Appraisal Report

Spokane RV Resort
1205 N. Country Club Drive
Deer Park, Spokane County, Washington 99006
47.971088, -117.446962

Report Date: October 7, 2019

FOR:

Spokane RV Resort Owners Association
Mr. Mike Greenberg
1205 N. Country Club Drive Lot 116
Deer Park, Washington 99006

Valbridge Property Advisors | Inland Pacific Northwest

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WA03-19-0426-000

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Mr. Mike Greenberg
Spokane RV Resort Owners Association
1205 N. Country Club Drive Lot 116
Deer Park, Washington 99006

RE: Appraisal Report
Spokane RV Resort
1205 N. Country Club Drive
Deer Park, Spokane County, Washington 99006

Dear Mr. Greenberg:

At your request, we have appraised the above-referenced property to form an opinion of the Contributory Value of the common area improvements as of September 19, 2019. We inspected the property that is the subject of this appraisal and report on September 19, 2019. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions. This letter of transmittal is not valid if separated from the appraisal report.

The subject of this appraisal is the common area parcels and improvements associated with the larger RV park operation. As of the date of this appraisal, the park consists of two blocks of ownership: (1) individual lot owners and, (2) Grapevine 7 (G7), the business entity that purchased lots and undeveloped/developable land in June 2019 for continued rental operation. Owners of each lot are required to pay monthly homeowners association (HOA) dues to maintain common areas. Grapevine 7 has a 76% controlling interest in the Resort Owner's association; the business entity has notified the HOA of their intent to separate from the Owner's Association by year end 2019.

The following analysis is of the common area amenities that are under the HOA ownership. We found no sales transactions of common area buildings with similar HOA restrictions selling in the open market that would provide a meaningful analysis; therefore, it was not possible to develop an indication of the contributory value of the common areas from an analysis of comparable sales. To develop our opinion of the value of the common areas, we analyzed the larger RV park as a rental operation in an "as is" scenario with the common area amenities, and under the hypothetical condition that the amenities did not exist. The difference in the two value indications is the contributory value of the common area improvements.

The common areas include the office, clubhouse, bath house, swimming pool, as well as the roads, street lighting, utilities infrastructure and other site improvements. This valuation is of the amenities (office, clubhouse, etc) and not the basic infrastructure since, without the basic infrastructure the RV park would not exist. Our analysis is the focus of the contributory value of the common improvements of the office, clubhouse, bath house, and pool area.

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client as we understand them.

The client for this assignment is Spokane RV Resort Owners Association. The intended user of this report is Spokane RV Resort Owners Association and no others. The sole intended use is for to assist in pricing the common area improvements for a transaction between the home owner's association and G7.

The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are subject to the General Assumptions and Limiting Conditions contained in the report. The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions which might have affected the assignment results:

Extraordinary Assumptions

- None

Hypothetical Conditions

- It is a hypothetical condition of this report that under Scenario 2, the common area amenities do not exist.

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

VALUE CONCLUSION

	Contributory Value of Improvements
Income Approach (As If Stabilized)	$1,050,000
Sales Comp. Approach (As If Stabilized)	$745,000
Contributory Value of Improvements RD	**$1,000,000**

Respectfully submitted,
Valbridge Property Advisors | Inland Pacific Northwest

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Table of Contents

Summary of Salient Facts

Property Name:	Spokane RV Resort
Address:	1205 N. Country Club Drive Deer Park, Spokane County, Washington 99006
Assessor's Parcel Numbers:	29361.1205, 29362.1201, 29362.1202, 29362.1203, 29362.1208, 29362.1801, 29362.1802, 29362.1803, 9362.1804
Property Rights Appraised:	Fee Simple, Contributory Value of Common Area Improvements
Zoning:	CD, Diversified Commercial
Site Size:	10.23 acres
Existing Improvements	
Property Type and Sub-Type:	RV Resort
Gross Building Areas:	

BUILDINGS COMPONENTS SUMMARY

Description	Measure	Assessed	Built
Office	1,209 sf	1,296 sf	2003
Pavilion	3,142 sf	3,100 sf	2003
Canopy		1,792 sf	2003
Laundry and Bath House	1,794 sf	1,847 sf	1999
Swimming Pool		650 sf	2003

Condition:	Average
Extraordinary Assumptions:	None
Hypothetical Conditions:	Yes, see body of report
Highest and Best Use	
As Improved:	The common area improvements contribute to the overall operation of the RV park as improved.
Date of Inspection:	September 19, 2019
Date of Report Preparation:	October 7, 2019

VALUE CONCLUSION

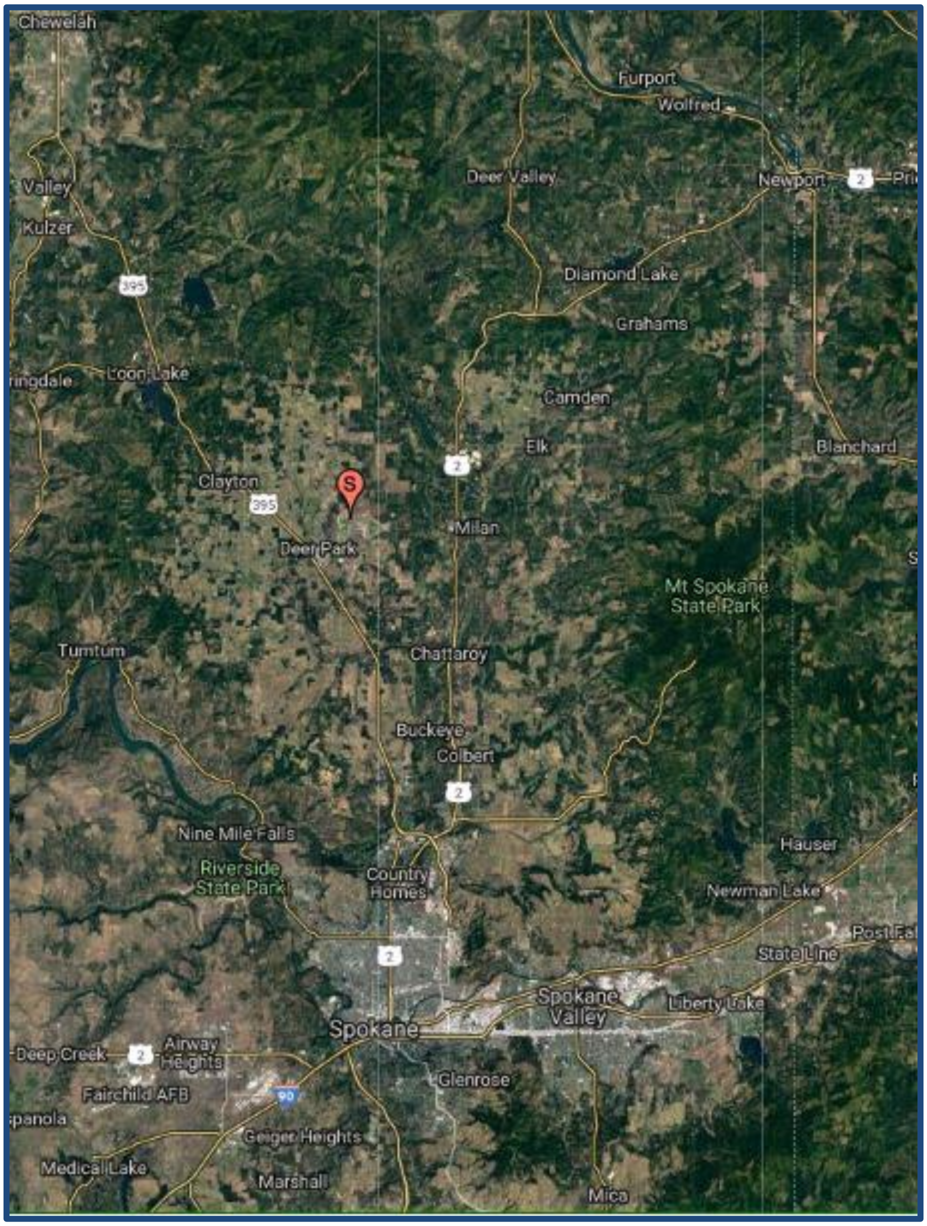
	Contributory Value of Improvements
Income Approach (As If Stabilized)	$1,050,000
Sales Comp. Approach (As If Stabilized)	$745,000
Contributory Value of Improvements RD	**$1,000,000**

Aerial and Front Views

AERIAL VIEW – ENTIRE RV PARK, COMMON AREA PARCELS IN YELLOW

FRONT VIEW – CLUB HOUSE AND POOL AREA

Location Map



Introduction

Client and Intended Users of the Appraisal

The client for this assignment is Spokane RV Resort Owners Association. The sole intended user of this report is Spokane RV Resort Owners Association. Under no circumstances shall any of the following parties be entitled to use or rely on the appraisal or this appraisal report:

i. The borrower(s) on any loans or financing relating to or secured by the subject property,

ii. Any guarantor(s) of such loans or financing; or

iii. Principals, shareholders, investors, members or partners in such borrower(s) or guarantors.

Intended Use of the Appraisal

The sole intended use of this appraisal and appraisal report is to assist in pricing the common area improvements for a transaction between the home owner's association and G7.

Real Estate Identification

The subject property is located at 1205 N. Country Club Drive, Deer Park, Spokane County, Washington 99006. The subject property is further identified by the tax parcel numbers: 29361.1205, 29362.1201, 29362.1202, 29362.1203, 29362.1208, 29362.1801, 29362.1802, 29362.1803, 9362.1804.

Legal Description

According to the Spokane County Assessor's Office the abbreviated legal description are as follows:
29361.1205 - SPOKANE RV RESORT CONDOMINIUMS 1ST AMEND TR "E" (AFN# 5962210) (SUBSERVIENT COMMON AREA)
29362.1201 - DEER PARK GOLF & COUNTRY CLUB CONDOMINIUMS TR "A" (OPEN SPACE)
29362.1202 - SPOKANE RV RESORT CONDOMINIUMS 1ST AMEND TR "B" (AFN# 5962210) (SUBSERVIENT COMMON AREA)
29362.1203 - SPOKANE RV RESORT CONDOMINIUMS 1ST AMEND TR "C" (AFN# 5962210) (SUBSERVIENT COMMON AREA)
29362.1208 - SPOKANE RV RESORT CONDOMINIUMS 1ST AMEND PRIVATE ROADS (AFN# 5962210) (PRIVATE LANES - SUBSERVIENT COMMON AREA)
29362.1801 - SPOKANE RV RESORT CONDOMINIUMS PHASE 3 TRACT "A" (AFN 6071993) (SUBSRVIENT COMMON AREA)
29362.1802 - SPOKANE RV RESORT CONDOMINIUMS PHASE 3 TRACT "B" COMMON ROAD (AFN 6071993) (SUBSRVIENT COMMON AREA)
29362.1803 - SPOKANE RV RESORT CONDOMINIUMS PHASE 3 TRACT "C" (AFN 6071993) (SUBSRVIENT COMMON AREA)

Use of Real Estate as of the Effective Date of Value

As of the effective date of value, the subject was an operating RV Resort property.

Use of Real Estate as Reflected in this Appraisal

The opinion of value for the subject as is reflects use as a campground, rv-trailer camp.

Ownership of the Property

According to Assessor Records, title to the subject property is vested in Spokane RV Resort Owners Association.

History of the Property

The common area lots have not transferred ownership in the past three years. Individual lots and the rental park operation have sold in the past three years. These buyers in turn become members of the Homeowner's Association which owns the common area parcels. The rental park operation (61 rental lots, 13 lots in Park B and 82 future development lots, plus a small amount of acreage to the east of the park currently pending a bind site plan) sold in June 2019 for $1,900,000 to G7.

Type and Definition of Value

The appraisal problem is to develop an opinion of the market value of the subject property. "Market Value," as used in this appraisal, is defined as "the most probable price that 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:

- *Buyer and seller are typically motivated.*
- *Both parties are well informed or well advised, each acting in what they consider their own best interests;*
- *A reasonable time is allowed for exposure in the open market;*
- *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *The price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale."*[1]

The value conclusions apply to the value of the subject property under the market conditions presumed on the effective date of value.

Please refer to the Glossary in the Addenda section for additional definitions of terms used in this report.

Valuation Scenarios, Property Rights Appraised, and Effective Dates of Value

Based on the scope of our assignment and our analysis of the property and the market, We have developed the following opinion(s) of value:

Valuation Scenarios	Effective Date of Value
Contributory Value of Common Area Improvements, Fee Simple Interest	September 19, 2019

We inspected the subject property on September 19, 2019.

[1] Source: Code of Federal Regulations, Title 12, Banks and Banking, Part 722.2-Definitions

Date of Report

The date of this report is October 7, 2019.

List of Items Requested but Not Provided

- None

Assumptions and Conditions of the Appraisal

This appraisal assignment and the opinions reported herein are subject to the General Assumptions and Limiting Conditions contained in the report and the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results.

Extraordinary Assumptions

- None

Hypothetical Conditions

- It is a hypothetical condition of this report that under Scenario 2, the common area amenities do not exist.

Assignment Challenges

The RV resort is a condominium lot RV park, with a large portion of the park under one ownership by Grapevine 7 and operated as a traditional rental RV park. The park amenities which include a main office, club house, pool/spa, laundry facility and common area restrooms and showers are located on common area parcels and are under the control and ownership of the Homeowner's Association. The appraisal problem is to determine the contributory value of the common area elements. The improvements are restricted to the use of the association. We found no sales during our research of common area buildings transferring ownership in an arm's length transaction in the open market. As such, we have analyzed the larger property as is with the current amenities, and under the scenario the amenities did not exist. The result is the contributory value of the common area improvements.

Scope of Work

The elements addressed in the Scope of Work are (1) the extent to which the subject property is identified, (2) the extent to which the subject property is inspected, (3) the type and extent of data researched, (4) the type and extent of analysis applied, (5) the type of appraisal report prepared, and (6) the inclusion or exclusion of items of non-realty in the development of the value opinion. These items are discussed below.

Extent to Which the Property Was Identified

The three components of the property identification are summarized as follows:

- Legal Characteristics – To determine the legal characteristics of the property, we reviewed zoning, Assessor's documents and maps.
- Economic Characteristics – To determine the economic characteristics of the subject property we analyzed the community and neighborhood, demand for properties similar to the subject, and analyzed properties with similar locational and physical characteristics.
- Physical Characteristics – To identify physical characteristics of the property, we inspected the property, referenced Spokane County Assessor's records, soils records, and other data.

Extent to Which the Property Was Inspected

We inspected the subject on September 19, 2019, and previously measured the improvements.

Type and Extent of Data Researched

We researched and analyzed: (1) market area data, (2) property-specific market data, (3) zoning and land-use data, and (4) current data on comparable listings and transactions. We also interviewed people familiar with the subject market/property type.

Type and Extent of Analysis Applied (Valuation Methodology)

We observed surrounding land use trends, the condition of any improvements, demand for the subject property, and relevant legal limitations in concluding a highest and best use. We then valued the subject based on that highest and best use conclusion.

Appraisers develop an opinion of property value with specific appraisal procedures that reflect three distinct methods of data analysis: the Cost Approach, Sales Comparison Approach, and Income Capitalization Approach. One or more of these approaches are used in all estimations of value.

- Cost Approach – In the Cost Approach, the value indication reflects the sum of current depreciated replacement or reproduction cost, land value, and an appropriate entrepreneurial incentive or profit.
- Sales Comparison Approach – In the Sales Comparison Approach, the appraiser analyzes rates and ratios from recent sales and/or listings of comparable properties in the market, adjusting for the impact of material differences in both economic and physical elements between the subject and the comparables.
- Income Capitalization Approach – In the Income Capitalization Approach, the appraiser capitalizes anticipated future income into an indication or indications of value. Capitalization

techniques include: direct capitalization, yield capitalization, more commonly known as discounted cash flow (DCF) analysis, and income multipliers (gross income multiplier or effective gross income multiplier).

We considered all of these approaches to value and assessed the availability of data and applicability of each approach to value within the context of the characteristics of the subject property and the needs and requirements of the client. Based on this assessment, we relied upon the Income Capitalization Approach and Sales Comparison Approach. The Cost Approach was not used because of the subjective amount of depreciation present and the lack of depreciation comparables. Additionally, similar income producing properties are not typically purchased based on their replacement cost. Therefore, it is our opinion the Cost Approach does not provide a reliable indication of Market Value. The exclusion of the Cost Approach does not weaken the validity of the appraisal conclusion. The extent of our analysis and the methodology of each approach is discussed in the respective valuation sections.

Appraisal Conformity and Report Type

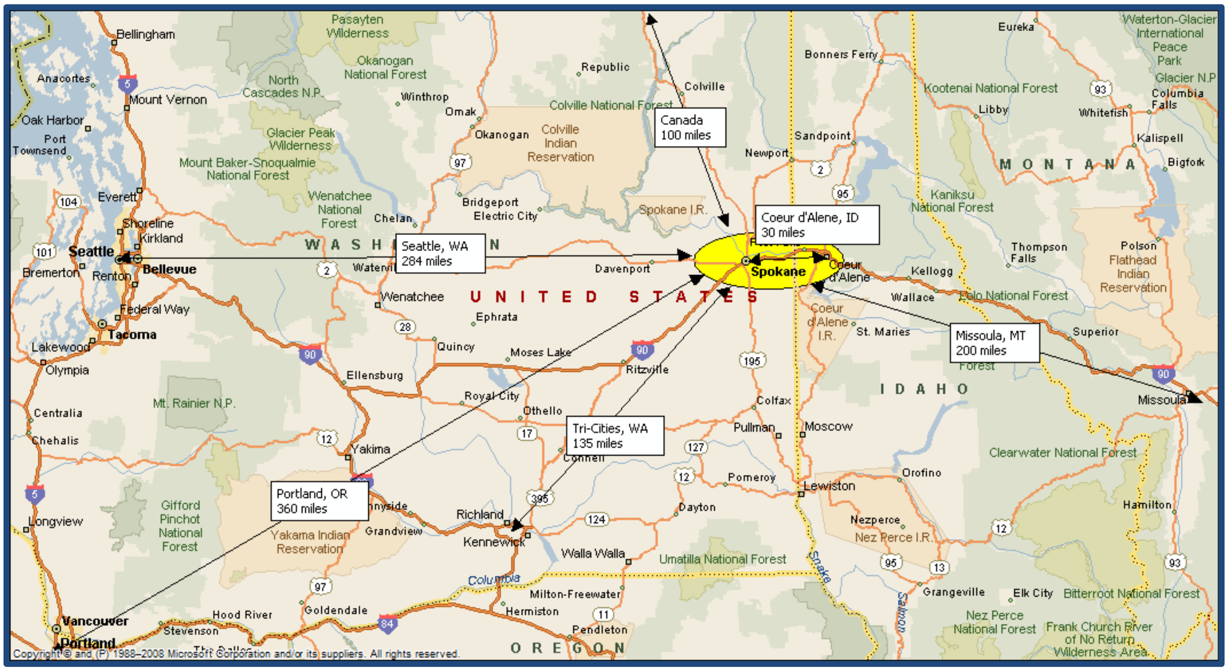
We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client as we understand them. This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2a.

Personal Property/FF&E

All items of non-realty are excluded from this analysis. The opinion of market value developed herein is reflective of real estate only.

Regional and Market Area Analysis

REGIONAL MAP



Overview

Spokane is the second largest city in Washington State, and the largest city in a region known locally as "The Inland Northwest," an 80,000-square-mile area spanning eastern Washington, the Idaho Panhandle, western Montana, and portions of two Canadian Provinces. Over 1.5 million people reside in the Inland Northwest. Spokane County, Washington; and Kootenai County, Idaho; form a metropolitan area with a combined population of over 600,000. Interstate 90 extends east and west through the metropolitan areas, connecting Spokane, Washington; and Coeur d'Alene, Idaho; located approximately 30 miles apart. The Spokane-Coeur d'Alene metropolitan area is the primary economic, service, retail, and cultural area in the region.

Population

Population levels and trends are presented in the table on the following page. Spokane County grew at a rate of 1.3% per year from 2000 to 2010. The 2019 population estimate for Spokane County from Site-to-do-Business is approximately 529,000 and is expected to grow at a rate of 1.2% per year through 2024. OFM also released 2019 population estimates for Spokane County, reported at approximately 515,000, a 1.4% increase over 2018 estimates. Both of these sources trend their data from the United States Census and both indicate a relative increase in population in the market. Spokane's growth rate is slower than Washington State, but far faster than the general growth in the United States.

Population

Area	2000	2010	Annual % Change 2000 - 10	Estimated 2019	Projected 2024	Annual % Change 2019 - 24
United States	281,421,906	308,745,538	1.0%	332,417,793	345,487,602	0.8%
Washington	5,894,121	6,724,540	1.4%	7,608,571	8,120,093	1.3%
Spokane County, WA	417,939	471,221	1.3%	528,652	561,569	1.2%

Source: Site-to-Do-Business (STDB Online)

Transportation

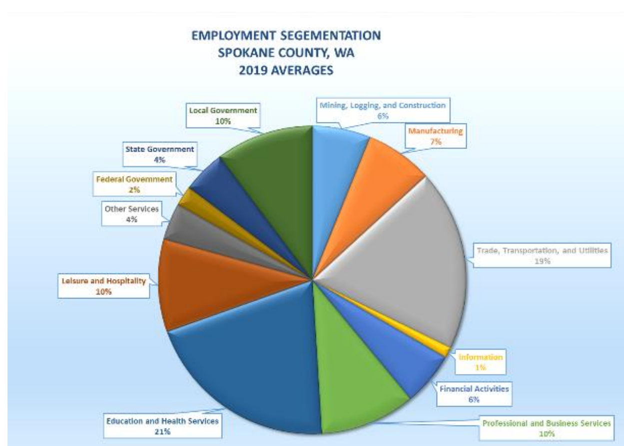
Interstate 90 (I-90) is the main transportation route to and through Spokane County. From its terminus in Seattle, I-90 extends easterly through Spokane, then to Coeur d'Alene, Idaho, Montana, and ultimately ending in Boston. Several routes to and through Spokane County including U.S. Highway 195 (U.S. 195) which extends south to Lewiston, Idaho, where it meets US 95, which continues to and through Boise. U.S. Highway 2 (U.S. 2) extends north through Newport, Washington; to Bonners Ferry, Idaho, before turning easterly and continuing through Montana, North Dakota, and Minnesota to Duluth.

