

**UPDATED APPRAISAL OF
CASCADE MEADOWS
CONDOMINIUM CONVERSION**

LOCATED AT

**310 CASCADE PLACE
BURLINGTON, WASHINGTON**

DECEMBER 12, 2006

BY

**DON A. GUSTAFSON, MAI, SRA, SRPA
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&

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GENERAL CERTIFIED
GUSTAFSON & ASSOCIATES
3409 MCDOUGALL AVENUE, SUITE 220
EVERETT, WASHINGTON 98201**

Gustafson & Associates

Real Estate Appraisers & Consultants

January 16, 2007

First City Capitol Corporation
J. John Rusin
#101-1001 West Broadway
Vancouver, British Columbia, Canada V6H 4B1

RE: Updated appraisal of the 97-unit condominium project located at 310 Cascade Place,
Burlington, Washington.

Dear Mr. Rusin:

In compliance with your request, I have prepared an appraisal of the market value of the above-referenced property.

I have personally inspected the subject property and have performed an extensive market study to gather data on condominium sales throughout the area. Based on my investigation and analysis, the market values of the subject property, as of December 12, 2006 are:

Estimated Gross Sellout (Non Discounted) \$17,167,000*

*It is emphasized that due to the function of the appraisal and the scope of work required (valuing each unit for marketing purposes) no discounting for absorption has been performed. It is also emphasized that the aggregate gross sellout of \$17,167,000 does not represent the "As Is" market value of the subject property in its entirety, rather, reflects the estimated value of each individual unit.

Your attention is directed to the following pages from which, in part, this value conclusion was drawn. If you have any questions or if further information is required, please do not hesitate to contact me.
Sincerely,



M.A., SRA.

Don A. Gustafson, MAI, SRA, SRPA
License #1100649
DAG:ddd

File No.: BG-9091



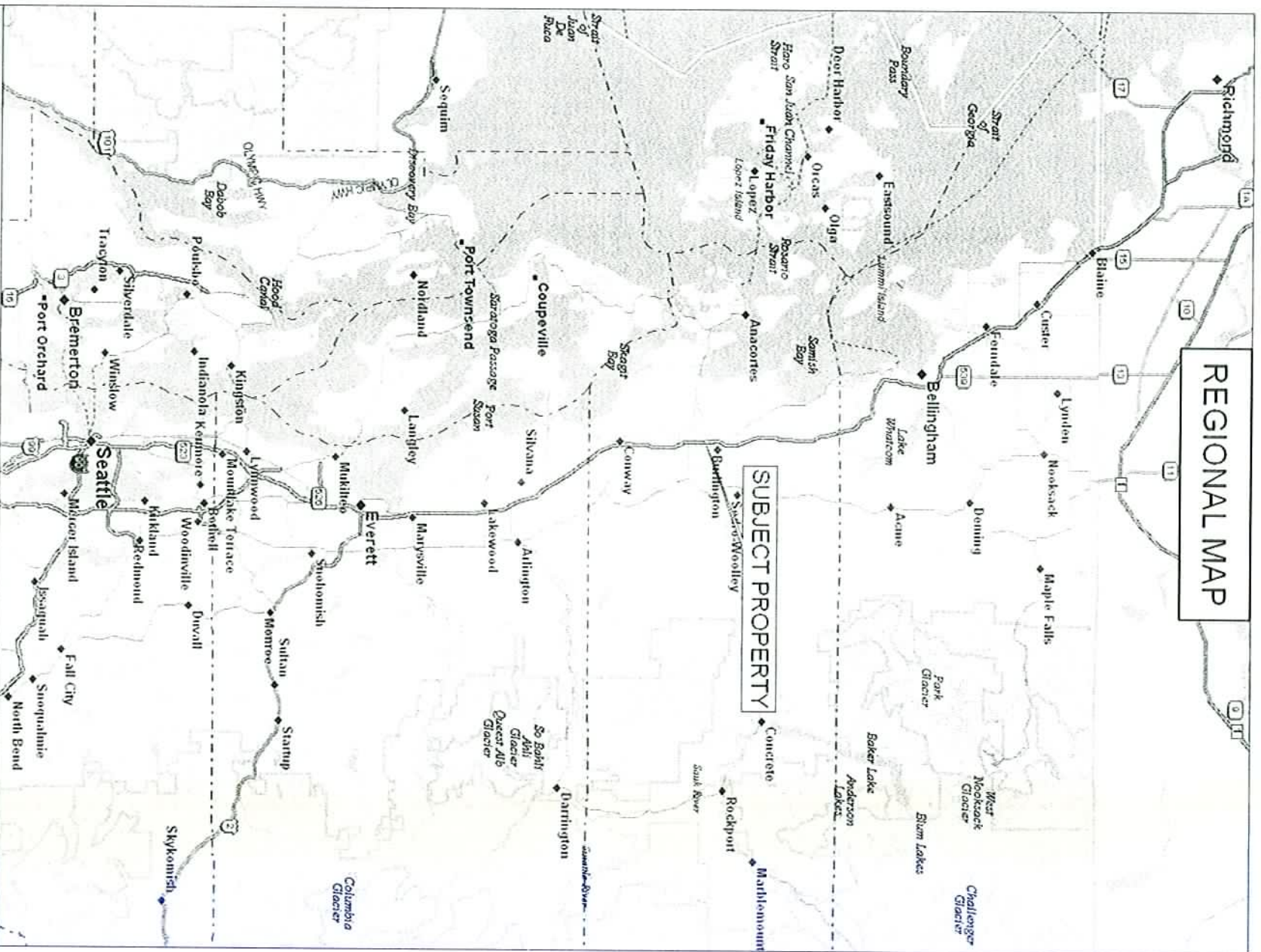
BAG

Braden Gustafson
License #1101684

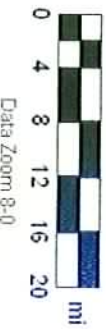
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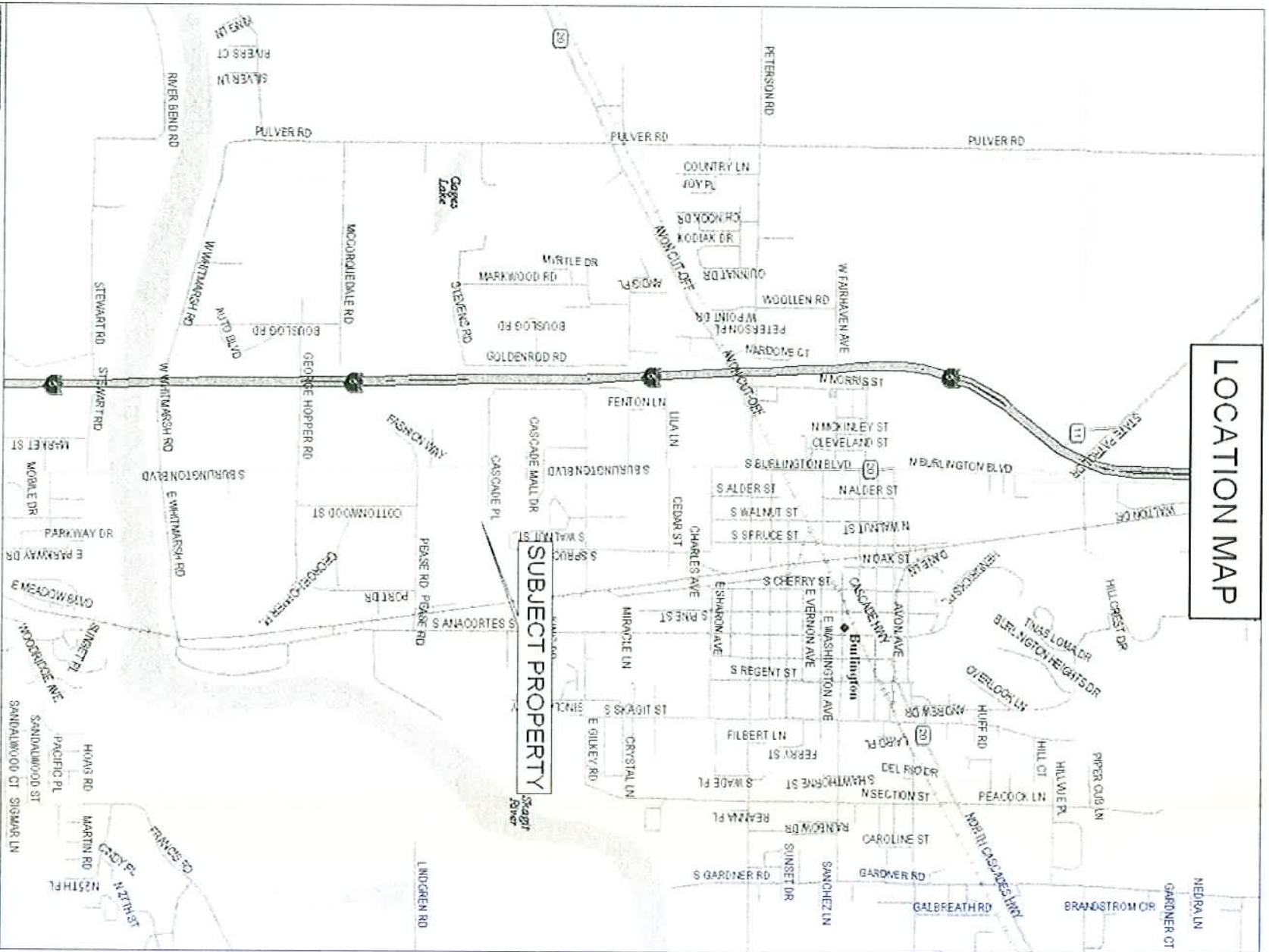
REGIONAL MAP



