Received
County Administration
10/4/2017
Email: K. McFarland
J. Ost

Gunnison County Board of Equalization

RE: Freeman Properties LLC.

Schedule Number: R032016 and R032017

Dear Members of The Board,

We are requesting that you reconsider our property valuations, based on a large discrepancy in values between your assessment and our recent commercial appraisal. We recognize that the appraisal process is complicated and admit that we don't fully grasp all that is involved. With that said, it doesn't seem reasonable that two professional entities are so far off in their judgment of our property.

We refinanced our 2 lots last year at this time, and the commercial appraisal came in at $715,000. While it met our need for banking purposes, we felt this number was low. We have 2 commercial lots, with one 4,500 sq.ft. mixed use building on lot 24. Lot 25 has power, water, and some landscaping, but is otherwise undeveloped. We operate a seasonal RV Park on the property 5 months out of the year, and run a snow removal operation seasonally for another 4.5-5 months as well. We live upstairs. The downstairs contains an office, personal and business storage, and 2 garage bays. We disputed the original appraisal with the support of our banker, citing incompatible comps as the main reason. The appraiser used RV parks in Ouray, Montrose, Black Canyon, Cedaredge and South Fork. The appraisal also cited that there were insufficient sales to use for comparisons, and would not provide enough information to draw meaningful conclusions. The appraisal company re-worked our appraisal, and returned a revised appraisal with the same $715,000 value. We paid $4,000 for the commercial appraisal. A digital copy of the full 110 page appraisal has been provided to you.

We believe that the actual value of our combined properties is somewhere in between your assessment and the appraisal. The two values are nearly $300,000 apart, which equates to a 30-40% difference. If we wanted to sell our property, which number would we use? It seems really confusing to a potential buyer, and extremely challenging to us as a seller. We are not interested in selling our property at this time, but we feel this discrepancy puts us at a huge disadvantage if we were to sell.

We are happy to provide additional information that will help with your evaluation. We appreciate you giving sincere consideration to our request for reassessment.

Sincerely,

Cari Freeman

Kevin and Cari Freeman

Owners- Lot 24 and 25 Riverland Industrial Park

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 #43

ACCOUNT NUMBER	TAX YEAR	TAX AREA	PARCEL NUMBER
R032016	2017	606	3255-120-18-010

PROPERTY OWNER	LEGAL DESCRIPTION
FREEMAN PROPERTIES LLC PO BOX 2358 CRESTED BUTTE, CO 81224-2358	LOT 24 RIVERLAND INDUSTRIAL PARK II #554002

PROPERTY CLASSIFICATION		PROPERTY OWNER'S ESTIMATE OF VALUE	ASSESSOR'S VALUATION	
			ACTUAL VALUE PRIOR TO REVIEW	ACTUAL VALUE AFTER REVIEW
Commercial			306,700	306,700
	TOTALS		$306,700	$306,700

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:

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

CBOE #13

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.)

$ 185,000.00

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 recent commercial appraisal. It is $300,000.00 below your valueation for my combined property.

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.

Can Freeman	970-596-5093	9/15/17
Signature	Telephone Number	Date

*Attach letter of authorization signed by property owner.

CBOE # 43

EXHIBIT A
Page 1 of 3

AN APPRAISAL REPORT OF A:

SPECIAL PURPOSE PROPERTY

LOCATED AT:
711 Riverland Drive
Crested Butte, Colorado 81224

PREPARED FOR:
Bank of the West –Commercial Appraisal Services
Michael Sullivan, MAI
2050 S Downing St.
Denver, CO 80210

Project # 16-1303DV-02

EFFECTIVE DATE:
September 13, 2016

REPORT DATE:
September 22, 2016

PREPARED BY:
Larry Riddell, MAI, SRA & Michael C. Legg
State of Colorado Certified General Appraisers

CBOE #43

EXHIBIT A
Page 2 of 3

LARRY RIDDELL APPRAISALS
Larry Riddell, MAI, SRA
Michael C. Legg
P.O. Box 959
Ouray, Colorado 81427
(970) 325-4855

September 22, 2016

Bank of the West –Commercial Appraisal Services
Michael Sullivan, MAI
2050 S Downing St., CO-COL-21-A
Denver, CO 80210

Project #	16-1303DV-02
Report Format:	Appraisal Report
Property Type:	RV Park
Known As:	Crested Butte RV Resort
Address:	711 & 693 Riverland Drive
City, State, and Zip Code:	Crested Butte, CO 81224
County:	Gunnison County
Borrower:	Freeman Properties, LLC

Dear Mr. Sullivan:

In accordance with your instructions, the following appraisal is submitted relative to the **"as is"** market value of the subject property ~ currently in use as a lodging type property including the adjacent land. The interest valued is the Fee Simple interest in the subject property.

On page seven there is a summary of the facts and conclusions contained within the body of the appraisal report. Our opinion of market value, as of September 13, 2016, is:

FINAL RECONCILED MARKET VALUE
$715,000
SEVEN HUNDRED FIFTEEN THOUSAND DOLLARS

This report has been written in accordance with the Code of Ethics of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice. The accompanying 111 page report, of which this letter is a part, contains discussions and explanations of the methods, variables, and the data used in arriving at the opinion of market value. The opinions of value are subject to the Statements of Contingent and Limiting Conditions attached in the addenda of this report.

We are competent, in both knowledge and experience, to complete this report in accordance with the Competency Provision in the USPAP.

This value is our unbiased, objective opinion based on market data. We are only an advocate for our opinion of value. This letter and the full report have been prepared for the intended user. We urge you to avoid circulating beyond such.

We enjoyed the opportunity to be of service to you. If we can be of further assistance, please don't hesitate to contact us.

Respectfully submitted,

Larry Riddell, MAI, SRA
State of Colorado Certified General Appraiser
#CG40013877

Michael C. Legg
State of Colorado Certified General Appraiser
#CG40041462

AN APPRAISAL REPORT OF A:

SPECIAL PURPOSE PROPERTY

LOCATED AT:
711 Riverland Drive
Crested Butte, Colorado 81224

PREPARED FOR:
Bank of the West –Commercial Appraisal Services
Michael Sullivan, MAI
2050 S Downing St.
Denver, CO 80210

Project # 16-1303DV-02

EFFECTIVE DATE:
September 13, 2016

REPORT DATE:
September 22, 2016

PREPARED BY:
Larry Riddell, MAI, SRA & Michael C. Legg
State of Colorado Certified General Appraisers

LARRY RIDDELL APPRAISALS
Larry Riddell, MAI, SRA
Michael C. Legg
P.O. Box 959
Ouray, Colorado 81427
(970) 325-4855

September 22, 2016

Bank of the West –Commercial Appraisal Services
Michael Sullivan, MAI
2050 S Downing St., CO-COL-21-A
Denver, CO 80210

Project #	16-1303DV-02
Report Format:	Appraisal Report
Property Type:	RV Park
Known As:	Crested Butte RV Resort
Address:	711 & 693 Riverland Drive
City, State, and Zip Code:	Crested Butte, CO 81224
County:	Gunnison County
Borrower:	Freeman Properties, LLC

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Respectfully submitted,

Larry Riddell, MAI, SRA
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State of Colorado Certified General Appraiser
#CG40041462

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CERTIFICATION

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.

2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and represents our personal, unbiased professional analyses, opinions, and conclusions.

3. 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.

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

5. We have not performed a previous appraisal of the subject property / an appraisal review involving the subject property / an appraisal consulting assignment involving the subject property / within the three years prior to this assignment.

6. Our engagement and compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

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

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

9. **Larry Riddell, MAI, SRA and Michael C. Legg** have made a personal inspection of the property that is the subject of this report.

10. No one provided research assistance to the persons signing this report.

11. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute.

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

CERTIFICATION CONTINUED

13. As of the date of this report, **Larry Riddell, MAI, SRA** has completed the requirements of the continuing education program of the Appraisal Institute and is thereby considered "Continuing Education Complete" through December 31, 2016.

_____
Larry Riddell, MAI, SRA
State Certification #CG40013877

_____
Michael C. Legg
State Certification #CG40041462

EXECUTIVE SUMMARY

"Market Value" Estimate:	**$715,000**
Sales Comparison Approach:	**$700,000**
Income Approach:	**$715,000**

Report Option:	Appraisal Report
Client:	Bank of the West – Commercial Appraisal Services Michael Sullivan, MAI 2050 S Downing St. Denver, CO 80210
Intended User:	Bank of the West and its affiliates or subsidiaries, other participating financial institutions, government or non-government agencies, legal counsel or other transaction participants
Intended Use:	To aid in an acquisition, financing, loan classification or asset disposition
Property Identification:	Crested Butte RV Resort
Parcel Numbers:	3255-120-18-010 & 3255-120-18-011
Legal Description (combined):	Lot 24 & 25, Riverland Industrial Park, Filing 2; County of Gunnison, State of Colorado
Owner of Record:	Freeman Properties, LLC
Occupant:	Upper level is the owner dwelling; the lower level is occupied by owner but also utilized for the RV park office, reception area, as well as some storage; remaining portions of the site are primarily utilized as RV rentals.
Location:	In the Riverland Industrial Park which is located just southeast of the town limits of Crested Butte, CO; on the west side of Highway 135

Site Area:	Lot 24 ~ 1.04 acres Lot 25 ~ 1.06 acres
Improvements Description:	Class D “mixed-use” type dwelling; essentially the improvements is a single family dwelling with the north end of the lower portion utilized as office space for the RV operations.
Net Leasable Area:	+/- 1,200 sq. ft. (warehouse/garage) +/- 2,240 sq. ft. (residential dwelling) +/- 1,040 sq. ft. (“office/RV operations”)
Year Built:	1998
Property Taxes:	$4,638.19 (2015)
Inspection and Effective Date:	September 13, 2016
Date of the Report:	September 22, 2016
Type of Value:	Market value
Interest Valued:	Fee simple
Estimated Exposure Time:	Approximately 6 months to 2 years
Estimated Marketing Time:	Approximately 6 months to 2 years

PREMISES OF THE APPRAISAL

SCOPE OF WORK

The Uniform Standards of Professional Appraisal Practice 2016-2017 edition define scope of work on page U-4 as:

"The type and extent of research and analyses in an assignment."

The purpose of the scope of work is to demonstrate the problem identification, the plan to solve solution, and the application of the solution to produce credible assignment results by relevant evidence and logic, and that the credibility of assignment results is always measured in the context of the intended use.

On August 22, 2016 we were engaged by Michael Sullivan, MAI, of Bank of the West Commercial Appraisal Services, to perform an appraisal of the "Crested Butte RV resort" located at 711 (& 693) Riverland Drive in Crested Butte, Colorado. We then contacted the borrower/owner, Keri Freeman and inspected the subject property on September 13, 2016. Hence, the inspection helped us to identify the appraisal problem in regard to gaining an understanding of the subject's physical characteristics and determining the appropriate market area to analyze in order to provide a credible and reliable analysis of the subject property. Hence, we concluded the appraisal problem to be solved is to provide the **"as is"** market value in which the two lots are in reality "one property" and no consideration for "changing" the configuration is considered as the current use (which is an acceptable highest and best use) needs the combined parcels in order to function appropriately as an RV park.

Thus, in order to provide a credible and reliable opinion of market value, the Sales Comparison and Income Approaches have been developed in this report. Data for these approaches has been obtained from the entire regional area.

Furthermore, in defining the problem to be solved, it is important to summarize the following:

- Who is the client
- Who is the intended user
- What is the intended use
- What is the type and definition of value
- What is the effective date of the Appraisers' opinions and conclusions
- What are the relevant characteristics about the subject of the assignment
- What are the assignment conditions?

These questions are addressed in order to meet or exceed the expectations of the parties who are regularly intended users for similar assignments and reflect the actions of one's peers in the same or similar assignment.

SCOPE OF WORK
continued

These questions are addressed in the following pages to meet or exceed the expectations of the parties who are regularly intended users for similar assignments and reflect the actions of one's peers in the same or similar assignment.

PROBLEM IDENTIFICATION

Report Option: Appraisal Report

An Appraisal Report must summarize the appraiser's analysis and the rationale for the conclusions.

Client: Bank of the West –
Commercial Appraisal Services
Michael Sullivan, MAI
2050 S Downing St.
Denver, CO 80210

Intended User(s): Bank of the West and its affiliates or subsidiaries, other participating financial institutions, government or non-government agencies, legal counsel or other transaction participants

Intended Use of the Report: To aid in loan underwriting and-or credit decisions by Bank of the West and-or participants

Valuation Scenario: As is

Type of Value: Market value

Interest Valued: Fee simple

Definition of Value:

The purpose of this appraisal is to provide the appraisers' best opinion of market value as defined by the Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C – Appraisals, 34.42 Definitions [f] of the subject real property as of the effective date.

The Uniform Standards of Professional Appraisal Practice 2016-2017 edition defines value on page U-5 as:

SCOPE OF WORK
continued

"The monetary relationship between properties and those who buy, sell, or use those properties."

> Comment: *Value* expresses an economic concept. As such, it is never a fact but always an opinion of the worth of a property at a given time in accordance with a specific definition of value. In appraisal practice, value must always be qualified - for example, market value, liquidation value, or investment value.

Type of Opinion: Market Value, according to the following definition and source:

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated

2. Both parties are well informed or well advised, and each acting in what they consider their own best interest

3. A reasonable time is allowed for exposure in the open market

4. Payment is made in cash in U.S. dollars or in terms of financial arrangement comparable thereto

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: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f].)

SCOPE OF WORK
Continued

Observation Date: September 13, 2016

Effective Date: September 13, 2016

Date of Report: September 22, 2016

SUBJECT PROPERTY

Crested Butte RV Resort

Lots 24 & 25, Riverland Industrial Park, Filing 2; County of Gunnison, State of Colorado

Parcel #3255-120-18-010
Account #R032016
1.04 acres
693 Riverland Drive
Crested Butte, CO 81224

Parcel #3255-120-18-011
Account #R032017
1.06 acres
711 Riverland Drive
Crested Butte, CO 81224

Relevant Characteristics:

- 18 RV spaces
- +/- office/check in
- Shower/Bathrooms
- Park area
- Fishing access
- 2,240 sq. ft. dwelling
- +/- 1,200 square foot space utilized for garage/shop/storage
- additional office space

SCOPE OF WORK
Continued

Assignment Conditions:

The following definitions are from *The Dictionary of Real Estate Appraisal*, Fifth Edition (published by the Appraisal Institute) and the Uniform Standards of Professional Appraisal Practice (2016-2017 editions).

> **Extraordinary assumption**: an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.
>
> *Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.*
>
> **Hypothetical condition**: a condition directly related to a specific assignment, as of the effective date of the assignment results, but is supposed for the purpose of analysis.
>
> *Comment: Hypothetical conditions assume conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.*
>
> **Extraordinary Assumptions:** No
> **Hypothetical Conditions:** No

None of the aforementioned assignment conditions were relied upon to complete this Appraisal Report.

SCOPE OF WORK ACCEPTABILITY

The scope of work includes the research and analyses that are necessary to develop credible assignment results measured in the context of the intended use. The scope of work meets or exceeds the expectations of parties who are regularly intended users for similar assignments and what an appraiser's peers' actions would be in performing the same or similar assignment. Neither the intended use of the assignment or the client's objectives cause the assignment results to be biased.

SCOPE OF WORK
Continued

SOLUTION

In preparing this appraisal:

- We inspected the subject property on September 13, 2016.
- Researched the subject using public records, private data services, market interviews, and verification by observation
- We extensively gathered and analyzed data from the subject's market area (Gunnison County) and neighborhood (Crested Butte) from 2010 to present. Sales data included closed sales and active listings for RV parks with some mixed-use properties. Due to extremely limited sales data, we expanded our search to competing neighborhoods from the entire Western Slope and mountain regions of Colorado.
- The best indicator for demand is based on the level of the appraisal assignment, data availability, and the type of industry studied. Secondary data necessary to calculate marginal demand through a *Fundamental Demand Analysis* is unavailable; however some fundamental analysis of the current use is provided in the form of RV industry statistics. Primary data gathered in its original form by the researcher for the specific study at hand is beyond the scope of work.
- We made all efforts to confirm the sales with at least one party to the transaction during the normal course of business.
- Reference material by the Appraisal Institute include:

  The Appraisal of Real Estate (Thirteenth Edition)
  *The Dictionary of Real Estate Appraisal (*Fifth Edition)
  Market Analysis for Real Estate by Stephen F. Fanning, MAI
  Various coursework provided by the Appraisal Institute

Definition of Inspection

In this appraisal, a complete visual inspection is defined as the following: a cursory visual inspection of the exterior and interior of the property. We observed the overall general appearance and condition of the property. We did not perform a test of the mechanical, plumbing, heating, cooling, or electrical systems. We are not and do not act in the capacity of a Licensed Building Inspector or Structural Engineer and we do not promote or present ourselves as such. If so desired, the clients should retain an expert in these specific fields. ***We do not have the ability to detect hidden defects, if any, in the subject structure.***

APPLY THE SOLUTION

Analyzed the data and applied the Sales Comparison Approach (using the Price per Unit method) as well as the Income Approach (using Direct Capitalization and Gross Income multiplier analyses).

This is an Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2 (a) of the Uniform Standards of Professional Appraisal Practice. The depth of discussion contained in this report is specific to the needs of the client and for the intended use. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers' file. The appraisers are not responsible for unauthorized use of this report.

We, by reason of this appraisal, are not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.

In developing this real property appraisal, I:

(a) Am aware of, understand, and correctly employ those recognized methods and techniques that are necessary to produce a credible appraisal;

(b) Strive to not commit a substantial error of omission or commission that significantly affects an appraisal; and

(c) Strive to not render appraisal services in a careless or negligent manner, such as by making a series of errors that, although individually might not significantly affect the results of this appraisal, in the aggregate affects the credibility of those results.

Comment: Perfectionism is impossible to attain, and competence does not require perfection. However, an appraiser must not render appraisal services in a careless or negligent manner. This Standards Rule requires an appraiser to use due diligence and due care.

