject for locational aspects such as value growth potential, access, and general desirability. Those transactions with superior locations were adjusted downward and vice versa. In this case, none of the comparables required a location adjustment. Comparables utilized are from competing areas of similar economic appeal as the subject.
Property Size	Property size is an influential variable. Comparables chosen for this analysis were the most similar sized comparables currently available. Comparables #1, #2, and #5 are significantly smaller than the subject; resulting a downward adjustment. In accordance with the principle of diminishing returns (the larger the parcel the lower the price per square foot). Upward adjustments were made for the two larger comparables (#3 and #4). Subject is well bracketed.
Zoning	Great care was given in the selection of land comparables. Each of the comparables utilized are zoned similar commercial or CIX zoning. No adjustments were necessary.
Shape	Comparable #5 is configured in such a manner that the site's build ability is questionable. #5 is some 25' in width, therefore, the optimum purchaser would be a property located contiguous to #5. An upward adjustment is made for the inferior configuration (very narrow site).

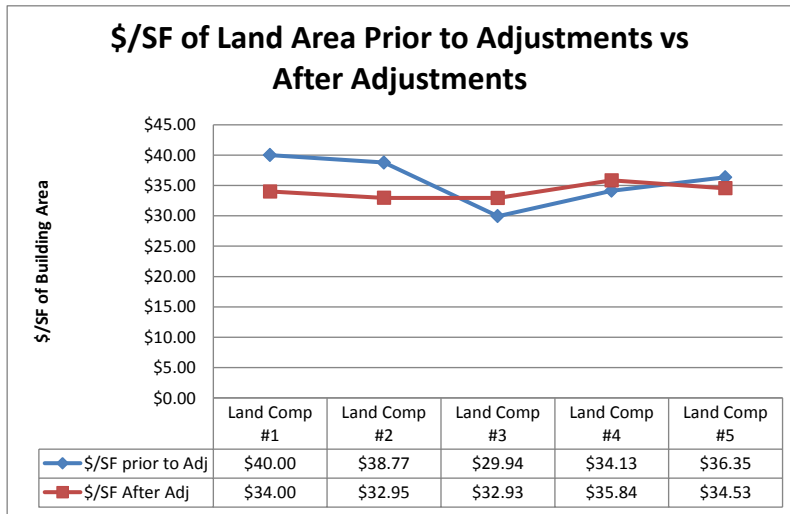


RECONCILIATION OF LAND VALUE:

The subject's land value has been considered based on its legally permitted uses. The included four comparables and two active listings were the best comparables out of the transactions of land sales zoned similarly to the subject in the Oakland area. The included sales were the most recent and most similar of the available sales from the surrounding market area.

Had there been additional and/or alternate closed sales more similar to the subject, they would have been either included or addressed herein. The following graph will illustrate the differential between the \$/SF prior to the adjustments versus after adjustments.

The indicated value after adjustments is minimal for comparables #1 and #2. #3 and #4 have higher indicators. Most weight was given to #1 and #2.



The indicated value range is illustrated to be \$32.93 to \$35.84 per sq. ft. The active listings have an indicated value of between \$34.53 to \$35.84 per square foot. The listings should illustrate the uppermost of the value range for the property under appraisal. Most weight was given to Comparables #1, #2, and #3 and substantiated by #4 and #5. After consideration of all factors pertaining to and influencing land values, the following is selected as the most fitting value indication for the subject parcel as though vacant. Accordingly,

Subject Land Area	6,400	Sq. Ft. @	\$34.00	Per Sq. Ft. =	\$217,600
<i>Indicated Market Value of the Land As if Vacant Via Sales Comparison, Say</i>					\$217,600



Cost Approach

Introduction

The cost approach is a multi-step process that is detailed below.

- Preparation of a current reproduction or replacement cost estimate for all the subject's physical improvements. This cost can be attained from former appraisals of similar new buildings, a professional cost estimator, knowledgeable contractor, or cost estimating reporting services.
- From total cost new, an amount must be deducted for depreciation. Depreciation is a loss in value due to any cause. It can be classified into three main types - physical deterioration, functional obsolescence, or external obsolescence.
- The depreciated value or contributory worth of site improvements, like paving, fencing, and sidewalks, is next estimated.
- Land value is then approximated, usually via sales comparison.
- Finally, land value, the depreciated cost of the main improvements, and the depreciated worth of the site improvements are totaled to derive a value estimate via the cost approach.

Depreciation

Physical deterioration is an adjustment for wear and tear. In this report, this allowance was based upon the age-life method. The first procedure divides the building's effective physical age by its total physical life thereby producing a percentage estimate. Subject reflects normal wear and tear due to good maintenance practices.

Depreciation Info Worship Center	Min	Max	Avg
Effective Physical Age (Yrs)	23	28	25
Total Physical Life (Yrs)	65	65	65
Physical Deterioration (%)	35%	43%	38%
Implied Effective Age	25	Yrs based on all forms of depreciation	

Remaining Life 40 Years

(The Physical Depreciation Figure is calculated via the Insurable Value (which excludes site costs) multiplied by the percent of the age/life calculation of 38%.

Functional obsolescence is a penalty, as recognized by the marketplace, for inefficiency within the borders of the property being appraised. An example is an inefficient floor plan or a building improperly positioned on a site. No functional inadequacies were apparent.

External obsolescence is a penalty, as recognized by the marketplace, for an adversity outside the borders of the appraised property. As an example, unpleasant odors originating from a garbage-dump often causes value to decline for all nearby property types. No external inadequacies were apparent.

The above depreciation calculations is based on the age/life method of the estimation of the physical depreciation of the structure, which is a typical method used within our industry.