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LOCATION MAP



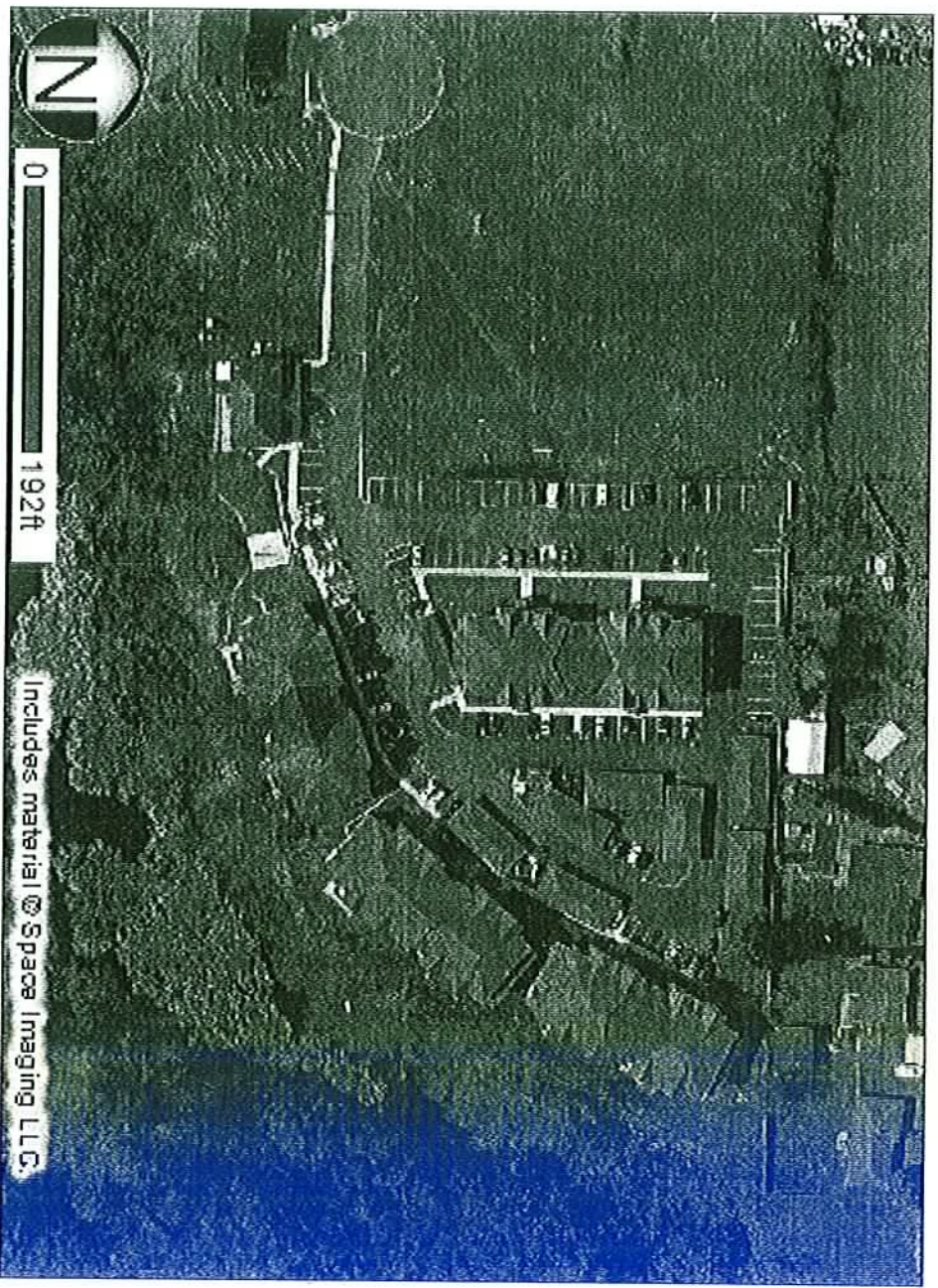
SUBJECT PROPERTY

Sage River

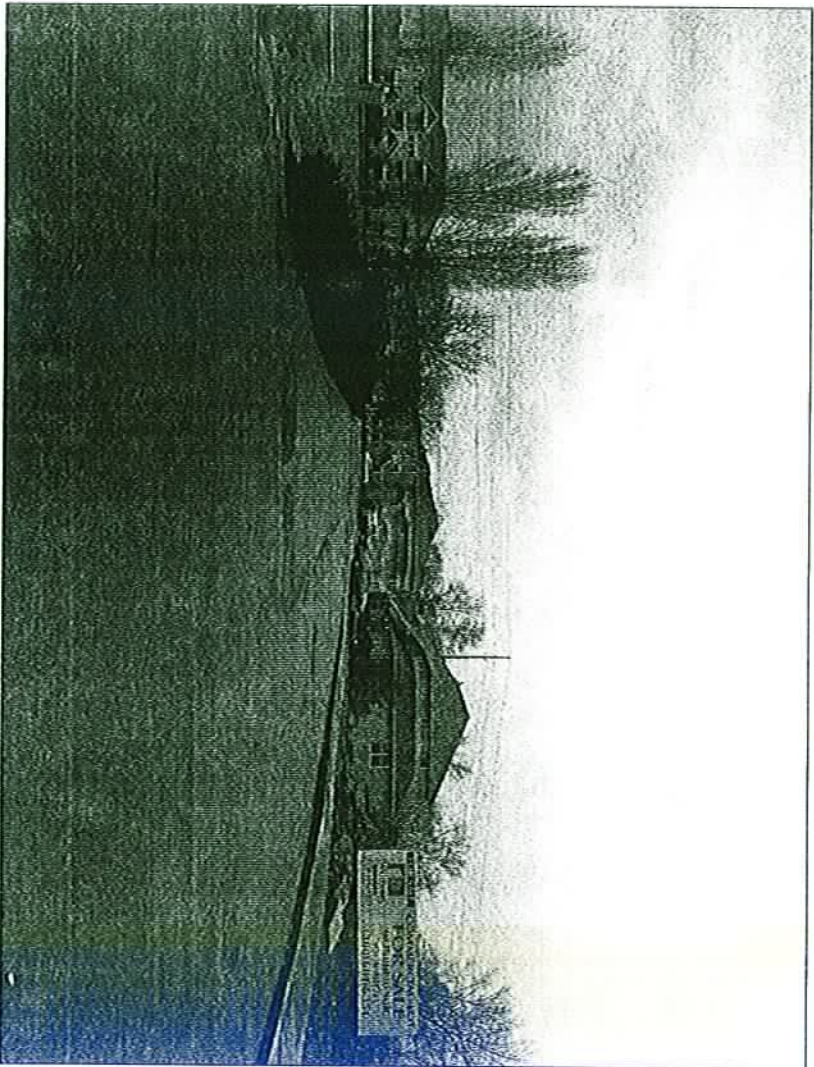


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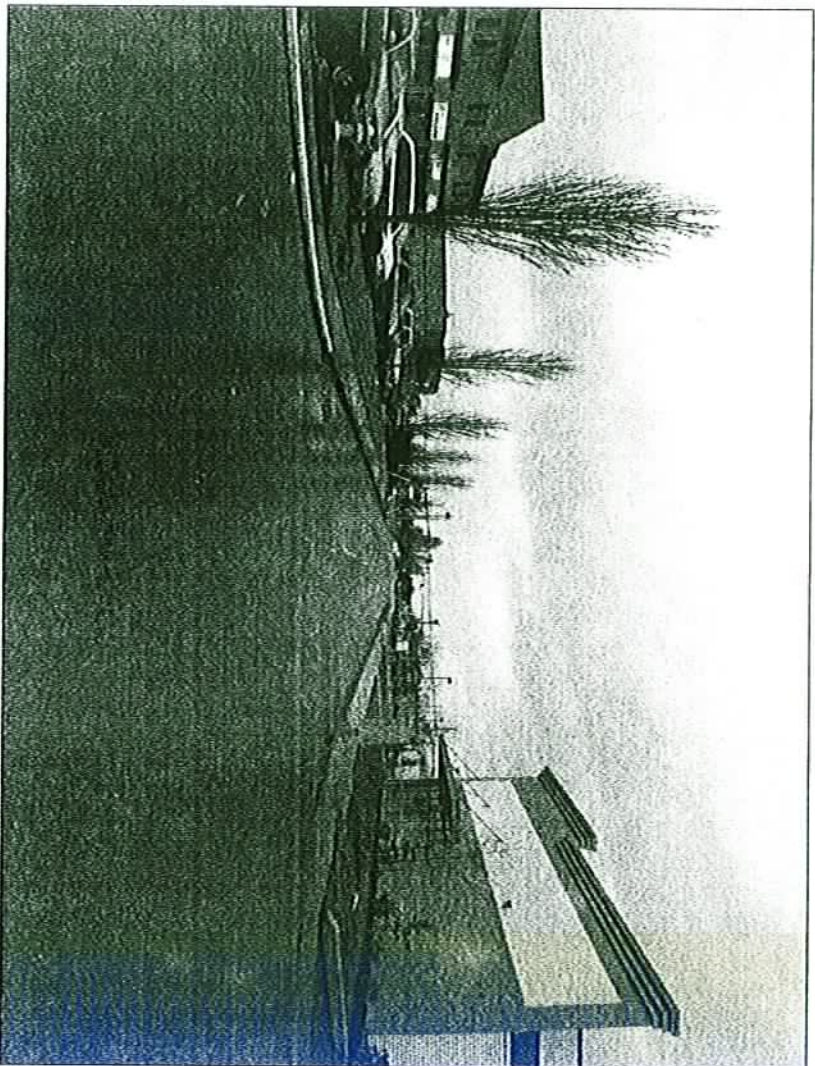