U.S. Highway 395 (U.S. 395) extends south from Stevens County, through Spokane, and then the Tri-Cities area of south-central Washington State. US 395 currently runs along Division Street, Spokane's primary north/south commercial strip, but will shift to the North Spokane Corridor (NSC), a limited access "freeway" that is currently under construction east of the CBD. When completed in 2029, the 11-mile link will connect I-90 to northern Spokane. Although the interchange at I-90 will not be completed until 2029, the roadway is complete and drivable north of Francis Avenue and a drivable link to I-90 will be complete by 2027.

Employment

According to the Washington State Employment Securities Department, non-farm employment in the Spokane-Spokane Valley MSA averaged 254,400 in 2019, up 1.7% from 2018 averages and 8.7% higher than averages five years ago. By comparison employment in Washington State increased 1.7% in 2019 from 2018 and 8.7% in the past five years, driven largely by increases in the Seattle/Puget Sound area[2].

Employment by industry for the Spokane-Spokane Valley MSA is summarized in the adjacent graph. Service-related businesses account for over 86.8% of non-agricultural jobs. Of these, education and health services are the largest industries, accounting for 20.5% of non-farm employment. Spokane is a regional health care center serving eastern Washington, northern Idaho, and western Montana. Wholesale and retail trade account for 84% of employment in the Trade, Transportation and Utilities sector, reflecting Spokane County's position as a regional service center.



[2] In 2019, employment data is only indicative of the first half of the year.

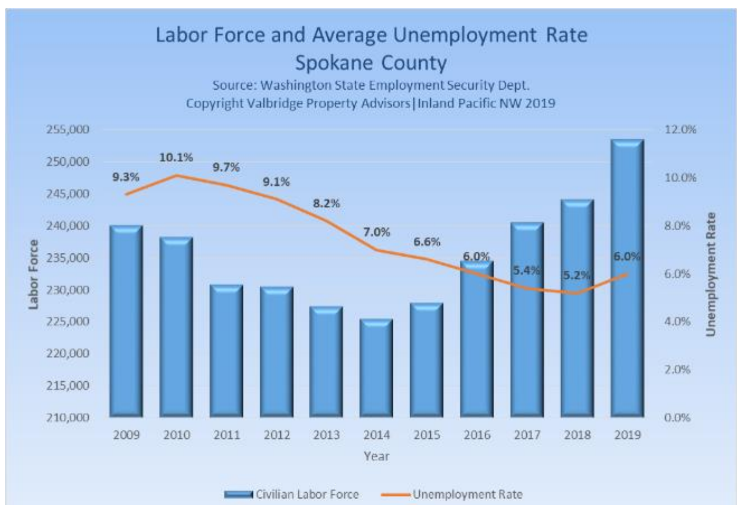
Federal, state, and local government combined, is the third largest sector, accounting for 16.8% of local employment. Of this sector, over 46.7% of employment is in state or local educational services. Fairchild Air Force Base, located just west of Airway Heights, is one of the area's largest employers with nearly 4,600 enlisted personnel, plus at least 1,400 civilians. In 2019, 12 additional tankers and 357 support personnel will be added to the 92nd Refueling Wing at Fairchild. The table on the following page presents employment at Spokane County's largest employers.

SPOKANE COUNTY MAJOR EMPLOYERS
RANKED BY NUMBER OF FULL-TIME EQUIVALENT EMPLOYEES

Organization	Sector	FTE	Organization	Sector	FTE
92nd Air Refueling Wing, (Fairchild AFB)[1]	Govt.	5,935	URM Stores, Inc.	Retail	1,384
Providence Sacred Heart Medical Center	Health	5,425	Eastern Washington University	Educ.	1,370
State of Washington	Govt.	5,100	Avista Corp.	Utilities	1,303
Spokane Public Schools	Educ.	3,568	Gonzaga University	Educ.	1,290
MultiCare Inland NW	Health	3,110	Community Colleges of Spokane	Educ.	1,241
City of Spokane	Govt.	2,174	Mead School District No. 354	Educ.	1,185
Spokane County	Govt.	2,124	Mann-Grandstall VA Medical Center	Health	1,120
Kallispel Tribal Econ./N. Quest Casino	Casino	1,882	ENGIE Insight	Consulting	1,018
Central Valley School District	Educ.	1,614	Kaiser Aluminum, Washington	Manufact.	950
Walmart Inc.	Retail	1,431	US Postal Service	Govt.	800

Source: Journal of Business-Book of Lists, As of November 1, 2018. Annually updated, FTE = Full Time Equivalent
[1]As of 11/1/17, Updated count not available

Labor Force and Unemployment



Spokane's labor force grew 7.33% between the years of 2010 and 2019, peaking at 253,407 midway through 2009. (With the onset of the Great Recession, the average labor force shrank, finally bottoming out in 2014.) Over the subsequent three years, the labor force slightly decrease but rose back to 6.0%. The unemployment rate decreased to at 5.2% in 2018. Recovery was slow initially but unemployment declined rapidly through 2014 and then more slowly, reaching 6.0% on average in 2019. Local businesses report difficulty filling vacant positions prompting competition and upward pressure on wages.

Median Household Income

As the table on the following page illustrates, median household income in Spokane is 76.4% of the Washington State average but 92.9% of the United States' average. The disparity reflects Spokane's high employment in lower-paying service-related industries compared to more high-tech and other higher paying jobs in the Puget Sound areas. Over the next five years, median household income in Spokane County is projected to grow at 4.0% per year. Median household incomes in Washington State and the United States are expected to grow at 3.1% and 2.9%, respectively, over the same time frame.

Median Household Income

Area	Estimated 2019	Projected 2024	Annual % Change 2019 - 24
United States	$60,548	$69,180	2.9%
Washington	$73,627	$84,987	3.1%
Spokane County, WA	$56,227	$67,612	4.0%

Source: Site-to-Do-Business (STDB Online)

Likely Trends – Short Term

Migration from larger markets spurred Spokane's economic growth from 2003 through 2006, driving demand for homes, recreational properties, and retail goods and services. With the onset of the Great Recession, economic growth slowed in 2007 and stalled in subsequent years. Manufacturing, construction, and retail sales declined in each year from 2008 through 2010, while local unemployment neared record levels.

The recovery in markets such as Seattle, Washington; Portland, Oregon; and Boise, Idaho; started earlier and has been stronger than in Spokane. Despite this fact, Spokane's recent growth approaches unprecedented levels. Home sales and median home prices are at record levels. The labor force and total employment recently reached record levels. In addition to abundant water, power, and inexpensive land, the Spokane/Coeur d'Alene corridor offers a well-trained labor force, making it attractive to new businesses.

In 2019, Amazon will open a distribution facility in Spokane that will initially employ approximately 1,800 people. With the addition of 12 tankers, employment at Fairchild AFB will increase by at least 357. In 2019, Katerra will open a new factory in Spokane Valley that will manufacture cross laminated timbers, a relatively new technology for framing residential and commercial construction; initial employment will be 150.

The addition or expansion of businesses like the few listed above has generated greater interest by other concerns not yet located in Spokane. Local economic development concerns have announced that, in 2019, at least two other entities will announce new developments in the greater Spokane area.

Although the Spokane-Spokane-Valley MSA does not include nearby Kootenai County, Idaho, it would be difficult to understand the trends in this metro area without considering the larger community. The I-90 corridor between Spokane and Coeur d'Alene is rapidly becoming a continuous commercial and residential strip. The Spokane–Coeur d'Alene combined statistical area, officially the Spokane–Spokane Valley–Coeur d'Alene, WA–ID CSA as defined by the United States Census Bureau, includes the Spokane metropolitan area and the Coeur d'Alene metropolitan area. According to the US Bureau of the Census, CSA had a combined population of 758,123 as of July 1, 2018, making it the 69th largest Combined Statistical Area in the United States.

Coeur d'Alene's population grew 21.2% (2.36%/year) between 2010 and 2019 while Kootenai County is the 11th fastest growing "metro area" in the nation. Post Falls, located just across the Idaho border, is among the fastest growing communities in the nation and, to a large degree, is a bedroom community for Spokane. The rapid trend of growth in Kootenai County is projected to continue unabated.

While Spokane has not yet achieved the growth rate of Puget Sound, Portland, or even Boise, the current expansion is creating a fundamental and positive change in employment and demographics. The exceptionally rapid increase in housing costs in coastal communities has placed housing out of reach for many households; younger families are among those affected most directly. The lower cost of housing and the improving employment opportunities in Spokane have attracted some of these families from the larger communities. As a result, the median age in Spokane has declined to 39.2 years and is now lower than the Washington State average.

Although the area still faces significant challenges, the positive changes over the past five years along with the general attraction of the Pacific Northwest has placed the community and the larger area on a path for growth not evident in prior decades. The prospects for growth in the next decade are on par with other communities in the Pacific Northwest and significantly better than historical rates.

City and Neighborhood Analysis

NEIGHBORHOOD MAP

The subject neighborhood is the City of Deer Park. The map above shows the subject's location at the north east edge of the city. Deer Park is located in a rural area of north Spokane County on the east side of U.S. Highway 395, approximately 15 miles north of Spokane's corporate limits and 23 miles north of Spokane's CBD. U.S. Highway 395 is a primary north/south corridor in northeast Washington, providing linkage south from the Canadian border, to and through the Cities of Colville, Chewelah, and Deer Park, and culminating in Spokane where it intersects with Interstate 90, and U.S. Highways 2 and 195. In 2001/2002, U.S. Highway 395 was widened to four lanes for several miles north of Spokane. Although the four lanes do not extend all of the distance to Deer Park, it greatly enhances access and shortens commute time.

Deer Park developed as an agricultural community, and it retains some of that character, but it also serves as a bedroom community to the greater Spokane market; reportedly, about 70% of the people who live within the Deer Park School District work in the Spokane metropolitan area. Deer Park's population has grown each year since 2005. It has increased by less than 2%/year since 2010, but greater than the rate of the county overall.

Deer Park's original central business district centers on the intersection of Main Street and Crawford Street. Main Street is the primary north/south route through town, and Crawford Street is the primary east/west route.

The central business district includes older commercial properties occupied by small local businesses. Uses along Crawford Street east of downtown include churches, the city hall, several older apartment complexes, and single-family residences. South of Crawford Street toward the east end of town is the former Deer Park Hospital, which closed in early-2009.

Development in the 1980s was primarily along U.S. Highway 395, which borders Deer Park along the south and west. Among the original improvements were an automobile dealership, and the Deer Park Shopping Center. Recent development has primarily occurred along Main Street, between U.S. Highway 395 and Crawford Street.

Recent commercial development has been on sites fronting Main Street at the southern end of Deer Park, where Main Street intersects with U.S. Highway 395. Most development occurred following the construction of a 55,000-sf grocery store in 1995. Development in and around this area has included fast food, a free-standing bank building, and strip retail. The former fairgrounds, at the northeast corner of "H" Street and Main Street, was sold in 2005, and the property was subdivided to accommodate commercial development. Several of these commercial sites, with frontage on Main Street, were developed in 2005 and 2006, with a multi-tenant retail building at the intersection with "H" Street, and an additional multi-tenant building farther north (now Calvary Chapel Church). Other development that occurred in the mid-2000s on the former fairgrounds site is a medical office building and a free-standing auto parts store. Several vacant parcels front Main Street. In 2008, a discount grocer built a 36,000-sf store on a site on the west side of Main Street. In 2014, a Taco Bell restaurant was constructed on a 30,000-sf site near the southeast corner of Main Street and "H" Street.

According to the Deer Park Area Chamber of Commerce, over 2,000 acres of land are zoned for industrial use in the Deer Park area; an overwhelming majority of which is unimproved with services. Most of this land is near the Deer Park Airport, northeast of downtown Deer Park.

Several residential acreage subdivisions were developed in north Spokane County in the mid-2000s, and population is expected to continue at a steady growth. This growth will benefit retail and service businesses in Deer Park; however, it will continue to be a bedroom community of Spokane into the future.

Most properties located in the incorporated city limits of Deer Park have access to public water, sewer, natural gas, electricity, and telephone. The Spokane County Sheriff provides police protection; Spokane County Fire District 4 provides fire protection and maintains facilities in Deer Park; a new fire station was completed on Crawford Street, east of Main Street. The Spokane County Library District maintains a branch library in Deer Park.

Shopping and services are on the neighborhood level and located primarily on arterial streets with access to U.S. Highway 395. Transportation through Deer Park is generally easy along asphalt paved streets. Curbs and sidewalks are along recently developed streets or major arteries. A roundabout was constructed at the intersection of Main Street and "H" Street.

Access to Spokane is reasonably easy via U.S. Highway 395. WSDOT completed a roundabout enhancing access to the highway at Crawford Street as well as Main Street in 2018.

Recreational opportunities include two city parks, a public swimming pool, and a skate park, as well as the rural lifestyle opportunities typically found in such communities.

Site Description

Site Characteristics

Location:	Between W. Enoch Roach to the north and 12th Street to the south on the east and west sides of N. Country Club Drive
Gross Land Area:	The finished subject RV lots in the park range in size from 2,213 sf to 10,145 sf.
Shape:	Individual parcels with varying shapes (see map)
Topography:	Generally Level
Grade:	At street grade
Off-Site Improvements:	Paved roads, and all utilities
Signalized Intersection:	No: No traffic signal at, or near, the site
Excess Land:	None
Surplus Land:	None

Utilities

Water:	City of Deer Park
Sewer:	City of Deer Park
Electricity:	Avista Utilities
Natural Gas:	Avista Utilities
Refuse Hauling:	Waste Management

Flood Zone Data

Flood Map Panel/Number:	53063C0200D
Flood Map Date:	July 6, 2010
Flood Zone:	X - low risk Zone X is a flood insurance rate zone that corresponds to areas outside the 1% annual chance floodplain.

Other Site Conditions

Soil Type:	According to the USDA NRCS web soil survey, the predominant soil found on the property is Scrabblers ashy fine sandy loam, 3 to 8% slopes, Scrabblers ashy fine sandy loam, 0 to 3% slopes. Based on existing and surrounding improvements, the soil types mentioned appear adequate to support substantial development.
Environmental Issues:	An environmental site assessment was not provided. We saw no suspicious materials that would suggest that environmental contamination is present; however, this does not preclude the possibility that contamination exists on the site, on nearby sites, or in the subject`s construction materials. We are not experts in this field and express no opinion about the possible absence or

	presence of contamination. The property is appraised under the assumption that no contamination exists.
Easements/Encroachments:	A title report for the subject has not been provided. No encroachments or adverse easements that would limit the marketability of the subject property were noted.

Adjacent Land Uses

North:	Undeveloped land, single-family residences
South:	E. 12th Street
East:	Undeveloped land,
West:	Undeveloped land

Site Ratings

Access:	Average
Visibility:	Average

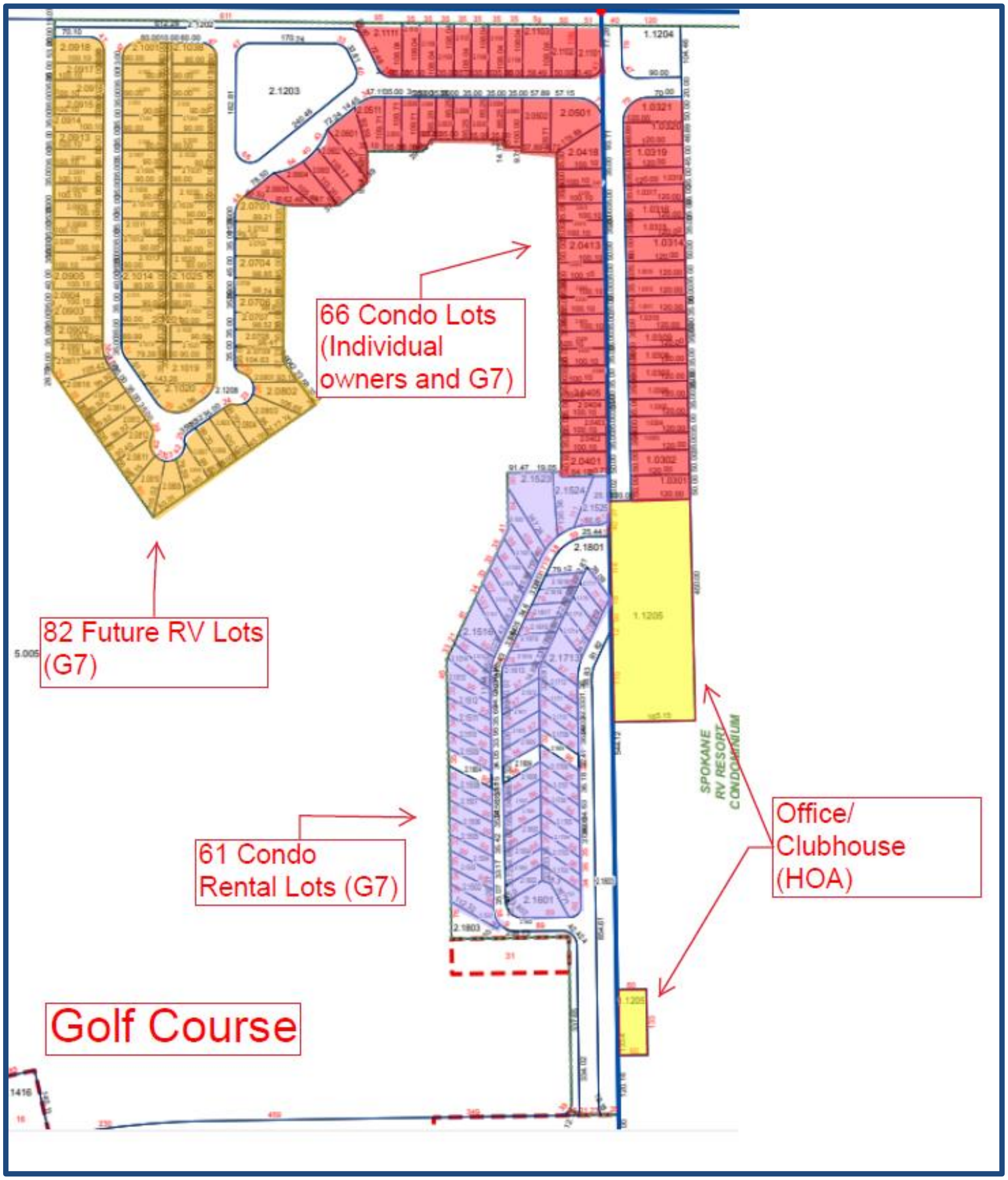
Zoning Designation

Zoning Jurisdiction:	City of Deer Park
Zoning Classification:	CD, Diversified Commercial
General Plan Designation:	The C-D zone is intended to accommodate diversified commercial establishments having little interdependence and requiring maximum exposure to passing traffic characteristics which are generally incompatible with the intended character of neighborhood, regional and core area commercial districts.
Permitted Uses:	Include but not limited to: automobile sales, commercial recreation, restaurant, hotel/ motel/ bed and breakfast inn, travel trailer park
Conditional Uses & Special Exceptions:	Include but not limited to: golf driving range, veterinary offices and clinics, bus stations
Zoning Comments:	Setbacks: Front yard - 15 ft Side yard - None Rear yard - 10 ft Maximum building height - 35 ft Parking: One space per unit/room, plus parking as required for restaurants, conference and convention facilities and retail shops

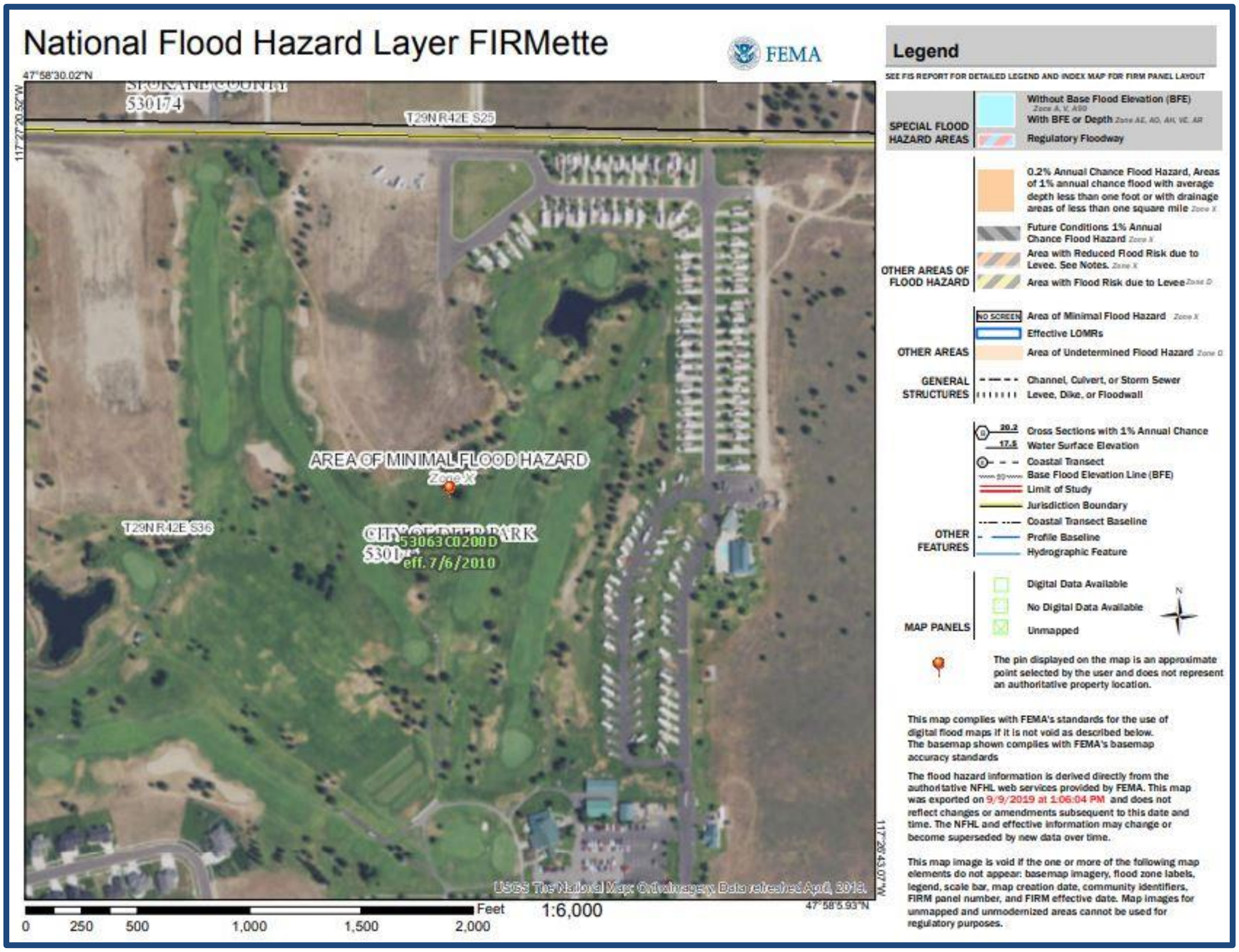
Analysis/Comments on Site

The entire development is well landscaped with grass and shrub areas along common elements. A 33-space parking area is located north of and adjacent to the bath house on a common area parcel. The paved area is accessed from Country Club Drive and provides for guest parking.

