Prepared for:
Ratherby Investments, LLC
PO Box 2638
Crested Butte, CO 81224

Sunday, September 24, 2017

COMPARATIVE MARKET ANALYSIS

CMA Presentation

Prepared By:
Kiley Flint
Crested Butte Sotheby's
International Realty
401 Elk Avenue
Crested Butte, CO 81224

H: 970-275-2554
kiley.flint@gmail.com

COMPARABLE REPORT

Area	Crested Butte	Price Per SQFT	$316.17
Type	Other	Listing Date	11/4/2013
Status	Sold CREN Member	Closing Date	6/26/2015
Days On Market	599		

MLS #	6152
Address	214 6th Street, Unit 12
Price	$264,000
Adj Price	$264,000

Area	Crested Butte	Price Per SQFT	$322.05
Type	Other	Listing Date	7/30/2014
Status	Sold Inner Office	Closing Date	9/8/2014
Days On Market	40		

MLS #	6205
Address	314 ELK AVE CRESTED BUTTE, CO.
Price	$485,000
Adj Price	$485,000

Area	Crested Butte	Price Per SQFT	$186.03
Type	Other	Listing Date	12/3/2014
Status	Sold CREN Member	Closing Date	2/29/2016
Days On Market	453		

MLS #	6224
Address	429 Elk Avenue
Price	$626,000
Adj Price	$626,000

COMPARABLE REPORT

Area	Crested Butte	Price Per SQFT	$477.44
Type	Stick Built	Listing Date	1/5/2016
Status	Sold CREN Member	Closing Date	2/24/2016
Days On Market	50		

MLS #	14211
Address	413 Elk Avenue
Price	$730,000
Adj Price	$730,000

Area	Crested Butte	Price Per SQFT	$144.80
Type	Other	Listing Date	12/1/2012
Status	Sold Inner Office	Closing Date	12/3/2012
Days On Market	2		

MLS #	6075
Address	401 Elk Avenue
Price	$1,095,000
Adj Price	$1,095,000

Area	Crested Butte	Price Per SQFT	$321.25
Type	Other	Listing Date	5/15/2013
Status	Sold CREN Member	Closing Date	1/14/2014
Days On Market	244		

MLS #	6114
Address	202 Elk Avenue
Price	$1,250,000
Adj Price	$1,250,000

COMPARABLE REPORT

Area	Crested Butte	Price Per SQFT	$236.98
Type	Other	Listing Date	6/28/2012
Status	Sold Inner Office	Closing Date	9/26/2014
Days On Market	820		

MLS #	6046
Address	319-321 Elk Ave
Price	$2,425,000
Adj Price	$2,425,000

Area	Crested Butte	Price Per SQFT	$197.86
Type	Other	Listing Date	9/7/2014
Status	Sold CREN Member	Closing Date	11/13/2014
Days On Market	67		

MLS #	6209
Address	114 ELK AVENUE CRESTED BUTTE, CO
Price	$304,500
Adj Price	$304,500

Area	Crested Butte	Price Per SQFT	$268.16
Type	Other	Listing Date	12/9/2014
Status	Sold Inner Office	Closing Date	12/3/2015
Days On Market	359		

MLS #	6225
Address	326 ELK Avenue
Price	$1,750,000
Adj Price	$1,750,000

COMPARABLE REPORT

Multi-Class Summary Statistics				
	HIGH	**LOW**	**AVERAGE**	**MEDIAN**
Price:	$2,995,000	$269,000	$1,124,222	$785,000
Selling Price:	$2,425,000	$264,000	$992,166	$730,000
Adj Price:	$2,425,000	$264,000	$992,166	$730,000

MAP OF PROPERTIES

Map No.	MLS#	Address	City/State/Zip	Price
1	6152	214 6th Street, Unit 12	Crested Butte CO 81224	$264,000
No Geocode	6205	314 ELK AVE CRESTED BUTTE, CO.	Crested Butte CO 81224	$485,000
2	6224	429 Elk Avenue	Crested Butte CO 81224	$626,000
3	14211	413 Elk Avenue	Crested Butte CO 81224	$730,000
4	6075	401 Elk Avenue	Crested Butte CO 81224	$1,095,000
5	6114	202 Elk Avenue	Crested Butte CO 81224	$1,250,000
6	6046	319-321 Elk Ave	Crested Butte CO 81224	$2,425,000
No Geocode	6209	114 ELK AVENUE CRESTED BUTTE, CO	Crested Butte CO 81224	$304,500
7	6225	326 ELK Avenue	Crested Butte CO 81224	$1,750,000

FINAL COMMENTS

Opinion of Value based on an effective date of June 30, 2017

326 Elk Avenue
Crested Butte, CO 81224

Owner: Ratherby Investments, LLC
PO Box 2638
Crested Butte, CO 81224

With an effective date of June 30, 2016 and looking at the below comparable sales data, it is my opinion the value of 326 Elk Avenue is not supported with the current value determination.

Comparable Commercial Sales:

214 6th Street, Unit 12- MLS # 6152 - 835 sf - Sold Price $264,000 or **$316/sf**

114 Elk Avenue - MLS # 6209 – 1090 sf - Sold Price $304,500 or **$279/sf**

314 Elk Avenue - MLS # 6205 – 1,506 sf – Sold Price $485,000 or **$322/sf**

429 Elk Avenue – MLS # 6224 – 2,621 sf - Sold Price $626,000 or **$239/sf**

401 Elk Avenue – MLS # 6075 – 3,012 sf - Sold Price $1,095,000 or **$364/sf**

202 Elk Avenue – MLS # 6114 – 3,891 sf – Sold Price $1,250,000 or **$321/sf**

326 Elk Avenue – MLS # 6225 – 5,071 sf – Sold Price $1,750,000 or **$345/sf**

319-321 Elk Avenue – MLS # 6046 - 10,233 sf – Sold Price $2,425,000 or **$237/sf**

413 Elk Avenue – MLS # 14211 – 1,529 sf – Sold Price $730,000 or **$477/sf**

Based on the above 9 comparable sales, the average sold price/sf is $322. Therefor see below my opinion of value regarding 326 Elk Avenue.

326 Elk Avenue:

Unit A – 1,263 sf: $406,686

Unit B – 1,234 sf: $397,348

Unit C – 1,295 sf: $416,990

Unit D – 1,279 sf: $411,838

DETERMINING VALUE

Factors that Affect Your Home in Today's Market!

Location:
Location is the single most important factor in determining the value of your home.

Competition:
Prospective buyers compare your property against competing properties. Buyers will perceive value based upon the properties that have sold or are available in the area.

Timing:
Property values are affected by the current real estate market. As the real estate market cannot be manipulated, a flexible marketing plan should be developed which analyzes the current marketing conditions and individual features of the property.

Condition:
The condition of the property affects the price and speed of the sale. As prospective buyers often make purchases based on emotion, first impressions are important.

Optimizing the physical appearance of your home will maximize the buyer's perception of value.

Price:
Pricing your home properly from the very beginning is an important factor in determining the length of time it will take to sell your home.

Received
County Administration
9/18/17

Gunnison County
COLORADO

2017 REAL PROPERTY NOTICE OF DETERMINATION

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

Date of Notice: August 31, 2017
Phone: (970) 641-1085
Fax: (970) 641-7920
Email: assessor@gunnisoncounty.org
Website: http://www.gunnisoncounty.org/assessor.html

CBOE #79

ACCOUNT NUMBER	TAX YEAR	TAX AREA	PARCEL NUMBER
R043909	2017	200	3255-031-77-015

AGENT	LEGAL DESCRIPTION
APPLETON, ELIZABETH P PO BOX 234 CRESTED BUTTE, CO 81224-0234 OWNER: RATHERBY INVESTMENTS LLC	UNIT A TIMES SQUARE CONDOMINIUMS #636852

PROPERTY CLASSIFICATION		PROPERTY OWNER'S ESTIMATE OF VALUE	ASSESSOR'S VALUATION	
			ACTUAL VALUE PRIOR TO REVIEW	ACTUAL VALUE AFTER REVIEW
Commercial			689,480	613,440
	TOTALS		$689,480	$613,440

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

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

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

The deadline for filing real property and personal property appeals is September 15.

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

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

APPEAL PROCEDURES

County Board of Equalization Hearings will be held from September 1 through November 1 at Gunnison County Courthouse or Blackstock Government Center.

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

CBOE #____

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

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

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

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

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

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

Binding Arbitration
For information about binding arbitration, contact the County Board of Equalization at the address above.

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

PETITION TO COUNTY BOARD OF EQUALIZATION

What is your estimate of the property's value as of June 30, 2016? (Your opinion of value in terms of a specific dollar amount is required for real property pursuant to § 39-8-106(1.5), C.R.S.)

$ 425,631

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

Please see attached. Additional information shall be provided prior to the hearing.

ATTESTATION

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

Signature	Telephone Number	Date
	970 344 6454	Sept 15 2017

*Attach letter of authorization signed by property owner.

ELIZABETH P. APPLETON PC
ATTORNEY

CBOE # 79-82

EXHIBIT A
Page 1 of 5

September 15, 2017

Gunnison County Board of Equalization
200 East Virginia Avenue
Gunnison, CO 81230

RE: APPEAL OF 2017 REAL PROPERTY NOTICE OF DETERMINATION- ACCOUNTS R043909, R043910, R043911, R043912

Dear Gunnison County Board of Equalization:

Enclosed please find four (4) petitions to appeal the Gunnison County Assessor's 2017 Real Property Notices of Determination for the above-referenced commercial properties. I have also included authorization from my client, Ratherby Investments, LLC, to represent the LLC before the Board of Equalization in this matter. Additional information shall be provided prior to the scheduled hearing.

Thank you for your consideration.

ELIZABETH P. APPLETON, PC

Elizabeth P. Appleton

Cc: client

Enclosures (7)

115 ELK AVENUE PO BOX 234 CRESTED BUTTE, CO 81224 OFFICE 970.349.6454 FAX 970.797.1833 BETH@EPAPPLETONLAW.COM

CBOE #79-82

EXHIBIT A
Page 2 of 5

September 15, 2017

Gunnison County Board of Equalization
200 East Virginia Avenue
Gunnison, CO 81230

RE: Appeal of 2017 Real Property Notices of Valuation- Accounts R043910, R043909, R043911, R043912

Dear Gunnison County Board of Equalization:

Please let this letter serve as written authorization for Elizabeth P. Appleton, of Elizabeth P. Appleton PC, to represent Ratherby Investments, LLC before the Gunnison County Board of Equalization in the above-referenced appeals. Thank you.

Sincerely,

Rosalind Cross

RATHERBY INVESTMENTS, LLC

Rosalind Cross, Managing Member

CBOE # 79-82

EXHIBIT A
Page 3 of 5

ELIZABETH P. APPLETON PC
ATTORNEY

May 31, 2017

Gunnison County Assessor
Attn: Bob Blackett
221 North Wisconsin Street, Suite A
Gunnison, CO 81230

Sent by email to: Assessor@gunnisoncounty.org

RE: PROPERTY TAX PROTEST ACCOUNT NUMBERS R043909, R043910, R043911, AND R043912 TIMES SQUARE CONDOMINIUMS, 326 ELK AVENUE, CRESTED BUTTE, ECON AREA 2 (COMMERCIAL)

Dear Mr. Blackett:

I tender this protest of the 2017 Notice of Valuation for the above properties on behalf of my client Ratherby Investments, LLC. The authorization for me to do so is enclosed herewith. These commercial properties are located within one building in Econ Area 2. The reason for this protest is as follows:

I. The estimated market value is not accurate;
II. The occupancy type is not accurate; and
III. Other.

I. THE ESTIMATED MARKET VALUE IS NOT ACCURATE: IT IS TOO HIGH.

The valuations of the subject properties more than doubled from the previous value, which is not supported by the comparable sales. There were 37 sales in Econ Area 2 during the sales study period. Only one property increased in value more than the subject properties, and it increased to close the amount it was purchased for in June 2015, $264,000, which is $313 per square foot. This is Account Number R002997. The valued determined by the Assessor's Office for the subject properties is over $602 per square foot. None of the commercial comparable sales in ECON AREA 2 come close to this figure.

The owner purchased this property in December 2015, six months before the end of the reappraisal period. The properties appraised for $1,750,000.00 total, effective October 2015, at $348/sf. The best comparable sale for these properties is the sale itself, for the subject properties. The previous valuations for the subject units totaled $1,453,310.00, at $290/sf. The 2017 valuations total $3,023,780.00. Overall this represents a 208% increase at $602 per square foot, which is not supported by the comparable sales.

Elizabeth P. Appleton, Attorney
beth@epappletonlaw.com
offices 115 Elk Avenue PO Box 234 Crested Butte, CO 81224 voice 970.349.6454 fax 970.797.1833
www.epappletonlaw.com

The following comparable sales are within blocks of the subject property with similar use, as follows:

1. R030160 – 314 Elk Avenue: sold at $322/sf (retail at 1506 sf)
2. R003509 - 319/321/325 Elk Avenue: sold at $217/sf (retail/restaurant at 11,161 sf)
3. R003532 – 401 Elk Avenue: sold at $409/sf (office at 3012 sf)
4. R003530 – 429 Elk Avenue: sold at $367/sf (office retail at 1705 sf)
5. R003604 – 114 Elk Avenue: sold at $279/ (retail at 417 sf)
6. R002997 – 214 6th Street: sold at $313/sf (office at 835 sf)
7. R003525 – 413 Elk Avenue: sold at $477/sf (office at 1529 sf)
8. R041542 – 202 Elk Avenue: sold at $304/sf (retail office).

Based on the foregoing comparable sales, the valuation of the subject properties at $602 per square foot is not supported. The average of the foregoing, including the subject properties as one sale, is $337 per square foot. Accordingly, the valuations for Units A-D, Times Square Condominiums at 326 Elk Avenue need to be adjusted.

II. THE OCCUPANCY INFORMATION IS NOT ACCURATE

Unit A was 80% vacant for four (4) months during the reappraisal period, and completely vacant for two (2) months of the reappraisal period. Unit D was vacant for one month during the reappraisal period.

Each of the properties is appropriate for office use as well as retail. For example, Unit D is now an office.

III. OTHER.

The building construction quality is average, not good per the appraisal. The rent was not increased from the previous owner and the current owner pays all operating costs associated with the properties, except that each tenant pays utilities for his or her unit and pro-rata based on square footage for the common areas including the bathrooms and hallways, snow removal from the front of the building, and cleaning and maintenance of the common hallways and bathroom. The current owner pays more operating costs than the previous owner.

Last, the subject property, particularly Units B and D, are negatively impacted by snow shed from the adjacent property.

Elizabeth P. Appleton, Attorney
beth@epappletonlaw.com
offices 115 Elk Avenue PO Box 234 Crested Butte, CO 81224 voice 970.349.6454 fax 970.797.1833
www.epappletonlaw.com

CBOE # 79-82

EXHIBIT A
Page 5 of 5

CONCLUSION:

The valuation of the subject properties is too high and not supported by the comparable sales. The valuation of the subject properties should be valued as follows:

R043909 Unit A – 1263 sf: $425,631
R043910 Unit B – 1234 sf: $415,858
R043911 Unit C – 1295 sf: $436,415
R043912 Unit D – 1279 sf: $431,023

Thank you for your consideration.

Sincerely,

ELIZABETH P. APPLETON, PC

Elizabeth P. Appleton
cc. Client

Elizabeth P. Appleton, Attorney
beth@epappletonlaw.com
offices 115 Elk Avenue PO Box 234 Crested Butte, CO 81224 voice 970.349.6454 fax 970.797.1833
www.epappletonlaw.com

CBOE # 79-82

EXHIBIT B
Page 1 of 26

A Restricted Appraisal Report

326 Elk Street
Crested Butte, Colorado

Prepared For:
Ratherby Investments LLC
c/o Ms. Rosalind M. Cross
P.O. Box 2638
Crested Butte, Colorado

Effective Date:
October 13, 2015

EastWest ECONOMETRICS

East West Econometrics File #15192

CBOE # 79-82

EXHIBIT B
Page 2 of 26

October 21, 2015

Ratherby Investments LLC
c/o Ms. Rosalind M. Cross
P.O. Box 2638
Crested Butte, Colorado 81224

RE: 326 Elk Street
Crested Butte, Colorado
A Restricted Appraisal Report

Dear Ms. Cross:

As requested, we have completed an appraisal report and concluded a **market value** for the above referenced property. The subject is a multi-tenant retail property located in the Town of Crested Butte, Gunnison County, Colorado. Per your instructions, the purpose of this Restricted Appraisal Report is to provide an opinion of **"market value",** "as is", of the leased fee property rights of the above property. The opinion of value reported below is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the report.

You, Ratherby Investments LLC, as the client, are responsible for reading this report in its entirety. It may not be distributed to or relied upon by other persons or entities without written permission of East West Econometrics (East West). Acceptance or use of this appraisal report by the named client constitutes acceptance of responsibility for timely payment of the agreed appraisal fee to East West.

The analysis, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), Title XI Regulations, the 2010 Interagency Appraisal Guidelines, and client's appraisal standards, as applicable.

Based on the analysis contained in the following report, subject to any hypothetical conditions or extraordinary conditions applied, the market value of the subject property is concluded as follows:

CBOE # 79-82

EastWest ECONOMETRICS

EXHIBIT 3
Page 3 of 26

MARKET VALUE CONCLUSION

Appraisal Premise	Interest Appraised	Effective Date	Value Conclusion
As Is	Leased Fee Estate	October 13, 2015	$1,750,000

This appraisal is subject to the Certification and Limitations & Assumptions stated within the report. The Client has made a determination that their requirements are such that preparation of a *Restricted Appraisal Report* is adequate for their purposes. The Appraiser and the Client are under agreement that the appraisal herein be a *Restricted Appraisal Report.*

This is a *Restricted Appraisal Report* that is intended to comply with the reporting requirements set forth under Standards Rule 2-2(c) of the Uniform Standards of Professional Appraisal Practice for a Restricted Use Appraisal Report. The use of this report is restricted to the identified client. The rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's workfile.

The accompanying report, of which this letter is a part, contains opinions of value that are subject to the Statements of Contingent and Limiting Conditions attached herein. This report represents our opinion only if used in its entirety.

We appreciate having the opportunity to perform this appraisal analysis. Should you have any questions with respect to the data, analysis or value conclusion, please do not hesitate to call.

Respectfully submitted,

EAST WEST ECONOMETRICS LLC

James M. Bittel
Manager
jamesbittel@eastwesteconometrics.com
Colorado Certified General
Appraiser #CG01315404

Thomas O. Mead
Commercial Appraiser
tmead@eastwesteconometrics.com
Colorado Certified General
Appraiser #CG40022647

CBOE # 79-82

EXHIBIT B
Page 4 of 26

Certification Statement

The undersigned do hereby certify that, to the best of our knowledge and belief:

- the statements of fact contained in this report are true and correct.

- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.

- we have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.

- we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

- our engagement in this assignment was not contingent upon developing or reporting predetermined results.

- 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.

- The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Uniform Standards of Professional Appraisal Practice*.

- Thomas O. Mead has made a personal inspection of the property that is the subject of this report and James M. Bittel did not inspect the subject property. No one provided significant real property appraisal assistance or appraisal consulting assistance to the persons signing this certification.

- the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

- No other services have been provided, as appraisers or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

CBOE #79-82

EXHIBIT B
Page 5 of 20

- that as of the effective date of this report, all appraisers involved with the preparation and reporting of this assignment are in good standing with the Colorado State Board of Real Estate Appraisers.

EAST WEST ECONOMETRICS LLC

James M. Bittel
Manager
jamesbittel@eastwesteconometrics.com
Colorado Certified General
Appraiser #CG01315404

Thomas O. Mead
Commercial Appraiser
tmead@eastwesteconometrics.com
Colorado Certified General
Appraiser #CG40022647

CBOE # 79-87

EXHIBIT B
Page 6 of 26

Client and Intended User Identification:
The client and intended user of this appraisal is Ratherby Investments LLC, c/o Ms. Rosalind M. Cross.

Intended Use of Appraisal:
For the client's internal decision-making purposes.

Identification of the Property Appraised:
Property Owner: McGill Family Trust et. al.

Purchase Contract: The subject is under contract for purchase in the amount of $1,750,000 by Ratherby Investments LLC.

Address: 326 Elk Street, Crested Butte, Colorado 81224, Units A, B, C, and D

Gunnison County Parcel ID Numbers: Unit A: 3255-031-77-015
Unit B: 3255-031-77-016
Unit C: 3255-031-77-017
Unit D: 3255-031-77-018

Gunnison County Account Numbers: Unit A: R04309
Unit B: R04310
Unit C: R04311
Unit D: R04312

Legal Descriptions: Units A, B, C, and D, Times Square Condominiums, Town of Crested Butte, Gunnison County, State of Colorado

Appraiser Comments:
The subject is legally described as four individual condominium units. However, the owners' association was not officially established and the property has operated as a multi-tenant retail property since it was constructed. We have appraised the subject as a single property as the market would generally consider the subject as a single property. This is supported by the earlier sale of the subject and the current purchase contract.

Real Property Interest Appraised:
Based on the scope of the appraisal assignment, and because the subject is 100 percent leased to four tenants, the leased fee property interest was appraised.

Brief Description of Subject Property Attributes:
The subject improvements consist of one building containing four commercial condominium units. The property operates as a multi-tenant retail building.