Cost Approach

Value Indication

Cost Data From Marshall & Swift - April 2013

Section 16	
Quality	Average
Class	Religious/D
Occupancy	Church w/Classrooms

Worship Center	\$78.93	Section 16, pg 8			
Adjustments				<i>Multipliers</i>	
Climate (HVAC)	2.25			Floor - Area Perimeter	1.000
Kitchen	1.75			Story Height	1.000
Baptistry	0.00			Current	1.050
Pews (padded seats & backs)	1.50			Local	1.380
Adjusted Base Cost	\$84.43			Composite	1.449
Multi-Story Multiplier	1.00				
Adjusted Base Cost	\$84.43				

				<i>Worship Center</i>	<i>Parking</i>
Adjusted Base Cost				\$84.43	\$225.00
Times Composite Multiplier				1.449	1.449
Total Hard Cost Per Sq.Ft.				\$122.34	\$326.03

REPLACEMENT COST NEW:

Worship Center	3,778	SqFt @	\$122.34	=	\$462,197	\$/sf gba
Parking	0	Spaces @	\$326.03	=	\$0	
Landscaping, Playground, Modular Bldg, Paving, Etc				=	10,000	
PRELIMINARY REPLACEMENT COST NEW				=	\$472,197	\$ 124.99
PLUS Soft Costs (not included in M & S manual)						
Misc: Financing charges, consultants, impact fees, etc.			10.00%	=	47,220	\$ 12.50
TOTAL REPLACEMENT COST NEW				=	\$519,417	\$ 137.48
LESS DEPRECIATION						
Physical Depreciation		=	\$0	=		
Worship Center	38%	=	-\$177,768	=		
Functional Obsolescence	0%	=	\$0	=		
External Obsolescence	0%	=	\$0	=		
TOTAL DEPRECIATION		=	-\$177,768	=	-177,768	\$ (47.05)
Depreciated Cost of All Improvements				=	\$341,649	\$ 90.43
PLUS Land Value	6,400	SqFt @	\$34.00	=	\$217,600	
Indicated Value of the Improved Property				=	\$559,249	\$ 148.03
INDICATED AS IS VALUE VIA THE COST APPROACH (ROUNDED)					\$560,000	\$ 148.23



SALES COMPARISON APPROACH

Introduction

The sales comparison approach is based upon the Principle of Substitution. This principle contends an informed buyer would pay no more for a property than the price of acquiring an equally desirable substitute in an open, competitive market.

In an appraisal, the real estate being appraised is referred to as the "subject" or "subject property". Properties possessing characteristics that are physically and locationally similar to the subject are called "comparables" or "comparable sales". This approach compares prices, terms, and features of similar properties that have sold. Differences are noted. Dissimilarities between the subject and comparables are categorized into elements of comparison. To compensate for dissimilarities, adjustments are applied to the sale prices of the comparable sales. Then, a value estimate for the subject is reconciled from the range in adjusted sale prices. The resultant worth estimate is called "Market Value" or "Value in Exchange."

The Sales Comparisons Analysis is generally the most reflective, direct indicator of buyer and seller activity. In order for this Analysis to provide indications of value trends, there must be sufficient, verifiable, comparable property sales. The Sales Comparison Analysis required the investigation of an array of somewhat comparable sales. The comparables cited within this report are deemed to be the most recently closed and most similar in physical attributes overall.

In order to attempt to discover trends with value differentials must be revealed from the marketplace. After this discovery, elimination of comparables which a typical purchaser would not consider are discarded. The remaining comparables provide an illustration of market considerations. Each comparable is then "adjusted" or a value differential is measured. Should the comparable have superior attributes than the subject, then a downward adjustment is applied; meanwhile, comparables with units of comparison of inferior attributes would result in an upward adjustment. The goal is to attempt to identify and correct the comparables to be as similar to the subject property as possible.

PAIRED SALES ANALYSIS

It is acknowledged that unless all comparables are identical in every manner except one, none are perfect for a true "paired sales analysis". Since this is not a perfect marketplace, it is rare for a "paired sales analysis" to be a viable method within an imperfect marketplace. The array of data within this report prohibited this appraiser from utilizing a "paired sales analysis" as a perfect match for the subject.

QUANTITATIVE ANALYSIS

In an imperfect, marketplace it is not common to find properties (especially income producing properties) with identical amenities. Therefore, an alternate way to estimate the units of comparison is via the "Quantitative Analysis". The "Quantitative Analysis" utilized statistics or graphic information to plot the observed trend for that component.



QUALITATIVE ANALYSIS

This technique interprets the market's observation of the individual units of Comparisons. Rather than utilizing a calculated adjustment, the comparables are classified as similar, superior, or inferior. This method is similar to the "paired sales analysis" without an exact numerical adjustment. The "relative comparison" is most helpful in many instances. A version of this method is the "ranking analysis", where the comparables are ranked in ascending or descending order to illustrate the relative position of the subject within the data.

UNITS OF COMPARISON:

Various "units of comparison" are appropriate for the different type of properties under appraisal. For instance, the Income indicators may not be appropriate for most residential type appraisals, nor a special use like a religious facility.

Within the use of "units of comparison" several methods are deemed acceptable by the industry standards. Namely, price per square foot gross building area, price per square foot net rentable area, price per seat, or other units which may be unique to the particular property. The main purpose of considering the "unit of comparison" is to consider the point of view of the potential purchaser. The analyst is to understand the component which provide the potential purchasers the logical consideration of how much to offer for the prospective property they are interested in. Each market has a unique factor, to a retail merchant the front foot of the building on a thoroughfare may be the indicator, while to the farmer the price per acre is more important.

Price per seat would be a good indicator, if accurate and consistent data were available. However, with the presence of generally unreliable data, the appraiser must proceed to another more reliable indicator, namely price per square foot. This price includes primarily the sanctuary, offices and classrooms. Additional outbuildings (pastor's house, residential units, etc.) are not considered within the unit of comparison but are considered as additional "out-buildings". The "paired sales analysis" provides a mathematical equation between at least two nearly identical properties - the items of difference is then calculated based on the market's perception of importance. This is an excellent method, however, it is rare to find comparables which fully qualify for such an analysis, however, in conjunction with a Quantitative and/or Qualitative Analysis the Units of Comparison provide the most dependable indicators of market derived data.

Some of the following transactions may have employed favorable financing. As used herein, the term favorable financing means some type of debt arrangement the buyer could not reasonably have obtained from a disinterested third party lender. Those transactions utilizing favorable financing were adjusted to a cash basis. Cash equivalency adjustments are required by USPAP and FIRREA. All sales conveyed on an "arm's length" basis unless specifically noted otherwise. An "arm's length" transaction is an agreement between unrelated parties with typical motivations in a competitive market.

Numerous conveyances were considered on a preliminary basis. Those cited in this appraisal report were judged most comparable. They are presented to exhibit their sale prices per square foot of above grade building area including the land.