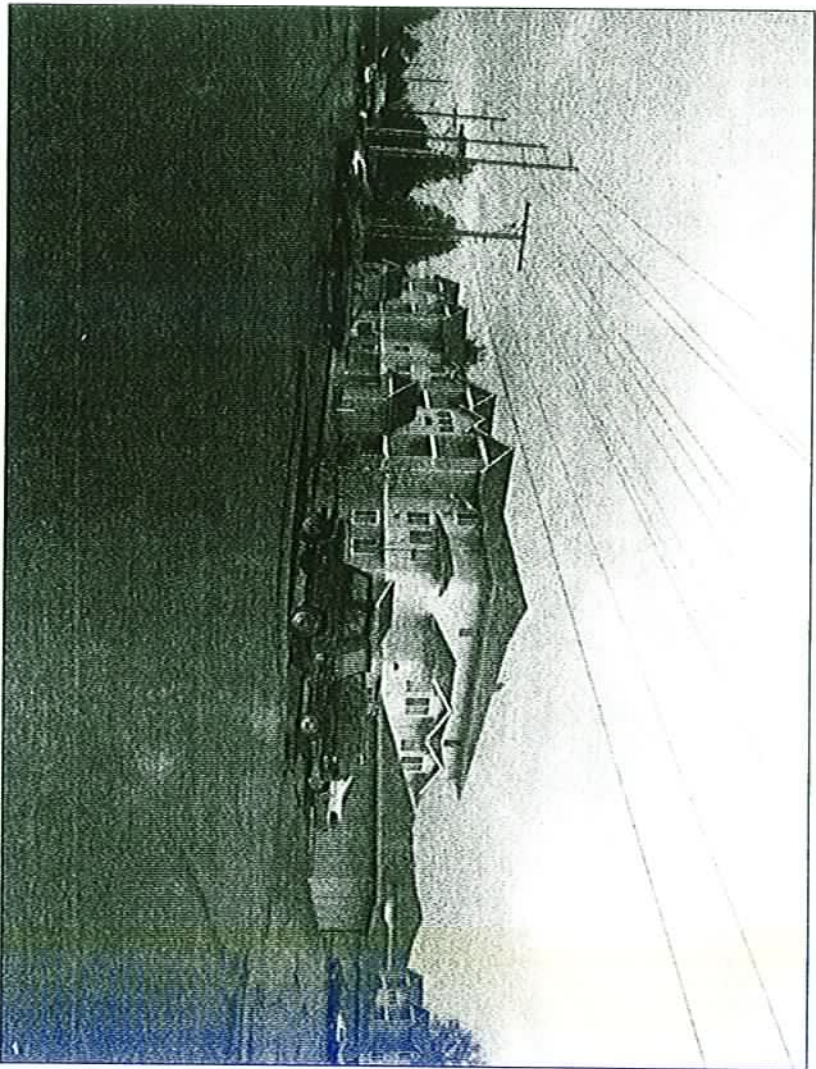
SUBJECT PROPERTY FROM THE AIR



VIEW OF SUBJECT PROPERTY LOOKING EASTERLY



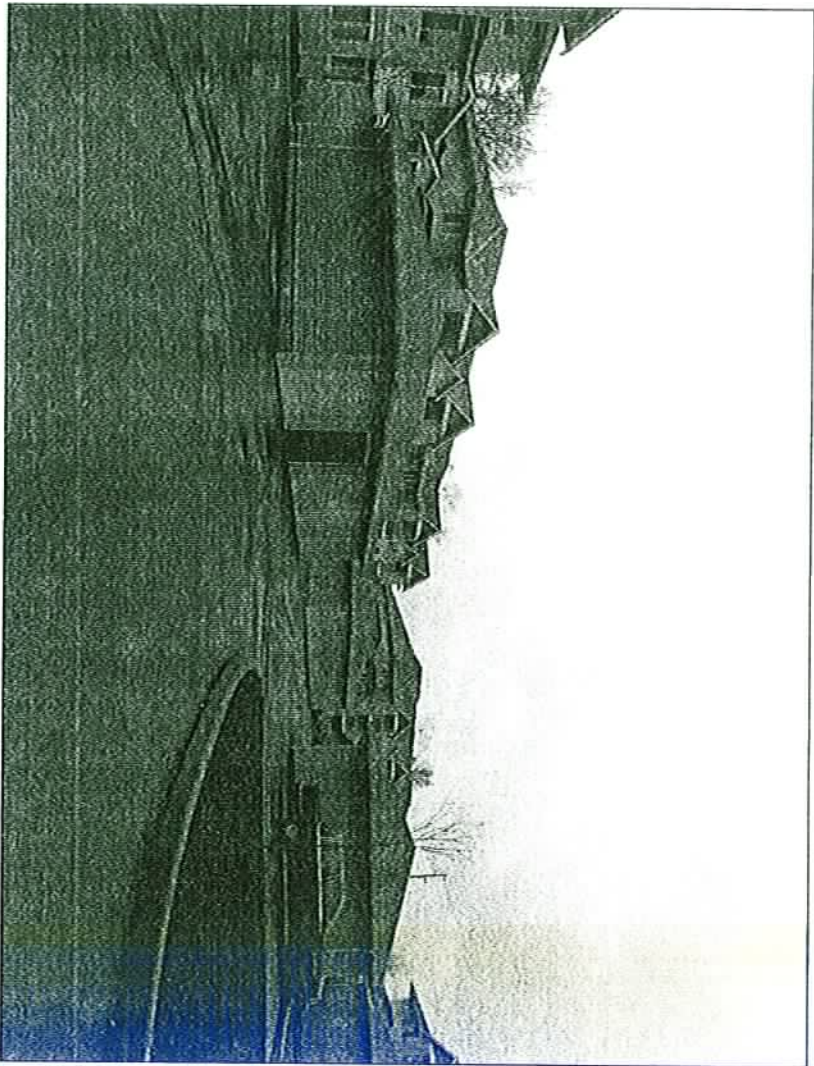
VIEW OF CASCADE PLACE LOOKING WESTERLY



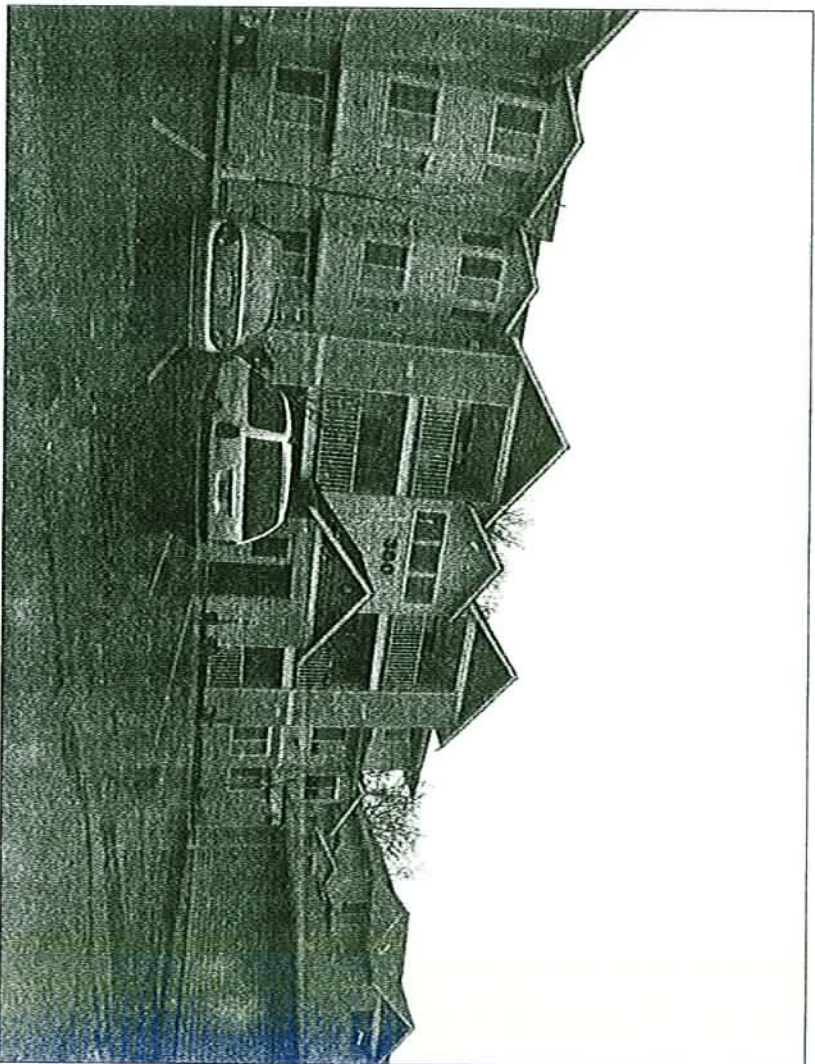
VIEW OF SUBJECT PROPERTY (BLDG 333) LOOKING
NORTHEASTERLY



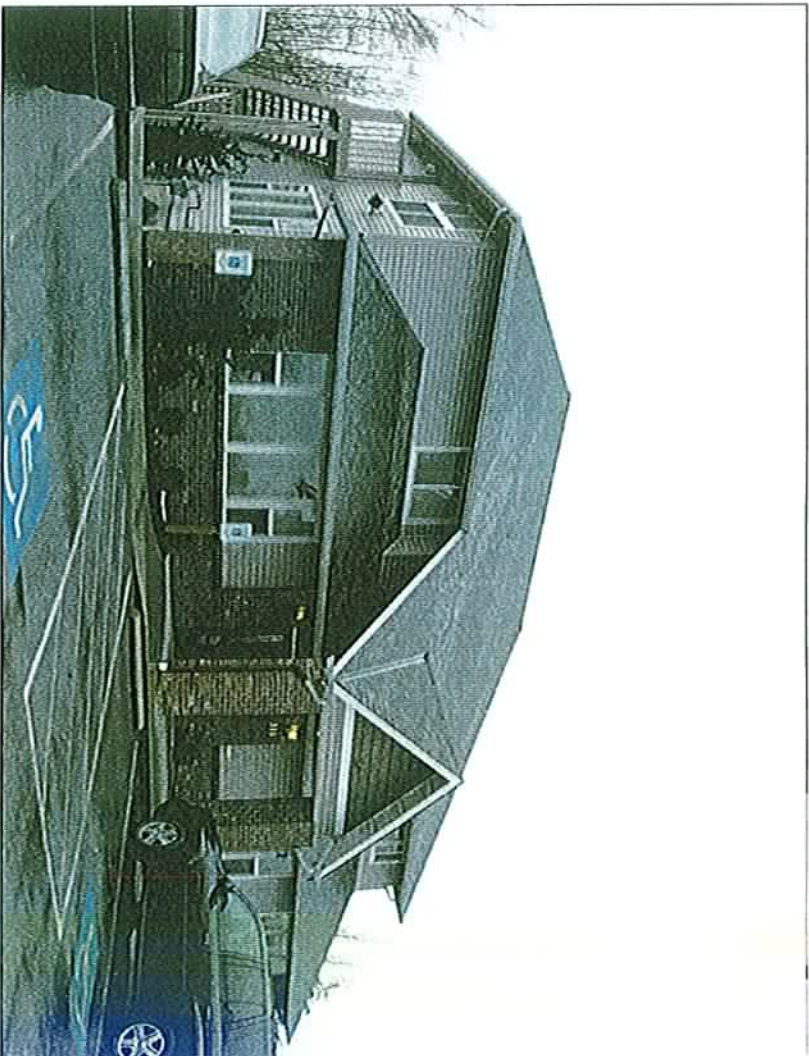
VIEW OF BLDG 320 & 340 LOOKING EASTERLY



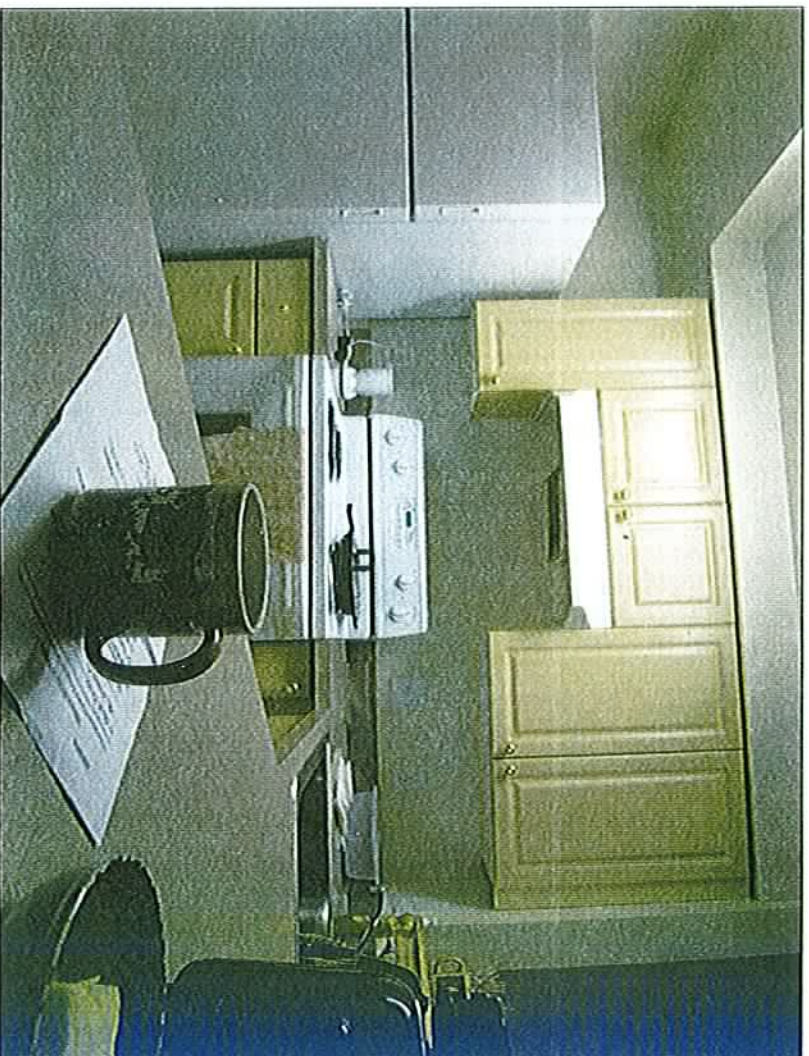
VIEW OF SUBJECT PROPERTY LOOKING SOUTHERLY