CBOE # 79-82

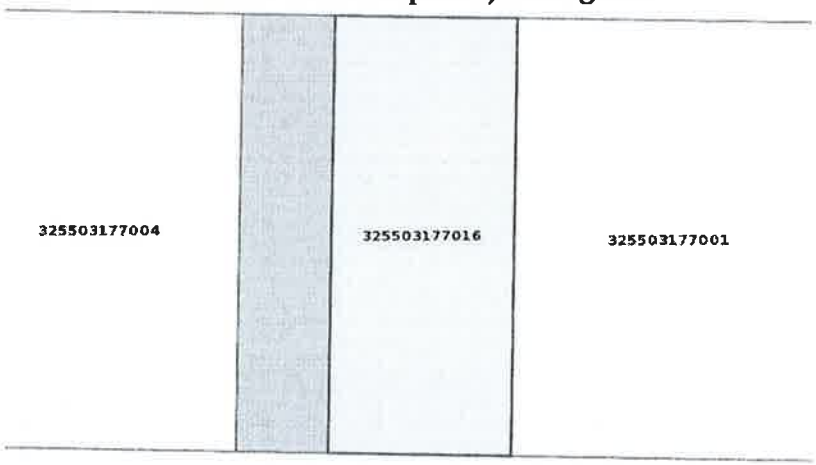
EXHIBIT B
Page 7 of 26

Property Type:	Retail property
Building Area:	Unit A: 1,263 square feet Unit B: 1,234 square feet Unit C: 1,295 square feet Unit D: 1,279 square feet Total building area is 5,071 square feet, based on the assessor's data
Year Built:	1990
Number of Stories/Levels:	Two; including a garden level
Construction Class:	Class D, wood frame, cedar exterior siding by Marshall Valuation Service
Construction Quality:	Average
Building Configuration:	The building has a main entrance from Elk Street on the north side of the building. There is a landing area and stairs providing access down to the garden level and up to the second level. An additional entrance is located on the south side of the building. There are two retail units on the garden level and two units on the upper level of the building. There are two single-chair stair lifts on the north side of the building.
Interior Description	
Interior Finish:	The entrance areas have ceramic tile flooring on both levels. The rest of the building has carpeted flooring. The walls are finished and painted drywall. They ceiling consists of painted drywall. The doors are solid core wood doors in wood frames. The common restrooms have ceramic tile floors with finished drywall ceilings.
Unit Mechanical Description	
Heating & Cooling System:	In-floor, hot water heat; no air conditioning
Plumbing:	Typical; assumed adequate
Electrical:	Typical; assumed adequate. Lighting is florescent, ceiling mounted.
Fire Protection:	Smoke detectors, fire alarms
Physical Condition	
Overall Condition:	Average
Deferred Maintenance:	None observed
Effective Age:	10 years due to adequate maintenance
Typical Economic Life:	45

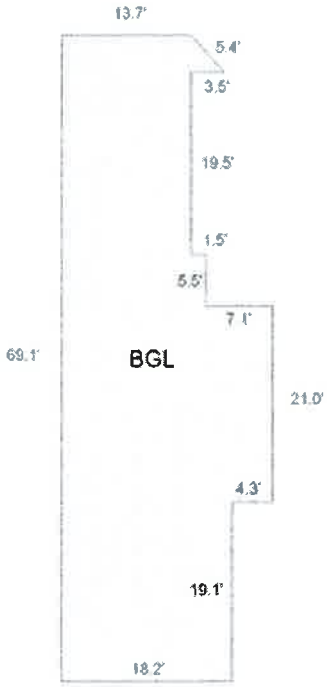
CBOE # 79-82
EXHIBIT B
Page 8 of 22

Remaining Economic Life:	35
Functional Utility:	The subject is functional for multi-tenant retail or office use because the subject's physical components are conducive these uses. The physical characteristics include; two stair lifts, wide hallways, restrooms, and some on-site parking for tenants and clientele.

Assessor's Site Map-Subject in green



Assessor's Building Footprint Sketch



CBOE # 79-82

EXHIBIT B
Page 9 of 26

3 Year Sales History (including Current Contracts, Agreements, Options) and Listing History:
The current owner for all four units, including all of the common area, is McGill Family Trust et.. al.

The current owner constructed the subject property in 1990 and retained ownership until October 27, 2006 when the property was sold to Hobie Designs Inc. for $2,148,000. The current owner financed a portion of the purchase price and the buyer defaulted in November 2014. A deed in lieu of foreclosure was arranged and the property was re-conveyed to the original owner.

The subject property is currently under contract for purchase by Ratherby Investments LLC in the amount of $1,750,000. We have reviewed the purchase contract and it appears to be arm's length with no atypical terms or conditions.

Use of the Real Estate Existing as of the Date of Value and the Use of the Real Estate Reflected in the Appraisal:
Retail or office property use is legally permissible, physically possible, financially feasible, and maximally productive for the subject "as if a vacant site" and "as improved".

Subject Photographs

North-front-view

CBOE #79-82
EXHIBIT 3
Page 10 of 12

South view

Stairs to upper level from main entry

CBOE # 79-82

EXHIBIT B
Page 11 of 24

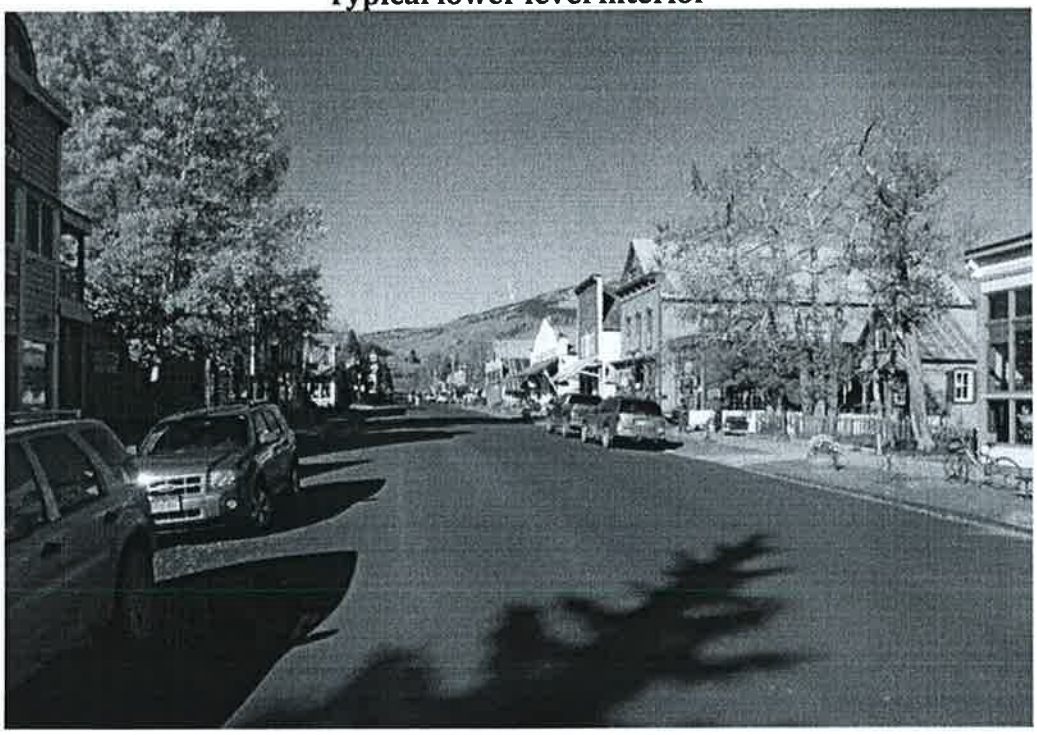
Stairs to garden level

Typical upper level interior

CBOE #79-82

EXHIBIT B
Page 12 of 25

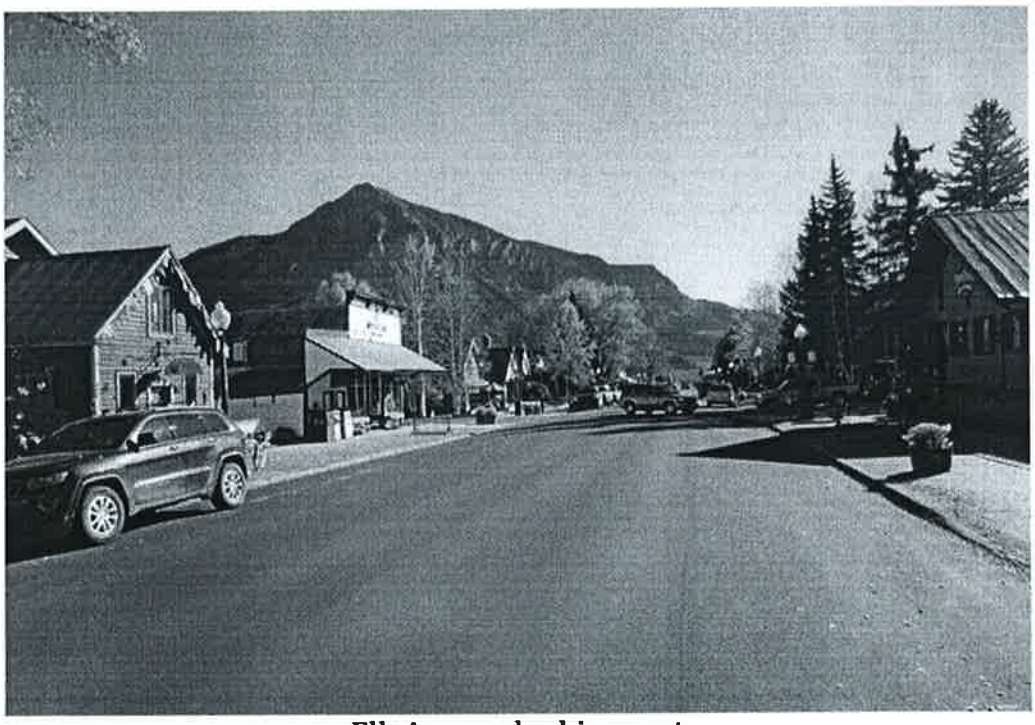
Typical lower level interior



Elk Avenue looking west

CBOE # 79-82

EXHIBIT B
Page 13 of 26



Elk Avenue looking east

Alley

CBOE # 79-82

EXHIBIT 3
Page 11 of 26

Type of Value, Definition of Value, and Source of Definition:

Based on the scope of the appraisal assignment a "market value" opinion was developed.
"Market value," as used in this report, is defined as:

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

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

Source: "(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994); Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fourth Edition,* (Chicago, 2002) Page 177"

Effective Date of Value and Date of the Appraisal Report:
October 13, 2015 is the effective date of the appraisal and this is also the date of the property inspection by the appraiser.

Opinion of Exposure Time:
We estimated exposure time for the subject property to be 12 months or less.

CBOE # 79-82

EXHIBIT B
Page 15 of 26

Extraordinary Assumptions and Hypothetical Conditions Used:
(If applicable State that their use might affect the assignment results)

According to Advisory Opinion 17 of the Uniform Standards of Professional Appraisal Practice (USPAP), the use of a hypothetical condition is required whenever the following conditions apply:

1. **IF** the subject "as proposed" does not yet, in fact, exist as of the date of this appraisal.

2. **IF** the "as proposed" analysis performed to develop the opinion of value are based on a hypothesis, *specifically that the improved subject property is assumed to exist when in fact it does not exist.*

3. **IF** certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist.

4. **IF** the appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

No hypothetical conditions were used.

Extraordinary Assumptions:
An extraordinary assumption presumes as fact otherwise uncertain information about the subject, and includes the following:

- Physical, legal, or economic attributes of the subject property
- Conditions external to the subject, such as market conditions or trends
- Integrity of the data used in this appraisal

No extraordinary assumptions were used

Scope of Work Used to Develop the Appraisal:
A determination was made regarding the scope of work necessary to solve the client's appraisal problem. The appraisal was developed in accordance with Standard 1 (Real Property Appraisal, Development) and prepared in accordance with USPAP Standard 2 (Real Property Appraisal, Reporting), effectively demonstrating our analysis to derive the valuation conclusion.

Appraisal Methods and Techniques Employed, Approaches to Value Employed and Explanation of the Exclusion of the Sales, Income or Cost Approaches:
Cost Approach: Given the age of the subject improvements and the inherent difficulty in accurately determining depreciation, and because investors in similar properties typically do not use this approach, the cost approach is determined to be not applicable we will not be used this approach.

Sales Comparison Approach: We will obtain sales of generally similar properties in the subject's market and will make adjustments to these sales to derive a value. The sales comparison approach is applicable will be used to value the subject.

Income Approach: We will use actual and market based data to derive a net operating income for the subject, apply an appropriate capitalization rate, and conclude a value using the income approach. As an income producing property that is 100 percent leased, the income approach is applicable and will be used.

Value Opinion and Conclusions Reached

Sales Comparison Approach

We used the sale price per rentable square foot as the unit of comparison as this is the most common unit of comparison used by investors for retail properties in the subject's market.

The following sales were obtained and analyzed to derive a value using the sales comparison approach.

SUMMARY OF COMPARABLE SALES

No.	Location	Date of Sale	Sale Price	Unit Area (SF)	Price Per SF	Year Built
1	214 6th St., Unit 12 Crested Butte, CO	Jun-15	$264,000	835	$316.17	1978
2	212 Elk Ave. Crested Butte, CO	Dec-14	$790,000	2,267	$348.48	2005
3	314 Elk St. Crested Butte, CO	Sep-14	$485,000	1,506	$322.05	1900
4	202 Elk Ave., Units A, B, C, and D Crested Butte, CO	Jan-14	$1,250,000	3,891	$321.25	1882

CBOE # 79-82

COMPARABLE SALES MAP

EXHIBIT 3
Page 17 of 26

CBOE #79-82

EXHIBIT B
Page 18 of 20

SALE 1-214 6th Street

Sale 1 is a penthouse commercial condominium unit that was being used as office space when sold. The unit could also be used for retail purposes. This condominium unit is located on the 3rd level of the building. The building was in good condition at the time of sale as it has recently been remodeled. The grantor was Robert Jerry Falkner and the grantee was Shirley L. Crawford Exempt Trust.

SALE 2-212 Elk Street

CBOE # 79-82
EXHIBIT B
Page 19 of 26

Sale 2 is a small retail building used for a restaurant. The building was leased when sold. The building is newer compared to the subject and it contains a commercial grade kitchen. The grantor was Birds of a Feather LLC and the grantee was Elk Avenue Investments LLC.

SALE 3-314 Elk Street

Sale 3 is a storefront property that had been remodeled in 1992. The property was leased at the time of sale. The building was in average condition at the time of sale. Grantor was McGill Family Trust and the grantee was Casey Key Investments LLC.

SALE 4-202 Elk Street

Sale 4 is a four unit mixed-use condominium building that contains a 3-bedroom apartment on the second level. Commercial units in the building include retail and office tenants. The building was in average condition at the time of sale. The grantor was CAC Industries LLC and the grantee was Ice House LLC.

Conclusion

All of the comparables are located within 2 blocks of the subject property and are or could be used for retail purposes. Sale 1 is located on the 3rd level in the building, which is inferior compared to the subject. This sale will be adjusted upward for this factor. Sale 2 contains a commercial kitchen and Sale 4 contains an apartment. These are superior amenities compared to the subject. These two sales will be adjusted downward for these factors. Market conditions have been slowly improving in the past two years in Crested Butte. There is little inventory for sale in the market. Sales 2, 3, and 4 will be adjusted upward for market conditions. Sale 4 includes four units and is larger compared to the subject units in terms of scale. Typically, there is an inverse relationship between size and price per square foot. Sale 4 will be adjusted upward for scale.

The mean of the adjusted prices is $344.98 per square foot. Based on our analysis of the market in general and the comparable sales, we believe the market indicates a value of $345.00 per square foot as follows:

Concluded Price Per Square Foot:	$345.00
Building Area:	x5,071 SF
Market Value by the Sales Comparison:	**$1,749,495**
Rounded:	**$1,750,000**

CBOE # 79-82
EXHIBIT B
Page 4 of 26

Income Approach

The subject is 100 percent leased to four tenants, although Unit B has a sub-lessee. We have noted only the master lease for this suite below. The following summarizes the leasing status:

Unit	Tenant	Lease Pmt	Lease Rate PSF	Expiration
A	Pema Dawa	$2,700*	$25.65	10-31-16
B	CB Music Fest	$2,390	$23.24	9-30-16
C	CMBT	$2,700	$25.01	4-30-17
D	JC Peacock	$2,700	$25.33	3-31-17

*Beginning November 1, 2015

Lease rates for the above tenants range from $23.24 to $25.65 per square foot on a modified gross lease structure. Under this lease structure, the tenant pays utilities and janitorial costs and the owner pays the remainder of the operating costs.

We compared contract rents with comparable property rents in the Crested Butte market. The following are rental comparables:

MARKET RENT SUMMARY

Property	Size (SF)	Occupancy	Rent / SF	Expense Terms
215 Elk Ave	1234	Office	17.99	NNN
332 Elk Ave	1,367	Office	$22.94	NNN
	1,585	Retail	$19.17	NNN
318 Elk Ave	1,182	Office	$22.00	NNN
	2,323	Retail	$17.00	NNN
	850	Retail	$22.60	NNN
232 Elk Ave	970	Retail	$28.84	NNN
	756	Office - #206	$28.00	Full Service
201 Elk Ave	1,819	Retail	$25.50	NNN
511 Red Lady Ave	3,666	Retail and Office	$17.28	NNN

Most of the properties in Crested Butte are leased on a triple net structure where the tenant pays the operating expenses. The above rentals have rates ranging from $17.00 to $28.84 per square foot, triple net. The one full service lease in the table above has a rate of $28.00 per square foot, full service. In general, it appears the contract rents are somewhat below market. On a modified gross basis, the above rental range would be closer to $25 to $37 per square foot. On a net basis market rent would likely be $24 to $26 per square foot. Two of the existing leases expire within one year and two expire in approximately 18 months. At renewal, the leases

CBOE # 79-87

EXHIBIT B
Page 22 of 26

may revert to a triple net structure or they may increase to be more in line with the market. We believe the market indicates a modified gross lease rate of $32.00 per square foot for the subject. As a result, the concluded market rate is higher than the actual contract rates and this creates a possible leasehold interest. We will consider adjustments for this factor later in this section.

Gross Potential Income for the subject is $162,272 per year.

Actual owner's expenses were extracted from operating data provided by the owner. Expenses for the most recent 12 month period (from the owner's data) are as follows:

Expense	Amount	Amount Per SF
Real Est Taxes	$32,407	$6.39
Insurance	$3,435	$0.68
Mntc/Trash	$4,978	$0.98
Management	$4,500	$0.89
Total	$45,320	$8.94

Real estate taxes are likely to be lower for 2015 as the assessed values by the county are lower. Using the current values, and the 2014 mill levy (the most recent available), taxes would be $28,558. Maintenance expenses have also been somewhat higher than normal due to windows that were replaced and repaired within the last year. The cost for the windows was $680. The other actual expenses appear to be reasonable for a property similar to the subject in the Crested Butte market. Therefore, total expenses are projected to be $40,791.

Vacancy and Credit Loss

According to local real estate brokers, commercial leases in Crested Butte are increasing with landlords started to increase rental rates in 2013-014 for the first time in approximately 5 years. Brokers estimate vacancy overall at approximately 5 percent for properties similar to the subject. A 5 percent vacancy and credit loss rate will be input for the subject.

Net Operating Income

Gross Potential Income:	$162,272
Less: Vacancy & Credit Loss @5%:	$ 8,114
Effective Gross Income:	$154,158
Less: Owner Operating Expenses:	$ 40,791
Net Operating Income:	$113,367

CBOE # 79-42

EXHIBIT B
Page 22 of 26

Capitalization Rate

Extraction

There were few recent market transactions with operating expenses available to the appraiser in the local market to extract local capitalization rates. The appraiser also spoke with local realtors for an observation of what typical capitalization rates are for the Crested Butte market. The capitalization range rate was approximately 4.0 to 8.0 percent. Sale 3 sold with a capitalization rate of 5.95 percent in 2014. This property was leased to a single tenant with a one-year lease.

Survey

Third Quarter 2015 RealtyRates.com Investor Survey (2nd Q 2015 data) indicates capitalization rates for retail properties between 4.03 percent and 15.50 percent. The survey includes profit, which tends to push the survey rates to the higher end of the rate range.

