

AN APPRAISAL REPORT OF THE MARKET VALUE OF

A Proposed Shell Office Building
Located at 7565 East Eagle Crest Drive
Mesa, AZ 85207

PREPARED FOR:

Ms. Denice Pate
Loan Administration
Copper Star Bank
7655 West Thunderbird Road
Peoria, AZ 85381

PROSPECTIVE DATE OF VALUATION:

February 1, 2008

CURRENT DATE OF VALUATION:

July 23, 2007

DATE OF REPORT:

July 27, 2007

PREPARED BY:

Duane R. Steiner SRPA/SRA
Scottsdale Real Estate Appraisers, LLC
6501 East Greenway Parkway, Suite 103-404
Scottsdale, Arizona 85254



SCOTTSDALE REAL ESTATE APPRAISERS, LLC.

July 27, 2007

Ms. Denise Pate
Loan Administration
Copper Star Bank
7655 West Thunderbird Road
Peoria, AZ 85381

RE: A Proposed Shell Office Condominium Property, located at 7565 East Eagle Crest Drive, Mesa, AZ 85207.

Dear Ms. Pate,

Pursuant to your written request, I have prepared an appraisal of the above referenced property for the purpose of formulating and expressing my opinion regarding its market value. As a result of my investigation and analysis, it is my opinion the estimated market value of the subject, assuming completion per plans and specifications, as of the prospective date of valuation of February 1, 2008, is:

THREE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS

\$3,350,000

It should be noted that the above estimated prospective value is intended to reflect the current expectation and perceptions of market participants along with available factual data. Thus, the appraiser cannot be held responsible for unforeseeable events that alter market conditions prior to the prospective date of the appraisal.

Because the subject building improvements are proposed, it is also necessary to estimate an "As Is" Value. In this case the current value is the same as the estimated land value. Therefore, the "As Is" value, as of the current date of valuation of July 23, 2007, was:

ONE MILLION THREE HUNDRED NINETEEN THOUSAND DOLLARS

\$1,319,000

The subject property was appraised as though unencumbered by any indebtedness. Additionally, this appraisal has been prepared in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice of the Appraisal Standards Board of the Appraisal Foundation and complies with FIRREA and revised 12 CFR 34. It also conforms to the reporting requirements as set forth by the Appraisal Institute and Copper Star Bank.

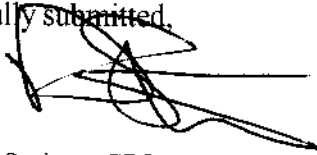
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Page Two
Ms. Pate

This letter of transmittal is part of the attached report containing pertinent data relating to my analysis.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Duane R. Steiner', with a long horizontal line extending to the right.

Duane R. Steiner, SRPA, SRA (AZ 30057)
Certified General Real Estate Appraiser

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- Qualifications of the Appraiser
- Legal Description
- Construction Cost Breakdown
- Purchase Contract on Unit 200
- Bank Engagement Letter
- Zoning Data

1.0 SUMMARY OF SALIENT FACTS

PROPERTY ADDRESS: 7565 East Eagle Crest Drive
Mesa, AZ 85207

**CURRENT DATE OF
VALUATION:** July 23, 2007

**PROSPECTIVE
DATE OF VALUATION:** February 1, 2008

DATE OF REPORT: July 27, 2007

LAND AREA: 65,928 SF (1.51 Acres)

TYPE OF PROPERTY: A proposed shell office property with
a total of 10,406 SF. Please see the Subject
Property Section for details.

ZONING: C-2 (Limited Commercial District)

VALUE INDICATIONS:

Land Value: \$1,319,000

Via Cost Approach: \$3,120,000

Income Capitalization Approach: \$3,152,000

Via Sales Comparison Approach: \$3,496,000

FINAL ESTIMATE OF VALUE: **\$3,350,000**

"As Is" Value (Land Value) \$1,319,000

2.0 ASSUMPTIONS AND LIMITING CONDITIONS

The legal description furnished the appraiser is assumed to be correct. The appraiser assumes no responsibility for matters legal in character, nor does he render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, and the property is appraised as though free and clear, under responsible ownership and competent management.

The exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumes no responsibility in connection with such matters.

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

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

It is assumed any subject improvements, described herein, were constructed in accordance with properly executed plans and specifications. The physical condition of any existing improvements described herein, is based on visual observation. No liability is assumed for the soundness of structural members because no engineering tests were conducted. Additionally, no liability is assumed for the condition of mechanical equipment, plumbing or electrical components because complete tests were not conducted.

Unless otherwise stated, no consideration has been given in this appraisal as to the value of any personal property located on the premises. Only the real estate has been considered for valuation.

The appraiser assumes that all required or applicable licenses and/or consents from any local, state, or national governmental, private entity or organization or other legislative or administrative authority have been or can be obtained or renewed for any use on which the value estimate contained in this report is based. Full compliance with all applicable federal, state and local environmental regulations and laws, and with all applicable zoning and use regulations, is assumed unless non-compliance or non-conformity is stated, defined and considered in the appraisal report.

Information, estimates, and opinions contained in this report are obtained from sources considered reliable; however, no liability for them can be assumed by the appraiser. A reasonable effort has been made to verify such information; however, no responsibility for the accuracy is assumed. The appraiser reserves the right to make such adjustments to the estimated value as may be required due to the consideration of additional data that may become available.

This report shall be used for its intended purpose only by the parties to whom it is addressed. Possession of this report does not include the right of publication. Neither all nor any part of the

contents of this report shall be conveyed to the public through advertising, public relations, new sales, or other media without the written consent or approval of the author. This applies particularly to value conclusions, to the identity of the appraiser or firm with which he is connected, and to any reference to the Appraisal Institute and to the SRPA and SRA designations.

No opinions are expressed as to the value of sub-surface mineral rights, oil, gas, or whether the property is subject to surface entry for the exploration or removal of any such items.

The appraiser may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore a reasonable time in advance for such additional employment.

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

The projections of income and expenses (if any) are not predictions of the future. Rather, they are the best estimate of current market thinking of what future trends may be. No warranty or representation is made that these projections will actually materialize because the real estate market is constantly fluctuating and changing.

The statements of value and all conclusions shall apply as of the dates shown herein. The appraiser assumes no responsibility for economic or physical factors which may affect the opinions stated herein at some time after the date of valuation.

The appraiser has no present or contemplated future interest in the property which is not specifically disclosed in this report.

The appraiser has noted in the appraisal report any adverse conditions (such as needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the viewing of the subject property or that he became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property or adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Additionally, the appraiser is not qualified to determine the presence, if any, of mold, the type of mold or whether any might pose a risk to the property or its inhabitants. Additional inspection by a qualified professional is recommended. Finally, the appraisal report must not be considered as an environmental assessment of the property.

Use of this appraisal by the Client, or any other party, for any purpose, constitutes acceptance of the Assumptions and Limiting Conditions, and terms relating to instructions of the appraisal assignment between the appraiser and the Client. Liability of the appraiser, if any, relating to this assignment is limited to the amount of the fee paid.

If there are building or site improvements it is assumed that there are no structural defects hidden by floor or wall coverings or any other hidden or unapparent conditions of the property; that all existing mechanical equipment, electrical service and roof areas are in serviceable condition. Viewings of hidden spaces or roof areas are beyond the scope of this appraisal. This report should not be relied upon to disclose any conditions present in the subject property. If the client has any questions regarding these items, it is the client's responsibility to order the appropriate inspection. The appraiser does not have the skill or expertise needed to make such inspections and the appraiser assumes no responsibility for these items. The appraiser provides an opinion of value and the appraisal does not guarantee that the property is free of defects or any environmental problems. The appraiser observes visible and accessible areas only. This report should not be relied upon to disclose any conditions present in the subject property. The structures (if any) were not checked for building code violations. A professional property inspection and/or environmental inspection is recommended and the appraiser assumes no responsibility for these items.

If the subject is vacant land, the appraiser's conclusion of value is based upon the assumption that there are no hidden or unapparent conditions of the property that might impact upon buildability. Appraiser recommends due diligence be conducted through the local building department or municipality to investigate buildability and whether the property is suitable for the intended use. Appraiser makes no representations, guarantees or warranties.

This is a Summary Appraisal Report which is intended to comply with the report requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for the Summary Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for the unauthorized use of this report.

3.0 APPRAISAL INTRODUCTION

Purpose:

The purpose of this appraisal is to prepare an opinion of the market value of a proposed office building located at 7565 East Eagle Crest Drive, Mesa, 85207. This appraisal is for the purpose of property valuation only and the appraiser is not qualified to go beyond that scope of work.

Intended Use and Intended User:

The intended use of this report is to assist in documenting the value for loan underwriting risk classification and other Bank purposes. The intended user/client is Copper Star Bank and is strictly for their sole use and no other parties. Any other use is strictly prohibited.

Scope:

The scope of the appraisal included the physical viewing of the readily visible areas (and the review of the documents made available to the appraiser which included blueprint reductions and construction cost breakdown) of the subject property. Unless otherwise stated, all improvements (if any) are assumed to lie within the boundaries of the property. The appraiser exercised due diligence when viewing the property, but is not an expert in matters including (but not limited to) legal issues, compliance with City building codes, soils, structural engineering or environmental hazards (Please see *Section 2.0. Assumptions and Limiting Conditions.*)

The analysis of the larger market, sub-market and subject property enables an estimate of market value to be derived. The Cost, Income Capitalization and Sales Comparison Approaches were deemed to be appropriate for this appraisal: and the results of these approaches are contained in subsequent sections of this appraisal report. The economic, legal, environmental and physical characteristics affecting the value of the subject were researched: the market exhibits the impact of these factors in the sales, escrows and listings of properties most similar to the subject. The appraiser researched, verified and analyzed the data contained in this report using the most reliable public and/or private sources currently available. The sources and data used are considered reliable, but are not guaranteed to be accurate. When conflicting information was provided, the source deemed most reliable was used and data felt to be unreliable was not included in the report nor used as a basis for analysis and consideration. The exterior of the comparables used were viewed from the street by the appraiser.

Information regarding the replacement cost of the improvements was obtained through a review of construction costs from *Marshall Valuation Service*. Information regarding the Highest and Best Use of the property was obtained from the analysis of the data collected from comparable market data, conversations with market participants and zoning requirements. Information regarding site size, site shape, and real estate taxes was obtained from the Maricopa County Assessor's office. Flood zone information was obtained from the most current version of FEMA maps available to the

appraiser. Information on topsoil and subsoil were obtained only from the viewing of the property: the appraiser has done no chemical or scientific tests.

This Summary Appraisal Report is a brief recapitulation of the appraiser's data, analyses, and conclusions. Supporting documentation is retained in the appraiser's file and is available to the client during regular business hours, if desired. If any part of this appraisal report is removed, the report is rendered null and void.

Hypothetical Conditions:

It is assumed that the proposed building, described throughout this report, will be satisfactorily completed in accordance with the plans, specifications and cost breakdowns which have been provided to the appraiser.

Definition of Market Value:

Market value is the major focus of most real estate property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States:

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:

- o Buyer and seller are typically motivated;
- o Both parties are well informed or well advised, and acting in what they consider their best interests;
- o A reasonable time is allowed for exposure in the open market;
- o Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto;
- o 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.

(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

Current Date of Valuation:

July 23, 2007

Prospective Date of Valuation:

February 1, 2008

Date of Report

July 27, 2007

Property Rights Appraised:

Fee Simple Estate, which is defined as:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. *

Legal Description of Subject Property:

Please see the Addenda for a copy of the Legal Description which was available to the appraiser. Please see a title report for a definitive legal description.

Ownership History:

According to the County Assessor's records, the subject is currently owned by Arizona First Partners 1, LLC which took title on April 7, 2006 (Recording No. 06-0470422). This recording (as well as the prior one in June 2, 2005) was between related parties. The appraiser's records indicate that in April of 2004 it was owned by Kyle H. Brock and Paul R. Sorensen, who, along with one of their entities, had owned it in excess of three years. The county records do not currently show any transactions between Kyle H. Brock and Paul R. Sorensen and the current owners. Finally, in the Addenda is a copy of a purchase contract from Steve Pattinson for \$951,848 for Unit 200.

* THE DICTIONARY OF REAL ESTATE APPRAISAL - FOURTH EDITION (Chicago, Illinois: Appraisal Institute)

Location Map

Borrower/Client

Property Address **7565 E EAGLE CREST DR**

City **MESA**

County

State **AZ**

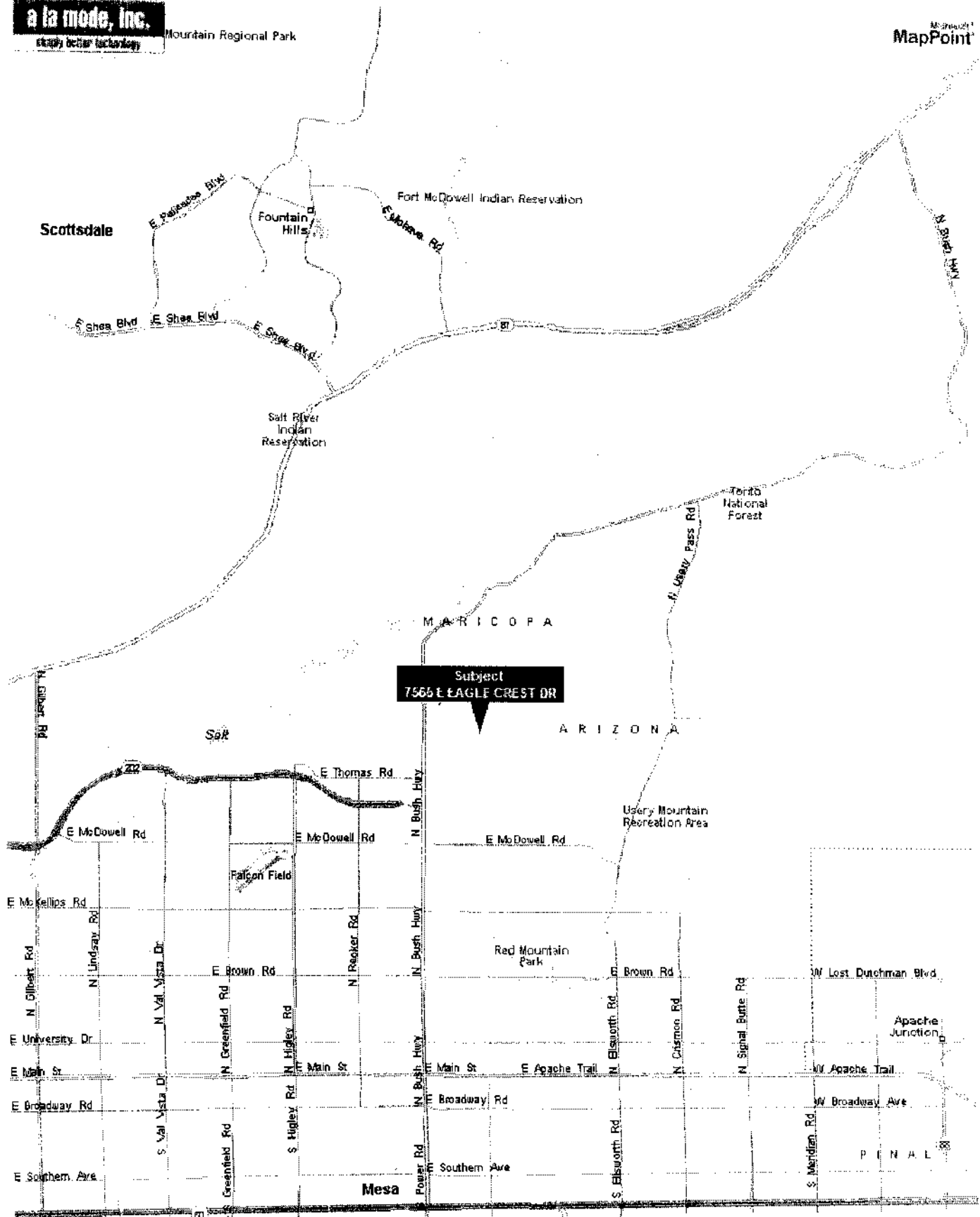
Zip Code **85207-1053**

Lender



Mountain Regional Park

MapPoint



4.0 SUBJECT PROPERTY

SITE DATA

Location:

The subject is located at 7565 East Eagle Crest Drive, Mesa, AZ in the upscale master planned community known as Las Sendas in the northeast part of Mesa, AZ.

Size/Configuration:

According to the public records the subject has 65,928 SF or 1.51 Acres, and the configuration is irregular. Reportedly, about 29,250 SF is useable due to terrain considerations. However, there is an attractive view amenity.

Soil Conditions:

The soil is typical of that in the general area. The composition of the sub-soil is unknown and no soil analysis report was supplied to the appraiser. The appraiser assumes the soil is not a deterrent to building improvements and reserves the right to change this opinion should a negative soil report be furnished.

Topography and Site Drainage:

The site has rolling terrain, while the drainage appears to be adequate. There is an adjacent golf course.

Flood Zone:

The subject site is located in a designated Flood Zone X500 area according to the Flood Insurance Rate Map (FIRM) panel 04013C2210 (September 30, 2005). Typically flood insurance is not required for this designation. The flood map may be found at the end of this section.

Accessibility/Visibility

Direct access to the site is via Eagle Crest Drive, a fully improved winding street which is the main road in the northern section of Las Sendas. Additional access to the site is via Clubhouse Drive, which is a short private access road to the clubhouse just southwest of the subject for which the subject is reportedly allowed access via an easement agreement. It is assumed there will also be recorded legal access to the subject site. Main north/south access to the area is via Power Road ½ mile west, and McDowell Road ¾ mile south, both of which are arterials. The 202 Red Mountain Outer Loop is 1 mile southwest and the Superstition Freeway is 6 miles south. There is good access to all parts of the Valley and the visibility is rated as good.

Zoning:

The subject site is zoned C-2 (Limited Commercial District) by the City of Mesa. This purpose of this district is to provide for a broad range of indoor retail businesses. The intent of this District is to allow commercial uses to satisfy the needs of the community with emphasis on shopping center and group commercial developments. Please see the Addenda for a copy of the zoning ordinance for details relative to permitted uses and regulations.

Utilities:

All necessary utilities are available to the subject site including electricity, water and sewer, as well as telephone service. Police and fire protection are provided by the City of Mesa.

Easements:

A title report was not provided to the appraiser; however, typical utility and access easements are assumed. This report assumes there are no easements or encroachments, judgments, or liens, which would be detrimental to the development of the subject site.

Hazardous Materials:

It is beyond the scope of this report to determine whether environmental hazards exist in the surface or sub-soils; although, the appraiser did not observe the apparent misuse of any hazardous materials. In any case, if the reader desires more information it will be necessary to consult with an environmental professional. This report assumes there are no environmental factors which would negatively impact the value of subject.

Assessor's Information:

The subject site is filed in the Maricopa County Assessor's Office under the following numbers. The Assessor's information includes 2006 tax and preliminary 2008 Preliminary Full Cash Value amounts.

<u>PARCEL NO.</u>	<u>2006 TAXES</u>	<u>2008 F.C.V.</u>
219-17-494	\$3,320.74	\$536,500

The Assessor's Full Cash Value is a multiple regression which is computed on the basis of the past three years average sales as prepared for the Assessor's records. The F.C.V. value does not always accurately reflect actual market values, thus it is usually not utilized in arriving at an estimated fair market value for a property. This is especially true in the current market where there have been price increases for commercial properties over the last several years, and the Assessor's Office is behind relative to current values. Also, the Assessor himself has clearly stated that the Full Cash Value is not intended to be market value in the sense that is being used in this report, because of the formula used for taxation purposes. This report assumes that all real estate taxes are paid current.

The subject was physically inspected on the effective date of appraisal. Blueprints reductions were also reviewed. These were drawn by Group Renaissance of Phoenix, AZ and are dated February of 2002. On the following pages are maps and photographs which further describe the subject property.

IMPROVEMENT DESCRIPTION

The subject building improvements consist of a good quality, attractively designed, proposed, free standing, two story office building that contains a total of 10,406 SF, according to the building plans. It will be divided into four office condo suites built around a central common area. Plans call for the sale of the four units as condo suites, with Suite 200 already being in escrow as described elsewhere in this report. The Floor Area Ratio (FAR) is .16, which is at the lower end of the range for this type of property. The following is a detailed description of the improvements.

CONSTRUCTION SUMMARY

Foundation:

Reinforced concrete with reinforced concrete footings.

Ground Floor:

Concrete slab over ABC fill.

Exterior Walls:

Concrete masonry units with stone veneer.

Roof System:

There is a tile roof over plywood sheathing over a frame structure.

Doors/Windows:

Metal doors with metal frames and the windows have metal frames.

Interior Walls:

Only shell building.

Ceiling/Lighting/Insulation:

Only shell building.

Floor Coverings:

Only shell building.

Plumbing:

There are 4 common area restrooms. The building will have plumbing for the various restroom and sink requirements in the four units. There is a fire sprinkler system.

Electrical:

There is a complete electrical system.

Cooling and Heating:

There is a complete HVAC system.

Parking:

There are 28 asphalt paved parking spaces with 4 of them being covered.

Other:

There is stairway access to the second floor. There is masonry fencing with a landscape package and an underground watering system. There is a masonry trash enclosure.

ADA:

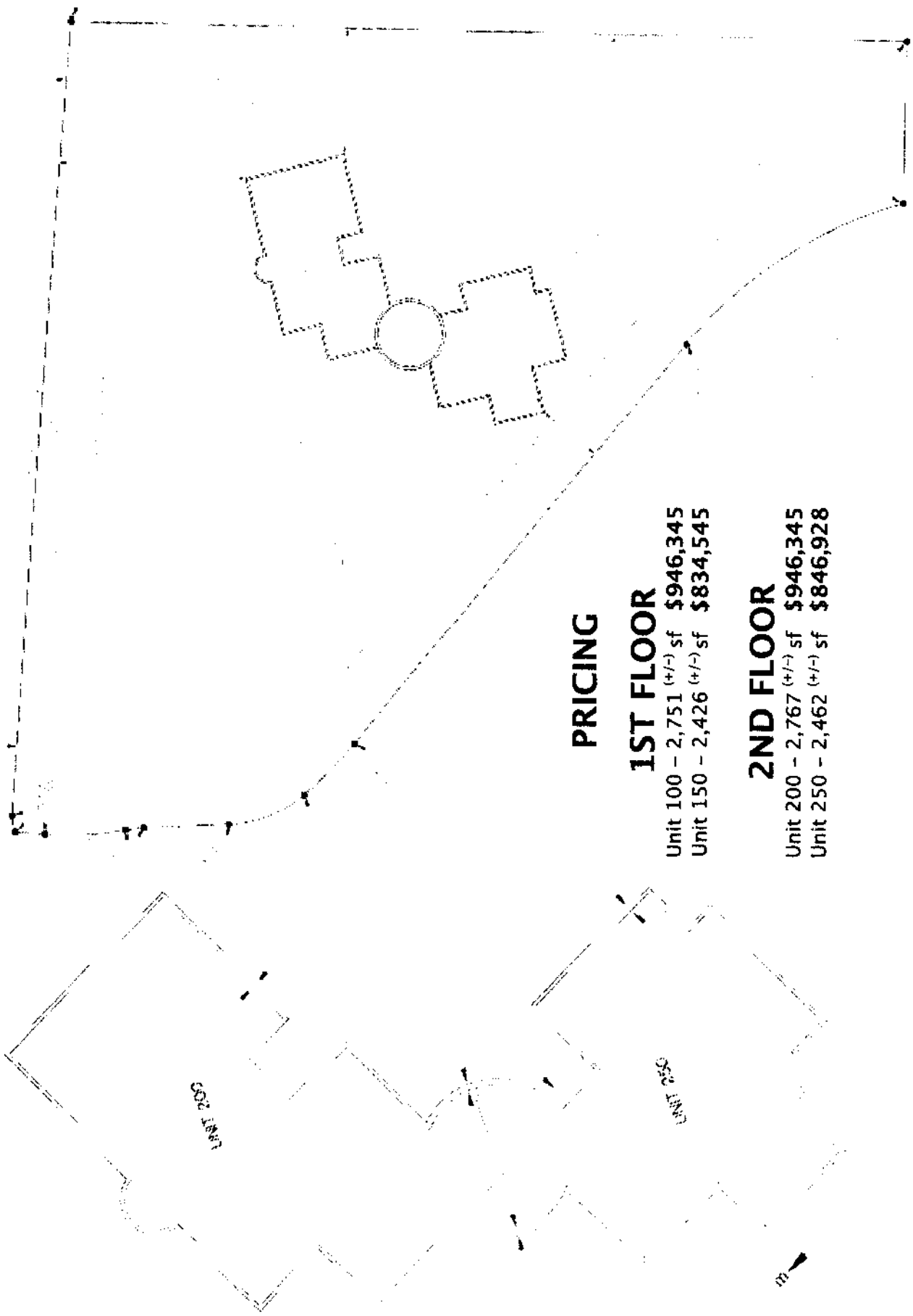
The Americans with Disabilities Act became effective on January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property.

Essentially, this Act requires all places of public accommodation to remove architectural and communication barriers that are structural in nature in their existing facilities. The ADA requires these barriers in existing facilities to be removed when it is "readily achievable" (defined as: easily accomplished and able to be carried out without much difficulty or expense).

On the following pages are drawings, maps, and photographs which further describe the subject property.

