

**COMPLETE APPRAISAL SUMMARY REPORT
OF**

COMMERCIAL REAL ESTATE

**LOCATED AT
2560 GARDEN ROAD**

MONTEREY, CALIFORNIA



**Client:
Rabobank, N.A
Appraisal Department
1111 E. Tahquitz Canyon Way, Suite C-201
Palm Springs, CA 92262**

Effective Date of Appraisal: November 29, 2006

December 1, 2006

Rabobank, N.A
Appraisal Department
1111 E. Tahquitz Canyon Way, Suite C-201
Palm Springs, CA 92262

RE: APPRAISAL OF 2560 GARDEN ROAD, MONTEREY, CALIFORNIA

Dear Rabobank,

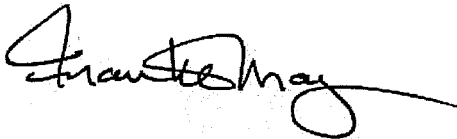
We have appraised the real estate located at 2560 Garden Road, Monterey, California. The purpose of the appraisal report was to estimate the leased fee Market Value of the subject property. The function of the appraisal report was to provide information for mortgage financing.

Based on information, definitions, assumptions and limiting conditions contained within this report, our opinion of the leased fee 'as is' market value of the subject property, as defined in this report and assuming an exposure time of three to six months, as of November 29, 2006, is:

THREE MILLION FOUR HUNDRED THOUSAND DOLLARS
(\$3,400,000)

This is a Complete Appraisal, Summary Report, which conforms to USPAP guidelines. Acceptance of this report implies acceptance of all assumptions and limiting conditions contained herein. Thank you for this opportunity to serve you. If you have any additional questions regarding this matter, please do not hesitate to call this office.

Respectfully submitted,



Frank O. May, MAI, ASA
State Certified General Appraiser
CA OREA #AG002051

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Executive Summary

Property Class:	Commercial
Location:	2560 Garden Road Monterey, CA 93940
Property Description:	Office Building
Assessor's Parcel Numbers:	013-322-014
Owner of Record/Borrower	Jeff Davi & Kelly Family Trust
Date of Valuation/Date of Inspection:	November 28, 2006
Date of Report:	December 1, 2006
Property Rights Appraised:	Leased Fee
Site Size:	±84,942 SF (1.95 Acres)
Total Gross Building Area:	±21,233 SF
Lot Coverage:	25%
Zoning:	IR-130, Industrial Research
Census Tract:	133.00
Flood Hazard:	Zone C, 060200-0003C; 6/17/1986
Earthquake Hazard:	IV; Moderately High
Current Annual Property Tax:	\$16,138.12 (2006)
Highest and Best Use:	As Is
Final Value Conclusion:	\$3,400,000

Report Synopsis:

The subject property is a two-story office building constructed in 1998 with a total gross building area of 21,233 square feet. The County Assessor addresses this building as 2560 Garden Road, Monterey although it has no frontage on Garden Road; it is accessed via an easement through the adjacent property to the north - 2600 Garden Road. The building is currently demised into thirteen separate office suites, restrooms, and a common area. The building has stairways, with no elevator. The quality is judged to be above average and the condition of the improvements is judged to be above average, due to the recent date of construction. No significant items of deferred maintenance were noted during our inspection.

The subject property is not currently for sale nor is it listed on MLS or with a broker. The property has not sold within the last three years; there was a transfer in February 2006.

The subject is considered to be income-producing property and, as supported by the applicable approaches to value, the current improvement contributes significantly to the total property value. As determined in the Highest and Best Use section of this report, the greatest return for the property would be as currently improved with an office building.

This report complies with our interpretation of the 2006 edition of the Uniform Standards of Professional Appraisal Practices (USPAP).

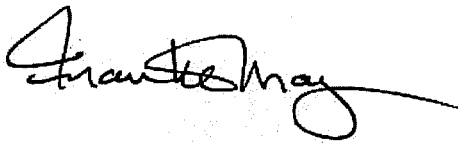
Certification

We hereby certify, except as otherwise noted in this appraisal report, that:

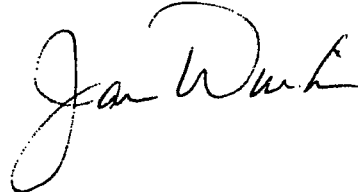
1. Jan Winham inspected the subject property and made exterior inspections of all comparable sales listed in the report, unless otherwise stated. Frank O. May viewed the exterior of the subject as well as the comparable sales. Jan Winham conducted the research and analysis, and wrote the report. Frank O. May is the supervisory appraiser and assumes sole responsibility for the appraisal and its conclusions.
2. The Appraisers 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.
3. The Appraisers have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
4. To the best of the Appraisers' knowledge and belief, the statements of fact contained in this report are true and correct.
5. No one provided significant professional assistance to the persons signing this report, unless disclosed.
6. The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
7. Our appraisal report has been made in conformity with and is subject to the requirements of the Code of Ethics and Standards of Professional Practice and Conduct of the American Society of Appraisers, the Appraisal Institute and The Appraisal Foundation.
8. We do not authorize the out-of-context quoting from or partial re-printing of this appraisal report. No part of this appraisal report shall be disseminated to the general public by any means without the prior written consent of Frank O. May. Furthermore, the confidentiality of this report shall not be extended without the express written consent of Frank O. May.
9. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

10. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value, or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

11. Frank O. May has the MAI designation with the Appraisal Institute and is a Senior Member of the American Society of Appraisers with the discipline of Real Property/Urban. He is qualified to appraise land, residential, commercial and industrial properties as well as easements and other special use properties. As of the date of this report, Frank O. May has completed the requirements under the continuing education program of the Appraisal Institute. By virtue of his education, experience and licensing, Frank O. May is competent to appraise the subject property.



Frank O. May, MAI, ASA
Certified General Appraiser
OREA No. AG002051



Jan Winham
Trainee Appraiser License
OREA No. AT040630

Premises of the Appraisal

Identification of Type of Appraisal and Type of Report

This is a Complete Appraisal in a Summary Appraisal Report format.

Extraordinary Assumptions and Hypothetical Conditions

This appraisal is not based upon any extraordinary assumptions or hypothetical conditions.

General Assumptions and Limiting Conditions

The certification in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the Appraiser in the report. The valuation is contingent on these assumptions and limiting conditions, as well as definitions and information contained in this report. Any claim for damages is limited to the amount of the appraisal fee.

The Appraiser assumes no responsibility for legal matters that affect the subject property or its title. The title is assumed to be good and marketable unless otherwise disclosed. The value estimate concluded in this report assumes that the title report contains no unusual conditions or easements that would negatively impact the value and/or marketability of the subject.

The property rights appraised herein are considered as being fee simple, and subject to the limitations of eminent domain, escheat, police power, and taxation.

Information, estimates, and opinions furnished to the Appraiser and contained in this report, were obtained from sources considered reliable and believed to be true and correct. However, the Appraiser assumes no responsibility for the accuracy of such information furnished to him and utilized in good faith. Any new or additional information obtained after the appraisal report could have an effect on market value. The Appraiser may have a different opinion of value as new data is received.

Sketches show approximate dimensions and any maps contained in this report are for illustration purposes, only. They should not be construed as being exact. The size estimates of the various components of the building and site that were used in this appraisal were as reported to us by the architect's plan and is assumed to be accurate. The Appraiser has made no survey of the property.

Disclosing the contents of the appraisal report is governed by the Code of Ethics and Standards of Professional Practice of the Associations to which the Appraiser belongs.

No part of the report, including property value conclusions, appraiser's identity or professional designations, reference to any appraisal organizations or companies, shall be used by anyone other than the client specified in the report.

The Appraiser shall not be required to give testimony or to appear in court by reason of this appraisal report, unless prior written arrangements have been made.

The description of the total valuation of this report between land and improvements applies only under the existing program of utilization. The separate valuations for improvements and land must not be used independently, or in conjunction with any other appraisal and are invalid if so used.

The Appraiser assumes no responsibility for any hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraisers cannot be held responsible for any engineering or specialized inspections that might be required to discover such factors.

On all appraisals, subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusions are contingent upon completion of the improvements in a workmanlike manner.

The Appraiser is not a home, building or environmental inspector. The Appraiser's only function is to provide an opinion of value. The appraisal does not guarantee that the property is free of defect or environmental problems. The Appraiser performs an inspection of the visible and easily accessible areas only. Toxic materials or mold may be present in areas the Appraiser cannot see. A professional building or environmental inspection is recommended, if the reader has any concerns in this regard.

The Appraiser is not qualified to determine the existence of potentially hazardous material used in the construction or maintenance of the building, such as the presence of urea-formaldehyde foam insulation, and/or the existence of toxic waste, which may or may not be present on the property. The Appraiser is not qualified to determine whether or not molds, the cause of molds, if they are present, pose any risk to the property or its inhabitants. Further, we have no knowledge of the existence of mold, urea-formaldehyde insulation, and asbestos or any other potentially hazardous waste material that may have an effect on the value of the property. We urge the client to retain an expert in this field to provide a Phase I environmental report.

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The Appraiser has not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property, together with a detailed 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 fact could have a negative effect upon the value of the property. Since the Appraiser has no direct evidence

relating to this issue, the Appraiser did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.

The Appraiser has done other appraisal assignments similar to the subject property and has the knowledge and experience to complete this assignment competently.

This appraisal report conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), as adopted by the Appraisal Standards Board of the Appraisal Foundation, 2006 Edition.

The report is a summary appraisal report. The valuation does not include any personal property, unless otherwise stated in the property description section of the report. Unless otherwise stated in the report, and explained, three approaches to value were used to value the property.

The appraisers wish to point-out that this report represents our best effort, given the scope of the assignment. There was a finite amount of time and resources available to spend on this valuation assignment. We chose to allocate those resources in the most efficient manner, in our opinion, that would result in the most reliable value estimate given the purpose and function of the appraisal. We recognize that there are sections of this report that could be expanded, given unlimited resources to spend. Readers of this report must realize that a crucial part of this assignment was our choices for resource allocation. We believed we used our resources in the most effective manner.

Purpose and Intended Use of the Appraisal

The intended user of this appraisal is the client Rabobank, N.A. The purpose of the report is to estimate the fair market value to assist the client in mortgage financing. It is not valid for any other purpose.

Users of this report are cautioned before relying on this report that, as appraisers, our field of expertise is limited to analysis and interpretation of real estate market data, only. If you require greater analysis or more specific detail, you are urged to contact other experts.

Distribution of this report is at the sole discretion of the client and we will make no distribution without specific direction of the client. However, no reproduction of this report, in whole or in part, shall be made without our prior approval.

Definition of Value

The definition of market value used in this report was taken from the Uniform Standards of Professional Appraisal Practices as promulgated by the Appraisal Standards Board of The Appraisal Foundation.

Definition of Market Value:

The most probable price in terms of money which a property should bring in competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

1. 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:
2. Buyer and seller are typically motivated;
3. Both parties are well informed or well advised, and acting in what they consider their best interests;
4. A reasonable time is allowed for exposure in the open market;
5. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
6. 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.

Property Rights Appraised

The property right appraised in this appraisal is the leased fee estate.

Scope of Work

The scope of work is the degree to which the subject property is inspected or identified; the extent of research into physical or economic factors that affect the property; the extent of data researched; and the type and extent of the analysis applied to arrive at opinions or conclusions (USPAP 2006). The scope of work required for this assignment is determined by the client's intended use and the expectations of the general market for similar services. This appraisal meets or exceeds the amount of work our peers would take in performing the same or similar assignment in compliance with Uniform Standards of Professional Appraisal Practice.

The scope of the appraisal includes, but is not limited to, reading the clients appraisal request and any related attachments; viewing the subject property and neighborhood; identifying its submarket and gathering general and specific information in order to evaluate the physical, social, political and economic factors that influence value. The public record and planning department were employed in determining the zoning and potential land use for the subject. We utilize an inferred market analysis based on historical and comparable sales/listing data; a formal market analysis, or feasibility study, was not

conducted. We researched market data on unimproved and improved properties with similar use potential as the subject property for sale and rent information. Other sources that may have been used in the analysis include our in-house plant, brokers, developers active in the area, or the REALTOR[®] Multiple Listing Service (MLS), *RealQuest*, state and federal databases and published articles. We defined the appraisal problem, reviewed the highest and best use, applied and reconciled the relevant approaches to value, and reached a final valuation conclusion, which is described in the written report.

There were no private land use consultants, attorneys, contractors or building inspectors, environmental assessment specialists, or title researchers employed as part of this assignment. Throughout the appraisal process we gathered information from sources that were deemed to be reliable. Our valuation reflects our interpretation of current land use issues, based on research with local public officials.

Although we have gone to great lengths to provide sufficient detail, where necessary, there are portions of this report that could be considered a summary, rather than an in-depth description. For that reason we have chosen to refer to this as a summary report to remain in full compliance with USPAP and FIRREA.

We wish to point out that this report represents our best effort, given the scope of the assignment. We recognize that there are sections of this report that could be expanded, given unlimited resources; however, there was a finite amount of time and resources available. A crucial part of this assignment is resource allocation in the most efficient manner to produce a reliable value estimate.

Presentation of Data

Identification of the Subject Property

The subject property is identified by Assessor's Parcel Number 013-322-014 and is commonly known as 2560 Garden Road, Monterey, CA.

Identification of Personal Property

Our estimate of value does not include any furniture, fixtures, or equipment, which would not normally be considered to be real property and transfer with the sale of the building.

Subject Property (3-year) Sale History

The subject is currently not under a purchase agreement, nor is it listed in MLS. The property was listed on the MLS on November 3, 2005 for an asking price of \$3,300,000 but was canceled after 4 days on the market. There was an owner transfer recorded on February 10 of this year. The last recorded market sale was in December of 1998; the purchase price was \$1,353,500. A current Preliminary Title Report was not provided to us for our review. The client is urged to review a current title report and to retain an expert in these fields, if desired.

Area Description

Environment

The County of Monterey is located in the Central Coast Region of California. It is bounded on the north by Santa Cruz and Santa Clara Counties, on the northeast by San Benito County, on the southeast by Fresno County, on the south by San Luis Obispo County, and on the west by the Pacific Ocean. The county is made up of 2,127,630 acres, or 3,324 square miles, including 1,900 acres of inland water and approximately 100 acres of coastline. The terrain varies greatly throughout the county and includes beach areas, flat river valleys, foothills, and mountainous areas. The climate in the coastal area is known for its moderate year-round temperatures and long growing season. Most of the county's population is located within 15 miles of the Pacific Ocean.

Transportation

U. S. State Highway 101 transverses the county in a northwest-southeast direction and connects Salinas, the County Seat and the County's largest city, to the Silicon Valley (San Jose area) 40 miles to the north and to Los Angeles 325 miles to the south. California State Highway 1 runs along the coast and connects the Monterey Peninsula communities of Monterey, Pacific Grove, and Seaside to Santa Cruz as well as the San Francisco Bay area to the north and Los Angeles to the south. State Highway 1 is a scenic route, and is used

primarily for local travel and sightseeing. Several smaller state highways and county roads connect the two major transportation arterials, providing east-west travel between communities in the county.

Other transportation options available include air, train, and bus service. There are municipal airports located in Salinas and Monterey. Local shuttle service provides access to national and international air service in San Jose, San Francisco, and Oakland.

Amtrak provides daily service to San Francisco and Los Angeles from Salinas. Freight service is available on the Southern Pacific line, which roughly parallels the route of U.S. State Highway 101. Greyhound bus has daily service between Salinas and all major cities in California. The Monterey-Salinas transit district operates public bus service between Salinas, the Monterey Peninsula, Watsonville in Santa Cruz County, and surrounding communities.