COMPARABLE SALES

The following pages will illustrate the four (4) most recently closed sales PLUS one (1) active listing of similar use from within the subject market area. When analyzing “special use” properties, it is not uncommon to utilize data up to five years prior in order to attempt to observe a trend. Such a specialized marketplace as church sales do not typically have the same motivations as other marketplaces (say residential, commercial or industrial properties) - in that light the fluctuations of value are not nearly as extreme for church properties; since the use and motivation to purchase the property is based on anticipated use and ministry. Most prospective churches in the market for a new church home attempt to purchase a property which exceeds their current needs. In many cases they opt for a property which can provide the facilities for a 10+ year plan, especially for larger churches who plan for the long term of 20+ years or more. Most churches move only once or never move from their current location. The primary motivation to expand to a larger facility is a generally due to a rapid expanding ministry which cannot be contained on the current site. The adverse effect of a church on a substandard property could reduce the membership due to the potential of “overcrowding”. The decision to move a church is financial and physically major consideration. Therefore, re-sale of church properties are rare, especially large churches. Since the re-sale of church properties are rare, then we can also consider the units of comparison over a several year period to be credible as value indicators.

Likewise, the market area for a church is typically much larger than the typical area. In this case, this appraiser interviewed several churches regarding membership. The information regarding membership primarily was centered around the distances that the attendees will drive to attend their church. Consistently, it was discovered that the church populace will not be discouraged from attendance with a commute of some 30 minutes. Each of the comparables utilized are located within the subject or adjacent counties which are also considered to be within areas of similar appeal to the subject. When a comparable is utilized due to the overall similarity to the improvements, and if the location typically has a significantly higher or lower land or location consideration from the market, the appropriate adjustment is made for the location.

The following sales illustrate the best comparables found in the area, from which an analysis of the marketplace could be made. Had there been additional and/or more recently closed sales, this appraiser would have gladly incorporated that data into this report and analysis.



Photographs of Improved Comparables
(photo page 1)



Comp #1



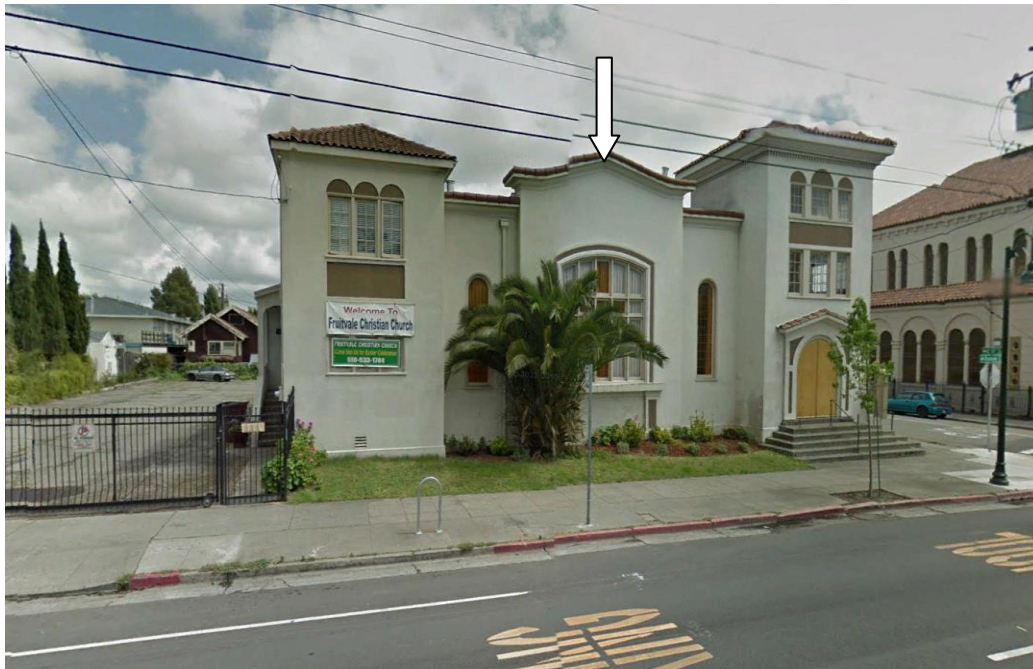
Comp #2



Photographs of Improved Comparables
(photo page 2)



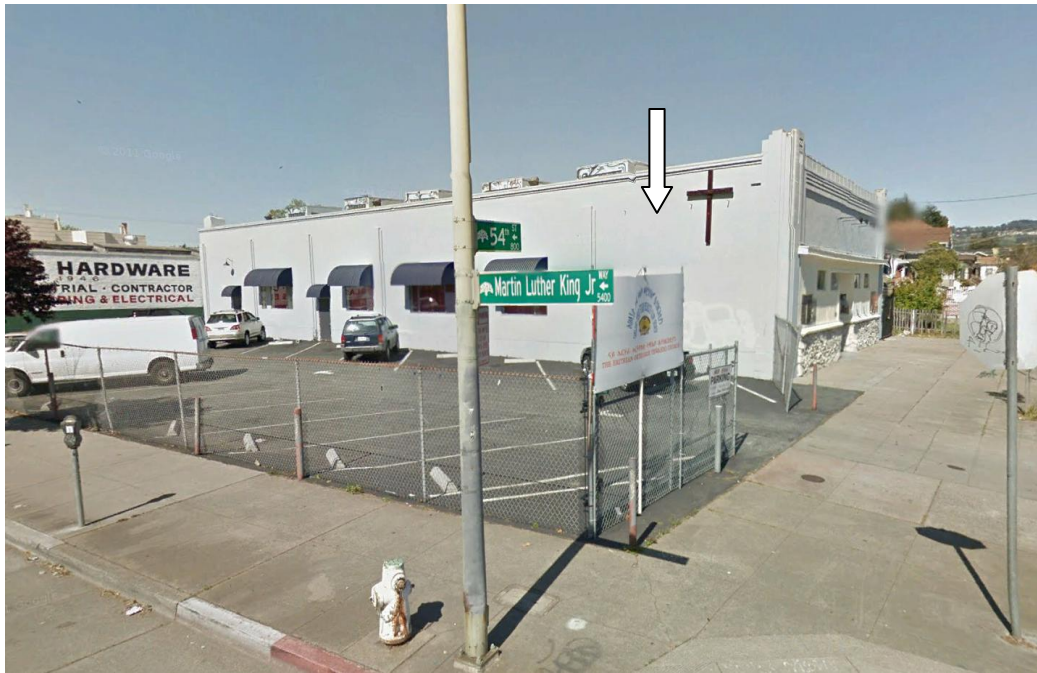
Comp #3



Comp #4



Photographs of Improved Comparables
(photo page 3)