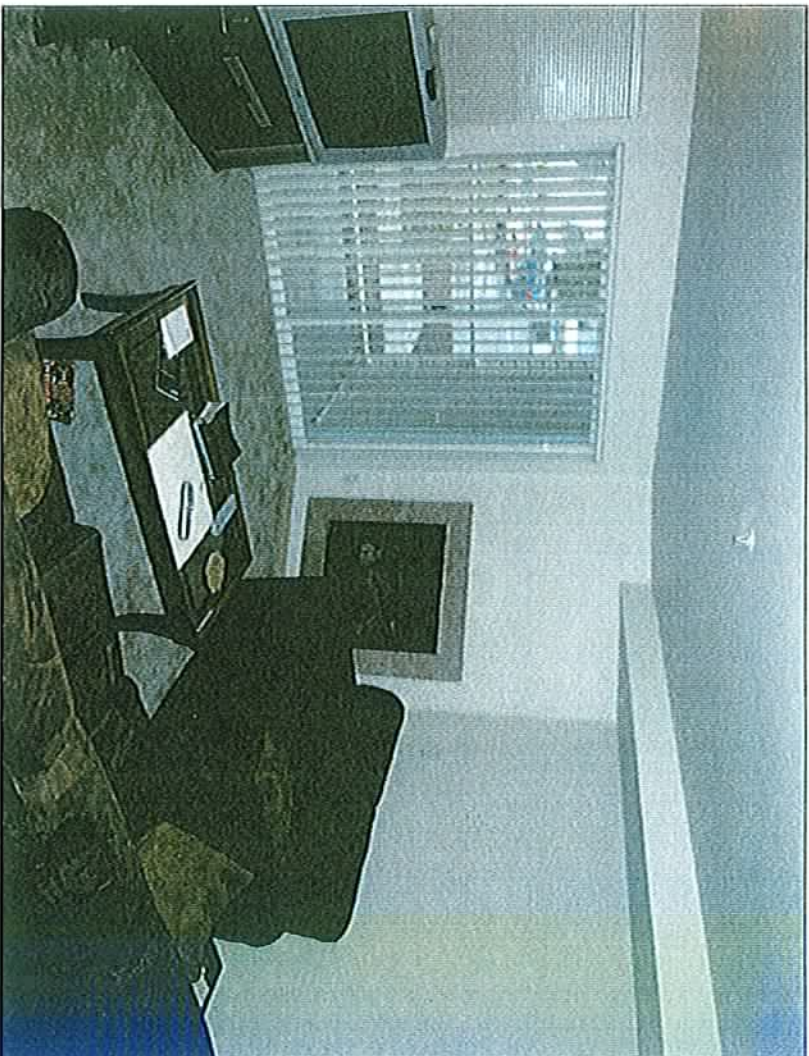
VIEW OF BLDG 360 LOOKING EASTERLY



VIEW OF RECREATION/OFFICE BLDG



INTERIOR VIEW OF TYPICAL KITCHEN AREA



INTERIOR VIEW OF TYPICAL LIVING ROOM AREA



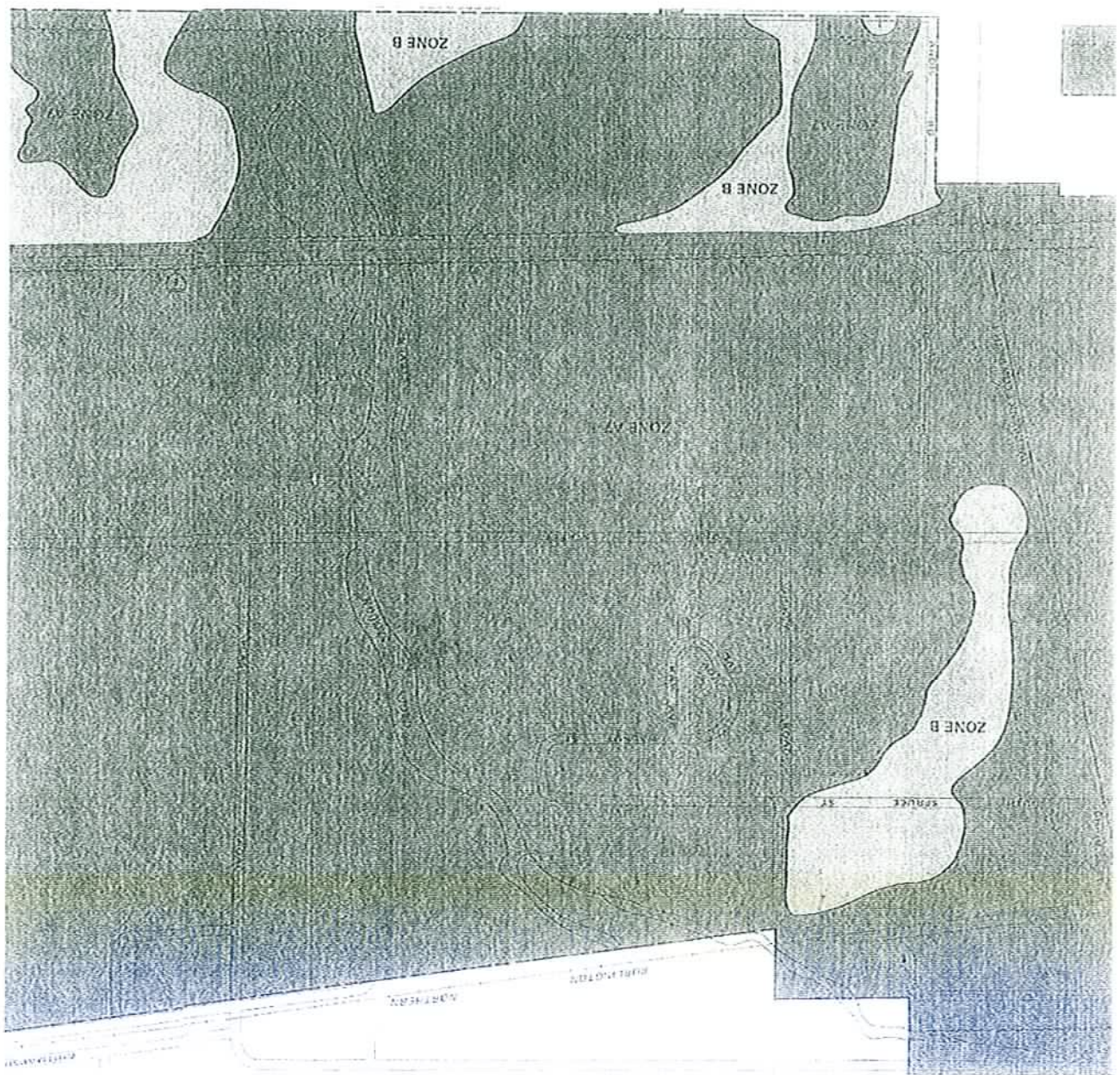
VIEW OF WETLANDS LOOKING SOUTHERLY



VIEW OF INTERIOR HALLWAY OF BLDG 333



INTERIOR VIEW OF RECREATION/OFFICE



FLOOD ZONE MAP

ASSUMPTIONS AND/OR LIMITING CONDITIONS

This appraisal report has been made after a personal inspection of the property identified in this report. The conclusions contained herein have been arrived at and are predicated upon the following conclusions.

1. No responsibility is assumed for matters which are legal in nature nor is any opinion rendered on title of land appraised.
2. Unless otherwise noted, the property has been appraised as though free and clear of all encumbrances.
3. Where the value of land improvements is shown separately, the value of each is segregated only as an aid to better estimate the value which lends to the whole parcel rather than the value of that particular item if it were by itself.
4. All maps, areas and other data furnished the appraiser(s) have been assumed to be correct. If any errors or omissions are found to exist, the appraiser(s) reserves the right to modify the conclusions.
5. There is no interest, present or contemplated, in the subject property or parties involved.
6. The appraisal assignment was not based upon a requested minimum valuation, specific valuation, or approval of a loan. Employment of the appraiser(s) was not conditioned upon the appraisal producing a specific value or value within a given range. Neither employment nor compensation are based upon approval of any related loan application.
7. To the best knowledge and belief of the appraiser(s), all statements and information in this report are true and correct; no important facts have been withheld or overlooked.
8. Possession of this report, a copy or any part thereof, does not carry with it the right or publication, nor shall the report or any part thereof, be conveyed to the public through advertising, public relations, news, sales or other media, without written consent of the author, including but not limited to the valuation conclusions, identity of the appraiser(s) or firm, and any reference made to the Appraisal Institute or any professional designation.
9. There shall be no obligation required to give testimony or attendance in court by reason of this appraisal, with reference to the property in question, unless satisfactory agreements are made in advance.
10. The intent of this report is to comply with the Uniform Standards of Professional Appraisal Practice as adopted by the Appraisal Standards board of the Appraisal Foundation as of August 9, 1990. In addition, this appraisal has been made in accordance with rules of professional ethics of the Appraisal Institute.
11. No one other than the appraiser(s) prepared the analysis, conclusions and opinions concerning real estate that are set forth in this appraisal report.
12. No personal property is included in the subject valuation.

INTRODUCTION

This appraiser has been requested to perform an updated valuation of the proposed Cascade Meadows Condominium conversion located at 310 Cascade Place, Burlington, Washington. The valuation represents the estimated gross sell-out of the proposed condominium conversion. The intended use of the appraisal is for establishing appropriate values/asking prices for the subject units. The Cost Approach to Value is not going to be utilized. The Income Approach doesn't apply in a condominium conversion.

Reference is made to the full narrative appraisal report prepared on the subject property dated 10/01/04 and update on 09/13/05, which is fully incorporated into this updated and revised valuation.

IDENTIFICATION OF PROPERTY

Again, reference is made to the full narrative appraisal report dated October 1, 2004 and the update on September 13, 2005, which is fully incorporated and embodied into this updated valuation. The subject property is primarily unchanged since the appraisal date as of October 1, 2004.

DESCRIPTION OF IMPROVEMENTS

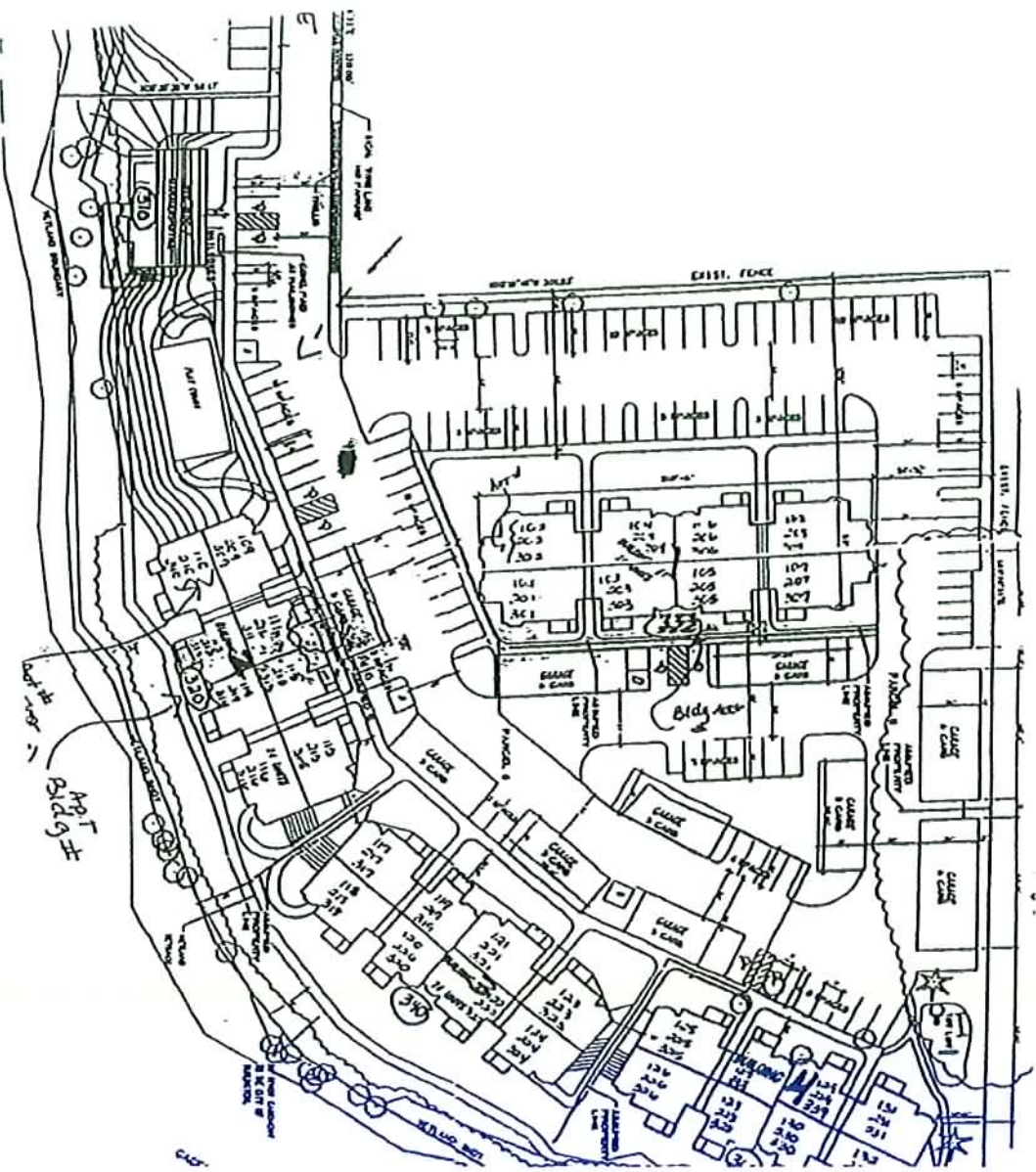
Reference is made to the full description of improvements, which is located in the original narrative appraisal report dated October 1, 2004 and update on September 13, 2005, which is fully incorporated into this revised valuation. Located on the following pages, are the itemized details in regards to the subject property in regards to site plans, flood zone maps, summary of unit sizes and individual floor plans.

CONDOMINIUM CONVERSION

It is assumed in this appraisal that the owner of the property is going to perform the tasks necessary to convert the apartments to condominiums. These costs include condominium declaration and covenants, attorneys fees, and repairs, which are estimated to be the following (along with any other repairs deemed necessary by the City of Burlington or Skagit County):

Carpet Installation in Common Area	\$38,459
Gutter replacement	\$4,800
Roof Work	\$5,898
Painting Common Area	\$11,700
Top Side Roofing and Painting	\$4,200
Fire Barriers	\$10,800
Drywall Beam Painting	\$2,700
<i>Total</i>	<i>\$79,822</i>

It is noted that this valuation also assumes that the appliances and countertops will not be replaced with higher end products.