Plans for the future include a central transit center, located at the Salinas train station, and an extension of CalTrain rail service from Gilroy. The extension of CalTrain would provide a commuter rail connection to the Silicon Valley and San Francisco Bay area.

Government

Governmental bodies consist of both elected and appointed officials. Monterey County is governed by a Board of Supervisors; each elected to four-year terms. The Mayor of Salinas is elected at large and serves for two years. Six Salinas City Council members are elected and serve four-year terms. The Council appoints a City Manager, a City Attorney, as well as advisory boards and commissions.

Pacific Gas and Electric provides gas and electricity to all of Monterey County. Local telephone service is provided by SBC (Pacific Bell) and several long distance carriers. Water is supplied by Alco Water Service, California Water Service, several smaller private water companies, and private wells. Sewer service is available in all urbanized areas of the county. Septic systems are common outside of urbanized areas. Fire and police protection is provided by local communities or the County of Monterey.

The complex and complicated issue of determining the future of water use remains for the Monterey Peninsula area. A large desalination plant appears to be the favored solution, however, construction would take from five to 10 years. Meanwhile, water transfer credits would be relied on for development.

Population

The population of Monterey County as of 2000 was 401,762, a 13 percent increase over the 1990 population. For the 10 year period from 1990 to 2000 there was only a slight drop in the population in 1994. In 1998 Monterey County's population grew 2.7 percent and was the third fastest growing county in California. During 1999, Monterey County's population grew by three percent making it the fourth fastest growing county in California. Monterey

County's population as of 2004 is 419,023, which is a little over one percent higher than the 2003 population of 414,449. Continued growth is projected for Monterey County through 2020 at which time the population is projected to be at 536,609. However, an increasing lack of available water and land, a general no-growth attitude, and future building moratoriums due to salt water intrusion may all hamper future population growth.

Economy

The Salinas Valley is known as the "Salad Bowl of the World," and Monterey County produces more fresh vegetables than any other county in the United States. Among farming counties, Monterey County leads the United States in vegetable production and rates fourth in overall farming. For both 2001 and 2002 Monterey County's crop revenue was over \$2.81 billion with 2002 being about one and a half percent lower than 2001. The crop revenue figures for 2003 show an increase of approximately 17 percent to a production value of over \$3.28 billion. Crop figures for 2004 were not available at the time of this appraisal report. Increasing organic production has been part of the growth. Also, over the past several years, both wineries and the grape growing industry have been expanding in Monterey County, particularly in the southern part of the County.

Although agriculture and related businesses remain a major employment base, retail, and service industries are becoming more prominent in providing employment opportunities throughout the county. The top five categories of employment for the county were services (22.6 percent), trade (20.9 percent), agriculture (20.3 percent), government (18.6 percent), and manufacturing (6.1 percent) as of November 1999.

The Monterey Peninsula represents one of the State's most popular visitor destinations, and tourism is a major contributor to the area's economy. The Association of Monterey Bay Area Governments (AMBAG) estimates that 45 percent of all services and trade employment in the County is supported by tourism. According to the Monterey Peninsula Visitors & Convention Bureau, there are over 200 lodging facilities, including a dozen major resorts, with approximately 10,000 motel rooms in Monterey County. In the beginning of 2003, tourism started off slow but gained steam in the summer. Monterey County is joining in a California coastal-wide plan to combat the effects of state cuts in the tourism budget.

As of June 2006 the not seasonally adjusted unemployment rate for the State of California was 4.9 percent and the national unemployment rate was 4.8 percent. The June 2006 unemployment rate for Monterey County was 5.6 percent; the unemployment rate for the City of Salinas was 7.8 percent and the unemployment rate for the City of Monterey was at 2.4 percent. The unemployment rates for Monterey County and many of the municipalities in Monterey County reflect the seasonal influence of agriculture related employment.

The diversification of Monterey County's economy has served to lessen its reliance on the agricultural sector, and tourism has been an especially strong growth area. Over the next several years, it is forecasted that diversification will continue, and growth is expected in most employment sectors, however, at a more moderate rate due to slowing of national and

state economies, particularly in the area of tourism. The County's economy is expected to benefit from continued growth at the California State University Monterey Bay campus.

Real Estate

Existing housing in Monterey County consists primarily of single-family homes. As of 2002 there were 134,531 housing units with 26.1 percent being in multi-unit structures. Generally, prices for homes began to show appreciation starting in 1994. During the summer of 1997 the housing market started to really accelerate, and through the fourth quarter of 2000 there was a period of rapid appreciation, fueled by the economic growth and housing shortage in the Silicon Valley. The national recession, which affected the Bay Area and the local tourist industry, had only a slight effect on county housing prices. Notwithstanding the slowdown, most neighborhoods have continued to show gains in prices. For the first quarter of 2006 the median price of a single-family home in the County of Monterey was \$691,000 compared to the first quarter of 2005 median price of \$625,000, which is a 10.6 percent increase. The average number of days on the market for the first quarter of 2006 was 88 compared to 64 days on the market for the first quarter of 2005.

The State of California is requiring Monterey County to provide 3,500 new housing units by 2007. The lack of affordable housing continues to be a critical issue facing Monterey County. Less than 23 percent of the population can now afford to purchase a median prices home and, at the same time, the vacancy rate for rental housing is extremely low with very little rental housing being constructed.

The new general plan for Monterey County calls for most residential growth to take place just north of Salinas in Rancho San Juan. Other areas targeted in the Monterey County 2004 Annual Housing Report for the County to work in partnership with private market developers include the Boronda, Castroville, Pajaro and Fort Ord Redevelopment Project areas, the San Lucas, Chualar, and Las Lomas community areas, and City growth areas.

According to information provided by BT Commercial, the industrial market is the largest market in Monterey County with a building base of 6.1 million square feet, followed by the office market with 5.2 million square feet. There is insufficient sales information to make a quantifiable determination as to price changes in the commercial real estate market. It is our assessment, based on our investigations and reports by other commercial real estate professionals, that there has been a general appreciation in prices of commercial real estate up to the first quarter of 2004. We consider the market for commercial real estate as stable, although anecdotal evidence suggests continued demand in a limited supply environment. This conclusion assumes there are no unexpected economic shocks or other factors that negatively impact the area.

As reported by BT Commercial, average rent rates as of 2005 for the different sectors were \$1.99/SF for office, \$0.93/SF for research and development, \$0.77 for industrial, and \$0.70 for warehousing. The average lease rates, which all show increases over the average rent rates for 2004, reflect triple net terms except for the average office rent with full service terms. Concessions such as free rent and brokerage incentives were held to a minimum.

During 2005 the only sector of the market to see increases in vacancies was the office sector, which increased from 8.3 percent in 2004 to 8.6 percent in 2005. In part, the increase reflects 100,000 square feet of new product built in Salinas. The industrial market remained the strongest sector with vacancy rates of 4.4 percent for manufacturing, 3.4 percent for warehousing and 6.1 percent for research and development space. The retail market had a vacancy rate of 4.2 percent in 2005. For all commercial sectors in Monterey County, because of the lack of appropriately zoned land, water availability, and slow growth politics, vacancy rates should remain generally low.

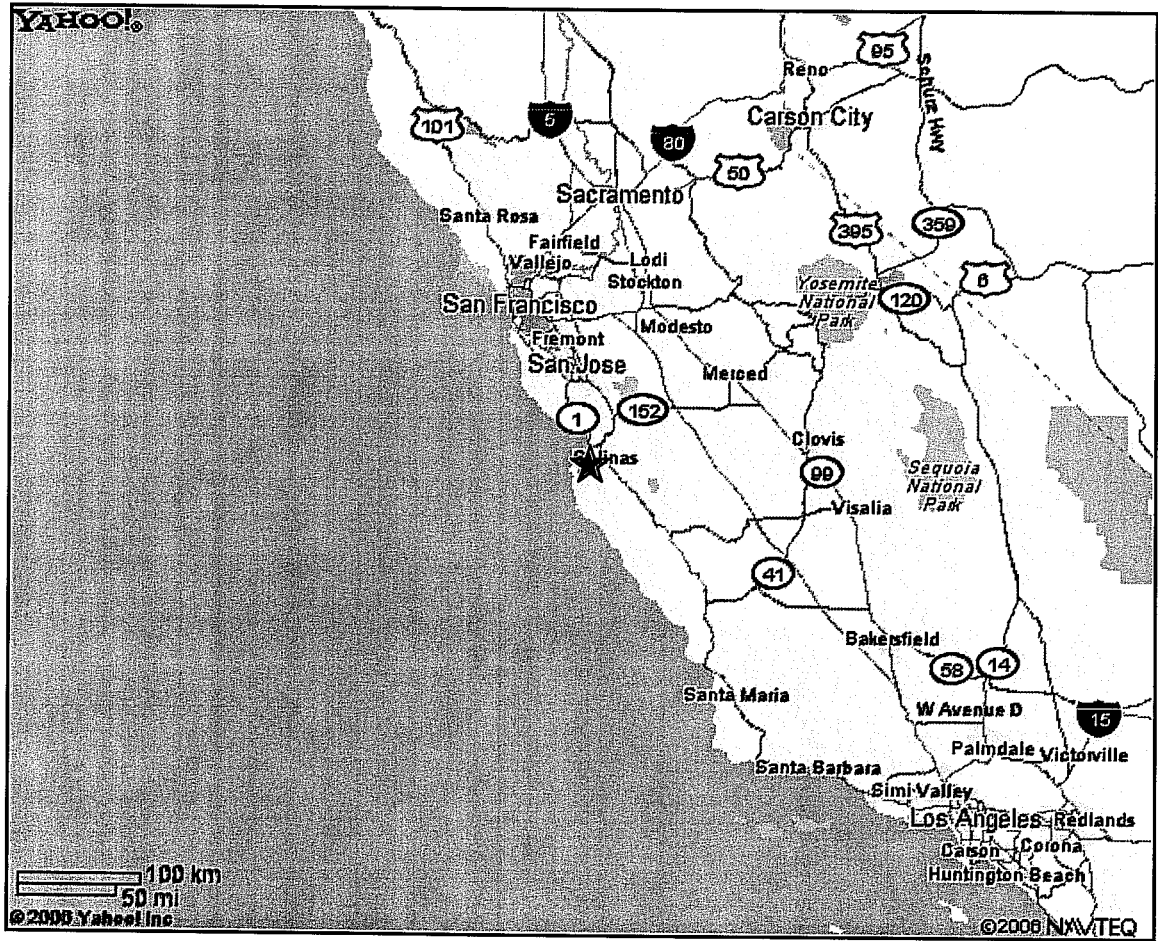
Income

According to Economic Research Service, U.S. Department of Agriculture, median household income for Monterey County in 2004 was \$60,800.

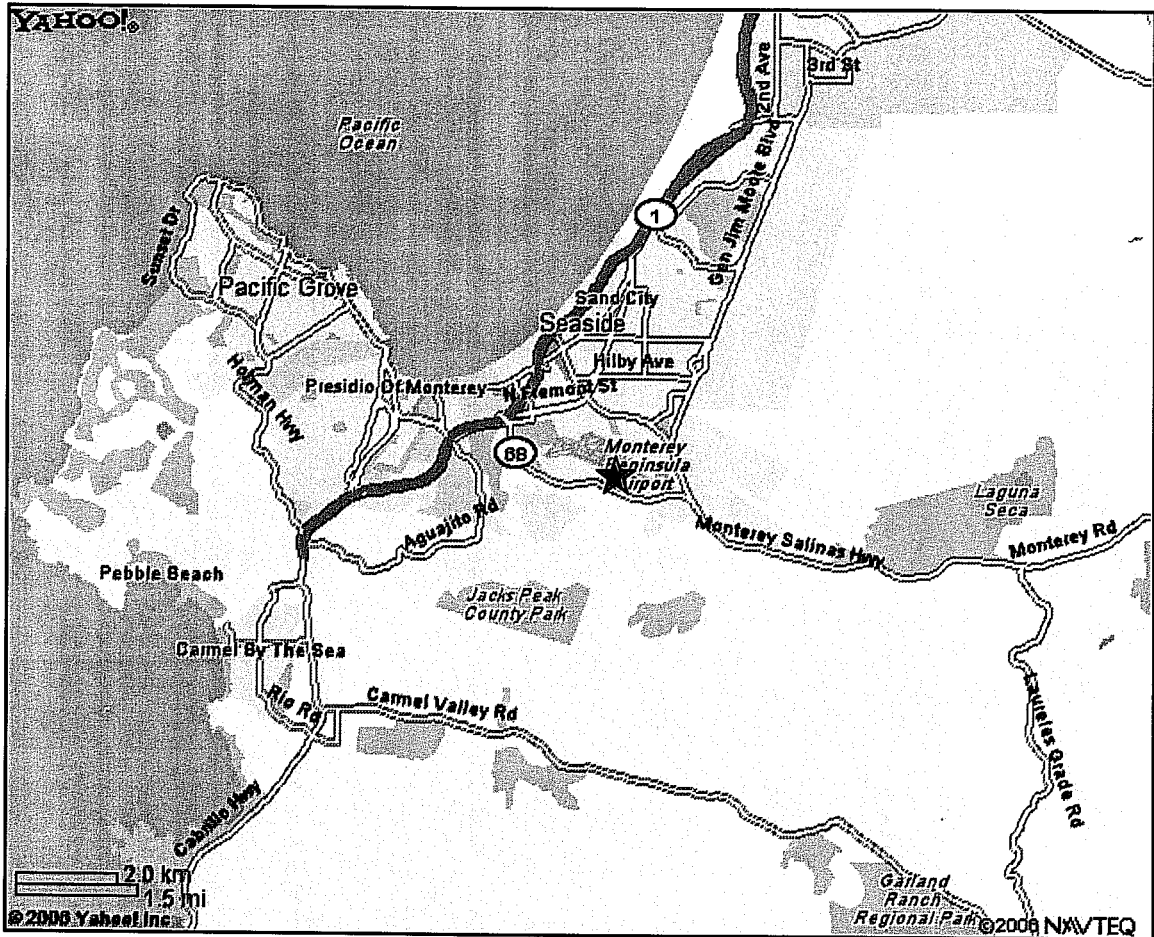
Summary

Monterey County's environment, climate, and close proximity to both the Silicon Valley and the San Francisco Bay region serve to attract both residents and business. As the County's economy continues to diversify the region will have greater job stability. It is predicted that growth will occur in both agricultural and non-agricultural related industries. Demand for residential property has been strong and should remain so. However, appreciation in the near term will most likely be less than that experienced in the past. Population growth in Monterey County may be slower than the previous decade, due to lack of water and land, and a general no-growth attitude.

Regional Map



Area Map



City and Neighborhood Description

The subject property is located within the city limits of Monterey. Monterey is situated on the coast, in the southernmost curve of the Monterey Bay about 120 miles south of San Francisco and 60 miles south of San Jose. The Monterey Bay lies to the north, the Pacific Ocean to the west, and Carmel Bay to the south. Physically Monterey covers 8.62 square miles and has a population of approximately 33,000. During the tourist season, the population increases to nearly 70,000.

The City of Monterey was founded on June 3, 1770 and incorporated on May 30, 1850. It is a Charter City operating under a City Council/City Manager governmental structure. Monterey served as California's first capital and in the 1930's and 1940's Monterey became the center of a thriving fishing industry. Today, a smaller commercial fishing fleet continues

to operate from Wharf 2 at the harbor marina. Due to its strategic location Monterey has historically been a key military outpost. Although military needs have changes, the presence of the Naval Postgraduate School and Defense Language Institute in Monterey continue the legacy of a military presence. With the growing focus on the area's environmental assets and on tourism, Monterey's economic growth is expected to continue over the coming years.