MARKET ANALYSIS

The Appraisal Institute's *Market Analysis for Real Estate* by Stephen F. Fanning, MAI, describes a *Market Analysis* process as one of three general scenarios: site in search of a use or market; use or market in search of a site; and real property as an alternative investment in the asset market. These processes are similar for all property types, varying primarily in the identification of specific property characteristics and market generators. The typical appraisal assignment consists of the *site in search of a use or market* scenario and based on the subject property's existing use, the following process is developed:

Step 1. Summarize the property productivity
Define the subject property ~ location, physical, legal attributes
What attributes does the subject property offer the market?

Step 2. Delineate the market area and neighborhood
The area and neighborhood forces (governmental, social, environmental, and economic) over which equally desirable substitute properties tend to compete with the subject property.

Note: secondary data necessary to calculate *fundamental* demand and foreseeable supply is rarely available [or reliable if available] in smaller rural areas; such as specific consumer profiles, buyer characteristics, etc…

Step 3. Measure current demand
Is the property use needed? e.g. recent and historical sales, rents, etc…also known as inferred demand

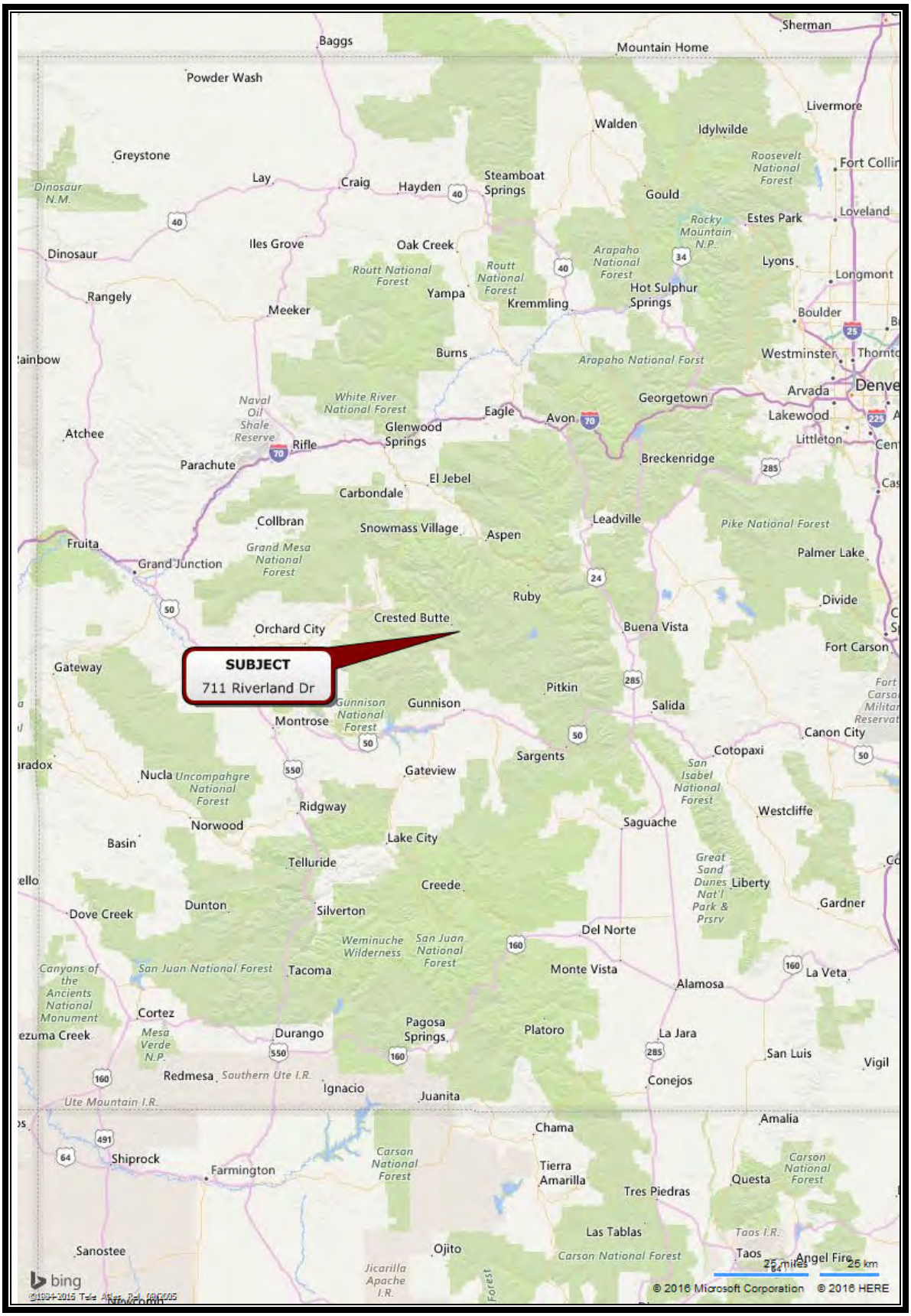
Step 4. Measure competitive supply
What is the competition for similar properties? e.g. active listings

Step 5. Compare supply and demand
What is the condition of the market? e.g. high demand, low supply etc…

Step 6. Subject capture in the market based on the comparison of supply and demand.
How much of the market analyzed can the subject property capture? e.g. the resultant of supply and demand whilst measuring qualitative and quantitative differences that drive prices (and values).

This dedicated *Market Analysis* section synthesizes information from applicable private and public data sources, as well as a collection of interviews with market participants, over an extensive time period, to determine historical and prevailing market conditions; thereby, the subject property's complexity is valued with appropriately methodology from the data presented in the *Market Analysis* with intentions to satisfy regulatory requirements and client needs.

REGIONAL MAP



PROPERTY PRODUCTIVITY ANALYSIS

Step one of the market analyses summarizes legal, location, and physical attributes.

LEGAL ATTRIBUTES

Legal Description:

Combined; Lots 24 & 25, Riverland Industrial Park, Filing 2, County of Gunnison, State of Colorado

Parcel Numbers:	3255-120-18-011 3255-120-18-010
Account Numbers:	R032017 R032016
Owner of Record/Borrower:	Freeman Properties, LLC

VIEW OF HIGHWAY 135 LOOKING NORTHWEST FROM THE RIVERLAND INDUSTRIAL PARK ENTRANCE

PROPERTY PRODUCTIVITY
Legal Attributes Continued

Sales History/Marketing Analysis/Contract:

According to applicable public records there have been no sales or transfers of the subject property in the past three years. Furthermore, per MLS, the subject property does not appear to have been listed for sale in the prior twelve months.

VIEW OF HIGHWAY 135 LOOKING SOUTHEAST FROM THE RIVERLAND INDUSTRIAL PARK ENTRANCE

Assessor's Assessment and Taxes:

ACCOUNT #R0032017
ASSESSOR ACTUAL VALUE:

LAND	$ 42,150
IMPROVEMENTS	$ 346,010
TOTAL	$ 388,160

ASSESSED AND TAXABLE VALUE:

LAND	$ 10,550
IMPROVEMENTS	$ 74,050
TOTAL	$ 84,600

PROPERTY TAXES: $4,638.19 (2015)

The 2015 mill levy was 54.825. The assessor's actual value estimates are not based on the definition of market value as presented in this report.

PROPERTY PRODUCTIVITY
Legal Attributes Continued

Assessor's Assessment and Taxes:

ACCOUNT #R0032016
ASSESSOR ACTUAL VALUE:

LAND	$	83,550

ASSESSED AND TAXABLE VALUE:

LAND	$	24,230

PROPERTY TAXES: $ 1,328.41 (2015)

RV PARK ENTRY FROM RIVERLAND DRIVE
(LOOKING AT 711 RIVERLAND DRIVE)

PROPERTY PRODUCTIVITY
Legal Attributes Continued

Zoning:

There is no zoning in Gunnison County however the subject property is subject to land use regulations (LUR) as part of the Middle Slate River Valley. In July of 2012, the owners successfully received the right to develop the "light industrial" property into an RV park as the LUR did not allow the use as an RV Park. Surrounding land use patterns and trends lend support (see the *market analysis* section later in the report) to the subject as an RV Park based on the immediate surrounding uses consisting primarily of residential (with warehouse or mixed-use) properties.

Encumbrances/Encroachments/Easements: No survey was provided. Typical public utility easements are assumed and are not considered to adversely affect the marketability of the property. If a survey is undertaken that reveals adverse easements, we reserve the right to amend the opinion of value accordingly.

RV PARK ENTRY FROM RIVERLAND DRIVE
(LOOKING AT 693 RIVERLAND DRIVE)

PROPERTY PRODUCTIVITY
Legal Attributes Continued

Environmental Considerations

Based on our visual inspection, soil conditions appear to be typical of the area; however, no soils or engineers report was provided. The appraisers have not conducted a soils test or test of underground water. Identifying site and soil contaminants or environmental issues is beyond the scope of this appraisal and the appraiser's expertise. Unless otherwise stated, this appraisal is based on the assumption that the site and property are uncontaminated and unaffected by environmentally hazardous materials or substances. **If there is a concern regarding this issue, then it is recommended that an expert in this field be consulted as the appraisers are not qualified to make a determination concerning environmental hazards. From a visual inspection, the site does not appear to have any adverse conditions evident.**

THE SITE BORDERS THE SLATE RIVER
(FISHING ACCESS TO PARK OCCUPANTS)

SITE ATTRIBUTES

Known As: Crested Butte RV Resort

Type: Seasonal; Limited Service

Location: Crested Butte, CO. On the southwest side of Highway 135 just south of the Crested Butte town limits and located in the "Riverland Industrial Park".

Visibility: Average

PAVILION AND PARK NEAR THE REAR OF THE SITES AND CLOSE TO THE SLATE RIVER

Accessibility: Satisfactory

Site Size: +/- 1.06 ~ 693 Riverland Drive
+/- 1.04 ~ 711 Riverland Drive

Shape: Slightly Irregular

Topography: Slightly sloping from north to south allowing for adequate drainage

SITE ATTRIBUTES

Special Flood Hazard Area: According to FEMA Map #08051C0727D dated May 16, 2013, the subject property does appear to be located within the designated flood plain area inundated by 100 year flooding. However, it would appear that the improvements are "built up" in which they are out of the flood area. The appraisers are not Certified Floodplain Managers and if there is a concern with special flood hazard areas, we recommend hiring an expert in this field.

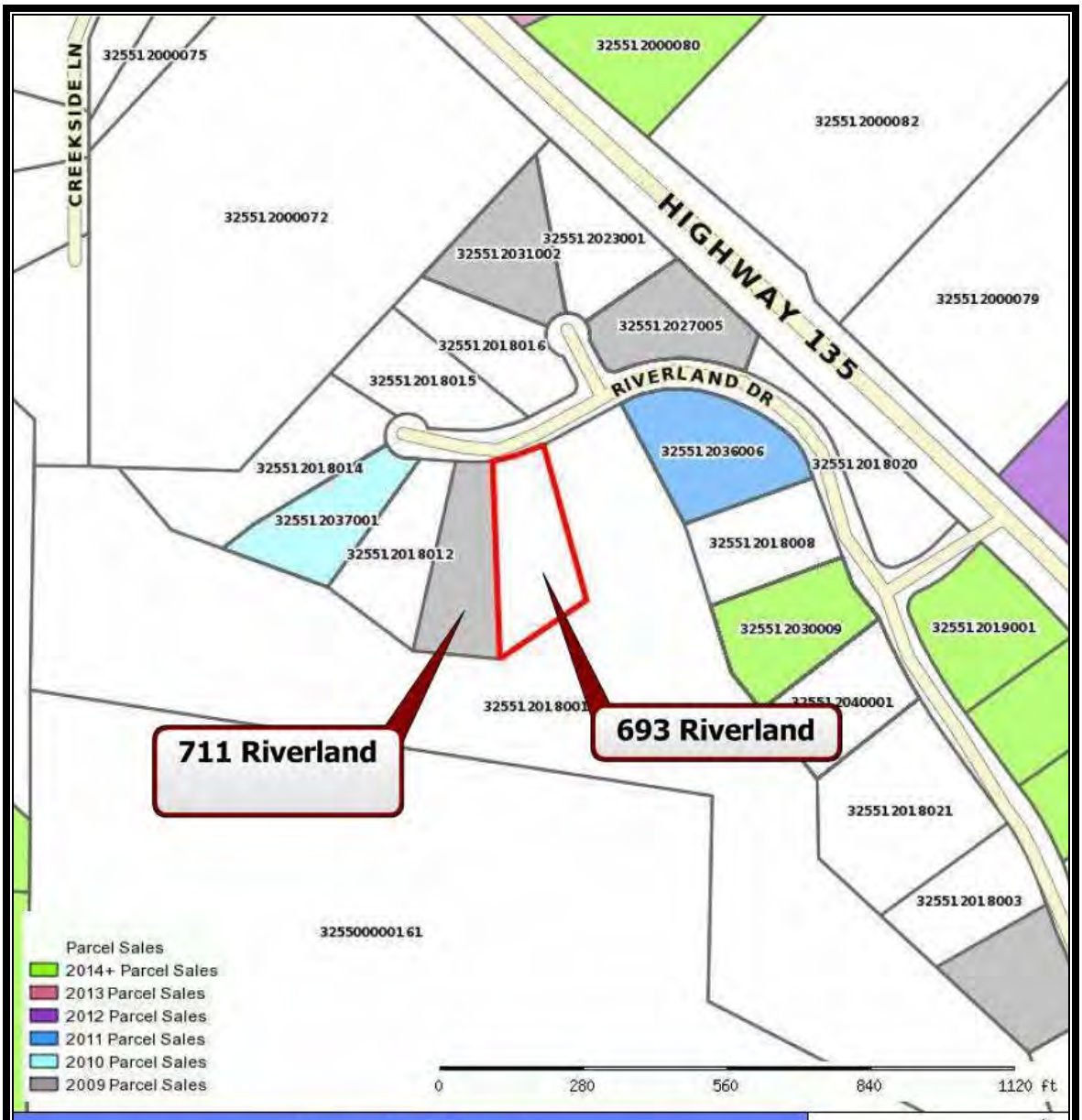
SITE ATTRIBUTES

PET PARK

Utilities:	Power ~ Gunnison Valley Electric Company. Water – Gunnison County, Private Septic & Holding Tank (no leach) meeting environmental codes
Streets:	Paved access from Highway 135; aggregate (Riverland) drive; subject drive and site is aggregate
Landscaping:	Typical of RV parks

VIEW

PARCEL MAP



Gunnison County Assessor			
Parcel: 3255-120-18-010 Acres: 1.12			
Name:	FREEMAN PROPERTIES LLC	Land Value:	83550
Site:	693 RIVERLAND DR, RIVERLAND	Building Value:	0
Sale:		Total Value:	83550
Mail:	PO BOX 2358 CRESTED BUTTE, CO 81224-2358	Assessed Value:	24230
		2013 Taxes	

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SITE MAP

Look for the American Flag!
PETS
Horseshoe Pits
Restrooms
Showers
Picnic Area/ BBQ
Playground
Bike Wash
Trash
CRESTED BUTTE RV RESORT.com
OFFICE
Overflow Parking
Parking
Private
Private
Greenhouse (Private)
18
17
16
15
14
13
12
11
10
9
8
7
6
5
4
3
2
1
Access
BBQ
CAMPFIRE
PETS
PET EXERCISE AREA
RIVER

SITE ATTRIBUTES

SITE 1-2

SITE VIEW LOOOKING NORTH
MT. CRESTED BUTTE IN VIEW

SITE ATTRIBUTES

SITES 3-9

SITES 10-18

AERIAL MAP

Gunnison County Assessor			
Parcel: 3255-120-18-010 Acres: 1.12			
Name:	FREEMAN PROPERTIES LLC	Land Value:	83550
Site:	693 RIVERLAND DR, RIVERLAND	Building Value:	0
Sale:		Total Value:	83550
Mail:	PO BOX 2358 CRESTED BUTTE, CO 81224-2358	Assessed Value:	24230
		2013 Taxes	

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IMPROVEMENT DESCRIPTION

Definition of Inspection

In this appraisal, a complete visual inspection is defined as the following: a cursory visual inspection of the exterior and interior of the property. We observed the overall general appearance, condition, and functionality of the property along with measuring the buildings in order to determine the size of the improvements, in square footage. We did not perform a test of the mechanical, plumbing, heating, cooling, or electrical systems. We are not, and do not act in the capacity of a Licensed Building Inspector or Structural Engineer and we do not promote or present ourselves as such. If so desired, the client should retain an expert in these specific fields. The appraiser does not have the ability to detect hidden defects, if any, in the subject structures. However, we did inspect the interior and exterior of the buildings and we have determined the buildings, structurally, appeared to be in overall good condition and the property is also considered to be in very marketable condition.

MAIN OFFICE/DWELLING/GARAGES

IMPROVEMENT DESCRIPTION

Improvements Description:

- 18 RV spaces
- +/- office/check in
- Shower/Bathrooms
- Park area
- Fishing access
- 2,240 sq. ft. dwelling
- +/- 1,200 square foot space utilized for garage/shop/storage
- additional office space

Overall Quality: Better than Average

Overall Condition: Good

BALCONY OVERLOOKING PROPERTY WITH EXCELLENT SOUTHERN VIEWS

IMPROVEMENT DESCRIPTION

Building Description

The subject building is essentially considered to be an overall better than average quality and in good condition, stick built dwelling (with an office/check in type space on the ground level) originally constructed in 1998. The building was measured and calculated to contain 4,480 square feet of gross building area with a +/- 520 square foot deck on the southern elevation. The space breakdown is measured to be +/- 1,200 square feet of garage/shop space with +/- 1,040 square feet of “office” space utilized for the RV park on the ground level; and the upper level is residential measured to be 2,240 sq. ft. and consists of a kitchen, dining, living area, 3 bedrooms and 2 baths in overall good condition. The only other improvements considered “real property” is the bath house constructed in 2013.