Assessor Parcel/Zoning





PRICING

1ST FLOOR

Unit 100 - 2,751 (+/-) sf \$946,345
Unit 150 - 2,426 (+/-) sf \$834,545

2ND FLOOR

Unit 200 - 2,767 (+/-) sf \$946,345
Unit 250 - 2,462 (+/-) sf \$846,928

4 luxury condominium offices at the entrance to the Las Sendas Golf Course
Agent: Arizona First Realty & Lending, Steve Pattison, Designated Broker (602-218-5261) • Owner: Arizona First Partners 1 LLC (902-992-3800)

206-55 ORDINANCE 4595

Verily

group RENAISSANCE
2014 W. Cambridge Ave.
Phonix, AZ 85009
t: 602.253.8878
f: 1.202.677.1054
e: info@renai.com



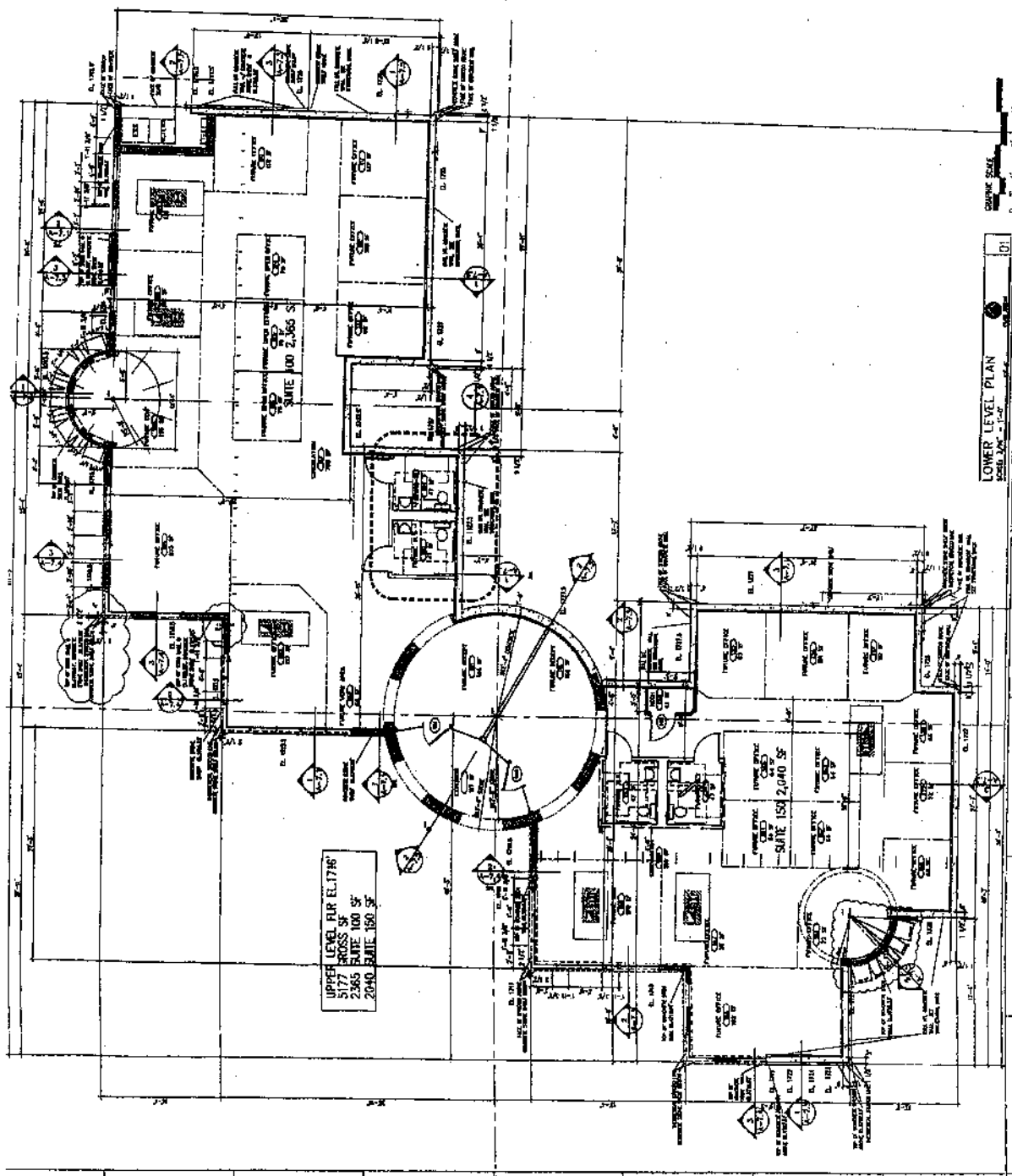
Federal Bureau of Investigation
 DEPARTMENT OF JUSTICE
 SUBSTANTIAL

LOWER LEVEL
FLOOR PLAN

AS NOTED

0.524

A.2.1



LAS SENDAS
OFFICE
CONDOMINIUMS
SHELL BUILDING
7865 E. Bigle Court Drive
Mesa, AZ

Parcel No. 289-37-494

Architect:
PROSPERITY ASSOCIATES
2810 W. Camelback Ave.
Phoenix, AZ 85019
P: 602.258.0000
F: 602.258.0001
E: jason@prosperityaz.com

206-55 ORDINANCE 4595

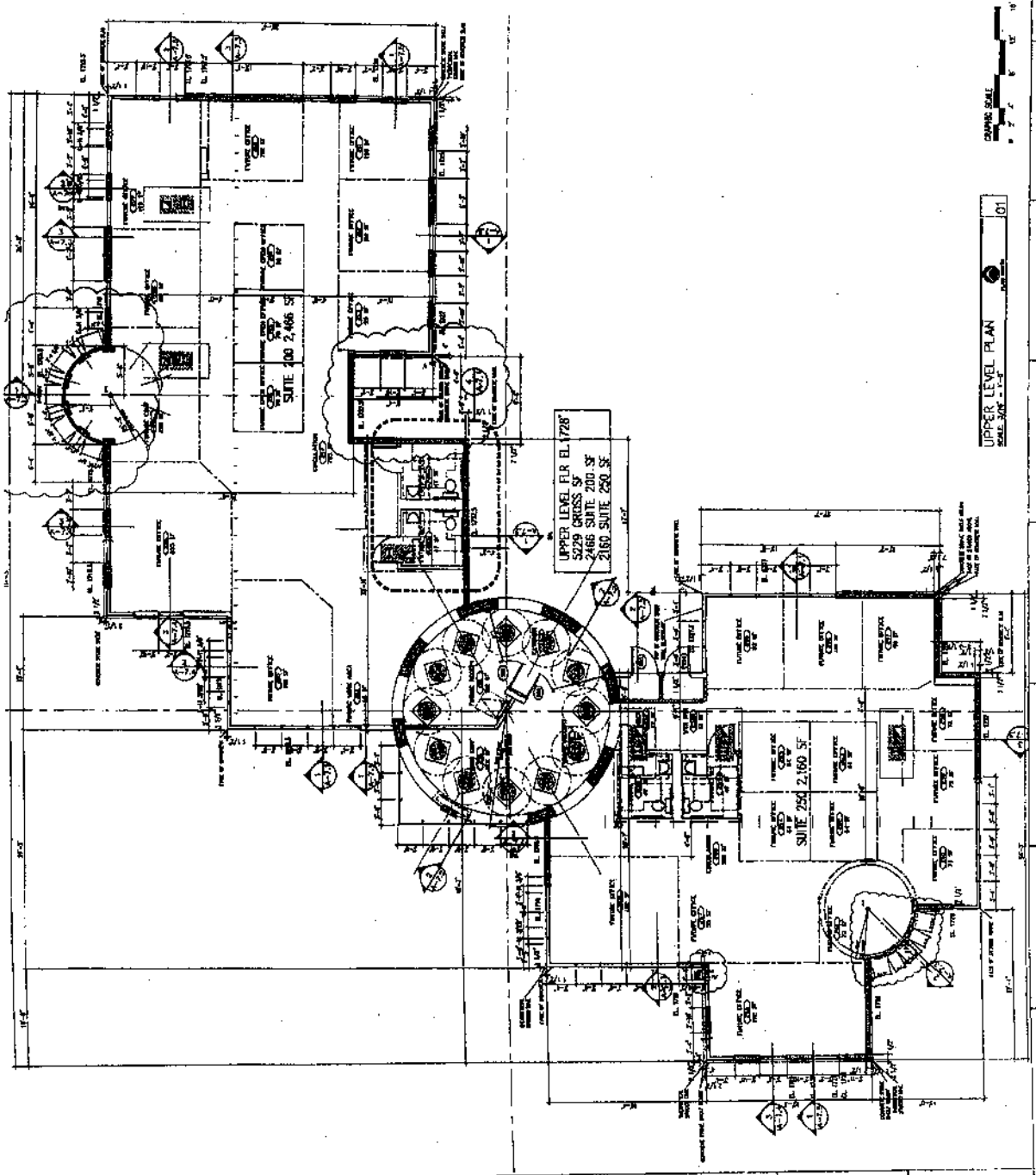
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AS NOTED
PROSPERITY ASSOCIATES
SUBMITTAL
05/15/07

UPPER LEVEL
FLOOR PLAN
Drawing No.

AS NOTED
0524
A.2.2
Drawing No.



GRAPHIC SCALE
1" = 10'
0' 5' 10' 15'

UPPER LEVEL PLAN
SCALE: 1/8" = 1'-0"
01

**LAS SENDAS
OFFICE
CONDOMINIUMS**

SHELL BUILDING
7568 R. Eagle Coast Drive
Mesa, AZ
85207

Parcels No. 215-17-404

group RENAISSANCE
201 W. Cambridge Ave.
Pittsfield, AZ 85909
t 602.554.4000
f 1.800.577.2041
c group@renaissance.net



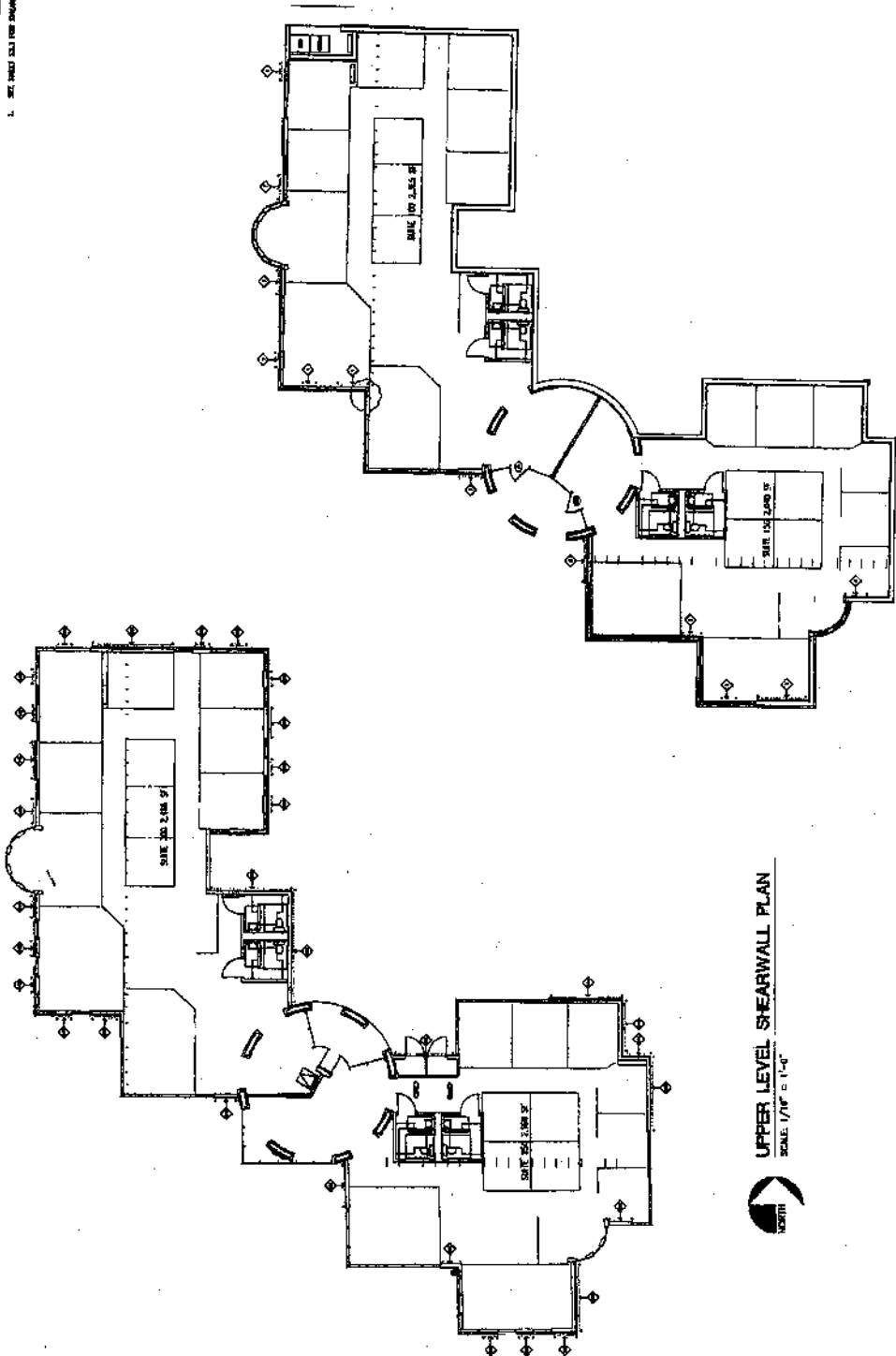
Serial No.	Date	Particulars	Debit	Credit	Balance
1	1980-01-01	Balance b/d			100.00
2	1980-01-15	By Cash		50.00	150.00
3	1980-01-20	To Cash	20.00		130.00
4	1980-02-01	By Cash		30.00	160.00
5	1980-02-10	To Cash	10.00		150.00
6	1980-02-25	By Cash		40.00	190.00
7	1980-03-05	To Cash	30.00		160.00
8	1980-03-15	By Cash		20.00	180.00
9	1980-03-20	To Cash	10.00		170.00
10	1980-03-25	By Cash		30.00	200.00
11	1980-04-01	To Cash	20.00		180.00
12	1980-04-10	By Cash		10.00	190.00
13	1980-04-15	To Cash	10.00		180.00
14	1980-04-20	By Cash		20.00	200.00
15	1980-04-25	To Cash	10.00		190.00
16	1980-05-01	By Cash		10.00	200.00
17	1980-05-05	To Cash	10.00		190.00
18	1980-05-10	By Cash		10.00	200.00
19	1980-05-15	To Cash	10.00		190.00
20	1980-05-20	By Cash		10.00	200.00
21	1980-05-25	To Cash	10.00		190.00
22	1980-06-01	By Cash		10.00	200.00
23	1980-06-05	To Cash	10.00		190.00
24	1980-06-10	By Cash		10.00	200.00
25	1980-06-15	To Cash	10.00		190.00
26	1980-06-20	By Cash		10.00	200.00
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28	1980-07-01	By Cash		10.00	200.00
29	1980-07-05	To Cash	10.00		190.00
30	1980-07-10	By Cash		10.00	200.00
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45	1980-09-25	To Cash	10.00		190.00
46	1980-10-01	By Cash		10.00	200.00
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54	1980-11-10	By Cash		10.00	200.00
55	1980-11-15	To Cash	10.00		190.00
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58	1980-12-01	By Cash		10.00	200.00
59	1980-12-05	To Cash	10.00		190.00
60	1980-12-10	By Cash		10.00	200.00
61	1980-12-15	To Cash	10.00		190.00



**BREATH WALL
PLANS**

SHEARWALL PLAN NOTES:

1. SET, BUILT IN, FOR SCHEDULE AND MEETING SCHEDULE.



UPPER LEVEL SHEARWALL PLAN

LOWER LEVEL SHEARWALL PLAN
SCALE: 1/16" = 1'-0"

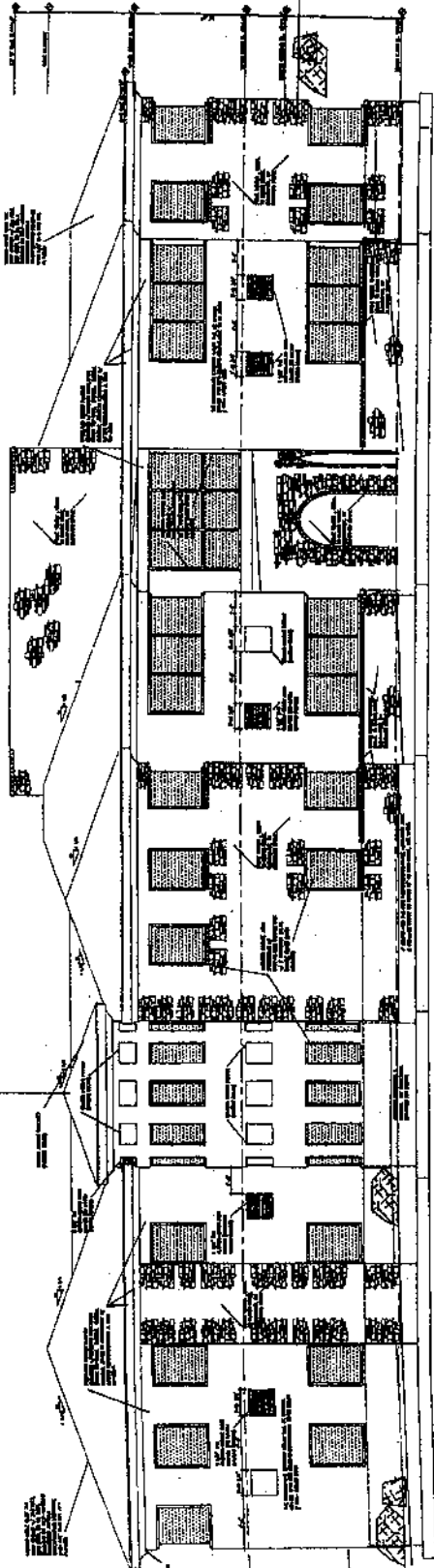
LAS SENDAS
OFFICE
CONDOMINIUMS

SHELL BUILDING
7445 E. Eagle Creek Drive
Mesa, AZ

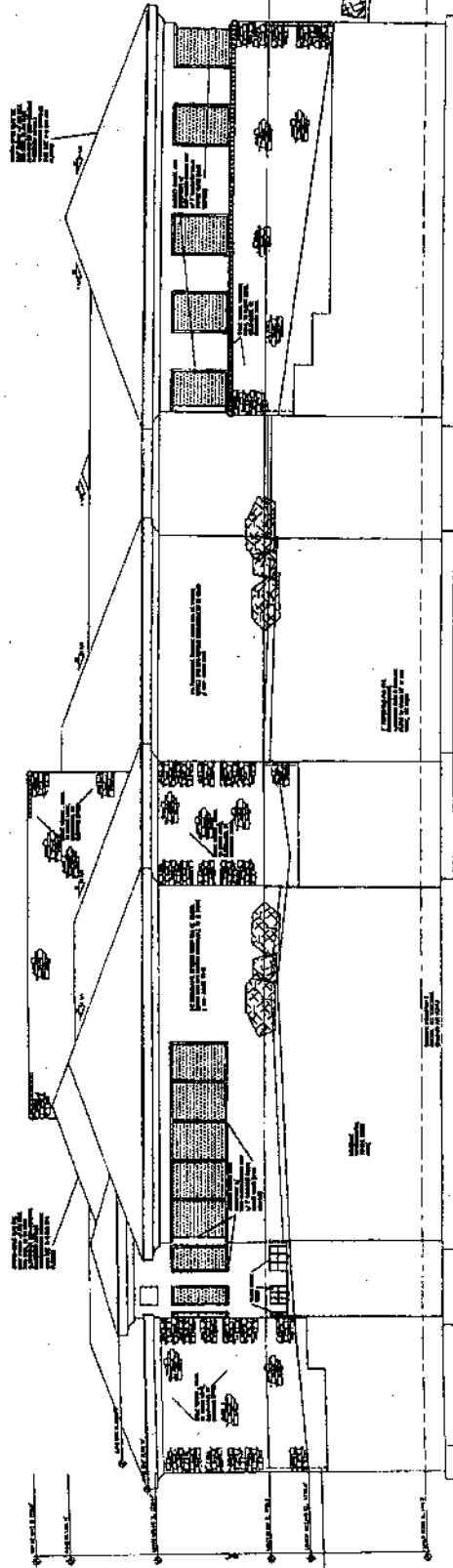
Project No. 215-CJ-494

Architect
GROUP RENAISSANCE
2018 W. Camelback Ave.
Phoenix, AZ 85009
P: (602) 258-8000
F: (602) 258-8000
G: grr@aol.com

216-59 ORDINANCE 4539



01
NORTH ELEVATION
SCALE: 1/4" = 1'-0"



02
SOUTH ELEVATION
SCALE: 1/4" = 1'-0"

NO.	REVISION	DATE
1	ISSUED FOR PERMIT	08/14/00
2	ISSUED FOR PERMIT	08/14/00
3	ISSUED FOR PERMIT	08/14/00
4	ISSUED FOR PERMIT	08/14/00
5	ISSUED FOR PERMIT	08/14/00
6	ISSUED FOR PERMIT	08/14/00
7	ISSUED FOR PERMIT	08/14/00
8	ISSUED FOR PERMIT	08/14/00
9	ISSUED FOR PERMIT	08/14/00
10	ISSUED FOR PERMIT	08/14/00



Project No. 215-CJ-494
SHEET NO. 01
DATE: 08/14/00

EXTERIOR
ELEVATIONS

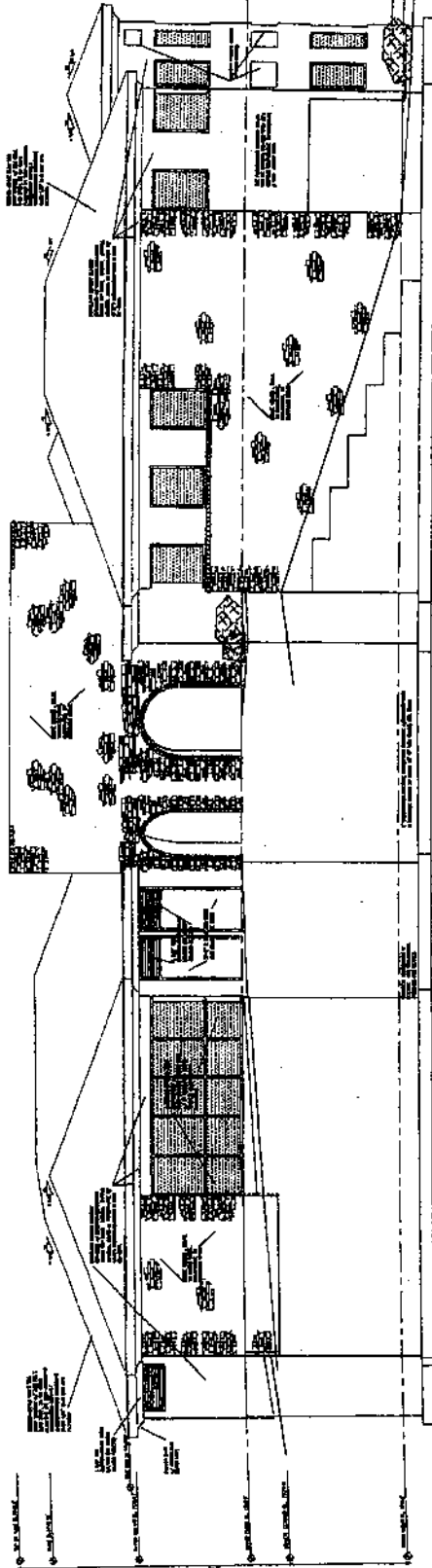
AS NOTED
08/24
A-5.1

LAS SENDAS
OFFICE
CONDOMINIUMS
SHELL BUILDING
7545 E. Eagle Crest Drive
Mesa, AZ

Permit No. 215-17-494

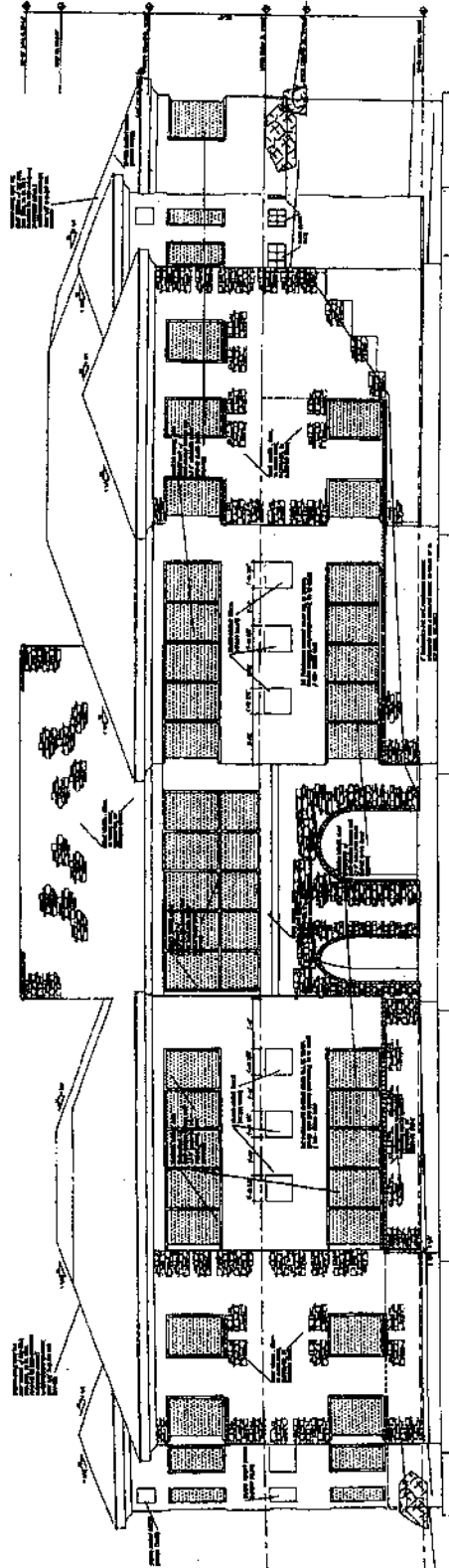
Architect:
GROUP REMAINANCE
2015 E. Camelback Ave.
Phoenix, AZ 85016
1.602.258.8000
1.202.377.8001
info@groupremain.com

200-43 ORDINANCE 4955



EAST ELEVATION
SCALE 1/4" = 1'-0"

01



WEST ELEVATION
SCALE 1/4" = 1'-0"

02



Professional Seal
Architect
Group Remainance
Arizona
Professional Seal
Architect
Group Remainance
Arizona

EXTERIOR
ELEVATIONS
Drawing No.