State Highway 1, which provides access to other coastal communities around the Monterey Bay and is also a coastal thoroughfare between the San Francisco Bay area and southern California, runs through the Monterey Peninsula area. Highway 68 connects the Monterey Peninsula area with the Salinas area and Highway 156 and U. S. Highway 101 provide access both the San Jose area and the San Francisco area.

The Monterey Peninsula area has an estimated four million visitors each year, and is one of the nation's premiere tourist destinations. Motels in Monterey are primarily located along Cannery Row, Munras Avenue, Fremont Street and Del Monte Avenue.

Del Monte Avenue and Fremont Boulevard are the two major thoroughfare streets connecting the communities of Seaside and Monterey. Del Monte Avenue runs a course basically parallel to the coastline and Fremont Boulevard generally runs a course that is basically parallel to Del Monte Avenue but further inland. Multiple cross streets connect Del Monte Avenue with Fremont Boulevard. Fremont Boulevard can be accessed from the State Highway 1/Highway 68 interchange and Del Monte Boulevard can be accessed from State Highway 1.

Subject Property's Immediate Environs and Market

The subject property is located on Garden Road just within the city limits of Monterey. Garden Road parallels Highway 68 from Olmstead Road, about a block east of the subject, to Fairground Road, about a block east of Highway 1.

The subject property's neighborhood is physically defined by Highway 1 to the west, Highway 68 to the south and Canyon Del Rey Boulevard to the north and east. Highway 68 provides access from the subject property to the Monterey Peninsula area to the west and the Salinas Valley area to the east.

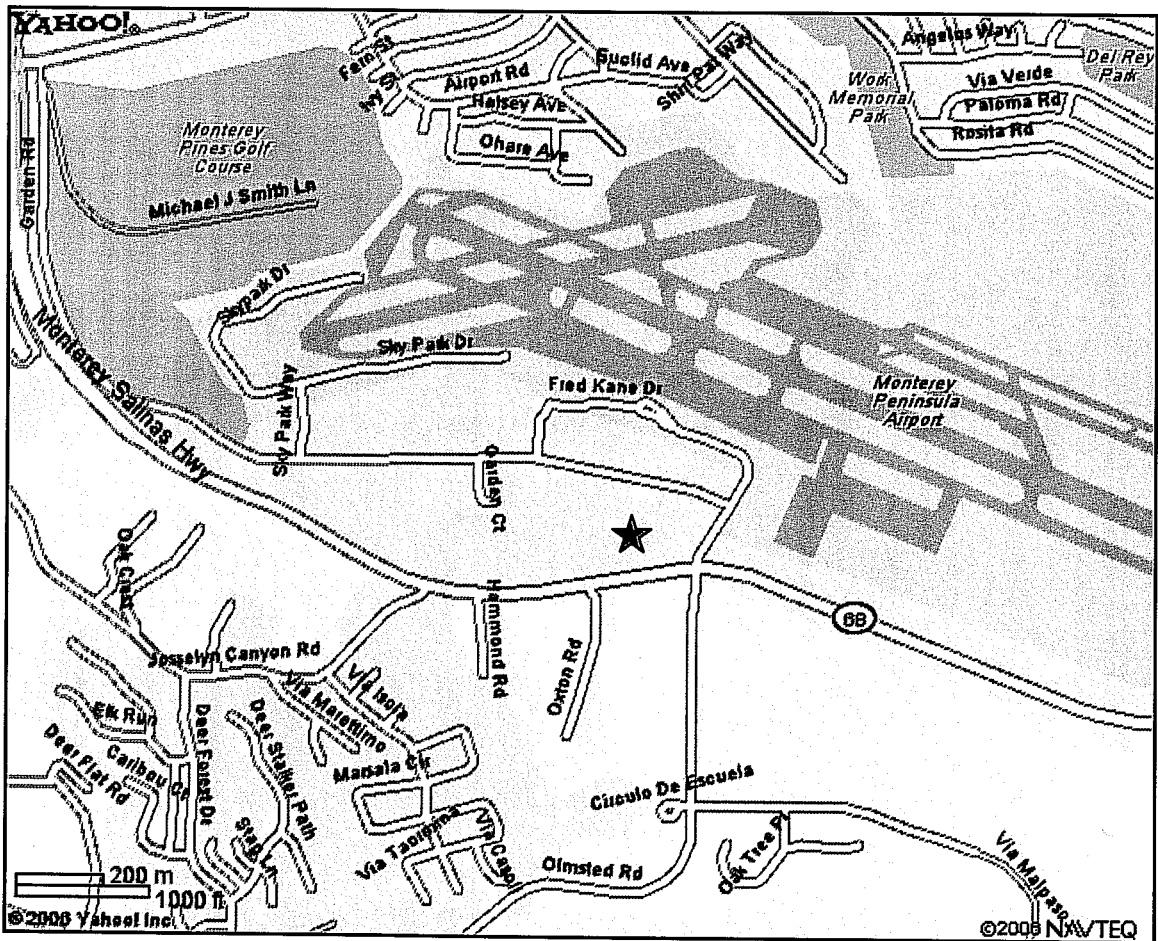
The Monterey Peninsula Airport is just north of the subject property on Olmstead Road. The Ryan Ranch Industrial Park is located about a mile east of the subject and the Laguna Seca Office Park is about a half mile further east. Surrounding uses include the Trident Executive Center at 2600 Garden Road and the Garden Road Building at the corner of garden Road and Olmstead Road which includes retail and office. The area across Highway 68 from the subject property has some low-density residential areas, open space and Jacks Peak County Park.

Market Analysis

There have been few sales of office or commercial buildings in Monterey over the past three years. Nothing has sold that is considered directly comparable to the subject in regards to location, age and size. Most of the sales ranged in size from 5,000 to 18,000 SF and sold for \$150 to over \$300/SF. Currently the only listing of any office buildings of the subject's size is comparable #5: 1900 Garden Road.

The best market data suggests that there was general price appreciation in all segments of the real estate market through mid 2005. There is insufficient market data to extract and exact rate of appreciation for Q2 2003-Q2-2005, but we concluded a 5% annual rate fairly reflects investor thinking, at least as a benchmark. The market appears to have stabilized post Q2 2005.

Neighborhood Map



Land Description

General Description: The subject site is one legal, interior parcel within the city limits of Monterey, in fact the Monterey city line runs through the northern property line. Although the subject is addressed as 2560 Garden Road it does not have any frontage on Garden Road and is accessed via an easement on 2600 Garden Road. The subject does have approximately 350 feet of frontage on Highway 68 without access. Its Assessor's Parcel Number is 031-021-70.

Size, Shape and Topography: The site is a roughly square shaped $\pm 84,942$ SF interior parcel with approximately 350 feet of frontage on Highway 68. The site is gently sloping up from Highway 68, and down from its access from Garden Road. The size of the site is considered to be within the typical range for the neighborhood, and the utility is considered to be average.

Ingress and Egress: The subject property is accessed via an easement through the adjacent property to the north on Garden Road.

Utilities: All necessary utilities are reported to be available to the site in sufficient quantity and capacity to support its current use. The utilities provided are generally considered to be average in terms of cost when compared to other communities within Monterey County.

Drainage: No drainage problems were noted during our inspection, and site drainage appears adequate.

Soils and Toxic Waste Hazard: The subject site is improved with a commercial building built in 1998. Historical uses on the site were not researched. The detection of toxic or hazardous materials is beyond the appraisers' field of expertise. During the inspection, no hazardous materials or areas were noted. The Appraiser was not provided with any environmental questionnaire or certification indicating whether there are any probable causes of contamination. If such a study reveals significant contamination of the surface, subsurface soil, or water the value and/or marketability of the subject property could be negatively influenced.

It is assumed that there are no hidden or unapparent conditions of the property or subsoil that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering or other studies that may be required to discover them. This appraisal assumes that no substances or conditions exist which would impact the value or marketability of the subject property. If there were to be contamination, the impact on market value could be significant. The client is urged to retain an expert in this field, if desired. Please refer to the Assumptions and Limiting Conditions as contained in within this report.

Flood and Seismic Study Zones: As reported by F.E.M.A. on Flood Insurance Rate Map 060200 - 0003C, dated June 17, 1986, the subject site is located in a designated Flood

Hazard Zone C, an area determined to be outside the 100- year and 500- year flood plains. The subject site is not located within a designated earthquake study zone; however, as is the case for the Monterey Bay Area, the subject site is located within the sphere of the San Andreas Fault system and is considered to be within an earthquake zone as designated by the State of California.

Easements and Encroachments: No title report was provided for review. As set forth in the Assumptions and Limiting Conditions section of this report, the value opinion concluded in this report assumes that there are no unusual conditions or easements that would negatively impact the value and/or marketability of the subject. The site inspection revealed no obvious easements or encroachments; however, we are not trained in surveying, geology, engineering, title examination, or law, so we are not qualified to present a reliable determination regarding these areas of expertise. The client is urged to review the title report and to retain an expert in that field, if desired.

Zoning and General Plan Designation: The subject site is within the jurisdiction of the City of Monterey and is zoned IR-130 Industrial and Research and Administration with a site minimum of 130,000 square feet. The General Plan is Industrial. The subject's zoning allows a wide range of industrial, administrative, and research uses. The subject's current use is considered to be a legal conforming use, as designated by the zoning, and it also conforms to existing neighborhood development. Surrounding uses suggests a lot coverage ratio of about 30 percent.

Parking: Parking requirements vary by use. Offices require 1 space per 275 square feet. There are 74 spaces in the subject parking lot which equates to a ration of 1 space per 254 square feet of the subject's leasable space. We concluded that the subject is in conformance with current parking requirements.

Improvement Description

General Description: The subject property consists of a two-story office building with an estimated $\pm 21,233$ square feet of gross building area. The building is currently demised into 13 suites and has a total net leasable area of $\pm 18,829$ square feet, giving the building an efficiency rate of approximately 88.6%. The quality is judged to be above average and the condition of the improvements is judged to be above average, due to the recent date of construction. No significant items of deferred maintenance were noted during our inspection.

Foundation: The improvement foundation is concrete slab on grade. It is assumed to be reinforced as required by the code in use at the time of construction.

Exterior Walls and Structure: The exterior walls are mostly concrete block with some wood siding over wood framing at the front of the building.

Roof: The roof is composition shingle and appears to be in good condition.

Interior Improvements: The interior is currently demised into twelve suites, with five suites on the first floor and seven suites on the second floor; suites range in size from 240 SF to 3,519 SF. All of the suites on the first floor have exterior doors as well as access through an interior hallway. One of the second floors suites has an exterior door as well. The individual suites are partitioned into private offices and open office areas with drywall partitions.

Interior finishes are typical of the segment and include wall to wall carpeting, parquet and ceramic tile floors, finished and painted drywall walls, and dropped acoustical ceilings. Lighting is primarily recessed two by four fluorescent fixtures. The overall condition of the interior improvements is above average.

Plumbing: There are four rest rooms: a men's and women's restroom on each floor. There is a janitors closet with mop sink; at least one suite has been improved with a break room with small sink.

Electrical: The electrical service is assumed to be adequate for its current use.

Insulation and Sound: The level of insulation is unknown, but it is assumed to be as required by the code in use at the time of construction.

Heating, Ventilation and Air Conditioning: HVAC

Site Improvements: The balance of the site not occupied by the building is paved for parking and naturally landscaped.

Depreciation is loss in value due to any cause and is the difference between the market value of the improvement and its replacement cost as of the effective date of valuation. There are several approaches to estimating depreciation, but the most widely accepted method is the extended life concept, which acknowledges the observation that the life of a building is extended by the correction of deficiencies that may lower its effective age and lengthen its remaining life. This concept utilizes the effective age of a property, which is its age as compared to other properties performing the same function. Effective age reflects the actual remaining life for the property taking into account the life expectancy of similar properties with the same use. A commonly used method in the application of this approach is the use of Marshall & Swift Depreciation Tables, which were developed from actual case studies. Our observations and case studies in the local area lead us to the conclusion that the use of these tables is a reasonable approach in this appraisal.

No external or functional obsolescence was noted. The improvement was constructed in 1998. We estimate that the effective age of the improvement is about 8 years. Using a total economic life of approximately 50 years, we estimate that the subject has a remaining economic life of about 42 years. The physical depreciation is estimated at 5%.

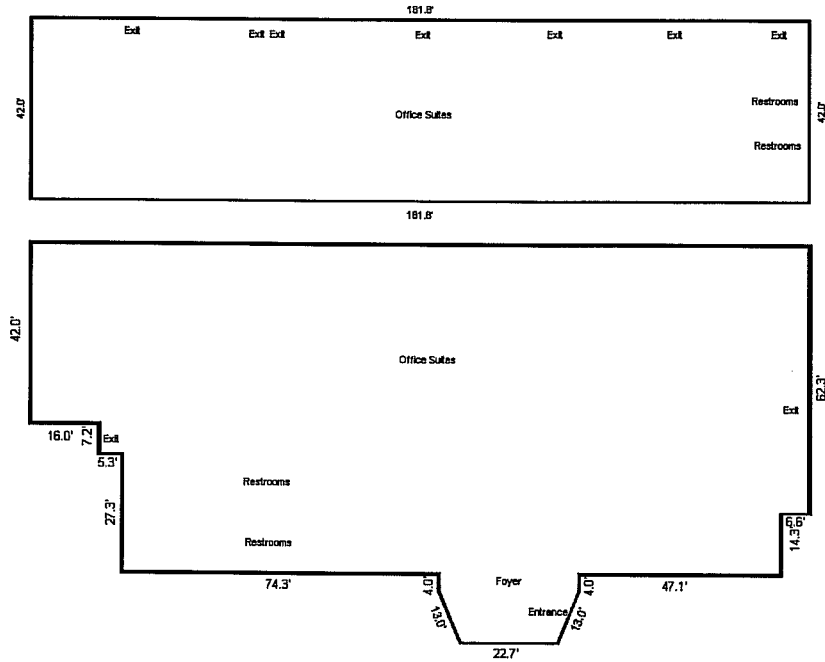
Our estimate of value does not include any furniture, fixtures, or equipment, which would not normally be considered to be real property and transfer with the sale of the property. Please refer to the Assumptions and Limiting Conditions for conditions relating to the issue of conformance to the American Disabilities Act.

Taxes and Assessment Data

The Jarvis-Gann Initiative, passed by the State of California in 1978 and known as Proposition 13, states that properties are assessed at one percent of the market value upon transfer, plus any existing bond indebtedness, which typically gives a total tax rate of one to one and one-quarter percent. Thereafter, tax increase is limited to two percent annually until ownership is transferred, or the property is newly improved.

According to county records, the subject property's assessed tax for the year 2006 is \$16,138.12 based upon a valuation total of \$1,521,876. There are currently no unusual or special assessments on the subject property.