KITCHEN/DINING AREA

IMPROVEMENT DESCRIPTION

KITCHEN/LIVING AREA

BATH

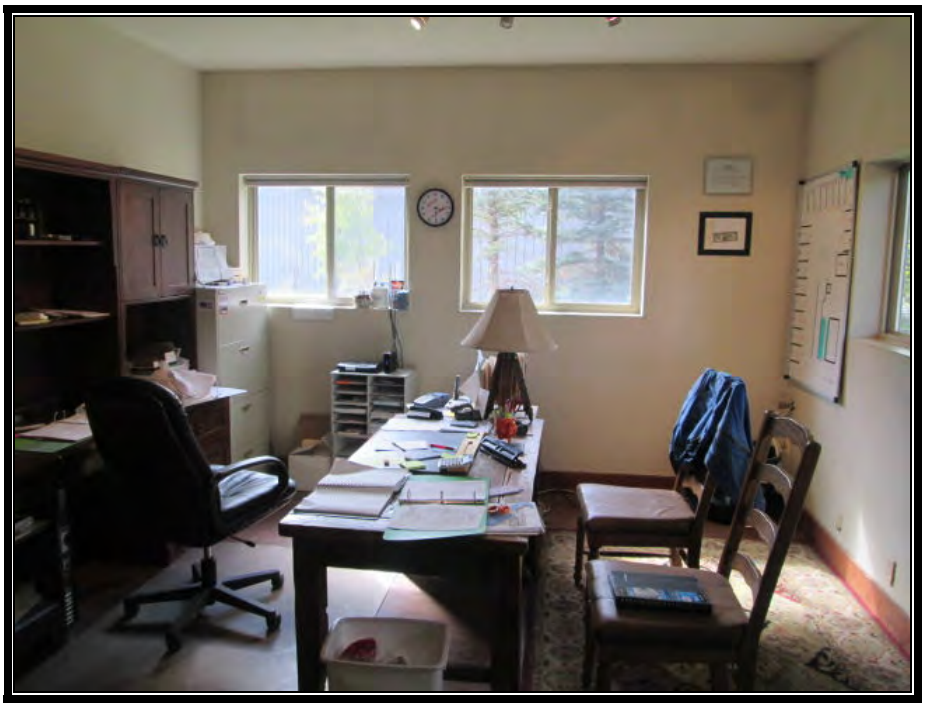
IMPROVEMENT DESCRIPTION

MASTER BEDROOM

MASTER BATH

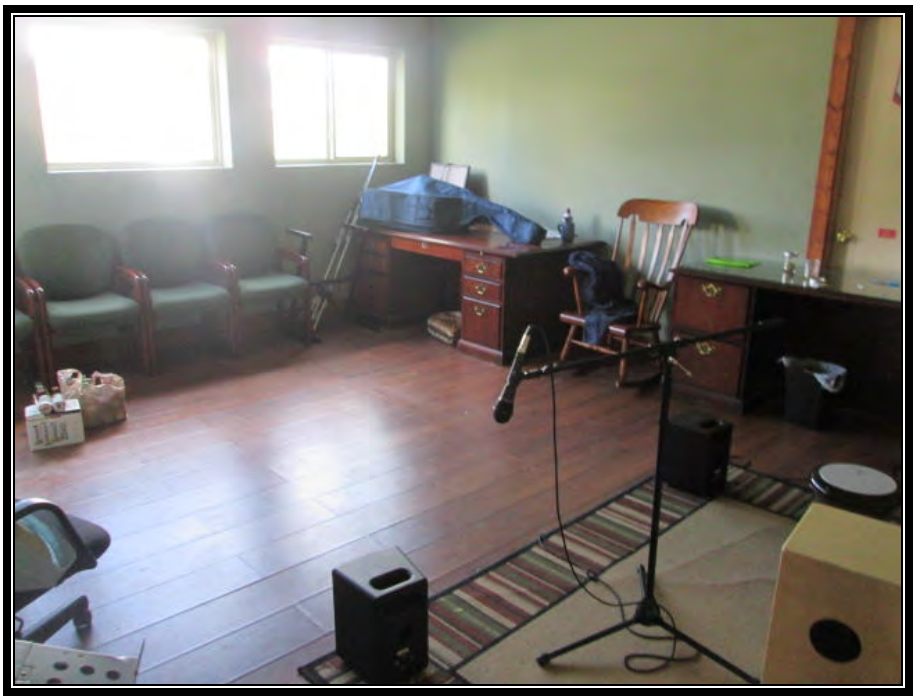
IMPROVEMENT DESCRIPTION

THEATER ROOM AND STAIRWELL TO FIRST FLOOR

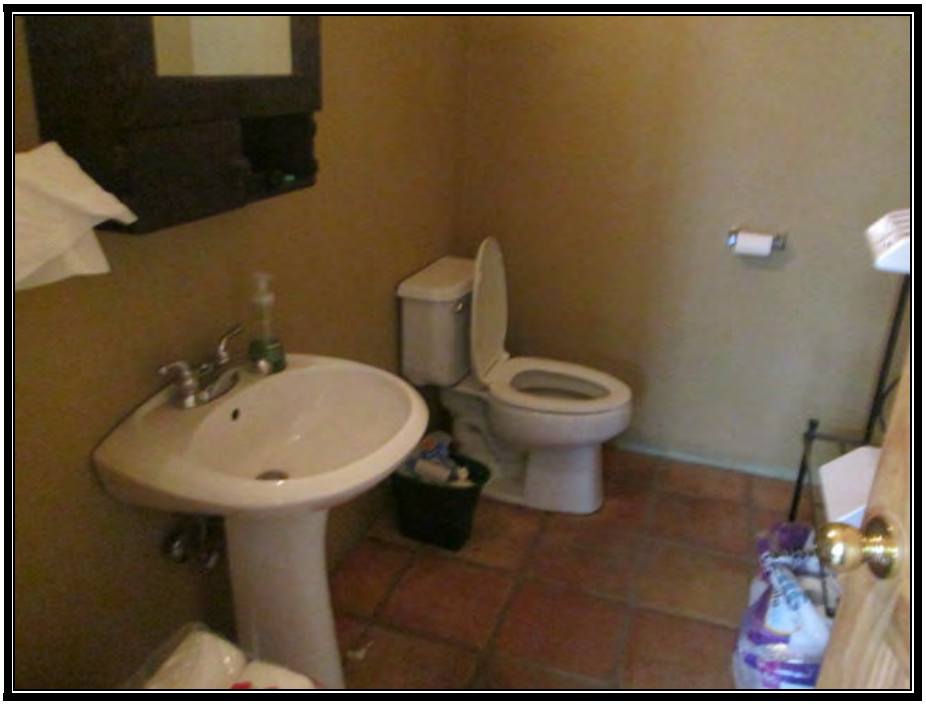


FIRST FLOOR OFFICE/CHECK IN AREA

IMPROVEMENT DESCRIPTION



FIRST FLOOR OFFICE SPACE



FIRST FLOOR RESTROOM

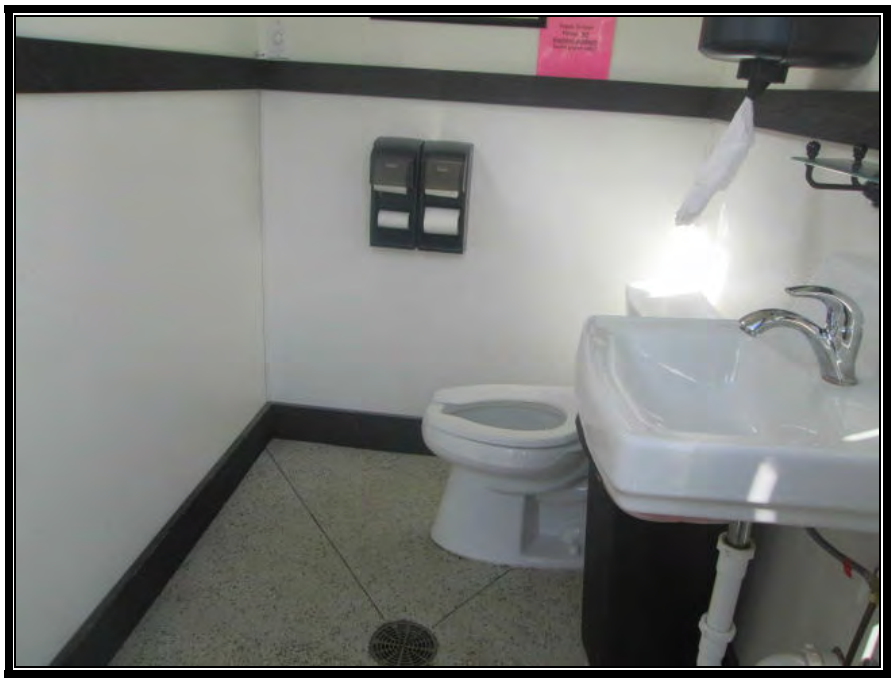
IMPROVEMENT DESCRIPTION

GARAGE/SHOP AREA VIEW

GARAGE/SHOP AREA VIEW

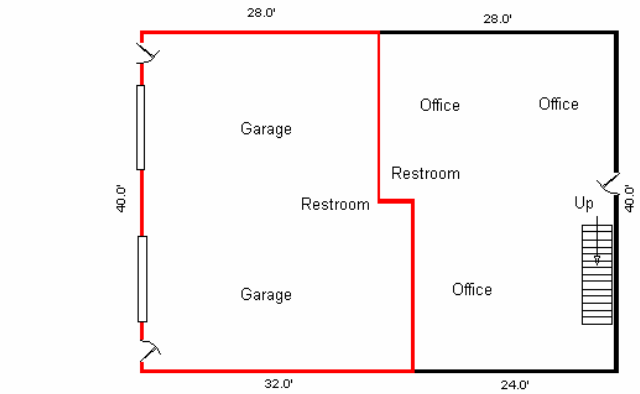
IMPROVEMENT DESCRIPTION

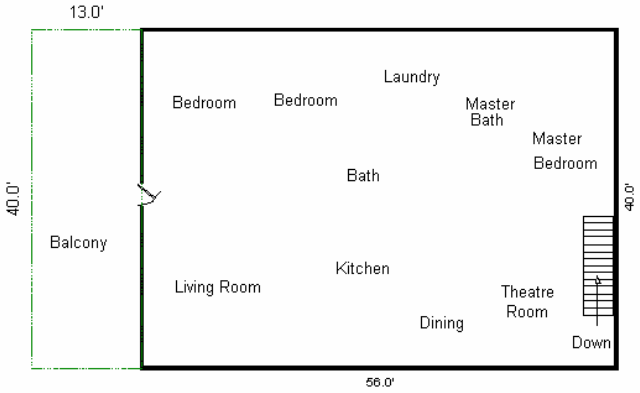
BATH (SHOWER) HOUSE



BATH (SHOWER) HOUSE

BUILDING SKETCH





Sketch by Apex IV™

Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GLA1	First Floor	1040.0	1040.0
GLA2	Second Floor	2240.0	2240.0
P/P	Deck	520.0	520.0
GAR	Garage	1200.0	1200.0
Net LIVABLE Area		(Rounded)	3280

LIVING AREA BREAKDOWN			
Breakdown			Subtotals
First Floor			
20.0	x	28.0	560.0
20.0	x	24.0	480.0
Second Floor			
40.0	x	56.0	2240.0
3 Items		(Rounded)	3280

SUMMARY:

PROPERTY PRODUCTIVITY RECONCILIATION

Utility of the subject property (as) is acceptable is considered, at a minimum, satisfactory and marketable for the regional RV park market.

INSURABLE VALUE ~ AS IS

The following definitions are from The Dictionary of Real Estate Appraisal, Fifth Edition (published by the Appraisal Institute), Chicago.

1. The value of an asset or asset group that is covered by an insurance policy; can be estimated by deducting costs of non-insurable items (e.g., land value) from market value.

2. Value used by insurance companies is the basis for insurance. Often considered to be replacement or reproduction cost plus allowances for debris removal or demolition less deterioration and non-insurable items. Sometimes cash value, but often entirely a cost concept. (Marshall & Swift LP)

Therefore, based on these definitions, we have estimated the insurable value of the building without considering any physical depreciation.

Replacement Cost Estimate:

Single Family Residences: (Marshall Valuation Section 12, Page 25; Good Quality Class D)

Direct Cost Estimate (New):

$116.28 sf x 1.05 (Current Cost Multiplier) x 1.20 (Local Multiplier) equals $146.51 per square foot:

+/- 3,280sf @ $146.51/sf = **$ 480,553**

Built In Garages (Marshall Valuation Section 12, Page 31; Good Quality Class D)

Direct Cost Estimate (New):

$35.98 sf x 1.05 (Current Cost Multiplier) x 1.20 (Local Multiplier) equals $45.33 per square foot:

+/- 1,200 sf @ $45.33/sf = **$ 54,402**

Indirect Costs Estimate:

Survey Fees, Incidentals, Contingency, Financing Fee, Permits, etc (10%). **$ 53,500**

Replacement Cost Estimate: ***$ 588,451***

INSURABLE VALUE ~ AS IS
Continued

Bath Houses (Marshall Valuation Section 12, Page 29; Good Quality Class D)

Direct Cost Estimate (New):

$130.59 sf x 1.05 (Current Cost Multiplier) x 1.20 (Local Multiplier) equals $164.54 per square foot:

+/- 140 sf @ $164.54/sf =	**$**	**23,036**

Indirect Costs Estimate:

Incidentals, Contingency, Financing Fee, Permits, etc (10%).	**$**	**2,300**
Replacement Cost Estimate:	***$***	***25,336***

In our opinion, the "greenhouse" located on the site is not considered real property as it not taxed as real property by the Gunnison Assessor and thus, no replacement cost is considered for this structure.

The appraisal report provides an "Insurable Value" or "Insurable Replacement Cost" opinion. ***The cost amount indicated is for informational purposes only***.

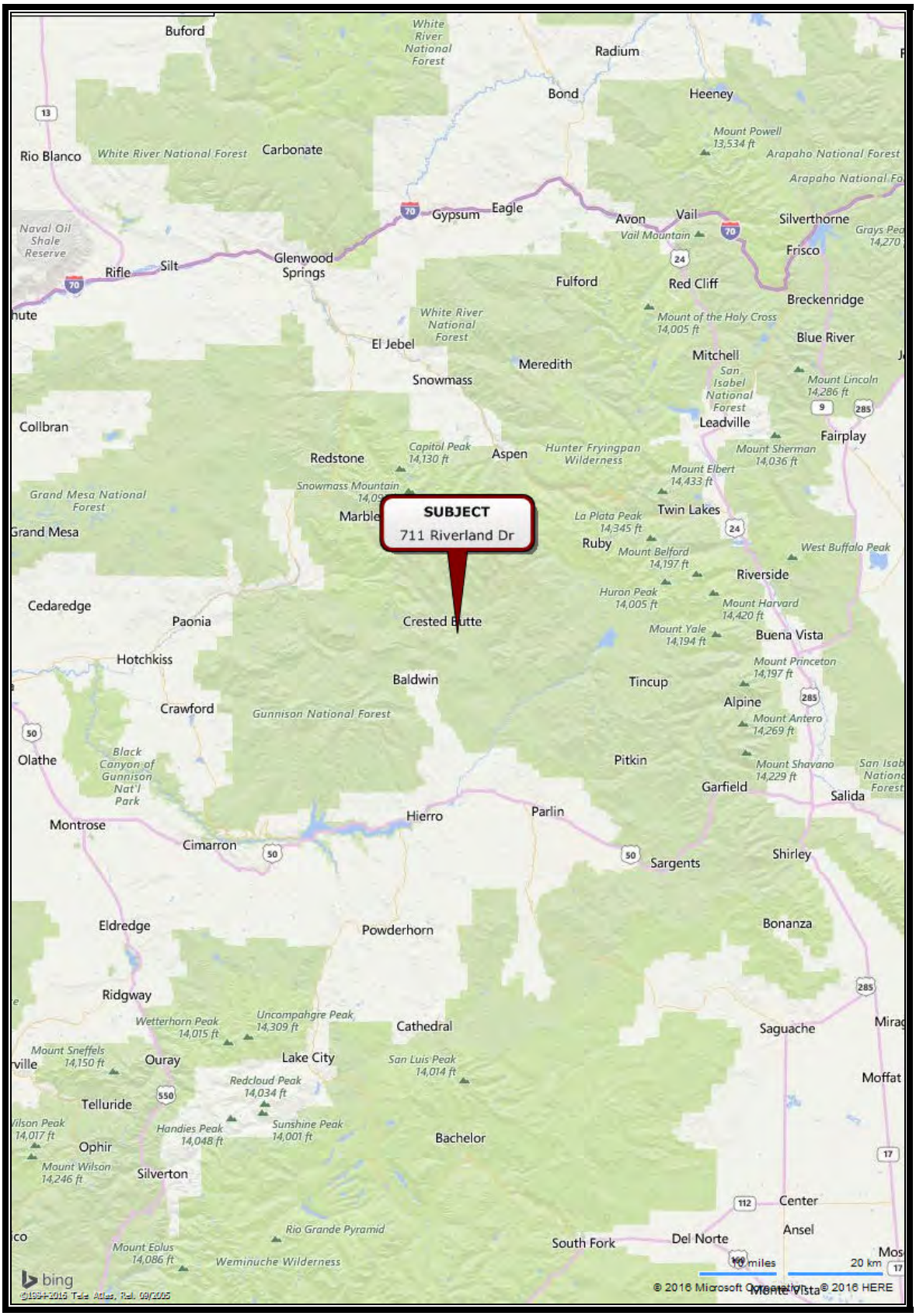
The appraiser does not accept nor assume any responsibility or liability relating to the required amount of insurance that is needed to replace the subject improvements due to a covered loss.

The appraisers ***strongly recommend*** obtaining advice from a professional insurance agent or broker regarding this issue or any other property insurance related matter in order to ascertain the exact amount of insurance coverage that would be considered appropriate.

REMAINING ECONOMIC LIFE

Per Marshall & Swift, economic life for residential dwellings (which is what the improvement essentially is) is 55 years. The subject was constructed in 1998 with apparent updating and/or remodeling occurring in the past; hence, our estimate of the remaining economic life is 45 years, or an effective age of 10 years, versus the actual age of 18 years old due to the overall condition of the improvements.