Comp #5



Comp #6



Photographs of Improved Comparables
(photo page 4)



Comp #7



Comp #8



Sales Comparison Approach

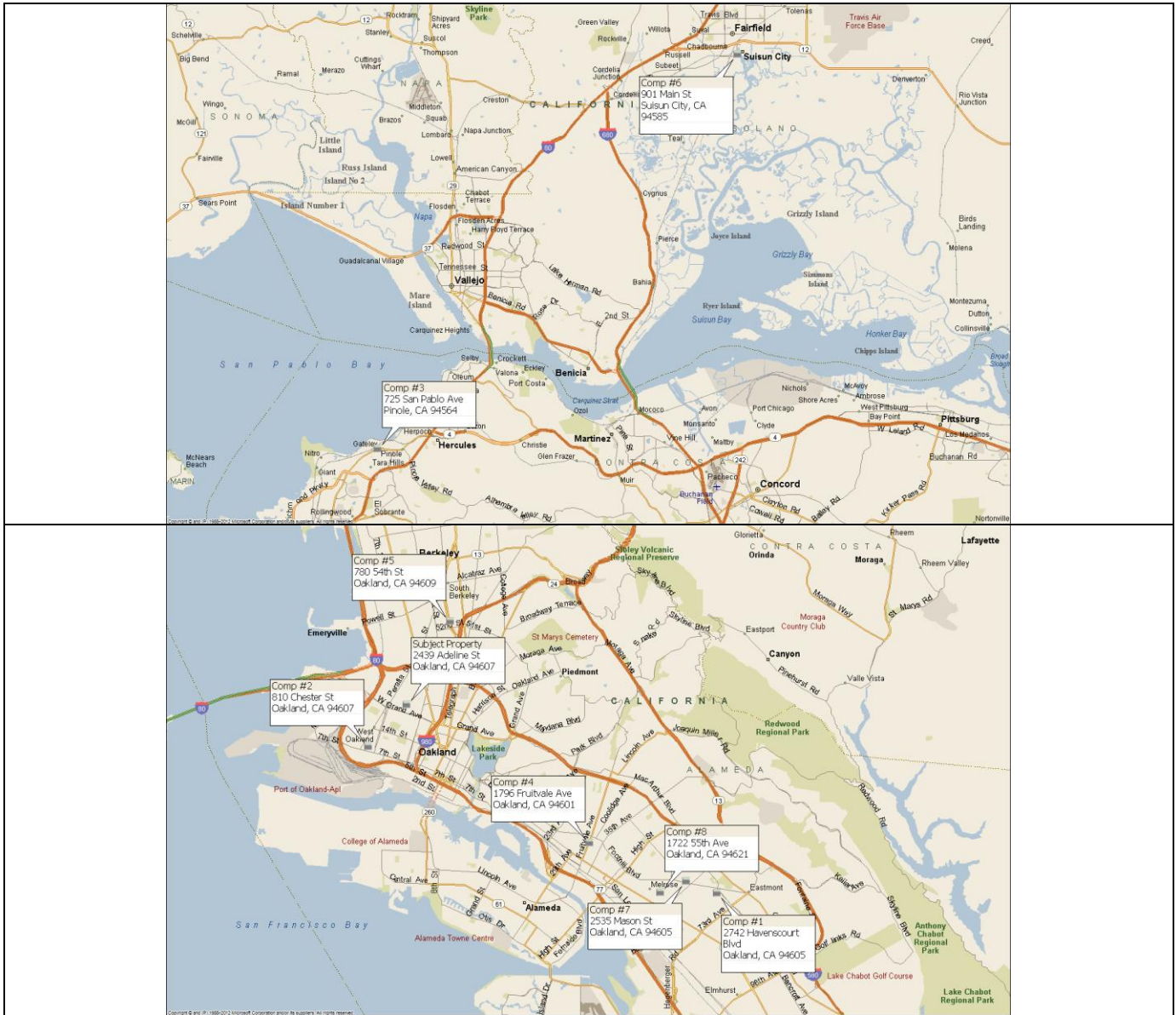
Qualitative Data Table

	Subject	Comp #1	Comp #2	Comp #3	Comp #4	Comp #5	Comp #6	Comp #7	Comp #8
Address	2439 Adeline St Oakland	2742 Havenscourt Blvd Oakland	810 Chester St Oakland	725 San Pablo Ave Pinole	1706 Fruitvale Ave Oakland	780 - 54th St Oakland	901 Main Street Suisun City	2535 Mason St Oakland	1722 55th Avenue Oakland
Buyer	na	Ying Liu and Chun Hua Zhang	DNR Investments of the Bay LLC	Krishna Reddy	Debra Selam Iyessus Ethiopian CDF Holdings LLC	Joy Coyle, John & Ambrette	Active Listing	Active Listing	Active Listing
Seller				Gabi Christian Ministries		Enfranch Orthodox Church	Christian Science Society	Temple of Peace Evangelical Baptist Church	Praises of Zion Missionary Baptist church
Source	Inspection	Costan/Comps; Real Quest; Doc #168918	Costan/Comps; Real Quest; Doc #080751	Loopnet; Real Quest	Costar; Comps; Real quest	Loopnet; Real Quest	Loopnet; Broker (City Point Realty); Real Quest	Loopnet; Broker (City Point Realty); Real Quest	Inspection 2013 by KMI; Broker; Seller; Real Quest
Describe & Use	Church Campus	Small Church Campus	Former single family home & real store converted to church	Church Campus	Traditional, Older church	Church Campus	Older Church Campus	Older Church Campus	Church Campus
Sale Price	n/a	\$275,000	\$429,000	\$560,000	\$800,000	\$760,000	\$399,000	\$535,000	\$750,000
Land Acres	0.15	0.07	0.06	1.56	0.45	0.31	0.19	0.14	0.35
Land SF/F	6,400	3,223	2,749	120,234	19,798	19,504	8,171	6,003	15,390
Abr. G/ Bldg S/Fr	3.778	2,000	4,946	4,086	9,222	6,100	2,300	4,462	6,912
Sale \$ Per S/Fr	NA	\$137.50	\$86.74	\$137.05	\$86.75	\$124.59	\$173.48	\$119.90	\$108.51
Property Rights	Fee Simple	0%	0%	0%	0%	0%	0%	0%	0%
Adjusted Sale \$/SF	Mkt Rate	\$137.50	\$86.74	\$137.05	\$86.75	\$124.59	\$173.48	\$119.90	\$108.51
Adjusted Sale \$/SF	Financing	0%	0%	0%	0%	0%	0%	0%	0%
Conditions of Sale	Typical	Foreclosure	Typical	Typical	Foreclosure	Typical	Typical	Typical	Typical
Adjusted Sale \$/SF	None	None	None	None	None	None	None	None	None
Expend. After Sale	Effective Date	03/20/13	02/28/13	02/19/13	01/03/13	11/23/11	Active Listing	Active Listing	Active Listing
Date of Sale	Adjusted Sale \$/SF	\$137.50	\$86.74	\$137.05	\$112.78	\$130.82	\$173.48	\$119.90	\$108.51
Location	Oakland	Oakland	Oakland	Pinole	Oakland	Oakland	Suisun City	Oakland	Oakland
Bldg to Land Ratio	0.59	0.62	1.80	0.03	0.47	0.46	0.28	0.74	0.45
Building SqFt	3,778	2,000	4,946	4,086	9,222	6,100	2,300	4,462	6,912
Building Age (Yrs)	75 Years	75 Years	122 Years	35-40 Years	75 Years+	70 Years	70-90 Yrs	93 Years	70+ Years
Physical Condition	Ave-Good	Ave-Good	Ave-Good	Average	Average	Average	Very Good	Ave-Good	Average
Construct Quality	Average	Average	Average	Average	Average	Average	Average	Average	Average
Gym/Kitchen	Kitchen (SFR)	Kitchen (SFR)	Kitchen (SFR)	Kitchen	Kitchen (SFR)	Kitchen	Small Kt	Kitchen	Kitchen
Parking	Street	Street	Street	40+ Spaces	30 Spaces	60 Spaces	5 Spaces	None	5 Spaces
Traffic Exposure	Thordlare	Interior	Interior	Thordlare	Thordlare	Thordlare	Interior Resid	Interior Resid	Arterial
Total Adjustment	0%	-5%	5%	-5%	5%	10%	-22%	15%	25%
Indicated Subject Value / SqFt	\$137.50	\$134.45	\$137.70	\$130.20	\$129.70	\$137.36	\$135.31	\$137.89	\$135.64
Indicated Subject Value - Net	\$519,500	\$508,000	\$490,000	\$491,900	\$490,000	\$518,900	\$511,200	\$520,900	\$512,400



Sales Comparison Approach

Sales Location Map



Improved Sales Comparables bracket the subject's location. Comparable #3 and #6 are the furthest in proximity. The balance of the comparables are located in the City of Oakland.



Sales Comparison Approach

Analysis & Conclusions

The subject and all cited sales are recent sales or listings of similar properties located in the Oakland area or northerly in the Solano County area. This analysis utilized four closed sales and three active listings of which demonstrated the range of value for the subject. Four closed sales occurred during 2013 and the older sale included occurred in 2011. The three active listings represent the upper end of the value range and were given lesser weight. The undersigned appraiser personally has inspected Comp #8. The resale of such properties is not a frequent factor; therefore, the use of comparables from outside the immediate market area was required to develop a consensus of the market for this type of property. Data utilized is the most similar, most recent with the most comparable uses.