DEVELOPMENT PLAN

A6.1

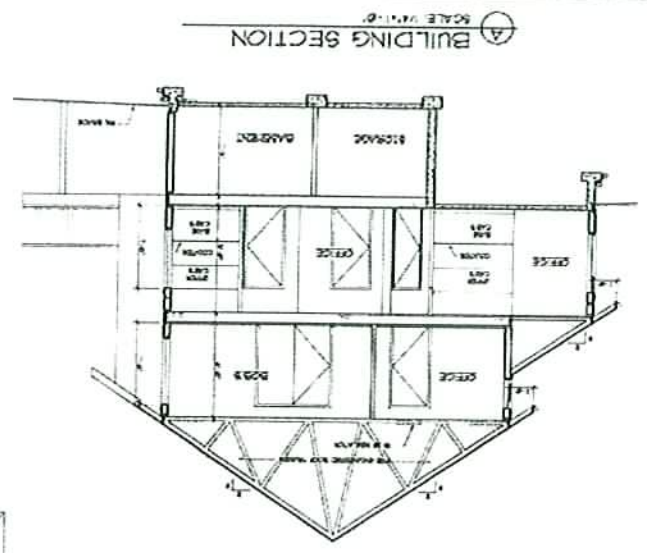
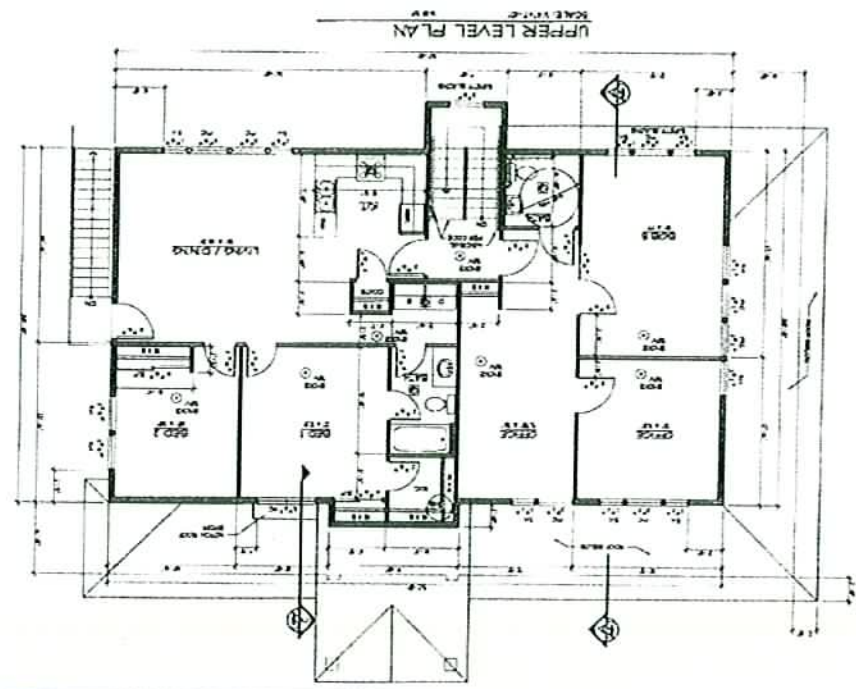
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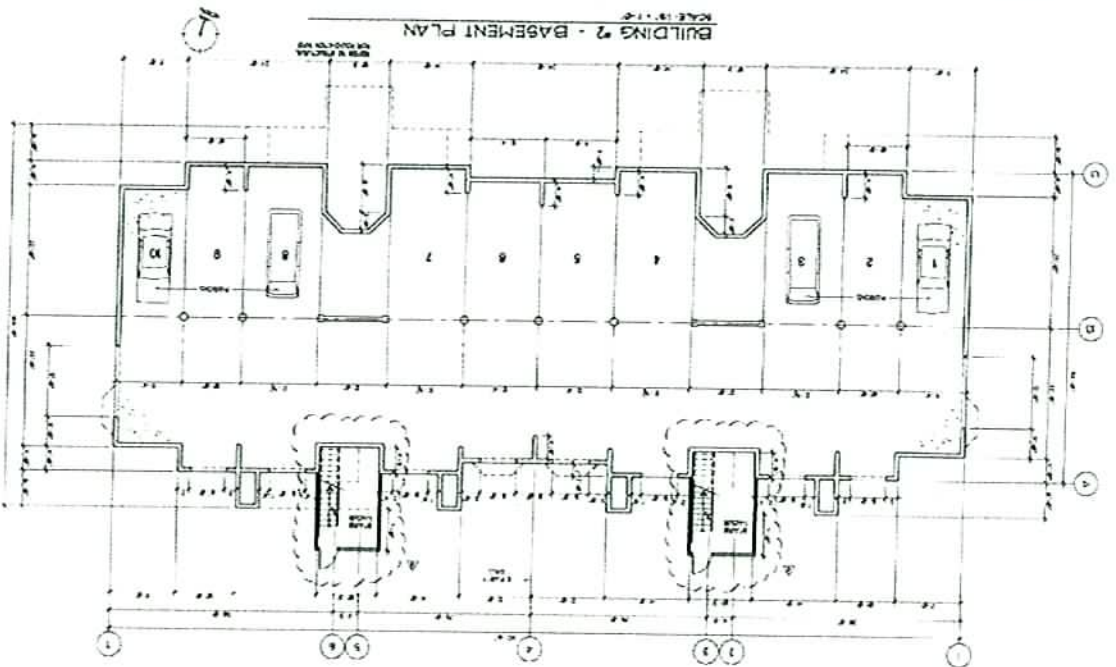
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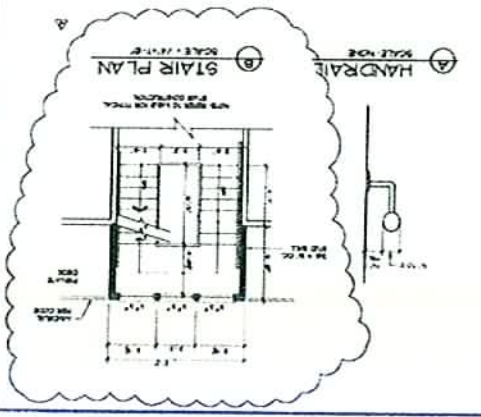
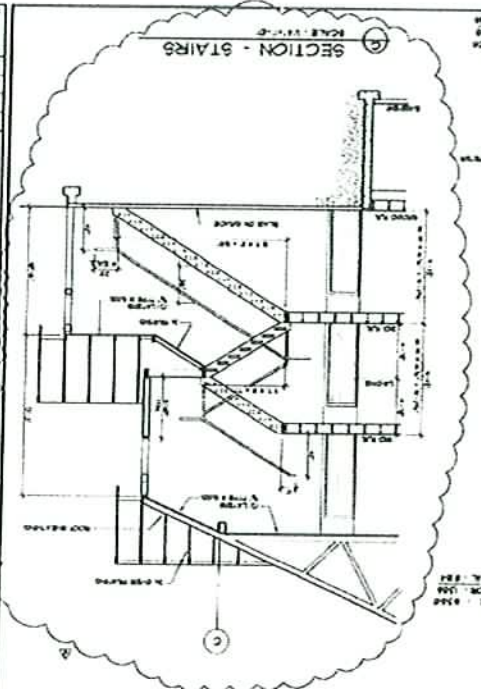
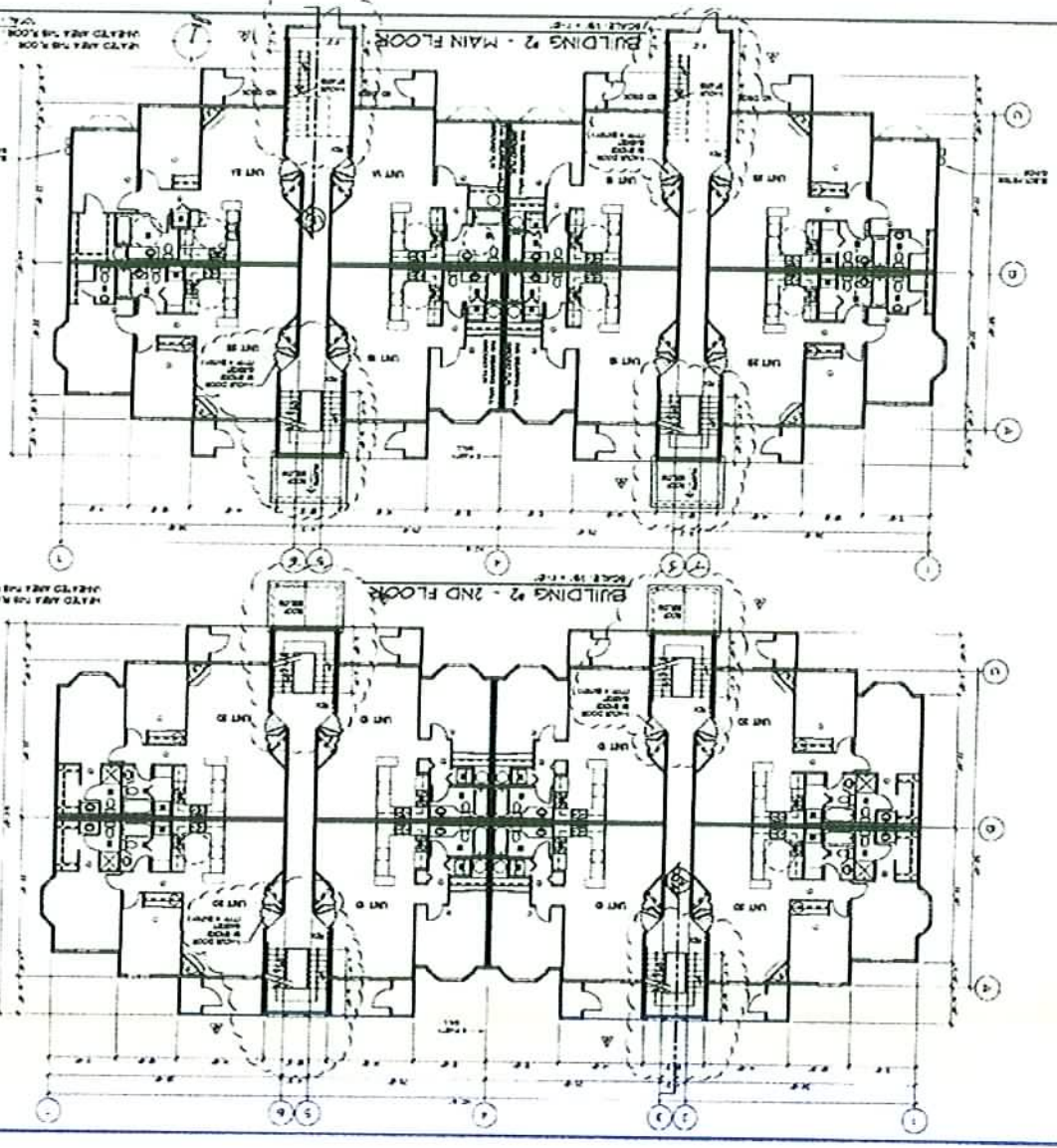
MANAGER'S OFFICE
SECOND FLOOR

ENCLOSURE

ENCLOSURE



[illegible]



IN LIFT LIFTING APARTMENTS
CASCADE MEADOWS
VANCOUVER, BRITISH COLUMBIA

BUILDING #2
MAIN FLOOR PLAN

REVISIONS

NO.	DATE	DESCRIPTION
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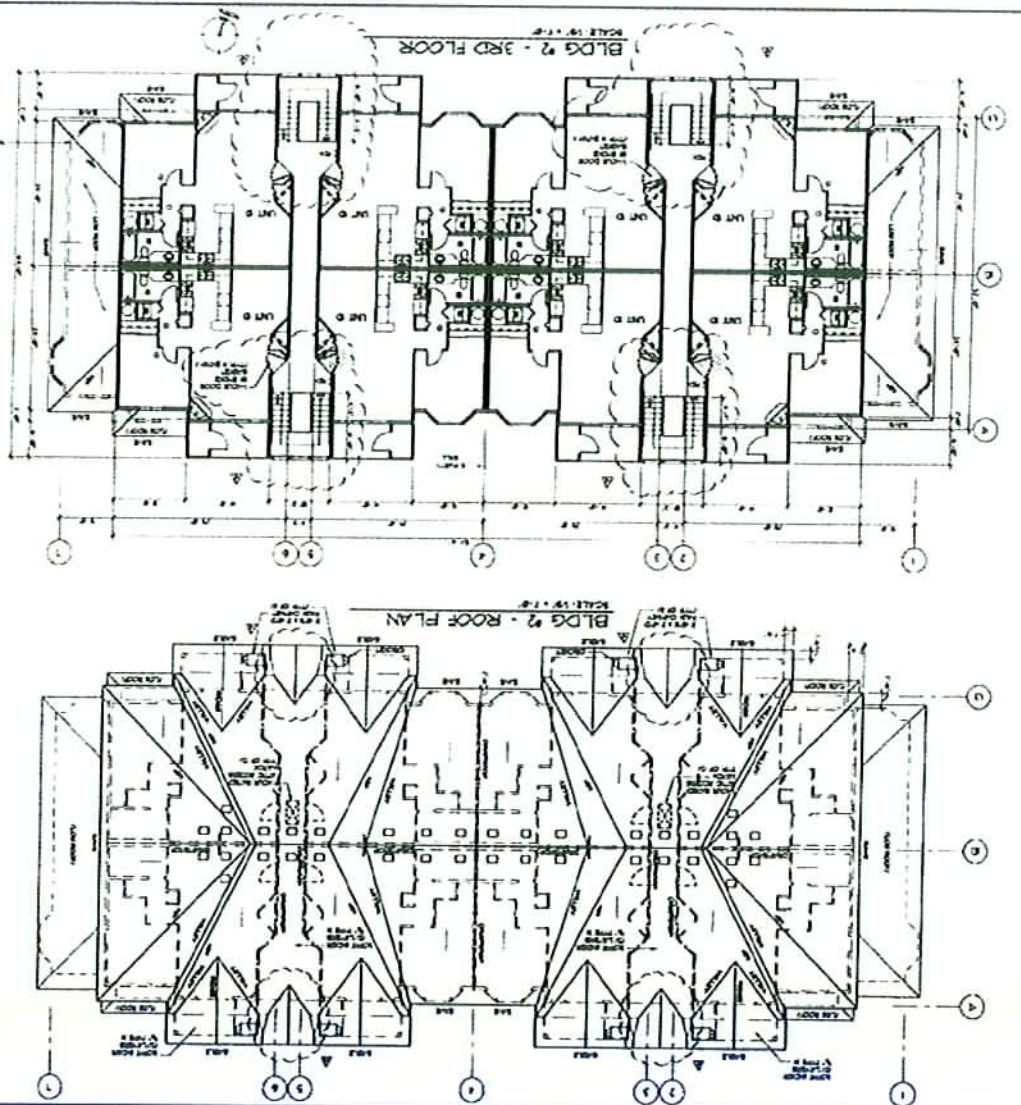
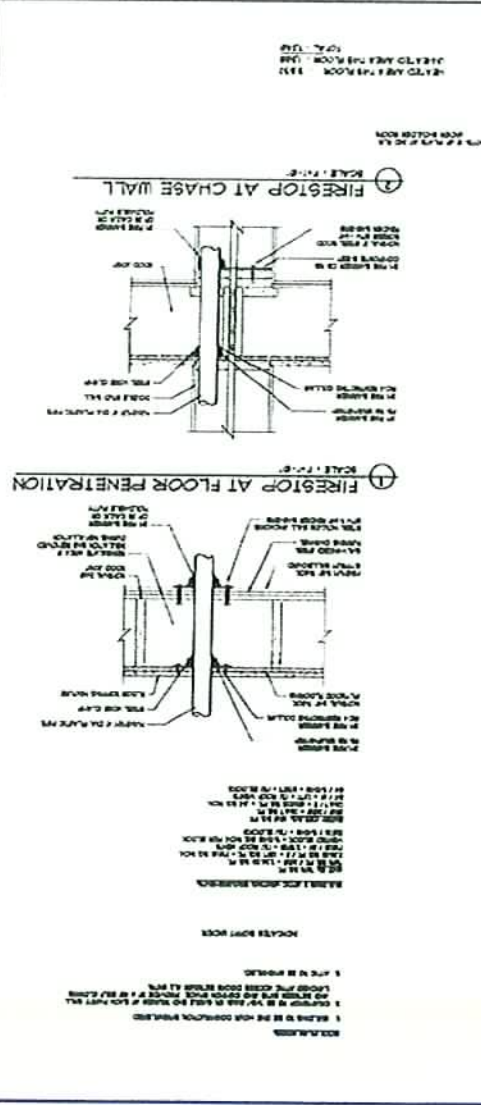
CASCADE MEADOWS