Building Sketch



04/14/94/12"

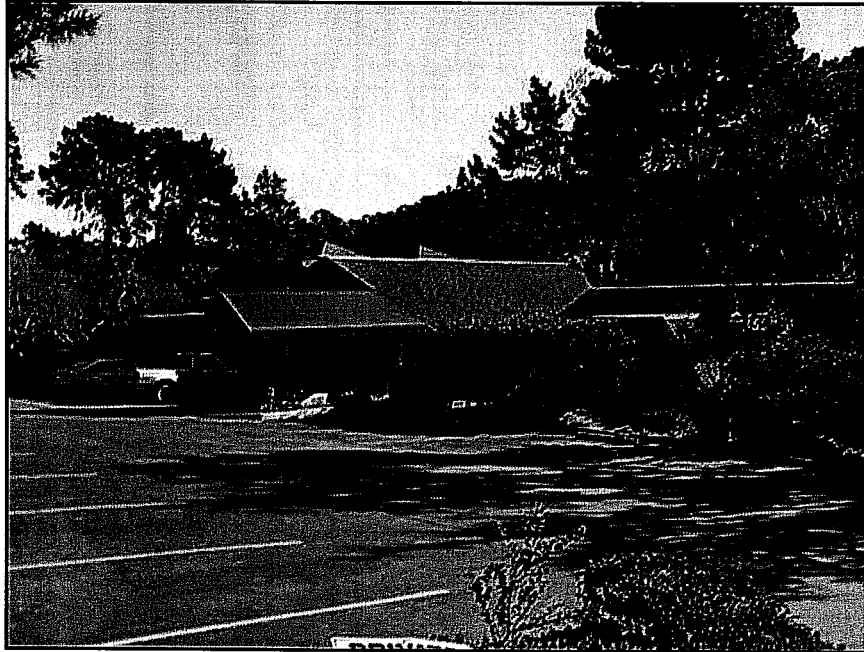
Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GBA1	First Floor	7633.5	7633.5
GBA2	Second Floor	13590.0	13590.0
Net BUILDING Area		(Rounded)	21223

BUILDING AREA BREAKDOWN		
Breakdown	Subtotals	
First Floor	42.0 x 181.8	7633.5
Second Floor	12.0 x 22.7	272.0
	0.5 x 5.0 x 12.0	30.0
	0.5 x 5.0 x 12.0	30.0
	4.0 x 32.7	130.7
	49.2 x 165.9	8157.6
	16.0 x 42.0	672.0
	13.1 x 160.7	2102.0
	14.3 x 154.1	2195.7
9 Items	(Rounded)	21223