AS NOTED

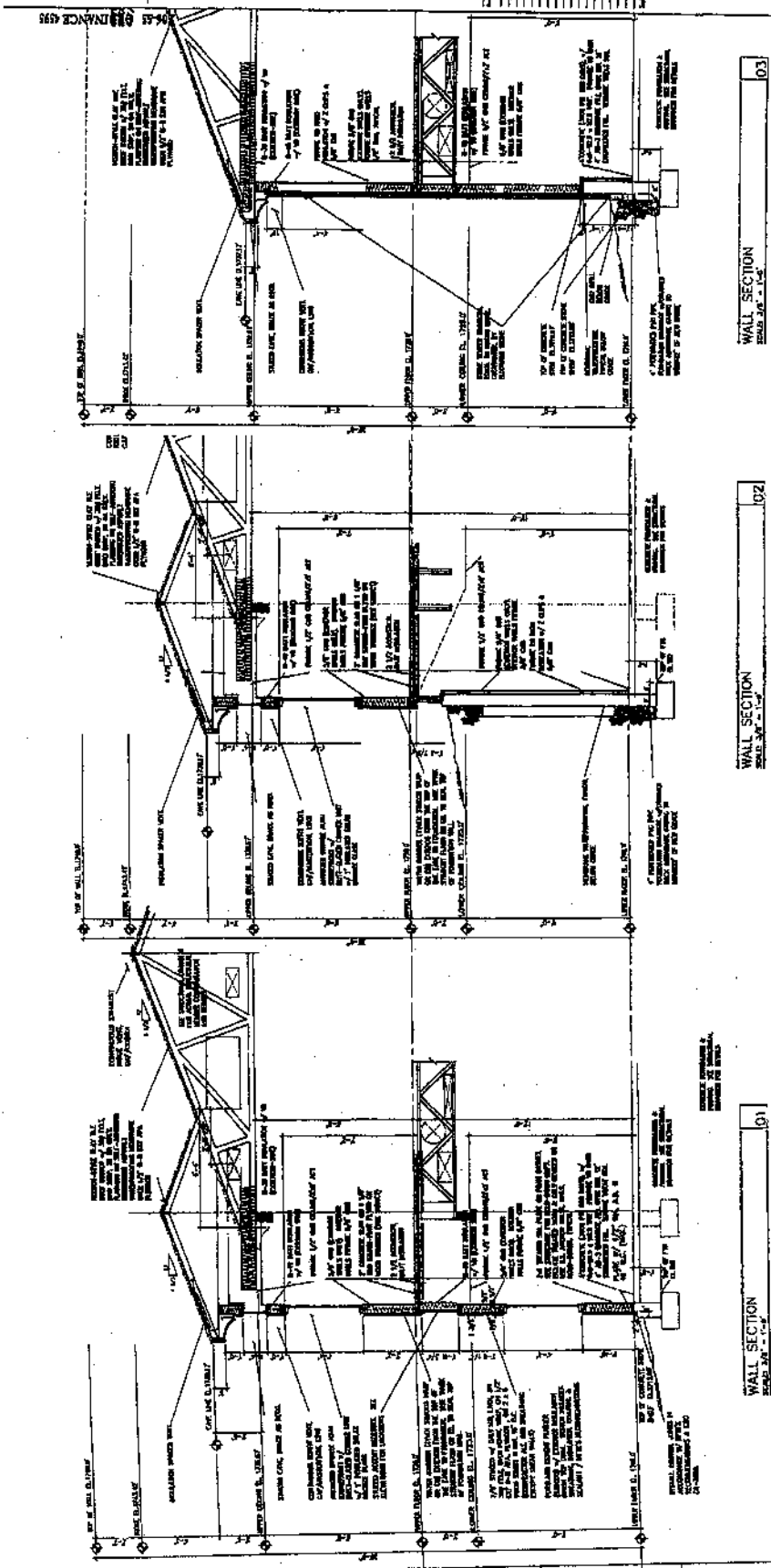
05/24

A-52

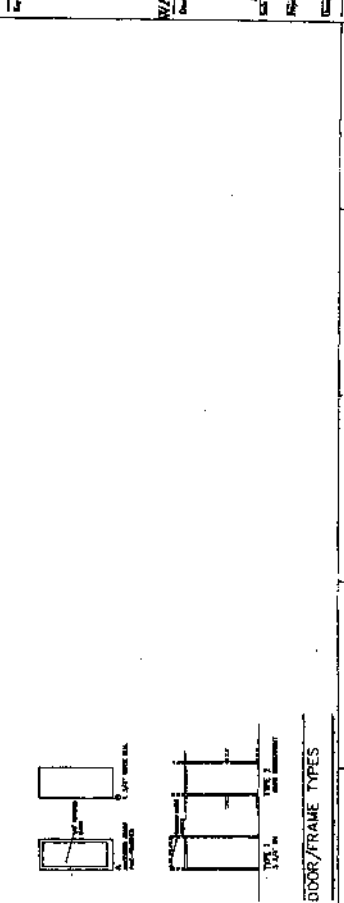
ENTRANCE STOREFRONT DTLS	05
SCALE: NTS	

**LAS SENDAS
OFFICE
CONDOMINIUMS**
SHILL BUILDING
7565 E. Eagle Crest Drive
Mesa, AZ

Project No. 219-17-494
Architect
GRAND REUNAISSANCE
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Phoenix, AZ 85009
(602) 752-2000
(602) 752-2001
c. [redacted]



WALL SECTIONS
0024
A73
AS NOTED



DOOR & FRAME SCHEDULE (11)

DOOR	TYPE	SIZE	MATERIAL	GLASS	FRAME	DETAILS	FINISH	REMARKS
01	A	2'-0" x 7'-0"	AL	TP	TP	TP	TP	TP
02	A	2'-0" x 7'-0"	AL	TP	TP	TP	TP	TP
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InterFlood

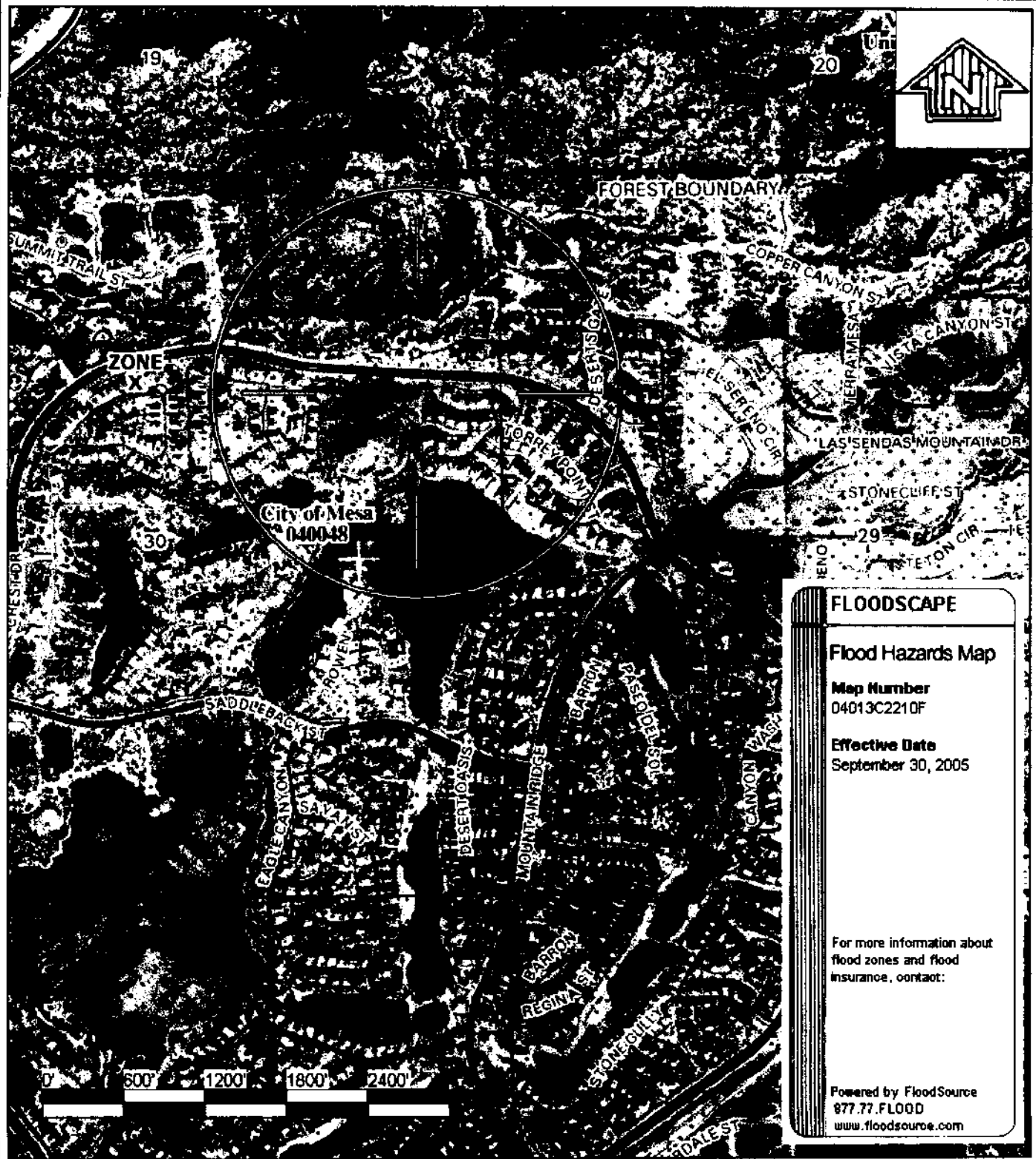


by a la mode

www.interflood.com • 1-800-252-6633

Prepared for:
Scottsdale Appraisers

7565 E EAGLE CREST DR
MESA, AZ 85207-1053



© 1999-2007 SourceProse and/or FloodSource Corporations. All rights reserved. Patents 6,631,326 and 6,678,816. Other patents pending. For info: info@floodsource.com.

SUBJECT PHOTOGRAPHS



SUBJECT LOOKING SOUTHEAST FROM EAGLE CREST DRIVE



SUBJECT LOOKING SOUTHWEST FROM EAGLE CREST DRIVE

SUBJECT PHOTOGRAPHS



SUBJECT LOOKING NORTH FROM REAR OF SITE



LOOKING WEST ALONG EAGLE CREST DRIVE

SUBJECT PHOTOGRAPHS



LOOKING EAST ALONG EAGLE CREST DRIVE



LOOKING SOUTHEAST ALONG CLUBHOUSE DRIVE

5.0 METROPOLITAN PHOENIX/MARICOPA COUNTY ANALYSIS

The subject property is located in the Greater Phoenix Metropolitan area which consists basically of Maricopa County, and is situated about 400 miles east of Los Angeles, California; about 400 miles west of Albuquerque, New Mexico; and approximately 650 miles south of Salt Lake City, Utah. Tucson, Arizona is approximately 120 miles south.

Phoenix is located in the central portion of Maricopa County, which has been growing an average of 313 people per day since the 2000 census to a current estimate of 3.7 million. Over half of the state's population resides within thirty miles of downtown Phoenix.

The area is generally a level desert area with a slight slope traversed by dry washes (creeks and rivers) which carry off rain sheet flow. Mountains are scattered throughout the area.

Climate:

Many people are attracted to the area by the climate. The sun shines almost every day and humidity is low. The average annual rainfall is typically near 7 inches. The average maximum temperature is approximately 87 degrees, and the average minimum temperature is about 64 degrees.

Schools:

There are a wide variety of educational institutions beyond the high school level in the Phoenix Metropolitan area. These include many trade and technical schools, as well as nine community colleges. The enrollment in the community college system is in excess of 90,000 students. In addition, the area is home to Arizona State University, the largest university in Arizona, with 55,000 plus students enrolled.

Population Growth:

The population growth of the Metropolitan Phoenix area has been phenomenal, doubling each decade between 1940 and 1960. From 1970 to 1980, it was the fastest growing regional area in the nation. Population growth over the past years is demonstrated on the following page. The Bureau of the Census indicated that Arizona was one of the fastest growing states over the last decade.

Maricopa County - Population Data

<u>Year</u>	<u>Maricopa County</u>	<u>% Change</u>
1980	1,509,175	35.6%
1985	1,829,500	17.5%
1986	1,910,000	4.2%
1987	1,979,700	3.5%
1988	2,035,500	2.7%
1989	2,084,000	2.5%
1990	2,136,000	2.5%
1991	2,185,000	2.3%
1992	2,238,000	2.4%
1993	2,364,000	5.6%
1994	2,450,000	3.6%
1995	2,527,000	3.1%
1996	2,621,000	3.7%
1997	2,706,000	3.2%
1998	2,890,000	4.0%
1999	2,995,000	3.6%
2000	3,097,000	3.4%
2001	3,194,000	3.1%
2002	3,290,000	3.0%
2003	3,387,000	2.9%
2005 (July)	3,635,528	7.3%

Retail Sales in Maricopa County

The majority of all Arizona retail sales are in Maricopa County. The following chart indicates the growth of retail sales between 1980 to the present.

<u>Year</u>	<u>Total Retail Sales</u>	<u>Annual Growth</u>
1980	8,520,441,000	8.5%
1981	9,200,188,000	8.0%
1982	9,539,687,000	3.7%
1983	9,543,303,000	-0-
1984	10,778,543,000	12.9%
1985	11,867,143,000	10.1%
1986	12,226,821,000	3.0%
1987	11,743,000,000	-4.0%
1988	12,223,000,000	4.1%
1989	12,954,000,000	6.0%
1990	13,268,000,000	2.4%
1991	13,501,000,000	1.8%

Retail Sales in Maricopa County (Cont.)

<u>Year</u>	<u>Total Retail Sales</u>	<u>Annual Growth</u>
1994	18,206,000,000	14.3%
1995	20,017,000,000	9.9%
1996	21,664,000,000	8.2%
1997	23,360,000,000	7.8%
1998	25,207,000,000	7.9%
1999	27,825,000,000	12.0%
2000	30,167,000,000	8.4%
2001	30,605,000,000	1.5%
2002	30,690,000,000	0.3%
2003	32,371,000,000	5.5%
2004	34,249,000,000	5.8%

Except for 1983 and 1987, there has been significant growth in the retail sector for many years. The fact that long term demographic trends are favorable is being recognized by national chains which continue to move into the area. Because of this, there is generally a positive outlook relative to the growth of retail sales, although it is understood this growth will be at a more modest level than in past years.

Employment and Economic Growth

Maricopa County has a broad employment base and is one of the nation's fastest growing labor markets and has one of the strongest economies in the country, as does the State of Arizona itself. Additionally, no dramatic slowing for Maricopa County or Arizona appears to be on the horizon.

Services/wholesale/retail trade are the number one source of income; followed by manufacturing, government, finance/insurance/ real estate, construction, transportation, utilities, and mining.

The following chart provides the number employed along with changes.

<u>Year</u>	<u>Maricopa County</u>	<u>% Change</u>
1996	1,272,500	7.0
1997	1,344,200	5.6
1998	1,418,900	5.6
1999	1,487,000	4.8
2000	1,541,000	3.6
2001	1,559,500	1.2
2002	1,556,900	(0.2)
2003	1,576,600	1.3
2004	1,641,200	1.0
2005	1,743,100	1.1
2006	1,951,600	12.0

As can be seen in the above table, employment, for the most part, has continued to increase, a trend which is expected to continue.

Maricopa County vs. National Unemployment

Since 1990 the metropolitan area unemployment rate has been relatively modest, and has consistently been below the US rate.

<u>Year</u>	<u>Maricopa County Unemployment</u>	<u>U.S. National Unemployment</u>
1990	4.3	5.5
1991	4.9	6.8
1992	6.4	7.5
1993	5.1	6.9
1994	4.7	6.1
1995	3.1	5.6
1996	3.7	5.4
1997	3.2	4.9
1998	2.7	4.5
1999	3.0	4.2
2000	2.6	4.0
2001	3.2	4.8
2002	5.2	5.8
2003	4.9	5.6
2004	4.2	5.5
2005	4.5	4.8
2006	3.6	4.5

Real Estate Market Overview

Office Sector:

In 1980 there was approximately 8.7 million SF of office in the Phoenix Metropolitan area. This expanded to 36.5 million SF by the end of the decade and to almost 62 million SF by the end of 2006. The number of office oriented employees more than doubled during the decade. However, office buildings were being built so rapidly that this segment of the market grew even faster. This created an imbalance between supply and demand and the vacancy rate throughout the Phoenix Metropolitan area moved up from 13% during 1981 to 30% in 1986. In 1987 it moved down to 23%; although, it moved back to 27% by the end of the 1980's. Though there were several years of serious problems, the office segment of the market improved significantly over the past several years with rates as low as 12.5% at the end of 2000. However, with all the new construction the Phoenix Metro vacancy rate increased to 16% at the end of 2001, to 18.8% at the end of 2002, but

has declined to 11.9% as of the 1st Quarter of 2007. The valley office market is still considered to be one of the better markets in the country.

Retail Sector:

There are several trends which are affecting the retail sector. The general growth of the area means additional retail space will be needed to serve the various new subdivisions. This growth has also attracted major new retailers into the area. The second trend is the requirement being made by most municipal land use regulations that retail activity takes place within planned commercial developments. In 1980 there was approximately 34 million SF of retail space. This had increased to over 121 million SF by the end of 2006 with an overall vacancy rate of about 5.1% as of the 4th Quarter of 2006, making the Phoenix area one of the top retail markets in the country.

Ten major malls have been built since 1990 throughout the valley. The regional malls account for about 18% of the total retail space. About 29% of the retail space is considered to be in community centers which are not enclosed, but contain some department stores. This type of center, in some cases, has evolved into what is known as a power center which typically houses major discount stores such as Wal-Mart. About 41% of the retail space consists of neighborhood centers. Due to the entry of several new retailers this sector of the retail market has been fairly active. The final type of center consists of a strip or specialty center concept and is typically defined by the lack of a major tenant. Usually these centers have less than 50,000 SF, although there are some exceptions. About 12% of the retail space consists of this type of project.

Industrial Sector:

The industrial market in the Phoenix Metropolitan area has been boosted by its geographical proximity to California and Mexico. Because the cost of doing business in Arizona is considerably less than in Southern California, the Phoenix area has developed into a low cost/high amenity extension of the Los Angeles area. As of the end of 2006 there was an industrial base of over 229 million SF of which about one half is for lease type properties. There was a vacancy rate of 7.6% valley wide, as of the end of the 2nd Quarter of 2007. The industrial market was the first to rebound among the commercial sectors, and is expected to continue its growth during 2007, but at a slower pace.

Multi-Family Sector:

During the mid-1980's, values of multi-family buildings were relatively strong. However during the latter part of the decade and the beginning of the 1990's values decreased considerably. Because of this, construction diminished and sales of existing units increased. The vacancy also decreased, leading to strong construction activity beginning in 1995. However, with the new construction, the vacancy rate as of the end of 2006 was still only about 7.3%.

Single Family Residential Sector:

During the last several years the Phoenix area was one of the leading housing markets in the country. It has also been ranked first in new home starts for the western United States. The following chart shows the growth in the amount of single family permits. The current level remains high.

<u>Year</u>	<u>Number</u>	<u>% Change</u>
1993	21,303	12.9
1994	27,137	27.4
1995	27,736	2.2
1996	28,319	2.1
1997	30,466	7.6
1998	35,603	16.9
1999	35,430	-0.5
2000	33,107	6.6
2001	33,428	1.0
2002	35,384	5.9
2003	41,056	16.0
2004	60,415	47.2
2005	59,544	-0.1
2006	43,299	-27.3

This construction activity stimulates the economy in general as well as the commercial real estate market. Up to several years ago, the real estate market had been in a correction phase since the late 1980's. However, in the last few years vacancy rates have decreased to more typical levels, which have caused vacant land to become more attractive for development purposes. During 2005 housing values increased dramatically and then leveled off in the last Quarter of 2005. Additionally, builders have decreased the number of new starts after having too many during 2004 and 2005. This should help the housing market return to a more sustainable level.

Transportation:

Over the years, transportation has consistently been a problem for the Metropolitan Phoenix area. This had been especially due to the lack of a freeway system which is usually an integral part of a larger city. However, over the past years funding has been approved in order to construct a much needed freeway system, with a large portion of them already having been completed. When finalized there will be over 230 miles of freeways. These new freeways will increase the access for virtually all areas of the Metropolitan area and will encourage growth in the general area.

There is overnight truck service to many cities in the southwest, including San Diego, Los Angeles, Las Vegas, Albuquerque, El Paso and Tucson. The area is also served by the Southern Pacific and Santa Fe Railroads, as well as two bus lines. The Phoenix Sky Harbor International Airport is now

the 6th busiest airport in the country. Of importance is the continuing construction that is taking place at the airport.

Conclusions

Although population growth in the Phoenix Metropolitan area has declined from the strong growth of the past decade, this region is still expected to be one of the fastest growing population centers in the nation for the next 25 years. Additionally, a large percentage of this growth is expected to be the result of net in-migration, with the rate of growth surpassing the growth rates for the rest of the nation. The Metropolitan area is becoming increasingly important as a hub of business activity for the entire southwest due to a major re-focusing of economic activity to this area. Additionally, the importance of tourism has been diminishing and is being replaced by an emphasis upon high technology manufacturing. At the current time, high tech industries comprise approximately half of all of Arizona's manufacturing, which is more than three times the national average. In spite of the slow down in some of the industries over the past few years, the long term economic outlook for Arizona and the Metropolitan Phoenix area remains favorable. Arizona's current economy is good and the growth rate is twice the national average. This is due to the favorable standard of living, economic opportunities, attractive climate, wide-open spaces, positive government attitudes, plus the reasonable cost of living.

Sources Utilized:

Arizona Real Estate Center, ASU

U.S. Department of Labor

U. S. Census

Other Organizations:

R. L. Brown

CB Richard Ellis

Grubb & Ellis Co.

Cushman & Wakefield

6.0 CITY OF MESA DATA

The subject property is located in the City of Mesa, the second largest city in the Phoenix Metropolitan area and the third largest city in Arizona. Additionally, it is the 52nd largest city in the United States. As of 1980, the city had a population of approximately 152,453, up about 105% from the 1970 census. As of 1990, the estimated population was 288,091 with an amount of 396,375 for 2000, 431,874 for 2002 and 447,266 as of about 2004. The 2006 numbers show a population of 448,000. The city will be completely built-out when the population reaches about 636,000. Over the last decade, Mesa has grown by 38% compared to the national rate of 13%. The city is spread out over about a 122 square mile area (incorporated) with plans to increase it to 155 square miles.

Growth of the city has been north, south, and east of the urban areas, converting farmland into new residential communities. Commercial development, largely consisting of retail facilities and strip centers has followed the trend of the residential growth.

Mesa's economy is based on a combination of agriculture, manufacturing industries, and government. Mesa has a number of major manufacturing facilities such as Talley Industries, Motorola, Boeing, General Motors, National SemiConductor, etc. There are also large industrial employment centers in Tempe, which is located just west of Mesa. One of the largest employers in the general area is Arizona State University with its 50,000 plus students, which is located in Tempe.

Mesa Community College has campuses located at Dobson Road and Southern Avenue as well as Power and McKellips Roads. There are abundant Golf Courses scattered through out the City, most of them as centerpieces for planned communities. The Cubs' Spring Training Facility is at Mesa's Hohokam Park. Shopping centers include Fiesta Mall, Superstition Springs and Mesa Grand/Mesa Spectrum. Cultural opportunities include Mesa Arts Center as well as various Museums.

One of the largest employers is Banner Desert Medical Center at Dobson and Southern, which is the southeast valley's largest hospital.

The City of Mesa expects to win Waveyard Developments LLC's \$250 million hotel and water park project which will feature surfing, whitewater rafting, snorkeling and other sports activities. It would be built on the former Riverview Golf Course west of Dobson Road and south of Loop 202. It would be located west of Riverview, a retail center including Bass Pro shop. Additionally, an upscale 250 room Hyatt Place Hotel is planned for the same geographic area.

The main access to Mesa is via the Superstition Freeway (US 60). It stems off of I-10 between Southern Avenue and Baseline Road in west Phoenix and extends east through Tempe, serves all of Mesa and then extends eastward into Apache Junction. The Red Mountain Freeway (Loop 202) on the north side of the city connects with the #101, the #143 and the #51 Freeways and will connect with the Santan Freeway (Loop 202) which connects with both the #101 and the #I-10. Rail, highway, and air transportation link this city to all principal population and business centers.

US Highways #80, and #89 also serve the city, as does the main line of the Southern and Pacific Railroad.

Mesa has two airports. The first is known as Falcon Field, a general aviation facility which began a major overhaul in 2007 (reconfiguration of roads and taxiways and expansion of aviation services plus the addition of hangars). The 7,000 acres around Falcon Field is the Falcon Field Business District and within it are located employers such as Boeing, MD Helicopters, Talley Defense Systems and Special Devices, Inc. with additional development planned such as business office parks. The second is the former Williams Air Force Base, now known as Williams Gateway Airport, which is still in the process of being developed for civilian uses. Now that access to the area has been improved with the completion of the 202 Freeway through the area, the Williams Gateway area (WGA Business Center) is rapidly taking shape as a hub for both industrial and commercial use: it is designated as a foreign-trade zone which will allow large shipping and receiving facilities. During 2005 and 2006 investors and developers spent over \$350 million acquiring land around the Airport and another \$265 million for the 3,000 acres formerly used as the Proving Ground for GM. The Urban Land Institute studied the 40-acre square mile area and arrived at the estimation that the demand for industrial space in the area could reach up to 1,500 acres during the next quarter century along with 400 acres for office space and 500 acres for retail use. Intel and Motorola both have facilities at Williams Gateway and are being joined by others such as a large office/warehouse building at Sossaman and Velocity Way and the 902 acre Williams Trade Zone's industrial and mixed use project.

In addition to the Williams Gateway area two additional catalysts for the area are the completion of the Santan Freeway and the master-planned community on 5,300 acres which includes the former Proving Grounds (12,000 plus housing units are currently planned as well as support facilities). Growth is expected to remain strong.