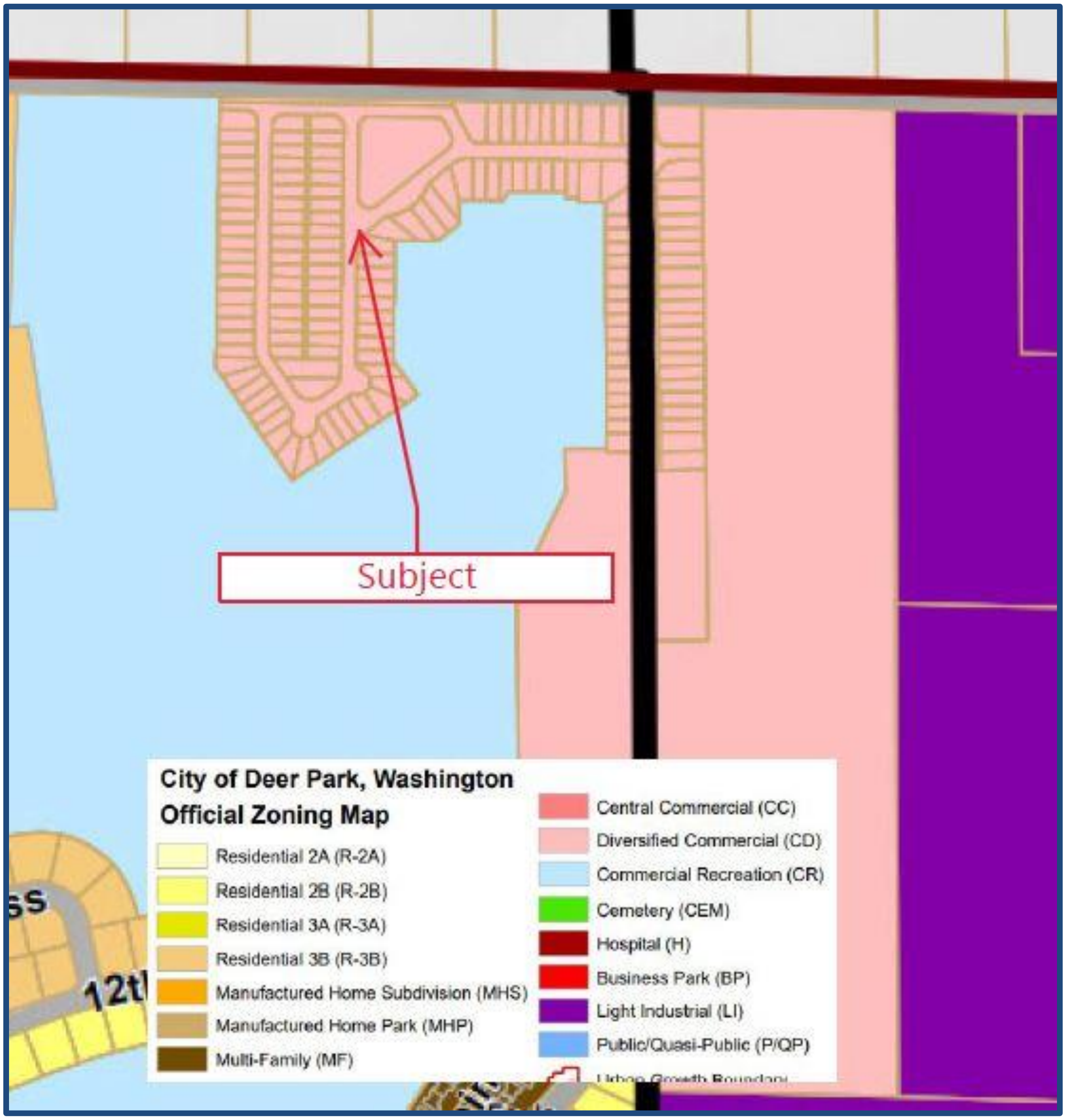
PARCEL MAP – ENTIRE RV PARK



FLOOD MAP


National Flood Hazard Layer FIRMette
FEMA
47°58'30.02"N
117°27'20.52"W
530174
T29N R42E S25
AREA OF MINIMAL FLOOD HAZARD
Zone X
T29N R42E S36
53063C0200D
eff. 7/6/2010
USGS The National Map: Orthoimagery. Data refreshed April, 2019.
117°26'43.07"W
47°58'5.93"N
0 250 500 1,000 1,500 2,000 Feet
1:6,000
Legend
SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT
SPECIAL FLOOD HAZARD AREAS
Without Base Flood Elevation (BFE) Zone A, V, A99
With BFE or Depth Zone AE, AO, AH, VE, AR
Regulatory Floodway
OTHER AREAS OF FLOOD HAZARD
0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
Future Conditions 1% Annual Chance Flood Hazard Zone X
Area with Reduced Flood Risk due to Levee. See Notes. Zone X
Area with Flood Risk due to Levee Zone D
OTHER AREAS
NO SCREEN Area of Minimal Flood Hazard Zone X
Effective LOMRs
Area of Undetermined Flood Hazard Zone D
GENERAL STRUCTURES
Channel, Culvert, or Storm Sewer
Levee, Dike, or Floodwall
OTHER FEATURES
20.2
17.5
Cross Sections with 1% Annual Chance Water Surface Elevation
Coastal Transect
Base Flood Elevation Line (BFE)
Limit of Study
Jurisdiction Boundary
Coastal Transect Baseline
Profile Baseline
Hydrographic Feature
MAP PANELS
Digital Data Available
No Digital Data Available
Unmapped
N
The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.
This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards
The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 9/9/2019 at 1:06:04 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.
This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

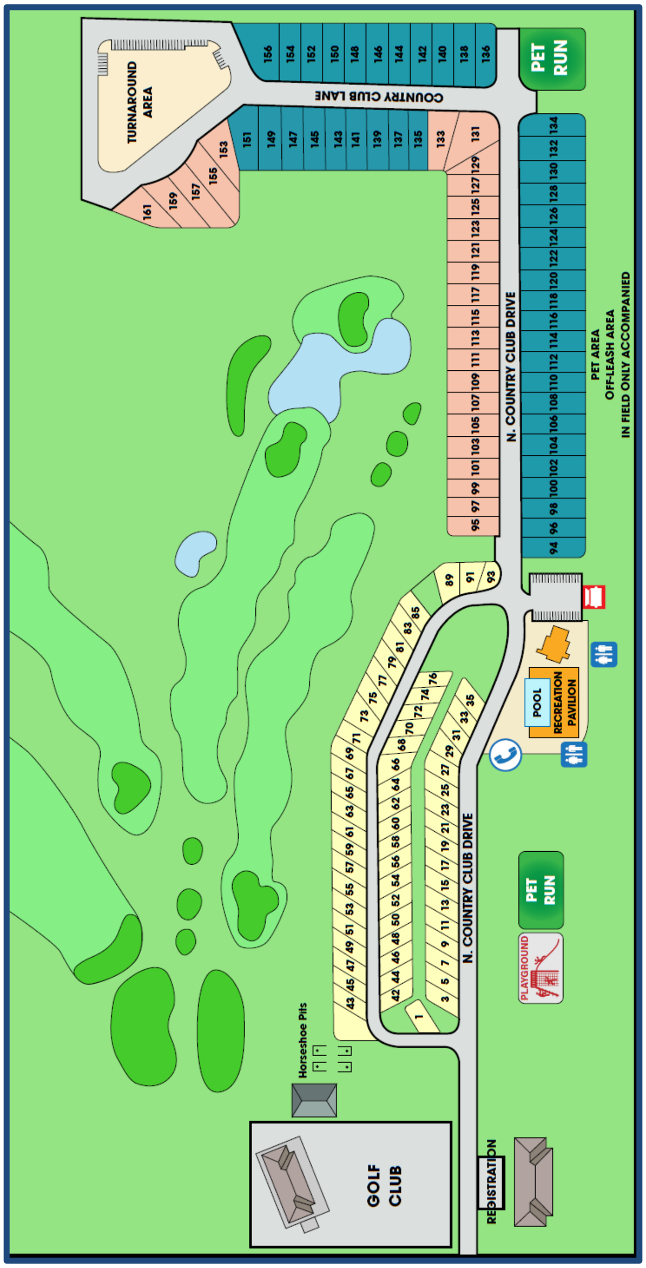
ZONING MAP


Subject
City of Deer Park, Washington
Official Zoning Map
Residential 2A (R-2A)
Residential 2B (R-2B)
Residential 3A (R-3A)
Residential 3B (R-3B)
Manufactured Home Subdivision (MHS)
Manufactured Home Park (MHP)
Multi-Family (MF)
Central Commercial (CC)
Diversified Commercial (CD)
Commercial Recreation (CR)
Cemetery (CEM)
Hospital (H)
Business Park (BP)
Light Industrial (LI)
Public/Quasi-Public (P/QP)

Improvement Description

The following description is based on the property inspection, Assessor's records, and information provided by the client and owners.

MARKETING MAP



The Spokane RV Resort was developed as a part of the larger Deer Park Golf and Country Club. The golf course was sold at auction to the City of Deer Park and is no longer part of the subject development. The golf course, restaurant, and single-family residential development are not part of the subject property; however, the successful operation of these facilities positively impacts the RV resort.

Components Summary

Description	Owner	Units	Land Area
RV Condo Lots (Park B)	Individuals	50 un	
RV Condo Lots (Park B)	G7	16 un	
Subtotal-Developed RV Condo Lots		66 un	
RV Rental Lots (Park A)	G7	61 un	
Subtotal-Developed Units		127 un	
RV Expansion Excess Land	G7	82 un	
Total Potential Units		**209 un**	
Roads and O.S.	HOA		8.34 ac
RV Pavilion/ Office	HOA		1.89 ac
Total Common Area			**10.23 ac**

The 61 rental RV spaces were developed in 1996 and platted as individual condominium lots in April 2012. Community elements under the homeowner's association ownership include a bath house, laundry facility, swimming pool, spa, clubhouse, dog run, mini-golf, and manager's office, and were developed in 1999 and 2003. The original RV condominium lots were segregated in 2003.

The RV lots are generally segregated into two areas. The first phase of development was improved with the rental spaces. Lots in this portion of the development are smaller and of lower quality. Typical RV pads on this site are 10' by 47' with a 10' x 10' paved picnic area. The remaining portion of each lot is landscaped with grass.

The second phase of development was improved with the 66 RV condominium lots. Typical golf frontage lots include a 15' by 80' paved pad and 15' by 30' picnic area. Typical secondary lots have a 15' by 100' paved pad and 15' by 30' picnic area. The remainder of the site is landscaped with grass.

The bath house and laundry facility is assessed at 1,847 sf; however, our previous measurements are slightly smaller at 1,794 sf. The facility is located between the rental and condominium lots adjacent to the clubhouse. The bath house is a wood frame structure with T1-11 exterior, metal roof, and metal exterior doors. The bathrooms are finished with tile floors and tile wainscot. There are two entries into each restroom; one from the outside and one from inside the pool area.

The men's bathroom includes two stalls, two urinals, three showers, and one handicap shower. The women's bathroom includes three stalls, four showers, and one handicap shower.

The clubhouse is located near the bath house and pool area. The clubhouse is assessed at 3,100 sf, although our previous measurement was 3,142 sf. Finished areas include a large open living-room with furniture and some gym equipment, kitchen, mechanical room, and two restrooms.

The structure is wood framed with T1-11 exterior, metal roof, and wood/glass doors. The floors are primarily commercial grade carpet with tile in kitchen and restrooms. The ceiling is vaulted and has exposed beams and ventilation. A large gas fireplace is centered on the east wall of the room. There are various forms of hanging lighting; most of the lighting during the day is from the large windows on the east, north and west walls.

The manager's office is located near the gated entry of the RV development and is part of the pool house parcel under the RV Resort Owner's Association. The office is a wood framed building with T1-

11 exterior and metal roof. The building is segregated into two offices, a reception desk, work area and bathroom. Finishes include commercial grade carpet and painted gypsum board walls.

Community amenities include the pool, spa, mini-golf, and dog run. The pool area is high quality with concrete patio surrounding the approximately 650-sf pool. The pool area is gated with large overhead lights. The mini-golf area is located adjacent to the south of the pool and clubhouse. The outdoor mini golf is in average to fair condition. A fenced in dog area is located at the north end of the park

A two-acre tract of land between the office and clubhouse is currently improved with a playground that benefits the park. This tract should be allocated to the clubhouse site but it is actually a part of a larger parcel. G7 is in the process of segregating this small portion of land from the seller's larger area as part of their purchase of the rental lot operation.

Site Improvements

The entire development is well landscaped with grass and shrub areas along common elements. A 33-space parking area is located north of and adjacent to the bath house. Access to the paved area is from Country Club Drive and provides for guest parking.

Property Condition – Deferred Maintenance

The first phase of development was constructed in 1996. Improvements on these lots are of average quality and in average condition. The second phase of lots designated for sale were developed in 2003; improvements are of higher quality than the rental lots. The property is very well maintained.

The office and community buildings were constructed between 1999 and 2003. Each building appears to be in good condition. We observed no deferred maintenance in any of the improvements.

Functional Utility

The property functions well as an RV resort. The first phase of development has smaller lots and paved pads, which is functional for smaller RVs. The second phase of development is functional for any style RV from the smallest to the largest. No functional deficiencies were noted.

Effective Age & Remaining Economic Life

The improvements and infrastructure were developed between 1996 and 2003. The buildings and RV pads have been well maintained. The RV infrastructure generally consists of utility lines, paved pads, and landscaping. Each element is a relatively long-lived item. The earlier phase reflects an effective age of 15 years which is slightly less than the actual age of 20 years. The second phase of RV spaces reflects an effective age of 10 years, which is slightly less than the 16-year actual age. The buildings and amenities reflect an effective age of 12 years. We conclude that the overall effective age is 12 years for the larger RV park with 38 years of remaining economic life.

Subject Photos

Office

Office facing northeast

Office facing southeast from parking lot

Office building interior

Additional photos are included in the Addenda

Assessment and Tax Data

Assessment Methodology

According to Washington State Department of Revenue, the State of Washington assessed values of real property is based on one or more of the following appraisal methods:

- The Market or Sales Comparison Approach to Value is determined, or estimated, based on multiple sales of similar properties. Most residential property is valued using this method.
- The Cost Approach to Value is determined based on the cost of replacing an existing structure with a similar one that serves the same purpose. This method is commonly used to value new construction.
- The Income Approach to Value is determined based on the income-producing potential of the property. This method is used primarily to value business property.

In 1955, the Legislature adopted a property revaluation cycle, requiring that revaluation occur a minimum of every four years.

Assessed Values and Property Taxes

The Common area parcels are listed below for reference. The roads, swales, common area open space and common area buildings are all under the Homeowner's association. As a result, they properties are not assessed at market value.

ASSESSED VALUES & PROPERTY TAXES

Real Estate Taxes and Assessed Values

APN	Size	Assessed Values Land	Assessed Values Impr	Assessed Values Total	Total Taxable	Gross Tax	Tax Exempt	Net Tax	Levy Rate	Assessments	Interest & Penalties	Total Taxes
29361.1205	1.89 ac	$100	$0	$100	$0	$0.00	$0.00	$0.00	0	$0.00	$0.00	$0.00
29362.1201	0.15 ac	$100	$0	$100	$0	$0.00	$0.00	$0.00	0	$0.00	$0.00	$0.00
29362.1202	0.20 ac	$100	$0	$100	$0	$0.00	$0.00	$0.00	0	$0.00	$0.00	$0.00
29362.1203	0.95 ac	$100	$0	$100	$0	$0.00	$0.00	$0.00	0	$0.00	$0.00	$0.00
29362.1208	4.07 ac	$100	$0	$100	$0	$0.00	$0.00	$0.00	0	$0.00	$0.00	$0.00
29362.1801	0.19 ac	$100	$0	$100	$0	$0.00	$0.00	$0.00	0	$0.00	$0.00	$0.00
29362.1802	1.30 ac	$100	$0	$100	$0	$0.00	$0.00	$0.00	0	$0.00	$0.00	$0.00
29362.1803	1.26 ac	$100	$0	$100	$0	$0.00	$0.00	$0.00	0	$0.00	$0.00	$0.00
29362.1804	0.22 ac	$100	$0	$100	$0	$0.00	$0.00	$0.00	0	$0.00	$0.00	$0.00
Totals	10.23 ac	$900	$0	$900	$0	$0.00	$0.00	$0.00	0	$0.00	$0.00	$0.00

Conclusions

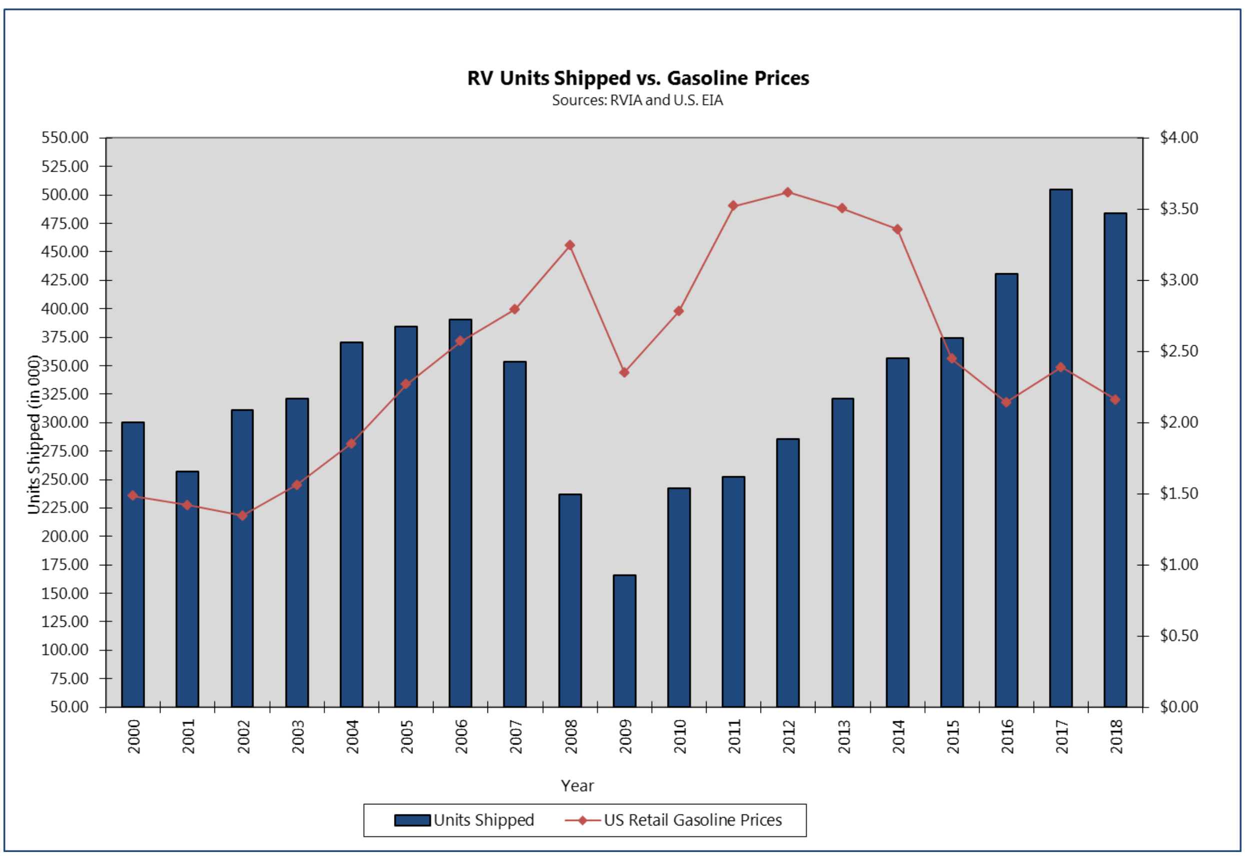
According to the Spokane County Treasurer, the subject's property tax payments are current as of the date of value.