BUILDING #2

2nd AND 3rd FLOOR PLANS

REVISIONS

NO.	DATE	BY	CHKD.	DESCRIPTION
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A25

DATE: 08/20/04
BY: JLM
CHECKED: JLM
APPROVED: JLM

WILLIAM L. JAMES
ARCHITECT
CASCADE MEADOWS
RESIDENTIAL DEVELOPMENT

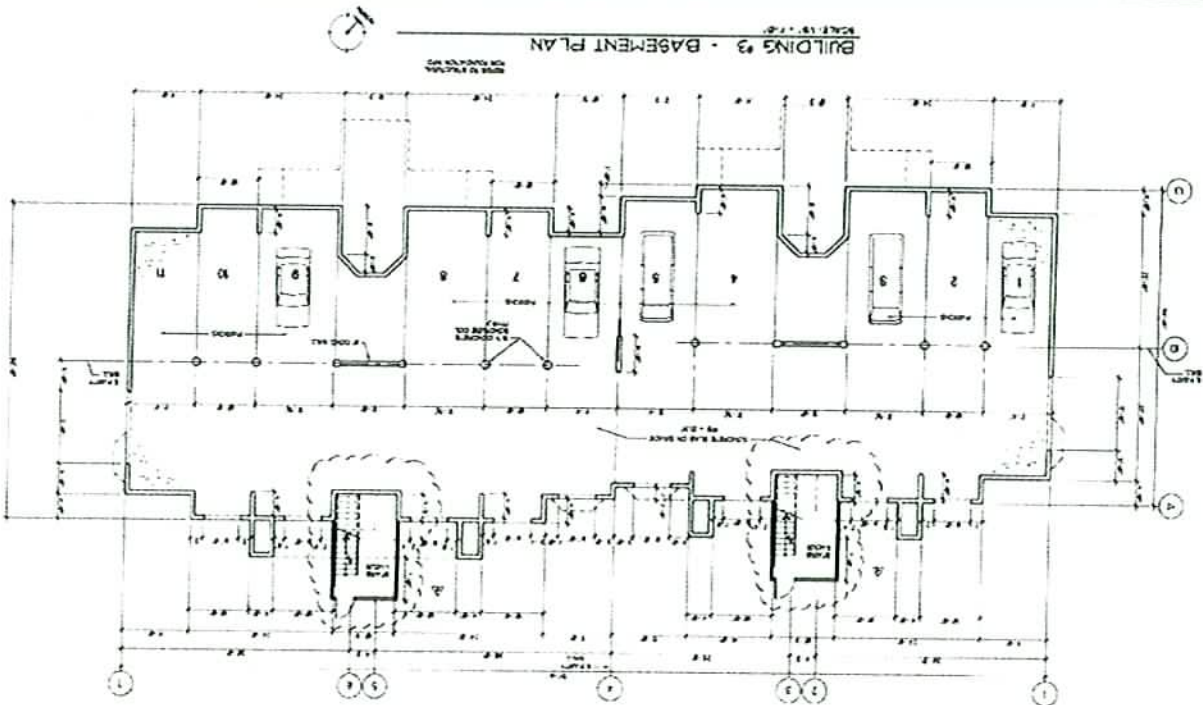
BUILDING #3
BASEMENT PLAN

1/2" = 1'-0"

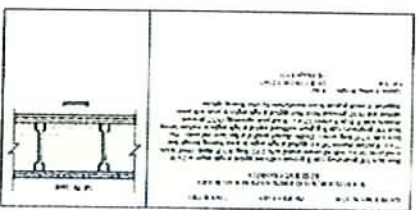
SECTION

1. 1/2" = 1'-0"
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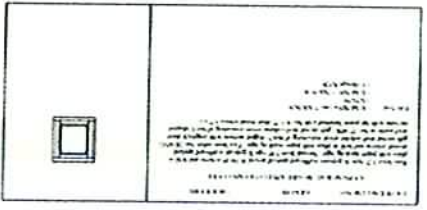
SECTION 11



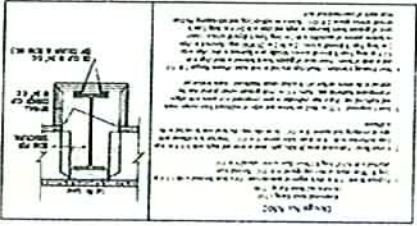
1 SCALE: 1/2" = 1'-0"
DETAIL - CEILING / FLOOR ASSEMBLY
STORAGE BASEMENTS

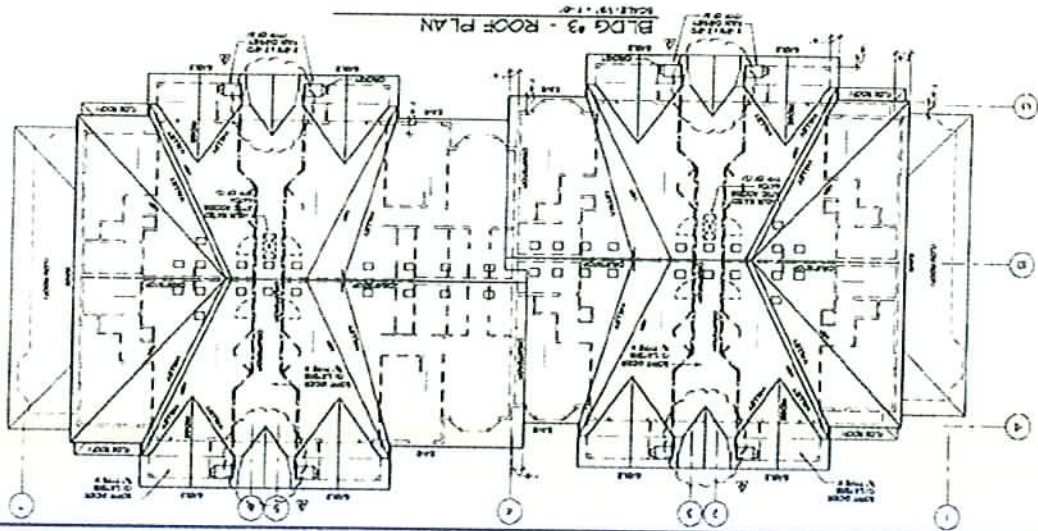
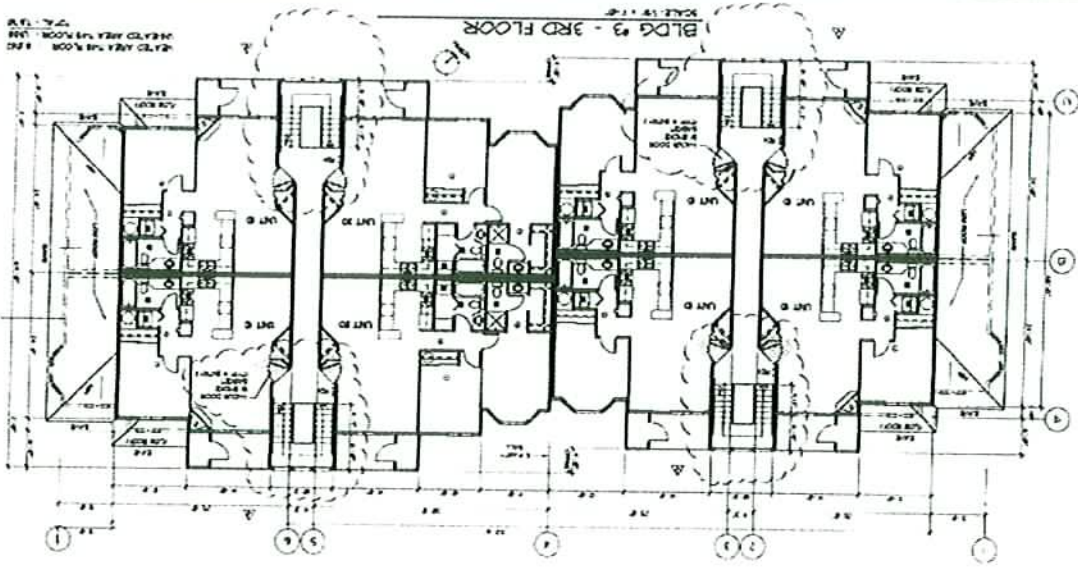


2 SCALE: 1/2" = 1'-0"
DETAIL - STEEL COLUMN WRAP
STORAGE BASEMENTS



3 SCALE: 1/2" = 1'-0"
DETAIL - STEEL BEAM WRAP
GARAGE BASEMENTS





NOTES:

1. SEE SECTION 101 FOR ROOF STRUCTURE.
2. SEE SECTION 102 FOR ROOF FINISHES.
3. SEE SECTION 103 FOR ROOF DRAINAGE.
4. SEE SECTION 104 FOR ROOF VENTILATION.
5. SEE SECTION 105 FOR ROOF ACCESS.
6. SEE SECTION 106 FOR ROOF ELEVATION.
7. SEE SECTION 107 FOR ROOF AREA.
8. SEE SECTION 108 FOR ROOF PERIMETER.
9. SEE SECTION 109 FOR ROOF CORNER.
10. SEE SECTION 110 FOR ROOF JUNCTION.
11. SEE SECTION 111 FOR ROOF INTERSECTION.
12. SEE SECTION 112 FOR ROOF TERMINATION.
13. SEE SECTION 113 FOR ROOF DETAIL.
14. SEE SECTION 114 FOR ROOF ANCHOR.
15. SEE SECTION 115 FOR ROOF FASTENER.
16. SEE SECTION 116 FOR ROOF SEALANT.
17. SEE SECTION 117 FOR ROOF GROUT.
18. SEE SECTION 118 FOR ROOF FILL.
19. SEE SECTION 119 FOR ROOF INSULATION.
20. SEE SECTION 120 FOR ROOF MEMBRANE.
21. SEE SECTION 121 FOR ROOF PROTECTIVE LAYER.
22. SEE SECTION 122 FOR ROOF FINISH LAYER.
23. SEE SECTION 123 FOR ROOF CURB.
24. SEE SECTION 124 FOR ROOF FLASHING.
25. SEE SECTION 125 FOR ROOF DRAIN.
26. SEE SECTION 126 FOR ROOF VENT.
27. SEE SECTION 127 FOR ROOF STAIR.
28. SEE SECTION 128 FOR ROOF ELEVATOR.
29. SEE SECTION 129 FOR ROOF MECHANICAL.
30. SEE SECTION 130 FOR ROOF ELECTRICAL.
31. SEE SECTION 131 FOR ROOF PLUMBING.
32. SEE SECTION 132 FOR ROOF HVAC.
33. SEE SECTION 133 FOR ROOF LIGHTING.
34. SEE SECTION 134 FOR ROOF SCHEDULING.
35. SEE SECTION 135 FOR ROOF MAINTENANCE.
36. SEE SECTION 136 FOR ROOF SAFETY.
37. SEE SECTION 137 FOR ROOF SECURITY.
38. SEE SECTION 138 FOR ROOF ENVIRONMENTAL.
39. SEE SECTION 139 FOR ROOF HISTORICAL.
40. SEE SECTION 140 FOR ROOF LEGAL.
41. SEE SECTION 141 FOR ROOF FINANCIAL.
42. SEE SECTION 142 FOR ROOF SOCIAL.
43. SEE SECTION 143 FOR ROOF CULTURAL.
44. SEE SECTION 144 FOR ROOF POLITICAL.
45. SEE SECTION 145 FOR ROOF RELIGIOUS.
46. SEE SECTION 146 FOR ROOF EDUCATIONAL.
47. SEE SECTION 147 FOR ROOF RECREATIONAL.
48. SEE SECTION 148 FOR ROOF COMMERCIAL.
49. SEE SECTION 149 FOR ROOF INDUSTRIAL.
50. SEE SECTION 150 FOR ROOF AGRICULTURAL.
51. SEE SECTION 151 FOR ROOF FORESTRY.
52. SEE SECTION 152 FOR ROOF MINING.
53. SEE SECTION 153 FOR ROOF ENERGY.
54. SEE SECTION 154 FOR ROOF TRANSPORTATION.
55. SEE SECTION 155 FOR ROOF INFRASTRUCTURE.
56. SEE SECTION 156 FOR ROOF UTILITIES.
57. SEE SECTION 157 FOR ROOF TELECOMMUNICATIONS.
58. SEE SECTION 158 FOR ROOF MEDIA.
59. SEE SECTION 159 FOR ROOF ARTS.
60. SEE SECTION 160 FOR ROOF SCIENCE.
61. SEE SECTION 161 FOR ROOF TECHNOLOGY.
62. SEE SECTION 162 FOR ROOF INNOVATION.
63. SEE SECTION 163 FOR ROOF RESEARCH.
64. SEE SECTION 164 FOR ROOF DEVELOPMENT.
65. SEE SECTION 165 FOR ROOF PRODUCTION.
66. SEE SECTION 166 FOR ROOF DISTRIBUTION.
67. SEE SECTION 167 FOR ROOF RETAIL.
68. SEE SECTION 168 FOR ROOF WHOLESALE.
69. SEE SECTION 169 FOR ROOF EXPORT.
70. SEE SECTION 170 FOR ROOF IMPORT.
71. SEE SECTION 171 FOR ROOF TRADE.
72. SEE SECTION 172 FOR ROOF INVESTMENT.
73. SEE SECTION 173 FOR ROOF FINANCING.
74. SEE SECTION 174 FOR ROOF RISK.
75. SEE SECTION 175 FOR ROOF COMPLIANCE.
76. SEE SECTION 176 FOR ROOF REGULATION.
77. SEE SECTION 177 FOR ROOF STANDARDIZATION.
78. SEE SECTION 178 FOR ROOF CERTIFICATION.
79. SEE SECTION 179 FOR ROOF ACCREDITATION.
80. SEE SECTION 180 FOR ROOF REGISTRATION.
81. SEE SECTION 181 FOR ROOF LICENSING.
82. SEE SECTION 182 FOR ROOF QUALITY ASSURANCE.
83. SEE SECTION 183 FOR ROOF ISO 9001.
84. SEE SECTION 184 FOR ROOF ISO 14001.
85. SEE SECTION 185 FOR ROOF ISO 26000.
86. SEE SECTION 186 FOR ROOF ISO 27001.
87. SEE SECTION 187 FOR ROOF ISO 31000.
88. SEE SECTION 188 FOR ROOF ISO 45001.
89. SEE SECTION 189 FOR ROOF ISO 50001.
90. SEE SECTION 190 FOR ROOF ISO 60001.
91. SEE SECTION 191 FOR ROOF ISO 70001.
92. SEE SECTION 192 FOR ROOF ISO 80001.
93. SEE SECTION 193 FOR ROOF ISO 90001.
94. SEE SECTION 194 FOR ROOF ISO 100001.
95. SEE SECTION 195 FOR ROOF ISO 110001.
96. SEE SECTION 196 FOR ROOF ISO 120001.
97. SEE SECTION 197 FOR ROOF ISO 130001.
98. SEE SECTION 198 FOR ROOF ISO 140001.
99. SEE SECTION 199 FOR ROOF ISO 150001.
100. SEE SECTION 200 FOR ROOF ISO 160001.