Property Rights

No adjustments are necessary for this element of comparison.

Financing

No adjustments are needed for financing.

Conditions of Sale

An adjustment for conditions of sale compensates for unusual buyer or seller motivations that influence sale price. For instance, when a seller gives the buyer an atypical rebate, discount, credit, or something of value to induce a conveyance, it is logical to deduct the worth of the giveback from the sale price. In this case – Comparable #4 was a foreclosure sale by the lending institution who had taken back the property which was security for the prior loan. In an effort for a quick sale, #4 was listed at a price to reflect liquidation value. An upward adjustment is applied for this condition of sale.

Expenditures Post Sale

This is a situation when a buyer is compelled to invest monies in a property immediately after acquisition for some atypical reason. Post-sale invested sums are customarily added to a comparable's sale price, which produces an adjusted sale price. Examples are demolition costs or building-code compliance costs. No adjustments were required for this line item.

Market Conditions

This is an adjustment for change in value due to change in market conditions. It is commonly referred to as a time adjustment, but this is misleading. Value does not change simply due to the passage of time. Values fluctuate due to changes in market conditions, so this adjustment compensates for change in market conditions between a sale's transaction date and a later point in time. All cited comparables conveyed between November, 2011 and this report's effective value date. Values for religious properties increased slightly between 2011 and 2013; therefore, an upward adjustment was made to comparables #5.

Physical Attributes

The prior adjustments (if any) are in relation to the transaction and are calculated prior to the analysis of the physical differences. This is common appraisal procedure. A myriad of physical characteristics can affect value. Some examples are lot size, building size, physical condition of the building, functionality, and visual appeal. Those sales with superior physical qualities warrant downward adjustment and vice versa.

Location

Each property was rated to the subject for locational aspects such as value growth potential, access, and general desirability. Only Comparable #6 was located in a location considered slightly superior to the subject. #6 received a downward adjustment. Other comparables utilized in this report are considered to be similar in location to the subject; no adjustments were required.

Building to Land

The building to land ratio (B:L) is an index reflecting land use intensity and is also referred as Site Coverage. The smaller the percentage, the more land available for building expansion, parking, green space, or storage.



The norm for a church and/or school campus is to have between 10% to 30% coverage. Comparables #1, #3, #4, #7 and #8 were considered similar to the subject; no adjustments were necessary. #3 and #6 are superior to the subject, resulting in downward adjustments. #2 is significantly inferior, resulting in an upward adjustment.

Building Area

Comparables utilized bracket the subject. Comparables #1 and #6 are smaller in building area, resulting in a downward adjustment. Comparables #4, #5 and #8 are significantly larger than the subject, hence the upward adjustments. Comparables #2, #3 and #7 were considered to be most similar in building area; no adjustments were required. Subject is well bracketed.

Condition

The subject was observed to be in average to good condition, most similar to #1, #2 and #7. #3, #4, #5 and #8 were reported and/or observed to be in inferior condition, resulting in an upward adjustment. #5 is of superior condition, resulting in a downward adjustment.

Quality

Subject and all the comparables were considered to be similar to the subject; no adjustments were required.