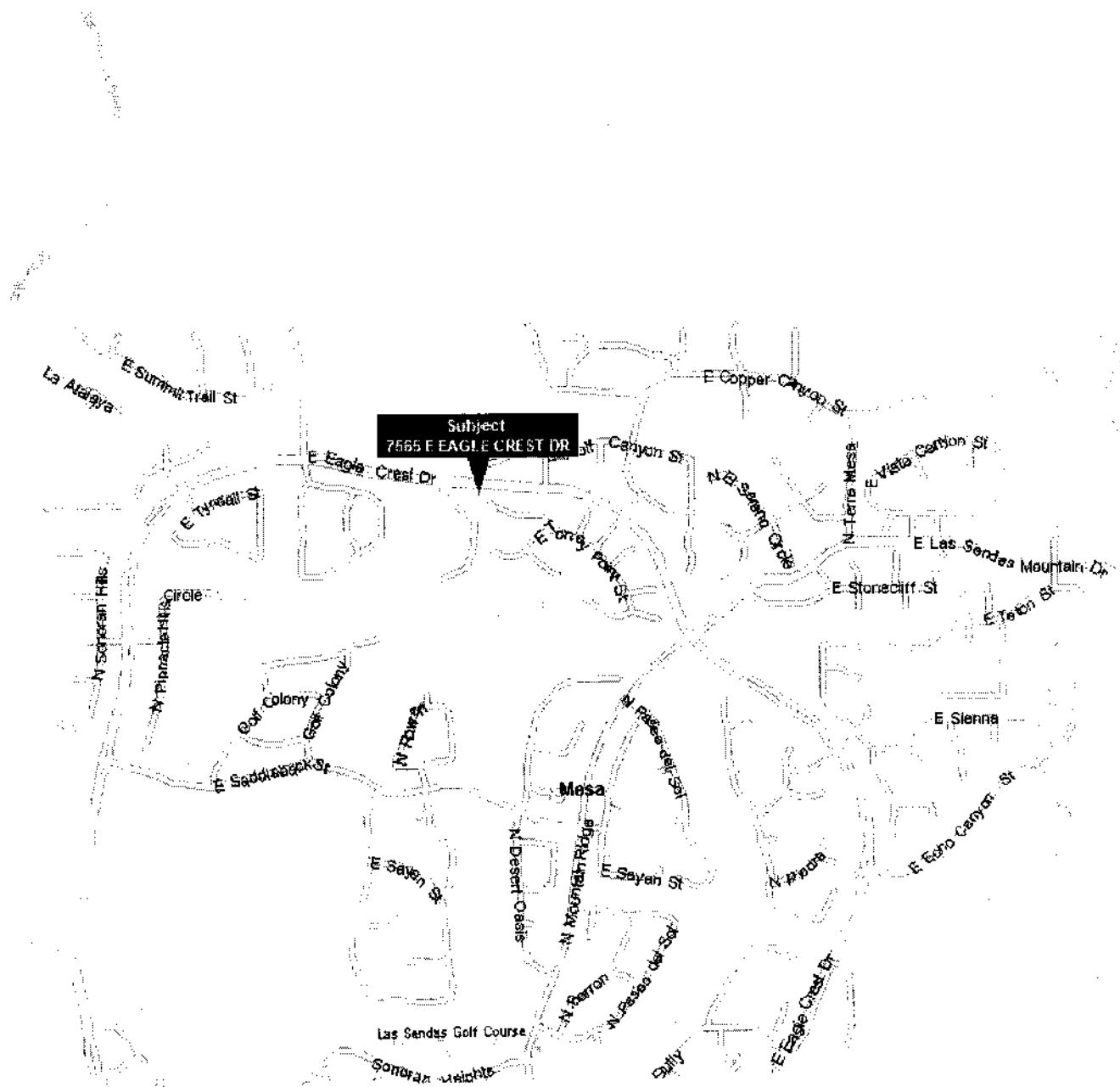
Neighborhood Map

Borrower/Client			
Property Address 7565 E EAGLE CREST DR			
City MESA	County	State AZ	Zip Code 85207-1053
Lender			



Microsoft
MapPoint

Tonto National Forest



7.0 NEIGHBORHOOD

Within a community, there is a marked tendency toward the grouping of land uses. The areas devoted to these various uses are physical neighborhoods. Although varying in size, a neighborhood is generally characterized as being homogeneous in some respect and includes a unified area within some definite boundaries.

Neighborhoods may be devoted to such likes as residential, commercial, industrial, agricultural, and civic activities, or a mixture of these uses. An analysis of a neighborhood in which a particular property is located is important, due to the fact that the various economic, social, political, and physical forces which affect that neighborhood also directly influence the individual properties.

The subject neighborhood is considered to be that area bounded on the north and east by the Utery Mountains and Tonto National Forest, on the south by McDowell Road and on the west by Recker Road. The subject site is located about nine miles northeast of the business district of Mesa and about 21 miles east of the downtown business district of Phoenix. There is access to Saguaro Lake north on Power Road and then northeast along the Bush Highway.

Direct access to the site is via Eagle Crest Drive, a fully improved winding street that is the main road in the northern section of Las Sendas. Additional access to the site is via Clubhouse Drive, which is a short access road to the clubhouse just southwest of the subject. Main north/south access to the area is via Power Road ½ mile west, and McDowell Road ¾ mile south, both of which are arterials. The 202 Red Mountain Outer Loop is 1 mile southwest and the Superstition Freeway is 6 miles south. There is good access to all parts of the Valley.

The subject area is within the Las Sendas master planned development. Las Sendas contains about 2,400 acres with 36% set aside as open space, including extensive hiking trails as well as parks. It is located somewhat above the rest of the valley at an average elevation of 1,800 feet, so there are good views. Additionally, just to the east in Pinal County (beyond Apache Junction) are the Superstition Mountains. The development includes a major golf course and a 12,000 SF multi-purpose facility. Many of the homes are custom and all the neighborhoods are gated.

In the southeast part of the general area are larger custom homes located on larger sites than typical. In the eastern part of the area is the large Utery Mountain Recreation Area. In the northwestern part of the neighborhood is Red Mountain Ranch, another larger master planned development that has been well accepted by the market.

The subject is located in the northeastern part of the Red Mountain Vista Retail Market Area, as designated by the City of Mesa.

Mesa's Falcon Field Municipal Airport is located 3 miles southwest. It is a general aviation facility which began a major overhaul in 2007 (reconfiguration of roads and taxiways and expansion of aviation services plus the addition of hangars). The 7,000 acres around Falcon Field is the Falcon Field Business District and within it are located employers such as Boeing, MD Helicopters, Talley

Defense Systems and Special Devices, Inc. with additional development planned such as business office parks. (Mesa's other airport, Williams Gateway, is located about 12 miles south, and consists of the former Williams Air Force Base facility.)

Commercial properties in the area tend to be at the major intersections. Again, many of these are of recent construction and new development is also underway. The nearest regional center is the Superstition Springs Center, seven miles south, which is one of the newer centers in the valley. Industrial properties are scattered throughout the area to the west and southwest of the subject area and most consist of master planned developments of average to good quality. Many were developed during the mid-1980's and the 1990's; there are several that are currently under construction.

Uses immediately around the subject consist of a clubhouse to the southwest; otherwise, other uses consist of upscale single family residences.

In summary, the subject is located within an area that has excellent views. With the recent completion of the 202 Red Mountain Outer Loop to Power Road and its projected completion in the next couple of years when it will connect with the 202 Santan Outer Loop, it is expected that the growth in the subject area will be relatively strong. All necessary commercial/industrial and residential support systems are within reasonable driving distance and the area is convenient to major transportation systems.

8.0 HIGHEST AND BEST USE

Highest and Best Use is defined as:

"The reasonably probable and legal use of vacant land or an improved property, which 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.*

The definition immediately above applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until the value in its highest and best use exceeds the total value of the property in its existing form.

Because the use of the land can be limited by any existing improvements, the highest and best use is determined for the land as though it were vacant and it was possible to develop it to its highest and best use, or for the property as it is improved. Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization to individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found.

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value), another appropriate term to reflect highest and best use would be most probable use. In the context of investment value, an alternative term would be most profitable use.

In making a determination of the highest and best use for a given property, there are four basic steps to be followed. These steps are used to determine what uses are: 1 - legally permissible, 2 - physically possible, 3 - financially feasible, and 4 - maximally profitable.

HIGHEST AND BEST USE - AS IF VACANT:

Legally Permissible – The site is zoned C-2 (Limited Commercial District). The purpose of this District is to provide for a broad range of indoor retail businesses. The intent of this District is to allow commercial uses to satisfy the needs of the community with emphasis on shopping center and group commercial developments. The subject's proposed office use on the building site is typical of those found in this district. A copy of the Zoning Ordinance is in the Addenda section.

Physically Possible - The subject site has no physical limitations which would restrict its development with a variety of uses

Financially Feasible - Neighborhood, location, and zoning characteristics have already been discussed. These factors indicate that an office use appears to be appropriate. The attitudes of

financial lenders would support this thinking. Additionally, from a socioeconomic standpoint, this use contributes to the employment of the population in the surrounding areas.

Maximally Profitable/Highest-Best Use - Of the various uses which are feasible, the use that produces the greatest value is recognized as the highest and best use. Of the various uses which are feasible, the use that produces the greatest value is recognized as the highest and best use. The proposed subject improvements are representative of the highest and best use.

HIGHEST AND BEST USE - AS IMPROVED

Legally Permissible - The zoning discussion indicates that the proposed office use is legally permissible. This appraisal makes the assumption that all zoning requirements have been met by the subject.

Physically Possible - As discussed earlier, the subject property will have office building improvements.

Financially Feasible - Any use which is legally permitted and physically possible, that also provides a positive return, is regarded as being financially feasible. The proposed subject office improvements are typical of those in the general area. The fact similar improvements have been used successfully for many years indicates feasibility of use.

Maximally Profitable/Highest and Best Use - Of the various uses which are feasible, the use that produces the greatest value is recognized as the highest and best use. The proposed subject improvements are representative of various potential uses and provide the greatest return to the land due to the current zoning regulations. Thus, the proposed use, earlier described in detail, represents the highest and best use for the site.

*THE DICTIONARY OF REAL ESTATE APPRAISAL - FOURTH EDITION (Appraisal Institute, Chicago, Illinois)

9.0 THE APPRAISAL PROCESS

The appraisal process is a procedure followed in the preparation of this report. It is a method of arriving at an estimate of value by employing an orderly program for the accumulation, analysis, and observation of data. The process begins with a preliminary study of the problem involved and defines the basis on which the appraisal is made. Next, the data called for in the preliminary study is collected, classified, and analyzed. Finally, an interpretation of the data in the three approaches to value is made and the result correlated into the final value estimate.

These three basic approaches to value are the Cost Approach, the Income Capitalization Approach, and the Direct Sales Comparison Approach. These approaches provide market data from three different market sources when all three approaches are applicable. When one of the three approaches to value is not used, the reason why the approach was not applicable must be explained.

The Cost Approach has as its premise the valuation of the site by comparison with other sites in the area that have sold in the recent past, making adjustments for differences to indicate a site value estimate. To this site value is added the estimated cost to replace the improvements, less any loss of value (depreciation) that might have transpired or taken place.

The Income Capitalization approach as used for investment properties has as its premise the estimation of the amount of the net income, which when capitalized in a manner that is commensurate with the risk and life expectancy of the improvements, will indicate the present value of the income stream.

The Direct Sales Comparison Approach has as its premise a comparison of the subject property with others of a similar design, utility, and use that have sold in the recent past.

To indicate a value for the property, adjustments are made to the comparables for differences with the subject.

Normally, these three approaches will each indicate a different value. After all the factors in each of the approaches have been carefully weighed, the indications of value derived from each of the approaches are correlated to arrive at a final value estimate.

In the final selection of the method of estimating the value defined by this report, the appraisal process relies on the approach to value which appears to apply most logically to the type and condition of property being appraised. The approach to value which most nearly represents the thinking and actions of buyers and sellers in the market for this type of property is inherent to the process.

10.0 COST APPROACH

The Cost Approach is based on the principle of substitution, and is defined as:

"The appraisal principal that states that when several similar or commensurate commodities, goods, or services are available, the one with the lowest price will attract the greatest demand and widest distribution..."

The above definition further considers that no undue delay would be present in the purchase of the site or the actual time to construct the like improvements. This approach assumes that the value of the whole property is reflected through the net sum total of the value of the site; plus the current cost to reproduce the improvements; less any and all forms of physical, functional, and economic depreciation to the improvements. In summary, the individual steps in the Cost Approach are as follows:

1. Estimate the current market value of the subject site.
2. Add the estimated reproduction cost new of all improvements.
3. Deduct the total accrued depreciation.
 - A. Physical Deterioration
 1. Physical Curable (Deferred Maintenance)
 2. Physical Incurable
 - B. Functional Obsolescence
 1. Incurable
 2. Curable
 - C. Economic Obsolescence
4. Equals a total indication of market value for the subject property, via the Cost Approach.

The value of the site, as if vacant, will first be estimated. A search of the public records and an investigation in the general area of the subject were made in order to find sales of properties comparable to the subject site.

The appraiser has examined many land sales and chosen to compare the following properties to the subject property. Each was selected for having some similarities to the subject. These sales can be found on the following pages.

Land Sales Map

DESCRIPTION AND DISCUSSION OF LAND SALES

An investigation was conducted to find transactions involving similar vacant properties deemed to be comparable to that under study. The area required to be searched revealed the following data.

The following is a description of the sales along with a discussion of the various differences between the comparables and the subject property. In adjusting the comparables to the subject, the appraiser noted the differences between the properties. If the comparable had features lacked by the subject, the sales price of the comparable was reduced. If the comparable lacked features which the subject had, the sales price of the comparable was increased accordingly.

The various transactions are profiled in the following discussion, after which the adjustment process is detailed on an adjustment grid. Paired sales are not always available to serve as a basis of adjustment. Additionally, the degree or amount of adjustment may give the impression that they represent a high degree of accuracy; however, they are approximations that are offered more as an indication of inferior and superior differences between the comparables and the subject property. It should be noted that the fact that not all of the land is build-able is considered to be offset by the good view amenity the extra land provides.

Land Sale No. 1

Located on the east side of Power Road and opposite Northridge Street (south of McDowell Road) in Mesa, this land parcel has 33,885 SF (0.78 Acres) and is zoned C-2 (Commercial). It sold for \$36.47/SF (\$1,235,836) on July 7, 2006 (Recording No. 06-0912586). The assessor's parcel number was a portion of 219-25-001Q. Terms were cash to the seller. A downward adjustment was indicated for superior location factors, especially as it is part of a shopping center. In any case, this property appears to have sold somewhat above market.

Land Sale No. 2

Located at 5958 East McKellips Road in Mesa, this land parcel has 36,895 SF (0.85 Acres) and is zoned C-2 (Commercial). It sold for \$20.33/SF (\$750,000) on May 31, 2007 (Recording No. 07-0630162). The assessor's parcel number was 141-43-003W. Terms were cash to the seller. A downward adjustment was indicated for superior location factors.

Land Sale No. 3

Located on the west side of Recker Road and the second lot south of Brown Road in Mesa, this land parcel has 71,796 SF (1.65 Acres) and is zoned C-2 (Commercial). It sold for \$15.68/SF (\$1,126,000) on June 28, 2007 (Recording No. 07-07452027). The assessor's parcel number was 141-78-548C. Terms were cash to the seller. No adjustments were indicated.

Land Sale No. 4

Located within the parcel located on the east side of Greenfield Road and the north side of Main Street/Apache Trail in Mesa, this land parcel has 55,609 SF (1.28 Acres) and is zoned C-2 (Commercial). It sold for \$30.57/SF (\$1,700,000) on February 21, 2007 (Recording No. 07-0209337). The assessor's parcel number was a portion of 140-18-003T. Terms were cash to the seller. A downward adjustment was needed for superior location factors.

Land Sale No. 5

Located on the south side of Shea Boulevard and the east side of Technology Drive in Fountain Hills, this land parcel has 55,757 SF (1.28 Acres) and is zoned C-2 (Commercial). It sold for \$31.01/SF (\$1,728,990) on August 14, 2006 (Recording No. 06-1082010). The assessor's parcel number was 176-09-486. Terms were cash to the seller. A downward adjustment was needed for superior location factors.

In addition to the above sales there are several nearby listings. At the southwest corner of the Las Sendas development is a 14 Acre parcel zoned for office use that has an asking price of \$20.00/SF: the larger size would be offset by the superior location of the listing. There is also a 3.2 Acre Hotel site with an asking price of \$28.00/SF and another 14 Acre site designated for retail use that has an asking price of \$25.00/SF. Finally, at the northwest corner of Brown and Power Roads is a 1.1 Acre site that will have a retail use with an asking price of \$20.45/SF. Reportedly this property is also in escrow.

The following grid is a summary of the various adjustments and the indicated values on a per SF basis. While some of the adjustments are relatively high on a percentage basis, they are being applied to relatively small numbers.

Land Sales Adjustment Grid

Comparable	One	Two	Three	Four	Five
Sales Price/SF	\$ 36.47	\$ 20.33	\$ 15.68	\$ 30.57	\$ 31.01
Prop. Rights Convey.	0%	0%	0%	0%	0%
Adjusted Price/SF	\$ 36.47	\$ 20.33	\$ 15.68	\$ 30.57	\$ 31.01
Financing	0%	0%	0%	0%	0%
Adjusted Price/SF	\$ 36.47	\$ 20.33	\$ 15.68	\$ 30.57	\$ 31.01
Conditions of Sale	0%	0%	0%	0%	0%
Adjusted Price/SF	\$ 36.47	\$ 20.33	\$ 15.68	\$ 30.57	\$ 31.01
Market Conditions	0%	0%	0%	0%	0%
Adjusted Price/SF	\$ 36.47	\$ 20.33	\$ 15.68	\$ 30.57	\$ 31.01
Location	-30%	-10%	0%	-25%	-40%
Zoning	0%	0%	0%	0%	0%
Size/Util/Topo	0%	0%	0%	0%	0%
Net Adjustment	-30%	-10%	0%	-25%	-40%
Final Adj. Price/SF	\$ 25.53	\$ 18.30	\$ 15.68	\$ 22.93	\$ 18.61

Before adjustments, the sales ranged in price from \$15.68/SF to \$36.47/SF. After adjustments there was an indicated range from \$15.68/SF to \$25.53/SF. Without the extremes there is a range of \$18.30/SF to \$22.93/SF.

CONCLUSION OF ESTIMATED SITE VALUE

In consideration of the above data, a value between \$18.00/SF to \$22.00/SF, or in this case near \$20.00/SF is considered to be reasonable. Therefore, the estimated value for the subject land is $\$20.00/\text{SF} \times 65,928/\text{SF} = \$1,318,560$ rounded to **\$1,319,000**.

REPLACEMENT COST ESTIMATE

Following is the calculation of the Cost Approach for the subject improvements which consist of direct and indirect costs and a deduction for depreciation factors. In the Addenda is a copy of the proposed shell building improvements along with various landscaping and paving costs. After adjustments in order to compare the costs to a valuation service, the building costs equated to \$126.00/SF (rounded). The projected costs figures were compared to data contained in the appraiser's files and from recognized cost services, specifically the Marshall & Swift Valuation Service (Section 5- Class C). Other sections were also consulted for the various site improvements. The actual estimated costs were found to be comparable to the reviewed costs, thus they will be used for the purposes of this report.

The indicated price per square foot includes interior finishing, sales taxes, architect's fees, contractor's overhead and profit, permit fees, and insurance during construction. The estimated indirect costs (22% of direct costs) include permanent financing costs, legal fees, developer's costs, etc.

DEPRECIATION/OBSCOLESCENCE ESTIMATE

As discussed earlier in the Cost Approach definition section, there are three forms of accrued depreciation: physical deterioration, both curable and incurable; functional obsolescence, both curable and incurable; and economic obsolescence. They are described as follows.

Physical Deterioration:

As the subject improvements are proposed, there is no physical depreciation in this case.

Functional Obsolescence

There was no functional obsolescence noted for the subject property.

External Obsolescence

This is the decrease in value caused by negative influences from outside the site; however, in this case there was none noted for the subject.

Following is the calculation of the Cost Approach, as of the prospective date of value, assuming completion per specifications and plans.

DIRECT COSTS

Building Area	
10,406 Sq. Ft. @ \$ 126.00 per S.F	\$ 1,311,156
Paving/Fencing/Covered Parking	
Lump Sum	\$ 140,000
Miscellaneous	
Lump Sum	<u>\$ 25,000</u>
Total Direct Cost Estimate	\$ 1,476,156

INDIRECT COSTS

Loan Costs/Legal Fees/Devel. Profit/Etc.	<u>\$ 324,754</u>
TOTAL DIRECT AND INDIRECT COSTS	\$ 1,800,910
Less: Depreciation From Physical Causes	<u>\$ -</u>
ESTIMATED VALUE AFTER PHYSICAL DEPREC.	\$ 1,800,910
Add: Land Value	<u>\$ 1,319,000</u>
ESTIMATED VALUE VIA COST APPROACH	\$ 3,119,910
ROUNDED	\$ 3,120,000

11.0 INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach is defined as:

"A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value..."

The Income Approach to value is particularly important since the subject is an income-producing property. A prospective buyer or typical investor will be interested in the potential return on investment.

This valuation method involves estimating the gross income, deducting the operating expenses and thus arriving at an indication of net income. The value indication is obtained by dividing net income by the owner's expected rate of return. This process is known as "capitalizing the income stream".

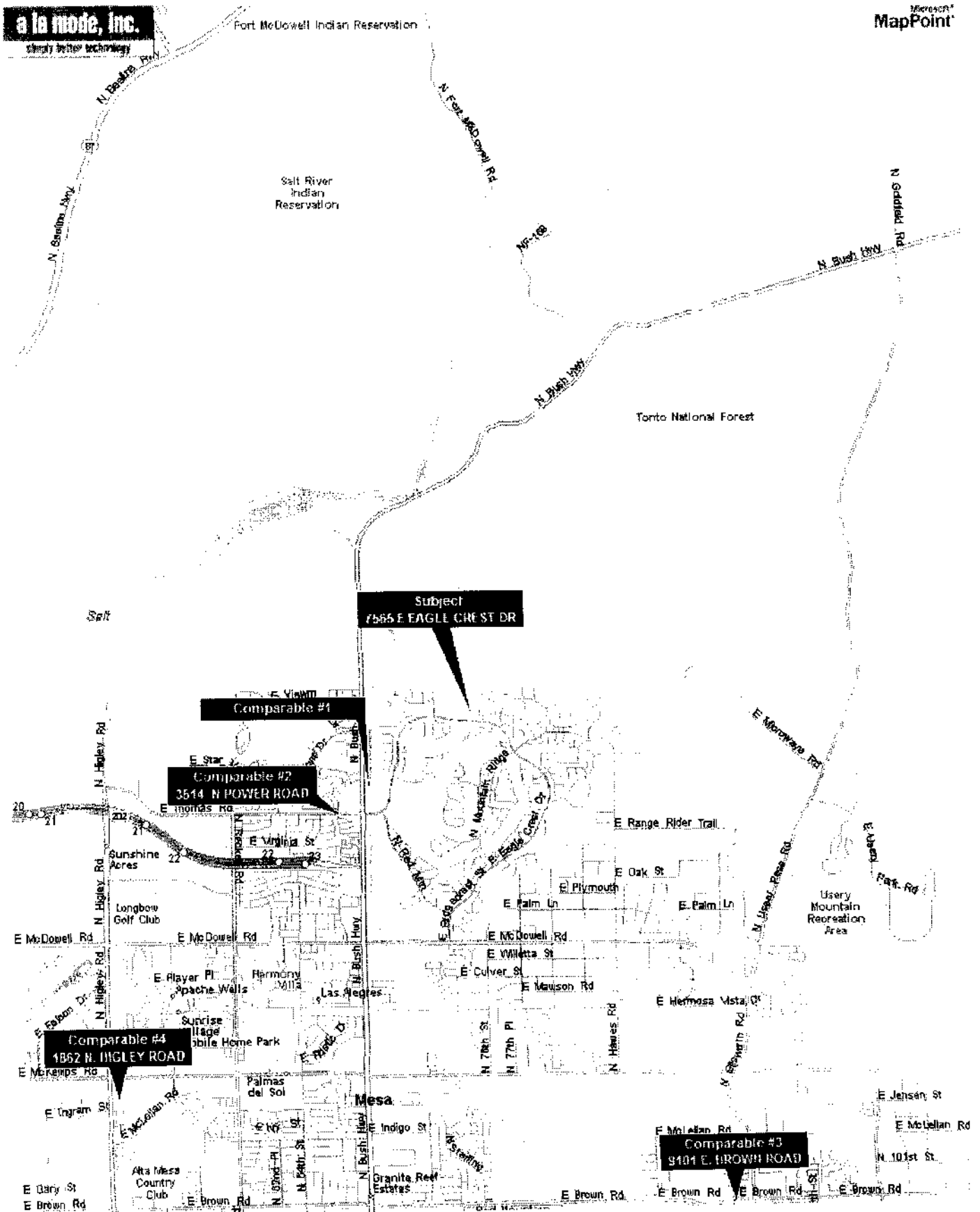
Complications to this process include the fact that building improvements will tend to deteriorate and the investor normally expects to recapture or recover this portion of their investment over the economic life of the improvements. Also, the percentage rate of return which an investor can expect to receive on an investment must depend upon the relative safety of the investment, the rate of return which can be obtained on other investments, the consistency or dependability of the income stream and the degree of personal attention or maintenance necessary to safeguard the investment.

One of the main benefits of income producing real estate is the cash flow generated during the holding period as well as the revenue generated from the property's eventual sale. The Income Approach is a process of measuring and estimating the present or current value of future benefits (periodic cash flows and reversion or resale).

Like the Sales Comparison and Cost Approaches to Value, the Income Approach requires market data research. Research and data analysis are considered against a background of supply and demand relationships. This information is then applied to the subject.

Rentals Map

Borrower/Client				
Property Address 7565 E EAGLE CREST DR				
City MESA	County	State AZ	Zip Code 85207-1053	
Lender				



DESCRIPTION AND DISCUSSION OF RENTAL COMPARABLES

The following is a description of the rent comparables and a discussion of the various differences between them and the subject improvements. Although the sizes of the buildings vary, they profile competitive alternatives to the subject property which a prospective tenant would review. Typically, in this area office properties are rented on a triple net (NNN) basis. Triple net is where the tenant pays for expenses and the landlord is responsible only for management, as well as reserves. In a couple of cases the rents were converted to a NNN basis using expense amounts. Finally, the design/appeal category also refers to the amount of the tenant improvements, i.e., office finish.