RealtyRates.com INVESTOR SURVEY - 3rd Quarter 2015*
RETAIL - ALL TYPES

Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	0.75%	**DCR Technique**	1.05	0.042613	0.90	**4.03**
Debt Coverage Ratio	1.05	**Band of Investment Technique**				
Interest Rate	2.95%	Mortgage	90%	0.042613	0.038352	
Amortization	40	Equity	10%	0.080844	0.008084	
Mortgage Constant	0.042613	OAR				**4.64**
Loan-to-Value Ratio	90%	**Surveyed Rates**				**4.41**
Equity Dividend Rate	8.08%					
Maximum						
Spread Over 10-Year Treasury	7.67%	**DCR Technique**	2.25	0.128000	0.50	**14.40**
Debt Coverage Ratio	2.25	**Band of Investment Technique**				
Interest Rate	9.87%	Mortgage	50%	0.128000	0.064000	
Amortization	15	Equity	50%	0.181980	0.090990	
Mortgage Constant	0.128000	OAR				**15.50**
Loan-to-Value Ratio	50%	**Surveyed Rates**				**14.72**
Equity Dividend Rate	18.20%					
Average						
Spread Over 10-Year Treasury	2.82%	**DCR Technique**	1.41	0.070987	0.71	**7.07**
Debt Coverage Ratio	1.41	**Band of Investment Technique**				
Interest Rate	5.02%	Mortgage	71%	0.070987	0.050134	
Amortization	25	Equity	29%	0.136469	0.040088	
Mortgage Constant	0.070987	OAR				**9.02**
Loan-to-Value Ratio	70.6%	**Surveyed Rates**				**10.11**
Equity Dividend Rate	13.6%					

*2st Quarter 2015 Data

Copyright 2015 RealtyRates.com ™

CBOE # 79 - 82

EXHIBIT B
Page 24 of 26

Band of Investment
An examination of the current money market would suggest a loan-to-value ratio of 75 percent with an amortization of 30 years (with a 5 to 10 ten balloon) at a 5 percent interest rate. Considering the character of the investment influenced by market conditions, as well as discussions with investors in the market, an equity rate of 7.0 percent is appropriate. This estimate of the equity rate is supported by the previous appraisals in resort markets similar to the subject's market. A capitalization rate derived under this methodology is quantified as follows:

Mortgage Component:	0.75 x 0.0644 =	0.0483
Equity Component:	0.25 x 0.0700 =	0.0175
Capitalization Rate:		0.0658, or 6.6%

Conclusion

- *Extraction*: *Not Used*
- *RealtyRates.com* *4.0% to 15.5%, average*
- *Band of Investment:* *6.6%*

Resort markets typically have lower capitalization rates as these properties are not purchased by institutional investors for their stream of income. They are more motivated by capital appreciation and the prestige of owning properties in resort areas; thus leading to lower capitalization rates. It is not uncommon to see overall rates in the range of 5.0 to 7.0 percent in markets similar to Crested Butte (and even lower in Aspen and Vail). A recent sale had a capitalization rate of 5.95 percent and the band of investment produced a rate of 6.6 percent. Considering all relevant aspects of the subject's economic environment, we will input an overall rate of 6.25 percent in our analysis. Capitalizing the net operating income will provide a market value for the subject, as follows:

Net Operating Income:	$113,367
Capitalization Rate:	6.25%
Capitalized Amount:	$1,813,872

Leasehold Adjustment
Our analysis of market rents indicated the subject has contract rents that appear to be below market. This creates a positive leasehold interest. As a result, we must adjust the capitalized amount above to reflect the positive leasehold interest.

For the leasehold adjustment we will calculate the difference between the contract rents and the market rent for the remaining terms of the leases. Given the less than one-year period of the remaining lease term for the tenants in units A and B, we did not include their rent in our analysis. A market rental rate for the subject was determined to be $32.00 per square foot, modified gross. The contract rents are $2,700 per month, or $32,400 per year, for each of these units. To determine a

present value for our adjustment we reviewed discount rates from RealtyRates. The 3rd quarter 2015 (2nd quarter data) indicated discount rates generally from 6 to 13 percent for retail properties for acquisitions. For the subject, we will apply a 10 percent discount rate in our analysis. The leasehold adjustment estimated is as follows:

Period	Months	Contract Rent for period	Market Rent @$32.00 PSF	Difference	Disc Factor	PV
Nov 2015 to April 2016	6	$32,400	$41,184	$8,784	0.9052	$7,951
May 2016 to April 2017	12	$64,800	$82,368	$17,568	0.8194	$14,395
					Total	$22,346

The $22,346 represents the estimated value of the positive leasehold interest held by the tenant due to the below market lease rate. The loss in value reflects the amount a potential buyer would discount the sale price to reflect the loss in income from the below market lease. Therefore, to determine the "as is" market value of the subject property, we will deduct the adjustment amount from the capitalized amount as follows:

Capitalized Amount:	$1,813,872
Less: Adjustment:	$ 22,346
Market Value by the Income Approach:	**$1,791,526**
Rounded:	**$1,790,000**

RECONCILIATION

The pertinent approaches to value have been summarized in this appraisal analysis. A summary of the value conclusions of each of these individual approaches indicates the following:

Cost Approach:	Not Used
Sales Comparison Approach:	$1,750,000
Income Approach:	$1,790,000

Sales Comparison Approach

We discovered sales of commercial properties in the subject's general market area. Adjustments were applied and a valued was concluded using this approach. The sales comparison approach is reliable.

CBOE # 79-82

EXHIBIT B
Page 26 of 26

Income Approach

We examined actual rental information and compared it to market derived data. The market indicates the subject contract rent is below market. We developed a net operating income using market data and capitalized the net operating income to determine a capitalized amount before adjusting for the positive leasehold interest. After deducting for the leasehold interest we concluded a market value for the subject. The income approach is somewhat less reliable than the sales comparison approach due to the difference in contract rents and market rents, and, because the contract leases are structures as modified gross leased when the market typically favors triple net leases.

Market Value Conclusion

The subject property is currently leased to four tenants (plus a sub-lessee), one of. Typically, however, investors in properties similar to the subject in the Crested Butte market rely to a greater extent on the sales comparison approach when making investment decisions. Consistent with the market, we have also placed greater weight on the sales comparison approach in our final value conclusion.

"AS IS" MARKET VALUE CONCLUSION

Appraisal Premise	*Interest Appraised*	*Effective Date*	*Value Conclusion*
As Is	**Leased Fee Estate**	**October 13, 2015**	**$1,750,000**

Important Note: The rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's workfile.

Received
County Administration
9/18/17

2017 REAL PROPERTY NOTICE OF DETERMINATION

Gunnison County
COLORADO

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

Date of Notice: August 31, 2017
Phone: (970) 641-1085
Fax: (970) 641-7920
Email: assessor@gunnisoncounty.org
Website: http://www.gunnisoncounty.org/assessor.html

CBOE # 80

ACCOUNT NUMBER	TAX YEAR	TAX AREA	PARCEL NUMBER
R043910	2017	200	3255-031-77-016

AGENT	LEGAL DESCRIPTION
APPLETON, ELIZABETH P PO BOX 234 CRESTED BUTTE, CO 81224-0234 OWNER: RATHERBY INVESTMENTS LLC	UNIT B TIMES SQUARE CONDOMINIUMS #636852

PROPERTY CLASSIFICATION		PROPERTY OWNER'S ESTIMATE OF VALUE	ASSESSOR'S VALUATION	
			ACTUAL VALUE PRIOR TO REVIEW	ACTUAL VALUE AFTER REVIEW
Commercial			680,010	605,010
	TOTALS		$680,010	$605,010

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

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

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

The deadline for filing real property and personal property appeals is September 15.

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

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

APPEAL PROCEDURES

County Board of Equalization Hearings will be held from September 1 through November 1 at Gunnison County Courthouse or Blackstock Government Center.

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

CBOE #80

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

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

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

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

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

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

Binding Arbitration
For information about binding arbitration, contact the County Board of Equalization at the address above.

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

PETITION TO COUNTY BOARD OF EQUALIZATION

What is your estimate of the property's value as of June 30, 2016? (Your opinion of value in terms of a specific dollar amount is required for real property pursuant to § 39-8-106(1.5), C.R.S.)

$ 415,958

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

Please see attached. Additional information shall be provided prior to the hearing

ATTESTATION

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

Signature	Telephone Number	Date
	970 349 6454	091517

*Attach letter of authorization signed by property owner.

ELIZABETH P. APPLETON PC
ATTORNEY

CBOE # 79-82

EXHIBIT A
Page 1 of 5

September 15, 2017

Gunnison County Board of Equalization
200 East Virginia Avenue
Gunnison, CO 81230

RE: APPEAL OF 2017 REAL PROPERTY NOTICE OF DETERMINATION- ACCOUNTS R043909, R043910, R043911, R043912

Dear Gunnison County Board of Equalization:

Enclosed please find four (4) petitions to appeal the Gunnison County Assessor's 2017 Real Property Notices of Determination for the above-referenced commercial properties. I have also included authorization from my client, Ratherby Investments, LLC, to represent the LLC before the Board of Equalization in this matter. Additional information shall be provided prior to the scheduled hearing.

Thank you for your consideration.

ELIZABETH P. APPLETON, PC

Elizabeth P. Appleton

Cc: client

Enclosures (7)

115 ELK AVENUE PO BOX 234 CRESTED BUTTE, CO 81224 OFFICE 970.349.6454 FAX 970.797.1833 BETH@EPAPPLETONLAW.COM

CBOE #79-82

EXHIBIT A
Page 2 of 5

September 15, 2017

Gunnison County Board of Equalization
200 East Virginia Avenue
Gunnison, CO 81230

RE: Appeal of 2017 Real Property Notices of Valuation- Accounts R043910, R043909, R043911, R043912

Dear Gunnison County Board of Equalization:

Please let this letter serve as written authorization for Elizabeth P. Appleton, of Elizabeth P. Appleton PC, to represent Ratherby Investments, LLC before the Gunnison County Board of Equalization in the above-referenced appeals. Thank you.

Sincerely,

Rosalind Cross

RATHERBY INVESTMENTS, LLC

Rosalind Cross, Managing Member

CBOE # 79-82

EXHIBIT A
Page 3 of 5

ELIZABETH P. APPLETON PC
ATTORNEY

May 31, 2017

Gunnison County Assessor
Attn: Bob Blackett
221 North Wisconsin Street, Suite A
Gunnison, CO 81230

Sent by email to: Assessor@gunnisoncounty.org

RE: PROPERTY TAX PROTEST ACCOUNT NUMBERS R043909, R043910, R043911, AND R043912 TIMES SQUARE CONDOMINIUMS, 326 ELK AVENUE, CRESTED BUTTE, ECON AREA 2 (COMMERCIAL)

Dear Mr. Blackett:

I tender this protest of the 2017 Notice of Valuation for the above properties on behalf of my client Ratherby Investments, LLC. The authorization for me to do so is enclosed herewith. These commercial properties are located within one building in Econ Area 2. The reason for this protest is as follows:

I. The estimated market value is not accurate;
II. The occupancy type is not accurate; and
III. Other.

I. THE ESTIMATED MARKET VALUE IS NOT ACCURATE: IT IS TOO HIGH.

The valuations of the subject properties more than doubled from the previous value, which is not supported by the comparable sales. There were 37 sales in Econ Area 2 during the sales study period. Only one property increased in value more than the subject properties, and it increased to close the amount it was purchased for in June 2015, $264,000, which is $313 per square foot. This is Account Number R002997. The valued determined by the Assessor's Office for the subject properties is over $602 per square foot. None of the commercial comparable sales in ECON AREA 2 come close to this figure.

The owner purchased this property in December 2015, six months before the end of the reappraisal period. The properties appraised for $1,750,000.00 total, effective October 2015, at $348/sf. The best comparable sale for these properties is the sale itself, for the subject properties. The previous valuations for the subject units totaled $1,453,310.00, at $290/sf. The 2017 valuations total $3,023,780.00. Overall this represents a 208% increase at $602 per square foot, which is not supported by the comparable sales.

Elizabeth P. Appleton, Attorney
beth@epappletonlaw.com
offices 115 Elk Avenue PO Box 234 Crested Butte, CO 81224 voice 970.349.6454 fax 970.797.1833
www.epappletonlaw.com

The following comparable sales are within blocks of the subject property with similar use, as follows:

1. R030160 – 314 Elk Avenue: sold at $322/sf (retail at 1506 sf)
2. R003509 - 319/321/325 Elk Avenue: sold at $217/sf (retail/restaurant at 11,161 sf)
3. R003532 – 401 Elk Avenue: sold at $409/sf (office at 3012 sf)
4. R003530 – 429 Elk Avenue: sold at $367/sf (office retail at 1705 sf)
5. R003604 – 114 Elk Avenue: sold at $279/ (retail at 417 sf)
6. R002997 – 214 6th Street: sold at $313/sf (office at 835 sf)
7. R003525 – 413 Elk Avenue: sold at $477/sf (office at 1529 sf)
8. R041542 – 202 Elk Avenue: sold at $304/sf (retail office).

Based on the foregoing comparable sales, the valuation of the subject properties at $602 per square foot is not supported. The average of the foregoing, including the subject properties as one sale, is $337 per square foot. Accordingly, the valuations for Units A-D, Times Square Condominiums at 326 Elk Avenue need to be adjusted.

II. THE OCCUPANCY INFORMATION IS NOT ACCURATE

Unit A was 80% vacant for four (4) months during the reappraisal period, and completely vacant for two (2) months of the reappraisal period. Unit D was vacant for one month during the reappraisal period.

Each of the properties is appropriate for office use as well as retail. For example, Unit D is now an office.

III. OTHER.

The building construction quality is average, not good per the appraisal. The rent was not increased from the previous owner and the current owner pays all operating costs associated with the properties, except that each tenant pays utilities for his or her unit and pro-rata based on square footage for the common areas including the bathrooms and hallways, snow removal from the front of the building, and cleaning and maintenance of the common hallways and bathroom. The current owner pays more operating costs than the previous owner.

Last, the subject property, particularly Units B and D, are negatively impacted by snow shed from the adjacent property.

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CBOE # 79-82

EXHIBIT A
Page 5 of 5

CONCLUSION:

The valuation of the subject properties is too high and not supported by the comparable sales. The valuation of the subject properties should be valued as follows:

R043909 Unit A – 1263 sf: $425,631
R043910 Unit B – 1234 sf: $415,858
R043911 Unit C – 1295 sf: $436,415
R043912 Unit D – 1279 sf: $431,023

Thank you for your consideration.

Sincerely,

ELIZABETH P. APPLETON, PC

Elizabeth P. Appleton
cc. Client

Elizabeth P. Appleton, Attorney
beth@epappletonlaw.com
offices 115 Elk Avenue PO Box 234 Crested Butte, CO 81224 voice 970.349.6454 fax 970.797.1833
www.epappletonlaw.com

CBOE # 79-82

EXHIBIT B
Page 1 of 26

A Restricted Appraisal Report

326 Elk Street
Crested Butte, Colorado

Prepared For:
Ratherby Investments LLC
c/o Ms. Rosalind M. Cross
P.O. Box 2638
Crested Butte, Colorado

Effective Date:
October 13, 2015

EastWest ECONOMETRICS

East West Econometrics File #15192

CBOE # 79-82

EXHIBIT B
Page 2 of 26

October 21, 2015

Ratherby Investments LLC
c/o Ms. Rosalind M. Cross
P.O. Box 2638
Crested Butte, Colorado 81224

RE: 326 Elk Street
Crested Butte, Colorado
A Restricted Appraisal Report

Dear Ms. Cross:

As requested, we have completed an appraisal report and concluded a **market value** for the above referenced property. The subject is a multi-tenant retail property located in the Town of Crested Butte, Gunnison County, Colorado. Per your instructions, the purpose of this Restricted Appraisal Report is to provide an opinion of **"market value",** "as is", of the leased fee property rights of the above property. The opinion of value reported below is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the report.

You, Ratherby Investments LLC, as the client, are responsible for reading this report in its entirety. It may not be distributed to or relied upon by other persons or entities without written permission of East West Econometrics (East West). Acceptance or use of this appraisal report by the named client constitutes acceptance of responsibility for timely payment of the agreed appraisal fee to East West.

The analysis, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), Title XI Regulations, the 2010 Interagency Appraisal Guidelines, and client's appraisal standards, as applicable.

Based on the analysis contained in the following report, subject to any hypothetical conditions or extraordinary conditions applied, the market value of the subject property is concluded as follows:

CBOE # 79-82

EastWest ECONOMETRICS

EXHIBIT 3
Page 3 of 26

MARKET VALUE CONCLUSION

Appraisal Premise	Interest Appraised	Effective Date	Value Conclusion
As Is	Leased Fee Estate	October 13, 2015	$1,750,000

This appraisal is subject to the Certification and Limitations & Assumptions stated within the report. The Client has made a determination that their requirements are such that preparation of a *Restricted Appraisal Report* is adequate for their purposes. The Appraiser and the Client are under agreement that the appraisal herein be a *Restricted Appraisal Report.*

This is a *Restricted Appraisal Report* that is intended to comply with the reporting requirements set forth under Standards Rule 2-2(c) of the Uniform Standards of Professional Appraisal Practice for a Restricted Use Appraisal Report. The use of this report is restricted to the identified client. The rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's workfile.

The accompanying report, of which this letter is a part, contains opinions of value that are subject to the Statements of Contingent and Limiting Conditions attached herein. This report represents our opinion only if used in its entirety.

We appreciate having the opportunity to perform this appraisal analysis. Should you have any questions with respect to the data, analysis or value conclusion, please do not hesitate to call.

Respectfully submitted,

EAST WEST ECONOMETRICS LLC

James M. Bittel
Manager
jamesbittel@eastwesteconometrics.com
Colorado Certified General
Appraiser #CG01315404

Thomas O. Mead
Commercial Appraiser
tmead@eastwesteconometrics.com
Colorado Certified General
Appraiser #CG40022647

CBOE # 79-82

EXHIBIT B
Page 4 of 26

Certification Statement

The undersigned do hereby certify that, to the best of our knowledge and belief:

- the statements of fact contained in this report are true and correct.

- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.

- we have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.

- we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

- our engagement in this assignment was not contingent upon developing or reporting predetermined results.

- 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.

- The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Uniform Standards of Professional Appraisal Practice*.

- Thomas O. Mead has made a personal inspection of the property that is the subject of this report and James M. Bittel did not inspect the subject property. No one provided significant real property appraisal assistance or appraisal consulting assistance to the persons signing this certification.

- the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

- No other services have been provided, as appraisers or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

CBOE #79-82

EXHIBIT B
Page 5 of 20

- that as of the effective date of this report, all appraisers involved with the preparation and reporting of this assignment are in good standing with the Colorado State Board of Real Estate Appraisers.

EAST WEST ECONOMETRICS LLC

James M. Bittel
Manager
jamesbittel@eastwesteconometrics.com
Colorado Certified General
Appraiser #CG01315404

Thomas O. Mead
Commercial Appraiser
tmead@eastwesteconometrics.com
Colorado Certified General
Appraiser #CG40022647

CBOE # 79-87

EXHIBIT B
Page 6 of 26

Client and Intended User Identification:
The client and intended user of this appraisal is Ratherby Investments LLC, c/o Ms. Rosalind M. Cross.

Intended Use of Appraisal:
For the client's internal decision-making purposes.

Identification of the Property Appraised:
Property Owner: McGill Family Trust et. al.

Purchase Contract: The subject is under contract for purchase in the amount of $1,750,000 by Ratherby Investments LLC.

Address: 326 Elk Street, Crested Butte, Colorado 81224, Units A, B, C, and D

Gunnison County Parcel ID Numbers: Unit A: 3255-031-77-015
Unit B: 3255-031-77-016
Unit C: 3255-031-77-017
Unit D: 3255-031-77-018

Gunnison County Account Numbers: Unit A: R04309
Unit B: R04310
Unit C: R04311
Unit D: R04312

Legal Descriptions: Units A, B, C, and D, Times Square Condominiums, Town of Crested Butte, Gunnison County, State of Colorado

Appraiser Comments:
The subject is legally described as four individual condominium units. However, the owners' association was not officially established and the property has operated as a multi-tenant retail property since it was constructed. We have appraised the subject as a single property as the market would generally consider the subject as a single property. This is supported by the earlier sale of the subject and the current purchase contract.

Real Property Interest Appraised:
Based on the scope of the appraisal assignment, and because the subject is 100 percent leased to four tenants, the leased fee property interest was appraised.

Brief Description of Subject Property Attributes:
The subject improvements consist of one building containing four commercial condominium units. The property operates as a multi-tenant retail building.

CBOE # 79-82

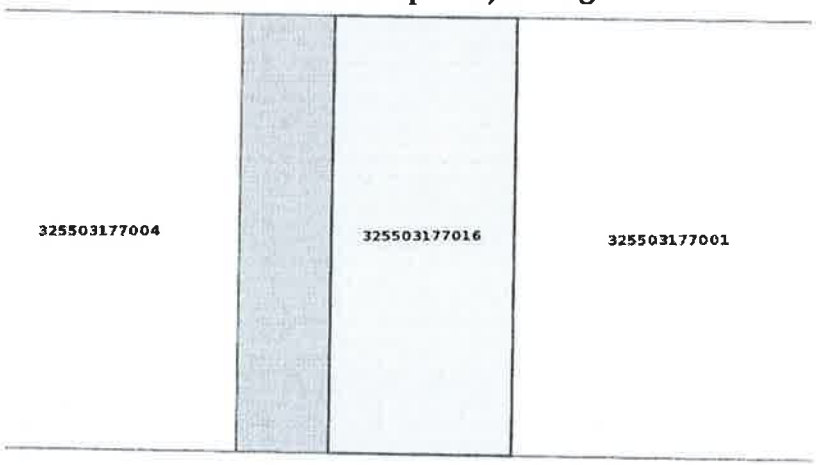
EXHIBIT B
Page 7 of 26

Property Type:	Retail property
Building Area:	Unit A: 1,263 square feet Unit B: 1,234 square feet Unit C: 1,295 square feet Unit D: 1,279 square feet Total building area is 5,071 square feet, based on the assessor's data
Year Built:	1990
Number of Stories/Levels:	Two; including a garden level
Construction Class:	Class D, wood frame, cedar exterior siding by Marshall Valuation Service
Construction Quality:	Average
Building Configuration:	The building has a main entrance from Elk Street on the north side of the building. There is a landing area and stairs providing access down to the garden level and up to the second level. An additional entrance is located on the south side of the building. There are two retail units on the garden level and two units on the upper level of the building. There are two single-chair stair lifts on the north side of the building.
Interior Description	
Interior Finish:	The entrance areas have ceramic tile flooring on both levels. The rest of the building has carpeted flooring. The walls are finished and painted drywall. They ceiling consists of painted drywall. The doors are solid core wood doors in wood frames. The common restrooms have ceramic tile floors with finished drywall ceilings.
Unit Mechanical Description	
Heating & Cooling System:	In-floor, hot water heat; no air conditioning
Plumbing:	Typical; assumed adequate
Electrical:	Typical; assumed adequate. Lighting is florescent, ceiling mounted.
Fire Protection:	Smoke detectors, fire alarms
Physical Condition	
Overall Condition:	Average
Deferred Maintenance:	None observed
Effective Age:	10 years due to adequate maintenance
Typical Economic Life:	45

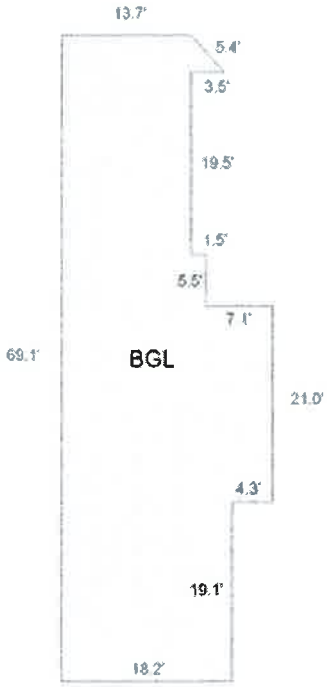
CBOE # 79-82
EXHIBIT B
Page 8 of 22

Remaining Economic Life:	35
Functional Utility:	The subject is functional for multi-tenant retail or office use because the subject's physical components are conducive these uses. The physical characteristics include; two stair lifts, wide hallways, restrooms, and some on-site parking for tenants and clientele.