Photographs of Subject Property

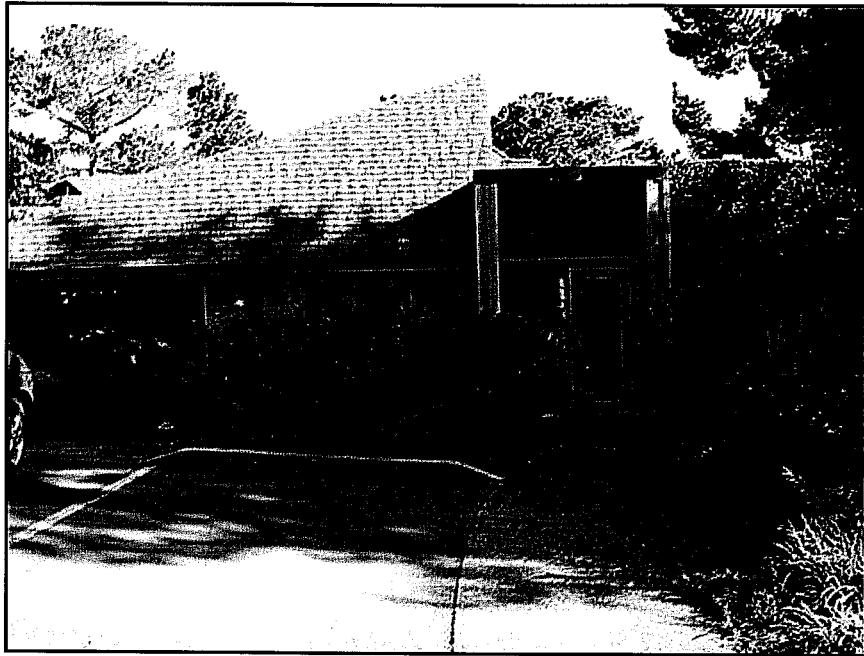
November 29, 2006



VIEW OF SUBJECT; NORTHERN ELEVATION



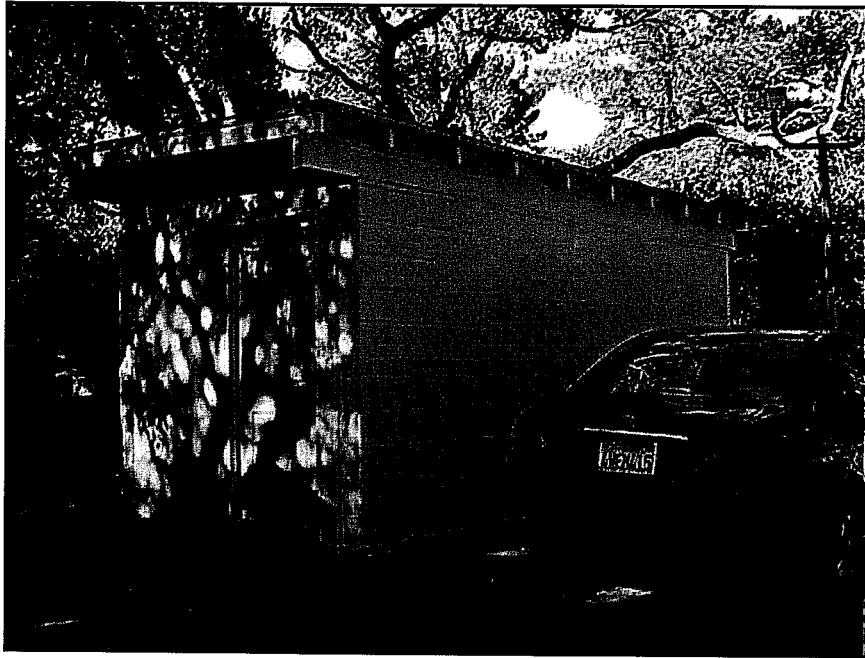
VIEW OF SUBJECT; SOUTHERN ELEVATION



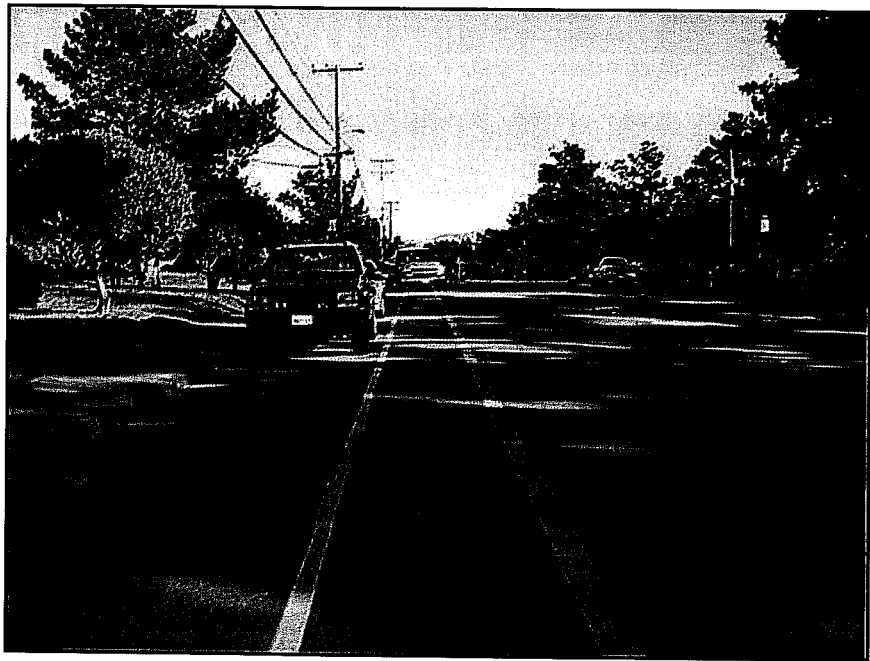
VIEW OF SUBJECT; WESTERN ELEVATION



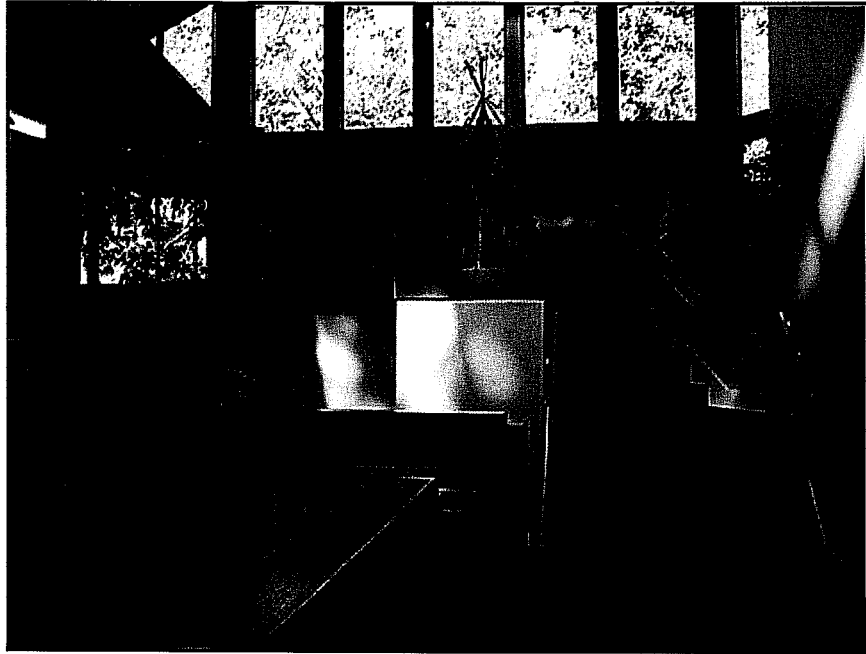
VIEW OF SUBJECT; EASTERN ELEVATION



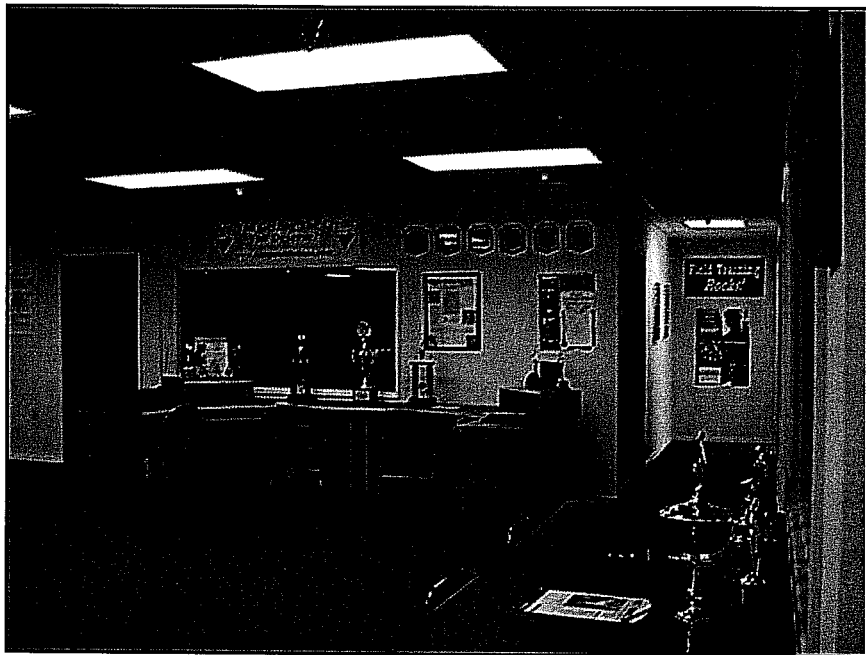
TOOLSHED



GARDEN ROAD



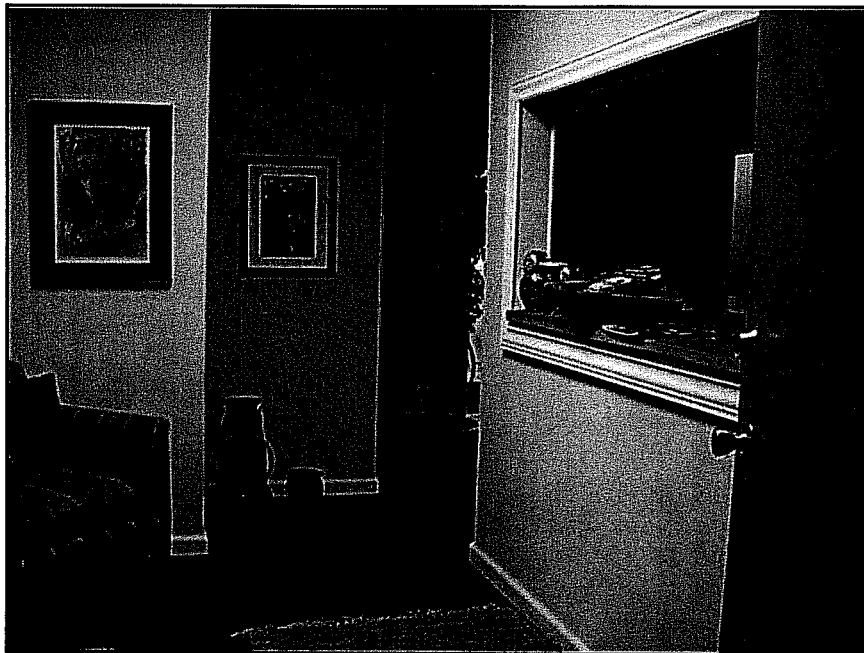
ENTRYWAY



SUITE 207



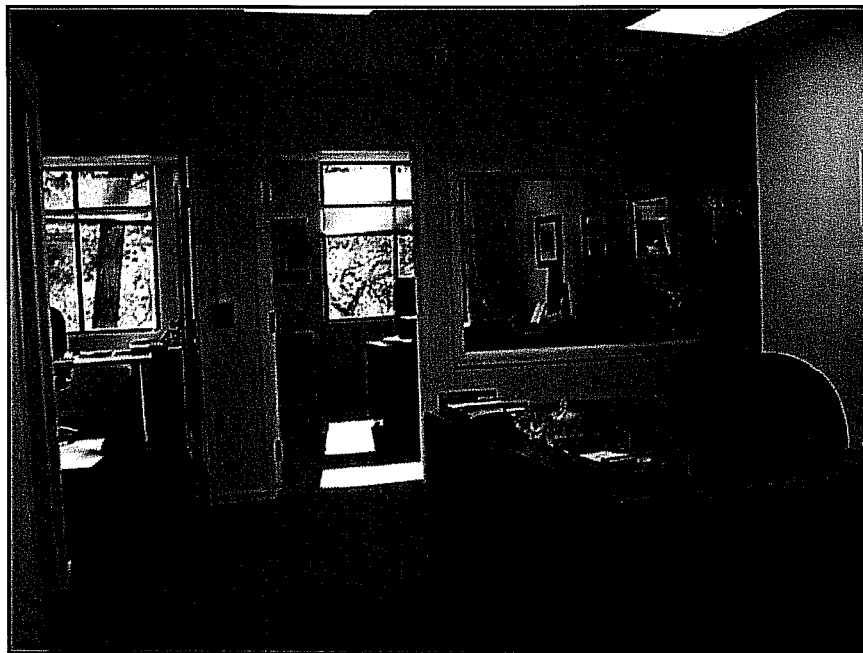
BREAKROOM IN SUITE 107



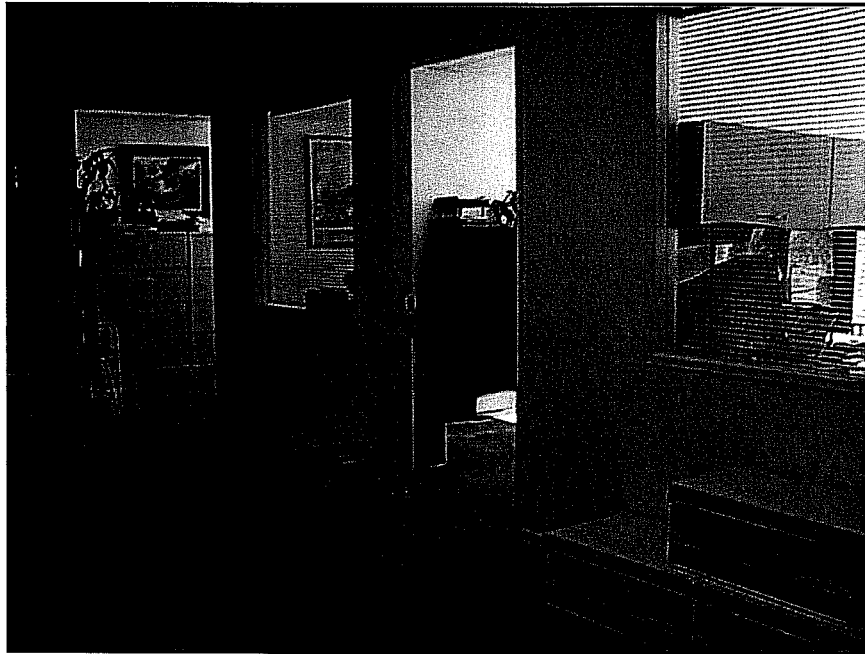
SUITE 104



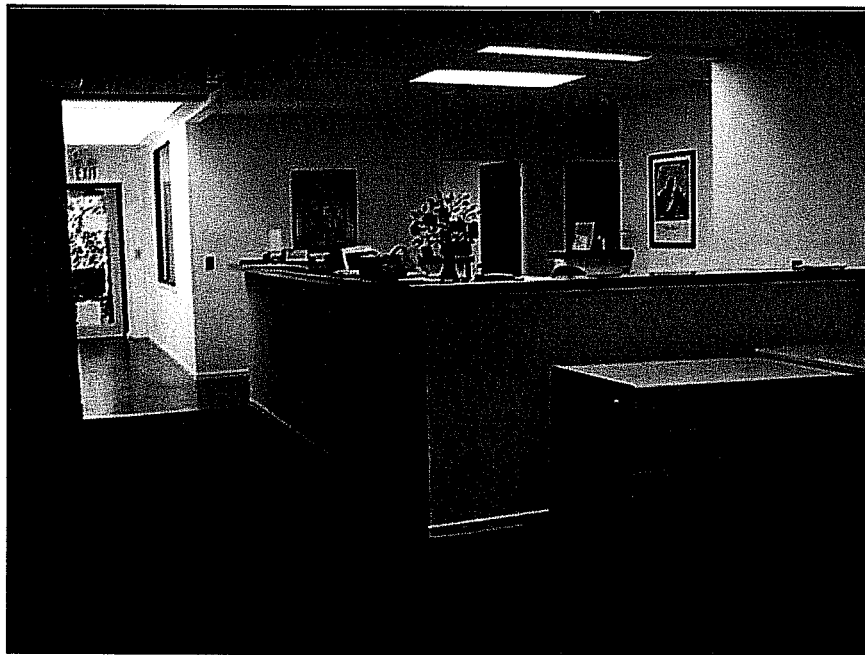
SUITE 107



SUITE 201A



SUITE 201B



SUITE 201A



SECOND FLOOR MEN'S RESTROOM



SECOND FLOOR WOMEN'S RESTROOM



FIRST FLOOR WEST EXIT AND WOMENS RESTROOM

Valuation: Analysis of Data and Conclusions

Highest and Best Use

Highest and best use is defined as the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible and that results in the highest value.

Reflecting on the subject property both as if vacant land and as improved, it is concluded the subject property as currently improved represents the highest and best use of the subject land. The existing improvement is a legally conforming use and it is generally in agreement with the subject's maximally productive use. As determined by the two approaches to value, the subject improvement contributes significant value to the land beyond the cost of demolition, holding and new development. As such, the current improvement meets the four criterion of highest and best use in that the current use is legal and meets, or exceeds what is physically possible, financially feasible and maximally productive use of the land if it was vacant.

Based upon the above analysis, it is our opinion that the highest and best use for the subject property is *As Improved*.

Approaches Used in the Valuation

The three recognized approaches to value, cost approach, sales comparison approach and the income approach are applicable to this assignment and were used. It is our opinion that the scope of research and analysis associated with this appraisal is adequate to support the value conclusion.

Cost Approach to Value

Central to the cost approach method of estimating the value of the subject property is the principal of substitution. This principal, as it relates to the cost approach, holds that a purchaser would most likely not pay more for a property than the cost of obtaining an equally desirable substitute site, plus the cost of replacing equally desirable and useful improvements, and assuming no costly delay is involved in making the substitution.

When a building project is being developed there are four key cost factors, known as the agents in production, to be considered: labor, capital, coordination, and land. To arrive at an estimate of the value of the subject property all the costs of the agents in production, hard and soft, are added together. These costs include the costs of reproducing or replacing the existing depreciated structures, the site value under its highest and best use, and any

profit. In the following sections the costs of these agents in production are described as: site value; direct costs, which include labor and materials; and indirect costs, which include capital and entrepreneurship (coordination).

The summation of the individual direct and indirect costs should approximately equal the total present value of the subject property, if newly built. The improvements are then depreciated, based on their effective age and remaining economic life, to reflect present value. The depreciated value of the improvements, plus the indirect costs, plus the site value, equal the estimated market value according to the cost approach.

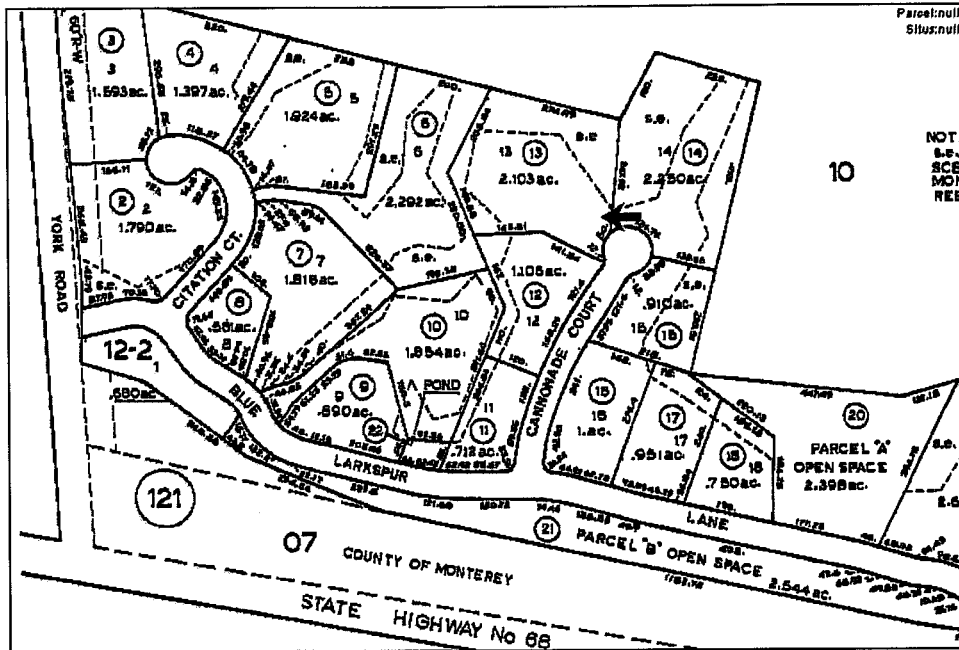
Site Valuation

The first step in the cost approach is to estimate the value of the subject site as if vacant. In selecting the comparable sales, it was first necessary to determine what were the marketing factors of the subject property and then select sales that would appeal and compete for that same segment of the real estate market. The five marketing factors we considered most influential were:

1. Date of Valuation
2. Location and Exposure
3. Zoning, Highest and Best Use
4. Site Size and Utility
5. Off-site Improvements

The land sales used for comparison were selected after reviewing all available sources for reliable sales data within the surrounding area. The sales given the most consideration in the valuation of the subject site are presented on the following pages. Following the sales is a Comparable Land Sales Table containing a summary of the information for each sale.

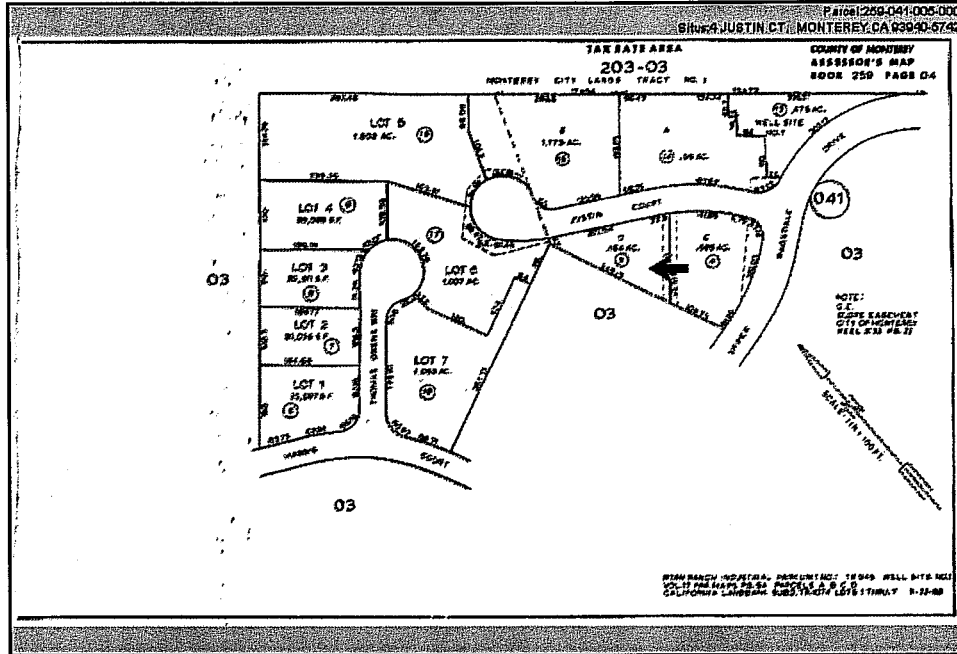
LAND COMPARABLE NUMBER ONE



Comparable One (\$9.12/SF) is located about a mile east of the subject, in the Laguna Seca Office Park. Slopes in the immediate area range from 15 to 30 percent, and the site is also impacted by scenic easements. This property sold previously in 2005 for a recorded price of \$700,000.

Location:	24560 Silver Cloud Court, Monterey
APN:	173-121-013
Zoning:	Industrial Research
Site Size:	+91,607 SF (2.103 Acres)
Sale Price:	\$835,000
Sale Date / Document Number:	July 2006 /62062
Price Per Square Foot:	\$9.12
Source/Confirmation:	Appraiser's Files / Assessors Office

LAND COMPARABLE NUMBER THREE



Comparable Three (\$13.61/SF) is located in Ryan Ranch. It is an estimation of residual land value extracted from the sale of an improved property. The site was improved with a +6,506 square foot R & D building in 1988. The residual land value was considered relevant because there were no recent sales approximating the subject site size.

Location:	4 Justin Court, Monterey
APN:	259-041-005
Zoning:	IR-20
Site Size:	+20,212 SF (0.46 Acres)
Sale Price:	\$275,000 (Abstracted)
Sale Date / Document Number:	February 2004 / 17386
Price Per Square Foot:	\$13.61
Source/Confirmation:	Appraiser's Files / Assessors Office

Information about the comparables is summarized in the table below.

Land Sales Summary Table

Table 1 - Comparable Land Sales				
	Subject Property	Land Sale No. 1	Land Sale No. 2	Land Sale No. 3
Address	2560 Garden Road	24560 Silver Cloud Court	24551 Silver Cloud Court	4 Justin Court
City	Monterey	Monterey	Monterey	Monterey
Proximity to Subject		2 Mi East	2 Mi East	1 Mi East
APN No.		173-121-013	173-121-014	259-041-005
Document No.		62062	59498	17386
Sale Price		\$ 835,000	\$ 737,500	\$ 275,000
Date of Sale		Jul-06	Jun-04	Feb-04
Data Source	Inspection	Appraiser's Files	Appraiser's Files	Appraiser's Files
Zoning	IR-130	IR	PA	IR
Exposure	Average	Superior	Superior	Superior
Topography	Level/SI Slope	Similar	Similar	Similar
Shape/Utility	SI Irregular/Average	Similar	Similar	Similar
Ingress/Egress	Average	Superior	Superior	Superior
Site Size SF	84,942	91,607	98,010	20,212
Site Size Acres	2.31	2.10	2.25	0.5
Adjustment Grid				
Unadjusted Price/SF		\$ 9.12	\$ 7.52	\$ 13.61
Market Conditions (Time)		0.0%	20.0%	20.0%
Adjusted Price		\$ 9.12	\$ 9.03	\$ 16.33
Location/Exposure	Average	-5%	-5%	-15%
Utility	Level/Gen Slope	0%	0%	0%
Size (Economy of Scale)	Average	0%	0%	-25%
Zoning	IR-130	0%	0%	0%
% Net Adjustment		-5%	-5%	-40%
Indicated Price/SF		\$ 8.66	\$ 8.58	\$ 9.80

Our land comparables reflect a range of sales prices from \$7.52 to \$13.61 per square foot of site area. The mean of the comparables is \$10.08 and the median is \$9.12 per square foot of site area.

The low-end of the range is established by Comparable Two (\$7.52/SF), which sold over two years ago. Due primarily to improving market conditions we would expect that the subject would sell at a per unit indicator above the comparable's. The high-end of the range is established by Comparable Three (\$13.61/SF), which sold over two years ago. Due primarily to the subject's greater site size, we would expect that the subject would sell at a per unit indicator below the comparable's.

A better reflection of the subject's site value is usually provided by adjusting the comparables to the specifics of the subject property. Due to the limited available market

data, our adjustments are somewhat subjective in nature. However, we have relied on market data and matched-pair analysis whenever possible.

Market Conditions (Time): There have been very few commercial land sales useful in determining an exact market trend. However, Brokers and market participants acknowledge that the trend, if any, has been that of a steady increase in values. Comparable One sold for in \$7.64/SF in February of 2005 and again in July of 2006 for \$9.12/SF; this represents an approximately 19 percent increase over the earlier sale. Upward adjustments of 10% annually were given for Comparables #2 and #3.

Location and Exposure: the subject is located behind 2600 Garden Road with no street frontage. Upward adjustments were warranted for all three comparables.

Site Size: Smaller properties typically reflect higher per unit values due to the economy of scale. This tends to indicate that the subject property may reflect a per unit value higher than a larger comparable property, and conversely, the subject property may reflect a per unit value lower than a smaller comparable property.

Comparables One and Two are considered similar to the subject and no adjustments were warranted; Comparable Three is considerably smaller than the subject and was given a significant downward adjustment.

Following our adjustments the comparables indicate a narrowed range of values from \$8.58 to \$10.61 per square foot of site area. The adjusted mean is \$9.28 and the median is \$8.66 per square foot of site area.

None of the comparables were directly comparable to the subject, and all required adjustments. We gave equal weight to all of the comparables. We felt that these comparables provide good support for a value estimate of \$9.00 per square foot for the subject site.

The value of the entire site is calculated as follows:

$$84,942 \text{ SF} \times \$9.00/\text{SF} = \$764,478$$

Rounded To: \$765,000

In conclusion, our opinion of the market value of the subject site, as of November 29, 2006, is:

\$765,000

Improvements

The subject property Office improvement is best characterized as *Marshall & Swift Valuation* blend of Average/Good Class D Office Building (Section 15, page 17) and a 150 SF shed as *Marshall & Swift Valuation* Class C Good Toolshed Building (Section 17 page 12.) The improvement's depreciation is discussed in the *Improvement Description* section of the report and is estimated at five percent.