Rent Comparable No. 1

Located southeast of Power and Thomas Roads in Mesa, in the Zahara Professional Offices, this 1-year old office property contains 50,000 SF. The parking appears to be adequate. The rent is \$21.00/SF NNN and the property was 17% vacant. An upward adjustment was indicated for the inferior location which was offset by a downward adjustment for superior inferior design/appeal factors.

Rent Comparable No. 2

Located at 3514 North Power Road, Unit 104, in Mesa, this new office property contains 3,071 SF. The parking appears to be adequate. The rent averages \$22.00/SF NNN (for the non executive suite space) and the property is in its initial lease up stage. An upward adjustment was indicated for the inferior location which was offset by a downward adjustment for superior inferior design/appeal factors.

Rent Comparable No. 3

Located at 9101 East Brown Road in Mesa, this new office property contains 11,080 SF. The parking appears to be adequate. The rent is \$21.00/SF NNN and the property is in its initial lease up stage. An upward adjustment was indicated for the inferior location which was partially offset by a downward adjustment for superior inferior design/appeal factors.

Rent Comparable No. 4

Located at 1862 North Higley Road in Mesa, this new office property contains 3,450 SF. The parking appears to be adequate. The rent is \$24.50/SF NNN and the property is in its initial lease up stage. An upward adjustment was indicated for the inferior location which was offset by a downward adjustment for superior inferior design/appeal factors.

The following grid summarizes the adjustments that were made to the rent comparables. The adjustments may give the impression they represent a high degree of accuracy; however, they are approximations that are offered more as an indication of differences between the comparables and the subject property. The following adjustments take into consideration the fact the subject is being appraised in a shell state.

Rental Comparables Adjustment Grid

	One	Two	Three	Four
Rental/SF	\$ 21.00	\$ 22.00	\$ 21.00	\$ 24.50
Location	10%	10%	15%	10%
Design/Appeal/Const.	-10%	-10%	-10%	-10%
Age/Condition	0%	0%	0%	0%
Size	0%	0%	0%	0%
Net Adjustment	0%	0%	5%	0%
Final Adj. Price/SF	\$ 21.00	\$ 22.00	\$ 22.05	\$ 24.50

ESTIMATE OF INCOME

Before adjustments, the range in rental amounts in the above grid was \$21.00/SF/Year to \$24.50/SF/Year. After the adjustments were made, there was an indicated range of \$21.00/SF/Year to \$24.50/Year.

In consideration of the above data, a range of \$22.00/SF/Year to \$23.00/SF/Year, or in this case near \$22.50/SF/Year on a Triple Net Basis is considered reasonable, and will be used for the purposes of this report. Therefore, the Potential Gross Income is estimated to be 10,406 SF x \$22.50/SF/Year = \$234,135.

VACANCY/COLLECTION LOSS

Reportedly, it is the intent of the subject developer to sell all of the units, with one already being in escrow. The rent comp vacancy rates varied as they were involved in the leaseup stage. Additionally, the 2nd Quarter 2007 Review from CB Richard Ellis indicated a vacancy rate of 14.3% for office space in the subject's general market area and a 13.0% vacancy rate valley wide. Finally, the vast majority of office condo buildings in the Valley are occupied by owner/users. This is partly due to their relatively small size, and also due to the fact many developers of these types of properties refuse to rent their properties. Because of this, the vacancy rate tends to be lower for the subject type properties.

Occasionally, there are times when tenants cannot meet their rental obligation; however, typically, the collection loss of tenants can be controlled to a great extent by proper tenant screening. Therefore, this factor is considered to be included in the overall vacancy rate. Assuming the use of the estimated market rents as indicated above, with consideration given the vacancy rates as shown in the rent study, as well as adequate professional marketing of the property, and with consideration

given to the owner/user capabilities, a 3% stabilized vacancy/collection rate is considered reasonable and will be used for the purposes of the income calculation. (A rent loss analysis during lease-up was not considered necessary due to the relatively small size of the subject).

OPERATING EXPENSES

As already discussed, the estimated market rent is on a triple net basis (NNN), i.e., the tenant pays for all expenses including taxes, insurance, utilities and maintenance. However, there are several expenses that typically will be incurred by the landlord. These include professional management fees, and the setting aside of a reserve amount for expenses during the time the property is vacant as well as for the replacement of short lived items. The following data has been taken from information as provided by data received from management agents, brokers, as well as information in the appraiser's files. The following is an estimate of the operating expenses.

Management:

Property management is generally based on a percentage of the effective gross income (potential gross income less vacancy/collection loss). This category considers the time and effort necessary to manage a property. (Although the subject owner would often do his or her own management, this category is nevertheless necessary for the purposes of this report). Generally speaking, management fees in the Phoenix Metropolitan area are near 3% of Effective Gross Income for the subject type properties, an amount which will be used for this report.

Reserves/Misc.:

Although the actual practice of providing reserves for expenses incurred during periods of vacancy as well as the replacement of short lived items is rarely accomplished, more prudent investors and lenders are requiring them in the operations of investment projects. Therefore, this "expense" item is included in this analysis. This amount is used for setting aside a reserve against the time the building is vacant when additional expenses would be incurred such as real estate taxes, insurance, leasing commission and maintenance items. Additionally, it would be necessary to consider replacement of shorter lived items of the building improvements such as roofing, heating/cooling, paving, etc, although some of these items will be updated as a byproduct of normal maintenance. Finally, this category includes an amount for miscellaneous items.

Considering the type of proposed improvements and the projected vacancy, an amount of 3% to 5%, or in this case near 4% of Effective Gross Income, of which 1% is considered for the miscellaneous category, will be utilized for the purposes of this report.

Based on the preceding information, the following income and expense analysis was calculated. The result is as of the prospective date of value and assumes completion per specification and plans.

INCOME AND EXPENSE ANALYSIS

POTENTIAL GROSS INCOME	\$	234,135
Less: Vacancy/Collection Loss @ 3%	\$	<u>7,024</u>
Estimated Gross Income	\$	227,111
LESS OPERATING EXPENSES		
Management	\$	6,813
Reserves/Misc.	\$	<u>9,084</u>
TOTAL EXPENSES AND CHARGES	\$	<u>15,898</u>
NET OPERATING INCOME	\$	211,213

CAPITALIZATION OF NET OPERATING INCOME

The sale comparables did not have data from which it was possible to derive an overall capitalization rate. (The exception was Sale No. 5 that reported a rate of 7.2%). This is because they sold mostly to owner/users. From the analysis of other comparable sales in the appraiser's files, it is apparent that buildings similar to the subject in the Phoenix Metropolitan area, within about the past 12 months prior to the date of appraisal, are selling with overall rates typically being between 5.5% and 10%.

The Comps of AZ statistical service indicated an average overall rate of 6.7% for office properties in the subject area and 7.0% for properties valleywide, which sold during the 12-months prior to the current date of value and that had been constructed since 1997. Finally, according to the Second Quarter 2007 edition of Valuation Insights and Perspectives as published by the Appraisal Institute, there was an overall cap rate of 6.8% for office properties nationwide as of the 1st Quarter of 2007.

CONCLUSION

In consideration of the above rates and the type of subject property, an overall rate near 6.7% is considered reasonable. Using 6.7% in the Direct Capitalization Analysis resulted in a value estimate, via the Income Capitalization Approach, assuming completion per specifications and plans, as of the prospective date of valuation, as calculated below.

NOI of	\$211,213	divided by an		
OAR of	0.0670		=	\$3,152,433
		Rounded	=	\$3,152,000

12.0 SALES COMARISON APPROACH

The Sales Comparison Approach (formerly known as the Market Data Approach) relies basically upon the principle of substitution and is defined as:

"A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, applying appropriate unit of comparison, and making adjustments to the sale prices of the comparables based on the elements of comparison..."

This analysis or comparison consists of adjustments being made between the subject and the comparable on an item-by-item basis, considering such factors as location, date of sale, terms of sale, and physical characteristics. The subject is the standard, and the adjustments are made to the sales price of the comparable properties in order to arrive at an indication of value for the subject. If the comparable had features lacked by the subject, the sales price of the comparable was reduced. If the comparable lacked features that the subject had, the sales price of the comparable was increased accordingly. This approach is applicable to both vacant land and income producing properties.

Its strength is it reflects actual market behavior of typical purchasers under current conditions. In short, the reliability of this approach depends upon comparability of the selected properties, verification of sales data, the conditions under which the comparable was sold, and the date of the sale.

Knowledgeable individuals active in the area, including real estate brokers, appraisers, property owners, and investors were consulted for information that they might have that would aid in the investigation.

A search was made to discover sales of comparable properties that have similar characteristics to the subject that would offer some degree of comparison to the subject. These sales can be found on the following pages.

*THE DICTIONARY OF REAL ESTATE APPRAISAL- FOURTH EDITION (Appraisal Institute, Chicago, Illinois)

Comparable Sales Map

Borrower/Client

Property Address 7565 E EAGLE CREST DR

City **MESA**

County _____

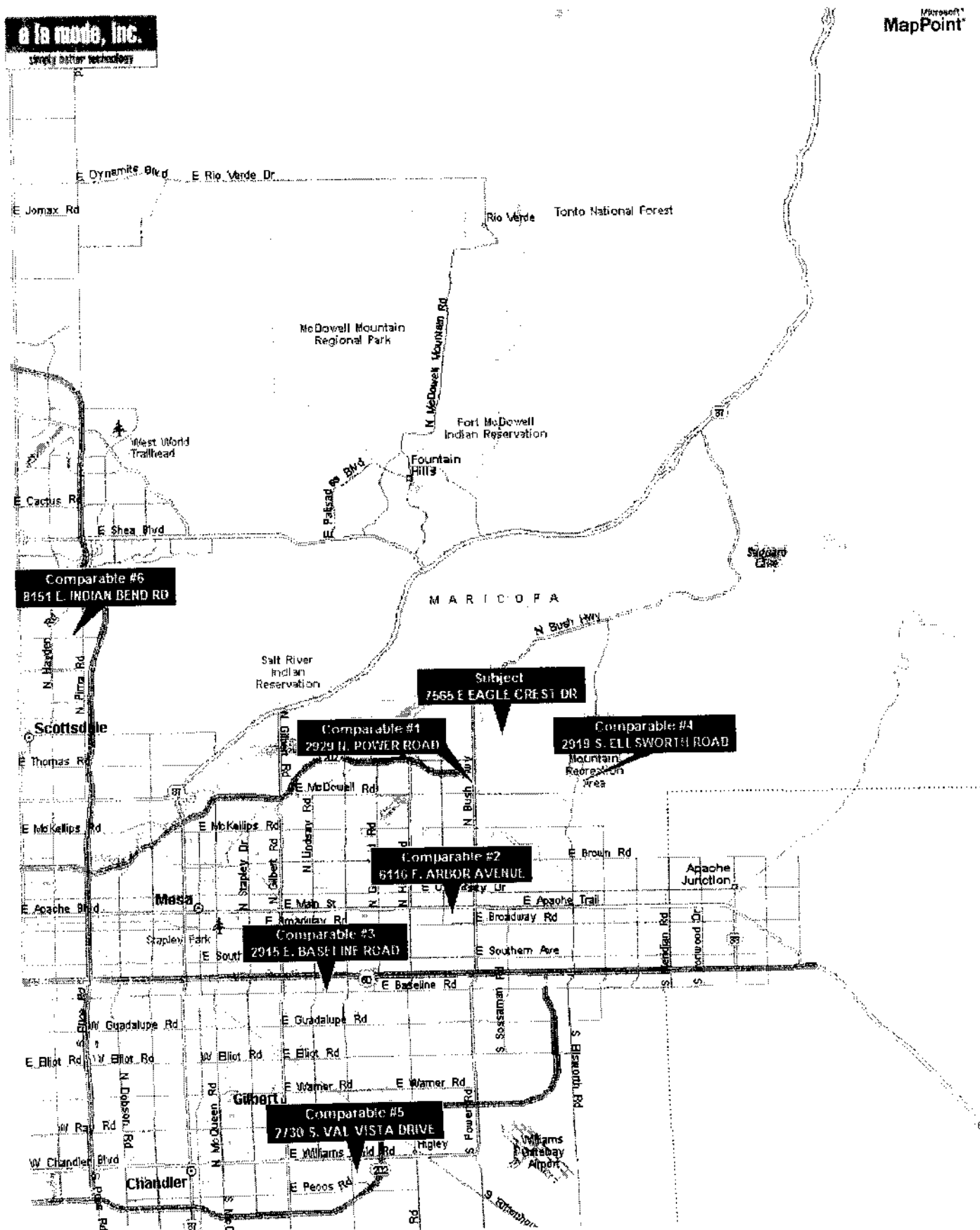
State **AZ**

Zip Code **85207-1053**

Lender



MapPoint®



DESCRIPTION AND DISCUSSION OF IMPROVED COMPARABLES

The following is a description of the improved comparables, along with a discussion of the various differences between them and the subject property. In adjusting the improved comparables to the subject, the appraiser noted the differences between the properties. If the comparable had features lacked by the subject, the sales price of the comparable was reduced. If the comparable lacked features that the subject had, the sales price of the comparable was increased accordingly.

The various transactions are profiled in the following discussion. Then the adjustment process is detailed on an adjustment grid. Paired sales are not always available to serve as a basis of adjustment. Additionally, the degree or amount of adjustment may give the impression that they represent a high degree of accuracy; however, they are approximations that are offered more as an indication of inferior and superior differences between the comparables and the subject property. Additionally, the design/appeal category also refers to the extent of the tenant improvements, i.e., office finish. Finally, because of the relatively small size of the total subject building, it was not considered necessary to make size adjustments in this case. Also, as one is already sold and construction has not yet begun, it is considered reasonable to not calculate the costs involved for a sell-out period, as would be appropriate for a larger development.

Sale No. 1

Located at 2929 North Power Road, Units 101 and 106 in Building C and Unit 101 in Building E in Mesa, this 2-year old office condominium is located in The Villages at Las Sendas Offices Suites. It has 12,009 SF and sold on May 19, 2006 (Recording Nos. 06-0685082/0685083) in two related transactions for \$3,950,000 or \$328.92/SF as finished space. Terms were cash and the assessor parcel number was a portion of 219-19-875/876/881. The condition was rated as good. Upward adjustments were indicated for the inferior location and inferior age/condition factors, which were partially offset by a downward adjustment for superior design/appeal factors.

Sale No. 2

Located at 6116 East Arbor Avenue, Unit 102 in Building 1, in Mesa, this 1-year old office condominium is located in Baywood Professional Plaza Office Condominiums. It has 4,109 SF and sold on April 19, 2007 (Recording No. 07-0455648) for \$1,714,000 or \$417.13/SF as finished space. Terms were cash to the seller and the assessor parcel number was 141-57-140. The condition was rated as good. A downward adjustment was indicated for superior design/appeal factors.

Sale No. 3

Located at 2915 East Baseline Road, Units 124 and 125 in Building 9, in Gilbert, this new office condominium is located in Gateway Medical Professional Village. It has 4,443 SF and sold on January 23, 2007 (Recording No. 07-0088250) for \$1,639,180 or \$368.94/SF as finished space. Terms were cash to the seller and the assessor parcel numbers were 304-11-401/402. An upward

adjustment was indicated for the inferior location which was more than offset by a downward adjustment for superior design/appeal factors.

Sale No. 4

Located at 2919 South Ellsworth Road, Unit 102 in Building 1, in Mesa, 1-year old new office condominium is located in Augusta Ranch Professional Village. It has 1,424 SF and sold on May 3, 2007 (Recording No. 07-0518723) for \$439,500 or \$308.64/SF as finished space. Terms were cash to the seller and the assessor parcel number was 304-02-785. An upward adjustment was indicated for the inferior location which was partially offset by a downward adjustment for superior design/appeal factors.

Sale No. 5

Located at 2730 South Val Vista Drive, Units 101 and 105 in Building 6, in Gilbert, this 1-year old office condominium is located in Spectrum Falls Professional Park. It has 2,939 SF and sold on May 16, 2007 (Recording No. 07-0570854) for \$965,000 or \$328.34/SF as finished space. Terms were cash to the seller and the assessor parcel numbers were 313-15-685/686. An upward adjustment was indicated for the inferior location which was offset by a downward adjustment for superior design/appeal factors.

Sale No. 6

Located at 8151 East Indian Bend Road, Unit 117, in Scottsdale, this 1-year old office condominium is located in Indian Bend Corporate Center Phase 2. It has 1,100 SF and sold on February 13, 2007 (Recording No. 07-162912) for \$365,000 or \$331.82/SF as finished space. Terms were cash to the seller and the assessor parcel number was 174-11-381. An upward adjustment was indicated for the inferior location which was offset by a downward adjustment for superior design/appeal factors.

In addition to the above sales there are various office condo developments in the subject's general area that have shell space with asking prices that vary from \$180.00/SF to \$260.00/SF. However, these are for average quality units that are representative of many developments in the Valley and would not have the view, quality construction and general design/appeal that the proposed subject has.

The following grid summarizes the adjustments that were made to the comparables sales and the indicated values on a per SF basis.

Improved Comparables Adjustment Grid

Comparable	One	Two	Three	Four	Five	Six
Sale Price/SF	\$ 328.92	\$ 417.13	\$ 368.94	\$ 308.64	\$ 328.34	\$ 331.82
Prop. Rights Convey.	0%	0%	0%	0%	0%	0%
Adjusted Price/SF	\$ 328.92	\$ 417.13	\$ 368.94	\$ 308.64	\$ 328.34	\$ 331.82
Financing	0%	0%	0%	0%	0%	0%
Adjusted Price/SF	\$ 328.92	\$ 417.13	\$ 368.94	\$ 308.64	\$ 328.34	\$ 331.82
Market Conditions	0%	0%	0%	0%	0%	0%
Adjusted Price/SF	\$ 328.92	\$ 417.13	\$ 368.94	\$ 308.64	\$ 328.34	\$ 331.82
Conditions of Sale	0%	0%	0%	0%	0%	0%
Adjusted Price/SF	\$ 328.92	\$ 417.13	\$ 368.94	\$ 308.64	\$ 328.34	\$ 331.82
Location/Zoning	10%	0%	5%	15%	10%	5%
Size	0%	0%	0%	0%	0%	0%
Design/Appeal/Cons.	-10%	-15%	-15%	-10%	-10%	-5%
Age/Condition	5%	0%	0%	0%	0%	0%
Net Adjustment	5%	-15%	-10%	5%	0%	0%
Final Adj. Price/SF	\$ 345.37	\$ 354.56	\$ 332.05	\$ 324.07	\$ 328.34	\$ 331.82

Before adjustments, the Improved Comparables ranged in sale prices from \$308.64/SF to \$417.13/SF. After adjustments, there was a range in sale prices from \$324.07/SF to \$354.56/SF. Without the extremes there was a range from \$328.34/SF to \$345.37/SF.

As discussed earlier, Suite 200 was in escrow at the time of appraisal. The purchase price is \$951,848 or \$344.00/SF, an amount that is considered to be fair and reasonable for the subject type shell space as a single unit, rather than multiple units. The remaining units are being marketed at the same basic price.

CONCLUSION: The estimated value for the subject, via the Sales Comparison Approach, as of the prospective date of valuation, assuming completion per specifications and plans, is estimated to be between \$333.00/SF and \$339.00/SF or in this case near \$336.00/SF, and is calculated as follows: $\$336.00/\text{SF} \times 10,406/\text{SF} = \$3,496,416$ rounded to **\$3,496,000.**

13.0 RECONCILIATION AND FINAL VALUE ESTIMATE

In estimating the market value of the shell subject improvements, the appraiser has given consideration to the approaches to value which had the following estimates:

COST APPROACH	\$3,120,000
INCOME APPROACH	\$3,152,000
SALES COMPARISON APPROACH	\$3,496,000

The Cost Approach is often a reliable tool in estimating the market value when improvements are relatively new, functional, and at their highest and best use.

The Income Capitalization Approach is generally considered an important indicator because prudent investors often buy income producing real estate based on the capitalization and strength of its net income flow. The income potential of the subject improvements was measured for reasonableness against rental criteria of the rental comparables in the area. The subject improvements were deemed to be able to support rents within the range of market rents for comparable projects in the vicinity. Additionally, the sources of vacancy and expense estimates were considered to be reliable.

The Sales Comparison Approach is a meaningful indicator of value in that it directly reflects actual market activity for the subject type property. The quality of the data within the Sales Comparison Approach is considered the best available. The comparable properties were analyzed and their sale prices were adjusted and reconciled into an indication of value applicable to the subject.

Most consideration was given to the Sales Comparison Approach as it better reflects the thinking of the market place, especially as it is related to office condos, in that the large majority are purchased by owner/users. However, some weight was still ascribed to the Income Capitalization and Cost Approaches as multiple units are involved.

Based upon the above data and discussion, together with my best judgment and experience, it is my opinion the estimated as is market value of the subject shell building, assuming completion per plans and specifications, as of the prospective date of valuation of February 1, 2008 was:

THREE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS

\$3,350,000

Because the subject building improvements are proposed, it is also necessary to estimate an "As Is" Value. In this case the current value consists of the estimated land value. Therefore, the "As Is" value, as of the current date of valuation of July 23, 2007, was:

ONE MILLION THREE HUNDRED NINETEEN THOUSAND DOLLARS

\$1,319,000

Based on interviews with investors and brokers knowledgeable in this market, as well as the marketing time of properties similar to the subject as well as the sales comparables, the exposure and marketing times are estimated to less than 12 months. (The exposure time is retrospective and the marketing time is future orientated). These estimates assume the estimated value as indicated above, and professional and active marketing as opposed to just placing a sign on the property. If a shorter sales period is desired, it is possible a discount from the above value would be necessary, depending on the period of time involved.

14.0 CERTIFICATION

This report shall be used only for its intended purposes and only by the parties to whom it is addressed. Possession of this report does not include the right of publication, without consent of the author.

Neither all nor any part of the contents of this appraisal shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent or approval of the author. This applies particularly to the value conclusions, to the identity of the appraiser or firm with which he is connected, to any reference to the Appraisal Institute, to the SRPA (Senior Real Property Appraiser) and SRA (Senior Residential Appraiser) designations.

The undersigned certifies that except as otherwise noted in this appraisal report:

- 1) The statements of fact contained in this report are true and correct.
- 2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- 3) I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- 4) I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 5) My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6) My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 7) My analyses, opinions, and conclusions were developed, and this report has prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- 8) I have made a personal inspection of the property that is the subject of this report.
- 9) Eileen Steiner, SRA, provided significant assistance to the appraiser by assisting with the research, preparation of the report and arrival at the value conclusions.
- 10) I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- 11) As of the date of this report, I (Duane R. Steiner) have completed the continuing education program of the Appraisal Institute.

- 12) I have noted any apparent or known adverse conditions in the subject improvements, on the subject site, or on any site within the immediate vicinity of the subject property of which I am aware and have made adjustments for these adverse conditions in my analysis of the property value to the extent that I have market evidence to support them. I have also commented about the effect of the adverse conditions on the marketability of the subject property.
- 13) I certify that, to the best of my knowledge and belief, 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 and the Standards of Professional Appraisal Practice of the Appraisal Institute.