Parking

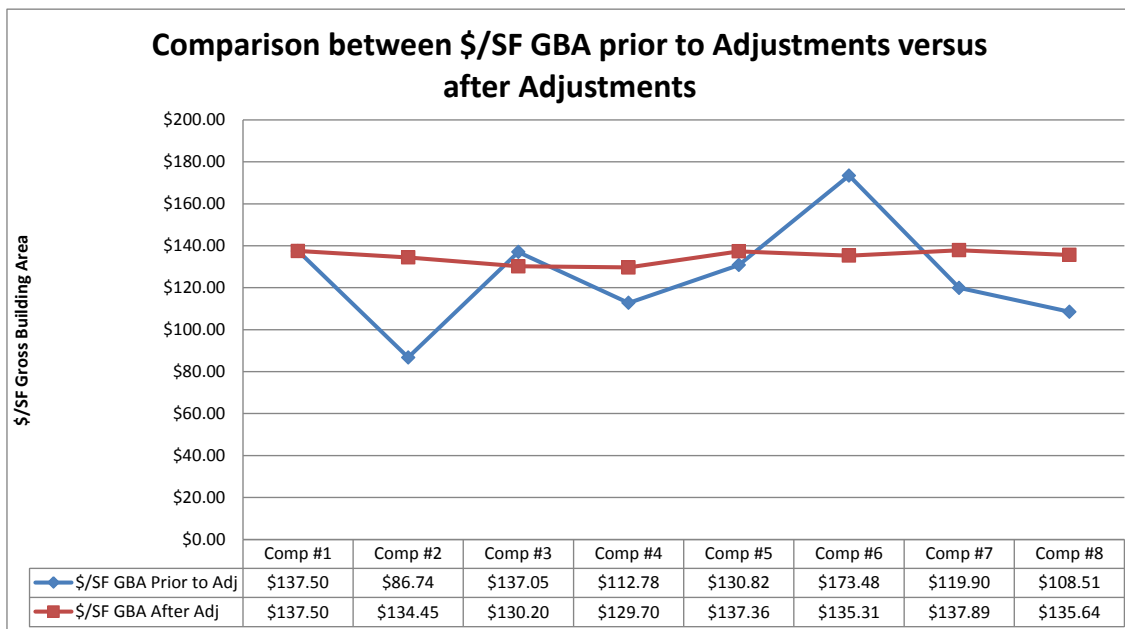
It is not uncommon for "neighborhood" churches to have minimal parking. In fact, it is not uncommon for urban churches to have no on site parking. In this case, the subject lacks on-site parking; similar to #1, #2 and #7. Downward adjustments were made for #3, #4, and #5.

Traffic Exposure

Church campus properties prefer to be located on a thoroughfare street where the community can easily see the signage and the parking lot. Comparables #1, #2, #6, #7 and #8 are inferior to the subject; receiving upward adjustments.

Analysis & Conclusions

Needed adjustments were explained above. These adjustments have been quantified and are shown in the prior table. Most of the adjustments were substantiated by the marketplace; however, some of these adjustments are based upon the appraisers' professional judgment when data was insufficient to enable market extraction. The following graph allows for the reader to observe the differential between the \$/SF prior to adjustments versus the \$/SF after adjustments.





FINAL RECONCILIATION AND MARKET VALUE CONCLUSION:

During reconciliation, strengths and weaknesses of each developed approach are considered. Adequacy and relevance of the data is weighed. Differences between approaches are examined, rationalized, and resolved when possible. From the various value indications, one is selected as most pertinent and reliable.

Valuation Method Most Likely Used by Potential Purchasers: The sales comparison approach.

Existing structural improvements are considered a legal, conforming use with the Conditional Use Permit in Place. A highest and best use analysis “as though now improved” concluded the current use would yield the greatest net return to the land. However the Highest and Best use as if Vacant concluded a residential subdivision would be the highest and best use. Using the two most appropriate approaches to value, the following value indications were developed.

<i>Value Indications</i>	<i>“As Is”</i>
Cost Approach	\$560,000
Sales Comparison	\$500,000
Income Approach	Not applicable

A cost approach provides an approximation of the depreciated reconstruction cost of the improvements. Added thereto is the worth of the land as though vacant. This approach is most applicable for new, or like new structures due to less uncertainty when estimating reconstruction cost or depreciation, if any. As building age increases, depreciation based on visual observation, becomes subjective. Additionally, the transference of real estate is seldom negotiated on a depreciated cost basis. Most buyers and sellers of religious properties recognize that the cost to construct a property may exceed the use of an existing structure (adapted for their future use). Therefore, since the market does not consider this a primary valuation indicator, the cost approach was considered, although, that indicator was given secondary weight in this report.

In the sales comparison approach to value, sales of similar type properties are compared to the property being appraised. This approach is very significant because it directly reflects the actions of buyers and sellers in the marketplace. It reflects economic conditions, acceptance, or rejection of various features, and trends of general desirability. This methodology is a true measure of supply and demand, accounting for all influential forces affecting the market. The sales comparison method is the primary method utilized by buyers and sellers of religious properties, as it is a valuation method which is based on actual transactions which have occurred in the marketplace. It is acknowledged that the resale activity of religious properties are infrequent, therefore, the use of data may be from outside the subject’s immediate market area. Therefore, this value indication was given primary credence in this report.



The income approach is most appropriate where the primary acquisition criterion is a flow of income dollars. This methodology forecasts income that is converted into value via capitalization. It is not very appropriate for properties bought by an owner / user. An owner / user generally purchases real estate for his / her own occupancy and use. Net income and capitalization rates are of little importance to this buyer type. There are circumstances where a religious entity may lease out their property to a different religious entity when the owners are not utilizing the property. This type of lease is based on weekly or hourly use and is based on an agreement between the two entities versus market data. In addition the income derived for a church entity is based on tithes and offerings. Tithes and offerings are an income which is attributable to the entity, but is not income which is attributable to the land and the improvements under appraisal. It is not standard appraisal procedure to utilize the income approach for a church campus property. Therefore, the income approach is not utilized in this appraisal report.