AREA MAP


SUBJECT
711 Riverland Dr
Buford
White River National Forest
Radium
Bond
Heeney
Rio Blanco
White River National Forest
Carbonate
Mount Powell 13,534 ft
Arapaho National Forest
Gypsum
Eagle
Avon
Vail
Vail Mountain
Silverthorne
Frisco
Naval Oil Shale Reserve
Rifle
Silt
Glenwood Springs
Fulford
Red Cliff
Breckenridge
Mount of the Holy Cross 14,005 ft
El Jebel
Blue River
Meredith
Mitchell
Snowmass
San Isabel National Forest
Mount Lincoln 14,286 ft
Leadville
Collbran
Fairplay
Redstone
Capitol Peak 14,130 ft
Aspen
Hunter Fryingpan Wilderness
Mount Sherman 14,036 ft
Mount Elbert 14,433 ft
Grand Mesa National Forest
Snowmass Mountain
Marble
Twin Lakes
Grand Mesa
La Plata Peak 14,345 ft
Ruby
Mount Belford 14,197 ft
West Buffalo Peak
Riverside
Cedaredge
Huron Peak 14,005 ft
Mount Harvard 14,420 ft
Paonia
Crested Butte
Mount Yale 14,194 ft
Buena Vista
Hotchkiss
Mount Princeton 14,197 ft
Baldwin
Tincup
Crawford
Gunnison National Forest
Alpine
Mount Antero 14,269 ft
Olathe
Black Canyon of Gunnison Nat'l Park
Pitkin
Mount Shavano 14,229 ft
Garfield
Salida
Montrose
Hierro
Parlin
Cimarron
Sargents
Shirley
Eldredge
Powderhorn
Bonanza
Ridgway
Wetterhorn Peak 14,015 ft
Uncompahgre Peak 14,309 ft
Cathedral
Saguache
Mount Sneffels 14,150 ft
Ouray
Lake City
San Luis Peak 14,014 ft
Moffat
Redcloud Peak 14,034 ft
Telluride
Handies Peak 14,048 ft
Sunshine Peak 14,001 ft
Ophir
Bachelor
Mount Wilson 14,246 ft
Silverton
Center
Rio Grande Pyramid
Ansel
Mount Eolus 14,086 ft
South Fork
Del Norte
Weminuche Wilderness
10 miles
20 km
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MARKET DELINEATION

Step two of the market analysis process is the delineation of the specific marketing area for the subject property. Most of this information is contained in the Area and Neighborhood Analyses in an appraisal report and is, therefore, included here.

The Area and Neighborhood Analyses provide a general description of the social, economic, governmental, and environmental forces that influence property values in the specific vicinity of the subject property at a specific time. The Area and Neighborhood Analyses reflect Level A and B data. Level A analysis is general and descriptive, not subject-specific. Anticipated market conditions are inferred from historical data rather than forecasted. Level B analysis expands upon Level A analysis and is based on data from broad-based market surveys in which inferred and fundamental demand as well as supply is presented.

Local Market

The appeal of the subject is driven by the synergy created by the convergence of the market forces behind three area communities with diverse appeal and benefits. The three communities include the Gunnison (Town) area, Mt. Crested Butte (resort area), and the Town of Crested Butte area. The “Gunnison” area offers goods and services, a labor force, affordable housing inventory and a university. The Crested Butte area offers a blend of characteristics and serves as a crossroads between these communities. The Town of Mt. Crested Butte as well as the Town of Crested Butte offers high-end dining, shopping, skiing, and golf – all of which appeal to the subject’s target market.

The subject's market is a mixed demographic consisting of a populous that is "rooted rural" and/or rural resorters defined as 40 to 60-year-old second home owners who enjoy the outdoors and seek a retreat to a cool climate during the summer months. The areas provide opportunity for development in a spectacular river valley and high alpine setting with access to both basic services and world-class amenities. The driving force in the local markets is the discriminating and affluent group of financially sound investors in the second home market. Likewise, second homeowners from Sun Belt states, retirees, and telecommuters are attracted to the area by the climate and its small, mountain-town lifestyle.

File Photo

CRESTED BUTTE LOOKING NORTHWEST FROM HIGHWAY 135

NEIGHBORHOOD MAP

MARKET ANALYSIS ~ COMMUNITY PROFILE

ENVIRONMENTAL FACTORS

Location: Capitalize on convergence of recreational opportunities surrounding the area

Landscape: River valley surrounded by spectacular mountain peaks and mountain vistas with high alpine terrain & limited supply of retail oriented private land

Environmental Stewardship: Impact on public relations and economic sustainability

Air Transportation: Gunnison-Crested Butte Regional Airport
Neighboring County: Montrose Regional Airport

Climate: 8,885 feet above sea level; Average Annual Temperature ~ 51.5 (F) High and 17.9 (F) Low; Average Total Snowfall is 198.0 inches

Population:

POPULATION

Population

	1960	1970	1980	1990	2000	2007	2008	2009	2010	2011	2012
				Estimates							
Crested Butte											
Census/State	289	372	959	878	1,529	1,657	1,677	1,692	1,487	1,495	
Local estimate					1,630	1,555	1,560	1,522	1,496	1,497	1,502
Potential Peak Season Population*										2,781	2,798
Dogs					366	295	292	327	311	314	
Mt. Crested Butte											
Census			272	264	707	847	864	873	801	799	
Local estimate				417							
Gunnison County	5,477	7,578	10,689	10,273	13,956	15,041	15,254	15,394	15,324	15,402	
(Land Area 3,220 sq. miles)											

Sources: State of Colorado, Department of Local Affairs, Division of Local Government, Demography Section - July population estimates for Crested Butte and Mt. Crested Butte and Gunnison County; Town of Crested Butte annual census (December 31st population estimate); *Potential Peak Season Population is the total population + 4 people per unit in 2nd homes and short term rentals.

Land Use:

LAND USE

Designated Land Use in Crested Butte

	Acres	Percentage	
Residential	127.6	23.6%	Residential
Residential vacant	23.6		
Business	26.7	4.9%	Business
Business vacant	4.7		
Commercial / Light Industrial	7.0	1.3%	Commercial
Commercial / Light industrial vacant	1.9		
Public	286.1	53.0%	Public (47.1% parks and open space)
Verzuh Open Space	40.6		
Town Ranch	169.2		
Parks and Public Open Space	44.5		
Schools	13.4		
Other	18.4		
Roads, alleys and right-of-ways	92.2	17.2%	Roads
(includes proposed roads in Paradise Park Subdivision and town square minus park area)			
Total	**539.6 Acres**		

Source: Crested Butte Geographic Information Department. Revised December, 2014

SOCIAL FACTORS

Local Demographics:

Rooted Rural ~ Farmers, ranchers, miners, retirees, outdoor enthusiasts, "lone eagle" telecommuters, "baby boomers" seeking a retirement and vacation destination.

And ***Enterprising Professionals***, active 40 to 60-year-old second home owners who enjoy the outdoors and seek a retreat to a cool climate during the summer months; and 25 – 40 year old "technologically" advanced consumers.

CONSUMER CHARACTERISTICS
Permit Value (in millions of dollars)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Farm Earnings	5,348	6,056	2,840	1,578	434	780	570	2,062	2,219	3,159
Forestry, fishing, and related activities	546	592	(D)	(D)	(D)	(D)	836	(D)	(D)	865
Mining Earnings	54,136	57,528	65,106	(D)	(D)	(D)	80,143	(D)	(D)	69,543
Utilities Earnings	3,409	(D)	4,454	4,460	5,204	5,141	5,137	4,958	4,852	5,049
Construction Earnings	51,930	53,400	62,126	61,036	52,080	41,731	36,831	34,246	33,766	37,240
Manufacturing Earnings	4,377	3,478	3,503	3,783	3,928	3,939	3,241	3,477	3,651	3,746
Wholesale Trade Earnings	1,712	(D)	(D)	2,618	2,831	2,487	2,753	3,377	3,720	3,541
Retail Trade Earnings	34,209	37,185	40,529	41,121	33,423	30,054	29,181	28,600	29,239	29,817
Transportation & Warehousing Earnings	4,253	4,402	5,061	5,300	5,754	5,007	4,141	4,205	3,876	3,898
Finance & Insurance Earnings	11,357	11,617	12,380	11,732	10,189	16,419	12,602	10,067	10,635	9,460
Real Estate and Rental and Leasing	14,666	14,681	14,820	13,214	11,093	9,408	8,294	7,580	7,848	9,361
Accommodation & Food Services	28,231	30,451	31,641	31,495	28,634	24,986	23,572	25,112	25,712	26,810
Gov't & Gov't. Enterprises Earnings	74,922	79,750	84,080	87,635	92,402	97,797	99,643	99,761	100,750	100,413

(D) not shown by U.S. Bureau of Economic Analysis to avoid disclosure of confidential information
Source: U.S. Bureau of Economic Analysis, Table CA05 (January, 2015)

HOUSING

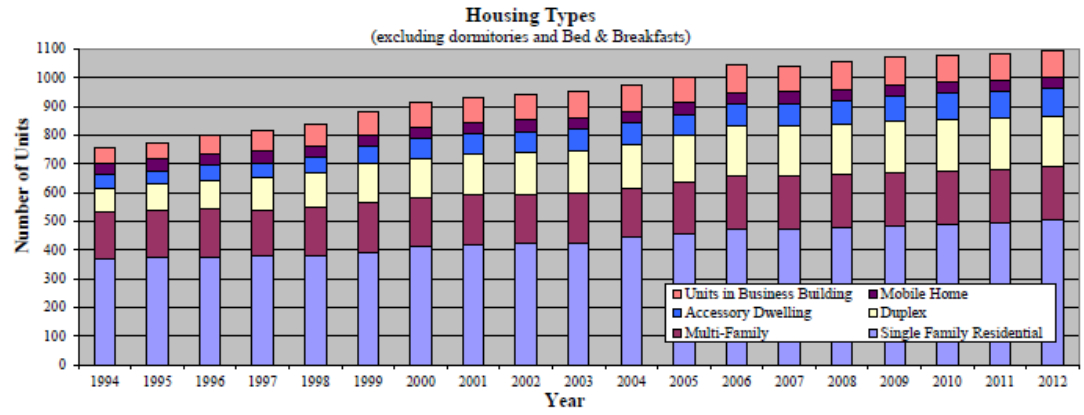
Housing Occupancy

	Estimate from Dec. 31 Census													
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Housing Units	944	952	961	981	1009	1052	1049	1063	1078	1083	1089	1099	1107	1113
Long Term Rental	342	365	354	327	333	341	348	382	368	376	388	388		
Owner Occupied	345	342	361	390	393	399	393	376	372	359	348	345		
Short Term Rental	47	63	55	67	81	89	93	76	100	108	115	127		
2nd Homes	159	148	161	151	158	181	170	185	199	205	206	197		
Vacant units	40	27	23	38	39	23	37	44	36	35	32	37		
Incomplete new	11	7	7	8	5	19	8	0	3	0	0	5		
% of Units that are Occupied	73	74	74	73	72	70	71	71	69	68	68	67		

Housing Types

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Single Family Residential	392	410	415	421	424	443	457	474	473	476	482	488	495	503
Multifamily Residential Units	174	173	175	173	173	173	179	185	185	186	186	186	186	186
Duplex Units	134	136	142	142	148	150	160	172	173	174	178	178	176	176
Accessory Dwellings	59	68	72	74	75	77	75	77	78	84	89	92	95	96
Mobile Homes	41	41	41	41	41	40	40	40	40	40	40	40	40	40
Bed & Breakfasts	13	13	12	11	10	8	6	7	8	7	7	8	5	5
Units in a Business Building	81	85	85	88	88	88	91	94	92	96	96	91	92	93
Dormitories	2	2	2	2	2	2	2	3	0	0	0	0	0	0
Deed Restricted Rentals/Owners	112	122	132	136	140	154	162	171	177	186	186	199	198	
Persons per Family	2.69													
Persons per Occupied Hous. Unit	2.21	2.31	2.23	2.15	2.15	2.0	2.10	2.17	2.09	2.06	2.06	2.04	2.03	2.05
Persons per Housing Unit	1.70	1.74	1.63	1.58	1.60	1.53	1.51	1.51	1.48	1.47	1.41	1.38	1.37	1.37
Unincorporated Upper East River Valley		(464 units – 2001)												

Source: 1990 and 2000 Census; Town of Crested Butte annual censuses.



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Source: Town of Crested Butte

GOVERNMENTAL FACTORS

Local Factors: The Town of Crested Butte has a comprehensive plan in place; there are air pollution standards; zoning ordinances; watershed standards; architectural review standards; and subdivision regulations.

Community Budget:

Community Budget

	1994	1995	1996	1997	1998	1999	2000
Annual Budget:	$3,120,645	$3,353,134	$5,941,978	$5,071,052	$4,116,827	$4,320,503	$4,345,247
	2001	2002	2003	2004	2005	2006	2007
	$5,193,667	$7,381,615	$4,753,116	$6,928,963	$6,333,041	$6,728,325	$8,698,887
	2008	2009	2010	2011	2012	2013	2014
	$8,161,436	$5,989,698	$8,575,668	$9,854,138	$7,428,494	$6,870,079	$7,156,764

(Sources: General Fund, Capital Fund, Street Fund, Sewer and Water Fund, and Sales Tax/Transportation, Affordable Housing)

Historical Taxes:

Assessed Valuation for Crested Butte ($1,000)

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
20,682	21,404	32,079	32,348	34,639	34,622	37,172	37,560	47,132	48,465	51,638	62,907
2005	2006	2007	2008	2009	2010	2011	2012	2013	2014		
62,907	63,860	103,108	104,694	106,711	106,373	84,932	83,984	79,564	79,288		

Total Sales Tax in Crested Butte ($)

2000	2001	2002	2003	2004	2005	2006	2007	2008
1,657,399	1,535,089	1,471,496	1,480,433	1,721,824	1,887,237	2,107,010	2,176,131	2,124,971
2009	2010	2011	2012	2013	2014			
1,936,765	1,973,510	2,140,795	2,217,714	2,408,395	2,805,854			

ECONOMIC FACTORS

Economic Base: Traditional resource-based industries of agriculture, mining, and timbering; with a major transition occurring since the 1970's with growth focused on the "New West" economy of ski tourism and recreational opportunities. This is especially true since the 1990's.

Labor Force:

Employment by Industry – Gunnison County (number or people)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Farm Employment	261	250	240	250	251	246	251	248	244	247
Forestry, Fishing, & Related Activities	74	73	(D)	(D)	(D)	(D)	82	(D)	(D)	84
Mining	706	743	776	(D)	(D)	(D)	847	(D)	(D)	798
Utilities	50	(D)	63	66	74	71	71	60	59	57
Construction	1,327	1,452	1,607	1,674	1,591	1,324	1,112	1,035	1,010	1,053
Manufacturing	153	127	128	137	160	164	154	170	189	188
Wholesale Trade	85	(D)	(D)	89	100	85	73	90	85	77
Retail Trade	1,231	1,293	1,299	1,302	1,202	1,142	1,088	1,136	1,128	1,160
Transportation & Warehousing	162	173	180	184	180	178	197	181	176	177
Finance & Insurance	313	338	349	387	408	414	388	418	384	386
Real Estate & Rental & Leasing	935	987	1,051	1,128	1,025	965	951	926	973	1,005
Accommodations and Food Services	1,605	1,655	1,756	1,685	1,643	1,481	1,432	1,411	1,370	1,415
Government	1,752	1,800	1,847	1,851	1,933	2,001	2,045	2,046	2,056	2,020
Total Employment	11,781	12,345	12,869	13,276	13,115	12,484	12,078	12,029	12,048	12,182

Source: U.S. Bureau of Economic Analysis, Table CA25N (January, 2015)
(D) not shown to avoid disclosure of confidential information

Major Employers:

	# Employees			
	Year Round	Summer only	Winter only	Product / Service
Gunnison Watershed School District (2008)	300	0	0	K - 12 Education
Crested Butte Mountain Resort (ski area) (2011)	102	259	872	Ski resort
Elevation Hotel and Spa (2011)	3	29	36	Resort hotel
The Grand Lodge (2011)	2	38	36	Resort hotel
The Lodge at Mountaineer Square (2011)	8	23	30	Resort hotel
ResortQuest (2006)	22	30	44	Accommodations
Town of Crested Butte (2008)	43	40	0	Municipal government
Town of Mt. Crested Butte (2013)	19	15	2	Municipal government
Mountain Express (2011)	15	0	13	Shuttle bus service
The Club at Crested Butte (2008)	20	0	0	Golf, restaurant, and fitness facility

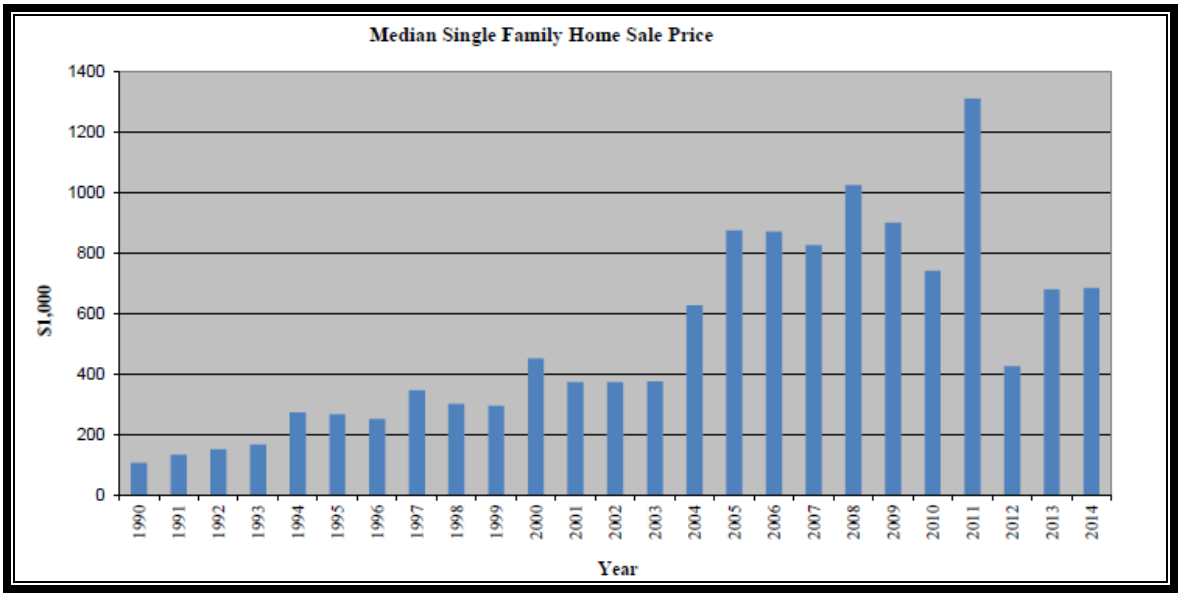
Real Estate:

Median Single Family Home Sale Price (in thousands of dollars) – does not include deed restricted homes

1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
265	250	345	300	294.5	450	372.5	372.3	375.0	625.6	873.8	870.0	825.0	1,024.5	900.0

2010	2011	2012	2013	2014
740.6	1,310.0	425.0	677.8	683.8

Source: Reports to the Town for Real Estate Transfer Tax.