I HEREBY CERTIFY THAT UPON APPLICATION FOR VALUATION BY:

Copper Star Bank

I HAVE APPRAISED THE PROPERTY DESCRIBED AS:

**A proposed shell office property, located at
7565 East Eagle Crest Drive, Mesa, AZ 85207**

I am of the opinion that as of the prospective date of valuation of February 1, 2008, the indicated market value of the completed subject shell property, assuming completion per specifications and plans, is:

THREE MILLION THREE HUNDRED FIFTY THOUSAND DOLLARS

\$3,350,000

Because the subject building improvements are proposed, it is also necessary to estimate an "As Is" Value. In this case the current value is the same as the estimated land value. Therefore, the "As Is" value, as of the current date of valuation of July 23, 2007, was:

ONE MILLION THREE HUNDRED NINETEEN THOUSAND DOLLARS

\$1,319,000



Duane R. Steiner, SRPA, SRA
AZ Certified General Real Estate Appraiser #30057

ADDENDA

QUALIFICATIONS OF DUANE STEINER, SRPA/SRA

EDUCATION:

University of the State of New York - BS

Northern Arizona University - MA

Real Estate Courses:

University of Miami: Real Estate Principles

Arizona State University: Real Estate Principles

Appraisal Courses Attended (Exams Passed):

AIREA: Real Estate Appraisal Principles (8-1) - 1986

AIREA: Residential Valuation (8-2) - 1986

AIREA: Standards of Professional Practice (8-3) - 1986

SREA: Principles of Income Property Appraising (201) - 1987

SREA: Applied Income Property Valuation (202) - 1987

AI: Standards of Professional Practice - Part A (410) - USPAP - 1998

AI: Standards of Professional Practice - Part B (420) - 1998

AI: Business Practices and Ethics - (420) - 2003

Appraisal Examinations Challenged and Passed:

AIREA: Basic Valuation Procedures Exam (1A-2) - 1987

Related Courses Attended:

TEXAS A&M: Environmental Site Assessment - Phase I - 1995

TEXAS A&M: Environmental Site Assessment - Phase II - 1995

TEXAS A&M: Environmental Site Assessment - Phase III - 1995

TEXAS A&M: Lead Inspector/Assessor - 1995

ASBEST.INST: Asbestos Building Inspector/Management Planner - 1995

INSPECT.T.A: Property Inspection - 1995

Seminars Attended (No Exams Offered)

M&S: Cost Seminar - 1983

SREA: Adjusting for Financial Differences Seminar - 1986

SREA: R41C and the Appraiser Seminar - 1986

SREA: Underwriter's Guide to Real Property Appraisal - 1988

AIREA: Rates, Ratios and Reasonableness - 1989

SREA: Professional Practice - 1989

SREA: Income Property Valuation for the 1990's - 1990

AI: Custom Home Appraising - 1992

AI: Market Extractions - 1992

AI: Subdivision Analysis - 1993

ASRE: Environmental Problems - Effect on Land Values - 1993

ASRE: Appraising Income Producing Property - 1993

AI: The National Flood Insurance Program - 1993

AI: Fair Lending and the Appraiser - 1993

NHS: Practical Overview of Evaluations - 1994

ASRE: Environmental Law - 1995

AI: Flood Zone Determinations - 1996

AI: Dynamics of Office Building Valuation -

ASRE: Environmental Problems and Land Value - 1997

ASRE: Federal Fair Housing and the ADA - 1997

ASRE: Business Valuation - 1998

PVCC: Contract Law - 1998

ASRE: Government Lands - 2000

ASRE: Masonry and Wood Framing - 2000

ASRE: Concrete and Steel - 2000

ASRE: Material Quantities - 2000

Seminars Attended – Continued

ASRE: General Contractor - 2000
ASREB: Working with Blueprints – 2002
ASREB: Federal Fair Housing and the ADA - 2002
ASREB: Intro To Contract Writing – 2002
ASREB: Subdivision Rules – 2002
LIA: Loss Prevention Program – 2003
NAIFA: USPAP Update – 2003
ASREB: Home Inspections - 2003
MCKK: USPAP Update – 2004
NAIFA: USPAP Update – 2005
AI: Appraising Special Properties – 2005
AI: AZ Property Tax System & Maricopa County GIS & Website - 2006
MCKK: Appraisal Trends (ABA 1205-496) – 2006
NAIFA: USPAP Update – 2006
ASREB: Working with Blueprints – 2006
AZ MTG LENDERS: Identify & Prevent Real Estate Fraud – 2007
ASFRMRA: Spring AG Forum 2007 (Land Use, Subsidence, Forecast etc) – 2007

PROFESSIONAL CERTIFICATES/MEMBERSHIPS:

State of Arizona Certified General Real Estate Appraiser #30057
SRPA (Senior Real Property Appraiser) with the Appraisal Institute
SRA (Senior Residential Appraiser) with the Appraisal Institute

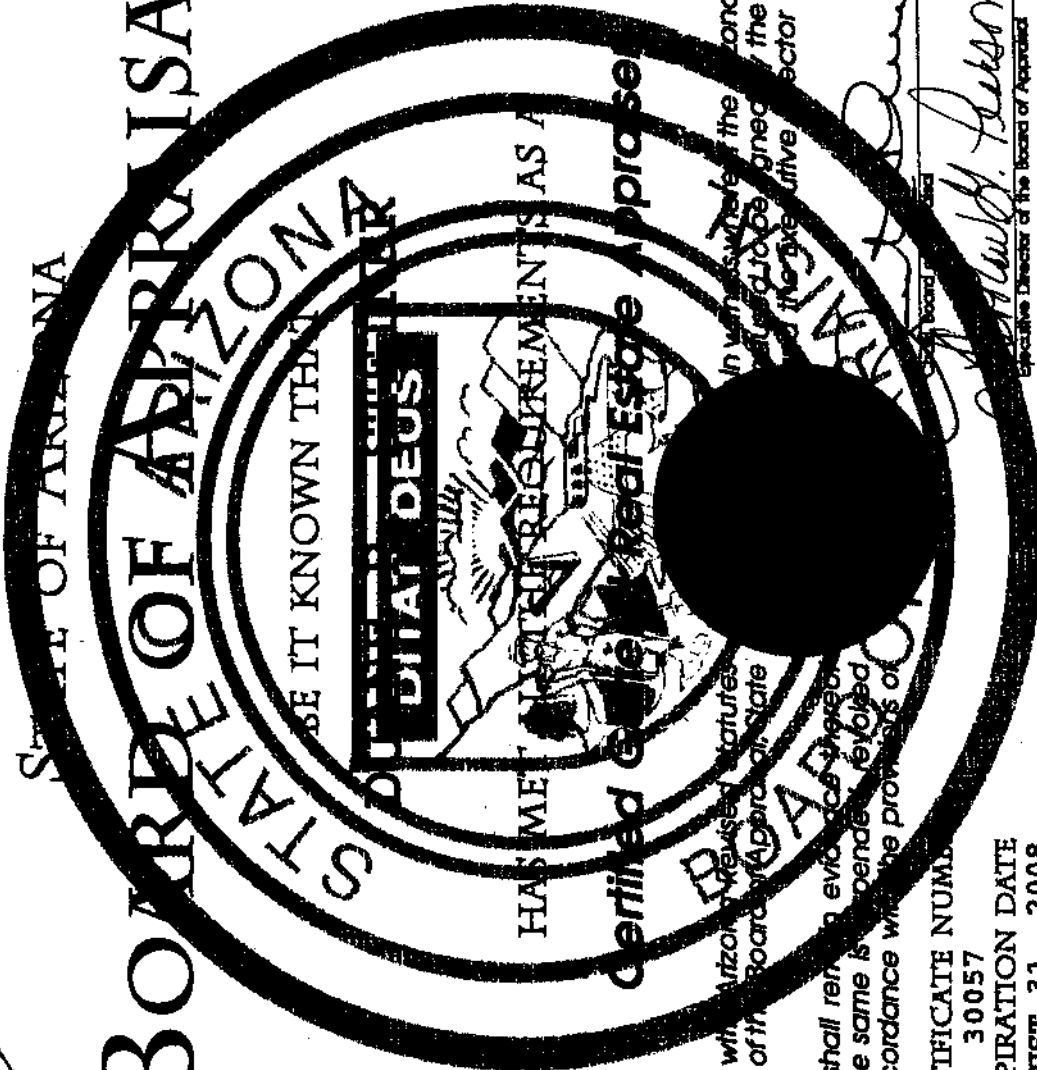
WORK EXPERIENCE:

1987 - Present: Self-Employed Real Estate Appraiser
1981 - 1987: Appraiser with Edward Conn, MAI, Phx, Arizona
Appraisal work included most types of residential and commercial properties.
1970 - 1980: Involved in various family businesses including real estate. Work included cost estimation, development and management of properties.
1968 - 1970: Trust Department Manager. Oversight of various assets, including real estate properties.

copy

copy

STATE OF ARIZONA BOARD OF APPRAISAL



certified public real estate appraiser

In accordance with Arizona Revised Statutes and on authority of the Board of Appraisal of Arizona. In witness whereof the Arizona Board of Appraisal has caused this to be signed by the Chair of the Board and the Executive Director

This certificate shall remain in evidence unless or until the same is suspended, revoked or expires in accordance with the provisions of law.

CERTIFICATE NUMBER
30057
EXPIRATION DATE
AUGUST 31, 2008

[Signature] 7/26/06
Executive Director of the Board of Appraisal
Date

SHALL REMAIN PROPERTY OF ARIZONA BOARD OF APPRAISAL

Exhibit A

That portion of the Northeast quarter of Section 30, Township 2 North, Range 7 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, being more particularly described as follows:

COMMENCING at the Northeast corner of said Section 30, from which the East quarter corner bears South 00 degrees 02 minutes 36 seconds East, a distance of 2641.80 feet;

Thence South 20 degrees 47 minutes 05 seconds West, a distance of 1632.04 feet to the Northeasterly corner of a parcel of land, this being the TRUE POINT OF BEGINNING;

Thence South 22 degrees 41 minutes 58 seconds West, a distance of 315.63 feet;

Thence North 89 degrees 18 minutes 02 seconds West, a distance of 60.57 feet to the beginning of a non-tangent curve, the center of which bears South 73 degrees 58 minutes 20 seconds West, a distance of 164.00 feet;

Thence Northwesterly along the arc of said curve, a distance of 98.89 feet through a central angle of 34 degrees 33 minutes 01 second;

Thence North 50 degrees 34 minutes 41 seconds West, a distance of 195.26 feet to the beginning of a tangent curve concave Northeasterly, having a radius of 141.00 feet;

Thence Northerly along the arc of said curve, a distance of 27.19 feet through a central angle of 11 degrees 03 minutes 22 seconds to the beginning of a tangent curve concave Easterly, having a radius of 48.00 feet;

Thence Northerly along the arc of said curve, a distance of 57.88 feet through a central angle of 36 degrees 51 minutes 18 seconds;

Thence North 02 degrees 40 minutes 23 seconds West, a distance of 32.21 feet to the beginning of a tangent curve Westerly, having a radius of 52.00 feet;

Thence Northerly along the arc of said curve, a distance of 6.98 feet through a central angle of 07 degrees 41 minutes 46 seconds to the beginning of a tangent curve concave Easterly, having a radius of 124.00 feet;

Thence Northerly along the arc of said curve, a distance of 31.19 feet through a central angle of 14 degrees 24 minutes 38 seconds;

Thence North 04 degrees 02 minutes, 29 seconds East a distance of 11.56 feet to the beginning of a non-tangent curve whose center bears South 25 degrees, 57 minutes, 31 seconds East, a distance of 12.00 feet;

Thence Northerly along the Arc of said curve a distance of 6.28 feet through a central angle of 30 degrees 00 minutes 00 seconds;

Thence South 85 degrees 57 minutes 31 seconds East, a distance of 296.71 feet to the TRUE POINT OF BEGINNING.

**Arizona First Partners 1 LLC
Construction Financing Breakdown**

Project: Las Sendas 4 Unit Commercial Office Bldg

Site SF: 65,928

Bldg SF: 10,406

Development & Land	Vendor/Contractor	Amount	\$/SF	%/Cost
Land - (Cost \$838,000 in 2005)	Grand Canyon Title	-380,000	\$37.48	21.20%
Architectural/Engineering	AFP1	100,000	\$9.61	5.44%
Building Permits	City of Mesa	45,000	\$4.32	2.45%
Power	SRP	40,000	\$3.84	2.17%
Water	City of Mesa	10,000	\$0.96	0.54%
Cable/Phone	As Applicable	5,000	\$0.48	0.27%
Monument Sign LIP	To Be Determined	-25,000	\$2.40	1.36%
Construction				
Earthwork	Southland	100,000	\$9.81	5.44%
Soil treatment	Termite One	400	\$0.04	0.02%
SWPPP	Sahuaro	1,000	\$0.10	0.05%
Asphalt Paving LIP	Southland	-19,000	\$1.83	1.03%
Rip Rap	Sahuaro	630	\$0.06	0.03%
Brick Pavers LIP	Sahuaro	-4,600	\$0.44	0.25%
Site Concrete	Premier	42,000	\$4.04	2.28%
Bike Rack	Sahuaro	500	\$0.05	0.03%
Site utilities	Underground Utilities	18,000	\$1.73	0.98%
Ornamental Fences/Gates LIP	Sahuaro	-1,000	\$0.10	0.05%
Landscape and Irrigation LIP	Weater	-70,000	\$6.73	3.81%
Cast-in-place footings/slab	Premier	35,000	\$3.36	1.90%
Cast-in-place walls	Premier	59,000	\$5.67	3.21%
Cementitious topping	Christys	7,000	\$0.67	0.38%
Concrete masonry units	Avila	49,500	\$4.76	2.69%
Concrete Masonry Site Walls LIP	Avila	-5,000	\$0.48	0.27%
Stone Veneer	Avila	66,000	\$5.38	3.04%
Structural Metal Framing	Sahuaro	9,000	\$0.86	0.48%
Steel Stairs	Sahuaro	300	\$0.03	0.02%
Handrails/Railings/bollards	Sahuaro	500	\$0.05	0.03%
Rough carpentry	K-10	102,000	\$9.80	5.55%
Building Insulation	Arizona Thermal	8,000	\$0.77	0.43%
Waterproofing	Cactus Rose	7,800	\$0.73	0.41%
Concrete roofing tile	Anchor	39,000	\$3.75	2.12%
Single-Ply Membrane Roofing	Anchor	4,500	\$0.43	0.24%
Roof Accessories	Sahuaro	600	\$0.06	0.03%
Joint Sealers	Sahuaro	1,000	\$0.10	0.05%
HM doors/frames	Calply	1,000	\$0.10	0.05%
Door install	Sahuaro	300	\$0.03	0.02%
Glazing	Jonic Glass	44,000	\$4.23	2.39%
Gypsum board	Sahuaro	13,000	\$1.25	0.71%
Stucco	Kinman	34,000	\$3.27	1.85%
Painting	Sahuaro	2,800	\$0.26	0.14%
Fire Extinguishers	Sahuaro	300	\$0.03	0.02%
Car Shelters LIP	Sun Ports	-15,000	\$1.44	0.82%
HVAC	Sun Devil	48,000	\$4.61	2.61%
Plumbing	Az Tec	12,500	\$1.20	0.68%
Fire sprinklers	Courtney	19,500	\$1.87	1.08%
Electrical	Sentry	60,000	\$5.77	3.26%
Testing and Inspections		5,000	\$0.48	0.27%
Construction (General Conditions)				
Dumpster	Sahuaro	2,500	\$0.24	0.14%
Dust Control Permit	City of Mesa	500	\$0.05	0.03%
Cleaning	Sahuaro	1,605	\$0.15	0.09%
Safety & First Aid	Sahuaro	100	\$0.01	0.01%
Temp. fence	Sahuaro	1,880	\$0.18	0.10%
Security/barricades	Sahuaro	400	\$0.04	0.02%
Final cleanup	Sahuaro	500	\$0.05	0.03%
Job trailer	Sahuaro	1,700	\$0.16	0.09%
Mobilization/demobilize	Sahuaro	250	\$0.02	0.01%
Truck (superintendent)	Sahuaro	2,000	\$0.19	0.11%
Project manager vehicle	Sahuaro	400	\$0.04	0.02%
Superintendent vehicle gas	Sahuaro	1,613	\$0.15	0.09%
Project Manager vehicle gas	Sahuaro	375	\$0.04	0.02%
Small tool rental	Sahuaro	500	\$0.05	0.03%
Small tool purchase	Sahuaro	500	\$0.05	0.03%
Miscellaneous materials	Sahuaro	500	\$0.05	0.03%
Project Manager	Sahuaro	10,000	\$0.96	0.54%
Superintendent	Sahuaro	38,700	\$3.72	2.10%
Project Coordinator	Sahuaro	5,000	\$0.48	0.27%
Photos	Sahuaro	100	\$0.01	0.01%
Reprographics	Sahuaro	300	\$0.03	0.02%
Warranty	Sahuaro	500	\$0.05	0.03%
Insurance		18,000	\$1.73	0.98%
Contractor Fee	Sahuaro	50,000	\$4.80	2.72%
Sales tax	City of Mesa	60,000	\$5.77	3.26%
Construction (Allowances & Contingencies)				
Soils Reviews		7,000	\$0.67	0.38%
Steel Door Hardware		1,500	\$0.14	0.08%
Deferred Wood Truss		1,500	\$0.14	0.08%
Outside Seating & Water Feature		20,000	\$1.92	1.09%
Contingencies		100,000	\$9.61	5.44%
Total Cost		1,839,253	\$176.75	100.00%

Total Cost

(DOES NOT INCLUDE INTEREST RESERVE AND LOAN COSTS.)

LANDS/PAN = \$139,600 RISK TO \$140,000

PLA COST = \$1,309,653 = 125.854 * LAND/LANDSCAPE

LESS \$29,600 * \$1,309,653

126.000 RISK

COMMERCIAL REAL ESTATE PURCHASE CONTRACT
("CONTRACT")



PAGE 1



THE PRINTED PORTION OF THIS CONTRACT HAS BEEN APPROVED BY THE ARIZONA ASSOCIATION OF REALTORS. THIS IS INTENDED TO BE A BINDING CONTRACT. NO REPRESENTATION IS MADE AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OR THE TAX CONSEQUENCES THEREOF. IF YOU DESIRE LEGAL, TAX OR OTHER PROFESSIONAL ADVICE, CONSULT YOUR ATTORNEY, TAX ADVISOR OR PROFESSIONAL CONSULTANT

RECEIPT

1. Offer Received From: ("Buyer") David Haney LLC
2. Agency Confirmation: Broker named on Line 18 is the agent of (check one):
 3. ☐ the Buyer exclusively; or ☐ the Seller exclusively; or ☒ both the Buyer and Seller
4. Amount of Earnest Money: Two Thousand dollars and no/100 \$2,000.00
5. All earnest money shall be deposited into a federally insured account acceptable to Buyer and Seller and any
6. interest earned thereon shall also be included as earnest money ("Earnest Money"). Buyer agrees that, if Buyer breaches this
7. Contract, Earnest Money is subject to forfeiture. If any check for Earnest Money is dishonored for any reason, Seller may, at
8. Seller's option, immediately cancel this Contract pursuant to lines 309-313. Unless otherwise provided herein, all Earnest Money
9. is considered to be part of the Purchase Price for the Property described below.
10. Earnest Money shall be: (check one)
 11. ☒ Delivered by Buyer to Escrow Company upon mutual execution of this Contract.
 12. ☐ Held by Broker until mutual execution. Upon mutual execution, Broker shall promptly deposit the Earnest Money
 13. with the Escrow Company to which the check is payable. If the check is payable to Broker, Broker shall deposit the check in
 14. Broker's trust account or endorse the check without recourse and deposit it with a duly licensed Escrow Company.
 15. Form of Earnest Money: ☐ Personal Check ☒ Other: Wire
 16. Deposited with: ☐ Broker's Trust Account ☒ Escrow Company
17. Offer Received By: Steve Pattinson SP306 07/19/2007
(PRINT SALESPERSON'S NAME AND AGENT CODE) (SALESPERSON'S SIGNATURE) (MO/DAY/YR)
18. Arizona First Realty & Lending LLC AFRL01 (collectively "Broker")
(PRINT NAME OF FIRM) (OFFICE CODE)

PROPERTY AND PURCHASE PRICE

19. Property Description and Offer: Buyer agrees to purchase and Seller agrees to sell the following real property:
20. Property Address: 7565 E Eagle Crest Dr, Unit 200
21. City: Mesa County: Maricopa AZ, Zip Code: 85207
22. Assessors Parcel # 219-17-494
23. Legal description: Being A Part Of The NE Quarter Of Sec 30, Township 2 North, Range 7 East
24. (Full description to be done in escrow)
25. _____
26. which includes, at no additional cost to Buyer, all fixtures and improvements thereon, as well as the following items, if any, owned by
27. Seller and presently located on or in the real property: electrical distribution systems (power panels, ducting, conduits, disconnects),
28. lighting fixtures, computer wiring, telephone distribution systems (lines, jacks and connections), heating, ventilation and air conditioning
29. equipment, evaporative coolers, air lines, carpets, window coverings, wall coverings, security and fire detection systems/alarms, and
30. N/A
31. _____
32. (collectively the "Property"). All fixtures and improvements shall be free of liens and encumbrances unless otherwise specified.
33. Leased Equipment NOT Included: N/A
34. Personal Property Included: N/A
35. Personal property shall be transferred in AS-IS CONDITION, FREE AND CLEAR OF ANY LIENS AND ENCUMBRANCES, and SELLER
36. MAKES NO WARRANTY of any kind, expressed or implied (including, without limitation, ANY WARRANTY OF MERCHANTABILITY).
37. Addenda Incorporated: ☐ Schedule of personal property ☐ Lead-Based Paint Disclosure ☐ Other _____
38. \$ 951,848.00 Full Purchase Price, paid as outlined below. Buyer acknowledges that failure to have funds deposited as
39. required to close escrow on the date specified herein shall constitute a material breach of Contract.
40. \$ 2,000.00 Earnest Money
41. \$ _____ Additional Earnest Money
42. \$ 949,848.00 Due at Close of Escrow
43. _____
44. _____

Initials: OK SELLER

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Initials: OK BUYER

PAGE 1 of 9

45. **Escrow:** This Contract shall be used as escrow instructions. The Escrow Company employed by the parties to carry out the terms of
46. this Contract shall be: Magnus Title Agency Bobbi Jo Johnson
(ESCROW COMPANY) (CONTACT PERSON)
47. 4801 S Lakeshore Dr, Ste 102 Tempe AZ 85282 (480) 385-6200
(ADDRESS) (TELEPHONE)
48. (480) 682-3311 bobbi.johnson@magnustitle.com
(FAX) (E-MAIL)
49. **Opening of Escrow:** The term "Opening of Escrow" shall mean the date when a fully executed Contract and the Earnest Money have
50. been delivered to Escrow Company. Escrow Company shall immediately notify Buyer, Seller and Broker(s) in writing of the date of the
51. Opening of Escrow.
52. **Close of Escrow:** Seller and Buyer shall comply with all terms and conditions of this Contract and Close Escrow
53. **At completion of construction on building**
54. but in no event later than 03/01/2008. Any other closing date requires the written mutual agreement of Seller and Buyer.
MO/DAY/YR
55. Seller and Buyer hereby agree that the Close of Escrow shall be defined as recordation of the deed and any other documents required
56. to complete the transaction. The parties expressly agree that the failure of any party to comply with the terms and conditions of this
57. Contract by the scheduled Close of Escrow shall constitute a material breach of this Contract.
58. **Possession and Keys:** Possession and occupancy of the Property shall be delivered to Buyer at Close of Escrow,
59. or ☐ _____, subject to the rights of tenants under existing leases. Seller shall provide keys and/or means to operate
60. all locks, mailboxes, security system/alarms, access to all common area facilities and _____
61. _____

DUE DILIGENCE AND INSPECTIONS

62. **Due Diligence:** Buyer's due diligence and inspection period shall be thirty (30) days or ☐ _____ days after Opening of Escrow
63. ("Due Diligence Period"). During the Due Diligence Period, Buyer shall satisfy itself with respect to the physical condition of the
64. Property, the condition of title to the Property and as to the feasibility and suitability of the Property for Buyer's intended
65. purpose. REFER TO LINES 66-85 FOR IMPORTANT TERMS.
66. **Buyer Disapproval:** If prior to the expiration of the Due Diligence Period or as otherwise provided herein, Buyer, in Buyer's sole
67. discretion, disapproves of the Property, Buyer shall:
68. (a) immediately cancel this Contract pursuant to Lines 309-313 without further written consent of the parties, in which event all
69. Earnest Money shall be returned to Buyer; or
70. (b) deliver to the Seller written notice of the items disapproved and provide Seller an opportunity to correct the items.
71. If Buyer elects option (b), Seller shall respond in writing within five (5) days or ☐ _____ days after delivery to Seller of Buyer's
72. notice of items disapproved. If Seller is unwilling or unable to agree to correct any of the terms disapproved by Buyer, including mak-
73. ing any repairs in a workmanlike manner, Buyer may either:
74. (a) cancel this Contract within five (5) days after receipt of Seller's response or after expiration of the time period for Seller's
75. response, whichever occurs first, in which case all Earnest Money shall be returned to Buyer; or
76. (b) proceed with the transaction, in which case Seller is not obligated to correct those items Seller has not agreed to correct
77. in writing.
78. If Buyer cancels this Contract, Buyer shall return all documents provided by the Seller and provide Seller with copies of all reports or
79. studies generated by Buyer, provided, however, that Buyer shall not be required to deliver any such report or study if the written
80. contract that Buyer entered into with the consultant who prepared such report or study specifically forbids the dissemination of the
81. report or study to others.
82. **BUYER'S FAILURE TO GIVE WRITTEN NOTICE OF CANCELLATION OF THIS CONTRACT OR DISAPPROVAL OF ITEMS**
83. **WITHIN THE SPECIFIED TIME PERIODS SHALL CONCLUSIVELY BE DEEMED BUYER'S ELECTION TO PROCEED WITH**
84. **THE TRANSACTION WITHOUT CORRECTION OF ANY DISAPPROVED ITEMS THAT SELLER HAS NOT AGREED IN**
85. **WRITING TO CORRECT.**
86. **Inspections:** During the Due Diligence Period, Buyer shall have the right, at Buyer's expense, to select an inspector(s), and to
87. make economic, environmental and physical "inspections" (including tests, surveys, and other studies) of the Property, including
88. but not limited to square footage, wood infestation, roof, designated flood hazard areas, structural, plumbing (such as galvanized
89. or polybutylene pipes), sewer/septic, well, heating, air conditioning, electrical and mechanical systems, built-in appliances, soil,
90. foundation, pool/spa and related equipment, cost of compliance with swimming pool regulations, possible environmental hazards
91. (such as asbestos, formaldehyde, radon gas, lead-based paint, fuel or chemical storage tanks, methamphetamine, LSD, ecstasy,
92. hazardous waste, other substances, materials or products, and/or location in a federal or state Superfund area), water damage,
93. mold, conditions conducive to mold, geologic conditions, location of property lines, water/utility use restrictions and fees for
94. services such as garbage, water/utility or fire protection, sign usage, zoning regulations, variances, use permits, and compliance
95. with Americans with Disabilities Act. If the presence of sex offenders in the vicinity of the Property or the occurrence of a disease,
96. natural death, suicide, homicide or other crime on or in the vicinity of the Property is a material matter to the Buyer, it must be
97. investigated by the Buyer during the Due Diligence Period.
98. **Square Footage:** BUYER IS AWARE THAT ANY REFERENCE TO THE SQUARE FOOTAGE (OR NET ACREAGE) OF THE
99. REAL PROPERTY (LAND) OR IMPROVEMENTS THEREON IS APPROXIMATE. IF SQUARE FOOTAGE (OR NET ACREAGE)
100. IS A MATERIAL MATTER TO THE BUYER, IT MUST BE VERIFIED BY BUYER DURING THE DUE DILIGENCE PERIOD.