Assessor's Site Map-Subject in green



Assessor's Building Footprint Sketch



CBOE # 79-82

EXHIBIT B
Page 9 of 26

3 Year Sales History (including Current Contracts, Agreements, Options) and Listing History:
The current owner for all four units, including all of the common area, is McGill Family Trust et.. al.

The current owner constructed the subject property in 1990 and retained ownership until October 27, 2006 when the property was sold to Hobie Designs Inc. for $2,148,000. The current owner financed a portion of the purchase price and the buyer defaulted in November 2014. A deed in lieu of foreclosure was arranged and the property was re-conveyed to the original owner.

The subject property is currently under contract for purchase by Ratherby Investments LLC in the amount of $1,750,000. We have reviewed the purchase contract and it appears to be arm's length with no atypical terms or conditions.

Use of the Real Estate Existing as of the Date of Value and the Use of the Real Estate Reflected in the Appraisal:
Retail or office property use is legally permissible, physically possible, financially feasible, and maximally productive for the subject "as if a vacant site" and "as improved".

Subject Photographs

North-front-view

CBOE #79-82
EXHIBIT 3
Page 10 of 12

South view

Stairs to upper level from main entry

CBOE # 79-82

EXHIBIT B
Page 11 of 24

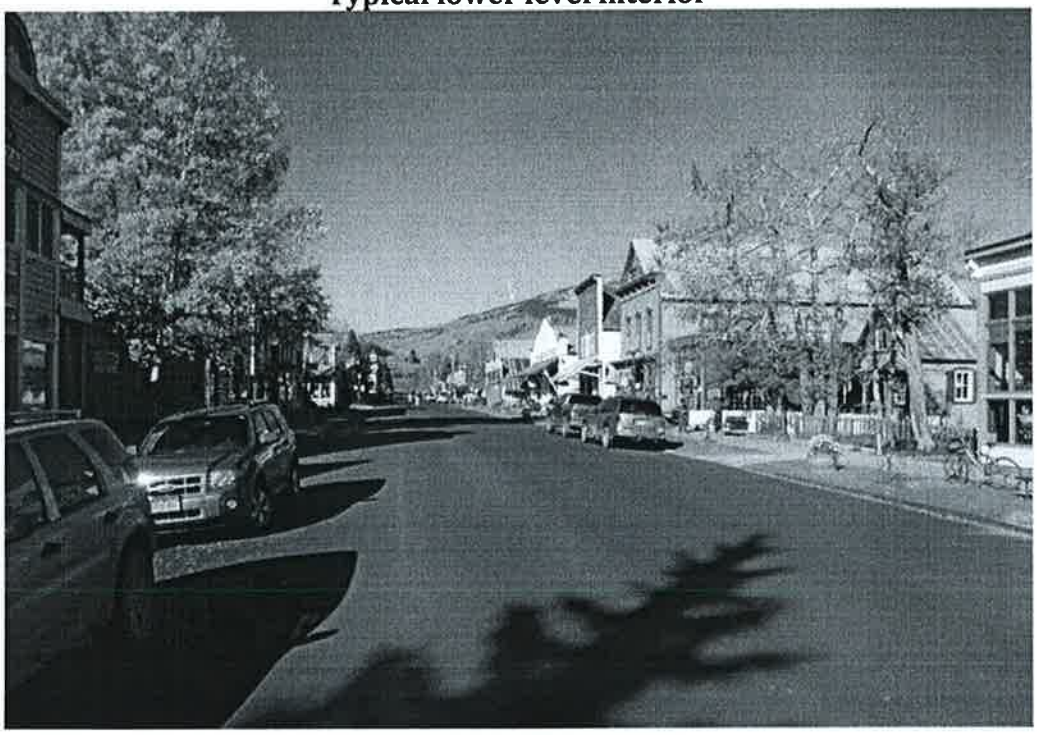
Stairs to garden level

Typical upper level interior

CBOE #79-82

EXHIBIT B
Page 12 of 25

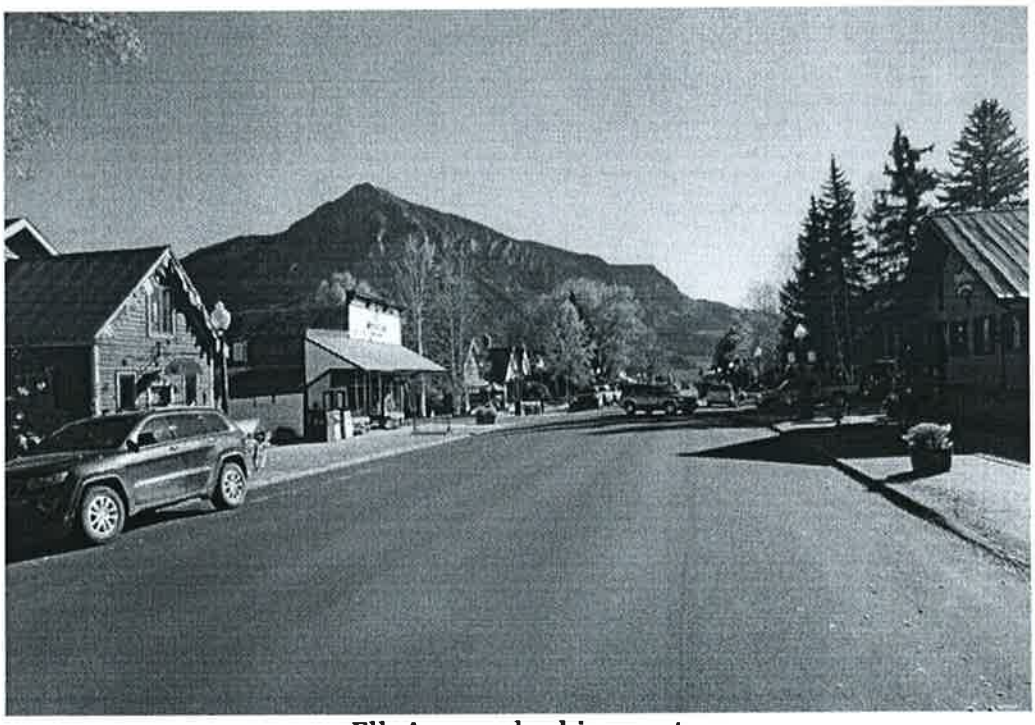
Typical lower level interior



Elk Avenue looking west

CBOE # 79-82

EXHIBIT B
Page 13 of 26



Elk Avenue looking east

Alley

CBOE # 79-82

EXHIBIT 3
Page 11 of 26

Type of Value, Definition of Value, and Source of Definition:

Based on the scope of the appraisal assignment a "market value" opinion was developed.
"Market value," as used in this report, is defined as:

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

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

Source: "(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994); Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fourth Edition,* (Chicago, 2002) Page 177"

Effective Date of Value and Date of the Appraisal Report:
October 13, 2015 is the effective date of the appraisal and this is also the date of the property inspection by the appraiser.

Opinion of Exposure Time:
We estimated exposure time for the subject property to be 12 months or less.

CBOE # 79-82

EXHIBIT B
Page 15 of 26

Extraordinary Assumptions and Hypothetical Conditions Used:
(If applicable State that their use might affect the assignment results)

According to Advisory Opinion 17 of the Uniform Standards of Professional Appraisal Practice (USPAP), the use of a hypothetical condition is required whenever the following conditions apply:

1. **IF** the subject "as proposed" does not yet, in fact, exist as of the date of this appraisal.

2. **IF** the "as proposed" analysis performed to develop the opinion of value are based on a hypothesis, *specifically that the improved subject property is assumed to exist when in fact it does not exist.*

3. **IF** certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist.

4. **IF** the appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

No hypothetical conditions were used.

Extraordinary Assumptions:
An extraordinary assumption presumes as fact otherwise uncertain information about the subject, and includes the following:

- Physical, legal, or economic attributes of the subject property
- Conditions external to the subject, such as market conditions or trends
- Integrity of the data used in this appraisal

No extraordinary assumptions were used

Scope of Work Used to Develop the Appraisal:
A determination was made regarding the scope of work necessary to solve the client's appraisal problem. The appraisal was developed in accordance with Standard 1 (Real Property Appraisal, Development) and prepared in accordance with USPAP Standard 2 (Real Property Appraisal, Reporting), effectively demonstrating our analysis to derive the valuation conclusion.

Appraisal Methods and Techniques Employed, Approaches to Value Employed and Explanation of the Exclusion of the Sales, Income or Cost Approaches:
Cost Approach: Given the age of the subject improvements and the inherent difficulty in accurately determining depreciation, and because investors in similar properties typically do not use this approach, the cost approach is determined to be not applicable we will not be used this approach.

Sales Comparison Approach: We will obtain sales of generally similar properties in the subject's market and will make adjustments to these sales to derive a value. The sales comparison approach is applicable will be used to value the subject.

Income Approach: We will use actual and market based data to derive a net operating income for the subject, apply an appropriate capitalization rate, and conclude a value using the income approach. As an income producing property that is 100 percent leased, the income approach is applicable and will be used.

Value Opinion and Conclusions Reached

Sales Comparison Approach

We used the sale price per rentable square foot as the unit of comparison as this is the most common unit of comparison used by investors for retail properties in the subject's market.

The following sales were obtained and analyzed to derive a value using the sales comparison approach.

SUMMARY OF COMPARABLE SALES

No.	Location	Date of Sale	Sale Price	Unit Area (SF)	Price Per SF	Year Built
1	214 6th St., Unit 12 Crested Butte, CO	Jun-15	$264,000	835	$316.17	1978
2	212 Elk Ave. Crested Butte, CO	Dec-14	$790,000	2,267	$348.48	2005
3	314 Elk St. Crested Butte, CO	Sep-14	$485,000	1,506	$322.05	1900
4	202 Elk Ave., Units A, B, C, and D Crested Butte, CO	Jan-14	$1,250,000	3,891	$321.25	1882

CBOE # 79-82

COMPARABLE SALES MAP

EXHIBIT 3
Page 17 of 26

CBOE #79-82

EXHIBIT B
Page 18 of 20

SALE 1-214 6th Street

Sale 1 is a penthouse commercial condominium unit that was being used as office space when sold. The unit could also be used for retail purposes. This condominium unit is located on the 3rd level of the building. The building was in good condition at the time of sale as it has recently been remodeled. The grantor was Robert Jerry Falkner and the grantee was Shirley L. Crawford Exempt Trust.

SALE 2-212 Elk Street

CBOE # 79-82
EXHIBIT B
Page 19 of 26

Sale 2 is a small retail building used for a restaurant. The building was leased when sold. The building is newer compared to the subject and it contains a commercial grade kitchen. The grantor was Birds of a Feather LLC and the grantee was Elk Avenue Investments LLC.

SALE 3-314 Elk Street

Sale 3 is a storefront property that had been remodeled in 1992. The property was leased at the time of sale. The building was in average condition at the time of sale. Grantor was McGill Family Trust and the grantee was Casey Key Investments LLC.

SALE 4-202 Elk Street

Sale 4 is a four unit mixed-use condominium building that contains a 3-bedroom apartment on the second level. Commercial units in the building include retail and office tenants. The building was in average condition at the time of sale. The grantor was CAC Industries LLC and the grantee was Ice House LLC.

Conclusion

All of the comparables are located within 2 blocks of the subject property and are or could be used for retail purposes. Sale 1 is located on the 3rd level in the building, which is inferior compared to the subject. This sale will be adjusted upward for this factor. Sale 2 contains a commercial kitchen and Sale 4 contains an apartment. These are superior amenities compared to the subject. These two sales will be adjusted downward for these factors. Market conditions have been slowly improving in the past two years in Crested Butte. There is little inventory for sale in the market. Sales 2, 3, and 4 will be adjusted upward for market conditions. Sale 4 includes four units and is larger compared to the subject units in terms of scale. Typically, there is an inverse relationship between size and price per square foot. Sale 4 will be adjusted upward for scale.

The mean of the adjusted prices is $344.98 per square foot. Based on our analysis of the market in general and the comparable sales, we believe the market indicates a value of $345.00 per square foot as follows:

Concluded Price Per Square Foot:	$345.00
Building Area:	x5,071 SF
Market Value by the Sales Comparison:	**$1,749,495**
Rounded:	**$1,750,000**

CBOE # 79-82
EXHIBIT B
Page 4 of 26

Income Approach

The subject is 100 percent leased to four tenants, although Unit B has a sub-lessee. We have noted only the master lease for this suite below. The following summarizes the leasing status:

Unit	Tenant	Lease Pmt	Lease Rate PSF	Expiration
A	Pema Dawa	$2,700*	$25.65	10-31-16
B	CB Music Fest	$2,390	$23.24	9-30-16
C	CMBT	$2,700	$25.01	4-30-17
D	JC Peacock	$2,700	$25.33	3-31-17

*Beginning November 1, 2015

Lease rates for the above tenants range from $23.24 to $25.65 per square foot on a modified gross lease structure. Under this lease structure, the tenant pays utilities and janitorial costs and the owner pays the remainder of the operating costs.

We compared contract rents with comparable property rents in the Crested Butte market. The following are rental comparables:

MARKET RENT SUMMARY

Property	Size (SF)	Occupancy	Rent / SF	Expense Terms
215 Elk Ave	1234	Office	17.99	NNN
332 Elk Ave	1,367	Office	$22.94	NNN
	1,585	Retail	$19.17	NNN
318 Elk Ave	1,182	Office	$22.00	NNN
	2,323	Retail	$17.00	NNN
	850	Retail	$22.60	NNN
232 Elk Ave	970	Retail	$28.84	NNN
	756	Office - #206	$28.00	Full Service
201 Elk Ave	1,819	Retail	$25.50	NNN
511 Red Lady Ave	3,666	Retail and Office	$17.28	NNN

Most of the properties in Crested Butte are leased on a triple net structure where the tenant pays the operating expenses. The above rentals have rates ranging from $17.00 to $28.84 per square foot, triple net. The one full service lease in the table above has a rate of $28.00 per square foot, full service. In general, it appears the contract rents are somewhat below market. On a modified gross basis, the above rental range would be closer to $25 to $37 per square foot. On a net basis market rent would likely be $24 to $26 per square foot. Two of the existing leases expire within one year and two expire in approximately 18 months. At renewal, the leases

CBOE # 79-87

EXHIBIT B
Page 22 of 26

may revert to a triple net structure or they may increase to be more in line with the market. We believe the market indicates a modified gross lease rate of $32.00 per square foot for the subject. As a result, the concluded market rate is higher than the actual contract rates and this creates a possible leasehold interest. We will consider adjustments for this factor later in this section.

Gross Potential Income for the subject is $162,272 per year.

Actual owner's expenses were extracted from operating data provided by the owner. Expenses for the most recent 12 month period (from the owner's data) are as follows:

Expense	Amount	Amount Per SF
Real Est Taxes	$32,407	$6.39
Insurance	$3,435	$0.68
Mntc/Trash	$4,978	$0.98
Management	$4,500	$0.89
Total	$45,320	$8.94

Real estate taxes are likely to be lower for 2015 as the assessed values by the county are lower. Using the current values, and the 2014 mill levy (the most recent available), taxes would be $28,558. Maintenance expenses have also been somewhat higher than normal due to windows that were replaced and repaired within the last year. The cost for the windows was $680. The other actual expenses appear to be reasonable for a property similar to the subject in the Crested Butte market. Therefore, total expenses are projected to be $40,791.

Vacancy and Credit Loss

According to local real estate brokers, commercial leases in Crested Butte are increasing with landlords started to increase rental rates in 2013-014 for the first time in approximately 5 years. Brokers estimate vacancy overall at approximately 5 percent for properties similar to the subject. A 5 percent vacancy and credit loss rate will be input for the subject.

Net Operating Income

Gross Potential Income:	$162,272
Less: Vacancy & Credit Loss @5%:	$ 8,114
Effective Gross Income:	$154,158
Less: Owner Operating Expenses:	$ 40,791
Net Operating Income:	$113,367

CBOE # 79-42

EXHIBIT B
Page 22 of 26

Capitalization Rate

Extraction

There were few recent market transactions with operating expenses available to the appraiser in the local market to extract local capitalization rates. The appraiser also spoke with local realtors for an observation of what typical capitalization rates are for the Crested Butte market. The capitalization range rate was approximately 4.0 to 8.0 percent. Sale 3 sold with a capitalization rate of 5.95 percent in 2014. This property was leased to a single tenant with a one-year lease.

Survey

Third Quarter 2015 RealtyRates.com Investor Survey (2nd Q 2015 data) indicates capitalization rates for retail properties between 4.03 percent and 15.50 percent. The survey includes profit, which tends to push the survey rates to the higher end of the rate range.

RealtyRates.com INVESTOR SURVEY - 3rd Quarter 2015*
RETAIL - ALL TYPES

Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	0.75%	**DCR Technique**	1.05	0.042613	0.90	**4.03**
Debt Coverage Ratio	1.05	**Band of Investment Technique**				
Interest Rate	2.95%	Mortgage	90%	0.042613	0.038352	
Amortization	40	Equity	10%	0.080844	0.008084	
Mortgage Constant	0.042613	OAR				**4.64**
Loan-to-Value Ratio	90%	**Surveyed Rates**				**4.41**
Equity Dividend Rate	8.08%					
Maximum						
Spread Over 10-Year Treasury	7.67%	**DCR Technique**	2.25	0.128000	0.50	**14.40**
Debt Coverage Ratio	2.25	**Band of Investment Technique**				
Interest Rate	9.87%	Mortgage	50%	0.128000	0.064000	
Amortization	15	Equity	50%	0.181980	0.090990	
Mortgage Constant	0.128000	OAR				**15.50**
Loan-to-Value Ratio	50%	**Surveyed Rates**				**14.72**
Equity Dividend Rate	18.20%					
Average						
Spread Over 10-Year Treasury	2.82%	**DCR Technique**	1.41	0.070987	0.71	**7.07**
Debt Coverage Ratio	1.41	**Band of Investment Technique**				
Interest Rate	5.02%	Mortgage	71%	0.070987	0.050134	
Amortization	25	Equity	29%	0.136469	0.040088	
Mortgage Constant	0.070987	OAR				**9.02**
Loan-to-Value Ratio	70.6%	**Surveyed Rates**				**10.11**
Equity Dividend Rate	13.6%					

*2st Quarter 2015 Data

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CBOE # 79 - 82

EXHIBIT B
Page 24 of 26

Band of Investment
An examination of the current money market would suggest a loan-to-value ratio of 75 percent with an amortization of 30 years (with a 5 to 10 ten balloon) at a 5 percent interest rate. Considering the character of the investment influenced by market conditions, as well as discussions with investors in the market, an equity rate of 7.0 percent is appropriate. This estimate of the equity rate is supported by the previous appraisals in resort markets similar to the subject's market. A capitalization rate derived under this methodology is quantified as follows:

Mortgage Component:	0.75 x 0.0644 =	0.0483
Equity Component:	0.25 x 0.0700 =	0.0175
Capitalization Rate:		0.0658, or 6.6%

Conclusion

- *Extraction*: *Not Used*
- *RealtyRates.com* *4.0% to 15.5%, average*
- *Band of Investment:* *6.6%*

Resort markets typically have lower capitalization rates as these properties are not purchased by institutional investors for their stream of income. They are more motivated by capital appreciation and the prestige of owning properties in resort areas; thus leading to lower capitalization rates. It is not uncommon to see overall rates in the range of 5.0 to 7.0 percent in markets similar to Crested Butte (and even lower in Aspen and Vail). A recent sale had a capitalization rate of 5.95 percent and the band of investment produced a rate of 6.6 percent. Considering all relevant aspects of the subject's economic environment, we will input an overall rate of 6.25 percent in our analysis. Capitalizing the net operating income will provide a market value for the subject, as follows:

Net Operating Income:	$113,367
Capitalization Rate:	6.25%
Capitalized Amount:	$1,813,872

Leasehold Adjustment
Our analysis of market rents indicated the subject has contract rents that appear to be below market. This creates a positive leasehold interest. As a result, we must adjust the capitalized amount above to reflect the positive leasehold interest.