Market Analysis

Travel in the U.S. changed following September 11, 2001, with many Americans wanting to travel closer to home. Between 2001 and 2006, shipments of new RVs increased over 50%. As the recession began to build, shipments declined 9.5% in 2007, and continued to decrease in 2008 and 2009, down 32.9% and 30.1%, respectively, from the prior years. The market began to recover in 2010 with a 46% increase in shipments of new RVs. Annual shipments continued to increase through November 2015; however, levels are still lower than at the peak of the market in 2005/2006.

The Recreation Vehicle Industry Association (RVIA) stated that credit restrictions, lower employment, and lower household wealth has kept the RV market from recovering fully; however, it expects growth in shipments to continue for the year and into the future. As economic conditions and consumer confidence increase and improve, RV shipments are expected to increase.

The following table summarizes RV units shipped and gas prices between 2000 and year-end 2018, as reported by RVIA and EIA. As the data reflect, RV shipments declined in 2018 from 2017 levels; however, 2017 was a record year in terms of shipments and sales. Data for 2019 YTD unit shipments is 278,299, this is down 20% from the same time period in 2018 at 347,749. Gas prices have remained well below the prices earlier in the decade. Gasoline prices on the West Coast tend to be higher than in other parts of the country because of strict fuel specifications in California, the region's relative isolation from other markets, and higher state and local taxes. Current September 2019 gas prices for the west coast are $3.47/ gallon including California and $3.057/ gallon in the west excluding California. The national average is $2.642/gallon.



HISTORICAL RV SHIPMENTS

Year	Units Shipped (in 000)	% Change	RV Retail Value (in billions)	US Retail Gas Prices (per gallon)	W. Coast Retail Gas Prices (per gallon)	Difference
2000	300.10	-6.6%	$9.529	$1.48	$1.63	$0.146
2001	256.80	-14.4%	$8.598	$1.42	$1.58	$0.159
2002	311.00	21.1%	$10.960	$1.35	$1.46	$0.115
2003	320.80	3.2%	$12.058	$1.56	$1.77	$0.212
2004	370.10	15.4%	$14.700	$1.85	$2.06	$0.211
2005	384.40	3.9%	$14.366	$2.27	$2.43	$0.164
2006	390.50	1.6%	$14.732	$2.57	$2.76	$0.185
2007	353.40	-9.5%	$14.504	$2.80	$3.00	$0.208
2008	237.00	-32.9%	$8.758	$3.25	$3.45	$0.202
2009	165.70	-30.1%	$5.152	$2.35	$2.61	$0.259
2010	242.30	46.2%	$8.732	$2.78	$3.03	$0.251
2011	252.30	4.1%	$9.028	$3.52	$3.74	$0.220
2012	285.90	13.3%	$10.835	$3.62	$3.93	$0.314
2013	321.10	12.3%	$12.984	$3.51	$3.78	$0.273
2014	356.74	11.1%	$15.396	$3.36	$3.65	$0.294
2015	374.10	4.9%	$16.506	$2.45	$2.98	$0.530
2016	430.69	15.1%	$17.667	$2.14	$2.58	$0.438
2017	504.60	17.2%	$20.022	$2.39	$2.76	$0.370
2018	483.67	-4.1%	TBA	$2.16	$2.91	$0.750

Sources: Recreation Vehicle Industry Association (RVIA) and Energy Information Administration (EIA)
Gas Pricing as of 12/31/2018

RV Condominium Lot Developments

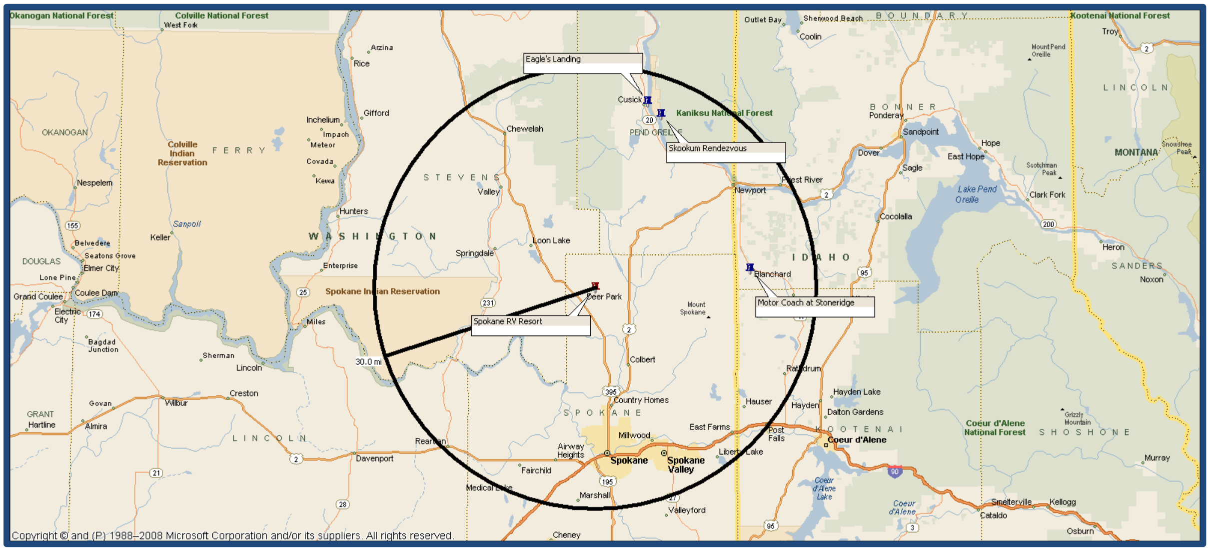
The subject property is marketed as a rental community but also offers the potential for individual lot ownership. Campgrounds in the local market are rental communities, although a few developments sell individual spaces.

The closest properties that offer RV lots for sale are two developments on the Pend Oreille River and a golf course community in Blanchard, Idaho. These projects are shown on the following location map.

The Spokane RV Resort (subject property) adjoins the Deer Park Golf and Country Club, a publicly owned 18-hole golf course. Other amenities include a large clubhouse and pool. The larger subject development has some lot sales every year; however, a majority of the park is run as a rental operation. In addition to this individual lot owners can put their lots into the rental pool.

The Eagle’s Landing RV Resort is in Cusick, Washington, across River Road from the Pend Oreille River. Only five lots have sold in this project with the main marketing occurring after the clubhouse development in August 2008. Lot sales were from $69,000 to $89,000. As of the date of this appraisal the Eagle’s Landing RV Resort is not in operation, is bank owned and currently pending. The list price is $1,650,000 for 138 slips, the marina and the clubhouse. The property has been listed for sale since April 2013. The park has not been in operation and is vacant.

COMPETING RV CONDOMINIUM LOT RESORTS



The Skookum Rendezvous RV Resort is located in Usk, Washington, near the Pend Oreille River and near the Eagle's Landing RV Resort. Lots in this development were offered for sale and absorbed relatively quickly during the peak years between 2005 and 2006. Lot resales are currently listed from $39,000 for typical lots to $130,000.

The Motor Coach at Stoneridge is a golf course community located in Blanchard, Idaho. Stoneridge was initially developed in the late 1970s with apartment style condominium units around a golf course; the property was then converted to a time-share. Subsequent development includes the RV park. Similar to the subject property; proximity and access to the golf course is an important amenity. Additional amenities include a clubhouse, pet run, Jacuzzi, and sauna. The occupancy with renters/owners in the peak months has been in the 90% range. Most buyers are from warmer (southern) states.

RV Rental Campgrounds

Although lot sales efforts are ongoing, the subject property has operated primarily as an income producing rental community. The rental income is the primary driver of value in these developments, at least on an interim basis.

Various campgrounds are in the subject's competitive market; however, few are high quality resort communities like the subject. We have surveyed campgrounds in the subject's competitive market. Because occupancy is generally seasonal (many parks and nearly all campgrounds are all but closed during the winter), on-site managers have a difficult time reporting occupancy levels on a percentage basis. However, most report strong and stable activity in recent years. Individual campground rental rates are discussed in the Income Capitalization Approach section of this report.

Conclusion

As interest rates remain low and RV sales continue to be strong, camping is expected to continue to be one of the most popular recreational activities. The subject property is in a popular destination location in close proximity to lakes, outdoor activities, and the golf course. Golf is a popular travel activity, with one in eight U.S. travelers playing golf while on a trip of 100 miles or more (one-way) away from their home, which translates to 17.3 million U.S. adults (Adventure Travel Report).

Highest and Best Use

The highest and best use of a property is the use that is legally permissible, physically possible, and financially feasible which results in the highest value. An opinion of the highest and best use results from consideration of the criteria noted above under the market conditions or likely conditions as of the effective date of value. Determination of highest and best use results from the judgment and analytical skills of the appraiser. It represents an opinion, not a fact. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

Analysis of Highest and Best Use as Improved

The appraisal problem is to form an opinion of the value of the common area improvements for the RV park operation. The property is an operating mobile home park. The use is physically possible, legally permissible and the only clearly financially feasible use of the property. It is the highest and best use of the property as improved.

The following valuation is two scenarios: (Scenario 1) - "As Is" with amenities as a rental operation of 127 lots; and (Scenario 2) – "without amenities" of 127 lots. The difference in value between the two scenarios is the contributory value of the common area improvements.

Income Capitalization Approach – Scenario 1 (As Is)

Methodology

The Income Capitalization Approach is developed by "capitalizing" a projection of future income into an indication of present value. Among the most common capitalization techniques that appraisers use are direct capitalization and yield capitalization, better known as discounted cash flow (DCF) analysis.

Income-producing properties, by nature, are developed and purchased for investment purposes, where earning power, including an income stream and return of investment, are the most critical elements affecting value. The forecast of income and selection of appropriate rate(s) are therefore important aspects of the valuation process. The steps in the Income Approach include developing estimates of gross income, vacancy and collection losses, operating expenses, to result in a net operating income (NOI). Net operating income is then "capitalized" into a value indication at a market derived and supported rate or rates.

Application of Methodology

RV parks are most often valued by direct capitalization although investors also consider the Effective Gross Income Multiplier (EGIM), which we have also used in the analysis.

Gross Rental Income Estimate

The subject's RV park spaces have full hookups; amenities include a pool, clubhouse, laundry, office, formal pet area and other features. Historically, the laundry and some other features generate additional income. As possible, we have assigned income and expense to the appropriate component.

We were provided 2018 Income and Expenses for the rental park operation. The former owner kept inconsistent records. Grapevine 7 reconstructed the operating statements for their purchase analysis. We have reconstructed the Grapevine 7 statement for our analysis of all 127 lots in the larger existing park. We have estimated stabilized occupancy based on market rent and market occupancy in the following analysis. We have also extracted the rental pool income and expense as this analysis is based on all lots included in a rental operation.

Current Rent

In the subject market, RV campgrounds typically operate from the spring through the autumn of each year. The condominium Declaration defines the season as April 1 through November 15 of each year as weather-permitting. The peak season is consistently May through September, with select renting in April, October, and November producing low occupancy.

The adjoining table lists the rates for slips in Park A and Park B. We have not been provided data identifying the occupancy during 2018. Our estimate of stabilized income is based on the forecasted occupancy and average daily rate in the park.

Rental Rates	Rate
Park A (61 Lots)	
Overnight Summer	$52
Weekly Summer	$350
Monthly Summer	$900 plus electric
Overnight Winter (Nov-May)	$35
Weekly Winter(Nov-May)	$210
Monthly Winter (Nov-May)	$500 plus electric
Park B (66 Lots)	
Overnight Summer	$62
Weekly Summer	$420
Monthly Summer	$1,000 plus electric
Overnight Winter (Nov-May)	$40
Weekly Winter(Nov-May)	$220
Monthly Winter (Nov-May)	$550 plus electric
Average Daily Rate	**$57.20**

Market Rent Analysis

To test the reasonableness of the stated and existing rents, and to determine the market rent for the various components, we have surveyed competing parks in the subject's competitive area.

RV RESORTS & CAMPGROUNDS

Campground	Location and Description	Open	AMENITIES	RVs	Rental Rates/Day	Rental Rates/Week	Rental Rates/Month
Spokane RV Resort	Deer Park, WA - Country Club Drive	Year Round	Proximity to Golfcourse	Park A	$52	$350	$900
			Pool/ Hot Tub	Park A Nov-May	$35	$210	$500
			Clubhouse	Park B	$62	$420	$1,000
			Common Restrooms/ Shower	Park B Now - May	$40	$220	$550
Alderwood RV Resort	Mead, WA - Newport Highway	All year	Indoor Pool	Back In 35'	$54	$336	
			Lodge/ Clubhouse	Back In 50'	$63	$392	
			Laundry/ Common Restrooms	Pull through 65'	$70	$453	
			Playground				
North Spokane RV Campground	Mead, WA - Newport Highway	Closed Winter	Pool	Back In 35'	$55	$335	
			Lodge/ Clubhouse	Back In 50'	$66	$410	
			Laundry/ Common Restrooms	Pull Through > 75'	$68	$425	
			Playground	Pull Through 75'	$74	$470	
Northern Quest RV Resort	Airway Heights, WA	All year	Casino and Amenities	Back In 73'	$65	$392	
			Cottage Rentals	Back In 78'	$80	$476	
			Common Restrooms/ Shower	Pull Through 85'	$75	$448	
			Pool				
			Playground/ Fire pits/ Dog Runs				
			Clubhouse/ Exercise Facility				
Chewelah Golf and Country Club	Chewelah, WA - Sand Canyon Rd - Golf	April - October	Proximity to Golfcourse	27 Full	$32	$190	$540 to $600
			Clubhouse				
			Restrooms/ Shower/ Laundry				

The comparable campgrounds provide a wide range of quality and amenities; however, the rental rates are relatively consistent. The stated rental rates at competing parks range from $32/day for full hook ups up to $80/day for full hookups and larger length in the new Northern Quest Campground. The subject's current rents for the daily RV sites are at the mid- to high end of the range of the competing parks, but the rents are bracketed by the comparables. Given the subject's location and appeal, the current stated rents appear appropriate.

Occupancy Forecast

Typical RV campgrounds report occupancy levels from 50% to 100% at certain points throughout the season. Successful campgrounds with spring to fall seasons operate near 100% occupancy on weekends and holidays through the peak point of the season and far lower in off season months.

Occupancy Forecast

Month	Days	Lots	Potential Occp. Lots	Occ.	Occp. Days
Jan	31	127	3,937	x 0.0%	0
Feb	28	127	3,556	x 0.0%	0
Mar	31	127	3,937	x 0.0%	0
April	30	127	3,810	x 5.0%	191
May	31	127	3,937	x 50.0%	1,969
June	30	127	3,810	x 90.0%	3,429
Jul	31	127	3,937	x 90.0%	3,543
Aug	31	127	3,937	x 90.0%	3,543
Sept	30	127	3,810	x 50.0%	1,905
Oct	31	127	3,937	x 5.0%	197
Nov	30	127	3,810	x 0.0%	0
Dec	31	127	3,937	x 0.0%	0
Forecasted Occp			46,355	x 31.9%	14,777

If the subject development operates at similar rates in the off-season months as the larger market - near 50% in May and September and 90% from June through August - the overall occupancy will be 31.88% annually. This would reflect a total of 14,777 occupied days for 127 RV spaces at an average rate of $57.20/day/unit.

Occupancy Summary

Months	Potential	Occupied	Rate
January-April	15,240	191	1.25%
May-September	19,431	14,389	74.05%
October-December	11,684	197	1.69%
Totals	46,355	14,777	31.88%

Spokane RV Resort

	AS PROVIDED*	G7 RECONSTRUCTED	APPRAISER'S ESTIMATE - STABILIZED ENTIRE PARK
Year	2018	2018	2018
Rentable Units As Provided	74	74	127
Season			
Occupancy Rate	unknown	unknown	31.88%
Income from Rental Spaces	$504,684	$504,684	$845,198
LESS RENTAL POOL REVENUE	-$88,663	-$88,663	$0
Income from Rental Spaces	**$416,021**	**$416,021**	**$845,198**
Rental Income Per Unit/Yr	$5,621.90	$5,622	$6,655
Rental Income Per Unit/Occ Night	unknown	unknown	$57.2
HOA Reimbursement	$36,872	$0	$0
Laundry	$7,753	$7,753	$0
Miscelaneous Income	$2,948	$2,948	$21,130
Gross Income	$463,594	$426,722	$866,328

Additional Income

RV parks generate additional income from various sources, such as coin-operated laundry, waste dump fees, miscellaneous charges, and forfeited deposits. In addition, many parks have some additional income from various retail sales, including the sale of propane. The subject proforma has laundry and miscellaneous revenue of $10,701, or 2.57% of income. We have applied 2.5% miscellaneous revenue inclusive of laundry revenue.

Effective Gross Income

EFFECTIVE GROSS INCOME ESTIMATE-WITH COMMON AREA AMENITIES

Spokane RV Resort -

Component	Units	Rate	Income/ Expense
Effective Gross Income			
Potential Occupied Days	127 sp	x 365 days	46,355 days
Annual Occupancy Rate			x 31.88%
Occupied Days			14,777 days
Average Daily Rate			x $57.20/day
Effective Rental Income			$845,198
Miscellaneous Revenue	$845,198	x 2.50%	$21,130
Effective Gross Income	127 sp	$6,821/lot	$866,328

Operating Expenses

To estimate the operating expenses for the subject property we relied on historical expenses tempered with data from expense comparables and average expenses of national campgrounds surveyed by Darrell Hess & Associates. The comparable data sets are based on percentages of effective gross income.

Comparable developments typically reflect expense ratios from 40% to 60% of effective gross income. The adjoining table presents the averages from a national survey of operating RV parks. These developments produced an average operating expense of 50.3% net of cost of goods sold. Larger developments grossing over $150,000 produced an average expense of 51.5%.

Average Expenses (as a % of gross income), 2002 - 2016

	Non-Franchised	
Type of Park	All Parks	Parks Grossing up to $150,000
Cost of Goods	6.9%	5.5%
Adjusted Operating Expenses		
Accounting/Legal	0.7%	0.6%
Advertising	2.4%	2.4%
Automobile	1.3%	1.7%
Insurance	4.2%	5.0%
Office Expense	1.3%	1.7%
Payroll (excluding owner)	5.7%	1.6%
Repairs/Maintenance	7.3%	7.6%
Supplies	2.6%	3.2%
Taxes	5.3%	5.8%
Utilities (phone, electricity, water)	15.5%	17.7%
Other Expense Categories*	5.2%	3.0%
Total Adjusted Operating Expenses	51.5%	50.3%
Total Cost of Goods & Operating Expenses	58.4%	55.8%

** Bank charges, dues, licenses, royalties, travel, etc.*

Source: Darrell Hess & Associates 2018

As discussed previously, the subject property is unique as it is also condominium lots subject to an HOA assessment. In section 8.3.2 Common Expense Liabilities in the Condominium Declaration, the HOA is to pay for:

- Utilities not directly paid by a lot owner (water, sewer, garbage, telephone, master cable TV, internet and other common utilities)
- Policies of insurance
- Services of person or firms for the operation of the common elements whether employed directly by the board, the declarant or managing agent. If the declarant elects to provide management services for the condominium during the period of declarant control, the declarant shall be compensated for said services at the prevailing rate for such services.
- Legal and accounting services for the administration for the common elements
- Maintenance, repair, landscaping and gardening work for the common elements

- Any other materials, supplies, labor, services, maintenance, repairs, alterations, insurance, taxes or assessments which the board is required to secure by law or by which in its opinion is necessary or proper for the operation and or safety of the common elements.

The 61 individual rental lots in Park A were added to the condominium declaration by amendment in 2012. As of the date of this appraisal 127 lots are complete of the 209 potential lots. At an annual assessment of $1,680/lot this is $213,360/year for the 127 completed lots.

HOA DUES ANALYSIS
AS OF 2019 - Based on Audit Provided

Component		Income/Expense
Monthly HOA Dues/Lot As of Jan 1, 2019		$140/lot/mo
Less: Allocation to Capital Imps.		-$50/lot/mo
Monthly HOA Dues Allocated to Oper. Exp.		$90/lot/mo
Annually		x 12 mo.
HOA Dues		$1,080.00
Total Condominium Lots Paying HOA dues		x 127
Potential HOA Revenue @ 100% Participation		$137,160
Actual Exp. For HOA Services (As provided)		
Insurance	$2,500	
Repairs	$3,786	
Landscaping/Snow Removal	$67,802	
Pool/ Hot Tub	$5,713	
Janitorial - Common area	$3,394	
W/S/G/C/Common Area Electric	$41,334	
Phone/Internet/Website	$9,563	
Security Cameras	$1,000	
Other	$0	
Total Expenses		**-$135,092**
Net Revenue		**$2,068**

Advertising

We have estimated an advertising expense of 1.7% in line with the information provided and only slightly lower than the national average at 2.4%.