Cost Approach Analysis				
Description:	Unit of Measure	Units	Replacement Cost/Unit	Replacement Cost
Office Bldg: Average/Good Class D	SF	21,233 X	\$ 95.57 =	\$ 2,029,238
Shed; Good Class C	SF	150 X	\$ 19.02 =	\$ 2,853
			Subtotal:	\$ 2,032,091
Adjusted for Current Cost Multiplier:		1.07 X	\$ 2,032,091 =	\$ 2,174,337
Adjusted for Local Area Multiplier:		1.16 X	\$ 2,174,337 =	\$ 2,522,231
Total of Direct Costs:				\$ 2,522,231
Indirect Cost	Percent:	5%		\$ 126,112
Entrepreneurial Profit	Percent:	15%		\$ 378,335
Total of Direct and Indirect Cost:				\$ 3,026,678
Less Physical Depreciation	Percent:	5%		\$ 151,334
Less Functional Obsolescence	Percent:	0%		\$ -
Less External Obsolescence	Percent:	0%		\$ -
Depreciated Improvement Value:				\$ 2,875,344
Plus Estimated Value of Land:				\$ 765,000
			Indicated Value by the Cost Approach:	\$ 3,640,344
			Cost Approach Rounded To:	\$ 3,640,000

In summary, our opinion of the value of the leased fee estate of the subject property "as is" according to the cost approach to value, as of November 29, 2006, is:

\$3,640,000

Sales Comparison Approach

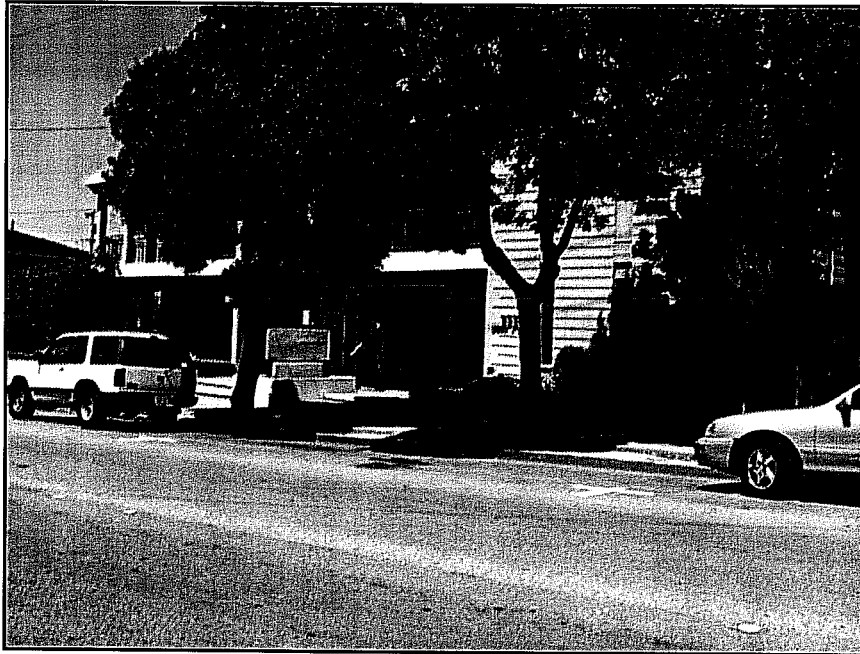
The sales comparison approach a process by which the market value of the subject property as proposed is estimated by analyzing the most recent sales and listings of similar properties. The method basically mirrors the behavior of buyers and sellers in the market place. This is the principle of substitution where the value of a property is set by the price to acquire a substitute property with similar utility and appeal within a reasonable time period. Our survey revealed several comparable properties sufficiently similar to the subject in location, utility, and physical characteristics to provide useful comparison.

In the sales comparison approach, the comparative analysis focuses on differences in the legal, physical, location, and economic characteristics of similar properties, and the subject. Also differences in real property rights conveyed, sales dates, buyer and seller motivation and financing arrangements are considered. The analysis follows an established sequence of adjustments in the comparison process:

1. Property rights conveyed
2. Financing terms and conditions of sale
3. Market conditions
4. Location, physical characteristics and other features

On the following pages are photographs and a narrative description of the comparable properties that were selected as being the most comparable to the subject property. The most important characteristics of the subject property and the selected sales are summarized in a *Summary Table*. The summary also includes an *Adjustment Grid*, to account for significant differences between the subject and any particular sale. Following the summary is a discussion of our analysis and reconciliation value by means of the Sales Comparison Approach.

Due to a lack of comparables in the immediate area we were required to expand the search to areas considered to be competitive throughout neighboring Santa Cruz County. The comparable properties located on the following pages are the most recent, relevant market data that we could find after researching the available market data sources.

COMPARABLE ONE

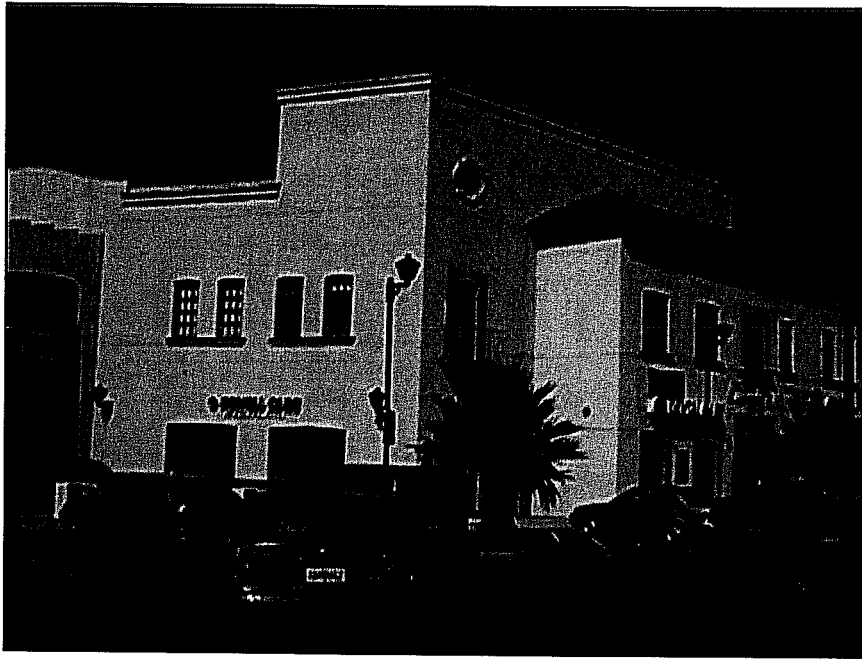
Comparable One (\$279.91/SF) is 555 Abrego Street in downtown Monterey a couple of miles west of the subject property. This property sold March 2005 for \$3,275,000 (\$279.91/SF). This is an 11,700 SF low-rise wood frame two-story office constructed circa 1965 and remodeled in 1988. The overall location appeal and its office market rent are superior to the subject.

Location:	555 Abrego Street, Monterey
APN:	001-726-020
Zoning:	PA, Professional Administrative
Site Size:	+18,965 SF
Gross Building Area:	+11,700 SF
Sale Price:	\$3,275,000
Sale Date / Document Number:	March 2005 / 27692
Price Per Square Foot Gross Building Area:	\$279.91
Potential Gross Income:	\$266,760
Net Operating Income:	\$156,055
Overall Rate / PGIM	0.0595 / 12.27
Source/Confirmation:	Loopnet / Assessors Office

COMPARABLE TWO

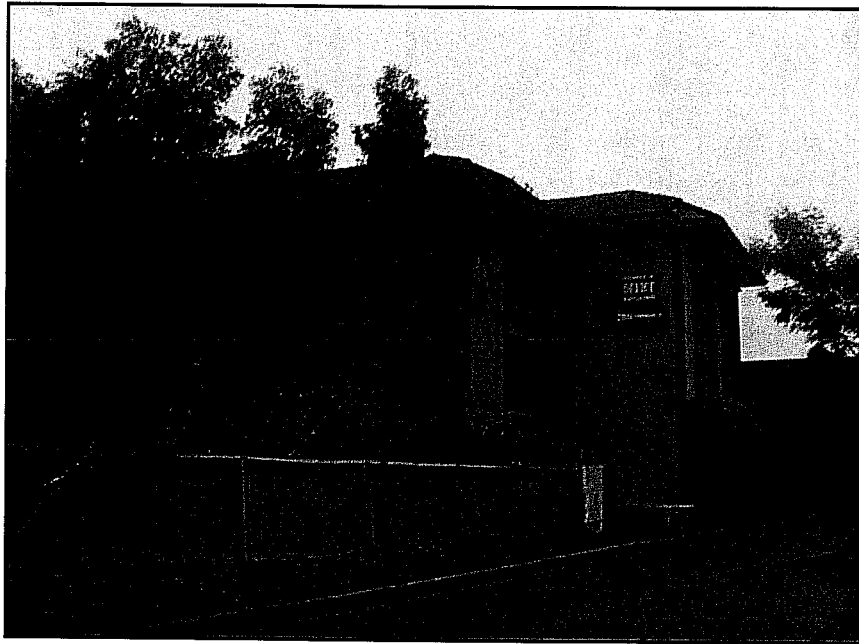
Comparable Two (**\$292.71/SF**) is 23 Upper Ragsdale Drive about a mile east of the subject property located in the Ryan Ranch Industrial Park. The site is part of a PUD development that consists of the individual ownership of the building pad and a percent ownership interest in the common area. The $\pm 15,715$ square foot two-story medical building was built and purchased in 2004 for 100 percent owner-occupancy as an endoscopy center. The potential gross income reflects information about the lease agreement in place if the purchase was not finalized, as well as information gathered for similar medical use properties in Ryan Ranch. A purchase price of \$4,100,000 was negotiated in May of 2003 and it was renegotiated to \$4,600,000 in July 2004. The developer/contractor did not charge any overhead or profit

Location:	23 Upper Ragsdale Drive, Monterey
APN:	259-181-004
Zoning:	M1H
Site Size / Lot Coverage:	PUD Development
Gross Building Area:	$\pm 15,715$ SF
Sale Price:	\$4,600,000
Sale Date/ Document Number:	October 2004/ /109587
Price Per Square Foot Gross Building Area:	\$292.71/SF
Potential Gross Income:	\$424,305 (Estimated)
Net Operating Income:	\$297,013 (Projected)
Overall Rate / PGIM:	0.0646 / 10.84
Source/Confirmed With:	Appraiser's Files / County Assessor

COMPARABLE THREE

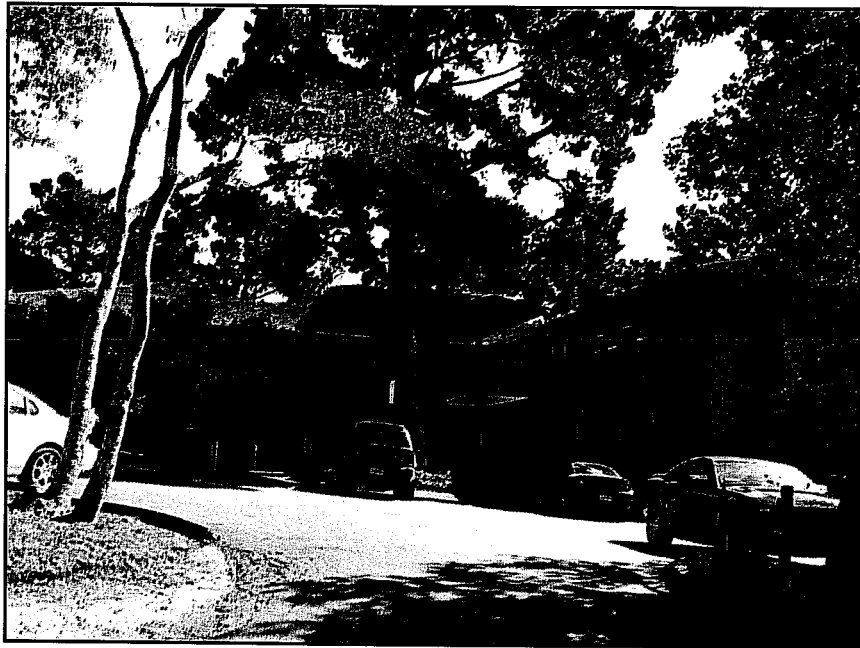
Comparable Three (\$107.28/SF) is 559 East Alisal, Salinas, Monterey County, which is approximately 15 miles east of the subject. This property sold December 2004 for \$2,300,000 (\$107/SF). The 42,698 SF corner site is improved with a two-story building with 21,438 SF of gross area and 18,365 SF net rental area (86% efficiency). There is a 17,023 square foot parking garage. The improvement was constructed in 1992. Values and rents in Salinas are predominately lower than in Monterey and a large upward location adjustment is supported. A pro forma income is based upon information provided by the broker.

Location:	559 East Alisal Street, Salinas
APN:	004-041-062
Zoning:	CR
Site Size / Lot Coverage:	±42,698 SF / 50%
Gross Building Area:	±21,438 SF
Sale Price:	\$2,300,000
Sale Date / Document Number	Dec 2004 / 132698
Price Per Square Foot Gross Building Area:	\$107.28/SF
Potential Gross Income:	\$329,288
Net Operating Income:	\$168,431
Overall Rate / PGIM:	0.0732 / 7.0
Source/Confirmed With:	Appraiser's Files/Assessor's Office

COMPARABLE FOUR

Comparable Four (**\$202.94/SF**) is 700 Frederick Street in Santa Cruz, about 35 miles northwest of the subject property. It is located on a well-traveled arterial connecting East Santa Cruz with downtown Santa Cruz. The site is a two-parcel assemblage improved with a three-story fully leased office building that was built in 1982, according to Assessor's Records. The comparable was listed 5/18/05 and, after 139 days on the market, an offer was accepted. Our estimated PGI and NOI reflects general information provided by the broker converted to reflect triple net terms.

Location:	700 Frederick Street, Santa Cruz
APN:	011-032-44 & 38
Zoning:	PA, Professional Administrative
Site Size:	+39,378 SF
Gross Building Area:	+22,420 SF
Sale Price:	\$4,550,000
Sale Date / Document Number:	February 2006 / 9802
Price Per Square Foot Gross Building Area:	\$202.94
Potential Gross Income:	\$414,322
Net Operating Income:	\$255,844
Overall Rate / PGIM	0.0562 / 10.98
Source/Confirmation:	Appraiser's Files / Assessors Office

COMPARABLE FIVE

Comparable Five (**\$151.87/SF**) is the active listing of 1900 Garden Road, Monterey just down the street from the subject property. It is improved with a two-story office building with concrete and wood frame construction built in 1985, according to the Assessor's records. The property as currently demised is a 10-tenant office building. The estimated net operating income reflects general information provided by the broker.