Building Permits:

Annual Building Permits

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total building permits	72	68	85	59	66	58	52	49	58	67	68	62	80
New housing units	11	20	31	23	19	15	7	2	5	9	3	8	7
Net new housing units (new units minus lost units)	11	20	31	23	19	15	7	2	5	9	2	8	6

Permit Value (in millions of dollars)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
New residential	2.540	3.730	8.552	7.529	5.884	5.521	3.613	0.626	3.979	5.185	0.983	6.279	5.158
Residential repair/remodel	1.463	2.185	1.589	2.232	1.940	2.291	2.177	1.250	1.298	2.855	3.454	1.854	3.463
New commercial	0.000	0.440	0.794	0.916	2.716	0.792	2.124	0.000	0.000	0.191	0.000	0.000	1.137
Commercial repair/remodel	0.250	0.663	0.933	0.278	0.656	0.573	0.085	2.849	1.485	0.844	1.112	0.733	0.434
Mobile homes	0.056	0.116	0.000	0.000	0.050	0.000	0.000	0.005	0.067	0.000	0.000	0.000	0.000
Public facilities	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.400	1.285	0.115	0.000	0.000
Total	$4.309	7.134	11.868	10.995	11.245	9.178	7.999	4.731	8.229	10.360	5.664	8.866	10.211

Source: Town of Crested Butte Building Department

CRESTED BUTTE SKI AREA STATISTICS:

CRESTED BUTTE SKI AREA STATISTICS

Season:	1987-88	1988-89	1989-90
Skier Days:	407,453	411,356	431,015

1990-91	1991-92	1992-93	1993-94
410,500	496,382	506,310	530,088

1994-95	1995-96	1996-97	1997-98
485,904	507,309	519,250	549,660

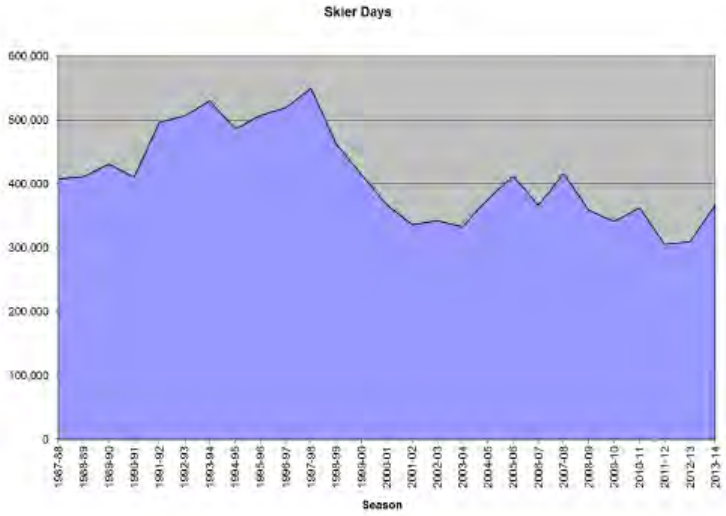
1998-99	1999-00	2000-01	2001-02
462,478	414,642	367,263	336,483

2002-03	2003-04	2004-05	2005-06
342,416	333,011	375,936	412,000

2006-07	2007-08	2008-09	2009-10
366,765	416,009	358,735	341,260

2010-11	2011-12	2012-13	2013-14
362,554	305,290	309,412	367,659

Source: Crested Butte Mountain Resort, January, 2015.



OTHER VISITOR INFORMATION

Local public transit riders per year (Mountain Express)

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
903,749	733,605	647,621	508,719	510,063	506,425	537,097	554,729	539,744	604,809	631,740	598,080

2010	2011	2012	2013	2014
584,738	591,400	560,200	582,100	554,585

For more information contact the Planning Department in the Town of Crested Butte, P.O. Box 39, Crested Butte, CO 81224

SUMMARY:

In summary, the subject neighborhood is considered to be a stable, well-established small rural mountain/resort town with overall steady appeal in the region. Its close proximity to abundant scenic recreational areas combines to make Crested Butte conducive for continued demand and growth.

With regards to real property, the subject's market areas are currently experiencing subtle to moderate economic demand. Regarding the immediate area, the recent passing of retail cannabis sales, has been positive for the real estate market, especially in the Riverland Industrial Park (the designated areas allowed for commercial production).

DEMAND ANALYSIS

Step three of the market analysis process estimates existing and anticipated market demand for the specific property type. Two methods are utilized here – inferred demand analysis and fundamental demand forecast.

FUNDMENTAL DEMAND
RV INDUSTRY & TRAVELERS

The RV industry dates back to 1910. The recreational vehicle was often identified as a “house car” and travelers were labeled “tin can” tourists (RV Hall of Fame, 2010). The passage of time has allowed the RV, the campground, and the RV lifestyle to evolve. Today’s RV industry is a 37.5 billion dollar industry with approximately 9 million households owning an RV (RVIA, 2014). RV parks and campgrounds nationwide have steadily increased since 2009. The recreational vehicle, specifically, has incurred tremendous change in its 100 years of existence. The present day RV has lengths up to 45 feet, has heights matching that of tractor trailers, and has features equal to or more extravagant than found in conventional homes. The campground, likewise, has also changed significantly over the past 100 years. Campgrounds were often a sectioned off piece of farmland, providing at best, water and electricity. Today, there are over 16,000 RV accessible campgrounds nationwide. Some campgrounds have remained remote and primitive while others are luxurious gated communities. The RV lifestyle, consequently, is also quite diverse. With so many campgrounds and recreational vehicles to choose from, travelers freely select their destination and projected travel experience. Some choose nearby destinations while others prefer long distance travel. Some prefer one night away while others become full timers, often selling their traditional home. [Journal of Tourism Insights; Volume 2, Issue 2, Article 4; May 10, 2011]

- There are more than 12,000 RV-related businesses in the U.S. with combined annual revenues of more than $37.5 billion. The RV industry employs more than a quarter million Americans, and has a total payroll of approximately $4.9 billion. Stringent credit standards and sagging consumer confidence have contributed to significant RV-related job losses. Since June 2007, RV industry layoffs total approximately 280,000 - 55% of the industry's workforce. RV shipments began to improve in the last half of 2009 and RV manufacturers have begun to rehire workers. Shipments in 2011 were 4.1% higher than in 2010.

FUNDAMENTAL DEMAND FORECAST
Continued

- RVs are made by American companies employing American workers that are located in America. In fact, more than 60% of recreation vehicles are made in Elkhart Country, Indiana. Another 15% are produced in Oregon and California.
- Today's typical RV owner is 48 years old, married, with an annual household income of $62,000 - higher than the median for all households, according to the Michigan study. RV owners are likely to own their homes and spend disposable income on traveling - an average of three weeks annually, RVIA research shows.
- A leading force behind RV ownership's upswing is the enormous baby boomer generation, supported by strong ownership gains among both younger and older buyers. In fact, high RV ownership rates now extend across a 40-year span from age 35-to-75, the Michigan study found.
- More RVs are now owned by those ages 35-to-54 than any other group, according to the University of Michigan study.
- More than 11 percent of U.S. households headed by 35-to-54 year olds own an RV, exceeding the 9.3 percent ownership rates of those 55 and over. The 35-to-54 age group posted the largest gains in the 2011 Michigan survey.
  - Changes in the frequency and duration of vacations favor the RV industry. Americans are traveling shorter distances and on weekends with less planning, according to recent studies. For RV owners, this is a convenient travel pattern.
  - RV demand remains robust and the potential for future sales is bright, according to a University of Michigan study. Among U.S. households that have never owned an RV, more than one in seven expressed interest in purchasing an RV in the future.
  - Both parents and empty-nesters are strong potential RV buyers, and promising future prospects are emerging among younger, ethnically diverse consumers, reveals a Harris Interactive study commissioned by the Go RVing Coalition. Generation Xers exhibit interests in outdoor activities that are highly compatible with RVing, the study found.
  - RV manufacturers are innovating to give consumers an array of product choices. Manufacturers are producing lightweight towables and smaller, fuel-efficient motorhomes. Green technologies such as solar panels are appearing on an increasing number of RVs.

The top reasons for using their RVs more include enjoying outdoor activity, taking mini-vacations, spending quality time with family, and escaping from the stress and pressure of everyday life.

A 2011 study by travel industry experts PKF Consulting found that a family of four can save 23-to-59 percent when they travel in their RV, even when factoring in purchase price, maintenance costs, and rising gas prices. RV owners agree - 74% of Campfire Canvass respondents said RV vacations cost less than other forms of travel even when fuel prices rise.

"Almost nine million Americans own RVs because of the unmatched freedom and flexibility they provide when traveling," said RVIA President Richard Coon. "When fuel prices rise they can adjust their plans to reduce driving but still spend quality time outdoors with loved ones."

Emerging Trends in RV Usage

Approximately 18 percent of RV owners are engaging in "seasonal" or "destination" camping, according to the survey. Destination campers leave their RV parked at one location for the entire spring/summer (or longer) and travel back and forth to it using a family car.

Many families are taking shorter, more frequent getaways in their RVs to accommodate busy schedules. According to the survey, 70 percent of RVers plan to take more 1-4 day mini-vacations this spring/summer.

RV owners appreciate the control RVs offer in today's travel climate. Unlike air travelers, RVers can bring anything they want on vacation - including pets. According to the survey, 54 percent of RV owners bring pets along on trips. Most RVers traveling with pets bring dogs (92%) and cats (14%). Others bring along other pets such as birds, ferrets, snakes and horses.

FUNDAMENTAL DEMAND FORECAST
Continued

RVing is a great way to stay active while on vacation, according to RV owners. More than 71 percent said they're more physically active on an RV trip - 76% said their children are more active. RVers cite the flexibility to enjoy outdoor activities (79%), and escape everyday stress and pressure (70%) as primary benefits of RV travel versus other types of vacations.

America's state and national park systems are popular destinations for RV trips this spring/summer, according to the survey. 72 percent of RVers plan to visit a national park this year; 74 percent say they'll visit a state park. Two-thirds plan to visit historic site this spring/summer.

RVers enjoy an array of activities while traveling in their RVs. Favorites include:

- Sightseeing - 77%
- Cooking out - 75%
- Visiting friends and family - 58%
- Hiking - 57%
- Fishing - 50%
- Visiting festivals or fairs - 49%

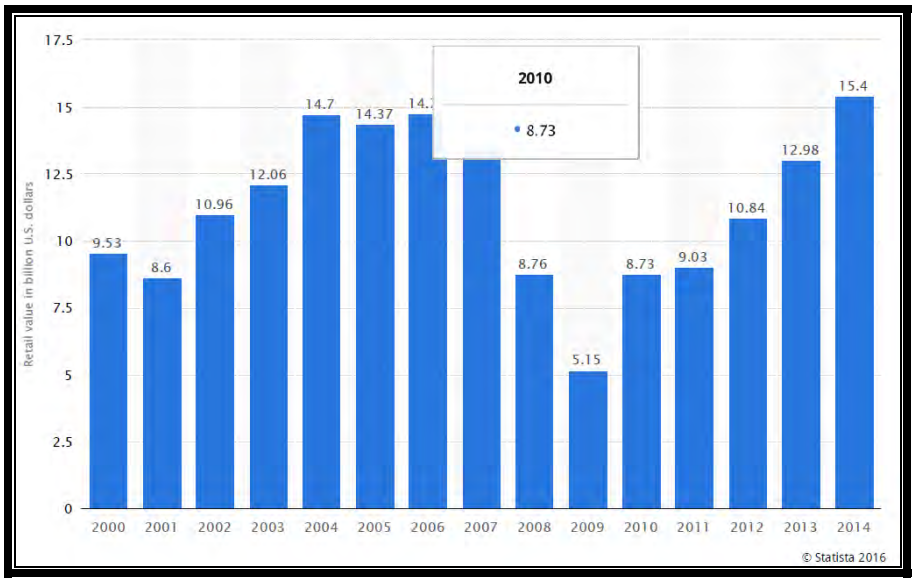
Other popular activities include antiquing, biking, visiting museums, and attending family reunions and events.

Source: Recreation Vehicle Industry Association

RV INDUSTRY INVESTMENT POTENTIAL & OUTLOOK

As many baby boomers contemplate retirement, quite a few are opting out of an overseas excursion and buying a recreational vehicle instead. With pent-up demand for replacement campers, as well as a flood of new buyers entering the market, sales of motor homes have jumped 30% from the previous year, making 2014 a year of record RV ownership (latest data available when considering "wholesale" shipments).

The following statistics show the retail value of wholesale shipments of recreational vehicles in the United States from 2000 to 2014. In 2009, wholesale shipments of recreational vehicles in the U.S. had a retail value of 5.15 billion and since then, the increase as been almost three-fold at 15.4 billion in 2014. Although 2015 data has not been made available yet, the forecasts project 380,000 units shipped which is up 6.5% from the 356,735 shipped in 2014. Furthermore, according to an article published by PR Newswire titled *Recreational Vehicle (RV) Market in North America 2015-2019* on January 6, 2015, TechNavio analysts are forecasting a compound annual growth rate of RV sales in the North America market of 8.35% over the period from 2014 to 2019.



INFERRED DEMAND AND SUPPLY ANALYSIS

MACRO MARKET DATA

It is inherent to the subject's market area and competing areas that there are very few truly comparable sales to analyze. The following tables show that the availability of relatively similar comparable sales for analysis is extremely limited. Therefore, it is necessary to go further back in time to analyze demand as well as provide analyses of the regional area.

Available Area wide RV Park Sales

ID & Location	Sale Price	Date Of Sale	# RV/Mobile Spaces	$/Space	Size (ac)
Monument RV & Self Storage Fruita	$4,600,000	10/04	110	$41,818	5.58
Junction West RV Park Grand Junction	$2,572,900	06/07	70	$36,756	9.218
Mobile City RV & Mobile Home Park Grand Junction	$2,500,000	06/06	144	$17,361	14.80
RV Ranch at Grand Junction Grand Junction	$3,175,000	03/04	139	$22,842	11.47
Cedar Creek RV Park Montrose	$1,300,000	08/10	43	$30,233	8.31
Rogers Mesa RV Park & convenience store Hotchkiss	$320,000	04/07	--	--	1.75
Country Village RV Park & Cabins Montrose	$975,000 Bankruptcy Deed	06/09	130	$7,500	10.46
Alpine Trails RV Park South Fork	$350,000	07/09	50	$7,000	2.99
Twin Rivers RV Park & Cabins Antonito	$425,000	02/07	40	$10,625	3.00
Grandview RV Park & Cabins Southfork	$1,250,000	09/08	90	$13,889	8.75
Dolores River RV Park & Cabins Dolores	$1,400,000 Bank owned sale	05/09	90	$15,556	25.67
Elkhorn RV Park & Cabins Lake City	$535,000	10/08	22	$24,318	2.15
North Durango KOA Durango	$3,700,000	05/06	152	$24,342	16.80
Mesa Verde RV Park & Spa Mancos	$1,400,000	11/07	50	$28,000	13.00
Valley Sunset RV Park & Campground Delta	$1,550,000	07/08	55	$28,183	10.00
Shady Creek RV Park Cedaredge	$541,500	05/07	17	$31,853	1.50

Available Areawide RV Park Sales Continued….

ID & Location	Sale Price	Date Of Sale	# RV/Mobile Spaces	$/Space	Size (ac)
Hwy 141 & Adams RV Park Naturita	$750,000	05/08	20	$37,500	4.00
Hangin' Tree RV Park & convenience store Montrose	$1,150,000	04/06	25	$46,000	3.75
Pleasant Valley Cabins & Campground Cimarron	$680,000	04/06	10	$68,000	28.00
Ouray RV Park & Cabins Ouray	$2,100,000	05/10	64	$32,813	7.22
Dolores River RV Park, Dolores, CO	$1,120,000	05/13	80	$14,000	35.00
Strasburg KOA Strasburg, CO	$2,500,000	11/12	57	$43,860	14.00
Mobile City RV & Mobile Home Park Grand Junction	$2,650,000	12/12	102	$25,980	12.11
Mesa Verde RV Park Mancos, CO	$1,275,000	02/12	50	$25,500	12.00
Lightner Creek Campground Durango, CO	$2,000,000	10/12	53	$37,736	26.32
Tall Texan RV Park & Cabins, Gunnison, CO	$1,502,000	02/12	93	$16,151	10.20
Montrose KOA Montrose, CO	$2,050,000	06/14	62	$33,065	9.92
Ouray RV Park & Cabins Ouray	$2,000,000	05/15	60	$33,333	7.22
Aspen Trails RV Park Cedaredge CO	$525,000	09/13	22	$23,864	16.67
Hangin' Tree RV Park & convenience store Montrose	$825,000	08/15	25	$46,000	3.75
Spanish Trails RV Park Moab, Utah	$2,000,000	02/11	60	$33,333	7.4

Available RV Park Active and Expired Listings

ID & Location	List Price	# Spaces	$/Space	Size (ac)
Centennial RV Park & Cabins Montrose CO	$1,500,000*	60	$25,000	59.00
Black Canyon RV Park & Campground Cimarron CO	$970,000*	26	$37,308	10.00
Cedar Creek RV Park Montrose	$1,430,000*	43	$33,256	8.31
Elk Creek Campground, New Castle, CO	$1,995,000	67	$29,776	10.20
Sundance RV Park Cortez, CO	$2,000,000	68	$29,412	6.00
East Durango KOA Durango CO	$3,500,000	120	$29,167	16.00

Available RV Park Active and Expired Listings Continued...