Office Expense

The subject's expense in 2018 was 4.6% of income, Grapevine 7 anticipates an office expense of 1% of income which is in line with national averages. We have estimated the office expense at 1%.

Payroll Expense

Payroll expense for wages and payroll taxes is estimated at 4.2% of income in the G7 reconstruction, this is slightly lower than national average at 5.3%. We conclude total payroll expense, including payroll taxes, at 5%. The allowance is used for the 127 lots or $43,316/year.

Repairs and Maintenance

Repairs and maintenance of the common area elements are covered in the HOA fees. The repairs and maintenance line item is specific to the rental operation, we have applied a $90/unit rate for the analysis, this is in line with the 2018 and G7 proforma information.

Other Expenses

This line item includes costs for miscellaneous expenses such as supplies, bank charges, sales tax and other line items. We have forecast other expenses at the same % of revenue as the G7 proforma.

Property Taxes

We conclude $283/lot for the analysis of 127 lots or $35,933/ year.

Utilities

Average electricity rates for individually metered lots is $15/month to $40/month. We conclude an expense of $20/month/lot or $30,480/year RD.

Telephone expenses are for service in the management office and for a common area phone in the pavilion. The telephone is a line item expense outlined as common utilities in the declaration. We have included a minimal phone/internet expense for the operations of the RV rental park in line with the G7 operation at $6,400/year for a total utilities expense of $36,880. Water, sewer, garbage are covered under the HOA expense.

Total Expenses

Expenses forecasted total $446,972 as stabilized, or approximately 51.6% of effective gross income. This rate is mid-range of comparable properties, which typically range from 40% to 60%. Darrell Hess and Associates report average expense ratios of 51.5% for all parks and 50.3% for parks grossing up to $150,000. The condominium lots likely generate higher expenses due to the additional reserves a condominium owner is required to pay towards capital expenses. The reconstructed net operating income for 127 lots is shown in the following table.

Spokane RV Resort

	AS PROVIDED*			G7 RECONSTRUCTED			APPRAISER'S ESTIMATE - STABILIZED ENTIRE PARK		
Year			2018			2018			2018
Rentable Units As Provided			74			74			127
Season									
Occupancy Rate			unknown			unknown			31.88%
Income from Rental Spaces			$504,684			$504,684			$845,198
LESS RENTAL POOL REVENUE			-$88,663			-$88,663			$0
Income from Rental Spaces			**$416,021**			**$416,021**			**$845,198**
Rental Income Per Unit/Yr			$5,621.90			$5,622			$6,655
Rental Income Per Unit/Occ Night			unknown			unknown			$57.2
HOA Reimbursement			$36,872			$0			$0
Laundry			$7,753			$7,753			$0
Miscelaneous Income			$2,948			$2,948			$21,130
Gross Income			$463,594			$426,722			$866,328
Expenses	**Dollars**	**$/Unit**	**% of Gross**	**Dollars**	**Per Unit**	**% of Gross**	**Dollars**	**Per Unit**	**% of Gross**
Adjusted Operating Expenses									
Insurance	$121	$2	0.0%	$121	$2	0.0%	$254	$2	0.0%
Advertising	$7,111	$96	1.5%	$7,111	$96	1.7%	$14,437	$114	1.7%
Telephone/Internet	$10,240	$138	2.2%	$6,400	$86	1.5%	$6,400	$50	0.7%
Utilities	$45,457	$614	9.8%	$0	$0	0.0%	$30,480	$240	3.5%
Repairs/Maintenance	$6,654	$90	1.4%	$6,654	$90	1.6%	$11,420	$90	1.3%
Professional/ Office Expenses	$21,136	$286	4.6%	$4,303	$58	1.0%	$8,736	$69	1.0%
Net Wages	$127,403	$1,722	27.5%	$15,000	$203	3.5%	$43,316	$341	5.0%
Payroll Taxes	$14,417	$195	3.1%	$3,000	$41	0.7%	$0	$0	0.0%
Bank Charges	$10,738	$145	2.3%	$10,738	$145	2.5%	$21,801	$172	2.5%
Owner Rental Payout (60%)	$0	$0	0.0%	$0	$0	0.0%	$0	$0	0.0%
Supplies	$1,643	$22	0.4%	$1,964	$27	0.5%	$4,332	$34	0.5%
Other Expense Categories	$47,266	$639	10.2%	$3,564	$48	0.8%	$7,236	$57	0.8%
Sales Tax	$24,267	$328	5.2%	$24,267	$328	5.7%	$49,267	$388	5.7%
Property Taxes	$20,937	$283	4.5%	$20,937	$283	4.9%	$35,933	$283	4.1%
HOA DUES	$122,889	$1,661	26.5%	$122,889	$1,661	28.8%	$213,360	$1,680	24.6%
Total Adjusted Operating Expenses	**$460,281**	**$6,220**	**99.3%**	**$226,950**	**$3,067**	**53.2%**	**$446,972**	**$3,519**	**51.6%**
Subtotal Net Operating Income	**$3,313**	**$12,440**	**0.7%**	**$199,772**	**$6,134**	**46.8%**	**$419,356**	**$7,039**	**48.4%**

** Income Excludes lot sales that seller did in 2018 and rental pool income allocation and expense, expenses exclude loan interest and commissions paid on lot sales*

NET OPERATING INCOME ESTIMATE-WITH COMMON AREA AMENITIES
Spokane RV Resort

Component	Units	Rate	Income/ Expense
Effective Gross Income			
Potential Occupied Days	127 sp	x 365 days	46,355 days
Annual Occupancy Rate			x 31.88%
Occupied Days			14,777 days
Average Daily Rate			x $57.20/day
Effective Rental Income			$845,198
Miscellaneous Revenue	$845,198	x 2.50%	$21,130
Effective Gross Income	127 sp	$6,821/lot	$866,328
Operating Expenses			
Advertising	$866,328	x 1.7%	$14,437
Insurance	$866,328	x 0.0%	$254
Office Expense	$866,328	x 1.0%	$8,736
Payroll (excluding owner)	$866,328	x 5.0%	$43,316
Repairs/Maintenance	$866,328	x 1.3%	$11,420
Other Expenses	$866,328	x 9.5%	$82,635
Taxes	$866,328	x 4.1%	$35,933
Utilities	$866,328	x 4.3%	$36,880
HOA DUES at $140/ month ea.	127 sp	x $1,680/lot/yr	$213,360
Total Expenses	$866,328	-x 51.6%	-$446,972
Net Operating Income		**$3,302/sp**	**$419,356**

Income Capitalization

The following table presents overall capitalization rates from recent sales of similar RV parks and of a portion of the subject property. RV campgrounds appeal to investor/operators in a regional market. The analysis price of the subject's prior sale reflects the contract purchase price, less the value contribution of the convenience store operation.

Market Overall Capitalization Rate (OAR) Comparables

OAR Comp. No.	Date of Sale	Property Name	Location		Number of Units	Stabilized OAR
1	In-Contract	Sunny Springs Resort & Campground	5707 Highway 28 W.	Ephrata, WA	99	11.07%
2	June-19	Spokane RV Resort - Grapevine 7 Purchase	1205 N. Country Club Drive	Deer Park, WA	74	14.26%
3	January-19	Coyote Run RV Park	351 E. Hawthorne Street	Connell, WA	72	9.50%
4	August-16	Wolf Lodge Campground	12329 E. Frontage Road	Coeur d'Alene, I	98	11.53%
5	March-16	Last Resort RV Park	2005 Tucannon Road	Pomeroy, WA	44	11.70%

The overall rates from these comparables range from 9.50% to 14.26%, with the implied capitalization rate from the recent purchase of the rental operation at the high end of the range implying upside potential in occupancy, and future development of lots. Three of the five comparables reflect rates of 11.07% to 11.70%. The subject property has good access, amenities and location with overall good appeal as a destination-oriented park.

Given its location and price point, we conclude that the appropriate capitalization rate for the subject property as stabilized is toward the middle of the most supportable range, or 11.5%. The resulting value indication by the direct capitalization method is ($426,260÷11.50%) **$3,650,000**, rounded.

Spokane RV Resort - WITH AMENITIES		
Net Operating Income	**$3,302/sp**	**$419,356**
Capitalization Rate		**11.50%**
Indicated Value as Stabilization Rounded	**$28,740/sp**	**$3,650,000**

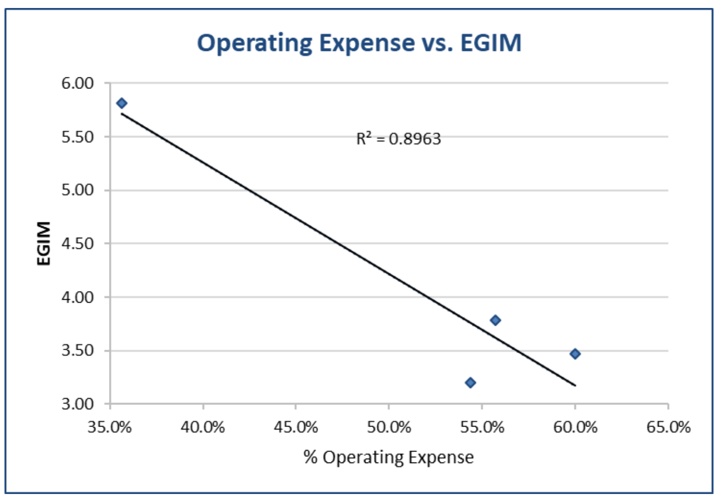
EGIM Technique

The comparables used in the Sales Comparison Approach reflect Effective Gross Income Multipliers (EGIM) ranging from 1.64 to 5.82

EGIM Comparables

Comp. No.	Date of Sale	Location	City	Year Built	Expense Ratio	Stabilized EGIM
1	In-Contract	5707 Highway 28 W.	Ephrata	2001	35.6%	5.82
2	June-19	1205 N. Country Club Drive	Deer Park	N/A	54.4%	3.20
3	January-19	351 E. Hawthorne Street	Connell	2008	N/A	N/A
4	May-18	2430 East Highway 20	Colville	1949	N/A	1.64
5	August-16	12329 E. Frontage Road	Coeur d'Alene	N/A	60.0%	3.5
6	March-16	2005 Tucannon Road	Pomeroy	1995	55.7%	3.78

The effective gross income was available from only five of the six comparables. The comparables with available operating expenses ratios reflect multipliers ranging from 3.20 to 5.82.



The adjoining graph illustrates the general relationship between operating expenses and the EGIM among the sale comparables. Although the graph shows a very strong correlation, with only four data points, the indications are not overly reliable. Based on the trend line, as well as the sales with the most similar and reasonable expense ratios, an EGIM of 4.25 is reasonable for the subject, resulting in a value indication of ($866,328 x 4.25 =) **$3,700,000**, rounded, by this technique.

Income Approach Conclusion

The two valuation techniques only support one another to within about 1.4%, at $3,650,000 and $3,700,000, respectively. Placing greater weight on the Direct Capitalization technique, we have concluded a value of **$3,650,000** by the Income Approach for the larger 127 lot RV park as stabilized.

Income Capitalization Approach – Scenario 2 (No Amenities)

Application of Methodology

The following analysis is of the Income Capitalization Approach under the hypothetical condition that the property has no common area amenities. The absence of amenities may affect potential rental income, occupancy, and capitalization rates, and will affect operating expenses. Basic infrastructure such as roads, utilities and similar improvements are necessary elements of an operating RV Park and are assumed to exist under both scenarios.

Gross Rental Income Estimate

The table below summarizes the results of a survey of comparables parks in the larger market with similar amenities (pool club house, laundry etc.) compared to parks in the same area with few or no common area amenities. The discount in the rental rate ranges from 14% to 45% with an average of 29.39%. All of the parks surveyed had restrooms, showers and on-site laundry. The subject's restrooms, showers and laundry are part of the common area improvements that are not included in the following analysis.

With no public facilities, it is reasonable that a discount in rent would be at the high end of the range. Alternately, the park is paved with paved slips, a superior amenity to the parks with limited improvements. Considering this, we conclude a discount of 25% off the market rent of $57.20/unit/night in Scenario 1 or an average nightly rate of $42.90/night.

MATCH PAIR INDICATORS

Park	Avg./ Night	Amenity	Park	Avg./ Night	Amenity	% CHANGE
Northern Quest	$73	Pool, common buildings, parks, proximity to casino	Overland Station, West Plains	$40	dirt roads	-45%
SUBJECT	$57	Pool, common buildings, parks, proximity to golf	Wild Rose RV Park, Colbert	$39	gravel roads	-32%
Columbia Sun RV Resort, kennewick	$54	Pool, store, gym, sport court etc	Franklin County RV Park, Pasco	$36	paved roads	-33%
Blackwell Island RV, CDA	$64	On lake CDA, Moorage, launch	Riverwalk RV Park, CDA	$55	RVs 36 ft or less, paved roads	-14%
Suncrest RV Park, Moses Lake	$45	Pool, water slides, playground	Desert Oasis RV, Moses Lake	$35	no pull thru	-22%
Average						**-29.39%**

All parks have common laundry, shower and restrooms

Additional Income

RV parks generate additional income from various sources, such as coin-operated laundry, waste dump fees, miscellaneous charges, and forfeited deposits. In addition, many parks have some additional income from various retail sales, including the sale of propane. The subject proforma has laundry and miscellaneous revenue of $10,701, or 2.57% of income. We have applied a nominal 0.5% miscellaneous revenue as laundry revenue would not exist.

Vacancy and Collection Allowance

We found no evidence to support an adjustment to the occupancy conclusions developed in Scenario 1. We have used the same occupancy as the previous analysis.

Effective Gross Income

EFFECTIVE GROSS INCOME ESTIMATE-WITHOUT COMMON AREA AMENITIES
Spokane RV Resort

Component	Units	Rate	Income/ Expense
Effective Gross Income			
Potential Occupied Days	127 sp	x 365 days	46,355 days
Annual Occupancy Rate			x 31.88%
Occupied Days			14,777 days
Average Daily Rate			x $42.90/day
Effective Rental Income			$633,898
Miscellaneous Revenue	$633,898	x 0.50%	$3,169
Effective Gross Income	127 sp	$5,016/lot	$637,068

Operating Expenses

As discussed previously, the subject property is unique as it is also condominium lots subject to an HOA assessment. We have extracted the costs associated with the common building improvements and estimated a lower capital improvements fund.

HOA DUES ANALYSIS

Component	Income/Expense	APPRAISER RECONSTRUCTED NO COMMON AREA AMENITIES
Monthly HOA Dues/Lot As of Jan 1, 2019	$140/lot/mo	$95/lot/mo
Less: Allocation to Capital Imps.	-$50/lot/mo	-$25/lot/mo
Monthly HOA Dues Allocated to Oper. Exp.	$90/lot/mo	$70/lot/mo
Annually	x 12 mo.	x 12 mo.
HOA Dues	$1,080.00	$840.00
Total Condominium Lots Paying HOA dues	x 127	x 127
Potential HOA Revenue @ 100% Participation	$137,160	$106,680
Actual Exp. For HOA Services (As provided)		
Insurance	$2,500	$2,500
Repairs	$3,786	$1,000
Landscaping/Snow Removal	$67,802	$67,802
Pool/ Hot Tub	$5,713	$0
Janitorial - Common area	$3,394	$500
W/S/G/C/Common Area Electric	$41,334	$23,423
Phone/Internet/Website	$9,563	$9,563
Security Cameras	$1,000	$1,000
Other	$0	$0
Total Expenses	**-$135,092**	**-$105,788**
Net Revenue	**$2,068**	**$892**

Office Expense

The subject's expense in 2018 was 4.6% of income, Grapevine 7 anticipates an office expense of 1% of income which is in line with national averages. We have estimated the office expense at 1%.

Payroll Expense

Payroll expense for wages and payroll taxes is estimated at 4.2% of income in the G7 reconstruction, this is slightly lower than national average at 5.3%. we have used a total payroll expense including payroll taxes at 5%, we have used the same calculation for the 127 lots or $31,853/year.

Repairs and Maintenance

Repairs and maintenance of the common area elements are covered in the HOA fees. The repairs and maintenance line item is specific to the rental operation, we have applied a $90/ unit rate for the analysis, this is in line with the 2018 and G7 proforma information.

Other Expense Categories

This line item includes costs for miscellaneous expenses such as supplies, bank charges, sales tax and other line items. We have forecast other expenses at the same % of revenue as the G7 proforma.

Property Taxes

We have used the rate of $283/lot for the analysis of 127 lots or $35,933/ year.

Utilities

Average electricity rates for individually metered lots is $15/month to $40/month. We have used an expense of $20/month/lot or $30,480/year RD. We have included a minimal phone/internet expense for the operations of the RV rental park in line with the G7 operation at $6,400/year for a total utilities expense of $36,880. Water, sewer, garbage are covered under the HOA expense.

Total Expenses

Forecasted operating expenses total $326,464 as stabilized or approximately 51.2% of effective gross income. The subject's expense ratio is mid-range of comparable properties, which typically range from 40% to 60%. Darrell Hess and Associates report average expense ratios of 51.5% for all parks and 50.3% for parks grossing up to $150,000. The reconstructed net operating income for 127 lots without common area amenities is shown in the table on the following page.

NET OPERATING INCOME ESTIMATE-WITHOUT COMMON AREA AMENITIES
Spokane RV Resort

Component	Units	Rate	Income/ Expense
Effective Gross Income			
Potential Occupied Days	127 sp	x 365 days	46,355 days
Annual Occupancy Rate			x 31.88%
Occupied Days			14,777 days
Average Daily Rate			x $42.90/day
Effective Rental Income			$633,898
Miscellaneous Revenue	$633,898	x 0.50%	$3,169
Effective Gross Income	127 sp	$5,016/lot	$637,068
Operating Expenses			
Advertising	$637,068	x 2.3%	$14,437
Insurance	$637,068	x 0.0%	$254
Office Expense	$637,068	x 1.0%	$6,371
Payroll (excluding owner)	$637,068	x 5.0%	$31,853
Repairs/Maintenance	$637,068	x 1.8%	$11,420
Other Expenses	$637,068	x 13.0%	$82,635
Taxes	$637,068	x 5.6%	$35,933
Utilities	$637,068	x 5.8%	$36,880
HOA DUES at $95/ month ea.	**127 sp**	**x $840/lot/yr**	**$106,680**
Total Expenses	**$637,068**	**-x 51.2%**	**($326,464)**

Income Capitalization

Market Overall Capitalization Rate (OAR) Comparables

OAR Comp. No.	Date of Sale	Property Name	Location		Number of Units	Stabilized OAR
1	In-Contract	Sunny Springs Resort & Campground	5707 Highway 28 W.	Ephrata, WA	99	11.07%
2	June-19	Spokane RV Resort - Grapevine 7 Purchase	1205 N. Country Club Drive	Deer Park, WA	74	14.26%
3	January-19	Coyote Run RV Park	351 E. Hawthorne Street	Connell, WA	72	9.50%
4	August-16	Wolf Lodge Campground	12329 E. Frontage Road	Coeur d'Alene, I	98	11.53%
5	March-16	Last Resort RV Park	2005 Tucannon Road	Pomeroy, WA	44	11.70%

The overall rates from these comparables range from 9.50% to 14.26%, with the implied capitalization rate from the recent purchase of the rental operation at the high end of the range implying upside potential in occupancy, and future development of lots. Three of the five comparables reflect rates of 11.07% to 11.70%. The subject property has good access, and location, but is a greater risk with no amenities under this scenario. Given its location and price point, and lack of amenities we conclude that the appropriate capitalization rate for the subject property as stabilized is toward the high end of the most supportable range, or 12%. The resulting value indication by the direct capitalization method is **$2,590,000**, rounded.

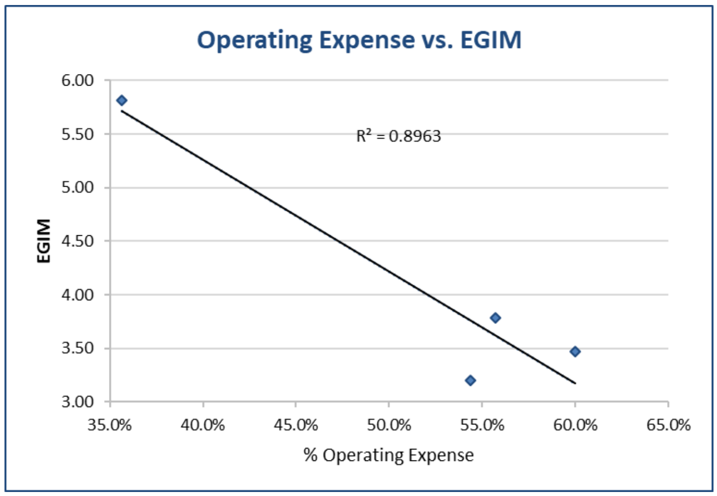
Deer Park RV Resort - NO COMMON AREA AMENITIES		
Net Operating Income	**$2,446/sp**	**$310,604**
Capitalization Rate		**12.00%**
Indicated Value as Stabilization Rounded	**$20,394/sp**	**$2,590,000**

EGIM Technique

The comparables used in the Sales Comparison Approach reflect Effective Gross Income Multipliers (EGIM) ranging from 1.64 to 5.82

EGIM Comparables

Comp. No.	Date of Sale	Location	City	Year Built	Expense Ratio	Stabilized EGIM
1	In-Contract	5707 Highway 28 W.	Ephrata	2001	35.6%	5.82
2	June-19	1205 N. Country Club Drive	Deer Park	N/A	54.4%	3.20
3	January-19	351 E. Hawthorne Street	Connell	2008	N/A	N/A
4	May-18	2430 East Highway 20	Colville	1949	N/A	1.64
5	August-16	12329 E. Frontage Road	Coeur d'Alene	N/A	60.0%	3.5
6	March-16	2005 Tucannon Road	Pomeroy	1995	55.7%	3.78



The effective gross income was available from only five of the six comparables. The comparables with available operating expenses ratios reflect multipliers ranging from 3.20 to 5.82.