Location:	1900 Garden Road, Monterey
APN	013-312-007
Zoning	Industrial & Research
Site Size / Lot Coverage Ratio:	+60,984 SF (1.4 Acres)
Gross Building Area:	+25,021SF
Sale Price	\$3,800,000
Sale Date / Document Number:	Active Listing
Price Per Square Foot Gross Building Area:	\$151.87
Potential Gross Income:	\$495,415
Net Operating Income:	\$237,000
Overall Rate / PGIM	0.0623 / 11.89
Source/Confirmation:	Research / Broker

Comparable Sales Summary Table

Item	Subject Property	Comparable Sale No. 1	Comparable Sale No. 2	Comparable Sale No. 3	Comparable Sale No. 4	Comparable Sale No. 5
Location	2560 Garden Road, Monterey	555 Abrego Street, Monterey	23 Upper Ragsdale, Monterey	559 East Alisal, Salinas	700 Frederick Street, Santa Cruz	1900 Garden Road, Monterey
Proximity to Subject		3 Mi West	1 Mi East	15 Mi East	35 Miles N	1 Blocks West
APN	013-322-014	001-726-020	259-181-004	004-041-062	011-032-44 & 38	013-312-007
Document #		27692	109587	132698	9802	NA
Date of Sale		Mar-05	Oct-04	Dec-04	Feb-06	Active Listing
Zoning	IR-130	PA	MTH	CR	PA	IRI
Data Source	Owner/Inspection	Appraiser's Files	Appraiser's Files	Appraiser's Files	Appraiser's Files	Appraiser's Files
Sale Price	NA	\$ 3,275,000	\$ 4,600,000	\$ 2,300,000	\$ 4,550,000	\$ 3,950,000
Gross Building Area	21,233	11,700	15,715	21,438	22,420	25,021
Number of Suites	13.00	10.00	NA	na	na	NA
Site Size	84,942	18,965	PUD	42,698	39,378	60,984
Lot Coverage Ratio	25%	61%	NA	50%	57%	41%
PGI		\$ 259,740	\$ 424,305	\$ 329,288	\$ 414,922	\$ 377,000
NOI		\$ 194,805	\$ 297,013	\$ 168,431	\$ 255,844	\$ 237,000
PGIM		12.27	10.84	6.98	10.98	10.48
R ₀		5.95%	6.46%	7.32%	5.62%	6.00%
Property Rights	Leased Fee	Leased Fee	Fee Simple	Fee Simple	Leased Fee	Leased Fee
Adjustment Grid						
Sale Price per Square Foot		\$ 279.91	\$ 292.71	\$ 107.29	\$ 202.94	\$ 157.87
Financing Conditions/Terms		0%	0%	0%	0%	0%
Market Conditions		2%	6%	6%	0%	-10%
Adjusted SP/SFGBA		\$ 285.51	\$ 310.28	\$ 113.72	\$ 202.94	\$ 142.08
Location		-15%	-10%	50%	-10%	-5%
Quality/Appeal		0%	-15%	0%	0%	10%
Effective Age/Condition		0%	0%	0%	0%	5%
Improvement Size		-20%	-10%	0%	0%	3%
Site Size/Coverage/Parking		-5%	-10%	-5%	-5%	-3%
Total Adjustment		-40%	-45%	45%	-15%	10%
Indicated SP/SF		\$ 171.31	\$ 170.65	\$ 164.89	\$ 172.50	\$ 156.29

Sales Price Per Square Foot (SP/SF)

The unadjusted sales price per unit of the five comparable sales ranged from \$107.29/SF to \$292.71/SF. This is a rather broad range and indicates that the sales require adjustment.

The following were considered the most significant elements of comparison that should be accounted for:

Financing Conditions/Terms of Sale: As far as we could determine, all of the sales sold for cash, or cash equivalent and there were no unusual terms or conditions of sale. The property rights transferred were the fee simple estate, or if leased, the leased fee estate was equivalent to fee simple. None of the sales required adjustment for conditions of sale.

Market Conditions (Time Adjustments): Comparables #1, #2 and #3 were all given varying upward adjustments for having sold prior to mid 2005 at which time we feel prices stabilized. Comparable #5 was given a 10% downward adjustment for its active status.

Location/Exposure: The subject is located in a commercial neighborhood on Garden Road behind 2600 Garden Road; Comparable #3 was given a large upward adjustment for its inferior location in east Salinas. All of the other comparables were given varying downward adjustments for their superior locations.

Quality and Appeal: The subject property is of average quality and appeal. Comparables #1, #3 and #4 were given varying downward adjustments for their superior quality and appeal. Comparable #2 is considered to be similar to the subject and no adjustment was warranted.

Effective Age and Condition: The subject was constructed in 1998 and is estimated to have an effective age of 8 years and is in average condition. Comparables #1 and #3 are approximately the same effective age as the subject but have been recently remodeled, or are in the process of it, and were given small downward adjustments to reflect their superior condition. Comparable #4 is new construction and was given a rather large downward adjustment. Comparable #2 is considered to be similar to the subject and no adjustment was necessary.

Site Size/Coverage/Parking: The subject property has approximately 25 percent in lot coverage. All of the Comparables were given varying downward adjustments for superior lot coverage..

Improvement Size: The subject is a ±21,233 SF Office Building and is considered average. Typically, smaller properties exhibit comparatively higher SP/SF values, everything else being the same, because of the economies of scale. Smaller properties are more affordable to a larger number of buyers, generating more competition and a higher unit-price (SP/SF). Conversely, significantly larger properties sell for a lower SP/SF because fewer competing

buyers generate a lower demand and unit-price. Therefore, we applied adjustments for size to each of the comparable sales accordingly.

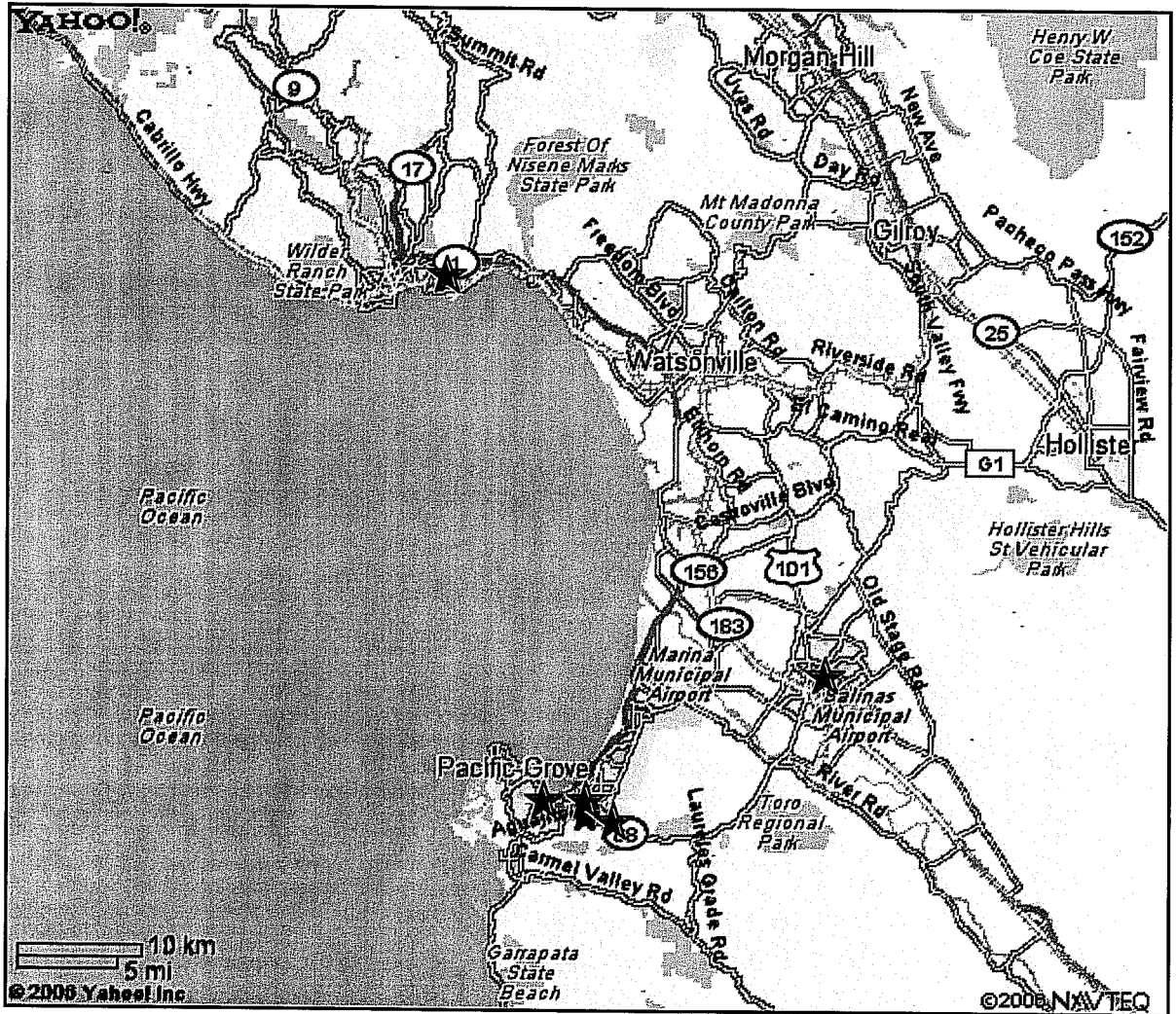
Following our adjustments the comparable properties reflected a narrowed range of values from \$156.29/SF to \$172.50/SF. The four sales and one active listing exhibited an average *SP/SF* value indication for the subject of \$167/SF with a median of \$171/SF (rounded). Giving equal weight to all five comparables, we conclude that a sales price per unit of approximately \$170/SF is supported for the subject property. The value for the entire property is calculated as follows:

The leased fee value of the subject property by the *SP/SF* method is calculated as:

$$21,233 \times \$170/\text{SF} = \$3,609,610, \text{ rounded to;}$$

\$3,610,000

Comparable Sales Map



Overall Capitalization Rate (R_o)

The overall capitalization rate (R_o) represents a single point in time relationship between income and price or value. In a sale transaction, it represents the relationship between the actual income and the sale price. For value, it represents the relationship between the forecasted income and value. The overall rate includes the anticipated change in income and value over the holding period.

We will estimate an overall capitalization rate, based on the sales price, income and operating expenses of the comparables; that rate will be applied to the estimated net operating income for the subject property in the income capitalization section of this report.

Capitalization rates reflect three things for income producing property: 1) quantity of the income stream, (2) quality of the income stream, and (3) durability of the income stream.

The indicated R_o of the sales ranged from a low of 0.0562 to a high of 0.0732. The mean R_o is 0.0627 with a median of 0.0600. In the final analysis we conclude an appropriate capitalization rate for the subject property is 0.0600.

Income Approach

The subject property is income-producing property and will be most likely purchased as an investment. Earning power is a critical element that affects an income property's value. The essential investment principle is that the higher the earnings, the higher the value. The economic premise is the "present value of future benefits", the greater the anticipated future income stream, the greater the present dollar value of the property.

The first step of the process is to estimate the "future benefit"; that is, the anticipated income stream. This may take the form of a rental survey or comparison of lease rates in the area. Included in the estimate of the income stream is an analysis of operating expenses. From this information, the anticipated Net Operating Income (*NOI*) is derived.

The second step is to estimate an overall capitalization rate (R_o). The overall rate is the ratio of comparable property's net operating income to selling price, and is a market driven indicator. The overall rate is estimated in the sales comparison approach section of this report.

The third step is the capitalization of the net income by the application of the basic equation:

$$MV = NOI \div R_o$$

Current Income

The two story office building is divided into 13 suites; 12 of which are currently leased and one $\pm 3,000$ SF office suite available for lease.

Suite 101 ($\pm 2,950$ SF) is leased to Healthcare Solutions; this is a seven year lease commencing February 1, 2003 and ending January 31, 2010. Base rent is \$3,669.33 per month (\$1.24/SF) with tenants paying utilities; current rent is effective years 3-5 with rent increasing to \$3,816.10 per month for years 6 & 7.

Suite 104 & 105 ($\pm 2,060$ SF) is leased to the Jones Payne Group; this is a five year lease which commenced in 1999 and was extended for 3 years in December 2004. Current rent is \$3,008.24 per month plus an additional \$385 for utilities for a total monthly rent of \$3,393.28 (\$1.65/SF). This lease is based on gross terms with annual CPI escalators.

Suite 107 (± 664 SF) is leased to HOA Management; this is a five year lease commencing in January of 2003 with annual CPI escalators. Base rent is \$926.10 per month plus an additional \$86.82 for utilities for a total monthly rent of \$1,012.92 (\$1.53/SF); there are no CPI increases.

Suite 117 (± 655 SF) is leased to Siddha Yoga Meditation Center; this is a three year lease commencing in August 2006 for \$851 absolute net rent per month (\$1.29/SF)

Suite 119 (± 680 SF) is leased to Isaac Banuelos & Cruz Almanza; this is a one year lease commencing in October 2006 and ending September 2007. Base rent is \$918 per month (\$1.35/SF) with an additional \$112 per month for utilities for a total monthly rent of \$1,030.

Suite 201A ($\pm 3,000$ SF) is available for lease at \$1.35/SF gross.

Suite 201B (+3,519 SF) is leased to Community Human Services; this is a five year lease commencing in July 2006 for \$1.25/SF (\$4,398.75 per month). Rent is to increase at the rate of 0.05 cents per year with tenants paying utilities.

Suite 205 (+763 SF) is leased to EZ Tech Training; this is a six month lease ending Dec 31 2006 with one five year option to renew with a rental increase of \$50 per month. Current rent is \$1,000 per month plus an additional \$118 for utilities for a total monthly rent of \$1,118 per month (\$1.47/SF).

Suite 207 (+1,196 SF) is leased to Financial Planning Services. This is a 2 years, 7 months lease commencing in March 2006 for \$1,614.60 per month (\$1.35/SF) plus an additional \$163.42 for utilities for a total monthly rent of \$1,778.02 per month plus 5% of any NNN increases.

Suite 209 (+300 SF) is leased to Dick Foreman of Phydeaux Multi Media. This is a two year lease which commenced in Dec 2004 and will end November 30, 2006. Initial rent was \$300 per month with an additional \$15 per month for utilities; rent increased to \$350 per month as of June 2005.

Suite 210 & 212 (+1,692 SF) is leased to The Locals Book. The lease commenced in November of 2003 and will end on November 30, 2007 with annual CPI increases; current rent is \$2,072.62 per month plus \$260.99 for utilities for a total monthly rent of \$2,333.61(\$1.38/SF).

Suite 211 (+1,400 SF) is leased to the Equilibrium Center. The lease commenced in February of 2002 and will end on March 2, 2008; current rent is \$1,600 per month plus \$260.99 for utilities for a total monthly rent of \$2,333.61(\$1.38/SF).

Suite	Lease Term	Est. SF	Monthly Rent	Rent/SF	Type of Lease
Suite 101	Ends 01/10	2,950SF	\$3,669.33	\$1.24/SF	Gross
Suite 104 & 105	Ends 11/07	2,060 SF	\$3,393.28	\$1.65/SF	Full Service
Suite 107	Ends 12/07	664 SF	\$1,012.92	\$1.53/SF	Full Service
Suite 117	Ends 08/09	665 SF	\$851	\$1.29/SF	Full Service
Suite 119	Ends 09/07	680 SF	\$1,030	\$1.35/SF	Full Service
Suite 201A	Ends 03/09	3,000SF	Available	\$1.35/SF	Gross
Suite 201B	Ends 05/11	3,519 SF	\$4,398.75	\$1.25SF	Gross
Suite 205	Ends 12/06	763 SF	\$1,118	\$1.47/SF	Full Service
Suite 207	Ends 10/08	1,196 SF	\$1,778.02	\$1.49/SF	Full Service
Suite 209	Ends 11/06	240 SF	\$368	\$1.23/SF	Full Service
Suite 211	Ends 03/08	1,400 SF	\$1,702	\$1.38/SF	Full Service
Suite 210 & 212	Ends 11/07	1,692 SF	\$2,333.61	\$1.22/SF	Full Service
		18,829 SF	\$21,654.91	\$1.35 Avg	

The current rent (excluding the available unit) for the entire building is \$21,654.91 a month with an annual income of \$259,858. With the lease of the available unit the potential gross income for the entire building is \$25,705 per month with an annual income of \$308,460.