For the leasehold adjustment we will calculate the difference between the contract rents and the market rent for the remaining terms of the leases. Given the less than one-year period of the remaining lease term for the tenants in units A and B, we did not include their rent in our analysis. A market rental rate for the subject was determined to be $32.00 per square foot, modified gross. The contract rents are $2,700 per month, or $32,400 per year, for each of these units. To determine a

present value for our adjustment we reviewed discount rates from RealtyRates. The 3rd quarter 2015 (2nd quarter data) indicated discount rates generally from 6 to 13 percent for retail properties for acquisitions. For the subject, we will apply a 10 percent discount rate in our analysis. The leasehold adjustment estimated is as follows:

Period	Months	Contract Rent for period	Market Rent @$32.00 PSF	Difference	Disc Factor	PV
Nov 2015 to April 2016	6	$32,400	$41,184	$8,784	0.9052	$7,951
May 2016 to April 2017	12	$64,800	$82,368	$17,568	0.8194	$14,395
					Total	$22,346

The $22,346 represents the estimated value of the positive leasehold interest held by the tenant due to the below market lease rate. The loss in value reflects the amount a potential buyer would discount the sale price to reflect the loss in income from the below market lease. Therefore, to determine the "as is" market value of the subject property, we will deduct the adjustment amount from the capitalized amount as follows:

Capitalized Amount:	$1,813,872
Less: Adjustment:	$ 22,346
Market Value by the Income Approach:	**$1,791,526**
Rounded:	**$1,790,000**

RECONCILIATION

The pertinent approaches to value have been summarized in this appraisal analysis. A summary of the value conclusions of each of these individual approaches indicates the following:

Cost Approach:	Not Used
Sales Comparison Approach:	$1,750,000
Income Approach:	$1,790,000

Sales Comparison Approach

We discovered sales of commercial properties in the subject's general market area. Adjustments were applied and a valued was concluded using this approach. The sales comparison approach is reliable.

CBOE # 79-82

EXHIBIT B
Page 26 of 26

Income Approach

We examined actual rental information and compared it to market derived data. The market indicates the subject contract rent is below market. We developed a net operating income using market data and capitalized the net operating income to determine a capitalized amount before adjusting for the positive leasehold interest. After deducting for the leasehold interest we concluded a market value for the subject. The income approach is somewhat less reliable than the sales comparison approach due to the difference in contract rents and market rents, and, because the contract leases are structures as modified gross leased when the market typically favors triple net leases.

Market Value Conclusion

The subject property is currently leased to four tenants (plus a sub-lessee), one of. Typically, however, investors in properties similar to the subject in the Crested Butte market rely to a greater extent on the sales comparison approach when making investment decisions. Consistent with the market, we have also placed greater weight on the sales comparison approach in our final value conclusion.

"AS IS" MARKET VALUE CONCLUSION

Appraisal Premise	*Interest Appraised*	*Effective Date*	*Value Conclusion*
As Is	**Leased Fee Estate**	**October 13, 2015**	**$1,750,000**

Important Note: The rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's workfile.

Received
County Administration
9/18/17

2017 REAL PROPERTY NOTICE OF DETERMINATION

CBOE # 81

Gunnison County
COLORADO

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

Date of Notice: August 31, 2017
Phone: (970) 641-1085
Fax: (970) 641-7920
Email: assessor@gunnisoncounty.org
Website: http://www.gunnisoncounty.org/assessor.html

ACCOUNT NUMBER	TAX YEAR	TAX AREA	PARCEL NUMBER
R043911	2017	200	3255-031-77-017

AGENT	LEGAL DESCRIPTION
APPLETON, ELIZABETH P PO BOX 234 CRESTED BUTTE, CO 81224-0234 OWNER: RATHERBY INVESTMENTS LLC	UNIT C TIMES SQUARE CONDOMINIUMS #636852

PROPERTY CLASSIFICATION		PROPERTY OWNER'S ESTIMATE OF VALUE	ASSESSOR'S VALUATION	
			ACTUAL VALUE PRIOR TO REVIEW	ACTUAL VALUE AFTER REVIEW
Commercial			830,210	830,210
	TOTALS		$830,210	$830,210

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

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

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

The deadline for filing real property and personal property appeals is September 15.

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

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

APPEAL PROCEDURES

County Board of Equalization Hearings will be held from September 1 through November 1 at Gunnison County Courthouse or Blackstock Government Center.

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

CBOE # 81

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

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

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

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

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

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

Binding Arbitration
For information about binding arbitration, contact the County Board of Equalization at the address above.

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

PETITION TO COUNTY BOARD OF EQUALIZATION

What is your estimate of the property's value as of June 30, 2016? (Your opinion of value in terms of a specific dollar amount is required for real property pursuant to § 39-8-106(1.5), C.R.S.)

$ 436,415

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

Please see attached. Additional information should be provided prior to the hearing.

ATTESTATION

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

Signature	Telephone Number	Date
	970 349 6454	091517

*Attach letter of authorization signed by property owner.

ELIZABETH P. APPLETON PC
ATTORNEY

CBOE # 79-82

EXHIBIT A
Page 1 of 5

September 15, 2017

Gunnison County Board of Equalization
200 East Virginia Avenue
Gunnison, CO 81230

RE: APPEAL OF 2017 REAL PROPERTY NOTICE OF DETERMINATION- ACCOUNTS R043909, R043910, R043911, R043912

Dear Gunnison County Board of Equalization:

Enclosed please find four (4) petitions to appeal the Gunnison County Assessor's 2017 Real Property Notices of Determination for the above-referenced commercial properties. I have also included authorization from my client, Ratherby Investments, LLC, to represent the LLC before the Board of Equalization in this matter. Additional information shall be provided prior to the scheduled hearing.

Thank you for your consideration.

ELIZABETH P. APPLETON, PC

Elizabeth P. Appleton

Cc: client

Enclosures (7)

115 ELK AVENUE PO BOX 234 CRESTED BUTTE, CO 81224 OFFICE 970.349.6454 FAX 970.797.1833 BETH@EPAPPLETONLAW.COM

CBOE #79-82

EXHIBIT A
Page 2 of 5

September 15, 2017

Gunnison County Board of Equalization
200 East Virginia Avenue
Gunnison, CO 81230

RE: Appeal of 2017 Real Property Notices of Valuation- Accounts R043910, R043909, R043911, R043912

Dear Gunnison County Board of Equalization:

Please let this letter serve as written authorization for Elizabeth P. Appleton, of Elizabeth P. Appleton PC, to represent Ratherby Investments, LLC before the Gunnison County Board of Equalization in the above-referenced appeals. Thank you.

Sincerely,

Rosalind Cross

RATHERBY INVESTMENTS, LLC

Rosalind Cross, Managing Member

CBOE # 79-82

EXHIBIT A
Page 3 of 5

ELIZABETH P. APPLETON PC
ATTORNEY

May 31, 2017

Gunnison County Assessor
Attn: Bob Blackett
221 North Wisconsin Street, Suite A
Gunnison, CO 81230

Sent by email to: Assessor@gunnisoncounty.org

RE: PROPERTY TAX PROTEST ACCOUNT NUMBERS R043909, R043910, R043911, AND R043912 TIMES SQUARE CONDOMINIUMS, 326 ELK AVENUE, CRESTED BUTTE, ECON AREA 2 (COMMERCIAL)

Dear Mr. Blackett:

I tender this protest of the 2017 Notice of Valuation for the above properties on behalf of my client Ratherby Investments, LLC. The authorization for me to do so is enclosed herewith. These commercial properties are located within one building in Econ Area 2. The reason for this protest is as follows:

I. The estimated market value is not accurate;
II. The occupancy type is not accurate; and
III. Other.

I. THE ESTIMATED MARKET VALUE IS NOT ACCURATE: IT IS TOO HIGH.

The valuations of the subject properties more than doubled from the previous value, which is not supported by the comparable sales. There were 37 sales in Econ Area 2 during the sales study period. Only one property increased in value more than the subject properties, and it increased to close the amount it was purchased for in June 2015, $264,000, which is $313 per square foot. This is Account Number R002997. The valued determined by the Assessor's Office for the subject properties is over $602 per square foot. None of the commercial comparable sales in ECON AREA 2 come close to this figure.

The owner purchased this property in December 2015, six months before the end of the reappraisal period. The properties appraised for $1,750,000.00 total, effective October 2015, at $348/sf. The best comparable sale for these properties is the sale itself, for the subject properties. The previous valuations for the subject units totaled $1,453,310.00, at $290/sf. The 2017 valuations total $3,023,780.00. Overall this represents a 208% increase at $602 per square foot, which is not supported by the comparable sales.

Elizabeth P. Appleton, Attorney
beth@epappletonlaw.com
offices 115 Elk Avenue PO Box 234 Crested Butte, CO 81224 voice 970.349.6454 fax 970.797.1833
www.epappletonlaw.com

The following comparable sales are within blocks of the subject property with similar use, as follows:

1. R030160 – 314 Elk Avenue: sold at $322/sf (retail at 1506 sf)
2. R003509 - 319/321/325 Elk Avenue: sold at $217/sf (retail/restaurant at 11,161 sf)
3. R003532 – 401 Elk Avenue: sold at $409/sf (office at 3012 sf)
4. R003530 – 429 Elk Avenue: sold at $367/sf (office retail at 1705 sf)
5. R003604 – 114 Elk Avenue: sold at $279/ (retail at 417 sf)
6. R002997 – 214 6th Street: sold at $313/sf (office at 835 sf)
7. R003525 – 413 Elk Avenue: sold at $477/sf (office at 1529 sf)
8. R041542 – 202 Elk Avenue: sold at $304/sf (retail office).

Based on the foregoing comparable sales, the valuation of the subject properties at $602 per square foot is not supported. The average of the foregoing, including the subject properties as one sale, is $337 per square foot. Accordingly, the valuations for Units A-D, Times Square Condominiums at 326 Elk Avenue need to be adjusted.

II. THE OCCUPANCY INFORMATION IS NOT ACCURATE

Unit A was 80% vacant for four (4) months during the reappraisal period, and completely vacant for two (2) months of the reappraisal period. Unit D was vacant for one month during the reappraisal period.

Each of the properties is appropriate for office use as well as retail. For example, Unit D is now an office.

III. OTHER.

The building construction quality is average, not good per the appraisal. The rent was not increased from the previous owner and the current owner pays all operating costs associated with the properties, except that each tenant pays utilities for his or her unit and pro-rata based on square footage for the common areas including the bathrooms and hallways, snow removal from the front of the building, and cleaning and maintenance of the common hallways and bathroom. The current owner pays more operating costs than the previous owner.

Last, the subject property, particularly Units B and D, are negatively impacted by snow shed from the adjacent property.

Elizabeth P. Appleton, Attorney
beth@epappletonlaw.com
offices 115 Elk Avenue PO Box 234 Crested Butte, CO 81224 voice 970.349.6454 fax 970.797.1833
www.epappletonlaw.com

CBOE # 79-82

EXHIBIT A
Page 5 of 5

CONCLUSION:

The valuation of the subject properties is too high and not supported by the comparable sales. The valuation of the subject properties should be valued as follows:

R043909 Unit A – 1263 sf: $425,631
R043910 Unit B – 1234 sf: $415,858
R043911 Unit C – 1295 sf: $436,415
R043912 Unit D – 1279 sf: $431,023

Thank you for your consideration.

Sincerely,

ELIZABETH P. APPLETON, PC

Elizabeth P. Appleton
cc. Client

Elizabeth P. Appleton, Attorney
beth@epappletonlaw.com
offices 115 Elk Avenue PO Box 234 Crested Butte, CO 81224 voice 970.349.6454 fax 970.797.1833
www.epappletonlaw.com

CBOE # 79-82

EXHIBIT B
Page 1 of 26

A Restricted Appraisal Report

326 Elk Street
Crested Butte, Colorado

Prepared For:
Ratherby Investments LLC
c/o Ms. Rosalind M. Cross
P.O. Box 2638
Crested Butte, Colorado

Effective Date:
October 13, 2015

EastWest ECONOMETRICS

East West Econometrics File #15192

CBOE # 79-82

EXHIBIT B
Page 2 of 26

October 21, 2015

Ratherby Investments LLC
c/o Ms. Rosalind M. Cross
P.O. Box 2638
Crested Butte, Colorado 81224

RE: 326 Elk Street
Crested Butte, Colorado
A Restricted Appraisal Report

Dear Ms. Cross:

As requested, we have completed an appraisal report and concluded a **market value** for the above referenced property. The subject is a multi-tenant retail property located in the Town of Crested Butte, Gunnison County, Colorado. Per your instructions, the purpose of this Restricted Appraisal Report is to provide an opinion of **"market value",** "as is", of the leased fee property rights of the above property. The opinion of value reported below is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the report.

You, Ratherby Investments LLC, as the client, are responsible for reading this report in its entirety. It may not be distributed to or relied upon by other persons or entities without written permission of East West Econometrics (East West). Acceptance or use of this appraisal report by the named client constitutes acceptance of responsibility for timely payment of the agreed appraisal fee to East West.

The analysis, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), Title XI Regulations, the 2010 Interagency Appraisal Guidelines, and client's appraisal standards, as applicable.

Based on the analysis contained in the following report, subject to any hypothetical conditions or extraordinary conditions applied, the market value of the subject property is concluded as follows:

CBOE # 79-82

EastWest ECONOMETRICS

EXHIBIT 3
Page 3 of 26

MARKET VALUE CONCLUSION

Appraisal Premise	Interest Appraised	Effective Date	Value Conclusion
As Is	Leased Fee Estate	October 13, 2015	$1,750,000

This appraisal is subject to the Certification and Limitations & Assumptions stated within the report. The Client has made a determination that their requirements are such that preparation of a *Restricted Appraisal Report* is adequate for their purposes. The Appraiser and the Client are under agreement that the appraisal herein be a *Restricted Appraisal Report.*

This is a *Restricted Appraisal Report* that is intended to comply with the reporting requirements set forth under Standards Rule 2-2(c) of the Uniform Standards of Professional Appraisal Practice for a Restricted Use Appraisal Report. The use of this report is restricted to the identified client. The rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's workfile.

The accompanying report, of which this letter is a part, contains opinions of value that are subject to the Statements of Contingent and Limiting Conditions attached herein. This report represents our opinion only if used in its entirety.

We appreciate having the opportunity to perform this appraisal analysis. Should you have any questions with respect to the data, analysis or value conclusion, please do not hesitate to call.

Respectfully submitted,

EAST WEST ECONOMETRICS LLC

James M. Bittel
Manager
jamesbittel@eastwesteconometrics.com
Colorado Certified General
Appraiser #CG01315404

Thomas O. Mead
Commercial Appraiser
tmead@eastwesteconometrics.com
Colorado Certified General
Appraiser #CG40022647

CBOE # 79-82

EXHIBIT B
Page 4 of 26

Certification Statement

The undersigned do hereby certify that, to the best of our knowledge and belief:

- the statements of fact contained in this report are true and correct.

- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.

- we have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.

- we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

- our engagement in this assignment was not contingent upon developing or reporting predetermined results.

- 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.

- The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Uniform Standards of Professional Appraisal Practice*.

- Thomas O. Mead has made a personal inspection of the property that is the subject of this report and James M. Bittel did not inspect the subject property. No one provided significant real property appraisal assistance or appraisal consulting assistance to the persons signing this certification.

- the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

- No other services have been provided, as appraisers or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

CBOE #79-82

EXHIBIT B
Page 5 of 20

- that as of the effective date of this report, all appraisers involved with the preparation and reporting of this assignment are in good standing with the Colorado State Board of Real Estate Appraisers.

EAST WEST ECONOMETRICS LLC

James M. Bittel
Manager
jamesbittel@eastwesteconometrics.com
Colorado Certified General
Appraiser #CG01315404

Thomas O. Mead
Commercial Appraiser
tmead@eastwesteconometrics.com
Colorado Certified General
Appraiser #CG40022647

CBOE # 79-87

EXHIBIT B
Page 6 of 26

Client and Intended User Identification:
The client and intended user of this appraisal is Ratherby Investments LLC, c/o Ms. Rosalind M. Cross.

Intended Use of Appraisal:
For the client's internal decision-making purposes.

Identification of the Property Appraised:
Property Owner: McGill Family Trust et. al.

Purchase Contract: The subject is under contract for purchase in the amount of $1,750,000 by Ratherby Investments LLC.

Address: 326 Elk Street, Crested Butte, Colorado 81224, Units A, B, C, and D

Gunnison County Parcel ID Numbers: Unit A: 3255-031-77-015
Unit B: 3255-031-77-016
Unit C: 3255-031-77-017
Unit D: 3255-031-77-018

Gunnison County Account Numbers: Unit A: R04309
Unit B: R04310
Unit C: R04311
Unit D: R04312

Legal Descriptions: Units A, B, C, and D, Times Square Condominiums, Town of Crested Butte, Gunnison County, State of Colorado

Appraiser Comments:
The subject is legally described as four individual condominium units. However, the owners' association was not officially established and the property has operated as a multi-tenant retail property since it was constructed. We have appraised the subject as a single property as the market would generally consider the subject as a single property. This is supported by the earlier sale of the subject and the current purchase contract.

Real Property Interest Appraised:
Based on the scope of the appraisal assignment, and because the subject is 100 percent leased to four tenants, the leased fee property interest was appraised.

Brief Description of Subject Property Attributes:
The subject improvements consist of one building containing four commercial condominium units. The property operates as a multi-tenant retail building.

CBOE # 79-82

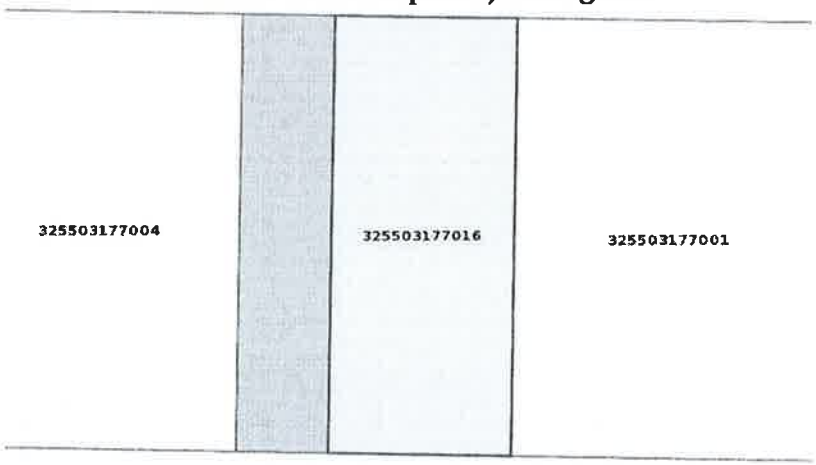
EXHIBIT B
Page 7 of 26

Property Type:	Retail property
Building Area:	Unit A: 1,263 square feet Unit B: 1,234 square feet Unit C: 1,295 square feet Unit D: 1,279 square feet Total building area is 5,071 square feet, based on the assessor's data
Year Built:	1990
Number of Stories/Levels:	Two; including a garden level
Construction Class:	Class D, wood frame, cedar exterior siding by Marshall Valuation Service
Construction Quality:	Average
Building Configuration:	The building has a main entrance from Elk Street on the north side of the building. There is a landing area and stairs providing access down to the garden level and up to the second level. An additional entrance is located on the south side of the building. There are two retail units on the garden level and two units on the upper level of the building. There are two single-chair stair lifts on the north side of the building.
Interior Description	
Interior Finish:	The entrance areas have ceramic tile flooring on both levels. The rest of the building has carpeted flooring. The walls are finished and painted drywall. They ceiling consists of painted drywall. The doors are solid core wood doors in wood frames. The common restrooms have ceramic tile floors with finished drywall ceilings.
Unit Mechanical Description	
Heating & Cooling System:	In-floor, hot water heat; no air conditioning
Plumbing:	Typical; assumed adequate
Electrical:	Typical; assumed adequate. Lighting is florescent, ceiling mounted.
Fire Protection:	Smoke detectors, fire alarms
Physical Condition	
Overall Condition:	Average
Deferred Maintenance:	None observed
Effective Age:	10 years due to adequate maintenance
Typical Economic Life:	45

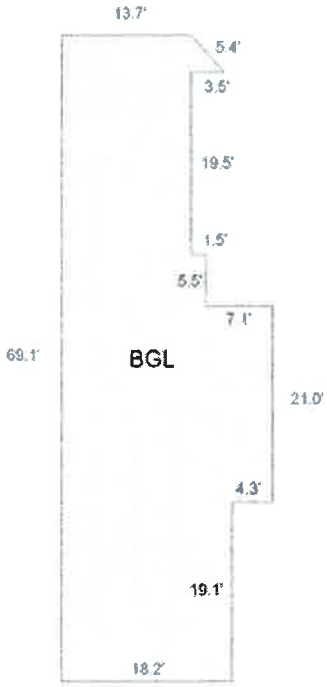
CBOE # 79-82
EXHIBIT B
Page 8 of 22

Remaining Economic Life:	35
Functional Utility:	The subject is functional for multi-tenant retail or office use because the subject's physical components are conducive these uses. The physical characteristics include; two stair lifts, wide hallways, restrooms, and some on-site parking for tenants and clientele.