The adjoining graph illustrates the general relationship between operating expenses and the EGIM among the sale comparables. Although the graph shows a very strong correlation, with only four data points, the indications are not overly reliable. Based on the trend line, as well as the sales with the most similar and reasonable expense ratios, an EGIM of 4.25 is reasonable for the subject, resulting in a value indication of ($637,068 x 4.25 =) **$2,700,000**, rounded, by this technique.

Income Approach Conclusion

The two valuation techniques only support one another to within about 4%, at $2,590,000 and $2,700,000, respectively. Placing greater weight on the Direct Capitalization technique, we have concluded a value of **$2,600,000** by the Income Approach for the larger 127 lot RV park as stabilized with no amenity improvements.

Contributory Value of Improvements by the Income Approach

The two scenarios by the Income Approach reflect a difference in value of **$1,060,000** under the scenario with the improvements and without. The difference is the contributory value of the common area improvements.

Contributory Value of Improvements by the Income Approach

	Conclusion
Income Approach With Amenities (As If Stabilized)	$3,650,000
Income Approach Without Amenities (As If Stabilized)	$2,600,000
Contributory Value of Improvements	**$1,050,000**

Sales Comparison Approach – Scenario 1 (As Is)

Methodology

In the Sales Comparison Approach, the appraiser analyzes sales, listings, or pending sales of properties similar to the subject property, or "comparables", using the most relevant units of comparison and adjusting the comparables for differences from the subject property in physical and economic characteristics.

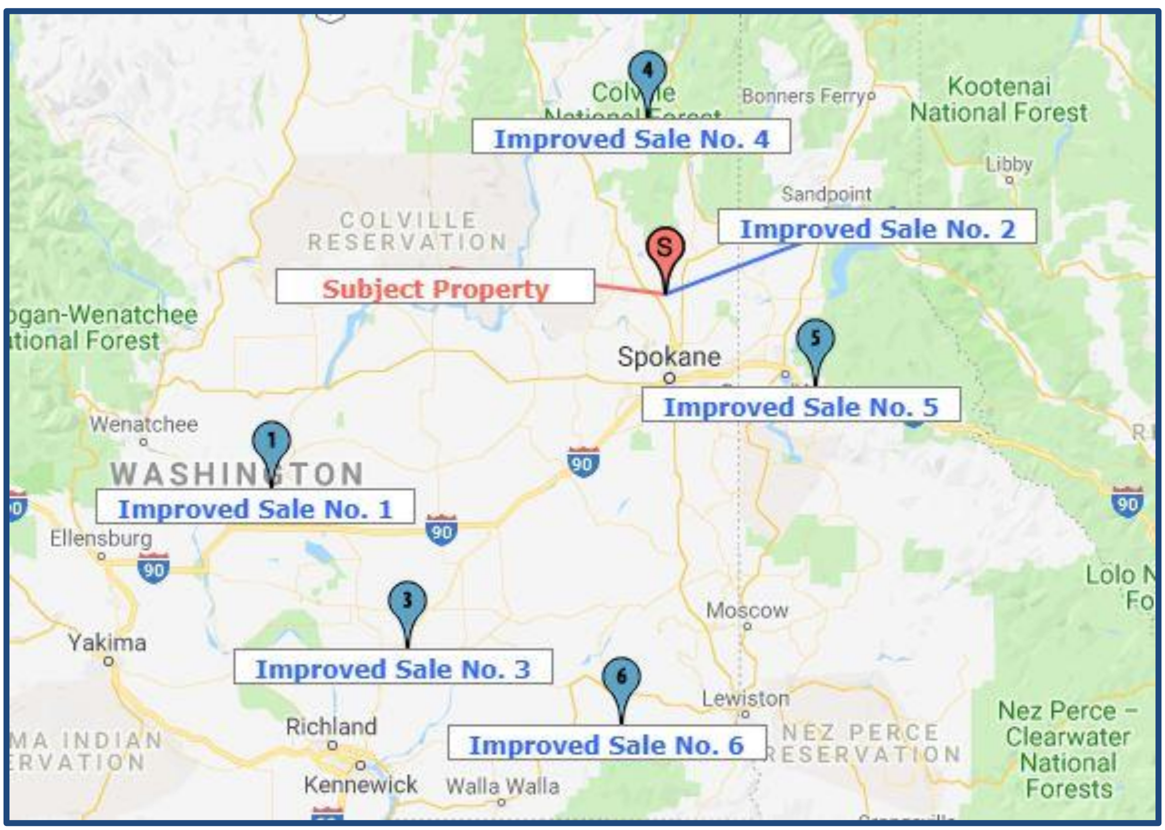
Comparable Sales

Our initial research was of the greater Spokane/Kootenai County market; however, too few properties have sold in this area to develop a meaningful analysis. To identify sufficiently many sales, we expanded our research to include the northwest and then the western United States. Since RV Park buyers compete in a regional market, sales from this broad area should provide a meaningful indication of value.

RV campgrounds are income producing investments. Not surprisingly, pricing is based on income production. RV park campgrounds differ in amenities and appeal. Income is a direct measure of these varying factors. We have applied the Sales Comparison Approach as a test of reasonableness; however, the Income Approach to Value is a better indicator of value.

Sale Analysis

MAP OF COMPARABLE SALES



RV Park Comparables

IMPROVED COMPARABLE 1

Record No.	10906061	**Property Type**	Lodging & Hospitality - Campground/RV-Trailer Camp

Location Data

Identification	Sunny Springs Resort & Campground	**Latitude, Longitude**	47.246364, -119.611647
Address	5707 Highway 28 W.	**Geographic Area**	Central Washington
Location Description	Located on the south end of Highway 28 W, west of State Route 283, east of Road F NW, and southwest of Ephrata, Washington	**TaxID/APN**	160588010
City, County	Ephrata, Grant County		
State, Zip	Washington, 98823		
Legal Description	W330' OF E1336' IN NW 7 20 26		

Verification

Confirmed With	Andrew Norris Listing Agent 206-826-5733	**Confirmed By**	Kristin L. Hermann, MAI 10-01-2019

Sale Data

Sale Status	In-Contract
Sale Date	10/1/2019
Grantor	Sunny Springs Resort & Campground Entrpr, Inc.
Grantee	TBD
Property Rights	Fee Simple
Financing	Cash-equivalent
Conditions of Sale	Arm's Length
Marketing Time	2016
Sale History	As of October 2019 pending at $2,800,000. 8/8/19: Sale has not yet closed.

Analysis

Sale Price	$2,800,000	
Financing Terms	$0	None
Conditions of Sale	$0	None
Exp. After Purchase	$0	None
Non Realty Items	$0	None
Atypical Costs	$0	None
Less Excess Land	$0	None
Adjusted Sale Price	$2,800,000	

Financial Data & Analysis

	Actual	Pro Forma
Potential Gross Income	$573,176	$601,834
Effective Gross Income	$458,540	$481,467
Expenses	$164,467	$171,614
Net Operating Income	$294,073	$309,853

	Actual	Pro Forma
PGIM	4.890	4.650
EGIM	6.106	5.816
OAR	10.50%	11.07%

Income Remarks Actual based on 2017 year-end figures.

IMPROVED COMPARABLE 1 (CONT.)

Land Data

Land Area	20.00 acres, 871,200 sf	**Signalized Intersection**	No
Primary Frontage	287' Highway 28	**Block Placement**	Interior
Access	Good from Highway 28		
Zoning	Rural Urban Reserve		
Topography	Level		

Improvement Data

Year Built	2001

Property Description

The year-round resort is in good condition and has been owner-managed; the guest amenities have been recently upgraded and expanded to include property-wide Wi-Fi and cable TV. Few amenities beyond a golf driving range and sport court. Approximately 50% of revenue is from long-term guests, such as construction workers.

Remarks

Sunny Springs Resort has been on and off the market for an extended period of time. In 2016 it was listed for $2,200,000. Income was increased, an the asking price is currently $3,000,000. the resort was pending to a different buyer at a similar price in the summer of 2019; however, the deal fell through. The resort is pending as of October 2019 at $2,800,000 per the agent there have been a couple of buyers for the property since it has been listed but the buyers have backed out for different reasons.

IMPROVED COMPARABLE 2

Record No. 10991173 **Property Type** SPOKANE RV RESORT CONDOMINIUMS

Location Data

Identification	Spokane RV Resort - Grapevine 7 Purchase	**Latitude, Longitude**	47.971088, -117.446962
		TaxID/APN	26362.1701 + multiple other parcels
Address	1205 N. Country Club Drive		
Location Description	between W. Enoch Roach to the north and 12th Street to the south on the east and west sides of N. Country Club Drive		
City, County	Deer Park, Spokane County		
State, Zip	Washington, 99006		

Verification

Confirmed With	Spencer Freedman - Buyer 208-869-0230	**Confirmed By**	Kristin L. Hermann, MAI 10-01-2019

Sale Data

Sale Status	Closed
Sale Date	6/6/2019
Grantor	Spokane RV REsort Management, LLC
Grantee	Grapevine 7
Property Rights	Fee Simple
Financing	Cash to Seller
Conditions of Sale	Arm's Length

Analysis

Sale Price	$1,900,000	
Financing Terms	$0	None
Conditions of Sale	$0	None
Exp. After Purchase	$0	None
Non Realty Items	$0	None
Atypical Costs	$0	None
Less Excess Land	$250,000	None
Adjusted Sale Price	$1,650,000	

Financial Data & Analysis

	Actual	Pro Forma
Potential Gross Income		$515,485
Effective Gross Income		$515,485
Expenses		$280,148
Net Operating Income		$235,337

	Actual	Pro Forma
PGIM		3.200
EGIM		3.201
OAR		14.26%

Income Remarks This income estimate is based on G7 analysis of rental performance, excluding debt service. The HOA payment covers reserves for the improvements.

Land Data

Access	Average	**Shape**	Individual parcels with varying shapes (see map)
Zoning	CD Diversified Commercial		
Topography	Generally Level	**Utilities**	All available
		Signalized Intersection	No

Improvement Data

Condition	Average	**Effective Age**	12 years

IMPROVED COMPARABLE 2 (CONT.)

Property Description

This is the purchase of 74 completed condominium lots purchased as a rental operation as a portion of the larger Spokane RV Resort. Amenities in the resort include manager office, clubhouse, pool/ spa, common area restrooms and shower, laundry room, play area, and dog run. The improvements are under the Home owner's association, the buyer of the lots pays monthly association dues. In addition to the amenities the resort is adjacent to the Deer Park Golf Course.

Remarks

Sale of 156 RV Condominium lots to Grapevine 7, a regional RV park operator. The sale included 82 partially completed lots. The buyer estimated the cost at $25,000/ lot to complete and allocated a value of $250,000 for this future development land. There is no set time frame on completion of the lots. Included in this sale price is approximately five acres that has yet to be recorded, and that the seller will deed to the buyer as part of a boundary line adjustment on the east side of the park. This additional acreage will increase access, and currently has the child play area on it. The buyers allocated $150,000 to this land. To arrive at an analysis price of the current rental operation, we have deducted the estimated value of the excess land platted for 82 lots. We have not made a deduction for the five acres to be part of the sale as it has amenities for the park.

IMPROVED COMPARABLE 3

Record No.	10910426	**Property Type**	Lodging & Hospitality - Campground/RV-Trailer Camp

Location Data

Identification	Coyote Run RV Park	**Latitude, Longitude**	46.651449, -118.858787
Address	351 E. Hawthorne Street	**TaxID/APN**	106670088
Location Description	South side of Hwy 260, just west of Hwy 395 in Connell		
City, County	Connell, Franklin County		
State, Zip	Washington, 99326		
Legal Description	ALL TH PTN SW4 31-14-32 LY WLY SR 395 R/W & SLY OF SR260 R/W		

Verification

Confirmed With	Wayne Burton, CB Schneidmiller 208-765-4300	**Confirmed By**	Carl C. Durkoop, MAI 05-09-2019

Sale Data

Sale Status	Closed
Sale Date	1/18/2019
Grantor	James, Jr & Kathy Paul
Grantee	Wile Coyote, LLC
Property Rights	Fee Simple
Financing	Cash-equivalent
Conditions of Sale	Arm's Length
Marketing Time	400

Analysis

Sale Price	$1,050,000	
Financing Terms	$0	None
Conditions of Sale	$0	None
Exp. After Purchase	$0	None
Non Realty Items	$0	None
Atypical Costs	$0	None
Less Excess Land	$0	0.000 ac, None
Adjusted Sale Price	$1,050,000	

Financial Data & Analysis

	Actual	Pro Forma		Actual	Pro Forma
Net Operating Income		$99,750	**OAR**		9.50%

Land Data

Land Area	4.68 acres, 203,861 sf	**Shape**	Rectangular
Primary Frontage	280′	**Utilities**	Public water, sewer, gas, and electricity
Secondary Frontage	830′		
Access	Good		
Topography	Level		

Improvement Data

Year Built	2008

Property Description

This is a newer 72-space RV Park, on 4.68 acres, located on State Hwy 395 in Connell. There are 72 year-round sites: 23 extra long pull-through, 39 large pull in or back in sites, and 10 combo tent/RV sites. There are 30 and 50 amp hook-ups, a store/office with game room, on-site laundry, restrooms, and showers. The park has paved streets and RV pads.

Remarks

According to the broker, the property sold at a solid 9.5% cap rate, Adjoining land was conditional, but negotiated between the city (owner) and buyer without representation. There were five park-owned units. The park was transitioning to a partial mobile home park model, with 43% long-term spaces at the time of sale. Clean well designed park, no deferred maintenance. The property was since February 2017.

IMPROVED COMPARABLE 4

Record No.	10881996	**Property Type**	Lodging & Hospitality - Campground/RV-Trailer Camp

Location Data

Identification	Beaver Lodge Resort	**Latitude, Longitude**	48.613376, -117.546705
Address	2430 East Highway 20	**TaxID/APN**	5898600
Location Description	East along Highway 20 and north of South Fork Mill Creek Road		
City, County	Colville, Stevens County		
State, Zip	Washington, 99114		
Legal Description	A portion of Govt Lot 1, Section 19-36-42 EWM, Stevens County, Washington		

Verification

Confirmed With	Wayne Burton 208-661-9787	**Confirmed By**	Wyatt Mitchell 07-13-2018

Sale Data

Sale Status	Closed
Sale Date	5/18/2018
Grantor	Nicholas Richard
Grantee	Big Sun Investments II, LLC
Document No.	Excise #18877
Property Rights	Fee Simple
Financing	Loan assumption
Conditions of Sale	Arm's Length
Marketing Time	129
Sale History	Sold in 2014 for $608,080

Analysis

Sale Price	$1,000,000	$109.27/sf
Financing Terms	-$77,000	$300,000 down, balance on assumed loan @ 3.5%
Conditions of Sale	$0	None
Exp. After Purchase	$0	None
Non Realty Items	$0	None
Atypical Costs	$0	None
Less Excess Land	$0	0.000 ac, None
Adjusted Sale Price	$923,000	$100.85/sf
Est. Land Value	$349,883	Stevens County Assessor 2017 Assessed Value
Improvement Value	$573,000	$62.61/sf

Financial Data & Analysis

	Actual	Pro Forma
Potential Gross Income	$563,102	$563,102
Effective Gross Income	$563,102	$563,102
Net Operating Income	$563,102	$563,102

	Actual	Pro Forma
PGIM	1.640	1.640
EGIM	1.639	1.639
OAR	61.01%	61.01%

Income Remarks Income is for the total property including RV, tent and cabin rents, restaurant, store, and fueling income

Land Data

Land Area	12.17 acres, 530,125 sf	**Shape**	Irregular
Primary Frontage	1,000' Highway 20	**Utilities**	All available, private water and sewer
Access	Average		
Zoning	RA-5 Rural Area 5	**Signalized Intersection**	No
Topography	Gentle Slope	**Block Placement**	Interior
		Land-to-Building Ratio	57.92

IMPROVED COMPARABLE 4 (CONT.)

Improvement Data

Gross Building Area	9,152 sf Stevens County Assessor	**Effective Age**	40 years
		Current Use	Operating Lake Resort
Net Rentable Area	9,152 sf Stevens County Assessor	**Site Coverage**	1.73%
		Parking	32 spaces, Open, on-site
Building Footprint	9,152 sf	**Elevators**	0
Number of Buildings	16	**Electric Supply**	Assumed adequate for current use
Number of Stories	1		
Basement SF	0 sf, None		
% Office	0.0%		
Year Built	1949 2006 3 more cabins		
Condition	Average		

Property Description

The Beaver Lodge Resort was built in 1946 and expanded in 1988/89 and again in 2006. It includes nine cabins, a restroom/shower/laundry building, a store/cafe, and a 924-sf unit used as a home in the past. The RV park has 10 RV sites with full hookups, 10 RV sites with partial hookups, 27 dry RV spaces, a 20' x 40' covered picnic area, and a 36' x 48' metal shop added in 1998, an 18' x 24' portion of which is heated. The store/restaurant, several cabins, several RV sites, showers, fueling, and docks are on the portion of the site east of SR-20, on Gillette Lake. The balance of the site is west of SR-20, including additional cabins, camping sites, and the shop. The improvements area in average condition.

Remarks

The buyer was based in Colorado and was looking in Idaho and Washington for a resort to purchase. Buyer operates resort but lives off-site.

IMPROVED COMPARABLE 5

Record No.	10887270	**Property Type**	Lodging & Hospitality - Campground/RV-Trailer Camp

Location Data

Identification	Wolf Lodge Campground	**Latitude, Longitude**	47.630860, -116.616545
Address	12329 E. Frontage Road	**Geographic Area**	North Idaho
Location Description	Eight miles east of Coeur d'Alene, off Exit 22, north of I-90	**TaxID/APN**	49N02W050200
City, County	Coeur d'Alene, Kootenai County		
State, Zip	Idaho, 83814		
Legal Description	LT 1 N OF HWY EX TAX # 05 49N 02W		

Verification

Confirmed With	Doug Landwehr 208.765.5554	**Confirmed By**	Bruce C. Jolicoeur, MAI 10-14-2016

Sale Data

Sale Status	Closed
Sale Date	8/19/2016
Grantor	Wolf Lodge RV Park, LLC
Grantee	Wolf Lodge Campground & RV, LLC
Document No.	2558927
Property Rights	Fee Simple
Financing	Cash-equivalent
Conditions of Sale	Arm's Length
Marketing Time	889
Sale History	The property previously sold on 4/15/2011 for $726,000.

Analysis

Sale Price	$850,000	$1,180.56/sf
Financing Terms	$0	The buyer financed with a SBA guaranteed loan
Conditions of Sale	$0	None
Exp. After Purchase	$0	None
Non Realty Items	$0	Office is a single wide mobile home that is not affixed to the land but is treated as real property
Atypical Costs	$0	None
Less Excess Land	$0	0.000 ac, None
Adjusted Sale Price	$850,000	$1,180.56/sf

Financial Data & Analysis

	Actual	Pro Forma
Potential Gross Income		$245,000
Effective Gross Income		$245,000
Expenses		$147,000
Net Operating Income		$98,000

	Actual	Pro Forma
PGIM		3.470
EGIM		3.469
OAR		11.53%

Income Remarks The broker could not confirm gross revenue but did confirm that net operating income was approximately $110,000/year. The property was owner managed and expenses did not include any allowance for management which is common in RV Parks. At a typical 55% expense ratio, the potential gross income is near $245,000.

IMPROVED COMPARABLE 5 (CONT.)

Land Data

Land Area	12.28 acres, 534,917 sf	**Shape**	Irregular
Primary Frontage	Frontage Road	**Land-to-Building Ratio**	742.94
Topography	Level		

Improvement Data

Gross Building Area	720 sf Gross	**Current Use**	Existing
Net Rentable Area	720 sf	**Elevators**	0
Year Built	1970		

Property Description

This is the 12.28-acre Wolf Lodge Campground in Coeur d'Alene, Idaho. This property includes five cabins built in about 1970, 35 tent sites, 48 RV spaces, 10 tent/trailer spaces, a convenience store, and restrooms/showers with a laundry room. Open community spaces include a playground with horseshoes, volleyball, etc. This property is situated off of I-90 and the Wolf Lodge exit, within close proximity to Lake Coeur d'Alene. Wolf Creek flows through the property.

The property operates on a seasonal basis from roughly May 1 through September 30 of each year.

Remarks

This is an arm's length sale to an owner operator. According to the broker, the seller/operator had become tired of operating the property; however, this fact did not affect the listing price or the selling price. The buyer plans to change the marketing and may upgrade the RV spaces to accommodate larger coaches. Without a firm plan, neither the cost nor any possible increased revenue are included.