ID & Location	List Price	# Spaces	$/Space	Size (ac)
Grand Junction KOA Grand Junction, CO	$2,550,000*	71	$35,915	6.51
RV Park in Gunnison Gunnison, CO	$2,150,000	133	$16,165	8.00
RV Park in Salida Salida, CO	$3,800,000	175	$21,714	157.00
Jellystone Park Montrose, CO	$2,400,000	160	$15,000	37
Shady Creek RV Cedaredge, CO	$598,000	17	$38,176	1.50
Tall Texan RV Park & Cabins, Gunnison, CO	$1,775,000	93	$19,086	10.2
RV Park in Gunnison Near Blue Mesa Gunnison, CO	$2,000,000	133	$15,038	8

*expired

Average sale price (rounded) per RV space:
$29,000

Average RV Space
66

Median list (expired) price (rounded) per RV space:
$27,000

There are too few sales (insufficient sample size) to perform statistical analysis (quarterly trending of median sale price per space) and draw meaningful conclusions.

MARKET EQUILIBRIUM & MARGINAL DEMAND

In step five of the market analysis process, supply and demand are compared over time to determine the status of the market today.

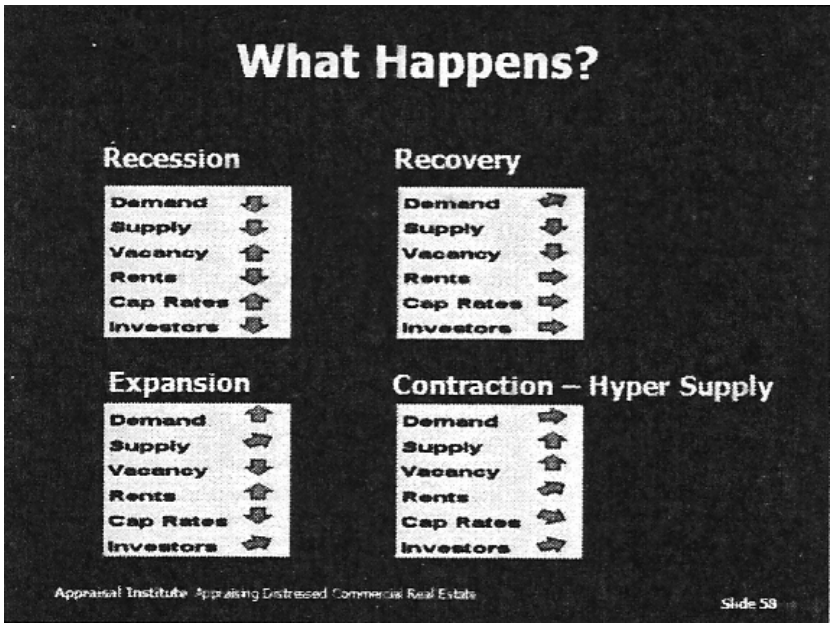
Current Absorption

Overall, given very few active listings throughout the Western Slope and surrounding market areas analyzed coupled with the fact that very few are ever actually listed per the local MLS it is difficult to accurately quantify a specific level of absorption. Howbeit, it does appear that there is demand for possibly 1 to 3 sales per year, which equates to a minimum of a one year supply assuming adequate marketing was utilized.

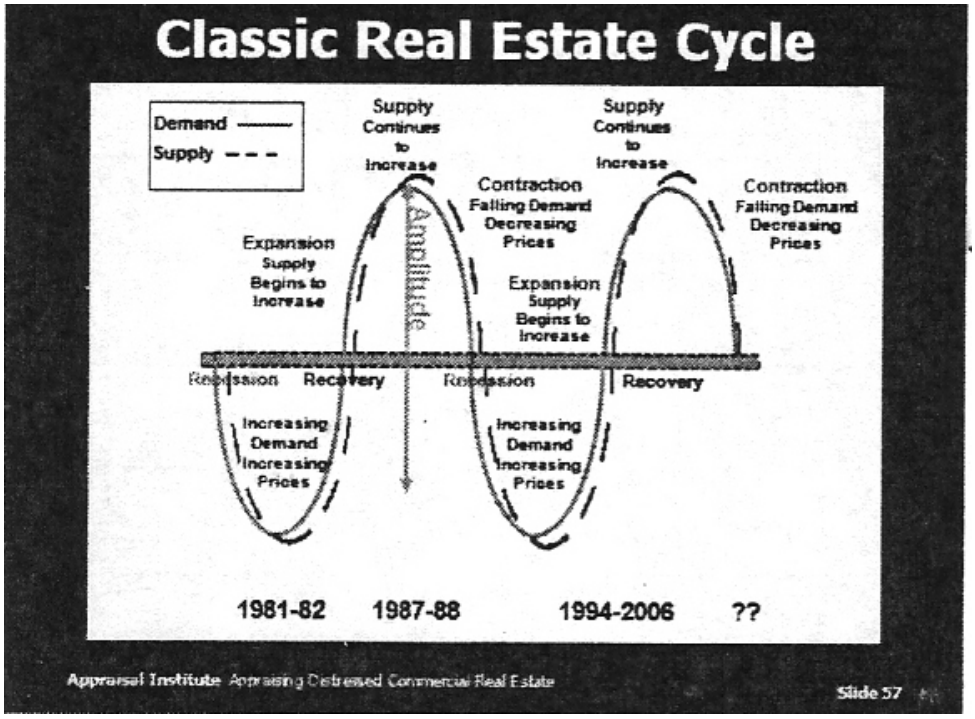
Market Conditions

Market conditions make the period over which the appraisal may be valid dependent on the return of an active real estate market. The slide below depicts the Appraisal Institute's interpretation of the impact of market conditions on real estate. Based on the below slide and reflecting on the supply and demand analyses in the prior pages, the real estate market is in a "recovery" with upward trends based on the current "supply" factor being minimal….

THE APPRAISAL INSTITUTE



The upward trend in sales volume presented on the previous pages referenced in the below slide suggests the market may have “bottomed” out and/or has “bottomed” out with an uncertain span in this cycle.



Source: Appraising Distressed Commercial Real Estate seminar handbook

Current Absorption

Historical data dating from January 2004 to present indicates a current absorption rate of approximately 1-3 sales per year in the Western Slope/Four corners region of Colorado and Utah.

ABSORPTION RATE
+/- 1-3 sales per year for the foreseeable future

SUBJECT CAPTURE & CONCLUSIONS

In Step six of the market analysis process, property-specific market capture is estimated. This involves reconciliation of subject capture indications derived by analysis of inferred and fundamental methods. Due to the lack of specific data for RV type properties in the immediate market, no reliable conclusions can be made from the inferred demand analysis; however, considering various published reports with regard to the recreational vehicle market currently reflect positive fundamental indications for future demand.

VALUATION ANALYSIS

HIGHEST AND BEST USE
Definition and Source

The Appraisal Institute's, *The Appraisal of Real Estate*, Thirteenth Edition defines highest and best use as:

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

The Appraisal Institute's, *The Dictionary of Real Estate Appraisal*, Fifth Edition, defines highest and best use as:

> "The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value."

The Appraisal Institute's, *Market Analysis for Real Estate*, by Stephen F. Fanning, MAI, continues with:

> "First and foremost, highest and best use is a probability study based on the most probable size, intensity, and quality in the market, given the subject's physical and locational constraints and opportunities. Second, it is a study that must be appropriately supported, meaning that an economic demand must exist for the property and must translate into enough buying power to realize that demand. Finally, it must be a use selected that produces the highest (most probable) value from among alternatives."

Highest and Best Use as Vacant

Highest and Best Use as vacant is the most prudent and realistic use which produces the greatest residual land value as of the date of appraisal assuming the site is vacant and available for development. Any improvements are disregarded. This process entails the selection from all possible uses that are legally permissible, physically adaptable to the site, and financially feasible.

Based on the current and foreseeable economic conditions for the recreational vehicle industry coupled with the lack of actual supply (there is no other competition other than public lands) in the Crested Butte market; it would be financially feasible to develop the land as an RV park.

Highest and best use as improved. Existing physical use

Legally Permissible:	Legally, the subject site can be utilized as a special purpose property, RV Park, which is in compliance with the Crested Butte LUR.
Physically Possible:	Physically, the site offers acceptable functional utility. Water, power, propane, phone, and internet are available and assumed to be of sufficient quantity to service whatever requirements are necessary for the property size and type.
Financially Feasible:	Based on the current demand of similar use properties in the region, it appears that the use of the subject improvements as a special purpose property is financially feasible.
Maximally Productive:	The current improvements are considered to provide the highest achievable return on an investment for the subject property at this time.

To this point in the appraisal, the subject property's productivity and the overall market conditions has lead to the highest and best use conclusions and provides the foundation and support for the value opinions. Hence, in the balance of this report, appropriate methodology has been utilized in arriving at an estimate of market value. In estimating the market value for a given property, it is necessary for the appraiser to review and consider all available and relevant techniques for estimating the value of a given property. These approaches are explained and presented on the following pages.

APPROACHES TO VALUE

Of the three traditional approaches to value, the Income Approach is typically the most applicable for RV parks because it most closely follows the actions and expectations of investors and owner-operators. RV parks are usually bought and sold on the basis of their income potential. The Sales Comparison Approach is also an appropriate methodology to determine the subject's market value. Potential buyers typically rely on direct sales comparison in reaching a final purchase price. The Cost Approach is flawed by the difficulties and subjectivity of estimating depreciation and finding comparable land sales with similar Highest and Best Use. Therefore, it was determined that no reliable or supportable value conclusions were evident via the Cost Approach. Thus, the Sales Comparison Approach and the Income Approach are utilized to arrive at an estimate of market value. All rely on comparable data taken from the real estate marketplace. The approaches are most accurate when reliable market information is available. Unfortunately, a scarcity of recent RV park sales weakens not only the Sales Comparison Approach, but also the Income Approach.

The Sales Comparison Approach

The Sales Comparison Approach compares the subject property with competitive properties that have recently sold on the open market. Comparisons are made for differences in market conditions and physical characteristics between the subject and the comparables. This approach produces a reliable indication of market value where there is an active market for the type of property under appraisal. The number of unsupportable adjustments required and the scarcity of truly comparable recent sales reduces the reliability and applicability of the Sales Comparison Approach.

The Income Approach

The Income Approach values the property through the eyes of the typical investor. The most commonly applied Income Approach method is Direct Capitalization based on a single overall cap rate abstracted from market sales. This method estimates the gross income expected to be earned by the property in comparison with competitive properties. Deductions are made from the gross income representing the vacancy rate and property expenses paid by the investor/owner, resulting in an indication of the first year's net operating income earned by the property. This net operating income is then capitalized into value at a rate that is commensurate with the risks inherent with the ownership of the property. Direct Capitalization reflects market reasoning when properties are already operating on a stabilized basis and there is ample supply of comparable sales with similar risk levels, incomes, expenses, physical and locational characteristics, and future expectations. Overall rate reliability depends on the quality and quantity of sales information. The use of alternative capitalization

methods and the deductive method of analyzing alternative investments, however, can improve the applicability and accuracy of the Income Approach.

Effective Gross Income Multiplier Method

Although the Income Approach is the most reliable valuation method for most RV park appraisals, it has certain inadequacies. In most cases, there is insufficient data for developing and supporting an appropriate capitalization rate for RV parks. In competitive industries with high levels of management required, verifying expense rates can prove difficult. For these reasons, the effective gross income multiplier method is typically utilized. This method tends to equalize differences in property characteristics and income/expense statements. Effective gross income must reflect stabilized occupancy and be within the market range. The effective gross income multiplier method works well when expense operating ratios are reasonably consistent between the subject and comparables.

Discounted Cash Flow Analysis

Given today's market conditions and uncertainty of forecasting financial results five or ten years into the future makes Discounted Cash Flow analysis unreliable. This technique is not often applied to RV parks because it requires a great number of assumptions and estimates. More importantly, buyers of RV parks do not commonly rely on it.

Reconciliation

The value indications produced by the two most relevant approaches to value in this case are analyzed collectively. The quantity and quality of market data available and the advantages and disadvantages inherent in each approach relative to the subject property in the local market are carefully analyzed.

Business Value, Personal Property, Fixtures, Furnishings & Equipment

RV parks are a combination of real estate value and the value of a business operation. Business operations and personal property components vary, but even the simplest park requires some basic business management skills. By definition, any value in excess of the fee simple value of the real property is considered intangible and/or personal property. Intangible items are non-physical assets such as goodwill, trademarks, franchise fees, patents, and contracts. The income from the real estate and the income generated by the business operation are not differentiated as the two are intermingled. When sales are transacted, it is unusual for the purchase contract to be broken down into the price of the real estate and the price of the business. Knowledgeable brokers who specialize in RV parks recognize that an RV park business is rarely sold or transferred separately from the real estate on which it is operated. Studies suggest that one supportable method for segregating value is to remove the professional management expense from the income stream. Deducting a management fee effectively removes the intangible value from the real estate value. The logic behind this technique is that a management contract has non-realty (intangible) value because it is a private agreement that does not run with the land.

Personal property is defined as movable items of property that are not permanently affixed to, or part of, the real estate. Most of the value in an RV park is represented by the real estate. In the case of the subject property, personal property items contribute less than 5% to overall property value. Once put into operation, personal property depreciates very rapidly.

This appraisal analysis and the conclusion of value pertain specifically to the real property elements. Only fixtures, furnishings, equipment (FF&E) and business value may be included on analysis of various type sales data as evidenced in the marketplace. No other personal property has been included, in accordance with the instructions of the client and the Uniform Standard of Professional Appraisal Practice (USPAP). .

SALES COMPARISON APPROACH

COMPARABLE ONE

DBA:	Hangin' Tree RV park & retail fuel center
ADDRESS:	17250 Highway 550, Montrose, CO
SALE DATE:	August 31, 2015
GRANTOR:	CROSSROADS MANAGEMENT V LTD
GRANTEE:	MARTENS GEORGE ROBERT & CASTIMORE JAMES G
SALE PRICE:	$825,000
# OF SPACES:	25 RV spaces
UNIT PRICE:	$33,000 (per space)
LAND SIZE:	+/- 3.758 acres
DESCRIPTION:	Hangin Tree RV Park with convenience store on 3.758 acres. Property consists of convenience store, a shower/laundry bldg., canopy over gas pumps, 25 RV spaces and a 1,590 sq ft residence.
CONFIRMATION:	Buyer interview
FINANCING:	Cash
RECENT PRIOR SALE(S):	2006; $1,150,000

COMPARABLE TWO

DBA:	Ouray RV Park & Cabins
ADDRESS:	1702 Main Street, Ouray, CO
SALE DATE:	May 07, 2015
GRANTOR:	Alan & Leslie Riley
GRANTEE:	JTP Incorporated
SALE PRICE:	$2,000,000
# OF SPACES:	60 RV spaces
UNIT PRICE:	$33,333 (per space)
LAND SIZE:	+/- 7.22 acres
DESCRIPTION:	60 RV spaces, 4 cabins, Dwelling (+/- 2,447 sq. ft.), small restaurant/diner, small check in/office building, RV dump, trash bins, showers, laundry center and river frontage.
CONFIRMATION:	Parcel #4515-303-08-001; #4515-303-06-001 Seller interview; Broker interview
FINANCING:	Conventional
RECENT PRIOR SALE(S):	2010; $2,100,000

COMPARABLE THREE

DBA:	Black Canyon KOA
ADDRESS:	200 N. Cedar Avenue; 1509 & 1517 Locust Road, Montrose, CO
SALE DATE:	June 19, 2014
GRANTOR:	Thomas W Bell
GRANTEE:	Missle Drive Partners, LLC
SALE PRICE:	$2,050,000
# OF SPACES:	62 RV spaces
UNIT PRICE:	$33,065 (per space)
LAND SIZE:	+/- 9.98 acres
DESCRIPTION:	62 RV spaces, 10 tent sites, 5 cabins, Studio Apartment, manufactured home, gift shop, RV dump, trash bins Playground, swimming pool, canopied court yard area two residential dwellings, showers, laundry center and water features.
CONFIRMATION:	Parcel #3767-223-01-001; #3767-224-07-018 Seller interview; Broker interview
FINANCING:	Conventional
RECENT PRIOR SALE(S):	None

COMPARABLE FOUR

DBA:	Aspen Trails RV Park
ADDRESS:	19991 Highway 65, Cedaredge, CO
SALE DATE:	September 05, 2013
GRANTOR:	Willilam J & Kimberly A Vezzoso
GRANTEE:	WJV, LLC
SALE PRICE:	$525,000
# OF SPACES:	22
UNIT PRICE:	$23,864 (per space)
LAND SIZE:	+/- 16.67 acres
DESCRIPTION:	22 RV spaces, tent area, 2 cabins, two residential dwellings, Showers, Pavilion, Ice Cream Shop, Deli, Soda Fountain and Souvenir Shop
CONFIRMATION:	Buyer Interview
FINANCING:	Cash
RECENT PRIOR SALE(S):	None

COMPARABLE FIVE

DBA:	Chinook Lodge
ADDRESS:	29666 W. U.S. Highway 160, South Fork
SALE DATE:	Under Contract
GRANTOR:	Debra & Richard Haynes
GRANTEE:	Unknown
SALE PRICE:	$869,000
# OF SPACES:	18
UNIT PRICE:	$48,278 (per space)
LAND SIZE:	+/- 4.11 acres
DESCRIPTION:	18 RV spaces, 10 cabins, retail/recreation/residence, restaurant, 2nd floor of lodge used as owner's residence, workshop. Seasonal operations at the time of sale.
CONFIRMATION:	Prior workfile
FINANCING:	N/A
RECENT PRIOR SALE(S):	$750,000; 10/30/2009

COMPARABLES DATA

Search Criteria

The comparables utilized in this analysis are the most similar properties in the subject's area and surrounding competing area representing the most reliable data available at the time of appraisal. Comparables are selected to best provide a composite picture of the subject's physical characteristics. Every effort has been made to bracket the subject within as narrow a range as possible. The following relevant characteristics are reflected in the comparables:

RELEVANT CHARACTERISTICS

Location	Mountain, rural locations but Highway access
Time	Considering the extremely limited data for small rural markets of resorts, somewhat similar market conditions are presented over time…..
Highest and Best Use	Small RV/Cabin/Tent type lodging
Physical Characteristics	Uses Lodging Retail Quality Condition

Unit of Comparison

Given the challenge of supporting quantitative adjustments using true paired sales from the limited number of real estate transactions, a qualitative analysis is also performed. Without an adequate statistical sample, qualitative analysis brackets the subject within the sales prices. This can reduce the risk of over-adjusting sales from an artificially created range of adjusted sale prices. Furthermore, due to the subjectivity of adjusting for intangibles such as blue sky/business value as well as the difference in the number of rental units and/or improvement type and size; we are qualifying the unit of comparison on a price per RV space and overall sale price in order to provide a reasonable opinion of value from the Sales Comparison approach.