Assessor's Site Map-Subject in green



Assessor's Building Footprint Sketch



CBOE # 79-82

EXHIBIT B
Page 9 of 26

3 Year Sales History (including Current Contracts, Agreements, Options) and Listing History:
The current owner for all four units, including all of the common area, is McGill Family Trust et.. al.

The current owner constructed the subject property in 1990 and retained ownership until October 27, 2006 when the property was sold to Hobie Designs Inc. for $2,148,000. The current owner financed a portion of the purchase price and the buyer defaulted in November 2014. A deed in lieu of foreclosure was arranged and the property was re-conveyed to the original owner.

The subject property is currently under contract for purchase by Ratherby Investments LLC in the amount of $1,750,000. We have reviewed the purchase contract and it appears to be arm's length with no atypical terms or conditions.

Use of the Real Estate Existing as of the Date of Value and the Use of the Real Estate Reflected in the Appraisal:
Retail or office property use is legally permissible, physically possible, financially feasible, and maximally productive for the subject "as if a vacant site" and "as improved".

Subject Photographs

North-front-view

CBOE #79-82
EXHIBIT 3
Page 10 of 12

South view

Stairs to upper level from main entry

CBOE # 79-82

EXHIBIT B
Page 11 of 24

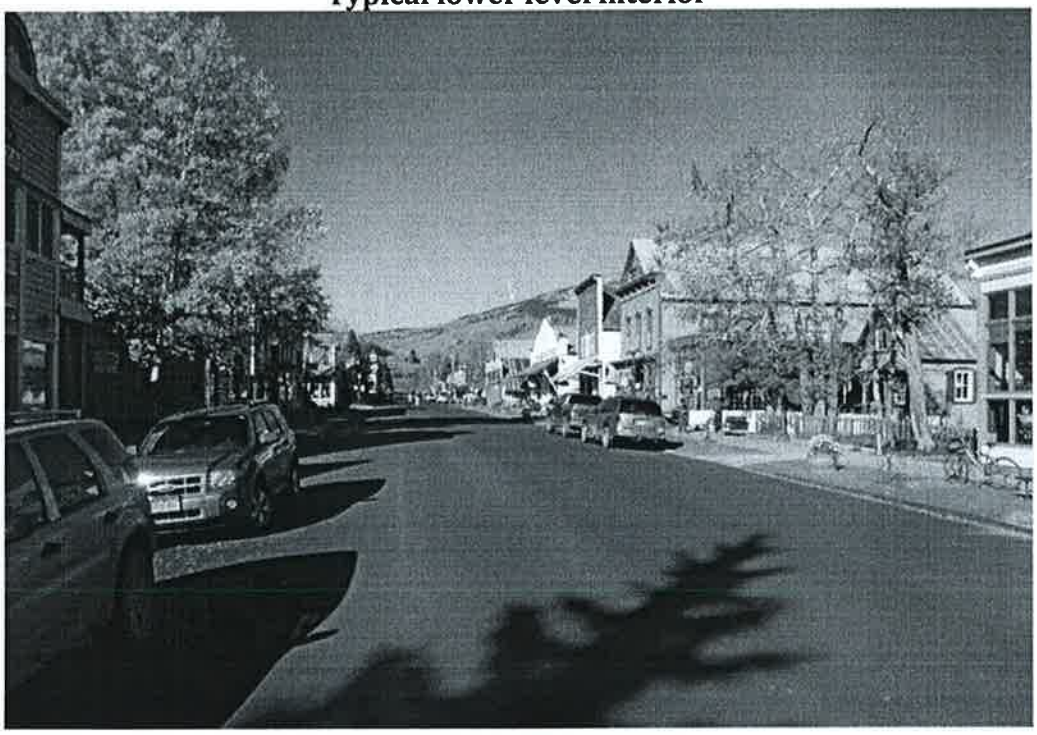
Stairs to garden level

Typical upper level interior

CBOE #79-82

EXHIBIT B
Page 12 of 25

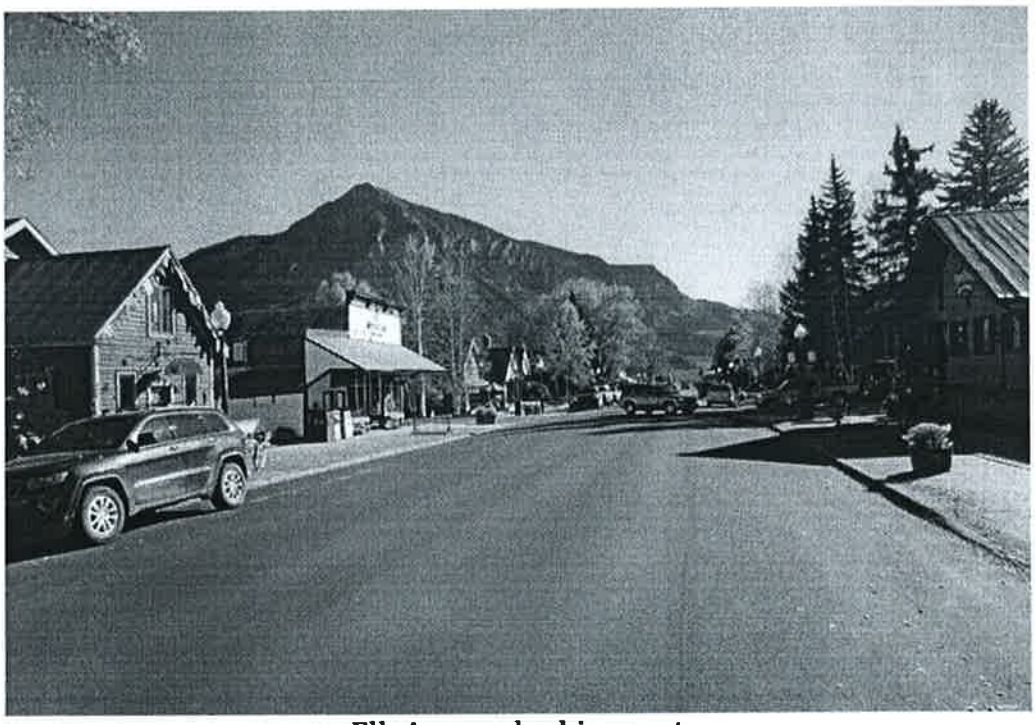
Typical lower level interior



Elk Avenue looking west

CBOE # 79-82

EXHIBIT B
Page 13 of 26



Elk Avenue looking east

Alley

CBOE # 79-82

EXHIBIT 3
Page 11 of 26

Type of Value, Definition of Value, and Source of Definition:

Based on the scope of the appraisal assignment a "market value" opinion was developed.
"Market value," as used in this report, is defined as:

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

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

Source: "(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994); Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fourth Edition,* (Chicago, 2002) Page 177"

Effective Date of Value and Date of the Appraisal Report:
October 13, 2015 is the effective date of the appraisal and this is also the date of the property inspection by the appraiser.

Opinion of Exposure Time:
We estimated exposure time for the subject property to be 12 months or less.

CBOE # 79-82

EXHIBIT B
Page 15 of 26

Extraordinary Assumptions and Hypothetical Conditions Used:
(If applicable State that their use might affect the assignment results)

According to Advisory Opinion 17 of the Uniform Standards of Professional Appraisal Practice (USPAP), the use of a hypothetical condition is required whenever the following conditions apply:

1. **IF** the subject "as proposed" does not yet, in fact, exist as of the date of this appraisal.

2. **IF** the "as proposed" analysis performed to develop the opinion of value are based on a hypothesis, *specifically that the improved subject property is assumed to exist when in fact it does not exist.*

3. **IF** certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist.

4. **IF** the appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

No hypothetical conditions were used.

Extraordinary Assumptions:
An extraordinary assumption presumes as fact otherwise uncertain information about the subject, and includes the following:

- Physical, legal, or economic attributes of the subject property
- Conditions external to the subject, such as market conditions or trends
- Integrity of the data used in this appraisal

No extraordinary assumptions were used

Scope of Work Used to Develop the Appraisal:
A determination was made regarding the scope of work necessary to solve the client's appraisal problem. The appraisal was developed in accordance with Standard 1 (Real Property Appraisal, Development) and prepared in accordance with USPAP Standard 2 (Real Property Appraisal, Reporting), effectively demonstrating our analysis to derive the valuation conclusion.

Appraisal Methods and Techniques Employed, Approaches to Value Employed and Explanation of the Exclusion of the Sales, Income or Cost Approaches:
Cost Approach: Given the age of the subject improvements and the inherent difficulty in accurately determining depreciation, and because investors in similar properties typically do not use this approach, the cost approach is determined to be not applicable we will not be used this approach.

Sales Comparison Approach: We will obtain sales of generally similar properties in the subject's market and will make adjustments to these sales to derive a value. The sales comparison approach is applicable will be used to value the subject.

Income Approach: We will use actual and market based data to derive a net operating income for the subject, apply an appropriate capitalization rate, and conclude a value using the income approach. As an income producing property that is 100 percent leased, the income approach is applicable and will be used.

Value Opinion and Conclusions Reached

Sales Comparison Approach

We used the sale price per rentable square foot as the unit of comparison as this is the most common unit of comparison used by investors for retail properties in the subject's market.

The following sales were obtained and analyzed to derive a value using the sales comparison approach.

SUMMARY OF COMPARABLE SALES

No.	Location	Date of Sale	Sale Price	Unit Area (SF)	Price Per SF	Year Built
1	214 6th St., Unit 12 Crested Butte, CO	Jun-15	$264,000	835	$316.17	1978
2	212 Elk Ave. Crested Butte, CO	Dec-14	$790,000	2,267	$348.48	2005
3	314 Elk St. Crested Butte, CO	Sep-14	$485,000	1,506	$322.05	1900
4	202 Elk Ave., Units A, B, C, and D Crested Butte, CO	Jan-14	$1,250,000	3,891	$321.25	1882

CBOE # 79-82

COMPARABLE SALES MAP

EXHIBIT 3
Page 17 of 26

CBOE #79-82

EXHIBIT B
Page 18 of 20

SALE 1-214 6th Street

Sale 1 is a penthouse commercial condominium unit that was being used as office space when sold. The unit could also be used for retail purposes. This condominium unit is located on the 3rd level of the building. The building was in good condition at the time of sale as it has recently been remodeled. The grantor was Robert Jerry Falkner and the grantee was Shirley L. Crawford Exempt Trust.

SALE 2-212 Elk Street

CBOE # 79-82
EXHIBIT B
Page 19 of 26

Sale 2 is a small retail building used for a restaurant. The building was leased when sold. The building is newer compared to the subject and it contains a commercial grade kitchen. The grantor was Birds of a Feather LLC and the grantee was Elk Avenue Investments LLC.

SALE 3-314 Elk Street

Sale 3 is a storefront property that had been remodeled in 1992. The property was leased at the time of sale. The building was in average condition at the time of sale. Grantor was McGill Family Trust and the grantee was Casey Key Investments LLC.

SALE 4-202 Elk Street

Sale 4 is a four unit mixed-use condominium building that contains a 3-bedroom apartment on the second level. Commercial units in the building include retail and office tenants. The building was in average condition at the time of sale. The grantor was CAC Industries LLC and the grantee was Ice House LLC.

Conclusion

All of the comparables are located within 2 blocks of the subject property and are or could be used for retail purposes. Sale 1 is located on the 3rd level in the building, which is inferior compared to the subject. This sale will be adjusted upward for this factor. Sale 2 contains a commercial kitchen and Sale 4 contains an apartment. These are superior amenities compared to the subject. These two sales will be adjusted downward for these factors. Market conditions have been slowly improving in the past two years in Crested Butte. There is little inventory for sale in the market. Sales 2, 3, and 4 will be adjusted upward for market conditions. Sale 4 includes four units and is larger compared to the subject units in terms of scale. Typically, there is an inverse relationship between size and price per square foot. Sale 4 will be adjusted upward for scale.

The mean of the adjusted prices is $344.98 per square foot. Based on our analysis of the market in general and the comparable sales, we believe the market indicates a value of $345.00 per square foot as follows:

Concluded Price Per Square Foot:	$345.00
Building Area:	x5,071 SF
Market Value by the Sales Comparison:	**$1,749,495**
Rounded:	**$1,750,000**

CBOE # 79-82
EXHIBIT B
Page 4 of 26

Income Approach

The subject is 100 percent leased to four tenants, although Unit B has a sub-lessee. We have noted only the master lease for this suite below. The following summarizes the leasing status:

Unit	Tenant	Lease Pmt	Lease Rate PSF	Expiration
A	Pema Dawa	$2,700*	$25.65	10-31-16
B	CB Music Fest	$2,390	$23.24	9-30-16
C	CMBT	$2,700	$25.01	4-30-17
D	JC Peacock	$2,700	$25.33	3-31-17

*Beginning November 1, 2015

Lease rates for the above tenants range from $23.24 to $25.65 per square foot on a modified gross lease structure. Under this lease structure, the tenant pays utilities and janitorial costs and the owner pays the remainder of the operating costs.

We compared contract rents with comparable property rents in the Crested Butte market. The following are rental comparables:

MARKET RENT SUMMARY

Property	Size (SF)	Occupancy	Rent / SF	Expense Terms
215 Elk Ave	1234	Office	17.99	NNN
332 Elk Ave	1,367	Office	$22.94	NNN
	1,585	Retail	$19.17	NNN
318 Elk Ave	1,182	Office	$22.00	NNN
	2,323	Retail	$17.00	NNN
	850	Retail	$22.60	NNN
232 Elk Ave	970	Retail	$28.84	NNN
	756	Office - #206	$28.00	Full Service
201 Elk Ave	1,819	Retail	$25.50	NNN
511 Red Lady Ave	3,666	Retail and Office	$17.28	NNN

Most of the properties in Crested Butte are leased on a triple net structure where the tenant pays the operating expenses. The above rentals have rates ranging from $17.00 to $28.84 per square foot, triple net. The one full service lease in the table above has a rate of $28.00 per square foot, full service. In general, it appears the contract rents are somewhat below market. On a modified gross basis, the above rental range would be closer to $25 to $37 per square foot. On a net basis market rent would likely be $24 to $26 per square foot. Two of the existing leases expire within one year and two expire in approximately 18 months. At renewal, the leases

CBOE # 79-87

EXHIBIT B
Page 22 of 26

may revert to a triple net structure or they may increase to be more in line with the market. We believe the market indicates a modified gross lease rate of $32.00 per square foot for the subject. As a result, the concluded market rate is higher than the actual contract rates and this creates a possible leasehold interest. We will consider adjustments for this factor later in this section.

Gross Potential Income for the subject is $162,272 per year.

Actual owner's expenses were extracted from operating data provided by the owner. Expenses for the most recent 12 month period (from the owner's data) are as follows:

Expense	Amount	Amount Per SF
Real Est Taxes	$32,407	$6.39
Insurance	$3,435	$0.68
Mntc/Trash	$4,978	$0.98
Management	$4,500	$0.89
Total	$45,320	$8.94

Real estate taxes are likely to be lower for 2015 as the assessed values by the county are lower. Using the current values, and the 2014 mill levy (the most recent available), taxes would be $28,558. Maintenance expenses have also been somewhat higher than normal due to windows that were replaced and repaired within the last year. The cost for the windows was $680. The other actual expenses appear to be reasonable for a property similar to the subject in the Crested Butte market. Therefore, total expenses are projected to be $40,791.

Vacancy and Credit Loss

According to local real estate brokers, commercial leases in Crested Butte are increasing with landlords started to increase rental rates in 2013-014 for the first time in approximately 5 years. Brokers estimate vacancy overall at approximately 5 percent for properties similar to the subject. A 5 percent vacancy and credit loss rate will be input for the subject.

Net Operating Income

Gross Potential Income:	$162,272
Less: Vacancy & Credit Loss @5%:	$ 8,114
Effective Gross Income:	$154,158
Less: Owner Operating Expenses:	$ 40,791
Net Operating Income:	$113,367

CBOE # 79-42

EXHIBIT B
Page 22 of 26

Capitalization Rate

Extraction

There were few recent market transactions with operating expenses available to the appraiser in the local market to extract local capitalization rates. The appraiser also spoke with local realtors for an observation of what typical capitalization rates are for the Crested Butte market. The capitalization range rate was approximately 4.0 to 8.0 percent. Sale 3 sold with a capitalization rate of 5.95 percent in 2014. This property was leased to a single tenant with a one-year lease.

Survey

Third Quarter 2015 RealtyRates.com Investor Survey (2nd Q 2015 data) indicates capitalization rates for retail properties between 4.03 percent and 15.50 percent. The survey includes profit, which tends to push the survey rates to the higher end of the rate range.

RealtyRates.com INVESTOR SURVEY - 3rd Quarter 2015*
RETAIL - ALL TYPES

Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	0.75%	**DCR Technique**	1.05	0.042613	0.90	**4.03**
Debt Coverage Ratio	1.05	**Band of Investment Technique**				
Interest Rate	2.95%	Mortgage	90%	0.042613	0.038352	
Amortization	40	Equity	10%	0.080844	0.008084	
Mortgage Constant	0.042613	OAR				**4.64**
Loan-to-Value Ratio	90%	**Surveyed Rates**				**4.41**
Equity Dividend Rate	8.08%					
Maximum						
Spread Over 10-Year Treasury	7.67%	**DCR Technique**	2.25	0.128000	0.50	**14.40**
Debt Coverage Ratio	2.25	**Band of Investment Technique**				
Interest Rate	9.87%	Mortgage	50%	0.128000	0.064000	
Amortization	15	Equity	50%	0.181980	0.090990	
Mortgage Constant	0.128000	OAR				**15.50**
Loan-to-Value Ratio	50%	**Surveyed Rates**				**14.72**
Equity Dividend Rate	18.20%					
Average						
Spread Over 10-Year Treasury	2.82%	**DCR Technique**	1.41	0.070987	0.71	**7.07**
Debt Coverage Ratio	1.41	**Band of Investment Technique**				
Interest Rate	5.02%	Mortgage	71%	0.070987	0.050134	
Amortization	25	Equity	29%	0.136469	0.040088	
Mortgage Constant	0.070987	OAR				**9.02**
Loan-to-Value Ratio	70.6%	**Surveyed Rates**				**10.11**
Equity Dividend Rate	13.6%					

*2st Quarter 2015 Data

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CBOE # 79 - 82

EXHIBIT B
Page 24 of 26

Band of Investment
An examination of the current money market would suggest a loan-to-value ratio of 75 percent with an amortization of 30 years (with a 5 to 10 ten balloon) at a 5 percent interest rate. Considering the character of the investment influenced by market conditions, as well as discussions with investors in the market, an equity rate of 7.0 percent is appropriate. This estimate of the equity rate is supported by the previous appraisals in resort markets similar to the subject's market. A capitalization rate derived under this methodology is quantified as follows:

Mortgage Component:	0.75 x 0.0644 =	0.0483
Equity Component:	0.25 x 0.0700 =	0.0175
Capitalization Rate:		0.0658, or 6.6%

Conclusion

- *Extraction*: *Not Used*
- *RealtyRates.com* *4.0% to 15.5%, average*
- *Band of Investment:* *6.6%*

Resort markets typically have lower capitalization rates as these properties are not purchased by institutional investors for their stream of income. They are more motivated by capital appreciation and the prestige of owning properties in resort areas; thus leading to lower capitalization rates. It is not uncommon to see overall rates in the range of 5.0 to 7.0 percent in markets similar to Crested Butte (and even lower in Aspen and Vail). A recent sale had a capitalization rate of 5.95 percent and the band of investment produced a rate of 6.6 percent. Considering all relevant aspects of the subject's economic environment, we will input an overall rate of 6.25 percent in our analysis. Capitalizing the net operating income will provide a market value for the subject, as follows:

Net Operating Income:	$113,367
Capitalization Rate:	6.25%
Capitalized Amount:	$1,813,872

Leasehold Adjustment
Our analysis of market rents indicated the subject has contract rents that appear to be below market. This creates a positive leasehold interest. As a result, we must adjust the capitalized amount above to reflect the positive leasehold interest.

For the leasehold adjustment we will calculate the difference between the contract rents and the market rent for the remaining terms of the leases. Given the less than one-year period of the remaining lease term for the tenants in units A and B, we did not include their rent in our analysis. A market rental rate for the subject was determined to be $32.00 per square foot, modified gross. The contract rents are $2,700 per month, or $32,400 per year, for each of these units. To determine a

present value for our adjustment we reviewed discount rates from RealtyRates. The 3rd quarter 2015 (2nd quarter data) indicated discount rates generally from 6 to 13 percent for retail properties for acquisitions. For the subject, we will apply a 10 percent discount rate in our analysis. The leasehold adjustment estimated is as follows:

Period	Months	Contract Rent for period	Market Rent @$32.00 PSF	Difference	Disc Factor	PV
Nov 2015 to April 2016	6	$32,400	$41,184	$8,784	0.9052	$7,951
May 2016 to April 2017	12	$64,800	$82,368	$17,568	0.8194	$14,395
					Total	$22,346

The $22,346 represents the estimated value of the positive leasehold interest held by the tenant due to the below market lease rate. The loss in value reflects the amount a potential buyer would discount the sale price to reflect the loss in income from the below market lease. Therefore, to determine the "as is" market value of the subject property, we will deduct the adjustment amount from the capitalized amount as follows:

Capitalized Amount:	$1,813,872
Less: Adjustment:	$ 22,346
Market Value by the Income Approach:	**$1,791,526**
Rounded:	**$1,790,000**

RECONCILIATION

The pertinent approaches to value have been summarized in this appraisal analysis. A summary of the value conclusions of each of these individual approaches indicates the following:

Cost Approach:	Not Used
Sales Comparison Approach:	$1,750,000
Income Approach:	$1,790,000

Sales Comparison Approach

We discovered sales of commercial properties in the subject's general market area. Adjustments were applied and a valued was concluded using this approach. The sales comparison approach is reliable.