IMPROVED COMPARABLE 6

Record No.	10908453	**Property Type**	Lodging & Hospitality - Campground/RV-Trailer Camp

Location Data

Identification	Last Resort RV Park	**Latitude, Longitude**	46.358740, -117.684874
Address	2005 Tucannon Road	**TaxID/APN**	2010410094000
Location Description	Southeast corner of the intersection of Tucannon and Blind Grade roads This is formerly Blue Mountains KOA		
City, County	Pomeroy, Columbia County		
State, Zip	Washington, 99347		
Legal Description	A fraction of the West one-half of the Southeast Quarter of Section 9, Township 10 North, Range 41, East of teh Willamette Meridian, more particularly described as follows: Lot 2 of Tumalum Addition as recorded in Book 1 of Short Plats at Page 25, records of Columbia County, Washington, SAVE AND EXCEPT the South 288.92 feet of said Lot 2.		

Verification

Confirmed With	Buyer and PSA 509-843-1556	**Confirmed By**	Carl C. Durkoop, MAI 03-04-2016

Sale Data

Sale Status	Closed
Sale Date	3/31/2016
Grantor	James & Angela McArthur
Grantee	Tucannon Ventures, LLC
Property Rights	Fee Simple
Financing	Cash-equivalent
Conditions of Sale	Arm's Length

Analysis

Sale Price	$750,000	
Financing Terms	$0	See Comments
Conditions of Sale	-$150,000	Contributing value of store and fueling
Exp. After Purchase	$0	None
Non Realty Items	$0	None
Atypical Costs	$0	None
Less Excess Land	$0	None
Adjusted Sale Price	$600,000	
Est. Land Value	$83,073	
Improvement Value	$516,927	

Financial Data & Analysis

	Actual	Pro Forma
Potential Gross Income		$158,549
Effective Gross Income		$158,549
Expenses		$88,342
Net Operating Income		$70,207

	Actual	Pro Forma
PGIM		3.780
EGIM		3.784
OAR		11.70%

Income Remarks Potential gross income is $600,564, with a vacancy factor of 76%, plus 10% other income. This does not include the store income.

IMPROVED COMPARABLE 6

Land Data

Land Area	21.19 acres, 923,036 sf	**Shape**	Irregular
Primary Frontage	1,500’ Tucannon Road	**Utilities**	Electricity, well/septic
Secondary Frontage	550’ Blind Grade Road	**Signalized Intersection**	No
Access	Good from Tucannon Road	**Block Placement**	Corner
Zoning	A-1 & A-2 Agricultural		
Topography	Sloping to Very Steep		

Improvement Data

Year Built	1995	**Effective Age**	10 years
Condition	Average to Good	**Current Use**	Campground

Property Description

This is formerly a KOA Kampground developed in 1995 (KOA was dropped in 2017). It had 33 RV spaces (21 full, 12 partial), two rental cabins, a 'park model' RV, and six tent camping sites, as well as supporting building improvements, including a convenience store with fuel pumps. In 2016, three rental cabins were added, and one tent camping space was eliminated. As of 2019 there are 33 RV spaces (21 full, 12 partial), six rental cabins (ones of which is "dry"), including a 'park model' RV, and five tent camping sites. There is a total of 44 rental spaces and/or units.

It is located in a relatively remote area of the Tucannon River Canyon in southeast Washington. It is situated on a 21.16-acre parcel on the east side of Tucannon Road, at Blind Grade Road, about nine miles south of Pomeroy and 14 miles east of Dayton. It is approximately 19 miles by road from U.S. Highway 12.

Remarks

In September 2013, the property was leased to Tucannon Ventures, LLC, on a 30-month contract, with an option to purchase at lease end. The agreed purchase price is $750,000; however, the lessee made a $200,000 down payment, and a portion of the monthly lease payments ($1,100) have been applied to the purchase price. As of February 2016, the outstanding amount due to the lessor to complete the purchase option is approximately $517,000.

As proposed, the buyer (and current operator) intends to add to two cabins, improve all the RV spaces to full service, and remodel the community bathrooms. Construction and development is projected to begin upon financing, with completion by about June 1, 2016.

Adjustments for physical characteristics are difficult to extract directly from the comparables, given the limited number of sales and significant differences in each property. We have applied subjective adjustments for condition, location, quality, and amenities to each of the comparables.

Brokers and other market participants report suggest little change of values among RV parks in recent years, and we have applied a nominal market condition adjustment of 2%/year. All of the comparable sales have occurred since 2016.

Comparable 2 is the subject portion of the park at $1,900,000. We deducted the value of the future development land to arrive at an analysis price of $1,650,000 or $22,297/unit. The sale includes the income potential of the individual lot owners who rent out their spaces. We have used the reconstructed NOI from the buyer of $235,337 which results in a 14.7% OAR, at the high side of the range of comparables and reflects upside potential for the rental operation when professionally managed. The sellers NOI was $182,698 which implied an 11.42% OAR, in line with the sale comparables. The difference in analysis was largely due to the buyer, who operates multiple parks estimating far lower payroll expenses.

SALES COMPARISON APPROACH - AS IS
Spokane RV Resort

Identification Status	Subject Subject	1 Pending	2 Sale	3 Sale	4 Sale	5 Sale	6 Sale
	Spokane RV Resort Deer Park, WA	Sunny Springs Ephrata, WA	Spoane RV - G7 Deer Park, WA	Coyote Run RV Park Connell, WA	Beaver Lodge Resort Colville, WA	Wolf Lodge Coeur d'Alene, ID	Last Resort RV Park Pomeroy, ID
As Of/Sale Date	26-Sep-19	Sep-19	Jun-19	Jan-19	May-18	Aug-16	Mar-16
Year Built	2003	2001	2003	2008	1949	1970	1995
Developed Spaces	127 sp	99 sp	74 sp	72 sp	56 sp	98 sp	44 sp
Reported Price	NA	$2,800,000	$1,900,000	$1,050,000	$1,000,000	$850,000	$750,000
Real Property Rights Appraised	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing Terms					-$77,000		
Conditions of Sale							-$150,000
Other Adj.	$0	$0	-$250,000	$0	$0	$0	$0
Analysis Price		**$2,800,000**	**$1,650,000**	**$1,050,000**	**$923,000**	**$850,000**	**$600,000**
Sale Rate		$28,283/sp	$22,297/sp	$14,583/sp	$16,482/sp	$8,673/sp	$13,636/sp
Effective Gross Income		$481,467	$515,485		$563,102	$245,000	$158,549
Effective Avg. Rent/Sp.		$4,863	$6,966	$0	$10,055	$2,500	$3,603
EGIM		**5.82**	**3.20**		**1.64**	**3.47**	**3.78**
Net Operating Income		$309,853	$235,337	$99,750		$98,000	$70,207
Overall Rate		11.1%	14.3%	9.5%		11.5%	11.7%
Expense Ratio		35.6%	54.3%			60.0%	55.7%
Expense/Space		$1,733/sp	$3,786/sp			$1,500/sp	$2,008/sp
NOI/Space		$3,130/sp	$3,180/sp	$1,385/sp	$0/sp	$1,000/sp	$1,596/sp
Sale Rate		**$28,283/sp**	**$22,297/sp**	**$14,583/sp**	**$16,482/sp**	**$8,673/sp**	**$13,636/sp**
ADJUSTMENTS							
Market Cond. Adj. Rate	2.0%	0.0%	0.6%	1.4%	2.7%	6.2%	7.0%
Market Cond. Adj. Rate	NA	$28,283/sp	$22,434/sp	$14,792/sp	$16,930/sp	$9,212/sp	$14,588/sp
Age/Condition		0.00%	0.00%	5.00%	5.00%	5.00%	0.00%
Location	Average	5.0%			5.0%	0.0%	10.0%
Quality	Good				5.0%	5.0%	5.0%
Size	127 sp		-5.0%	-5.0%	-10.0%		-10.0%
Amenities	Average	10.0%	0.0%	10.0%	10.0%	10.0%	10.0%
Total Adjustments		15.0%	-5.0%	10.0%	15.0%	20.0%	15.0%
Adjusted Value Rate	**NA**	**$33,274/sp**	**$21,366/sp**	**$16,436/sp**	**$19,918/sp**	**$11,515/sp**	**$17,162/sp**

Physical characteristic adjustments cannot be extracted directly from the comparables, given the limited sales and differences in each property. Subjective adjustments for condition, location, quality, additional income components, and amenities are applied to each comparable.

Prior to adjustments the comparables range from $8,673 to $28,283/lot for the pending sale in Ephrata. We have adjusted the comparables for physical characteristics such as condition, size, location, quality, additional income components, and amenities.

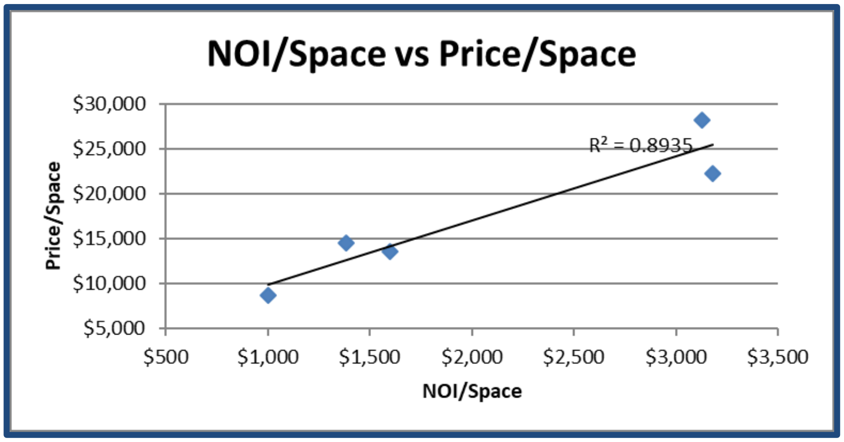
After adjustments the comparables range from $11,515 for the Wolf Lodge RV Park sale to $33,274/lot for the pending sale. The property had been on-and-off the market for several years. This property has a high percentage of long-term renters in the form of contracted construction workers creating high occupancy.

Sale 2, a portion of the subject development, after adjustments, reflects a rate of $21,366/space. At the high end of the range of comparables. But not unreasonable considering the level of finish and amenity.

Based on the sales data and the subject's expense scenario, and the recent sale in the park. We conclude a value of $22,000/lot for the subject property as stabilized or **$2,795,000 RD.**

Net Operating Income/Space vs. Price/Space

RV parks are investment properties. To price these properties, buyers analyze the income that the property will generate. The following analysis of NOI/space versus price/space considers the importance of net operating income on value and illustrates the close relationship between the two.



The adjacent graph illustrates the relationship between NOI/space and sale prices/space among the comparables, with very good correlation.

The comparables reflect prices ranging widely, from $8,673/space to $28,283/space, with corresponding NOI ranging from $1,000/space to $3,180/space. The subject's forecasted NOI is beyond the high side of the bulk of the comparables at $3,302/space.

Based on the trend line, the value indicated for the subject is approximately $25,000/space, resulting in a value indication of (127 units x $25,000/space) **$3,175,000**, rounded, by this technique.

Sales Comparison Approach Conclusion, RV Park

The two techniques support one another to within about 12%, at $2,795,000 and $3,175,000, respectively. The subject is an income-producing property, and we have placed roughly equal weight on the two approaches, concluding the contributing value of RV park component is **$2,985,000** by the Sales Comparison Approach.

Sales Comparison Approach – Scenario 2 (No Amenities)

Methodology

Under scenario 2 we have analyzed the same sales, with adjustments for amenities.

Sale Analysis

SALES COMPARISON APPROACH
Spokane RV Resort

Identification	Subject	1	2	3	4	5	6
Status	**Subject**	**Pending**	**Sale**	**Sale**	**Sale**	**Sale**	**Sale**
	Spokane RV Resort	Sunny Springs	Spoane RV - G7	Coyote Run RV Park	Beaver Lodge Resort	Wolf Lodge	Last Resort RV Park
	Deer Park, WA	Ephrata, WA	Deer Park, WA	Connell, WA	Colville, WA	Coeur d'Alene, ID	Pomeroy, ID
As Of/Sale Date	26-Sep-19	Sep-19	Jun-19	Jan-19	May-18	Aug-16	Mar-16
Year Built	2003	2001	2003	2008	1949	1970	1995
Developed Spaces	127 sp	99 sp	74 sp	72 sp	56 sp	98 sp	44 sp
Reported Price	NA	$2,800,000	$1,900,000	$1,050,000	$1,000,000	$850,000	$750,000
Real Property Rights Appraised	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing Terms					-$77,000		
Conditions of Sale							-$150,000
Other Adj.	$0	$0	-$250,000	$0	$0	$0	$0
Analysis Price		**$2,800,000**	**$1,650,000**	**$1,050,000**	**$923,000**	**$850,000**	**$600,000**
Sale Rate		$28,283/sp	$22,297/sp	$14,583/sp	$16,482/sp	$8,673/sp	$13,636/sp
Effective Gross Income		$481,467	$515,485		$563,102	$245,000	$158,549
Effective Avg. Rent/Sp.		$4,863	$6,966	$0	$10,055	$2,500	$3,603
EGIM		5.82	3.20		1.64	3.47	3.78
Net Operating Income		$309,853	$235,337	$99,750		$98,000	$70,207
Overall Rate		11.1%	14.3%	9.5%		11.5%	11.7%
Expense Ratio		35.6%	54.3%			60.0%	55.7%
Expense/Space		$1,733/sp	$3,786/sp			$1,500/sp	$2,008/sp
NOI/Space		$3,130/sp	$3,180/sp	$1,385/sp	$0/sp	$1,000/sp	$1,596/sp
Sale Rate		**$28,283/sp**	**$22,297/sp**	**$14,583/sp**	**$16,482/sp**	**$8,673/sp**	**$13,636/sp**
ADJUSTMENTS							
Market Cond. Adj. Rate	2.0%	0.0%	0.6%	1.4%	2.7%	6.2%	7.0%
Market Cond. Adj. Rate	NA	$28,283/sp	$22,434/sp	$14,792/sp	$16,930/sp	$9,212/sp	$14,588/sp
Age/Condition		0.00%	0.00%	5.00%	5.00%	5.00%	0.00%
Location	Average	5.0%			5.0%	0.0%	10.0%
Quality	Good				5.0%	5.0%	5.0%
Size	127 sp		-5.0%	-5.0%	-10.0%		-10.0%
Amenities	**NONE**	**-25.0%**	**-25.0%**	**-25.0%**	**-25.0%**	**-25.0%**	**-25.0%**
Total Adjustments		-20.0%	-30.0%	-25.0%	-20.0%	-15.0%	-20.0%
Adjusted Value Rate	**NA**	**$23,569/sp**	**$17,257/sp**	**$11,834/sp**	**$14,108/sp**	**$8,010/sp**	**$12,157/sp**

Prior to adjustments the comparables range from $8,673 to $28,283/lot for the pending sale in Ephrata. We have adjusted the comparables for physical characteristics such as condition, size, location, quality, additional income components, and amenities.

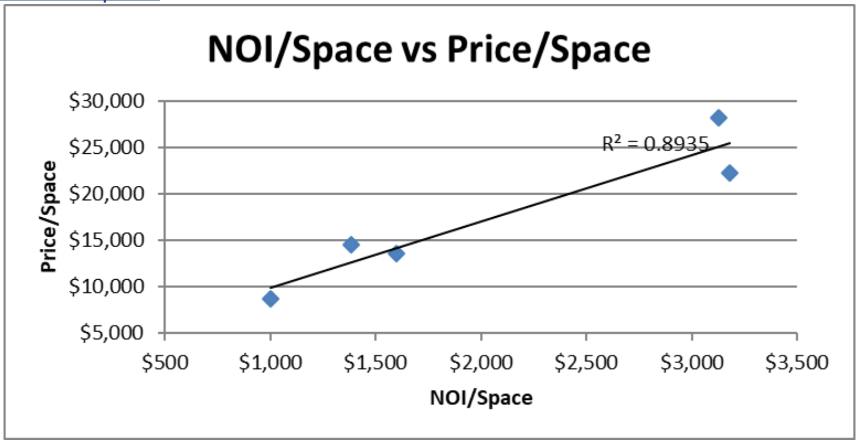
After adjustments the comparables range from $8,010 for the Wolf Lodge RV Park sale to $23,569/lot for the pending sale. The property had been on-and-off the market for several years. This property has a high percentage of long-term renters in the form of contracted construction workers creating high occupancy.

Sale 2, a portion of the subject development after adjustments reflects a rate of $17,257/space. At the high end of the range of comparables.

Based on the sales data and the subject's expense scenario, and the recent sale in the park. We conclude a value of $17,250/lot for the subject property as stabilized with no amenity or **$2,190,000 RD.**

Net Operating Income/Space vs. Price/Space

RV parks are investment properties. To price these properties, buyers analyze the income that the property will generate. The following analysis of NOI/space versus price/space considers the importance of net operating income on value and illustrates the close relationship between the two.



The adjacent graph illustrates the relationship between NOI/space and sale prices/space among the comparables, with very good correlation.

The comparables reflect prices ranging widely, from $8,673/space to $28,283/space, with corresponding NOI ranging from $1,000/space to $3,180/space. The subject's forecasted NOI with no amenity is at the middle of the bulk of the comparables at $2,446/space.

Based on the trend line, the value indicated for the subject is approximately $18,000/space, resulting in a value indication of (127 units x $18,000/space =) **$2,285,000**, rounded, by this technique.

Sales Comparison Approach Conclusion, RV Park

The two techniques support one another to within about 4%, at $2,190,000 and $2,285,000, respectively. The subject is an income-producing property, and we have placed roughly equal weight on the two approaches, concluding the contributing value of RV park component is **$2,240,000** by the Sales Comparison Approach.

Contributory Value of Improvements by the Sales Comparison Approach

The two scenarios by the Income Approach reflect a difference in value of **$745,000** under the scenario with the improvements and without. The difference is the contributory value of the improvements.

Contributory Value of Improvements by the Sales Comparison Approach

	Conclusion
Sales Comparison Approach With Amenities (As If Stabilized)	$2,985,000
Sales Comparison Approach Without Amenities (As If Stabilized)	$2,240,000
Contributory Value of Improvements	**$745,000**

Reconciliation

The value indication(s) from the approaches used and our market value conclusion(s) are summarized in the following table.

VALUE CONCLUSION

	Contributory Value of Improvements
Income Approach (As If Stabilized)	$1,050,000
Sales Comp. Approach (As If Stabilized)	$745,000
Contributory Value of Improvements RD	**$1,000,000**

To reach a final opinion of value, we have considered the reliability and relevance of each value indication based upon the quality of the data and applicability of the assumptions underlying each approach. Given the availability and reliability of data within the Income Approach, we have given primary weight to this approach in arriving at our final value conclusion. Properties such as the subject property are typically purchased for income potential.

Our findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions which might have affected the assignment results:

Extraordinary Assumptions

- None

Hypothetical Conditions

- It is a hypothetical condition of this report that under Scenario 2, the common area amenities do not exist.

General Assumptions and Limiting Conditions

This appraisal is subject to the following limiting conditions:

1. We have not verified the accuracy of the legal description included in this report and accept no liability for its accuracy. It is provided for the client's convenience only and should not be relied upon for any transaction without verification from a reliable source.

2. We assume no responsibility for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. Unless otherwise stated in this report, we have disregarded all existing liens and encumbrances. The property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.

3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Auble, Jolicoeur, & Gentry, Inc. dba Valbridge Property Advisors | Inland Pacific Northwest will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.

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

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

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

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

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

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

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

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

12. We claim no expertise for matters that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. Examples include, but are not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.

13. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Auble, Jolicoeur, & Gentry, Inc. dba Valbridge Property Advisors | Inland Pacific Northwest and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser(s) neither assume nor accepts any obligation, liability or accountability to any third party.

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

15. This appraisal shall be used only for the function and intended use outlined herein, unless expressly authorized by Auble, Jolicoeur, & Gentry, Inc. dba Valbridge Property Advisors | Inland Pacific Northwest.

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

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

18. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.

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

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

21. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.

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

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

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

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

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

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

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

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

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

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

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

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

34. You and Auble, Jolicoeur, & Gentry, Inc. dba Valbridge Property Advisors | Inland Pacific Northwest both agree that any dispute over matters in excess of $5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Auble, Jolicoeur, & Gentry, Inc. and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Auble, Jolicoeur, & Gentry, Inc. or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | Auble, Jolicoeur, & Gentry, Inc. for this assignment, and under no circumstances shall any claim for consequential damages be made.

35. Auble, Jolicoeur, & Gentry, Inc. dba Valbridge Property Advisors | Inland Pacific Northwest shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Auble, Jolicoeur, & Gentry, Inc. dba Valbridge Property Advisors | Inland Pacific Northwest. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Auble, Jolicoeur, & Gentry, Inc. dba Valbridge Property Advisors | Inland Pacific Northwest and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Auble, Jolicoeur, & Gentry, Inc. dba Valbridge Property Advisors | Inland Pacific Northwest harmless from and against any liability, loss, cost, or expense incurred or suffered by Auble, Jolicoeur, & Gentry, Inc. dba Valbridge Property Advisors | Inland Pacific Northwest in such action, regardless of its outcome.

36. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Auble, Jolicoeur, & Gentry, Inc. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.

37. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.

38. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.

39. In cases where the appraiser has access to a title report for the subject property, easements and encumbrances noted in that report often have incomplete descriptions, and/or reference documents which have not been provided. The appraiser has no expertise in matters of title. A thorough reading and analysis of the subject chain of title, and review of pertinent documents, are beyond the scope of this assignment. Other than easements and encumbrances specifically discussed in this report, Auble, Jolicoeur, & Gentry, Inc. dba Valbridge Property Advisors | Inland Pacific Northwest assumes no liability for the impact on marketability or value of the subject property (if any) arising from recorded or unrecorded documents.