Information analyzed and reasoning that supports the analyses, opinions, and conclusions are only summarized in a summary level report. Supporting documentation is retained in the Appraiser's file.

SALES COMPARABLES

Comp #	ID & Location	Sale Price	Date Of Sale	# RV Spaces	$/Space	Size (ac)
1	**Hangin' Tree RV Park** Montrose, CO	$825,000	08/15	25	$33,000	3.758
2	**Ouray RV Park & Cabins** Ouray, CO	$2,000,000	05/15	60	$33,333	7.72
3	**Black Canyon KOA,** Montrose, CO	$2,050,000	06/14	62	$33,065	9.98
4	**Aspen Trails RV Park,** Cedaredge, CO	$525,000	09/13	22	$23,864	16.67
5	**Chinook Lodge** South Fork, CO	$869,000	Under Contract	18	$48,278	4.11

Comparable Selection

The comparables utilized in this analysis are competing properties in the subject's market area as well as the most reliable and similar overall available at the time of the appraisal. Comparables were selected to best provide a composite picture of the subject's physical characteristics and location as well as additional locations throughout western Colorado and Eastern Utah. Relevant characteristics such as location and market area forces, property type, and number of RV spaces are represented by the comparables. Number of RV spaces is bracketed and land size is best represented by sales comparable seven. Despite extremely limited sales data, the quality of data is considered good for the local market.

Given the challenge of supporting quantitative adjustments with true paired sales from the extremely limited sales data, a qualitative analysis is performed. An adjustment grid is not provided as adjustments cannot be adequately supported. Every effort has been made to bracket the subject within as narrow a range as possible.

Ranking Analysis – Price per RV Space

Comp	Price per RV Space	Ranking	Description
Comparable 5 Chinook Lodge	$48,278	Superior	Seasonally operated (similar income potential); Similar RV spaces; however superior improvements due to the 10 cabin rentals plus the other improvements which are determined to be superior to the subject based on RV park operations. Albeit, this is considered to be an inferior location.
SUBJECT	***FALLS***	***WITHIN***	***$33,333 to $48,278 per space***
Comparable 2 Ouray RV Park	$33,333	Slightly Inferior	Larger number of RV spaces which warrants an economies of scale adjustment; however superior overall amenities (on site dwelling and diner/restaurant). Somewhat "similar" mountain location.
Comparable 3 Black Canyon KOA	$33,065	Slightly Inferior	Larger number of RV spaces which warrants an economies of scale adjustment; however superior overall amenities (cabins, pool, two additional residential dwellings).
Comparable 1 Hangin' Tree RV	$33,000	Slightly Inferior	Similar RV spaces; however, overall the park is considered inferior in overall appeal compared to the subject and remaining sales in an RV park type setting. Conversely, the improvements are considered superior due to the retail fuel center and convenience store.
Comparable 4 Aspen Trails	$23,864	Inferior	Seasonally operated (similar income potential). Similar RV spaces with overall inferior amenities…albeit it does have a retail store that sell very good ice cream in the summer.

Ranking Analysis – Overall Sale Price

Comp	Sale Price	Ranking	Description
Comparable 3 Black Canyon KOA	$2,050,000	Superior	Overall superior RV property.
Comparable 2 Ouray RV Park	$2,000,000	Superior	Overall superior RV property
Comparable 5 Chinook Lodge	$869,000	Slightly Superior	Relatively similar RV spaces and seasonal income characteristics; however superior improvements
Comparable 1 Hangin' Tree RV	$825,000	Slightly Superior	Relatively similar RV spaces however inferior RV park type setting; superior improvement regarding the retail fuel center and retail space.
			Subject falls here
Comparable 4 Aspen Trails	$525,000	Inferior	Relatively similar RV spaces and seasonal income characteristics; inferior location as well as overall inferior improvements even though there is a small retail/ice cream shop

ELEMENTS OF COMPARISON

Property Rights Conveyed

All sales are determined to be fee simple estates.

Financing Terms

All sales are considered to have typical financing for this market.

Time Adjustment

There has been insufficient data and no consistent pattern from which to determine an appropriate percentage of appreciation or depreciation within the market, therefore, no time (date of sale) or market conditions adjustment is made.

PHYSICAL CHARACTERISTICS

Amenities

Qualitative amenity judgments are based on direct comparison to the subject. Most of the comparables are considered relatively similar in amenities due to their rental cabins and/or various other vertical and horizontal improvements ~ restaurants, retail stores, game rooms, pools, pavilions, etc...

Size (Number of RV Spaces)

Size judgments are made based on the principle of "economies of scale" which means that the fewer number of RV sites, typically the higher the price per unit or leasable space. The converse is also true. Albeit, overall property size (acres) is qualitatively considered as well and reconciled in the overall value conclusion.

RECONCILIATION

It is acknowledged there is a wide range in the units of comparison based on the improved comparables. However, given the local market, data is considered adequate to provide an indication of market value.

The price per RV space of comparison suggests the market value is between **$33,333 to $48,278 per space**.

And, the overall sale price suggests the subject's market value is between **$525,000 and $825,000.**

Following careful analysis and evaluation, the value indication for the subject property using the sales comparison approach is estimated to reasonably support a market value of, say, $700,000; which equates to $38,889 per RV space

Our market value estimate by the Sales Comparison Approach is:

SALES COMPARISON APPROACH
$700,000

INCOME APPROACH

RENT COMPARABLE ONE

Black Canyon RV Park

RENT COMPARABLE TWO

Blue Mesa Point

RENT COMPARABLE THREE

(file photo)

Gunnison Lakeside RV Park & Cabins

RENT COMPARABLE FOUR

(file photo)

Tall Texan Campground

INCOME APPROACH

Due to the recent conversion of the property from an "industrial" type use to the current RV park use, minimal financial data is available. We did obtain financial data from 2013 through 2015; however no detailed line item income and expenses were provided and the income presented in the financials versus the owner's occupancy (vacancy rate) results in significant differences in income versus what is presented in the "financial" statements. Furthermore, the "gross rents" line items has barely changed over the past three years even though the owner stated increased RV park users….The financial statements reflect minimal profit after COGS and expense are factored into the income….which also reflect the effort to minimize the business' tax liability. Therefore, we determined the most reliable and supportable value indications from the Income Approach need to be developed from estimating the annual income from market data…proforma…not the incomplete actual financial data.

However, RV Park lodging properties do not always rent commensurate with their overall value in the local market based on the (volatile) seasonal RV Park lodging where annual income could change significantly year to year based on factors out of the control of the owner. Essentially from mid November to mid April minimal (essentially none) RV park lodging demand is evident in the subject's market. The strongest demand for RV park lodging in the subject's market correlates with the spring snow melt, summer, and fall big game hunting seasons. Summer months vary based on factors such as tourism in the area, drought conditions, fuel prices, etc… Thus, due to the incomplete financial data and considering the aforementioned seasonality of RV park lodging demand and the factors driving fundamental demand, the income approach is only provided for the rental of the RV spaces. This value does not reflect the overall business value or the income generated from any retail sales…which are extremely minimal per the owner….

Market Rental Rate

The valuation of fee simple interests in income-producing real estate is based on the market rent the property is capable of generating. Market rent is the rental income a property would probably command in the open market. It is indicated by the current rents that are either paid or asked for comparable space with the same division of expenses as of the date of the appraisal.

Source:
The Appraisal of Real Estate
Fifteenth Edition

The following rent comparables indicate the current RV space rental (per night) rates for the subject property are reasonable even though none of the rental comparables reflect higher rates…all are lower, but are considered to be in an inferior location.

INCOME APPROACH
Continued

Comparable Lodging Rents

Comp	Property ID	Rate per RV space
1	Black Canyon RV	$38-$40/day
2	Blue Mesa Point	$40-$42/day
3	Gunnison Lakeside	$37.50-$40.50/day
4	Tall Texan	$38 to $43/day

Subject Current Rates (cash):

Sites 1-6 $41 to $69 (depends on season)
Sites 7-13 $46 to $60 (depends on season)
Sites 14-18 $41 to $55 (depends on season)

The following is the owner's estimate of *occupancy* during the calendar year:

May 20 – June 16 ~ 50%
June 17 – June 30 ~ 80%
July 01 – August 13 ~ 100% (albeit 5% vacancy is considered for turnover, etc)
August 14 – September 13 ~ 80%
September 14 – September 30 ~ 95%
October 01 – November 30 ~ 10%

Based on the owner's estimate of occupancy; we have determined the effective gross income (based on cash payments).

May 20 – June 16 ~ 28 days times $857/day x 50% vacancy equates to:	**$11,998**
June 17 – June 30 ~ 14 days times $1,030 x 20% vacancy equates to:	**$11,536**
July 01 – August 13 ~ 44 days times $1,109 x 5% vacancy equates to:	**$46,356**
August 14 – Sept 13 ~ 31 days times $1,030 x 20% vacancy equates to:	**$25,544**
Sept 14 – Sept 30 ~ 16 days times $1,109 x 5% vacancy equates to:	**$16,857**
Oct 01 – Nov. 30 ~ 60 days times $857 x 90% vacancy equates to:	**$ 5,142**

Effective Gross Income: **EGI = $117,433**

Expense Rate: Approximately 45% of effective gross income

The expense ratio for RV parks generally falls between 20% and 70% of the gross operating revenue. The higher ratios for hostelry properties are attributable to intense management and labor requirements based on amenities as well as operation time (year round or seasonal). For most parks, utilities represent the largest expense category. Payroll, maintenance and repair, taxes, and insurance are also significant categories. Others include advertising, professional services, supplies, permits, and equipment rental. As a percentage of income, the expense ratio increases as the number of spaces decreases.

Expense Summary:

The subject is considered to be a limited service type RV park with minimal amenities (such as a pool, mini-golf, etc..) and therefore a lower expense ratio should be exhibited based on the limited services provide; however the financial statements provided do not reveal any line item expenses in which most other RV park financials we are privy to would reveal; hence, an estimate of what the expenses are based on our knowledge of "comparable" RV parks in the Colorado and Utah region is utilized and deemed necessary and appropriate in order to provide credible value conclusions.

Therefore, the expense rate utilized in this analysis is say **45%** and reflective of typical expense ratio's of similar "RV parks"; or **$52,845**

Net Operating Income:

The net operating income is derived from deducting the total cost of operations from the gross operating margin/profit. The total cost of operations is estimated to be $52,845, or 45% of gross revenues. The indicated net operating income is $64,588, or 55% of gross revenue.

Net operating income = **$64,588**

INCOME APPROACH
Continued

Capitalization rates are greatly influenced by the perception of risk. Properties with more stable cash flows tend to sell at lower capitalization rates. Conversely, parks with inconsistent revenue patterns will sell on higher cap rates. Several other factors are considered in selecting an appropriate capitalization rate such as:

- Management level required
- Amount of available land zoned for the development of future parks
- Potential cash flow
- Existing or planned governmental restrictions on use
- Deferred maintenance and the remaining life of site improvements
- Marketability/liquidity
- Availability of financing
- Seasonal versus Year Round operations

Market-Extracted:

Extracting capitalization rates from comparable sales is the preferred technique when sufficient data on sales of similar, competitive properties is available. We were able to obtain actual capitalization rates from the following sales in the region.

OURAY RV PARK

Sold 05/15 for $2,000,000
Ro – 9.15%

INCOME APPROACH
Continued

MONTROSE KOA

Sold 06/14 for $2,050,000
Ro – 8.52%

DOLORES RV PARK

Sold 05/12 for $1,120,000
Ro – 13.93%

INCOME APPROACH
Continued

Based on the aforementioned capitalization rates and considering the possible expansion of rentable lots (2), the seasonal operations, a conservative capitalization rate of, say, 9% is considered reasonable and supportable in this analysis. This capitalization rate is considered appropriate given the current economic conditions and consistent income (as it is virtually unchanged in the past 3 years) produced by the subject property.

INCOME AND EXPENSE

Net Operating Income:	**$ 64,588**
Capitalization Rate: 9%	
Value Indication:	**$ 717,644**

EGIM Method:

Multiplying the effective gross income of the subject property is considered a reliable method in determining a credible value conclusion. As stated earlier, no detail income and expenses were made available. Regardless, due to the effort of minimizing tax liability by most park owners (based on our experiences in the region), the EGIM method only takes into account the effective gross income, which is essentially the total revenue less any costs of goods sold. The subject's effective gross income is estimated at **$117,433.**

The effective gross income multiplier (EGIM) derived from the sales reflect an appropriate EGIM between 4 and 10. Therefore, in our opinion, an EGIM of 6 is appropriate (again, based on the seasonal income stream) and when multiplied with the subject's effective gross income of $117,433, the value indication is **$704,598**. This is supportive of the value indicated using direct capitalization.

To reiterate, specific subject property income and expense statements were not available for analysis

INCOME APPROACH
Continued

Yield Capitalization:

Yield capitalization was not considered appropriate in the valuation of the subject property as it is difficult to value this type of lodging facility on a long term basis because of several factors; but primarily, the subject is considered to be a “mom and pop” operation. And another problem with DCF analysis, it is based on an assumption regarding the future rate of inflation which is or has been recently unreliable based various formulas which do reflect realistic inflation figures. Therefore, the subject cannot reliably be evaluated from a long term investment perspective which would consider a multi-year income stream generated by long term projections or assumptions. In this scenario, the Discounted Cash Flow Analysis (or yield capitalization) is not considered appropriate or relative to the subject’s current market value.

Income Approach Reconciliation:

Therefore, the value indication for the subject property via the Income Approach is estimated to be:

INCOME APPROACH RECONCILIATION
$715,000

RECONCILIATION AND FINAL VALUE CONCLUSION

In order to provide a reasonable opinion of market value, we analyzed the data and developed the sales comparison approach and income approach.

QUANTITY AND QUALITY OF DATA

Two approaches to value were developed and given consideration in the final opinion of value. Each approach was analyzed based on their validity and reliability relative to the subject's property type and market expectations. The Sales Comparison Approach is given slightly less consideration due to the lack of availability of relatively similar overall comparable data within the subject's immediate market area.

Sales Comparison Approach

The sales comparison approach is given relevance in the overall value conclusion; although as indicated earlier in this report, smaller RV type properties are not frequently exchanged in the immediate market…but they do exist due to the area attractions and subsequent tourist activity. Nevertheless, the sales comparison approach is a significant and essential part of the valuation process, even when its applicability is limited. Sales of properties in the same general category were analyzed and valued using multiple units of comparison which establish a broad value range for the subject property.

Income Approach

Several factors limit the reliability of estimating the market value of the subject property via the Income Approach. However, there is market support for the capitalization rate utilized in the analysis. Furthermore, after reviewing past and current (so called) "financial reports", it is our opinion that there is sufficient fundamental market demand in the foreseeable future allowing reasonable support for our income projections and/or considerations in this analysis.

Market Value Estimates:

Sales Comparison Approach	**$700,000**
Income Approach	**$715,000**

The final value indications were analyzed and weighed based on the validity and reliability of each particular approach in relationship to the subject property and current market conditions. The value indications from the Sales Comparison and

Income approaches resulted in a reasonably narrow range.

Therefore, our opinion of market value for the subject property as of September 13, 2016 is:

FINAL RECONCILED MARKET VALUE
$715,000
Seven Hundred Fifteen Thousand Dollars

Market data indicate the following for the subject property:

Estimated Exposure Time: Approximately 6 months to 2 years

Exposure time may be defined as the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market. Exposure time is presumed to precede the effective date of an appraisal.

Source of definition:
2016 – 2017 USPAP

Estimated marketing time: Approximately 6 months to 2 years

The amount of time it would probably take to sell the subject property if exposed in the market beginning on the date of this valuation

FURNITURE, FIXTURES, AND EQUIPMENT

The appraisal does not include furniture, fixtures, and equipment (FF&E) as such items are typically conveyed with a separate bill of sale.

ADDENDA

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

The appraisal report has been made with the following general assumptions:

- No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.

- The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.

- Responsible ownership and competent property management are assumed.

- The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

- Any engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.

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

- It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.

- It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified and considered in the appraisal.

- It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.

- It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS
Continued

- Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

- Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

- Possession of this report, or a copy thereof, does not carry with it the right of publication.

- The appraisers, by reason of this appraisal, are not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.

- Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or the firm with which the appraisers are connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraisers.

- No survey was furnished, so the appraisers used the county tax plat to ascertain the physical dimensions and land size of the property if applicable. Should a survey prove this information to be inaccurate, it may be necessary for this appraisal to be adjusted.

- Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property.