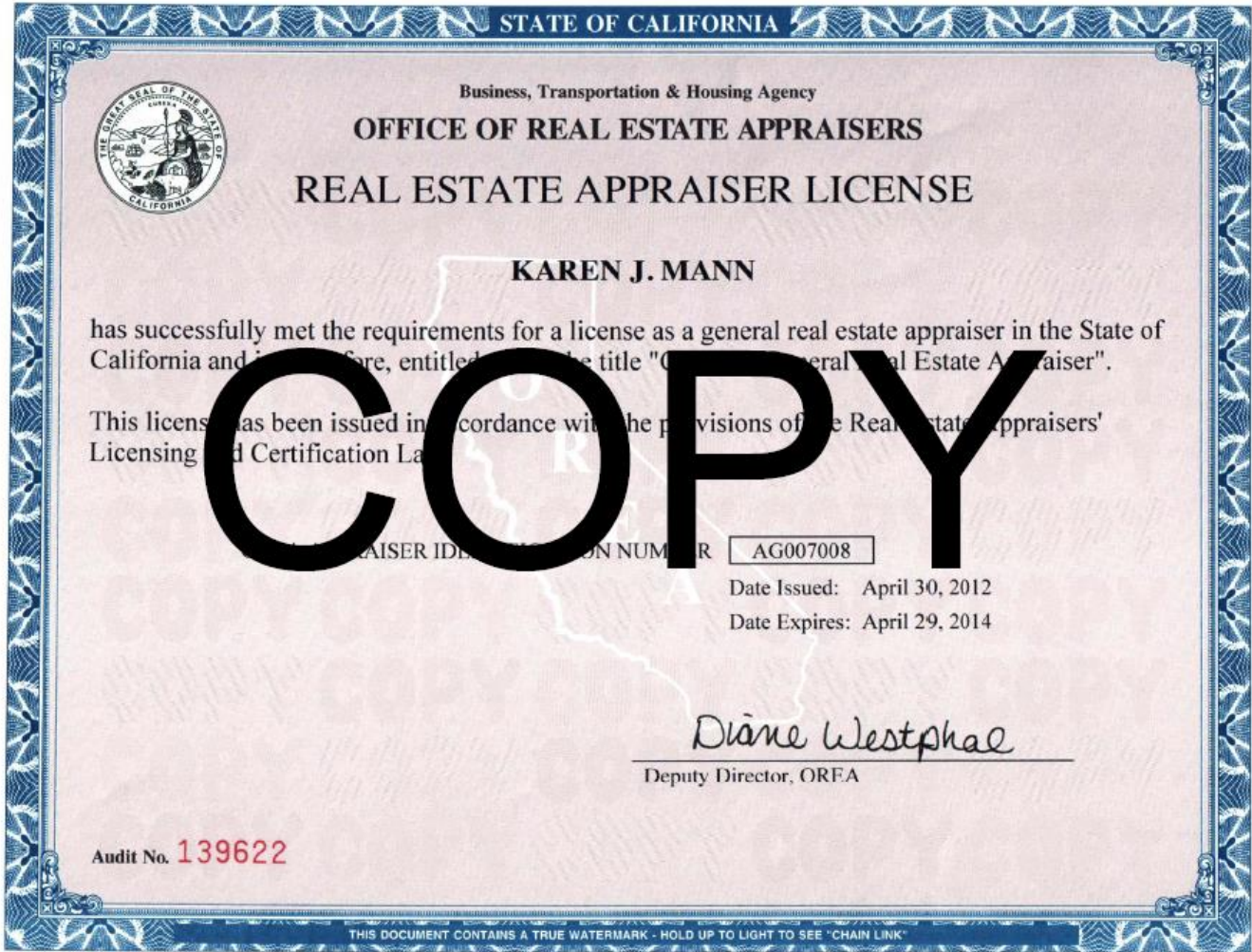
The aforementioned individual value conclusions were derived through the application of acceptable appraisal principles, concepts, and techniques as addressed earlier in this report.

The final value conclusion is a blending of factors to which the typical buyer would give the most consideration. I have therefore formed the opinion that the Market Value of the "As Is" Fee Simple Interest in the subject property as of June 23, 2013 is:

"AS IS" FEE SIMPLE INTEREST VALUE
FIVE HUNDRED THOUSAND DOLLARS
\$500,000



Appraisal License





Professional Resume

Resume and credentials of
KAREN J. MANN
ASA-Urban & Residential
SRA, MRICS
 STATE CERTIFIED - GENERAL APPRAISER
 www.mannappraisal.com
 California License #AG007008 - Exp April 29, 2014
 Nevada License #04541 (Cert. General) - Exp February, 2015

PROFESSIONAL ORGANIZATION MEMBERSHIPS & POSITIONS:

Appraisal Institute, Senior Residential Appraiser designation (SRA) – 1987

2007 – Vice Chair – Leadership Development & Nominating Committee
 2005-2007 National – Leadership Development and Nominating Committee
 2005-2007 National Committees – Education Committee
 2003-2005 Chapter Services Chair, Region I
 2002 Northern California-Chapter President
 2001 Northern California - Chapter Vice President
 2000 Northern California - Chapter Treasurer
 1999 Northern California - Chapter Secretary
 2002-2005 National Committee-Education Publication
 2003-2005 National Committee – Chapter Services Committee
 1998-2004 National Committee - Residential Admissions Board
 1995-2001 National Committee - Communications Committee
 1995-2001 National Committee - Public Relations Committee
 1994-2003 Region I Representative
 1994 South Bay Chapter President
 1993 South Bay Chapter 1st Vice President
 1992 South Bay Chapter Secretary
 1990-96 South Bay Chapter Director
 1989-96 Chairman of Vendors Faire and Monterey Bay Appraisal Seminar
 Reviewer of The Dictionary of Real Estate Appraisal, Fifth Edition

American Society of Appraisers, (Awarded 2 designations as follows)

ASA -Urban / Commercial - 1996 ASA – Residential 1986

1995-96 Chapter 42 (San Jose Chapter) - President
 1994-95 Chapter 42 (San Jose Chapter) - 1st Vice President
 Active Chapter member since 1986 – San Jose and San Francisco Chapters
 Real Property Committee member (2007-2014) (Participate in running of ASA RP Discipline)

- Speaker – Hollywood National Meeting (8 hour seminar developed)
- Education Trained

ASA- CA – Chairperson (California coalition for lobbying efforts in the State of California) (appointed 2012)

Royal Institution of Chartered Surveyors, Awarded MRICS designation in 2009

Largest International Valuation and Related Studies organization

- Real Property Committee Member of the Americas (2011 – 2012)

FEWA – Forensic Expert Witness Association, Member

Sacramento/Sierra Chapter, Chairman (2012/2013)
 Course: April, 2012 – SEAK Expert Witness (3 days), Las Vegas, NV