A2.7

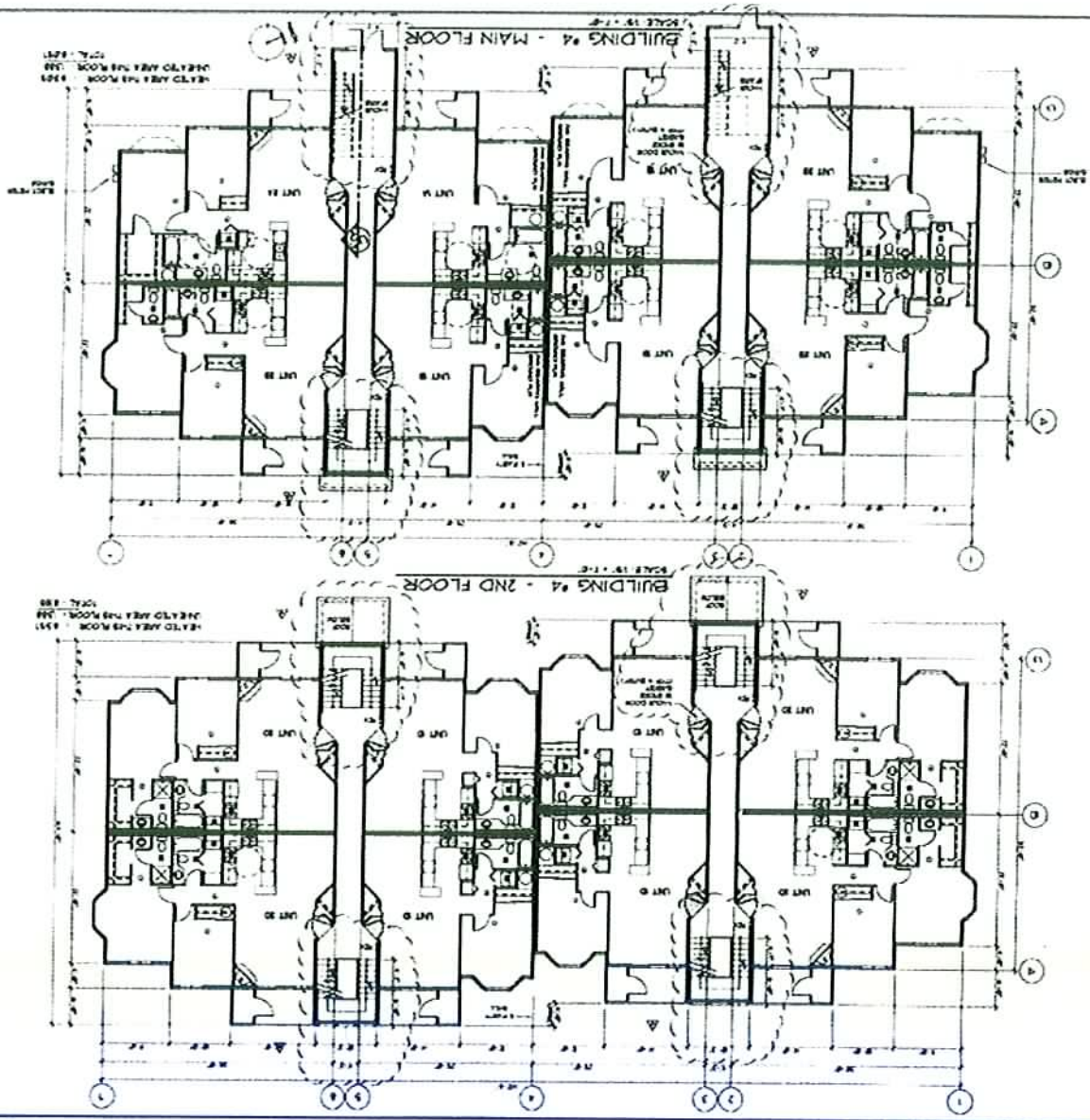
CASCADE MEADOWS

BUILDING #3
2ND AND 3RD FLOOR PLANS



NO.	DATE	DESCRIPTION
1	10/1/00	ISSUED FOR PERMIT
2	10/1/00	REVISION 1
3	10/1/00	REVISION 2
4	10/1/00	REVISION 3
5	10/1/00	REVISION 4
6	10/1/00	REVISION 5
7	10/1/00	REVISION 6
8	10/1/00	REVISION 7
9	10/1/00	REVISION 8
10	10/1/00	REVISION 9
11	10/1/00	REVISION 10
12	10/1/00	REVISION 11
13	10/1/00	REVISION 12
14	10/1/00	REVISION 13
15	10/1/00	REVISION 14
16	10/1/00	REVISION 15
17	10/1/00	REVISION 16
18	10/1/00	REVISION 17
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96	10/1/00	REVISION 95
97	10/1/00	REVISION 96
98	10/1/00	REVISION 97
99	10/1/00	REVISION 98
100	10/1/00	REVISION 99

NO.	DATE	DESCRIPTION
1	10/1/00	ISSUED FOR PERMIT
2	10/1/00	REVISION 1
3	10/1/00	REVISION 2
4	10/1/00	REVISION 3
5	10/1/00	REVISION 4
6	10/1/00	REVISION 5
7	10/1/00	REVISION 6
8	10/1/00	REVISION 7
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25	10/1/00	REVISION 24
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27	10/1/00	REVISION 26
28	10/1/00	REVISION 27
29	10/1/00	REVISION 28
30	10/1/00	REVISION 29
31	10/1/00	REVISION 30
32	10/1/00	REVISION 31
33	10/1/00	REVISION 32



A29

1/8" = 1'-0"
1/4" = 2'-0"
1/2" = 4'-0"
3/4" = 6'-0"
1" = 8'-0"

30 UNIT LUXURY APARTMENTS
CASCADE MEADOWS
SEASIDE, WASHINGTON

BUILDING #4
MAIN FLOOR PLAN



1/8" = 1'-0"
1/4" = 2'-0"
1/2" = 4'-0"
3/4" = 6'-0"
1" = 8'-0"

1/8" = 1'-0"
1/4" = 2'-0"
1/2" = 4'-0"
3/4" = 6'-0"
1" = 8'-0"

1/8" = 1'-0"
1/4" = 2'-0"
1/2" = 4'-0"
3/4" = 6'-0"
1" = 8'-0"

Bldg	Unit #	Floor	Unit Type	Sq. Ft.
310	314	Second	2/1	824
320	109	First	2/1	886
320	110	First	2/1.5	886
320	111	First	1/1	724
320	112	First	1/1	724
320	113	First	1/1	724
320	114	First	1/1	724
320	115	First	2/1.5	886
320	116	First	2/1.5	886
320	209	Second	2/1.75	886
320	210	Second	2/1.75	886
320	211	Second	1/1	724
320	212	Second	1/1	724
320	213	Second	1/1	724
320	214	Second	1/1	724
320	215	Second	2/1.75	886
320	216	Second	2/1.75	886
320	309	Third	1/1	724
320	310	Third	1/1	724
320	311	Third	1/1	724
320	312	Third	1/1	724
320	313	Third	1/1	724
320	314	Third	1/1	724
320	315	Third	1/1	724
320	316	Third	1/1	724
333	101	First	3/2	970
333	102	First	3/2	970
333	103	First	2/1.5	886
333	104	First	2/1.5	886
333	105	First	2/1.5	886
333	106	First	2/1.5	886
333	107	First	3/1.75	970
333	108	First	3/2	970
333	201	Second	3/1.75	970
333	202	Second	3/1.75	970
333	203	Second	2/1.75	886
333	204	Second	2/1.75	886
333	205	Second	2/1.75	886
333	206	Second	2/1.75	886
333	207	Second	3/1.75	970
333	208	Second	3/1.75	970
333	301	Third	2/1.75	886
333	302	Third	2/1.75	886
333	303	Third	2/1.75	886
333	304	Third	2/1.75	886
333	305	Third	2/1.75	886
333	306	Third	2/1.75	886
333	307	Third	2/1.75	886
333	308	Third	2/1.75	886

Bldg	Unit #	Floor	Unit Type	Sq. Ft.
340	117	First	2/1.5	886
340	118	First	2/1.5	886
340	119	First	2/1.5	886
340	120	First	2/1.5	886
340	121	First	1/1	724
340	122	First	1/1	724
340	123	First	2/1.5	886
340	124	First	2/1.5	886
340	217	Second	2/1.75	886
340	218	Second	2/1.75	886
340	219	Second	2/1.75	886
340	220	Second	2/1.75	886
340	221	Second	1/1	724
340	222	Second	1/1	724
340	223	Second	2/1.75	886
340	224	Second	2/1.75	886
340	317	Third	1/1	724
340	318	Third	1/1	724
340	319	Third	2/1.75	886
340	320	Third	2/1.75	886
340	321	Third	1/1	724
340	322	Third	1/1	724
340	323	Third	1/1	724
340	324	Third	1/1	724
360	125	First	2/1	886
360	126	First	2/1.5	886
360	127	First	1/1	724
360	128	First	1/1	724
360	129	First	1/1	724
360	130	First	1/1	724
360	131	First	2/1.5	886
360	132	First	2/1.5	886
360	225	Second	2/1.75	886
360	226	Second	2/1.75	886
360	227	Second	1/1	724
360	228	Second	1/1	724
360	229	Second	1/1	724
360	230	Second	1/1	724
360	231	Second	2/1.75	886
360	232	Second	2/1.75	886
360	325	Third	1/1	724
360	326	Third	1/1	724
360	327	Third	1/1	724
360	328	Third	1/1	724
360	329	Third	1/1	724
360	330	Third	1/1	724
360	331	Third	1/1	724
360	332	Third	1/1	724

SUBJECT UNIT SUMMARY CHART

Unit Type	Condo Sq. Ft	No. of Units
1 BR/1 Bath	724	41
1 BR/1 Bath (Handicap Accessible)	724	1
2 BR/1 Bath	824	1
2 BR/1 Bath (Handicap Accessible)	886	2
2 BR/1.5 Bath	886	16
2 BR/1.75 Bath	886	28
3 BR/1.75 Bath	970	5
3 BR/2 Bath	970	3
<i>Total</i>		<i>97</i>

Valuation

The client has requested that the appraiser only address the Market Data Approach or the estimated gross sell-out of the individual units when converted to condominiums. The Market Data Approach centers around the analysis of condominium sales located throughout the Pacific Northwest Region. There is an "As Is" Value, which is analyzed, which addresses the amount of dollars that would be approximately required to slightly upgrade and update the units to meet typical condominium criteria. Also, the discounted value will be utilized, which represents the present worth of the condominium sales over the anticipated absorption period.