- The appraisers are not certified floodplain managers or registered surveyors. Flood plain status is provided solely for the purpose of this appraisal. The intended user is urged to retain an expert in this field, if desired.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS
Continued

- The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and continuation of such in the economy. The forecasts are, therefore, subject to changes with future conditions.

- Any opinions of value provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the opinion of value, unless such proration or division of interests has been set forth in the report.

- To protect property owners' privacy, for clarity, or to best illustrate property features, some MLS photographs may have been utilized. The appraisers are familiar with the subject neighborhood and have, at a minimum, observed all of the comparables on a drive-by basis.

ENGAGEMENT LETTER

BANK OF THE WEST

Date: 8/22/2016

Larry Riddell MAI
Riddell Real Estate Appraisals
PO BOX 959
Ouray, CO 81427
United States

REFERENCE:
06-1303DV-02
Kevin Freeman
Industrial Building & RV Park
711 Riverland Drive & Adjacent Lot #24
Crested Butte, CO 81224
United States

This letter will confirm your engagement to prepare an appraisal of the above referenced property on behalf of BANK OF THE WEST. It is mutually agreed that your completed appraisal report will be delivered to the undersigned on or before the date specified below, and that the total appraisal fee will not exceed the fee specified below.

Date Appraisal Due: 9/19/2016 Total Fee: $4,000.00

Your appraisal must provide estimated full replacement cost new, with no deductions, for each structure on the subject property, regardless of physical condition, even if full development of a cost approach is not applicable. These estimates are needed for potential flood insurance purposes, either now or possibly in the future should re-mapping indicate the property to be in a flood zone. In addition, your report must also include photos of each structure and a simple plot plan indicating the approximate placement of the structures on the property. For purposes of this requirement the RCN must be estimated for any structure that has at least two walls and a roof.

We are requesting a Limited Scope Appraisal, in a Summary Appraisal Report of:

1)=Market Value of the Fee Simple interest
2)=Replacement Cost New. For EACH Individual Structure on the Property, report the sum of hard costs + soft costs + profit (with no land or site improvements included, no depreciation, and no insurable value exclusions).

If there are any arms-length leases in place, report the As Is Market Value of the Leased Fee interest as well.

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BANK OF THE WEST

If applicable, please allocate total Market Value to Real Estate, Personal Property and Business Value components.

Disclosure Statement to be included in the appraisal report: A Replacement Cost New opinion is provided in the report. The cost amount indicated is for information purposes only. The appraiser and the review appraiser do not accept or assume any responsibility or liability relating to the amount of insurance that is needed to replace the subject improvements as a result of a covered loss. The advice of a professional insurance agent or broker regarding this or other insurance oriented matters is strongly recommended to ascertain the amount of insurance coverage that would be appropriate.

Please call or email the job manager immediately if new information creates a change in this assignment.

There should be adequate, immediate area market analysis included that addresses demand, competitive supply and absorption to support the applied approaches within the appraisal and to help with the off-site review. This does not mean comprehensive but does mean adequate and pertinent to the subject project and area.

Please place the Project Number on all correspondence and the transmittal letter. We require delivery of the completed report, including exhibits, signatures and addenda, in a PDF format uploaded to the RIMS site by the agreed upon delivery date. Also, please upload a PDF of your invoice to the RIMS site with our file number and your tax payer identification number.

Limited Scope Appraisal Requirements:

In accordance with the USPAP, the scope of work must always be sufficient to produce credible assignment results. Further, it is the appraisers responsibility to ensure that the scope of work deployed is sufficient. At a minimum, the scope of work for this assignment is as follows:

1)=A complete interior and exterior inspection of the subject property, indicating how size was determined.

2)=Analysis of highest and best use.

3)=Development of the single most applicable approach that would be expected from the appraisers peers. In addition the report must explain the reasoning for the decision to apply this approach over the others. Other approaches are at the option of the appraiser. If the sales comparison approach is deemed as the most applicable approach, an estimate of NOI will also be required. Include support and rationale for NOI estimate.

4)=Disclosure of tax assessment information; current and forecast

BANK OF THE WEST

property taxes.

5)=Disclosure, analysis and reconciliation of all sales, agreements of sale, offers, options or listings of the subject property within three (3) years prior to the effective date of the appraisal; to be discussed within the context of the final opinion of market value.

6)=The appraisal report must include a section that outlines the scope of work that was performed.

7)=Besides conforming to USPAP, the agencies appraisal regulations require that appraisals supporting federally related transactions must:

a)=Be written and contain sufficient information and analysis to support the regulated institutions decision to engage in the transaction.
b)=Analyze and report appropriate deductions and discounts for proposed construction or renovation, partially leased buildings, non-market lease terms, and tract developments with unsold units.
c)=Be based upon the definition of market value in the regulation.
d)=Be performed by a state licensed or certified appraiser in accordance with the regulatory requirements.

Additional Requirement:

1) Market Participant Interviews: The report should include a dedicated section summarizing discussions with real estate market participants (buyers, sellers, property managers, real estate agents/brokers). Interviewees should be identified along with their qualifications. Report and analyze the most pertinent comments and how they impact the subject value.

2) Consideration of Comparable Listings: In addition to consummated comparable sales and leases, listings should be considered, with the most pertinent data reported and analyzed, and incorporated within the market data.

By your electronic acceptance of this assignment, you agree to perform the appraisal in accordance with the scope of work, valuation scenarios and any other requirements as denoted on the RFP and Award issued within RIMS. Refer to the Award for those particulars. Any deviation from these requirements must be pre-approved by the Job Manager. The appraisal report must be signed by the appraiser of record, as indicated in the addressing of this engagement letter.

The appraisal report (including signatures, photos, exhibits and addenda) is to be uploaded to RIMS as a PDF file, coded as a Vendor Upload. After our review of the report is complete, a final PDF file (if changes are required) is to be uploaded to RIMS.

BANK OF THE WEST

Timely delivery of the completed appraisal report is critical. As a term of this agreement, it is expected that within 5 days after you have received and reviewed the property-specific documents/information provided initially, you will communicate the fact of your engagement to the contact person identified below. The purpose of this contact is strictly to introduce yourself and your involvement in providing this professional service to Bank of the West. Your date of inspection is strictly at your discretion.

Other than delays resulting from circumstances beyond the appraiser's control, late delivery of the appraisal report may result in a penalty in the form of reduction of the appraisal fee by up to $100/day for each business day the report is late. Imposition of the penalty is a last resort and will only be enforced in situations of egregious failure to perform.

If, upon review of the property-specific documents/information, you determine that there is other necessary information needed, and that the information should be readily available from the loan applicant, contact the Job Manager listed below by email, and every effort will be made to have that information provided in a timely manner. PLEASE REFER TO THE ABOVE PROJECT NUMBER (06-1303DV-02) IN ALL EMAIL CORRESPONDENCE.

The appraisal assignment must be performed according to the Scope of Services as outlined in the "View Award" notice in RIMS. Any deviation from these requirements must be pre-approved by the Job Manager. The appraisal report must be signed by the appraiser of record, as indicated in the addressing of this engagement letter.

The appraisal and report are to be prepared in conformance with the requirements of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA); the Interagency Appraisal and Evaluation Guidelines; the Uniform Standards of Professional Appraisal Practice (USPAP); and BANK OF THE WEST appraisal requirements, which can be found under the "Reference Documents" link in RIMS. The appraisal should include an estimate of exposure time as required in Statement 6 (USPAP) and clearly state the reporting option used under Standard 2-2 (USPAP). The purpose of the appraisal is to estimate market value as defined by the Board of Governors of the Federal Reserve System, in accordance with Title XI of FIRREA (1989). The appraisal will be utilized by your client, BANK OF THE WEST , and any other intended users as denoted in the Award -as an aid in proper underwriting, loan classification and/or disposition of the asset.

The report should contain sufficient data and analysis to enable the reader to follow the appraiser to the final value conclusions. Representatives of BANK OF THE WEST may perform an administrative or technical review of the report. Your full cooperation in the review process is deemed to be an integral part of this appraisal assignment.

ENGAGEMENT LETTER

BANK OF THE WEST reserves the right to provide a copy of the appraisal to the borrower, the borrower's representative or any third party BANK OF THE WEST may deem appropriate. Further, BANK OF THE WEST reserves the right to terminate this appraisal assignment at any time without any further liability or obligation owed to you, if in BANK OF THE WEST 's judgment you have failed to perform in accordance with the terms and conditions set forth in this engagement letter. The appraiser will maintain the confidentiality and privacy of customer information obtained in the course of this assignment in compliance with USPAP and Regulation P, Title V of the Gramm-Leach-Bliley Financial Modernization Act.

Property Contact: Kevin Freeman
Phone Number: 970-349-6160

Please address any technical questions on this assignment to the Job Manager listed below:

Michael Sullivan
BANK OF THE WEST
2050 S. Downing St., CO-COL-21-A
Denver, CO 80210
Telephone: 303-202-5751
Fax: 402-918-8720
Email: Michael.Sullivan@BankoftheWest.com

Your electronic acceptance of the assignment in RIMS will serve as confirmation of your acceptance of the terms of the engagement and implies your acceptance of the General Terms outlined in our Master Services Agreement (see Reference Documents on your RIMS Menu).

A COPY OF THIS ENGAGEMENT LETTER MUST BE INCLUDED WITHIN THE ADDENDUM OF THE APPRAISAL REPORT.

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QUALIFICATIONS OF THE APPRAISERS

QUALIFICATIONS OF LARRY RIDDELL, MAI, SRA

Larry Riddell Appraisals
P.O. Box 959
Ouray, Colorado 81427
(970) 325-4855 (p)
(815) 846-1695 (f)
larryriddell@qwestoffice.net

I have been actively involved in the real estate appraisal profession since 1976. Presently, I am involved with all types of real estate valuation, including commercial property (retail, office, industrial, special purpose properties), residential property (single-family, 2-4 family, multifamily / apartments), and vacant land valuation (residential lots, farms and ranches, subdivisions, mixed-use development projects, large vacant tracts-agricultural).

PROFESSIONAL MEMBERSHIPS

MAI Member - The Appraisal Institute #10262
SRA Member - The Appraisal Institute
Texas Real Estate Broker License #322120
Colorado State Certified General Real Estate Appraiser # CG40013877
Texas State Certified General Real Estate Appraiser # TX -1323176-G

EDUCATION

Bachelor of Science Degree from Texas A&M University (1976)

Society of Real Estate Appraisers (SREA)

Course 101 Principles of Residential Appraising
University of Houston (1977)

Course 102 Applied Residential Property Valuation
Trinity University (1984)

Course 201 Principles of Income Property Appraising
University of Colorado (1986)

Course 301 Special Applications of Real Estate Analysis
Banff Center, Banff, Alberta, Canada (1984)

Course 202 Applied Income Property Valuation
Las Vegas, Nevada (1990)

The Appraisal Institute
Case Studies in Real Estate Valuation – Austin, Texas (1992)
Comprehensive Appraisal Workshop – Irving, Texas (1994)
Valuation of Conservation Easements – Casper, Wyoming (2009)

EMPLOYMENT

Austin Savings & Loan Association, Austin, Texas Residential Construction Inspector, Part Time May 1973 to August 1976

Austin Savings & Loan Association, Austin, Texas
Staff Appraiser, August 1976 to August 1978

Self-Employed Home Builder, Austin, Texas, August, 1978 to December 1982

Rudy Robinson & Associates, Inc., Austin, Texas
Staff Appraiser, January 1983 to August 1985

Larry Riddell Appraisal Company, Austin, Texas
Appraiser-Owner, September 1985 to February 1988

Bill Park & Associates, Colorado Springs, CO
Associate Appraiser 1987

The WF Smith Company, Austin, Texas
Associate Appraiser, February 1988 to January 1989

Graham & Associates, San Marcos, Texas
Associate Appraiser, January 1989 to July 1993

Larry Riddell MAI, SRA Appraisals
Ouray / Ridgway / Montrose / Delta / Telluride / Crested Butte / Gunnison / Grand Junction / Denver / Colorado Springs, Colorado / Austin, Texas, August 1993 to Present

SEMINARS

AIREA - FHLBB Memorandum R-41C

SREA

- Uniform Residential Appraisal Report
- Professional Appraisal Practice and the Society of Real Estate Appraisers
- Income Capitalization
- Eminent Domain
- Economic Obsolescence

Appraisal Institute

- Standards of Professional Practice, Parts A & B
- Leased Fee Valuation
- Leasehold Valuation
- Rates, Ratios, and Reasonableness

Understanding Limited Scope and Restricted Appraisals
Ranch Valuation
Standards of Professional Practice, Part C
Update of the Uniform Standards of Professional Appraisal Practice - (most recent update course taken February 24, 2012)
Uniform Appraisal Standards for Federal Land Acquisitions "Yellow Book Course"
Appraising Distressed Commercial Real Estate
Business Practices and Ethics taken March 15, 2011
Black Canyon Regional Land Trust - Conservation Easements

WEBINARS

Self-Storage: Looking at the Past – Are These Indicators for the Future?
Taken – January 13, 2010

New Interagency Appraisal and Evaluation Guidelines; taken - February 24, 2011

EXPERT WITNESS TESTIMONY

Bexar County District Court, San Antonio, Texas
Corporate Bankruptcy Case – 1985

Travis County District Court, Austin, Texas
Divorce Settlement Case – 1988

Federal U.S. Bankruptcy Court, Austin, Texas – 1989

City of Lockhart Commissioners Court, Lockhart, Texas
Condemnation Case; Airport Expansion – 1990

Caldwell County District Court, State of Texas Highway
Condemnation Case – 1990

Montrose County Colorado District Court
Family Estate Settlement Case – 2004

Montrose County Colorado District Court
Partial Taking for Kinder Morgan Pipeline Easement – June 2005

Montrose County Colorado District Court
Divorce Settlement Case – June 2008

San Miguel County Combined Court
Divorce Settlement Case – November 2008

United States Bankruptcy Court for the District of Colorado
Bankruptcy Case – July 2010; and also August 2011

QUALIFICATIONS
Michael C. Legg

I have been actively involved in the real estate appraisal profession since 2004. Presently, I am involved with all types of real estate valuation, including commercial property (retail, office, industrial/manufacturing, special purpose properties), residential property (single-family, 2-4 family, multi-family/apartments), vacant land valuation (residential lots, farms and ranches, subdivisions, mixed-use development projects, large vacant tracts-agricultural), litigation support, expert witness testimony, and eminent domain/condemnation appraisals.

CONTACT INFORMATION

19437 Pahgre Road; Montrose, CO 81403
970-240-8998
mike@leggappraisals.com

PROFESSIONAL MEMBERSHIPS

Practicing Affiliate - The Appraisal Institute #489290
Colorado State Certified General Real Estate Appraiser # GC40041462

EMPLOYMENT

Gunnison Golf Club Inc, Gunnison, CO, Assistant General Manager (Interim General Manager 08/02 – 10/02), May 2001 to March 2003

Montrose Land Company (dba Black Canyon Golf Club), Montrose, CO, Business Manager, April 2003 to August 2004

Larry Riddell, MAI, SRA, Appraisals, Partner in 2004 to present

LEGG APPRAISALS, LLC; 2006 to present

EDUCATION

Bachelor of Arts Degree from Western State College (1999); Earned Undergraduate Degree in Standard Kinesiology with an emphasis on teaching and coaching; with a Minor in History.

Van Education Center Appraisal Course 101 - Appraising Residences & Income Properties (2004). 75 Hours.

Van Education Center USPAP Course - Uniform Standards of Professional Appraisal Practice (2004). 15 Hours

The Appraisal Institute – Basic Income Capitalization, Denver, Colorado (2007).

The Appraisal Institute – Sales Comparison Valuation of Small, Mixed-Use Properties - Denver, Colorado (2007).

The Appraisal Institute – Residential Sales Comparison and Income Approaches - Denver, Colorado (2007).

The Appraisal Institute – Apartment Appraisal - Denver, Colorado (2007).

The Appraisal Institute – Business Practices and Ethics – Online (2009).

The Appraisal Institute – General Sales Comparison Approach – Aurora, Colorado (2010)

The Appraisal Institute – General Appraiser Site Valuation and Cost Approach – Aurora, Colorado (2013)

SEMINARS

Grand Junction Area Realtors – Meth and Mold in Homes - Grand Junction, CO (2006)

The Appraisal Institute - Appraisal Consulting – Grand Junction, CO (2006)

Appraisal Institute - 7-Hour National USPAP Course Update – Grand Junction, CO (2006,2008, 2010, 2012, 2014)

WEBINARS

Appraisal Institute: Understanding the Loan Quality Initiative and Residential Collateral Data Delivery – January 28, 2011

Appraisal Institute: New Interagency Appraisal and Evaluation Guidelines - February 24, 2011

LITIGATION SUPPORT

Over 70 real property appraisals completed in all areas of the Western Slope for litigation support involving dissolution of marriage action, estate reconciliation, neighbor disputes, etc…

EXPERT WITNESS TESTIMONY

San Miguel County Combined Court
Divorce Settlement Case – January 2013

Montrose County Combined Court
Divorce Settlement Case – September 2014

ARBITOR ~ MONTROSE COUNTY BOARD OF EQUALIZATION

2011 ~ six cases; one commercial vacant land, five residential
2012 ~ one case; land use designation dispute

ARBITOR ~ OURAY COUNTY BOARD OF EQUALIZATION

2015 ~ two cases; vacant land and high end residential

APPRAISERS LICENSES

STATE OF COLORADO
Department of Regulatory Agencies
Division of Real Estate

Active
Cert Gen Appraiser

PRINTED ON SECURE PAPER

40013877	Jan 1 2014	Dec 31 2016
Number	Issue Date	Expires

LARRY W RIDDELL
OURAY, CO 81427

Marcia Waters
Program Administrator

Licensee Signature

STATE OF COLORADO
Department of Regulatory Agencies
Division of Real Estate

Active
Cert Gen Appraiser

PRINTED ON SECURE PAPER

40041462	Jan 1 2015	Dec 31 2017
Number	Issue Date	Expires

MICHAEL CURTIS LEGG
OLATHE, CO 81425

Marcia Waters
Program Administrator

Michael C. Legg
Licensee Signature