NEBB Institute Member since 2006

Business Valuation and Machinery & Equipment

PROFESSIONAL AWARDS AND OTHER ASSOCIATION SERVICE & AFFILIATION

- APPRAISAL FOUNDATION
 - Served on SEC committed regarding effects of Financing Concessions (2011)
- Delegate to Romania to meet with appraisers from that country– American Society of Appraisers (1994)
- YMCA - Fremont & Newark-Board of Members (1985-1991) Hall of Partners (1991-93)
- Golden West F. C. U. - Board of Directors (1988-1990)
- LEADS Club - Leader of the Year (1990 & 1991)
- Member of Bay East MLS Association
- Chamber of Commerce - Fremont - Board of Directors (1997-2001)
- Chamber of Commerce – Discovery Bay – Board of Directors (2004-2006)
- Chamber of Commerce – Discovery Bay – General Member
- Graduate of Leadership 2000 Program - Fremont Chamber of Commerce (2000)
- Discovery Bay Yacht Club – Rear Commodore (2008 – 2009) & Vice Commodore (2010), Commodore (2011) – Jr. Staff Commodore (2012) – Staff Commodore (2013)
 - Awarded the Blue Gavel – International Past Commodores Association



FEDERAL GOVERNMENTAL ADVISORY PARTICIPATION:

- Provided testimony regarding the "Appraisal Regulatory Process", June 2012 to the U.S. House of Representatives in Washington DC
 - (June 2012 Testimony was filmed and on C-Span)
- Provided testimony regarding the "causes and what I knew and when" about the current Federal Financial Crisis. The FCIC will then report to the President and Congress regarding the current financial/banking crisis (September, 2010) (see www.fcic.gov)
- Quoted in "The Financial Crisis Inquiry Report", authorized edition January 2011

EXPERIENCE:

- | | |
|---------------------|--|
| 1989-Present | President/Chief Appraiser of Mann and Associates – Appraisers & Consultants <ul style="list-style-type: none"> • A woman owned business – Incorporated in 1994 • Offices in Fremont, Discovery Bay, Brentwood and San Jose (2008) • Managed and reviews appraisals of my employees (up to 17 appraisers); continued education and developed business to flex with the economy. • Budgets and fiscal oversight, growth and goals • Oversee and develop operations for staff (clerical and appraisal) • Provide motivation and education to staff and self • Developed database system and developed a Virtual Office model for appraisers • Developed and implemented "state of the art" technology prior to the mainstream use of such technology • Expanded and contracted the physical firm as the market dictated • Provide financial support for advanced education opportunities to staff on a mandated annual basis • Provide appraisal services to an array of clients including attorneys, banks, mortgage brokers and CPA's. |
| May 1985-Sept. 1989 | Independent Fee Appraiser & Partner of Lidster-Mann Assoc. <ul style="list-style-type: none"> • Achieved Vice Presidency of the firm and shared all management responsibilities, with a special emphasis on review of appraisals, and the marketing of the firm's services. |
| 1983-1985 | Independent Fee Appraiser of Lidster Assoc. <ul style="list-style-type: none"> • Worked as a full time appraiser with emphasis on residential appraisals, with exposure and beginning training into the development of non-residential properties (ie land, churches, retail, industrial, ECT). |
| 1980-1982 | Apprentice/Trainee for Lidster Associates & Roessler Associates <ul style="list-style-type: none"> • Worked as a full time appraiser, with emphasis on residential appraisals, but with exposure to commercial properties as well. |

Expert Witness and/or 730 Expert in the following Courts (a variety of property types) – which included the preparation of an Appraisal Report, deposition and trial testimony (both bench and jury trials).

- Alameda County Superior Court
- Alameda County Tax Court
- Santa Clara County Superior Court
- Contra Costa Country Superior Court
- San Francisco Superior Court
- Marin County Superior
- FEWA Forensic Expert Witness Association, Member

VALUATION EXPERIENCE:

(Estate, Dissolution, Lending, Expert Witness for Court or Arbitration, and Partial Interest Valuations)

- Multi-Family Residential (2-4 Units), Apartments (5 – 200 Units)
- Single family Residences (Approximately 11,000 appraisals)
- Vacant Land
- Construction Loans
- Commercial properties
- Office Buildings, Retail Buildings, Medical Buildings or Condominiums
- Religious Properties; Church and/or School campus in 4 States – Traditional configuration and non-traditional configuration with former uses including movie theaters, retail centers, industrial properties, schools, bowling alleys, and other unusual former configurations (more than 950 properties)
- Industrial Properties,
- Agricultural Properties
- RV Parks,



- Hospitality
 - Hotels/Motels (up to 200 rooms)
 - Bed & Breakfast facilities
- Automotive related
 - Car Washes
 - Auto Repair
 - Gas stations.
- Appraisal Review Services
 - Residential
 - Non-Residential (ie commercial, industrial, land, etc)
- Religious properties
 - Approximately 1,000 religious properties

OTHER

- Was appointed onto the CEO search committee for Appraisal Institute (one of 7 members of the organization) – 2006/7
- Appeared in the Technology Today - Video (1995) for the Appraisal Institute
- Was appointed to the 717 Task Force for Education (2004) – Appraisal Institute
- Was appointed to the Center for Property Economics - Planning (2001) – Appraisal Institute
- Chair of the Summer Conference – Residential Seminars – Toronto (2004) – Appraisal Institute
- Published “Beat the Clock and Make More Money” Published in VIP magazine for the Appraisal Institute (Fall, 2004)
- Was the subject of the feature article by US Chamber of Commerce High Tech Office (1994)
- Served on the merger “task force” for Northern California, San Jose, Monterey, Fresno, and Central Valley Chapters – Appraisal Institute
- Leadership Development coordinator of 2008 Retreat – San Francisco Chapter of ASA
- Authored the following Seminars
 - Beat the Clock and Make More Money
 - Incredible Income Opportunities for Residential Appraisers
 - Profitable Appraising
 - Building New Skillsets for Appraisers
 - How to Measure Buildings and Calculate the Building Areas
 - How to operate Virtual Office and why
 - Valuation of Religious Properties – it takes more than a Prayer
 - Vexing Valuation Issues – How to work with an Appraiser



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All opinions, analyses, and conclusions stated herein are intended for the exclusive use of our client as specified in this report, and other specifically identified intended users. Only the client and other specifically identified intended users may use this report for the sole purpose and intended use stated herein.

End of Report