CBOE # 79-82

EXHIBIT B
Page 26 of 26

Income Approach

We examined actual rental information and compared it to market derived data. The market indicates the subject contract rent is below market. We developed a net operating income using market data and capitalized the net operating income to determine a capitalized amount before adjusting for the positive leasehold interest. After deducting for the leasehold interest we concluded a market value for the subject. The income approach is somewhat less reliable than the sales comparison approach due to the difference in contract rents and market rents, and, because the contract leases are structures as modified gross leased when the market typically favors triple net leases.

Market Value Conclusion

The subject property is currently leased to four tenants (plus a sub-lessee), one of. Typically, however, investors in properties similar to the subject in the Crested Butte market rely to a greater extent on the sales comparison approach when making investment decisions. Consistent with the market, we have also placed greater weight on the sales comparison approach in our final value conclusion.

"AS IS" MARKET VALUE CONCLUSION

Appraisal Premise	*Interest Appraised*	*Effective Date*	*Value Conclusion*
As Is	**Leased Fee Estate**	**October 13, 2015**	**$1,750,000**

Important Note: The rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's workfile.

Received
County Administration
9/18/17

2017 REAL PROPERTY NOTICE OF DETERMINATION

Gunnison County
COLORADO

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

Date of Notice: August 31, 2017
Phone: (970) 641-1085
Fax: (970) 641-7920
Email: assessor@gunnisoncounty.org
Website: http://www.gunnisoncounty.org/assessor.html

CBOE #82

ACCOUNT NUMBER	TAX YEAR	TAX AREA	PARCEL NUMBER
R043912	2017	200	3255-031-77-018

AGENT	LEGAL DESCRIPTION
APPLETON, ELIZABETH P PO BOX 234 CRESTED BUTTE, CO 81224-0234 OWNER: RATHERBY INVESTMENTS LLC	UNIT D TIMES SQUARE CONDOMINIUMS #636852

PROPERTY CLASSIFICATION	PROPERTY OWNER'S ESTIMATE OF VALUE	ASSESSOR'S VALUATION	
		ACTUAL VALUE PRIOR TO REVIEW	ACTUAL VALUE AFTER REVIEW
Commercial		824,080	824,080
TOTALS		$824,080	$824,080

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

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

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

The deadline for filing real property and personal property appeals is September 15.

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

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

APPEAL PROCEDURES

County Board of Equalization Hearings will be held from September 1 through November 1 at Gunnison County Courthouse or Blackstock Government Center.

CBOE #

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

CBOE # 32

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

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

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

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

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

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

Binding Arbitration
For information about binding arbitration, contact the County Board of Equalization at the address above.

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

PETITION TO COUNTY BOARD OF EQUALIZATION

What is your estimate of the property's value as of June 30, 2016? (Your opinion of value in terms of a specific dollar amount is required for real property pursuant to § 39-8-106(1.5), C.R.S.)

$ 431,023

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

Please see attached. Additional information should be provided prior to the hearing

ATTESTATION

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

Signature	Telephone Number	Date
	970 349 6454	091517

*Attach letter of authorization signed by property owner.

ELIZABETH P. APPLETON PC
ATTORNEY

CBOE # 79-82

EXHIBIT A
Page 1 of 5

September 15, 2017

Gunnison County Board of Equalization
200 East Virginia Avenue
Gunnison, CO 81230

RE: APPEAL OF 2017 REAL PROPERTY NOTICE OF DETERMINATION- ACCOUNTS R043909, R043910, R043911, R043912

Dear Gunnison County Board of Equalization:

Enclosed please find four (4) petitions to appeal the Gunnison County Assessor's 2017 Real Property Notices of Determination for the above-referenced commercial properties. I have also included authorization from my client, Ratherby Investments, LLC, to represent the LLC before the Board of Equalization in this matter. Additional information shall be provided prior to the scheduled hearing.

Thank you for your consideration.

ELIZABETH P. APPLETON, PC

Elizabeth P. Appleton

Cc: client

Enclosures (7)

115 ELK AVENUE PO BOX 234 CRESTED BUTTE, CO 81224 OFFICE 970.349.6454 FAX 970.797.1833 BETH@EPAPPLETONLAW.COM

CBOE #79-82

EXHIBIT A
Page 2 of 5

September 15, 2017

Gunnison County Board of Equalization
200 East Virginia Avenue
Gunnison, CO 81230

RE: Appeal of 2017 Real Property Notices of Valuation- Accounts R043910, R043909, R043911, R043912

Dear Gunnison County Board of Equalization:

Please let this letter serve as written authorization for Elizabeth P. Appleton, of Elizabeth P. Appleton PC, to represent Ratherby Investments, LLC before the Gunnison County Board of Equalization in the above-referenced appeals. Thank you.

Sincerely,

Rosalind Cross

RATHERBY INVESTMENTS, LLC

Rosalind Cross, Managing Member

CBOE # 79-82

EXHIBIT A
Page 3 of 5

ELIZABETH P. APPLETON PC
ATTORNEY

May 31, 2017

Gunnison County Assessor
Attn: Bob Blackett
221 North Wisconsin Street, Suite A
Gunnison, CO 81230

Sent by email to: Assessor@gunnisoncounty.org

RE: PROPERTY TAX PROTEST ACCOUNT NUMBERS R043909, R043910, R043911, AND R043912 TIMES SQUARE CONDOMINIUMS, 326 ELK AVENUE, CRESTED BUTTE, ECON AREA 2 (COMMERCIAL)

Dear Mr. Blackett:

I tender this protest of the 2017 Notice of Valuation for the above properties on behalf of my client Ratherby Investments, LLC. The authorization for me to do so is enclosed herewith. These commercial properties are located within one building in Econ Area 2. The reason for this protest is as follows:

I. The estimated market value is not accurate;
II. The occupancy type is not accurate; and
III. Other.

I. THE ESTIMATED MARKET VALUE IS NOT ACCURATE: IT IS TOO HIGH.

The valuations of the subject properties more than doubled from the previous value, which is not supported by the comparable sales. There were 37 sales in Econ Area 2 during the sales study period. Only one property increased in value more than the subject properties, and it increased to close the amount it was purchased for in June 2015, $264,000, which is $313 per square foot. This is Account Number R002997. The valued determined by the Assessor's Office for the subject properties is over $602 per square foot. None of the commercial comparable sales in ECON AREA 2 come close to this figure.

The owner purchased this property in December 2015, six months before the end of the reappraisal period. The properties appraised for $1,750,000.00 total, effective October 2015, at $348/sf. The best comparable sale for these properties is the sale itself, for the subject properties. The previous valuations for the subject units totaled $1,453,310.00, at $290/sf. The 2017 valuations total $3,023,780.00. Overall this represents a 208% increase at $602 per square foot, which is not supported by the comparable sales.

Elizabeth P. Appleton, Attorney
beth@epappletonlaw.com
offices 115 Elk Avenue PO Box 234 Crested Butte, CO 81224 voice 970.349.6454 fax 970.797.1833
www.epappletonlaw.com

The following comparable sales are within blocks of the subject property with similar use, as follows:

1. R030160 – 314 Elk Avenue: sold at $322/sf (retail at 1506 sf)
2. R003509 - 319/321/325 Elk Avenue: sold at $217/sf (retail/restaurant at 11,161 sf)
3. R003532 – 401 Elk Avenue: sold at $409/sf (office at 3012 sf)
4. R003530 – 429 Elk Avenue: sold at $367/sf (office retail at 1705 sf)
5. R003604 – 114 Elk Avenue: sold at $279/ (retail at 417 sf)
6. R002997 – 214 6th Street: sold at $313/sf (office at 835 sf)
7. R003525 – 413 Elk Avenue: sold at $477/sf (office at 1529 sf)
8. R041542 – 202 Elk Avenue: sold at $304/sf (retail office).

Based on the foregoing comparable sales, the valuation of the subject properties at $602 per square foot is not supported. The average of the foregoing, including the subject properties as one sale, is $337 per square foot. Accordingly, the valuations for Units A-D, Times Square Condominiums at 326 Elk Avenue need to be adjusted.

II. THE OCCUPANCY INFORMATION IS NOT ACCURATE

Unit A was 80% vacant for four (4) months during the reappraisal period, and completely vacant for two (2) months of the reappraisal period. Unit D was vacant for one month during the reappraisal period.

Each of the properties is appropriate for office use as well as retail. For example, Unit D is now an office.

III. OTHER.

The building construction quality is average, not good per the appraisal. The rent was not increased from the previous owner and the current owner pays all operating costs associated with the properties, except that each tenant pays utilities for his or her unit and pro-rata based on square footage for the common areas including the bathrooms and hallways, snow removal from the front of the building, and cleaning and maintenance of the common hallways and bathroom. The current owner pays more operating costs than the previous owner.

Last, the subject property, particularly Units B and D, are negatively impacted by snow shed from the adjacent property.

Elizabeth P. Appleton, Attorney
beth@epappletonlaw.com
offices 115 Elk Avenue PO Box 234 Crested Butte, CO 81224 voice 970.349.6454 fax 970.797.1833
www.epappletonlaw.com

CBOE # 79-82

EXHIBIT A
Page 5 of 5

CONCLUSION:

The valuation of the subject properties is too high and not supported by the comparable sales. The valuation of the subject properties should be valued as follows:

R043909 Unit A – 1263 sf: $425,631
R043910 Unit B – 1234 sf: $415,858
R043911 Unit C – 1295 sf: $436,415
R043912 Unit D – 1279 sf: $431,023

Thank you for your consideration.

Sincerely,

ELIZABETH P. APPLETON, PC

Elizabeth P. Appleton
cc. Client

Elizabeth P. Appleton, Attorney
beth@epappletonlaw.com
offices 115 Elk Avenue PO Box 234 Crested Butte, CO 81224 voice 970.349.6454 fax 970.797.1833
www.epappletonlaw.com

CBOE # 79-82

EXHIBIT B
Page 1 of 26

A Restricted Appraisal Report

326 Elk Street
Crested Butte, Colorado

Prepared For:
Ratherby Investments LLC
c/o Ms. Rosalind M. Cross
P.O. Box 2638
Crested Butte, Colorado

Effective Date:
October 13, 2015

EastWest ECONOMETRICS

East West Econometrics File #15192

CBOE # 79-82

EXHIBIT B
Page 2 of 26

October 21, 2015

Ratherby Investments LLC
c/o Ms. Rosalind M. Cross
P.O. Box 2638
Crested Butte, Colorado 81224

RE: 326 Elk Street
Crested Butte, Colorado
A Restricted Appraisal Report

Dear Ms. Cross:

As requested, we have completed an appraisal report and concluded a **market value** for the above referenced property. The subject is a multi-tenant retail property located in the Town of Crested Butte, Gunnison County, Colorado. Per your instructions, the purpose of this Restricted Appraisal Report is to provide an opinion of **"market value",** "as is", of the leased fee property rights of the above property. The opinion of value reported below is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the report.

You, Ratherby Investments LLC, as the client, are responsible for reading this report in its entirety. It may not be distributed to or relied upon by other persons or entities without written permission of East West Econometrics (East West). Acceptance or use of this appraisal report by the named client constitutes acceptance of responsibility for timely payment of the agreed appraisal fee to East West.

The analysis, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), The Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), Title XI Regulations, the 2010 Interagency Appraisal Guidelines, and client's appraisal standards, as applicable.

Based on the analysis contained in the following report, subject to any hypothetical conditions or extraordinary conditions applied, the market value of the subject property is concluded as follows:

CBOE # 79-82

EastWest ECONOMETRICS

EXHIBIT 3
Page 3 of 26

MARKET VALUE CONCLUSION

Appraisal Premise	Interest Appraised	Effective Date	Value Conclusion
As Is	Leased Fee Estate	October 13, 2015	$1,750,000

This appraisal is subject to the Certification and Limitations & Assumptions stated within the report. The Client has made a determination that their requirements are such that preparation of a *Restricted Appraisal Report* is adequate for their purposes. The Appraiser and the Client are under agreement that the appraisal herein be a *Restricted Appraisal Report.*

This is a *Restricted Appraisal Report* that is intended to comply with the reporting requirements set forth under Standards Rule 2-2(c) of the Uniform Standards of Professional Appraisal Practice for a Restricted Use Appraisal Report. The use of this report is restricted to the identified client. The rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's workfile.

The accompanying report, of which this letter is a part, contains opinions of value that are subject to the Statements of Contingent and Limiting Conditions attached herein. This report represents our opinion only if used in its entirety.

We appreciate having the opportunity to perform this appraisal analysis. Should you have any questions with respect to the data, analysis or value conclusion, please do not hesitate to call.

Respectfully submitted,

EAST WEST ECONOMETRICS LLC

James M. Bittel
Manager
jamesbittel@eastwesteconometrics.com
Colorado Certified General
Appraiser #CG01315404

Thomas O. Mead
Commercial Appraiser
tmead@eastwesteconometrics.com
Colorado Certified General
Appraiser #CG40022647

CBOE # 79-82

EXHIBIT B
Page 4 of 26

Certification Statement

The undersigned do hereby certify that, to the best of our knowledge and belief:

- the statements of fact contained in this report are true and correct.

- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.

- we have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.

- we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

- our engagement in this assignment was not contingent upon developing or reporting predetermined results.

- 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.

- The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Uniform Standards of Professional Appraisal Practice*.

- Thomas O. Mead has made a personal inspection of the property that is the subject of this report and James M. Bittel did not inspect the subject property. No one provided significant real property appraisal assistance or appraisal consulting assistance to the persons signing this certification.

- the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

- No other services have been provided, as appraisers or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

CBOE #79-82

EXHIBIT B
Page 5 of 20

- that as of the effective date of this report, all appraisers involved with the preparation and reporting of this assignment are in good standing with the Colorado State Board of Real Estate Appraisers.

EAST WEST ECONOMETRICS LLC

James M. Bittel
Manager
jamesbittel@eastwesteconometrics.com
Colorado Certified General
Appraiser #CG01315404

Thomas O. Mead
Commercial Appraiser
tmead@eastwesteconometrics.com
Colorado Certified General
Appraiser #CG40022647

CBOE # 79-87

EXHIBIT B
Page 6 of 26

Client and Intended User Identification:
The client and intended user of this appraisal is Ratherby Investments LLC, c/o Ms. Rosalind M. Cross.

Intended Use of Appraisal:
For the client's internal decision-making purposes.

Identification of the Property Appraised:
Property Owner: McGill Family Trust et. al.

Purchase Contract: The subject is under contract for purchase in the amount of $1,750,000 by Ratherby Investments LLC.

Address: 326 Elk Street, Crested Butte, Colorado 81224, Units A, B, C, and D

Gunnison County Parcel ID Numbers: Unit A: 3255-031-77-015
Unit B: 3255-031-77-016
Unit C: 3255-031-77-017
Unit D: 3255-031-77-018

Gunnison County Account Numbers: Unit A: R04309
Unit B: R04310
Unit C: R04311
Unit D: R04312

Legal Descriptions: Units A, B, C, and D, Times Square Condominiums, Town of Crested Butte, Gunnison County, State of Colorado

Appraiser Comments:
The subject is legally described as four individual condominium units. However, the owners' association was not officially established and the property has operated as a multi-tenant retail property since it was constructed. We have appraised the subject as a single property as the market would generally consider the subject as a single property. This is supported by the earlier sale of the subject and the current purchase contract.

Real Property Interest Appraised:
Based on the scope of the appraisal assignment, and because the subject is 100 percent leased to four tenants, the leased fee property interest was appraised.

Brief Description of Subject Property Attributes:
The subject improvements consist of one building containing four commercial condominium units. The property operates as a multi-tenant retail building.

CBOE # 79-82

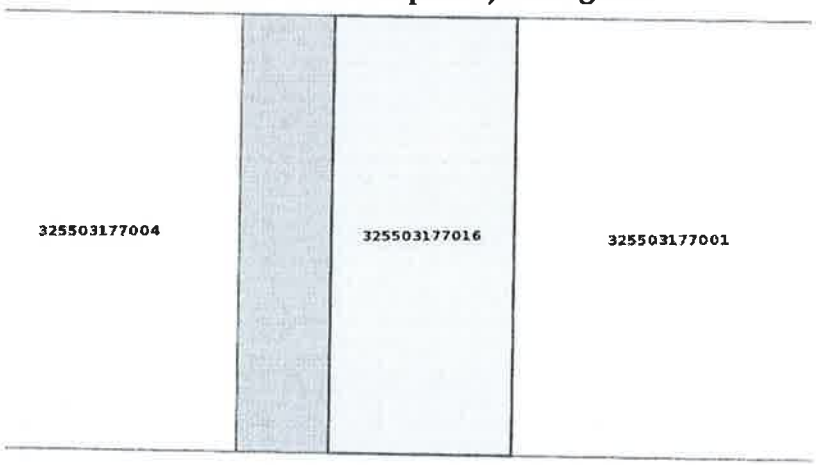
EXHIBIT B
Page 7 of 26

Property Type:	Retail property
Building Area:	Unit A: 1,263 square feet Unit B: 1,234 square feet Unit C: 1,295 square feet Unit D: 1,279 square feet Total building area is 5,071 square feet, based on the assessor's data
Year Built:	1990
Number of Stories/Levels:	Two; including a garden level
Construction Class:	Class D, wood frame, cedar exterior siding by Marshall Valuation Service
Construction Quality:	Average
Building Configuration:	The building has a main entrance from Elk Street on the north side of the building. There is a landing area and stairs providing access down to the garden level and up to the second level. An additional entrance is located on the south side of the building. There are two retail units on the garden level and two units on the upper level of the building. There are two single-chair stair lifts on the north side of the building.
Interior Description	
Interior Finish:	The entrance areas have ceramic tile flooring on both levels. The rest of the building has carpeted flooring. The walls are finished and painted drywall. They ceiling consists of painted drywall. The doors are solid core wood doors in wood frames. The common restrooms have ceramic tile floors with finished drywall ceilings.
Unit Mechanical Description	
Heating & Cooling System:	In-floor, hot water heat; no air conditioning
Plumbing:	Typical; assumed adequate
Electrical:	Typical; assumed adequate. Lighting is florescent, ceiling mounted.
Fire Protection:	Smoke detectors, fire alarms
Physical Condition	
Overall Condition:	Average
Deferred Maintenance:	None observed
Effective Age:	10 years due to adequate maintenance
Typical Economic Life:	45

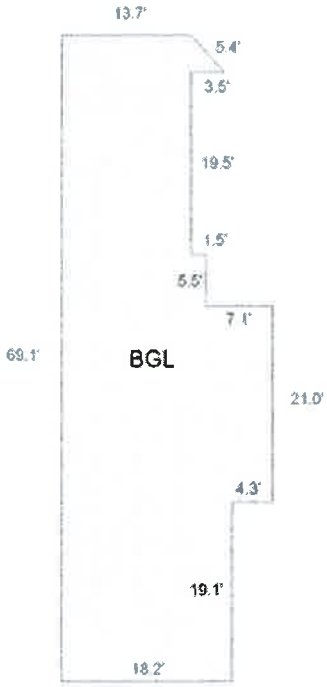
CBOE # 79-82
EXHIBIT B
Page 8 of 22

Remaining Economic Life:	35
Functional Utility:	The subject is functional for multi-tenant retail or office use because the subject's physical components are conducive these uses. The physical characteristics include; two stair lifts, wide hallways, restrooms, and some on-site parking for tenants and clientele.

Assessor's Site Map-Subject in green



Assessor's Building Footprint Sketch



CBOE # 79-82

EXHIBIT B
Page 9 of 26

3 Year Sales History (including Current Contracts, Agreements, Options) and Listing History:
The current owner for all four units, including all of the common area, is McGill Family Trust et.. al.

The current owner constructed the subject property in 1990 and retained ownership until October 27, 2006 when the property was sold to Hobie Designs Inc. for $2,148,000. The current owner financed a portion of the purchase price and the buyer defaulted in November 2014. A deed in lieu of foreclosure was arranged and the property was re-conveyed to the original owner.

The subject property is currently under contract for purchase by Ratherby Investments LLC in the amount of $1,750,000. We have reviewed the purchase contract and it appears to be arm's length with no atypical terms or conditions.

Use of the Real Estate Existing as of the Date of Value and the Use of the Real Estate Reflected in the Appraisal:
Retail or office property use is legally permissible, physically possible, financially feasible, and maximally productive for the subject "as if a vacant site" and "as improved".