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

Certification – Kristin L. Hermann, MAI

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. The undersigned has not performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Kristin L. Hermann, MAI has personally inspected the subject property.
10. No one provided significant real property appraisal assistance to the person signing this certification.
11. The reported analyses, opinions, and conclusions were developed, and this report complies with, the Standards of Valuation Practice.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, the undersigned has completed the continuing education program for Designated Members of the Appraisal Institute.

Kristin L. Hermann, MAI
Certified General Appraiser #1102265
Expiration Date: May 28, 2021

Certification – Bruce C. Jolicoeur, MAI

I certify that, to the best of my knowledge and belief:

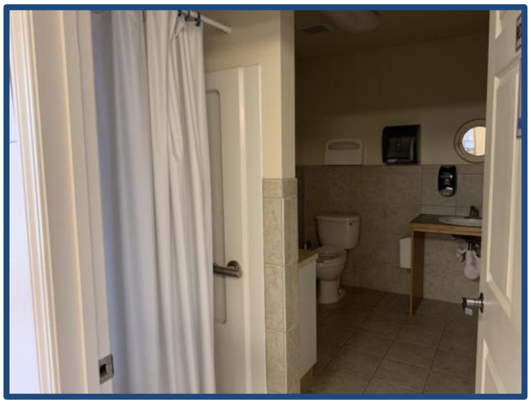
1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. The undersigned has not performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Bruce C. Jolicoeur, MAI did not personally inspect the subject property.
10. No one provided significant real property appraisal assistance to the person signing this certification.
11. The reported analyses, opinions, and conclusions were developed, and this report complies with, the Standards of Valuation Practice.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, the undersigned has completed the continuing education program for Designated Members of the Appraisal Institute.

Bruce C. Jolicoeur, MAI
Certified General Appraiser #1100633
Expiration Date: April 24, 2021

Addenda

Subject Photos

Office building interior



Office building restroom

Clubhouse

Clubhouse

Clubhouse kitchen

Laundry building

Laundry building facing east from road

Clubhouse facing east from street

Clubhouse patio

Clubhouse facing north

Women’s clubhouse restroom

Men’s clubhouse restroom

Laundry room

Men’s common restroom

Women’s common restroom

Pool

Pool mechanical

Entry gate

Typical common area road

Typical common area road

Engagement Letter

September 5, 2019

Bruce C. Jolicoeur, MAI
509-747-0999
bjolicoeur@valbridge.com

Mike Greenberg
1205 N Country Club Dr Lot 116
Deer Park, WA 99006

RE: Appraisal Proposal
Spokane RV Resort Owners Association
Deer Park RV Resort Common Areas
Deer Park, Spokane County, Washington
Assessor's Parcel Numbers: 29362.1201, 1202, 1203, 1205, 1208, 1801, 1802, 1803

Dear Mr. Greenberg:

Thank you for contacting Auble, Jolicoeur and Gentry, Inc., dba Valbridge Property Advisors | Inland Pacific Northwest about the appraisal needs of your clients with respect to the properties referenced above. The properties are common areas serving the Deer Park Resort and RV Park. I understand that the Spokane RV Resort Owners Association intends to sell these properties to Grapevine 7 Inc., the recent purchaser of a number of RV sites and vacant land in the development.

The appraisal problem will be to develop an opinion of the market value of the property and rights that Spokane RV Resort Owners Association intends to sell. Spokane RV Resort Owners Association intends to use the results of the appraisal to assist in pricing the properties for sale. Spokane RV Resort Owners Association is the sole intended user of the appraisal and appraisal report. No others may rely on the appraisal and/or the appraisal report. In addition, the appraisal and appraisal report may be used solely for the intended use listed above and no other use.

We will employ generally accepted appraisal principles to appraise the property. The results of the appraisal will be transmitted in an Appraisal Report with appropriate attachments, maps, photographs, and supplements. The analysis and resulting report will be developed to comply with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation (USPAP); the Standards of Professional Practice, Code of Ethics, and the reporting requirements of the Appraisal Institute

Valbridge Property Advisors – Inland Pacific Northwest

324 N. Mullan Road
Spokane Valley, WA 99206
Phone: 509.747.0999

1875 N. Lakewood Dr, Suite 100
Coeur d'Alene, ID 83814
208.292.2965

8378 W. Grandridge Blvd., Suite 110-D
Kennewick, WA 99336
Phone: 509.221.1540
Web: www.Valbridge.com

Providing independent valuations and powerful insights for better business

M. Greenberg
RE: Spokane RV Resort Owners Association
September 5, 2019
Page 2 of 7

We will provide an electronic copy of the report. A hard (paper) copy is also available if you desire. The fee for this assignment is **$9,500**. One-half of the fee **($4,750) is payable as a retainer**, the balance is due and payable upon completion and delivery of the report. Based on our current workload and the character of the assignment, we can complete the appraisal and resulting report within 30 days of receiving a signed copy of this engagement letter along with the required retainer.

Thank you for allowing me to submit this proposal. If it meets with your approval, please sign on the indicated line and return the letter along with the required retainer as soon as possible. By signing this letter, you are accepting responsibility to pay all fees for the real estate analysis and consultation services associated with this assignment. By signing this letter, you are also acknowledging that the analysis will be developed under some or all of the attached Limiting Conditions.

Please contact me with any questions or additional needs.

Respectfully submitted,
Valbridge Property Advisors | Inland Pacific Northwest

Bruce C. Jolicoeur

Bruce C. Jolicoeur, MAI
Senior Managing Director
Washington State Certified General Real Estate Appraiser No.:110633
bjolicoeur@valbridge.com

Attachments: Possible Limiting Conditions

Accepted By: Michael Greenberg Date: 9-6-2019

Valbridge Property Advisors – Inland Pacific Northwest

Providing independent valuations and powerful insights for better business

Expenses

Spokane RV Resort Condo Association
Common Expense Analysis

	2017	2018	Est. 2019	Average	Rata @ 127	Per month
Common Expenses						
Non Labor Maintenance						
Blgs/Grds	2,566	1,470	5,782	3,273	26	2
Grounds (includes Enoch Rd. dust control?	1,293	8,450	6,636	5,460	43	4
Janitorial	3,934	2,316	932	2,394	19	2
Landscape& Irrigation	51,771	22,343	4,908	26,341	207	17
Pool and Hot Tub	2,639	6,608	1,893	3,713	29	2
Snow Removal		2,268	736	1,001	8	1
Tools and Equipment		636	903	513	4	0
Total Non Labor Maintenance	62,203	44,091	21,790	42,695	336	28
Non Labor Utilities						
Cable TV	13,360	4,095	4,521	7,325	58	5
Garbage	12,515	16,033	11,721	13,423	106	9
Gas&Elec	20,628	14,506	11,476	15,537	122	10
Interent	2,555	1,924	2,235	2,238	18	1
Water &Sewer	15,221	15,749	6,151	12,374	97	8
Total Utilities	64,279	52,307	36,104	50,897	401	33
Labor						
Landscaping& Maintenance @$25/hr X 5 mos	-	35,000	35,000	35,000	276	23
Pool $500/month X 4 mos.		2,000	2,000	2,000	16	1
Janitorial		1,000	1,000	1,000	8	1
Total Labor		38,000	38,000	38,000	299	25
Other						
Security Cameras/Gates		1,000	1,000	1,000	8	1
Other overhead expenses (insurance, etc.)				2,500	20	2
Total Other		1,000	1,000	3,500	28	3
		135,398	96,894	135,092	1,064	89
					1,064	

Association Common Expense Analysis.xlsx8/1 2/19

HOA Letter

September 5, 2019

Grapevine 7 Inc.

10555 Horseshoe Bend Rd
Boise, ID 83714
208-939-8881
Fax 208-939-8822
Grapevine7@grapevine7.com

To: Lot Owners of Spokane RV Resort Owners Association

From: Grapevine 7 Inc.

Subject: Notification of Intent to Separate

Dear fellow lot owners,

In the two plus months since our purchase of controlling interest in the Spokane RV Resort Owners Association it has become increasing obvious to the Grapevine 7 ownership group, that operating a for-profit RV lot rental business is in direct conflict with our majority participation in the not-for-profit Owners Association we are all members of in Deer Park.

Not only does the current situation represent a significant conflict of interest for us as owner/operators of our 9 RV parks, our majority interest in the Association conflicts with our business management processes and objectives.

In order to resolve these conflicts and to develop a mutually beneficial business arrangement between Grapevine 7 and the Spokane RV Resort Owners Association, we are working with your Board of Director representatives to develop a separation plan that will satisfy and hopefully improve the relationship and future operating environment of both parties.

It is our intent to complete this exercise by year-end 2019. An amendment to the Association Declaration CC&Rs may be required to be voted on by the Association membership in order to facilitate this separation. To that end, a membership mailing will be scheduled within the next few weeks.

Thank you in advance for your cooperation in this important activity. For questions regarding this subject, please contact your local board directors, Mike Greenberg on 509-465-5959 or Joe Wheat on 206-851-6192.

Signed,

Kris Freedman
President and Chief Operating Officer
Grapevine 7 Inc

Glossary

Definitions are taken from The Dictionary of Real Estate Appraisal, 6th Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP), and Building Owners and Managers Association International (BOMA).

Absolute Net Lease

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

Amortization

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

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Dictionary)

Base Rent

The minimum rent stipulated in a lease. (Dictionary)

Base Year

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

Building Common Area

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

Building Rentable Area

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

Certificate of Occupancy (COO)

A formal written acknowledgment by an appropriate unit of local government that a new construction or renovation project is at the stage where it meets applicable health and safety codes and is ready for commercial or residential occupancy. (Dictionary)

Common Area Maintenance (CAM)

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

The amount of money charged to tenants for their shares of maintaining a [shopping] center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenance, snow removal, security and upkeep. (ICSC – International Council of Shopping Centers, 4th Ed.)

Condominium

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

Conservation Easement

An interest in real estate restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A conservation easement may permit farming, timber harvesting, or other uses of a rural nature as well as some types of conservation-oriented development to continue, subject to the easement. (Dictionary)

Contributory Value

A type of value that reflects the amount a property or component of a property contributes to the value of another asset or to the property as a whole.

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

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service (DCR = NOI/Im), which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. A larger *DCR* typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender. (Dictionary)

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

Depreciation
1) In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.
2) In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques. (Dictionary)

Disposition Value
The most probable price that a specified interest in property should bring under the following conditions:
- Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
- The property is subjected to market conditions prevailing as of the date of valuation;
- Both the buyer and seller are acting prudently and knowledgeably;
- The seller is under compulsion to sell;
- The buyer is typically motivated;
- Both parties are acting in what they consider to be their best interests;
- An adequate marketing effort will be made during the exposure time;
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

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

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

Effective Date
1) The date on which the appraisal or review opinion applies. (SVP)
2) In a lease document, the date upon which the lease goes into effect. (Dictionary)

Effective Gross Income (EGI)
The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. (Dictionary)

Effective Rent
Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. (TIs). (Dictionary)

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

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

Estoppel Certificate
A signed statement by a party (such as a tenant or a mortgagee) certifying, for another's benefit, that certain facts are correct, such as that a lease exists, that there are no defaults, and that rent is paid to a certain date. (Black's) In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an *estoppel letter*. (Dictionary)

Excess Land
Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. (Dictionary)

Excess Rent
The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. (Dictionary)

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

Exposure Time
1) The time a property remains on the market.
2) The estimated length of time that 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; Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (Dictionary)

Extraordinary Assumption
An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.)

Fee Simple Estate
Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary)

Floor Common Area
In an office building, the areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. (BOMA)

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

Furniture, Fixtures, and Equipment (FF&E)
Business trade fixtures and personal property, exclusive of inventory. (Dictionary)

Going-Concern Value
An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern* or *market value of the total assets of the business.* (Dictionary)

Gross Building Area (GBA)
1) Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.
2) Gross leasable area plus all common areas.
3) For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space. (Dictionary)

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

Gross Up Method
A method of calculating variable operating expenses in income-producing properties when less than 100% occupancy is assumed. Expenses reimbursed based on the amount of occupied space, rather than on the total building area, are described as "grossed up." (Dictionary)

Gross Retail Sellout
The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called the *aggregate of the retail values, aggregate retail selling price or sum of the retail values.*. (Dictionary)

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

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

HVAC
Heating, ventilation, air conditioning (HVAC) system. A unit that regulates the temperature and distribution of heat and fresh air throughout a building. (Dictionary)

Highest and Best Use
1) The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2) The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use of for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)
3) [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) (Dictionary)

Hypothetical Condition
1) A condition that is presumed to be true when it is known to be false. (SVP – Standards of Valuation Practice, effective January 1, 2015)
2) A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.) (Dictionary)

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

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

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

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

Leased Fee Interest
The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. (Dictionary)

Leasehold Interest
The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (Dictionary)

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

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

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

- Consummation of a sale within a short time period.
- The property is subjected to market conditions prevailing as of the date of valuation.
- Both the buyer and seller are acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider to be their best interests.

- A normal marketing effort is not possible due to the brief exposure time.
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
- The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Loan to Value Ratio (LTV)

The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage. (Dictionary)

Major Vertical Penetrations

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

Market Rent

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

Market Value (In Federally Regulated Transaction)

The most probable price that 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:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.[3]

Market Value (UASFLA)

Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of value, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property.[4]

Fair Market Value as defined in Washington State Courts

Fair market value means the amount in cash that a well-informed buyer, willing but not obligated to buy the property, would pay, and that a well-informed seller, willing but not obligated to sell it, would accept, taking into consideration all uses to which the property is adapted or may be reasonably adaptable.[5]

Marketing Time

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

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[3] Board of Governors of the Federal Reserve System (FRS), 12 CFR Part 225; Federal Deposit Insurance Corporation (FDIC), 12 CFR Part 323; National Credit Union Administration (NCUA), 12 CFR Part 722; Office of the Comptroller of the Currency (OCC), 12 CFR 34.42(g); Office of Thrift Supervision (OTS), 12 CFR 564.2(f); and the Resolution Trust Corporation (RTC), 12 CFR Part 1608. Washington, DC: Federal Register, Vol. 55, No. 251, pages 536110-53618; Monday, December 31, 1990. (Technical corrections published at 56 FR 1229 do not affect this definition.)

[4] Uniform Appraisal Standards for Federal Land Acquisitions-2016, Sixth Edition, Section 1.2.4, Page 10

[5] Source: Washington Pattern Jury Instruction Civ. WPI 150.08 (6th ed.)

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

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

Operating Expense Ratio
The ratio of total operating expenses to effective gross income (TOE/EGI); the complement of the net income ratio, i.e., OER = 1 – NIR (Dictionary)

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

Partial Interest
Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common, easement, or life interest. (Dictionary)

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

Potential Gross Income (PGI)
The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (Dictionary)

Prospective Future Value Upon Completion
A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. … The prospective market value –as completed- reflects the property's market value as of the time that development is expected to be complete. (Dictionary)

Prospective Future Value Upon Stabilization
A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report …The prospective market value – as stabilized – reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (Dictionary)

Replacement Cost
The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (Dictionary)

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

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

Sandwich Leasehold Estate
The interest held by the sandwich leaseholder when the property is subleased to another party; a type of leasehold estate. (Dictionary)

Sublease
An agreement in which the lessee in a prior lease conveys the right of use and occupancy of a property to another, the sublessee, for a specific period of time,

which may or may not be coterminous with the underlying lease term. (Dictionary)

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

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

Triple Net (Net Net Net) Lease
An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called *NNN lease, net net net lease, or fully net lease*. (Dictionary)
(The market definition of a triple net lease varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

Usable Area
The measured area of an office area, store area, or building common area on a floor. The total of all the usable areas for a floor shall equal floor usable area of that same floor. (BOMA)

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

Qualifications of Kristin L. Hermann, MAI

Senior Appraiser

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State Certifications

State of Washington
State of Idaho

Education

Bachelor of Arts
Eastern Washington University

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Inland Northwest Chapter – Appraisal Institute Education Committee 2013, Education Chair 2014

Appraisal Institute & Related Courses:

Appraisal Principles & Appraisal Procedures, 2007
Uniform Standards of Professional Appraisal Practice, 2017, 2018
Business Practices & Ethics, 2010
Real Estate Finance Statistics and Valuation Modeling, 2011
General Appraiser Income Approach Parts I & II, 2011
General Appraiser Market Analysis & Highest & Best Use, 2011
General Appraiser Sales Comparison Approach, 2012
General Appraiser Site Valuation & Cost Approach, 2012
General Appraiser Report Writing and Case Studies, 2012
Advanced Income Capitalization, 2013
Advanced Market Analysis & Highest & Best Use, 2013
Advanced Concepts and Case Studies, 2014
Analyzing Operating Expenses, 2016
Subdivision Valuation, 2017

Experience:

Senior Appraiser
Valbridge Property Advisors | Inland Pacific Northwest (2016-Present)

Appraiser
Valbridge Property Advisors | Inland Pacific Northwest (2013-2016)

Associate Appraiser
Auble, Jolicoeur & Gentry, Inc. (2011-2013)

Researcher
Auble, Jolicoeur & Gentry, Inc. (2007-2011)

Real Estate Department
Sterling Savings Bank (2005-2007)

Appraisal/valuation and consulting assignments include: apartment buildings; office buildings; auto dealerships; retail buildings; marinas; veterinary clinics; condominium development; residential development land; commercial land; residential subdivisions; golf courses; waterfront properties.

Qualifications of Bruce C. Jolicoeur, MAI
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Independent Valuations for a Variable World

State Certifications
State of Washington
State of Idaho
State of Montana
State of Oregon

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Appraisal Institute & Related Courses:
All courses for MAI & SRPA Designations, 1976-1986
Uniform Standards of Professional Appraisal Practice – 2018, 2016
Separating Real Property, Personal Property & Intangible Business Assets – 2013
Appraisal Overview Curriculum – 2011
Real Estate Market Forum Speaker – 2014, 2007, 2004, 2000, 1998, 1996
An Intro to Valuing Commercial Green Buildings – 2009
Analyzing Distressed Real Estate – 2009
Uniform Appraisal Standards for Federal Land Acquisitions – 2007

Experience:
President
Auble, Jolicoeur and Gentry, Inc. (2010-Present)

Senior Managing Director
Valbridge Property Advisors|Inland Pacific Northwest (2013-Present)

Principal & Senior Analyst/Appraiser
Auble, Jolicoeur & Gentry, Inc. (1985-2013)

Appraiser
James S. Black & Company (1982-1984)

Staff Appraiser
T.J. Meenach Company (1979-1982)

Appraisal/valuation and consulting assignments include: apartment buildings; retail buildings and shopping centers; office buildings; industrial buildings; religious and special purpose properties including schools, churches and cemeteries; hotels and motels; residential subdivisions; and vacant industrial, commercial and residential land. Assignments also include arbitration; environmental contamination; feasibility & market studies; litigation; partial interests/easements; and special benefit studies.

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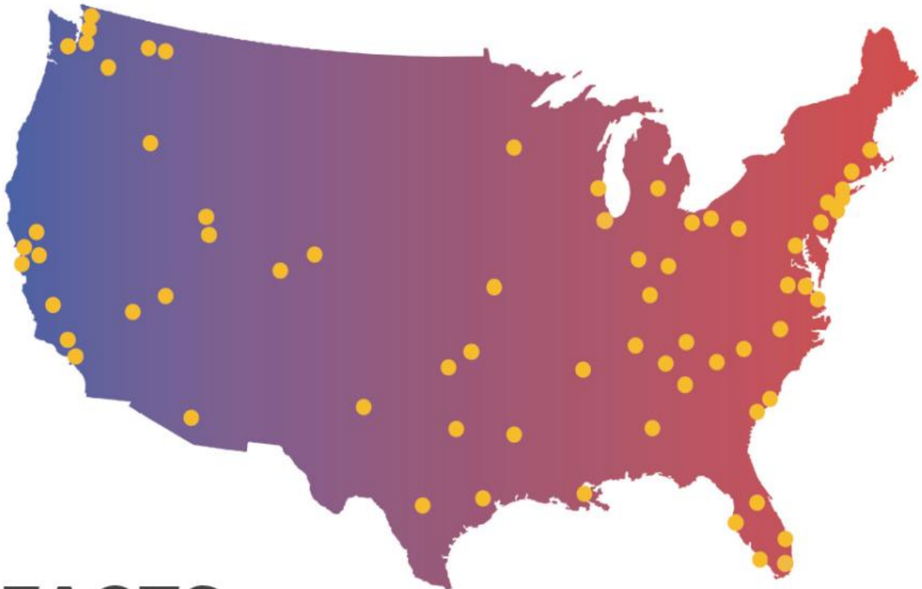

FAST FACTS
COMPANY INFORMATION

- Valbridge is the largest, independent, national, commercial real estate valuation and advisory services firm in North America.
    - Total number of MAIs (200 on staff)
    - Total number of office locations (70 across the U.S.)
    - Total number of staff (675 strong)
- Valbridge covers the entire U.S. from coast to coast.
- Valbridge services all property types, including special-purpose properties.
- Valbridge provides independent valuation services. We are not owned by a brokerage firm or investment company.
- Every Valbridge office is led by a senior managing director who holds the MAI designation of the Appraisal Institute.
- Valbridge is owned by our local office leaders.
- Valbridge welcomes single-property assignments as well as portfolio, multi-market and other bulk-property engagements.

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