Initials: _____ Initials: _____
SELLER BUYER

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101. **Wood Infestation Inspection:** IF CURRENT OR PAST WOOD INFESTATION (SUCH AS TERMITES) IS A MATERIAL MAT-
 102. TER TO THE BUYER, IT MUST BE INVESTIGATED DURING THE DUE DILIGENCE PERIOD. If the lender requires an updated
 103. Wood Infestation Report, it shall be performed at Buyer's expense. If wood infestation is disclosed in any Wood Infestation Report,
 104. REFER TO LINES 66-85 FOR IMPORTANT TERMS.
105. **Flood Hazard:** If the Property is situated in an area identified as having any special flood hazards by any governmental entity
 106. including, but not limited to, being designated as a special flood hazard area by the Federal Emergency Management Agency
 107. (FEMA), the Buyer's lender may require the purchase of flood hazard insurance at the Close of Escrow or some future date.
 108. Special flood hazards may affect the ability to encumber or improve the Property now or at some future date. Flood hazard desig-
 109. nation of the Property or cost of flood hazard insurance shall be determined by Buyer during the Due Diligence Period.
110. **Survey:** A survey ☒ shall be performed ☐ is waived by the Buyer.
111. If a survey is to be performed, Buyer shall have the survey completed by a licensed surveyor in accordance with the Arizona State
 112. Board of Technical Registration's "Arizona Land Boundary Survey Minimum Standards" and review the receipt of results of survey
 113. or map during the Due Diligence Period.
114. Cost of the survey shall be paid by: ☒ Seller ☐ Buyer ☐ Other: _____
115. Surveyor's instructions are: ☒ A boundary survey and survey plat showing the corners either verified or monumentation.
 116. ☐ A survey certified by a licensed surveyor, acceptable to Buyer and the Title Company, in sufficient
 117. detail for issuance of an American Land Title Association ("ALTA") Owner's Policy of Title
 118. Insurance showing all boundary, encroachment or survey exceptions and all improvements, utility lines
 119. and easements on the Property or within five (5) feet thereof.
 120. ☐ Other survey terms: _____
121. _____
122. **Buyer's Responsibility Regarding Inspections:** Buyer shall keep the Property free and clear of liens, shall indemnify and hold
 123. Seller harmless from all liability, claims, demands, damages, and costs and shall repair all damages arising from the inspections.
124. **Final Walkthrough:** The Seller grants Buyer and any representative of Buyer reasonable access to conduct a final walkthrough of the
 125. Property for the purpose of satisfying Buyer that any repairs agreed to by the Seller have been completed and, further, that the Property
 126. is in substantially the same condition as on the date of the mutual execution of the Contract. Seller shall make the Property available for
 127. the final walkthrough. If Buyer does not conduct such walkthrough, Buyer specifically releases Seller and Broker(s) of any liability.
128. **Seller's Responsibility Regarding Inspections and Final Walkthrough:** Seller shall make the Property available for all inspec-
 129. tions during the Due Diligence Period and final walkthrough. Seller understands that the inspections and final walkthrough require
 130. that all utilities be on and the Seller is responsible for providing same at Seller's expense.
131. **Sanitation and Waste Disposal Systems:** Buyer is aware and Seller warrants that the Property is on a:
 132. ☒ sewer system ☐ septic system ☐ alternative system
133. **Seller's Obligations Regarding On-Site Wastewater Treatment Facility (conventional septic or alternative system)**
 134. ("Facility"): If such a Facility has been installed on the Property, Seller shall deliver to Buyer copies of Facility permits and any
 135. other Facility documents of record within five (5) days after Opening of Escrow. During Due Diligence Period, any Facility on the
 136. Property shall be inspected as required by law at: ☒ Buyer's expense ☐ Seller's expense by an inspector recognized by the
 137. applicable governmental authority. Seller shall deliver to Escrow Company, at Seller's expense, any certification and/or
 138. documentation required. Escrow Company is instructed to file any transfer form(s) with applicable county authority. Buyer shall
 139. pay any Facility transfer fees.
140. **Seller's Obligations Regarding Wells:** If any well is located on the Property, Seller shall deliver to Escrow Company, before Close of
 141. Escrow, a copy of the Arizona Department of Water Resources ("ADWR") "Registration of Existing Wells." Escrow Company is hereby
 142. instructed to send to the ADWR a "Change of Well Information." Seller does not warrant the gallons per minute as reflected on the ADWR
 143. certification of registration. Buyer may verify gallons per minute during Due Diligence Period through a certified flow test.
144. **Changes During Escrow:** Seller shall immediately notify Buyer in writing: (i) of any changes in the disclosures made herein, in the Seller Property
 145. Disclosure Statement, or otherwise; (ii) if Seller modifies any existing lease or other agreement affecting the Property; or (iii) if Seller enters into
 146. any new leases, rental agreements, service contracts or other agreements affecting the Property. Buyer shall be allowed five (5) days after receipt
 147. of such notice to provide written notice to Seller of any items disapproved. REFER TO LINES 66-85 FOR IMPORTANT TERMS.

DISCLOSURES

148. **Seller Property Disclosure Statement ("SPDS"):**
149. (a) ☐ Buyer has received, read, and approved the SPDS.
150. (b) ☐ Buyer waives review and approval of the SPDS. (BUYER'S INITIALS REQUIRED TO WAIVE SPDS)
151. (c) ☒ Seller shall deliver the SPDS to Buyer within five (5) days after Opening of Escrow.

 Initials: _____
 SELLER

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 Initials: _____
 BUYER

152. **Additional Seller Disclosures and Information:** Seller shall provide to Buyer the following disclosures and information pertinent
 153. to the Property in writing within five (5) days or _____ days after Opening of Escrow: (1) any information known to Seller that may adversely
 154. affect the Buyer's use of the Property, (2) any known pending special assessments, association fees, claims, or litigation, (3) copies of covenants,
 155. conditions, and restrictions, articles of incorporation; by-laws; other governing documents; and any other documents required by law, (4) financial
 156. statements, copies of current rent rolls, lists of current deposits, personal property lists, copies of leases, rental agreements, service contracts, (5) a
 157. copy of the most recent survey, if available, and (6) any and all other agreements, documents, studies, or reports relating to the Property in Seller's
 158. possession or control provided, however, that Seller shall not be required to deliver any report or study if the written contract that Seller entered into
 159. with the consultant who prepared such report or study specifically forbids the dissemination of the report to others. The Buyer shall provide written
 160. notice to Seller prior to the expiration of the Due Diligence Period of any items disapproved. REFER TO LINES 66-85 FOR IMPORTANT TERMS.
 161. Seller shall deliver all original documents and estoppel certificates executed by all tenants to Buyer at Close of Escrow.

162. **No Seller or Tenant Bankruptcy, Probate or Insolvency Proceedings.** Seller has no notice or knowledge that any tenant on the
 163. Property is the subject of a bankruptcy, probate or insolvency proceeding. Further, Seller is not the subject of a bankruptcy, insolvency
 164. or probate proceeding.

165. **Seller's Notice of Violations:** Seller represents that Seller has no knowledge of any notice of violations of City, County, State, or
 166. Federal building, zoning, fire, or health laws, codes, statutes, ordinances, regulations, or rules filed or issued regarding the
 167. Property. If Seller receives notice of violations of any of the aforementioned prior to Close of Escrow, Seller shall immediately
 168. notify Buyer in writing. Buyer shall have five (5) days after receipt of such notice to provide written notice to Seller of any items
 169. disapproved. REFER TO LINES 66-85 FOR IMPORTANT TERMS.

170. **DISCLOSURES FOR PROPERTY USED FOR RESIDENTIAL PURPOSES**

171. (If Property is not used for residential purposes, GO TO LINE 194.)

172. **Notice to Buyer of Swimming Pool Barrier Regulations (Initials Required):** The State of Arizona has swimming pool barrier regulations that
 173. are outlined in the Arizona Department of Health Services Private Pool Safety Notice. The county or municipality in which the Property is locat-
 174. ed may have different swimming pool barrier regulations than the state. During the Due Diligence Period, Buyer agrees to investigate all applic-
 175. able state, county, and municipal swimming pool barrier regulations and, unless disapproved prior to the expiration of the Due Diligence Period,
 176. agrees to comply with and pay all costs of compliance with said regulations. BUYER'S INITIALS ACKNOWLEDGE 1) EXISTENCE OF
 177. SWIMMING POOL BARRIER REGULATIONS and 2) If this Property contains a swimming pool, RECEIPT OF THE ARIZONA
 178. DEPARTMENT OF HEALTH SERVICES APPROVED PRIVATE POOL SAFETY NOTICE AS REQUIRED BY A.R.S. § 11-1031 (E).

(BUYER'S INITIALS REQUIRED)

BUYER BUYER

180. **Lead-Based Paint Disclosure (Initials Required):** If the Property was built prior to 1978, Seller shall: (1) notify the Buyer of any
 181. known lead-based paint or lead-based paint hazards in or on the Property; (2) provide the Buyer with any lead-based paint risk
 182. assessments or inspections of the Property in the Seller's possession; (3) provide the Buyer with the Disclosure of Information on
 183. Lead-based Paint and Lead-Based Paint Hazards, and any reports, records, pamphlets, and/or other materials referenced therein,
 184. including the pamphlet "Protect Your Family from Lead in Your Home" (collectively "Lead-Based Paint Information").
 185. ☐ Lead-Based Paint Information was provided prior to Contract acceptance and Buyer acknowledges the opportunity to conduct lead-
 186. based paint risk assessments or inspections during Due Diligence Period.

187. ☒ Seller shall provide the Lead-Based Paint Information to Buyer within five (5) days after Opening of Escrow. Buyer may within
 188. ten (10) days or ☐ _____ days after receipt of the Lead-Based Paint Information conduct or obtain a risk assessment or
 189. inspection of the Property for the presence of lead-based paint or lead based-paint hazards ("Assessment Period"). Buyer may
 190. within five (5) days after receipt of the Lead-Based Paint Information or five (5) days after expiration of the Assessment Period
 191. cancel this Contract in Buyer's sole discretion by delivering written notice of cancellation to Seller Pursuant to Lines 309-313.

192. **Prior to 1978: If Property was constructed prior to 1978, BUYER'S INITIALS REQUIRED**

BUYER BUYER

193. **1978 or Later: If Property was constructed in 1978 or later, BUYER'S INITIALS REQUIRED**

BUYER BUYER

194. **IF THIS IS AN ALL CASH SALE, GO TO LINE 209.**

FINANCING

195. (If financing is to be other than new financing, see attached addendum.)

196. This sale ☒ is ☐ is not contingent upon Buyer obtaining a satisfactory financing commitment within Financing
 197. Commitment Contingency Period. (If sale is not contingent on a financing commitment, go to line 209.)

198. **Financing Commitment Contingency Period:** If the sale is contingent upon Buyer obtaining a satisfactory financing commitment, Buyer
 199. shall have thirty (30) days or ☐ _____ days after the Opening of Escrow ("Financing Commitment Contingency Period") to obtain a financing
 200. commitment satisfactory to Buyer in Buyer's sole discretion, for a loan to purchase the Property or Buyer may cancel this Contract pursuant to
 201. Lines 309-313 and receive a refund of the Earnest Money. **PRIOR TO THE EXPIRATION OF THE FINANCING COMMITMENT**
 202. **CONTINGENCY PERIOD, BUYER SHALL DELIVER TO SELLER AND ESCROW COMPANY WRITTEN NOTICE THAT BUYER HAS**
 203. **NOT RECEIVED SUCH SATISFACTORY FINANCING COMMITMENT OR BUYER SHALL BE DEEMED TO HAVE WAIVED THE**
 204. **FINANCING COMMITMENT CONTINGENCY AND ANY RIGHT TO CANCEL DUE TO FINANCING.**

205. **Financing Application:** Within ten (10) days after the Opening of Escrow, Buyer shall submit a formal loan application to a lender of
 206. Buyer's choice. Buyer and Seller shall promptly provide to such lender all materials and documents lender deems appropriate to
 207. facilitate such lender's processing of such loan application. Buyer agrees to pay such fees as required by the lender and all other
 208. financing costs. Buyer authorizes the lender to provide financing status updates to Broker(s).

Initials: SELLER

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Initials: BUYER

TITLE AND ESCROW

209. **Title and Vesting:** Taking title may have significant legal, estate planning and tax consequences. Buyer should obtain legal and tax advice.

211. Buyer will take title as **determined before Close of Escrow** or ☐ Other: _____

212. **Title Commitment and Title Insurance:** Buyer shall be provided at Seller's expense a Standard Owner's Title Insurance Policy showing the title vested in Buyer as provided in Line 211. Buyer may acquire extended coverage(s) at Buyer's own additional expense. Escrow Company is hereby instructed to obtain and distribute to Buyer and Broker(s) a Commitment for Title Insurance in sufficient detail for the issuance of an Extended Owner's Title Insurance Policy together with complete and legible copies of all documents that will remain as exceptions to Buyer's policy of title insurance ("Title Commitment"), within fifteen (15) days after Opening of Escrow. Buyer shall have until the expiration of the Due Diligence Period to provide written notice to Seller of any items disapproved. Buyer shall have five (5) days after receipt of any amendments to Title Commitment or notice of any subsequent exceptions to provide Seller written notice of any amendment or exceptions disapproved. REFER TO LINES 66-85 FOR IMPORTANT TERMS.

220. Seller shall convey title by special warranty deed or ☐ _____ deed.

221. **Additional Instructions:** (a) If the Escrow Company is also acting as the title agency but is not the title insurer issuing the title insurance policy, the Buyer and Seller hereby instruct the Escrow Company to deliver to the Buyer and Seller upon Opening of Escrow a closing protection letter from the title insurer indemnifying the Buyer and Seller for any losses due to fraudulent acts or breach of escrow instructions by the Escrow Company. (b) All documents necessary to close this transaction shall be executed promptly by Seller and Buyer in the standard form used by Escrow Company. Escrow Company is hereby instructed to modify such documents to the extent necessary to be consistent with this Contract. (c) All closing and escrow costs, unless otherwise stated herein, shall be allocated equally between Seller and Buyer in accordance with local custom and applicable laws and regulations. (d) Escrow Company is hereby instructed to send to Broker(s) copies of all notices and communications directed to or from Seller or Buyer. Escrow Company shall provide Broker(s) with access to escrowed materials and information regarding the escrow.

230. **Prorations, Expenses and Adjustments:**

231. **Taxes:** Real property taxes payable by the Seller shall be prorated through Close of Escrow, based upon the latest tax bill available. The parties agree that any discrepancy between the latest tax bill available and the actual tax bill when received shall be handled as a Post Closing Matter and Buyer or Seller may be responsible for additional tax payments to each other.

234. **Insurance:** If Buyer takes an assignment of the existing casualty and/or liability insurance that is maintained by Seller, the current premium shall be prorated through Close of Escrow.

236. **Rents, Interest and Expenses:** Rents; interest on existing notes, if transferred; utilities; and operating expenses shall be prorated through Close of Escrow. The Parties agree to adjust any rents received after Close of Escrow as a Post Closing Matter.

238. **Deposits:** All deposits held by Seller pursuant to rent/lease agreement(s) shall be credited against the cash required of Buyer at Close of Escrow or ☐ paid to Buyer by Seller at Close of Escrow.

240. **Post Closing Matters:** The parties shall promptly adjust any item to be prorated that is not determined or determinable at Close of Escrow as a Post Closing Matter by appropriate cash payment to the other party outside of the escrow when the amount due is determined. Seller and Buyer agree that Escrow Company and Broker(s) are relieved of any responsibilities for said adjustments.

243. **Insurance:** Buyer shall insure that any fire, casualty, or other insurance desired by Buyer, or required by any Lender, is in place at Close of Escrow. Buyer specifically releases Broker(s) from any obligations relating to such insurance.

245. **Assessments:** The amount of any assessment that is a lien as of the Close of Escrow, shall be:

246. ☒ paid in full by Seller ☐ prorated and assumed by Buyer ☐ paid in full by Buyer.

247. Any assessment that becomes a lien after Close of Escrow is the Buyer's responsibility.

248. **IRS and FIRPTA Reporting:** Seller agrees to comply with IRS reporting requirements. If applicable, Seller agrees to complete, sign, and deliver to Escrow Company a certificate indicating whether Seller is a foreign person or a non-resident alien pursuant to the Foreign Investment in Real Property Tax Act (FIRPTA). Buyer acknowledges that if the Seller is a foreign person, the Buyer (or Escrow Company, as directed by Buyer) must withhold a tax equal to 10% of the purchase price, unless an exemption applies.

252. **RESPA:** The Real Estate Settlement Procedures Act (RESPA) requires that no Seller of property that will be purchased with the assistance of a federally-related mortgage financing shall require, directly or indirectly, as a condition of selling the property, that title insurance covering the property be purchased by the Buyer from any particular title company.

255. **TAX DEFERRED EXCHANGE:** Seller and Buyer are advised to consult a professional tax advisor regarding the advisability of a tax-deferred exchange pursuant to I.R.C. §1031 or otherwise. Seller and Buyer agree to cooperate in a tax deferred exchange provided that Close of Escrow is not delayed. All additional costs in connection with any such tax deferred exchange shall be borne by the party requesting the exchange. The non-requesting party and Broker(s) shall be indemnified and held harmless from any liability that may arise from participation in the tax deferred exchange.

WARRANTIES

260. **Seller Warranties:** Seller warrants and shall maintain and/or repair the Property so that, at the earlier of possession of the Property or Close of Escrow, all heating, cooling, mechanical, plumbing, and electrical systems (including swimming pool and/or spa, motors, filter systems, cleaning systems, and heater, if any), and built-in appliances will be in working condition or as otherwise agreed in this Contract. Seller also warrants that, at the earlier of possession of the Property or Close of Escrow, the Property shall be in substantially the same condition as on the date of the mutual execution of the Contract.

265. **Buyer Warranties:** Buyer warrants that Buyer has disclosed to Seller any information that may materially and adversely affect the Buyer's ability to close escrow or complete the obligations of this Contract. At the earlier of the removal of all contingencies, possession of the Property or Close of Escrow, (a) Buyer warrants to Seller that Buyer has conducted all desired independent investigations and (b) Buyer acknowledges that there will be no Seller warranty of any kind, except as stated in Lines 266-268.

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269. **Warranties that Survive Closing:** Prior to the Close of Escrow, Seller warrants that payment in full will have been made for all
 270. rental and/or privilege taxes, labor, professional services, materials, machinery, fixtures, or tools furnished within the 150 days
 271. immediately preceding the Close of Escrow in connection with the construction, alteration, or repair of any structure on or
 272. improvement made to the Property. Seller warrants that the information on Lines 131-139 regarding connection to a public sewer
 273. system, septic tank or other sanitation system is correct to Seller's knowledge. Seller warrants that Seller has disclosed to Buyer
 274. and Broker(s) all material latent defects and any information concerning the Property known to Seller, which materially and
 275. adversely affect the consideration to be paid by Buyer.

REMEDIES

276. **Remedies:** The parties agree to the remedies for breach of Contract indicated below.

277. *If Buyer is in breach: (check one)*

278. ☐ All Rights and Remedies: Seller may cancel this Contract pursuant to Lines 309-313 and/or proceed upon any claim or
 279. remedy that the Seller may have in law or equity.

280. ☒ Liquidated Damages: The parties agree that it would be impracticable or extremely difficult to fix the actual damages that
 281. Seller would suffer if Buyer fails to perform Buyer's obligations pursuant to this Contract. Therefore, if Buyer breaches this
 282. Contract, Seller shall be entitled to the Earnest Money as Seller's sole remedy and Buyer shall be released from any further
 283. liability to Seller. In such event, this Contract shall be cancelled and Seller shall pay any Escrow Company cancellation fees.

(INITIALS REQUIRED)

284. *If Seller is in breach:*

286. All Rights and Remedies: Buyer may cancel this Contract pursuant to Lines 309-313, shall be entitled to the return of the
 287. Earnest Money and/or proceed upon any claim or remedy that the Buyer may have in law or equity.

288. **Mediation:** Buyer and Seller agree to mediate any dispute or claim arising out of or relating to this Contract, any alleged breach of
 289. this Contract, or services provided in relation to this Contract, claims for Earnest Money or representations made by the Buyer or
 290. Seller in connection with the sale, purchase, financing, condition, or other aspect of the Property to which this Contract pertains,
 291. including, without limitation, allegations of concealment, misrepresentation, negligence and/or fraud before resorting to court
 292. action. Mediation is a process in which the parties meet with an impartial person who helps to resolve the dispute informally and
 293. confidentially. Mediators cannot impose binding decisions. The parties must agree and sign an agreement before any settlement
 294. reached at the mediation is binding. Mediation shall take place in the State of Arizona. All mediation costs shall be paid equally by
 295. the parties to the Contract.

296. **Exclusions from Mediation:** The following matters are excluded from mediation hereunder: (a) any action brought in the Small
 297. Claims Division of an Arizona Justice Court (up to \$2,500), so long as the matter is not thereafter transferred or removed from the
 298. Small Claims Division; (b) judicial or nonjudicial foreclosure or other action or proceeding to enforce a deed of trust, mortgage, or
 299. agreement for sale; (c) an unlawful entry or detainer action; (d) the filing or enforcement of a mechanic's lien; or (e) any matter
 300. that is within the jurisdiction of a probate or bankruptcy court. The filing of a judicial action to enable the recording of a notice of
 301. pending action, or order of attachment, receivership, injunction, or other provisional remedies shall not constitute a waiver of the
 302. obligation to mediate under this provision, nor shall it constitute a breach of the duty to mediate.

303. **Attorneys Fees and Costs:** If Buyer or Seller files suit against the other to enforce any provision of this Contract or for damages
 304. sustained by reason of its breach, all parties prevailing in such action, on trial and appeal, shall receive their reasonable attorney's
 305. fees and costs as awarded by the court. In addition, both Seller and Buyer agree to indemnify and hold harmless all Brokers against
 306. all costs and expenses that any Broker may incur or sustain in connection with any lawsuit arising from this Contract and will pay
 307. the same on demand unless the court grants judgment in such action against the party to be indemnified. Costs shall include,
 308. without limitation, reasonable attorney's fees, expert witness fees, fees paid to investigators, and court costs.

309. **Cancellation:** Any party who wishes to cancel this Contract as provided herein or because of any material breach by another
 310. party, and who is not in material breach except as occasioned by a material breach by the other party, may cancel this Contract
 311. by delivering written notice of cancellation to either the breaching party or to the Escrow Company stating the basis for cancella-
 312. tion or nature of the breach. Cancellation shall become effective immediately upon delivery of the written notice of cancellation to
 313. either the breaching party or Escrow Company.

314. **Release of Earnest Money:** in the event of a dispute between Buyer and Seller regarding Earnest Money deposited with Escrow
 315. Company, Buyer and Seller authorize Escrow Company to release Earnest Money pursuant to the terms and conditions of this
 316. Contract. Buyer and Seller specifically authorize Escrow Company to act in its sole and absolute discretion in the release of
 317. Earnest Money. Buyer and Seller agree to hold harmless and indemnify Escrow Company against any claim, action or lawsuit of
 318. any kind, and from any loss, judgment, or expense, including costs and reasonable attorneys' fees, arising from or relating in any
 319. way to the release of Earnest Money.

320. **Recommendations:** If any Broker recommends a builder, contractor, inspector, vendor or any other person or entity to Seller or Buyer
 321. for any purpose, such recommendation shall be independently investigated and evaluated by Seller or Buyer, who hereby acknowl-
 322. edge that any decision to enter into any contractual arrangements with any such person or entity recommended by any Broker will be
 323. based solely upon such independent investigation and evaluation. Seller and Buyer understand that said contractual arrangement may
 324. result in a commission or fee to Broker, which shall be disclosed in writing to the Seller and Buyer as required by law.

Initials:

SELLER

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Initials:

BUYER

ADDITIONAL TERMS

325. _____
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350. **Risk of Loss:** If there is any loss or damage to the Property between the date of mutual execution of this Contract and the Close of
 351. Escrow or possession of the Property, whichever is earlier, by reason of fire, vandalism, flood, earthquake or act of God, the risk of loss
 352. shall be borne by the Seller, provided, however, that if the cost of repairing such loss or damage would exceed ten percent (10%) of
 353. the purchase price, either Seller or Buyer may elect to cancel the Contract by written notice pursuant to lines 309-313.

354. **Permission:** Buyer and Seller grant Broker(s) permission to advise the public of the existence of this Contract.

355. **Arizona Law:** This Contract shall be governed by Arizona law and jurisdiction is exclusively conferred on the State of Arizona.

356. **Time is of the essence:** The parties acknowledge that time is of the essence in performance of the obligations described herein.

357. **Broker's Fee:** Buyer and Seller each represent and warrant to the other that he/she/it has had no dealings with any person, firm,
 358. broker or finder in connection with the negotiation of this Contract and/or the consummation of the purchase and sale
 359. contemplated herein, other than the Broker(s) named herein, and no Broker or other person, firm or entity, other than said
 360. Broker(s) is/are entitled to any commission or finder's fee in connection with this transaction as the result of any dealings or acts
 361. of either Buyer or Seller. Buyer and Seller do each hereby agree to indemnify, defend, protect and hold the other harmless from
 362. and against any costs, expenses or liability for compensation, commission or charges that may be claimed by any broker, finder
 363. or other similar party, other than said named Broker(s) by reason of any dealings or act of the indemnifying party.

364. **Compensation:** Seller and Buyer acknowledge that Broker(s) shall be compensated for services rendered as previously agreed
 365. by separate written agreement(s). Any separate written agreement(s) shall be delivered to Escrow Company for payment at Close
 366. of Escrow, if not previously paid, and shall constitute an Irrevocable assignment of Seller's proceeds at Close of Escrow and/or
 367. payment shall be collected from Buyer as a condition to Close, as applicable. If any Broker hires an attorney to enforce the
 368. collection of the brokerage fee payable pursuant to this Contract and is successful in collecting some or all of such brokerage fee,
 369. the party(ies) responsible for paying such brokerage fee agree(s) to pay such Broker's costs including, but not limited to:
 370. reasonable attorneys' fees, expert witness fees, fees paid to investigators, and court costs. **COMMISSIONS PAYABLE FOR THE**
 371. **SALE, LEASING, OR MANAGEMENT OF PROPERTY ARE NOT SET BY ANY BOARD OR ASSOCIATION OF REALTORS®**
 372. **OR MULTIPLE LISTING SERVICE, OR IN ANY MANNER OTHER THAN BETWEEN THE BROKER AND CLIENT. THE**
 373. **SELLER AND THE BUYER ACKNOWLEDGE THAT THE BROKER(S) REFERENCED HEREIN ARE THIRD-PARTY**
 374. **BENEFICIARIES OF THIS CONTRACT.**

Initials:  _____
 SELLER

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Initials:  _____
 BUYER

375. **Additional Compensation:** The Real Estate Settlement Procedures Act ("RESPA") prohibits the paying or receiving of any fee, kickback, or thing of value for the referral of any business related to settlement or closing of a federally regulated mortgage financing, including, but not limited to, any services related to the origination, processing, or funding of a federally regulated mortgage financing, and includes settlement related business. RESPA does not prohibit fees, salaries, compensation, or other payments for services actually performed. If any Broker performs any such services for a fee, Seller and Buyer consent to the payment of this additional compensation as follows:

381.