Subject Photographs

North-front-view

CBOE #79-82
EXHIBIT 3
Page 10 of 12

South view

Stairs to upper level from main entry

CBOE # 79-82

EXHIBIT B
Page 11 of 24

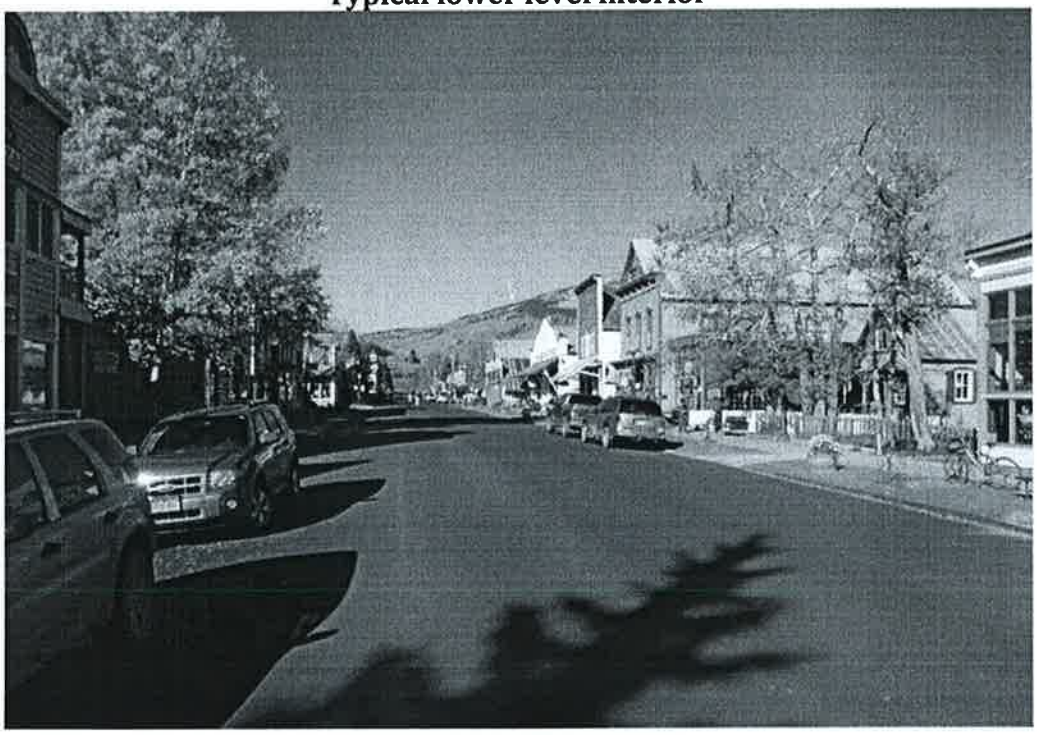
Stairs to garden level

Typical upper level interior

CBOE #79-82

EXHIBIT B
Page 12 of 25

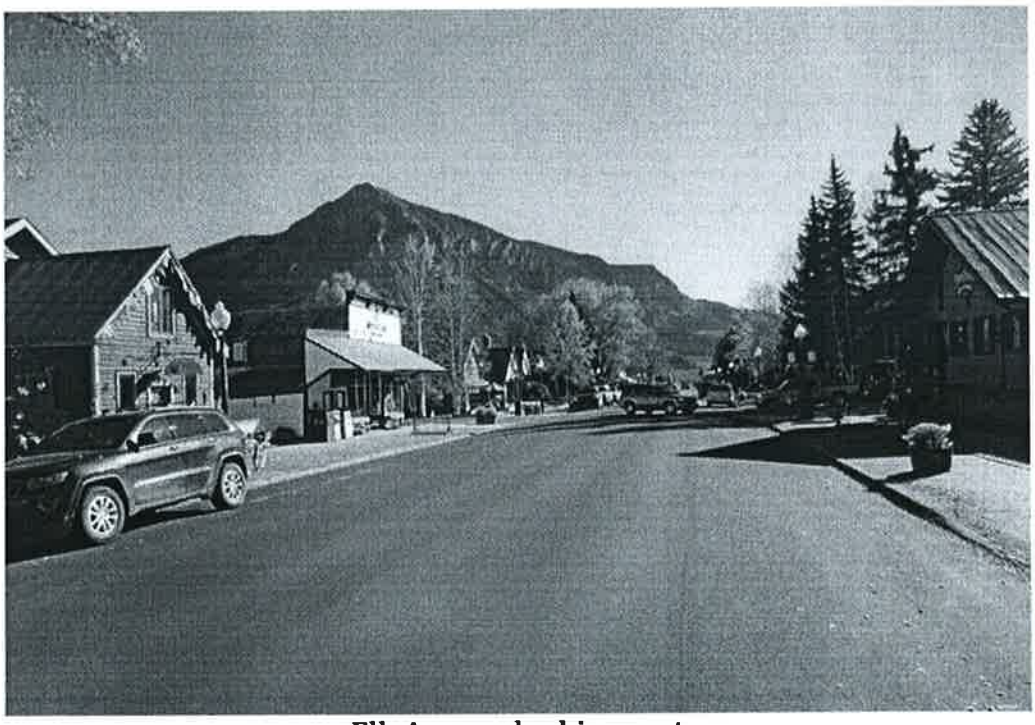
Typical lower level interior



Elk Avenue looking west

CBOE # 79-82

EXHIBIT B
Page 13 of 26



Elk Avenue looking east

Alley

CBOE # 79-82

EXHIBIT 3
Page 11 of 26

Type of Value, Definition of Value, and Source of Definition:

Based on the scope of the appraisal assignment a "market value" opinion was developed.
"Market value," as used in this report, is defined as:

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

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

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

Source: "(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994); Appraisal Institute, *The Dictionary of Real Estate Appraisal, Fourth Edition,* (Chicago, 2002) Page 177"

Effective Date of Value and Date of the Appraisal Report:
October 13, 2015 is the effective date of the appraisal and this is also the date of the property inspection by the appraiser.

Opinion of Exposure Time:
We estimated exposure time for the subject property to be 12 months or less.

CBOE # 79-82

EXHIBIT B
Page 15 of 26

Extraordinary Assumptions and Hypothetical Conditions Used:
(If applicable State that their use might affect the assignment results)

According to Advisory Opinion 17 of the Uniform Standards of Professional Appraisal Practice (USPAP), the use of a hypothetical condition is required whenever the following conditions apply:

1. **IF** the subject "as proposed" does not yet, in fact, exist as of the date of this appraisal.

2. **IF** the "as proposed" analysis performed to develop the opinion of value are based on a hypothesis, *specifically that the improved subject property is assumed to exist when in fact it does not exist.*

3. **IF** certain events need to occur, as disclosed in the report, before the property appraised with the proposed improvements will in fact exist.

4. **IF** the appraisal does not address unforeseeable events that could alter the proposed property improvements and/or the market conditions reflected in the analyses.

No hypothetical conditions were used.

Extraordinary Assumptions:
An extraordinary assumption presumes as fact otherwise uncertain information about the subject, and includes the following:

- Physical, legal, or economic attributes of the subject property
- Conditions external to the subject, such as market conditions or trends
- Integrity of the data used in this appraisal

No extraordinary assumptions were used

Scope of Work Used to Develop the Appraisal:
A determination was made regarding the scope of work necessary to solve the client's appraisal problem. The appraisal was developed in accordance with Standard 1 (Real Property Appraisal, Development) and prepared in accordance with USPAP Standard 2 (Real Property Appraisal, Reporting), effectively demonstrating our analysis to derive the valuation conclusion.

Appraisal Methods and Techniques Employed, Approaches to Value Employed and Explanation of the Exclusion of the Sales, Income or Cost Approaches:
Cost Approach: Given the age of the subject improvements and the inherent difficulty in accurately determining depreciation, and because investors in similar properties typically do not use this approach, the cost approach is determined to be not applicable we will not be used this approach.

Sales Comparison Approach: We will obtain sales of generally similar properties in the subject's market and will make adjustments to these sales to derive a value. The sales comparison approach is applicable will be used to value the subject.

Income Approach: We will use actual and market based data to derive a net operating income for the subject, apply an appropriate capitalization rate, and conclude a value using the income approach. As an income producing property that is 100 percent leased, the income approach is applicable and will be used.

Value Opinion and Conclusions Reached

Sales Comparison Approach

We used the sale price per rentable square foot as the unit of comparison as this is the most common unit of comparison used by investors for retail properties in the subject's market.

The following sales were obtained and analyzed to derive a value using the sales comparison approach.

SUMMARY OF COMPARABLE SALES

No.	Location	Date of Sale	Sale Price	Unit Area (SF)	Price Per SF	Year Built
1	214 6th St., Unit 12 Crested Butte, CO	Jun-15	$264,000	835	$316.17	1978
2	212 Elk Ave. Crested Butte, CO	Dec-14	$790,000	2,267	$348.48	2005
3	314 Elk St. Crested Butte, CO	Sep-14	$485,000	1,506	$322.05	1900
4	202 Elk Ave., Units A, B, C, and D Crested Butte, CO	Jan-14	$1,250,000	3,891	$321.25	1882

CBOE # 79-82

COMPARABLE SALES MAP

EXHIBIT 3
Page 17 of 26

CBOE #79-82

EXHIBIT B
Page 18 of 20

SALE 1-214 6th Street

Sale 1 is a penthouse commercial condominium unit that was being used as office space when sold. The unit could also be used for retail purposes. This condominium unit is located on the 3rd level of the building. The building was in good condition at the time of sale as it has recently been remodeled. The grantor was Robert Jerry Falkner and the grantee was Shirley L. Crawford Exempt Trust.

SALE 2-212 Elk Street

CBOE # 79-82
EXHIBIT B
Page 19 of 26

Sale 2 is a small retail building used for a restaurant. The building was leased when sold. The building is newer compared to the subject and it contains a commercial grade kitchen. The grantor was Birds of a Feather LLC and the grantee was Elk Avenue Investments LLC.

SALE 3-314 Elk Street

Sale 3 is a storefront property that had been remodeled in 1992. The property was leased at the time of sale. The building was in average condition at the time of sale. Grantor was McGill Family Trust and the grantee was Casey Key Investments LLC.

SALE 4-202 Elk Street

Sale 4 is a four unit mixed-use condominium building that contains a 3-bedroom apartment on the second level. Commercial units in the building include retail and office tenants. The building was in average condition at the time of sale. The grantor was CAC Industries LLC and the grantee was Ice House LLC.

Conclusion

All of the comparables are located within 2 blocks of the subject property and are or could be used for retail purposes. Sale 1 is located on the 3rd level in the building, which is inferior compared to the subject. This sale will be adjusted upward for this factor. Sale 2 contains a commercial kitchen and Sale 4 contains an apartment. These are superior amenities compared to the subject. These two sales will be adjusted downward for these factors. Market conditions have been slowly improving in the past two years in Crested Butte. There is little inventory for sale in the market. Sales 2, 3, and 4 will be adjusted upward for market conditions. Sale 4 includes four units and is larger compared to the subject units in terms of scale. Typically, there is an inverse relationship between size and price per square foot. Sale 4 will be adjusted upward for scale.

The mean of the adjusted prices is $344.98 per square foot. Based on our analysis of the market in general and the comparable sales, we believe the market indicates a value of $345.00 per square foot as follows:

Concluded Price Per Square Foot:	$345.00
Building Area:	x5,071 SF
Market Value by the Sales Comparison:	**$1,749,495**
Rounded:	**$1,750,000**

CBOE # 79-82
EXHIBIT B
Page 4 of 26

Income Approach

The subject is 100 percent leased to four tenants, although Unit B has a sub-lessee. We have noted only the master lease for this suite below. The following summarizes the leasing status:

Unit	Tenant	Lease Pmt	Lease Rate PSF	Expiration
A	Pema Dawa	$2,700*	$25.65	10-31-16
B	CB Music Fest	$2,390	$23.24	9-30-16
C	CMBT	$2,700	$25.01	4-30-17
D	JC Peacock	$2,700	$25.33	3-31-17

*Beginning November 1, 2015

Lease rates for the above tenants range from $23.24 to $25.65 per square foot on a modified gross lease structure. Under this lease structure, the tenant pays utilities and janitorial costs and the owner pays the remainder of the operating costs.

We compared contract rents with comparable property rents in the Crested Butte market. The following are rental comparables:

MARKET RENT SUMMARY

Property	Size (SF)	Occupancy	Rent / SF	Expense Terms
215 Elk Ave	1234	Office	17.99	NNN
332 Elk Ave	1,367	Office	$22.94	NNN
	1,585	Retail	$19.17	NNN
318 Elk Ave	1,182	Office	$22.00	NNN
	2,323	Retail	$17.00	NNN
	850	Retail	$22.60	NNN
232 Elk Ave	970	Retail	$28.84	NNN
	756	Office - #206	$28.00	Full Service
201 Elk Ave	1,819	Retail	$25.50	NNN
511 Red Lady Ave	3,666	Retail and Office	$17.28	NNN

Most of the properties in Crested Butte are leased on a triple net structure where the tenant pays the operating expenses. The above rentals have rates ranging from $17.00 to $28.84 per square foot, triple net. The one full service lease in the table above has a rate of $28.00 per square foot, full service. In general, it appears the contract rents are somewhat below market. On a modified gross basis, the above rental range would be closer to $25 to $37 per square foot. On a net basis market rent would likely be $24 to $26 per square foot. Two of the existing leases expire within one year and two expire in approximately 18 months. At renewal, the leases

CBOE # 79-87

EXHIBIT B
Page 22 of 26

may revert to a triple net structure or they may increase to be more in line with the market. We believe the market indicates a modified gross lease rate of $32.00 per square foot for the subject. As a result, the concluded market rate is higher than the actual contract rates and this creates a possible leasehold interest. We will consider adjustments for this factor later in this section.

Gross Potential Income for the subject is $162,272 per year.

Actual owner's expenses were extracted from operating data provided by the owner. Expenses for the most recent 12 month period (from the owner's data) are as follows:

Expense	Amount	Amount Per SF
Real Est Taxes	$32,407	$6.39
Insurance	$3,435	$0.68
Mntc/Trash	$4,978	$0.98
Management	$4,500	$0.89
Total	$45,320	$8.94

Real estate taxes are likely to be lower for 2015 as the assessed values by the county are lower. Using the current values, and the 2014 mill levy (the most recent available), taxes would be $28,558. Maintenance expenses have also been somewhat higher than normal due to windows that were replaced and repaired within the last year. The cost for the windows was $680. The other actual expenses appear to be reasonable for a property similar to the subject in the Crested Butte market. Therefore, total expenses are projected to be $40,791.

Vacancy and Credit Loss

According to local real estate brokers, commercial leases in Crested Butte are increasing with landlords started to increase rental rates in 2013-014 for the first time in approximately 5 years. Brokers estimate vacancy overall at approximately 5 percent for properties similar to the subject. A 5 percent vacancy and credit loss rate will be input for the subject.

Net Operating Income

Gross Potential Income:	$162,272
Less: Vacancy & Credit Loss @5%:	$ 8,114
Effective Gross Income:	$154,158
Less: Owner Operating Expenses:	$ 40,791
Net Operating Income:	$113,367

CBOE # 79-42

EXHIBIT B
Page 22 of 26

Capitalization Rate

Extraction

There were few recent market transactions with operating expenses available to the appraiser in the local market to extract local capitalization rates. The appraiser also spoke with local realtors for an observation of what typical capitalization rates are for the Crested Butte market. The capitalization range rate was approximately 4.0 to 8.0 percent. Sale 3 sold with a capitalization rate of 5.95 percent in 2014. This property was leased to a single tenant with a one-year lease.

Survey

Third Quarter 2015 RealtyRates.com Investor Survey (2nd Q 2015 data) indicates capitalization rates for retail properties between 4.03 percent and 15.50 percent. The survey includes profit, which tends to push the survey rates to the higher end of the rate range.

RealtyRates.com INVESTOR SURVEY - 3rd Quarter 2015*
RETAIL - ALL TYPES

Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	0.75%	**DCR Technique**	1.05	0.042613	0.90	**4.03**
Debt Coverage Ratio	1.05	**Band of Investment Technique**				
Interest Rate	2.95%	Mortgage	90%	0.042613	0.038352	
Amortization	40	Equity	10%	0.080844	0.008084	
Mortgage Constant	0.042613	OAR				**4.64**
Loan-to-Value Ratio	90%	**Surveyed Rates**				**4.41**
Equity Dividend Rate	8.08%					
Maximum						
Spread Over 10-Year Treasury	7.67%	**DCR Technique**	2.25	0.128000	0.50	**14.40**
Debt Coverage Ratio	2.25	**Band of Investment Technique**				
Interest Rate	9.87%	Mortgage	50%	0.128000	0.064000	
Amortization	15	Equity	50%	0.181980	0.090990	
Mortgage Constant	0.128000	OAR				**15.50**
Loan-to-Value Ratio	50%	**Surveyed Rates**				**14.72**
Equity Dividend Rate	18.20%					
Average						
Spread Over 10-Year Treasury	2.82%	**DCR Technique**	1.41	0.070987	0.71	**7.07**
Debt Coverage Ratio	1.41	**Band of Investment Technique**				
Interest Rate	5.02%	Mortgage	71%	0.070987	0.050134	
Amortization	25	Equity	29%	0.136469	0.040088	
Mortgage Constant	0.070987	OAR				**9.02**
Loan-to-Value Ratio	70.6%	**Surveyed Rates**				**10.11**
Equity Dividend Rate	13.6%					

*2st Quarter 2015 Data

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CBOE # 79 - 82

EXHIBIT B
Page 24 of 26

Band of Investment
An examination of the current money market would suggest a loan-to-value ratio of 75 percent with an amortization of 30 years (with a 5 to 10 ten balloon) at a 5 percent interest rate. Considering the character of the investment influenced by market conditions, as well as discussions with investors in the market, an equity rate of 7.0 percent is appropriate. This estimate of the equity rate is supported by the previous appraisals in resort markets similar to the subject's market. A capitalization rate derived under this methodology is quantified as follows:

Mortgage Component:	0.75 x 0.0644 =	0.0483
Equity Component:	0.25 x 0.0700 =	0.0175
Capitalization Rate:		0.0658, or 6.6%

Conclusion

- *Extraction*: *Not Used*
- *RealtyRates.com* *4.0% to 15.5%, average*
- *Band of Investment:* *6.6%*

Resort markets typically have lower capitalization rates as these properties are not purchased by institutional investors for their stream of income. They are more motivated by capital appreciation and the prestige of owning properties in resort areas; thus leading to lower capitalization rates. It is not uncommon to see overall rates in the range of 5.0 to 7.0 percent in markets similar to Crested Butte (and even lower in Aspen and Vail). A recent sale had a capitalization rate of 5.95 percent and the band of investment produced a rate of 6.6 percent. Considering all relevant aspects of the subject's economic environment, we will input an overall rate of 6.25 percent in our analysis. Capitalizing the net operating income will provide a market value for the subject, as follows:

Net Operating Income:	$113,367
Capitalization Rate:	6.25%
Capitalized Amount:	$1,813,872

Leasehold Adjustment
Our analysis of market rents indicated the subject has contract rents that appear to be below market. This creates a positive leasehold interest. As a result, we must adjust the capitalized amount above to reflect the positive leasehold interest.

For the leasehold adjustment we will calculate the difference between the contract rents and the market rent for the remaining terms of the leases. Given the less than one-year period of the remaining lease term for the tenants in units A and B, we did not include their rent in our analysis. A market rental rate for the subject was determined to be $32.00 per square foot, modified gross. The contract rents are $2,700 per month, or $32,400 per year, for each of these units. To determine a

present value for our adjustment we reviewed discount rates from RealtyRates. The 3rd quarter 2015 (2nd quarter data) indicated discount rates generally from 6 to 13 percent for retail properties for acquisitions. For the subject, we will apply a 10 percent discount rate in our analysis. The leasehold adjustment estimated is as follows:

Period	Months	Contract Rent for period	Market Rent @$32.00 PSF	Difference	Disc Factor	PV
Nov 2015 to April 2016	6	$32,400	$41,184	$8,784	0.9052	$7,951
May 2016 to April 2017	12	$64,800	$82,368	$17,568	0.8194	$14,395
					Total	$22,346

The $22,346 represents the estimated value of the positive leasehold interest held by the tenant due to the below market lease rate. The loss in value reflects the amount a potential buyer would discount the sale price to reflect the loss in income from the below market lease. Therefore, to determine the "as is" market value of the subject property, we will deduct the adjustment amount from the capitalized amount as follows:

Capitalized Amount:	$1,813,872
Less: Adjustment:	$ 22,346
Market Value by the Income Approach:	**$1,791,526**
Rounded:	**$1,790,000**

RECONCILIATION

The pertinent approaches to value have been summarized in this appraisal analysis. A summary of the value conclusions of each of these individual approaches indicates the following:

Cost Approach:	Not Used
Sales Comparison Approach:	$1,750,000
Income Approach:	$1,790,000

Sales Comparison Approach

We discovered sales of commercial properties in the subject's general market area. Adjustments were applied and a valued was concluded using this approach. The sales comparison approach is reliable.

CBOE # 79-82

EXHIBIT B
Page 26 of 26

Income Approach

We examined actual rental information and compared it to market derived data. The market indicates the subject contract rent is below market. We developed a net operating income using market data and capitalized the net operating income to determine a capitalized amount before adjusting for the positive leasehold interest. After deducting for the leasehold interest we concluded a market value for the subject. The income approach is somewhat less reliable than the sales comparison approach due to the difference in contract rents and market rents, and, because the contract leases are structures as modified gross leased when the market typically favors triple net leases.

Market Value Conclusion

The subject property is currently leased to four tenants (plus a sub-lessee), one of. Typically, however, investors in properties similar to the subject in the Crested Butte market rely to a greater extent on the sales comparison approach when making investment decisions. Consistent with the market, we have also placed greater weight on the sales comparison approach in our final value conclusion.

"AS IS" MARKET VALUE CONCLUSION

Appraisal Premise	*Interest Appraised*	*Effective Date*	*Value Conclusion*
As Is	**Leased Fee Estate**	**October 13, 2015**	**$1,750,000**

Important Note: The rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's workfile.