Potential Gross Income

In order to estimate the potential gross income for the subject property, if vacant and available for lease in the current market place we conducted a comparable rental market survey, a summary table is on the following page:

#	Location	Unit Size	Rent \$/SF	Description
1	2 Justin Court	7,296 SF	\$1.58/SF NNN (\$1.82/SF Gross)	Ten year lease with three 5-year renewal options, commenced June 2002. Annual rate increase based on prime rate to begin at the end of 2006.
2	Thomas Owens Way	9,280 SF	\$1.52/SF NNN (\$1.76/SF Gross)	This building is located on Thomas Owens Way in the Ryan Ranch Center about a mile east from the subject. Triple net charges were \$0.24/SF. There were four tenants.
2	201 West Franklin Street	3,335 SF	\$1.55 Full Service (\$1.30/SF Gross)	This is fifth floor office space leased to Columbus Plan in an older building in downtown Monterey.
3	21 Lower Ragsdale	17,592 SF	\$1.50/SF Gross	This is a lease offering on a building for sale in Ryan Ranch. The asking rate is \$1.50 Gross.
4	9621 Citation Court	1,521 SF	\$1.30/SF NNN (\$1.60 Gross)	This is one of four available tenant spaces in a 7,540 SF building located in the Laguna Seca Business Park which is about 1.5 miles east of the subject property.
5	1 Lower Ragsdale	2,759 SF	\$2.25/SF Full Service (\$2.00/SF Gross)	Recently leased office space in the Monterey Commerce Center in Ryan Ranch. The rent rate is \$2.25/SF full service.
6	2 Harris Court	4,014 SF	\$1.25/SF NNN (\$1.48/SF Gross)	This is a lease offering for second floor space in the Bancroft Center in Ryan Ranch. The space includes three private offices and a large open work space. The lease is for \$1.25 with NNN charges at \$0.23/SF.

Typically the retail/office range is from \$1.25 to \$2.50/SF NNN, depending on size, parking, location and amenities. Brokers report NNNs from \$0.20/SF to \$0.65/SF; typically \$0.50/SF in quality property's where the tax base is established on contemporary market values. The market rent rate for properties like the subject range from \$1.25/SF to \$1.60/SF on a gross or full service basis. We concluded the subject properties available office suite would rent for \$1.35/SF gross.

Therefore, the potential monthly income for the subject property is estimated at \$25,704.91 per month gross rent and an annual potential gross income of \$308,458.92.

Vacancy Rate and Collection Loss

The managers and owners we talked to reported typical frictional vacancy and collection loss were low, generally characterized as 5%, or less, of gross income. Although the subject's 3,000 SF available space represents a current 16% vacancy, we feel this falls under the 5% frictional vacancy rate we calculated in the reconstructed operating statement.

Expenses

Our expense estimates for the office building are based upon gross terms. We requested, but did not receive expense information, thus we have estimated expenses using historical information from similar properties. Taxes are projected based on a new tax base, which is typically in the area of 1.1% of market value. Insurance is estimated at \$7,700 annually (\$0.35/SF). Utilities are estimated, taking into consideration some reimbursement from tenants. The reserves for repairs and maintenance are estimated to be 3% *EGI*. Management fees are projected at 3% *EGI*. The overall expense ratio is 31%, which falls within a range we typically observe for this type of property.

Overall Capitalization Rate (R_o)

The overall capitalization rate was estimated in the sales comparison approach of the report at 0.0600 for the subject property. This overall capitalization rates will be applied to the estimated net operating income for the subject property.

Located on the following page is a reconstructed operating statement for the subject property.

Reconstructed Operating Statement			
Potential Gross Income (PGI)			
Base Rent; 18,829 Leasable SF		Monthly	Annual
		\$ 25,705	\$ 308,459
	PGI:		\$ 308,459
Less vacancies and collection loss:	Percent:	5%	\$ (15,423)
Effective Gross Income (EGI)			<u>\$ 293,036</u>
Less Operating Expenses:			
	Unit of measure	Units	Annual Expense
Property Taxes:			\$ 39,600
Insurance:			\$ 7,700
Utilities and Garbage			\$ 36,000
Reserves for replacement and repair:	% EGI:	3.00%	\$ 8,791
Management:	% EGI:	3.00%	\$ 8,791
			<u>\$ 100,882</u>
Total Expenses:	(OER):	34%	<u>\$ (100,882)</u>
Net Operating Income (NOI)			\$ 192,154

We determined an overall rate for the subject property as proposed in the sales comparison approach. Our analyses lead us to conclude the appropriate R_o for this property is 0.0600.

We estimated the value of the proposed project by capitalizing subject projected NOI by the market derived R_o , as:

$$\$192,154 \div 0.0600 = \$3,202,567, \text{ rounded to:}$$

\$3,205,000

Reconciliation and Final Opinion of Value

Value Indications

Cost Approach: \$3,640,000
Sales Comparison Approach: \$3,610,000
Income Approach: \$3,205,000

The cost approach estimates land value as if vacant and adds to it the depreciated cost of the improvements. The cost approach is most relevant with new buildings or proposed construction projects. The reliability of the cost approach is lessened when there are few recent comparable land sales and when the improvements are older and require depreciation estimates. For purposes of estimating the site value for the subject property, we utilized the best market data available and, although our available comparable land sales were somewhat limited, we believed that our available market data was sufficient for the purposes of estimating the subject's site value. The building improvements were estimated primarily by using Marshall Valuation Services.

The sales comparison, or market approach, is based on the comparison of sales of similar properties. The sales comparison approach for office buildings is typically based price per square foot. The reliability of the sales comparison approach depends on a high degree of similarity between the subject property being appraised and the sales comparables. We were able to locate information on several sales for use as comparables. However, each comparable is unique, and none were directly comparable to the subject property, therefore, each required adjustments to reflect the characteristics of the subject property. In our opinion, we were able to sufficiently adjust the comparables to arrive at a supportable and reasonable opinion of value for the subject property.

For the income approach, although lease rate information on similarly improved properties was limited, market rents were estimated for the subject property and an estimate of net operating income was made. The resulting net operating income estimate was capitalized using an overall rate based primarily on overall capitalization rates for our sales, which for the most part were provided by the listing brokers, in the sales comparison approach. This form of direct capitalization is commonly used and is widely referred to for the appraisal of income producing property. We were limited with this approach in that we had to estimate potential gross income and project the net operating income for some of our comparable sales.

The difference between the value conclusions of the three approaches is greater than we typically encounter. The subject property is unique for the Monterey and greater Monterey/Santa Cruz County area, as almost all other office buildings are smaller in size, and have better visibility and access. So it is not as surprising to see an increase in the spread between the approaches. In our final reconciliation of the approaches we gave slightly more

weight to the income approach as this property would more than likely be purchased by an investor.

In summary, based on information, definitions, assumptions and limiting conditions contained within this report, it is our opinion that the "as-is" market value of the leased fee estate of the subject property, as of November 29, 2006, assuming an exposure time of three to six months, is:

THREE MILLION FOUR HUNDRED THOUSAND DOLLARS
(\$3,400,000)

Estimate of Exposure Time

Exposure time is a retrospective period associated with a hypothetical sale of property under appraisal as of the date of valuation. Our opinion value is made in the context of exposure time. Our final opinion of value for both properties in this assignment is based on an exposure time of three to six months. We derived this figure from observations made on the marketing of comparable sales.

Addenda

1. Insurable Value Estimate
2. About the Appraiser
3. Appraiser's License
4. Engagement Letter
5. Specific Contractual Agreement

Insurable Value Estimate

Cost Source	Marshall Swift Service
Section & Page	Section 15/Page 17
Building Structure Class	Office
Quality	Average/Good Class D
Base Square Foot Cost	\$95.57
Climate Adjustment	\$0
Sprinkler Adjustment	NA
Multipliers	
Number of Stories	2
Height Per Story	0.90
Perimeter	0.910
Current	1.07
Local	1.16
Adjusted Base Cost Per Square Foot	\$97.15
Gross Building Area	21,233
Insurable Value	\$2,062,807
Insurable Value (Rounded)	\$2,065,000

Qualifications of the Appraisers

ABOUT THE APPRAISER

State Certified General Appraiser, Licensed Real Estate Broker, California Community College Teaching Credential, designated Senior Appraiser, *Frank May, MAI, ASA*, has worked as an appraiser in both public and private sectors for over twenty-five years.

Real Estate Work Experience

- 1986- Present: Frank O. May and Associates, Managing Appraiser
Appraisal, analysis, acquisitions, consulting, and managing an Appraisal company with multi-level appraisers and assignments.
- 1985-1998: Cabrillo College, Instructor, taught the following courses: Real Estate Appraisal, Advanced Appraisal, Economics, Principles, Legal Aspects.
- 1985-1986: Paul D. Miller and Associates, Inc. Staff Appraiser:
Appraised commercial, industrial and special purpose properties, Feasibility studies and consulting. Supervised by an MAI.
- 1983-1985: Gilbeau-Hulberg Associates, Inc. Fee Appraiser
Appraised residential properties and subdivisions. Supervised by two MAI's.
- 1983-1984 Century 21 of Northern California.
Instructor for Real Estate License Exam preparation.
- 1982-1983: Associated Appraisers, Fee Appraiser. Appraised various types of Real Estate, including: SFR, multi- residential and mixed use.
- 1979-1983: College of the Redwoods, Instructor at branch campuses. Taught Real Estate Principles, Practices, Appraisal, Economics, Real Estate Investment Analysis, U.S. Economic History, Micro-economics, Macro-economics.
- 1979-1982: County of Del Norte (CA), Department of Public Works. Real Property Agent Appraisals for eminent domain and condemnation, working with various government agencies in planning stages of projects, economic studies. Appraised, negotiated acquisition and managed County-owned properties.
- 1976-1979: Vroman Engineering and Realty, Real Estate Agent.
Worked full-time as a sales agent and assisted surveyors

General Formal Education

- 1975 Certificate in Real Estate College of the Redwoods, Eureka, CA
- 1976 A.A. Real Estate College of the Redwoods, Eureka, CA
- 1978 B.A. Economics Humboldt State University, Arcata, CA

Real Estate Specific Education *

- 1975 College Real Estate courses (40 Units)
- 1978 University Real Estate courses (20 Units)
- 1979 Appraisal Principles (AIREA)
- 1979 Basic Valuation (AIREA)
- 1983 R-41(b) and the Appraiser (SREA)
- 1984 Capitalization-A (AIREA)
- 1986 Capitalization-B (AIREA)
- 1987 Litigation Valuation (AIREA)
- 1988 Case Studies in Income Property Appraising (AIREA)
- 1990 Report Writing, Income Property Appraising (AIREA)
- 1993 Uniform Standards of Professional Appraisal Practices (AI)
- 1995 Advanced Sales Comparison Approach and Feasibility Analysis (AI)
- 1996 Litigation Valuation (IR/WA)
- 1997 HUD Appraising Guidelines (Thomas)
- 1997 Appraising Manufactured Housing (Thomas)
- 2000 Appraising Manufactured Housing (McKissock)
- 2000 Automated Valuation Models (McKissock)
- 2000 USPAP (McKissock)
- 2000 State and Federal (appraisal) Regulations (McKissock)
- 2000 Standards of Professional Practice (AI)
- 2001 Comprehensive Examination Preparation Course (Whitmer)
- 2005 USPAP Update (AI)
- 2005 New FNMA Form (AI)

* AIREA = American Institute of Real Estate Appraisers; AI = Appraisal Institute; SREA = Society of Real Estate Appraisers; IR/WA = International Right of Way Association

Real Estate and Appraisal Membership, Licenses and Designations

Frank O. May has the MAI designation with The Appraisal Institute as well as the ASA designation (Accredited Senior Appraiser, Real Property- Urban) with the American Society of Appraisers. Both organizations have continuing education requirements for mandatory recertification; Frank May is currently recertified. He is also a member of the International Right of Way Association, the National Association of Realtors, the California Association of Realtors, and the Santa Cruz Association of Realtors.

General Information

He has testified as an expert witness in real estate valuation in the Superior Courts of Santa Cruz, Santa Clara, Monterey, and Orange Counties; and in Federal Bankruptcy Court.

In addition to managing a small appraisal company in the California Central Coast region, he has been an active Broker, Property Manager and Real Estate Instructor. He

has also arbitrated real estate disputes as a Panel Member for the American Arbitration Association, been an acquisition agent for government and quasi-government agencies, been appointed Special Master by the local Superior Court to resolve real estate disputes, been hired by more than 60 attorney-members of the Santa Cruz County Bar Association, and testified more than 50 times in court.

Department of Real Estate Continuing Education Courses Taught (CA)

1982 Economic Recovery Act of 1981 and its impact on Real Estate (D.R.E.)
1982 Legal Update (D.R.E.)
1982 Manufactured Housing (D.R.E.)
1982 Real Estate Investment Analysis (D.R.E.)

Office of Real Estate Appraisers Continuing Education Courses Taught (CA)

2000 Manufactured Housing
2000 Review Appraising
2000 USPAP
2000 Automated Valuation Models (AVM's)
2000 Expert Witness
2000 Narrative Appraisal Report Writing
2001 Information Technology
2001 USPAP
2001 CA Laws (OREA)

Appraisal Continuing Education Courses Taught in Other States

2001 Appraising Vacant Land (IA)
2001 Review Appraising (IA, TX, OR)
2001 USPAP (IA, TX, OR)
2001 Expert Witness (IA, TX, OR)
2001 Information Technology (TX)
2001 Manufactured Housing (OR)
2001 Fraud and the Appraiser (TX)

Publications, Committees and Community Involvement

1995 The Appraisal Journal (Article: "Valuation, Full Disclosure and Discrimination")
1997-2002 Various Newspapers
2002- Present Review Board Member, The Appraisal Journal
2002- Present Education Committee, Santa Cruz Association of Realtors
2003- Present Member, International Real Property Committee, American Society of Appraisers
2004- Present Board of Directors, Monterey Bay Group, Northern California Chapter of The Appraisal Institute
2004- Present Board Member, Santa Cruz Housing Foundation

Partial Client List

Access Bank Mortgage Advanta Bank American River Bank Amerimac-Equifirst
Bank of America Bank One California Department of Transportation (CalTrans)
Central Water District Chase Manhattan Funding Citizen Utility Company of
California City of Capitola Coast Commercial Bank Countrywide Financial
Comerica Bank Community Bank Countrywide Cupertino National Bank Deloitte &
Touche Downey Savings Flagstar Bank e-mortgages.com Equitecx Mortgage
FHLMC ("Freddie Mac") First American Title Company First National Bank of
Central California First Union National Bank of Delaware Golden One Credit Union
Greater Bay Bank GreenLink LLC Greenpoint Mortgage H&R Block Mortgage
Hansen Quality Lender's Services Incorporated (LSI) Liberty Bank Mid-Peninsula
Bank Monterey City and County Rabobank Monterey County Bank Nations Bank
Nationwide Savings Nature's Conservancy Navy Federal Credit Union Norwest Bank
PacBell Pajaro Valley Water Management Agency Resolution Trust Corporation
Salsipuedes Sanitary District San Benito County San Francisco Police Credit Union
San Raphael Thrift and Loan San Lorenzo Valley Water District Santa Cruz County
City of Santa Cruz Santa Cruz County Metropolitan Transit District Soquel Creek
Water District Southern Pacific Bank Sunrise Bay Mortgage U.S. Department of
Justice U.S. Secret Service U.S.D.A. University of California at Santa Cruz Union
Bank of California Value IT Washington Mutual. Wells Fargo Bank. Along with
many other lenders, accountants, attorneys, corporations, and agencies.