382.

383. **Subsequent Offers:** Buyer acknowledges that Seller has the right to accept subsequent offers until Close of Escrow. Seller understands that any subsequent offer accepted by the Seller must be a backup offer, namely, contingent on the cancellation of this Contract.

386. **Entire Agreement:** This Contract, and any addenda and attachments, shall constitute the entire agreement between Seller and Buyer, and shall supersede any other written or oral agreements between Seller and Buyer. This Contract, including any extensions of any time periods referenced herein, can be modified only by a writing signed by Seller and Buyer. A fully executed facsimile copy of the entire Contract shall be treated as an original Contract. This Contract and any other documents required by this Contract may be executed and delivered by facsimile and in any number of counterparts, which shall become effective upon delivery as provided for herein. All counterparts shall be deemed to constitute one instrument, and each counterpart shall be deemed an original. The failure to initial any page of this Contract shall not affect the validity or terms of this Contract. All references to days in this Contract shall be construed as calendar days.

394. **Assignment:** Except in the event of a tax-deferred exchange, Buyer shall not assign this Contract without the prior written consent of Seller. Any such assignment shall not release Buyer from Buyer's obligations under this Contract.

396. **Release of Brokers:** SELLER AND BUYER HEREBY ACKNOWLEDGE THAT THEY HAVE BEEN AND ARE NOW ADVISED BY THE BROKER(S) TO CONSULT AND RETAIN THEIR OWN EXPERTS TO ADVISE AND REPRESENT THEM CONCERNING THE LEGAL AND INCOME TAX EFFECTS OF THIS CONTRACT, AND THE CONDITION OF THE PROPERTY. SELLER AND BUYER HEREBY EXPRESSLY RELEASE, HOLD HARMLESS AND INDEMNIFY ALL BROKER(S) IN THIS TRANSACTION FROM ANY AND ALL LIABILITY AND RESPONSIBILITY REGARDING THE CONDITION, SQUARE FOOTAGE/ACREAGE, LOT LINES OR BOUNDARIES, VALUE, FINANCING, RENT ROLLS, INCOME AND EXPENSE PROJECTIONS OR PROFORMAS, ENVIRONMENTAL CONDITIONS, SANITATION SYSTEMS, ROOF CONDITION, WOOD INFESTATION AND WOOD INFESTATION REPORT, COMPLIANCE WITH BUILDING CODES, ZONING OR OTHER GOVERNMENTAL REGULATIONS, OR ANY OTHER MATERIAL MATTERS RELATING TO THE PROPERTY.

(INITIALS REQUIRED)

BUYER SELLER

406. **Time for Acceptance:** This is an offer to purchase the Property. Unless acceptance is signed by Seller and a signed copy delivered in person, by private or United States mail, or facsimile, and received by Buyer or by Broker named on Lines 17-18 by: July 20, 2007 at 4:00 AM/PM, Mountain Standard Time, or unless this offer to purchase has been previously withdrawn in writing by Buyer, this offer to purchase shall be deemed withdrawn and the Buyer's Earnest Money shall be returned.

411. THIS CONTRACT CONTAINS NINE (9) PAGES EXCLUSIVE OF ANY ADDENDA AND ATTACHMENTS. PLEASE ENSURE THAT YOU HAVE RECEIVED AND READ ALL NINE (9) PAGES OF THIS OFFER AS WELL AS ANY ADDENDA AND ATTACHMENTS. The undersigned agree to purchase the Property on the terms and conditions herein stated and acknowledge receipt of a copy hereof.

415. BUYER MO/DAY/YR BUYER MO/DAY/YR

416. Dave H. LLC BUYER NAME PRINTED BUYER NAME PRINTED

417. By: _____

418. Its: _____

419. ADDRESS ADDRESS

420. CITY, STATE, ZIP CODE CITY, STATE, ZIP CODE

421. Broker: Arizona First Realty & Lending LLC Steve Pattinson
(COMPANY NAME) (LICENSEE)

422. 17719 W Ironwood St Surprise, AZ 85374 (602) 218-5261 (949) 666-5156 Steve@ArizonaFirstRe
(ADDRESS) (TELEPHONE) (FAX) (E-MAIL)

Initials: SELLER

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Initials: BUYER

PAGE 8 of 9

ACCEPTANCE

423. **Agency Confirmation:** The following agency relationship(s) is hereby confirmed for this transaction:

424. Listing Broker: Steve Pattinson Arizona First Realty & Lending LLC (602) 218-5261
(PRINT SALESPERSON'S NAME AND AGENCY CODE) AFRL01 (PRINT FIRM NAME AND OFFICE CODE) SP306 (TELEPHONE)

425. Is the agent of (check one): ☐ the Seller exclusively; or ☒ both the Buyer and Seller

426. **Seller Receipt of Copy:** The undersigned acknowledge receipt of a copy hereof and grant permission to Broker named
427. on Lines 17-18 to deliver a copy to Buyer.

428. ☐ Counter Offer is attached, and is incorporated herein by reference. Seller must sign both the Contract and the
429. ☐ Counter Offer. If there is a conflict between this Contract and the Counter Offer, the provisions of the Counter
430. Offer shall be controlling.

431. The undersigned agree to sell the Property on the terms and conditions herein stated.

432. SELLER MO/DA/YR SELLER MO/DA/YR

433. Arizona First Partner 1 LLC SELLER'S NAME PRINTED

434. By: _____

435. Its: _____

436. 5041 E Pershing Ave ADDRESS

437. Scottsdale, AZ 85254 CITY, STATE, ZIP CODE

438. Broker: Arizona First Realty & Lending LLC Steve Pattinson
(COMPANY NAME) (LICENSEE)

439. 17749 W Ironwood St Surprise, AZ 85374 (602) 218-5261 (949) 666-5156 Steve@ArizonaFirstRealty.com
(ADDRESS) (TELEPHONE) (FAX) (E-MAIL)

ACCEPTANCE BY ESCROW COMPANY

440. Date of Opening of Escrow: _____

441. The provisions of this Contract are hereby acknowledged and agreed to.

442. Escrow Company: Magnus Title Agency

443. By: _____

444. Its: _____

For Broker Use Only Brokerage File/Log No. _____ Manager's Initials _____ Broker's Initials _____ Date _____
MO/DA/YR

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Initials: OK OK OK
SELLER BUYER

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PAGE 9 of 9



July 2, 2007

Mr. Duane Steiner
Scottsdale Appraisers, LLC
6501 E. Greenway Pkwy., #103-404
Scottsdale, AZ 85254

Re: 7565 E Eagle Crest Drive, Mesa, AZ 85207
Vacant land / Office Building/Owner Occupied/Shell 10,000 New Construction

Dear Duane:

This letter of engagement authorizes you to appraise the above referenced property for Copper Star Bank. The appraisal must be prepared in conformity with standards of Uniform Standards of Professional Appraisal Practice (USPAP) and the Interagency Appraisal and Evaluation Guidelines dated October 27, 1994. Compliance with the above is to be stated in the certification section of the appraisal. Any deviation from the regulations, policy and procedures may, at the bank's discretion, constitute a rejection of the report.

< out > Sales & Income approaches in Summary Format

The following are instructions for this engagement. Please contact David Haney at 602-799-5399 (office) to arrange for an inspection and to obtain additional property information.

Your appraisal must recite all of these instructions:

1. For purposes of this assignment, your definition of "Value" must conform to the definition of "Market Value" per regulations and must be included in your appraisal report.
2. You are instructed to provide a full appraisal which appraises the property "value of land "as is" and value "as if completed" with the proposed tenant improvements. In addition, since the subject is owner occupied we would also request a "value as vacant" analysis.
3. If the project is under construction, to be built or to be significantly renovated, then the value shall be reported as "as is", "as completed", and "prospective market value based on stabilized occupancy income".

4. It is understood that the appraiser is not an environmental engineer. However, if during the course of your field investigation, any possible or potential environmentally hazardous material or conditions to be made known, noted or rumored to be associated with the subject property or adjacent properties (i.e. asbestos, underground storage tanks, radon gas, oil spill, toxic waste disposal, chemical storage, etc.) then the appraiser shall make reference to that possibility in the narrative report.
5. Your report is intended for the exclusive use of Copper Star Bank, its successors and assigns. Neither the content of the appraisal, purpose of the report or value estimate should be revealed to anyone other than the undersigned or other representative of Copper Star Bank.

YOU MUST INCLUDE THESE INSTRUCTIONS AND GUIDELINES IN THE ADDENDUM OF YOUR APPRAISAL.

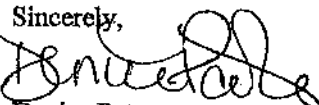
This engagement letter anticipates that ALL of the signatories of the appraisal report will have inspected the subject property, neighborhood, and comparable data. Please confirm this in the introductory letter of your report. All data provided is subject to your confirmation and determination of its appropriateness.

You have verbally agreed to complete the assignment at a fee not to exceed \$2,850.00 and deliver the appraisal report by August 1, 2007. A total of two signed and bound copies of the narrative report with photos, shall be delivered at the agreed upon delivery date to 7655 W Thunderbird Road, Peoria, AZ 85381.

The appraisal must be addressed to Copper Star Bank.

Upon review, should any adjustments and/or corrections be required to be in compliance with policy and procedures, then the engaged appraiser agrees to a timely correction of the report upon notice.

Sincerely,



Denice Pate
Loan Administration

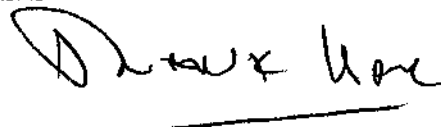
Accepted by:

Appraiser



Dated

7/2/07



CHAPTER 6

COMMERCIAL DISTRICTS: O-S, C-1, C-2, C-3

11-6-1 Purpose and Intent:

The Commercial Districts are designed to provide for a wide range of office and commercial uses, including personal services, professional businesses, retailing stores, and entertainment establishments. The intent of these Districts is to allow for a variety of business intensities from personal services to regional retailing. These Districts are categorized in the following classifications:

- (A) Office-Service District, O-S: The purpose of this District is to allow small scale offices and residential service businesses without retailing. The intent of this District is to accommodate low-intensity business usage which satisfies the daily needs of local residential neighborhoods, while maintaining compatibility with them.
- (B) Neighborhood Commercial District, C-1: The purpose of this District is to provide for large-scale office complexes and small indoor retailing centers. The intent of this District is to insure compatibility with adjoining residential neighborhoods, while satisfying their daily commercial and service business needs.
- (C) Limited Commercial District, C-2: The purpose of this District is to provide for a broad range of indoor retail businesses. The intent of this District is to allow commercial uses to satisfy the needs of the community with emphasis on shopping center and group commercial developments.
- (D) General Commercial District, C-3: The purpose of this District is to provide for a diversity of general business and commercial uses. The intent of this District is to allow for a variety of outdoor and indoor commercial activities.

11-6-2 Permitted Uses:

- (A) Permitted Uses in All Commercial Districts, O-S, C-1, C-2 and C-3, provided that all activities are conducted entirely within an enclosed building with no outside storage or display except as specified below:
 - 1. Bank and financial institutions, excluding drive-through windows and outdoor teller facilities.
 - 2. Offices.
 - 3. Medical offices and clinics, including physical therapy and massage, and chiropractic treatment. The preparation and sale of pharmaceutical, ophthalmic, prosthetic, and similar medical supplies are permitted in conjunction with a medical office or clinic provided such activity is dependent upon, and clearly subordinate to, the primary use; and is not identified from a public street by signage, display, building orientation, or other visual means.

4. Studios for the practice of fine arts, excluding shops and galleries for retail sales.
 5. Small animal hospitals or clinics, confined to completely enclosed sound-attenuated facilities.
 6. Nursing and convalescent homes, philanthropic and charitable institutions, residential and out-patient care and rehabilitation centers, hospices.
 7. Churches. Refer to Section 11-13-2(L).
 8. Day care centers with accessory outdoor play yards.
 9. Wedding and reception centers. Refer to Section 11-6-4 (A) and (D) regarding outdoor activities.
- (B) Additional Permitted Uses in the C-1, C-2 and C-3 Districts, provided that all activities are conducted entirely within an enclosed building with no outside storage or display except as specified below:
1. Fraternal organizations, service and social clubs, lodges, fraternities and sororities.
 2. Retail stores and group commercial developments, provided:
 - (a) No individual store shall exceed an area of ten thousand (10,000) square feet.
 - (b) No group commercial development shall exceed an aggregate area of fifty thousand (50,000) square feet.
 - (c) No drive-through facilities are provided.
 3. Restaurants, excluding drive-in and drive-through facilities and outdoor seating areas.
 4. Personal and household services, such as clothing alteration, shoe repair shops, beauty salons, barber and hair styling shops, self-service laundries, dry-cleaning shops, furniture and appliance repair, small animal grooming, and copying shops, and excluding drive-through window facilities.
 5. Hospitals with accessory group medical centers.
- (C) Additional Permitted Uses in the C-2 and C-3 Districts, provided that all activities are conducted entirely within an enclosed building with no outside storage or display, except as specified below:
1. Retail stores, group commercial developments, banks and financial institutions and other businesses listed in Section 2B of this Chapter, without the limitations specified therein, and subject to the provisions of Chapter 13.

2. General entertainment establishments, such as motion picture theaters, performing art centers, bowling centers, athletic facilities, and similar uses with or without accessory liquor services.
 3. Mortuaries.
 4. Drive-through facilities for any permitted use, drive-in restaurants, restaurants with outdoor seating areas, and restaurants with a cocktail lounge or bar as accessory use only.
 5. Hotels and motels.
 6. Vocational schools, except industrial trade schools, permitted in Chapter 7.
 7. General auto repair and upholstery excluding painting and body repair.
 8. Storage buildings consisting of individually rented storage rooms which are independently accessed and locked and provided they are used solely for dead storage purposes, and which may include accessory outdoor recreational vehicle, or boat storage, and on-site manager's quarters.
- (D) Additional Permitted Uses in the C-3 District, provided that all activities are conducted entirely within an enclosed building with no outside storage or display, except as specified below:
1. Outdoor display areas for the sale and rental of items characteristically not enclosed in a building, limited to the following:
 - (a) Automobiles, trucks, recreational vehicles, motorcycles, boats, manufactured homes and utility trailers.
 - (b) Plant nurseries.
 - (c) Building materials such as lumber and masonry supplies when stored or displayed in conjunction with a retail home improvement center.

Such display shall be in conformance with the locations and the methods designated on the approved development plans or otherwise authorized by this Title. Refer to Section 11-13-2 (u) for vehicle display platforms.
 2. Limited indoor storage for wholesale distribution when accessory to a retailing business, but not including general warehousing.
 3. Commercial recreation/entertainment uses such as pool and dance halls, night clubs, cocktail lounges, bars and similar uses.
 4. Amusement enterprises, such as miniature golf courses, water slides, driving ranges, batting cages, and similar outdoor uses, except golf courses as provided in Section 11-13-2.

5. Commercial automobile, recreational vehicle, and similar vehicular parking and storage lots and garages, as a primary use, but excluding towing and impound yards.
6. Automobile painting and body repair.
7. Machine shops.
8. Fabrication and light assembly, such as sheet metal, sign and cabinet shops.
9. Commercial printing facilities.
10. Small animal boarding kennels confined to completely enclosed sound-attenuated facilities.
11. Crematories accessory to a mortuary or small animal clinic.

11-6-3 Uses Subject to a Council Use Permit:

- (A) The following social service facilities are subject to the granting of a Council Use Permit in the C-1, C-2, and C-3, Commercial Districts in accordance with the procedures set forth in the Administration and Procedures Chapter of this Ordinance, provided the use is found to be compatible with surrounding uses, the General Plan and other recognized development plans or policies. In addition to the findings set forth above, such uses shall also provide, where applicable: adequate and accessible sanitary facilities including lavatories, restrooms and refuse containers; sufficient patron seating facilities for dining whether indoor or outdoor; effective screening devices, such as landscaping and masonry fences, in conjunction with outdoor activity areas; a plan of operation including, but not limited to, patron access requirements, hours of operation, security measures, litter control and noise attenuation; evidence of compliance with all Building and Fire Safety regulations; and any other measures determined by the City Council to be necessary and appropriate to ensure compatibility of the proposed use or uses with the surrounding area as specified in the Social Service Facilities Guidelines.

1. Plasma centers.
2. Charity dining services.
3. Homeless shelters.
4. Day labor hiring centers.
5. Substance abuse detoxification and treatment centers.
6. Rescue missions.
7. Social service uses similar to those listed above.

- (B) The following uses are subject to the granting of a council use permit in the C-1,

C-2, and C-3 Commercial Districts in accordance with the Administration and Procedures Chapter of this Ordinance, provided the use is found to be compatible with surrounding uses, the General Plan, and other recognized development plans or policies, as demonstrated by: compliance with all applicable Building and Fire Safety Regulations; compliance with the requirements set forth in Title 2, Chapter 7, of the Mesa City Code pertaining to the issuance of a Pawn Broker License; evidence of license, certification, or permit from the appropriate state or county agency if required by such state or county agency; a location of not less than 1,200' from the proposed pawn shop to an existing pawn shop or school, or from a proposed tattoo parlor or body piercing salon to an existing tattoo parlor or body piercing salon or school; and documentation demonstrating that the building or site proposed for the use is in, or will be brought into, substantial conformance with all current City development requirements, including, but not limited to, landscaping, parking, screen walls, signage, and Design Guidelines.

1. Pawn Shops
2. Tattoo Parlors And Body Piercing Salons

Exceptions to the 1200' separation requirement may be made by the City Council upon a finding that there are significant intervening physical features, such as arterial street, canals, parks, or similar buffering features or developments, between a proposed pawn shop and an existing pawn shop or school, or between a proposed tattoo parlor or body piercing salon and an existing tattoo parlor or body piercing salon or school.

- (C) The following uses are subject to the granting of a Council Use Permit in the C-1, C-2 and C-3 Commercial Districts in accordance with the Administration and Procedures Chapter of this Ordinance, provided the use is found to be compatible with surrounding uses, the General Plan, and other recognized development plans or policies:

1. Multiple residence developments including apartments, condominiums, and townhouses when such developments constitute a residential component of a mixed use development.
2. Schools, as defined in Section 11-1-6 of this Ordinance.

All requests for Council Use Permits shall be reviewed by the Planning and Zoning Board whose recommendations shall be forwarded to the City Council for final action. Failure to comply with any provision designated as a condition of approval shall be grounds for revocation of the Council Use Permit pursuant to Section 11-18-6 of this Ordinance.

- (D) Uses permitted subject to a Council Use Permit in the C-2 District in accordance with Chapter 18 of this Title, provided the use is found to be in compliance with the General Plan and other recognized development plans or policies, and will be compatible with surrounding uses. Such compatibility shall be demonstrated by:

1. The submission of a plan of operation, including, but not limited to, evidence of compliance with all zoning, building, and fire safety regulations; proposed

outdoor activity areas and sound attenuation measures; evidence of compliance with State Liquor License requirements; and proposed security measures; and

2. A "Good Neighbor Policy" in narrative form describing proposed measures to ensure ongoing compatibility with adjacent uses, including, but not limited to, the name and telephone number of the manager or person responsible for the operation of the facility; complaint response procedures, including investigation, remedial action, and follow-up; and litter control measures; and
3. Documentation demonstrating that the building or site proposed for the use is in, or will be brought into, substantial conformance with all current City Development Standards, including, but not limited to, landscaping, parking, screen walls, signage, and design guidelines; and
4. A separation from a church, a public or private school building with kindergarten programs or any of grades one (1) through twelve (12), and any recreational area adjacent to such school building as specified in Arizona Revised Statutes; and
5. A separation of at least three hundred feet (300') from any outdoor activity area to a residential zoning district. The City Council at its discretion may grant an exemption to this provision if it makes all of the following findings:
 - (A) That the location of the proposed outdoor activity area will not have a detrimental effect on nearby properties or be contrary to the public safety or welfare; and
 - (B) That the granting of the exception will not violate the spirit and intent of this Subsection 11-6-3 (B); and
 - (C) That compliance with this separation requirement will place an undue hardship on the owner of the facility; and
 - (D) That all other applicable provisions of the Mesa City Code will be observed.

Such Council Use Permit shall be applicable to the following uses:

Commercial recreation/entertainment uses such as; pool and dance halls, nightclubs, cocktail lounges, bars, and similar uses.

11-6-4 Uses Subject To Special Use Permit:

- (A) Uses permitted subject to approval of a Special Use Permit in the O-S and C-1 Districts, in accordance with the Administration and Procedures Chapter of this Ordinance:
 1. Drive-through windows and outdoor teller facilities for financial institutions.
 2. Dwelling units accessory to a primary use.

3. Outdoor activities or entertainment accessory wedding or reception center.
 4. Assisted living facilities.
- (B) Uses permitted subject to approval of a Special Use Permit in the C-1 District in accordance with the Administration and Procedures Chapter of this Ordinance:
1. Restaurants with outdoor seating areas.
- (C) Uses Permitted Subject to Approval of a Special Use Permit in the C-2 District, in accordance with the Administration and Procedures Chapter of this Ordinance:
1. Limited outdoor display of nursery stock, lawn furniture, garden supplies and similar outdoor household accessory items, in conjunction with a primary retail use.
 2. Car rental agencies or satellite facilities with ancillary outdoor vehicle storage limited to passenger vehicles including cars, vans, mini-vans, and light trucks not exceeding a half ton rating.
 3. Crematories as an accessory use to a mortuary or small animal clinic.
- (D) Use subject to approval of a Special Use Permit in the C-1 and C-2 districts, in accordance with the Administration and Procedures Chapter of this Ordinance:
- Small animal boarding kennels confined to completely enclosed, sound attenuated facilities.
- (E) Uses Permitted Subject to Approval of a Special Use Permit in the C-1, C-2 and C-3 Districts, in accordance with the Administration and Procedures Chapter of this Ordinance:
1. Car washes.
 2. Automobile service stations with or without accessory auto repair facilities.
 3. Dwelling units accessory to a primary use.
 4. Outdoor activities or entertainment accessory to a restaurant, commercial recreation/entertainment use, or wedding or reception center.
- (F) Uses permitted subject to the approval of a Council Use Permit in the C-3 District in accordance with the Administration and Procedures Chapter of this Ordinance:
- Swap meets, farmer's markets, and similar outdoor sales operations.

11-6-5 Prohibited Uses In all Commercial Districts:

- (A) All industrial and manufacturing uses.
- (B) All storage, warehousing and wholesaling, except as specified in the C-2 and C-3 Districts.

(C) All residential uses, except as specified in Section 4 of this Chapter.

(D) Uses similar to those listed above in this section, as determined by the Zoning Administrator.

11-6-6 Building Regulations:

The chart below specifies the maximum building heights.

MESA COMMERCIAL DISTRICTS

DISTRICT	MAX BUILDING HEIGHTS/STORIES
O-S	30'2 STORY
C-1	30'2 STORY
C-2	30'2 STORY
C-3	30'2 STORY

11-6-7 Supplementary Provisions:

Refer to Chapter 13 of this Title.

11-6-8 Design Guidelines:

Refer to Chapter 14 of this Title.

11-6-9 Site Development Design Standards:

Refer to Chapter 15 of this Title.

11-6-10 Sign Regulations:

Refer to Chapter 19 of this Title.

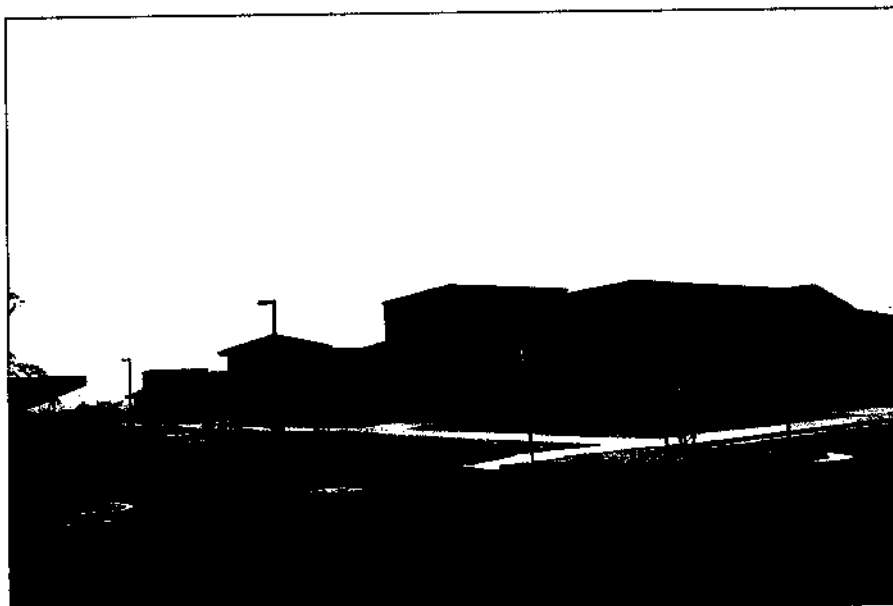
11-6-11 Parking Design and Regulations:

Refer to Chapters 15 and 16 of this Title.

11-6-12 Building Setbacks and Building Separation:

Refer to Chapter 15 of this Title.

RENTAL COMPARABLE PHOTOGRAPHS



RENT COMPARABLE NO. 1



RENT COMPARABLE NO. 2

RENTAL COMPARABLE PHOTOGRAPHS



RENT COMPARABLE NO. 3



RENT COMPARABLE NO. 4

SALE COMPARABLE PHOTOGRAPHS



SALE COMPARABLE NO. 1



SALE COMPARABLE NO. 2

SALE COMPARABLE PHOTOGRAPHS



SALE COMPARABLE NO. 3



SALE COMPARABLE NO. 4

SALE COMPARABLE PHOTOGRAPHS



SALE COMPARABLE NO. 5



SALE COMPARABLE NO. 6