MARKET DATA APPROACH

The entire Pacific Northwest Region areas were researched in order to discover sales of condominium projects with average to good quality in medium and large sized projects, which would be indicative of the estimated value of the subject units. A total of nine condominium projects were fully analyzed and are detailed on the following comparable condominium summary chart together with photographs of each of the projects which are included in the write-ups located in the addendum to this report. The chart summarizes the sales within comparable complexes of units that are similar to the subject property. Recent sales within 2006 were utilized. In the Ridge at Maddox Creek Phases I and II units without desirable views were utilized. Following the chart is a narrative description of each of the particular complexes. It is noted that the garage spaces on the subject property will be valued separately. As a result, in the sales comparison approach it is assumed that the subject property includes only on-site parking.

CONDOMINIUM SALES CHART

Sale #	Name/Location	Bedroom/ Bath	Sq. Ft. Range	Price Range	\$ Per Sq. Ft. Range
1	The Cedars Burlington	2 BR/2 Bath	844	\$190,000	\$225.12
2	Stonebridge Condo Mount Vernon	2 BR/1.5 Bath	1,732	\$294,000	\$169.75
3	The Ridge at Maddox Crk I Mount Vernon (Minim. View)	1 BR/1 Bath 2 BR/1.75 Bath	668 966-982	\$151,500 - \$155,500 \$202,800 - \$209,000	\$226.80 - \$232.78 \$206.52 - \$216.36
4	The Ridge at Maddox Crk II Mount Vernon (Minim. View)	1 BR/1 Bath 2 BR/1.75 Bath	712 - 713 1,012	\$144,900 - \$152,000 \$209,900	\$203.51 - \$213.18 \$207.41
5	West Point Burlington	2 BR/1.75 Bath 3 BR/2 Bath	950 950	\$193,000 \$180,000	\$203.16 \$189.47
6	Courtyard Garden Mount Vernon	2 BR/2 Bath	1,100	\$180,000	\$163.64
7	Village Commons Stanwood	1 BR/1 Bath 2 BR/1.5 Bath 2 BR/2 Bath	895-949 1,285 1,227	\$167,400 - \$237,010 \$265,800 \$249,800 - \$289,650	\$187.04 - \$264.82 \$206.85 \$203.59 - \$240.76
8	Lincoln Creek Condo Bellingham	1 BR/1 Bath 2 BR/1 Bath 3 BR/2 Bath	651 - 660 793 - 852 1,051 - 1,096	\$125,000 - \$146,500 \$149,900 - \$190,000 \$195,000 - \$217,000	\$192.01 - \$221.97 \$189.03 - \$223.00 \$177.92 - \$206.47
9	Cypress Place Bellingham	1 BR/1 Bath 2 BR/2 Bath	639 903	\$143,900 - \$155,239 \$193,750 - \$213,250	\$225.20 - \$242.94 \$214.56 - \$236.16

COMPARABLE SALES MAP

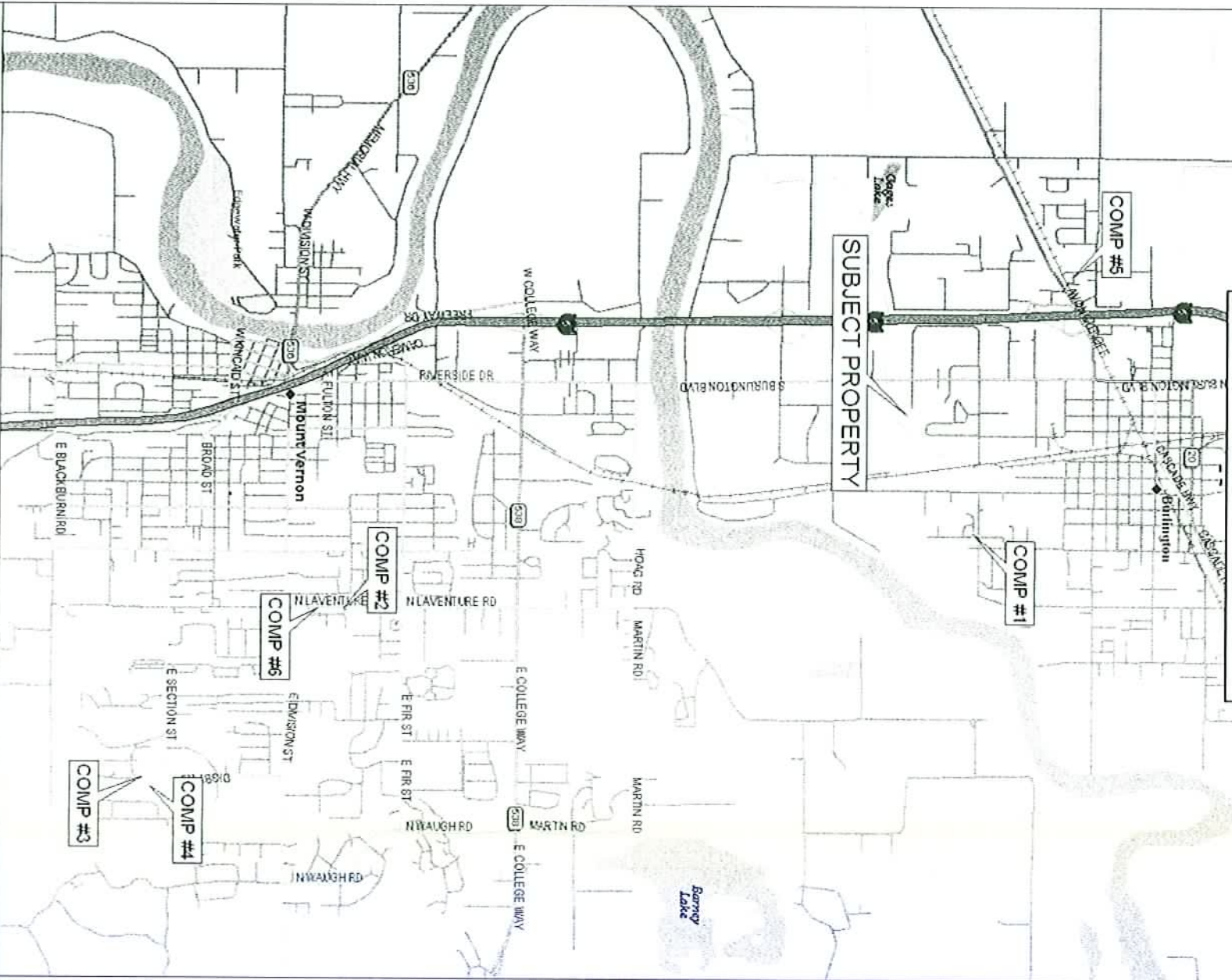
The map displays the following locations and features:

- Subject Property:** Located on the western shore of Bellingham Bay, near the intersection of the Bellingham and Skagit County roads.
- Comparable Sales:**
 - COMP #1: Located near the intersection of the Bellingham and Skagit County roads.
 - COMP #2: Located near the intersection of the Bellingham and Skagit County roads.
 - COMP #3: Located near the intersection of the Bellingham and Skagit County roads.
 - COMP #4: Located near the intersection of the Bellingham and Skagit County roads.
 - COMP #5: Located near the intersection of the Bellingham and Skagit County roads.
 - COMP #6: Located near the intersection of the Bellingham and Skagit County roads.
 - COMP #7: Located near the intersection of the Bellingham and Skagit County roads.
- Other Locations:**
 - Bellingham
 - Skagit River
 - Skagit Bay
 - Skagit Lake
 - Skagit River Bridge
 - Skagit Bay Bridge
 - Skagit County
 - Skagit River
 - Skagit Bay
 - Skagit Lake
 - Skagit River Bridge
 - Skagit Bay Bridge
 - Skagit County

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www.delorme.com



COMPARABLE SALES MAP



DELOMME

Data use subject to license
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 www.delorme.com

MN (17 8° E)

0 1/4 1/2 3/4 1 mi
 Data Zoom 12-4

Condominium Correlation

Condominium Comparable No. 1 is known as The Cedars, which is a Homestead project situated within close proximity to the subject property at Sinclair Way and Fidalgo Drive in Burlington. It is restricted to buyers 55 years and older and features single-level units and townhouse style units. This complex had a sale of a 2 BR/2 Bath unit with 844 square feet. It sold for \$190,000 and is analyzed at \$225.12 per square foot. This is definitely similar to the subject 2 BR/1.75 Bath unit. It is similar in condition, but is superior in parking and being detached (very similar to a single-family residence).

Condominium Comparable No. 2 is known as Stonebridge and is located in northeast Mt. Vernon along two cul-de-sacs called Stonebridge Way and Shady Lane with several of the units located along a private driveway directly off of LaVenture. This project consists of attached and detached flat style units, which are restricted to buyers 55 years of age and older. The project also contains a common meeting and exercise building. There is one recent sale in this complex. It includes 1,732 square feet and sold for \$294,000, which is analyzed at \$169.75 per square foot. This is difficult to compare to the subject units as this sale features a much larger square footage.

Condominium Comparable No. 3 is known as The Ridge at Maddox Creek Condominiums I, which is located along Lindsay Loop in the Maddox Creek Planned Unit Development in southeast Mount Vernon. This is a new project located on the hill overlooking Mount Vernon with most of the units on the west side of the building having territorial views. This is one of the few complexes that includes smaller two bedroom units and one-bedroom units. This is in a three-story, elevator serviced building, which is partially similar to the subject property (the subject property does not have elevator service), as the subject property contains three-story buildings. The units that have no views are considered to be far more appropriate and comparable to the subject property, especially those units which are newer transactions. There are two recent 1 BR/1 Bath transactions that contain 668 square feet. Both have minimal views and sold for \$151,500

and \$155,500. They are analyzed at \$226.80 and \$232.78 per square foot respectively and have both occurred within the past four months. These sales would be comparable to the subject one-bedroom units. There have been two recent sales of smaller two-bedroom units with minimal views. Unit 110 with 982 square feet sold in July of 2006 for \$202,800 and is analyzed at \$206.52 per square foot. Unit 203 with 966 square feet sold for \$209,900 in September of 2006 and is analyzed at \$216.36 per square foot. The two sales range from \$206.52 to \$216.36 per square foot. These would be good indications of the subject units; however, they are superior to the subject property in having elevator service, basement garage parking, and quality of construction.

Condominium Comparable No. 4 is known as the Ridge at Maddox Creek Phase II, which lies adjacent to Phase I. This was completed in June of 2005 with 25 of the 29 units having been sold to date. Again, it is important to utilize those sales that do not have city or territorial views. There have been eight sales in 2006, of which, three sales are considered to be similar to the subject property in lack of view, unit size, and configuration. Two one-bedroom units sold in October of 2006. Unit 208 sold for \$152,000 and is analyzed at \$213.18 per square foot (713 Sq Ft). Unit 108 sold for \$144,900 and is analyzed at \$203.51 per square foot based on 712 square feet. It is noted that Unit 208 has a fair territorial view to the north and Unit 108 has no view whatsoever. In addition Unit 102, which is a 2 BR/1.75 Bath unit, sold for \$209,900 in June of 2006 and is analyzed at \$207.41 per square foot (1,012 Sq Ft). These would be good indications of the subject units; however, they are superior to the subject property in having elevator service, a basement parking garage, and quality of construction. They are also slightly superior in quality of view.

Condominium Comparable No. 5 is known as West Point located on West Point Place and Court, just to the south of Peterson Road in northwest Burlington. This is primarily a shared-wall single-level duplex complex constructed in 2002. There has been one very recent sale in January of 2007 (01/02/07). Other than this sale, there were two sales at the

beginning of 2006. The most recent sale is definitely comparable to the subject property with 950 square feet, two bedrooms, and 1.75 bathrooms. It sold for \$193,000 and is analyzed at \$203.16 per square foot. Another sale to note is a 3-BR/2-Bath unit that contains the same square footage (950 Sq Ft). It sold for \$180,000 January of 2006 and is analyzed at \$189.47 per square foot. It is noted that this is a dated sale. These are detached units and they do usually have one-car garages attached. On an overall basis these are considered to be reasonably good indications of the market value of subject property.

Condominium Comparable No. 6 is known as the Courtyard Gardens Condominiums located at 325 LaVenture Road in Mount Vernon. This is a complex which was built in 1998 and there has been one re-sale in 2006 and that is Unit 325A which, sold in July of 2006 for \$163.64 per square foot and consisted of a 1,100 square foot two bedroom, two bath unit. This is a relatively large two-bedroom unit and would definitely reflect a lower price per square foot; however, it is considered to be a reasonably good indication of the market value of subject property.

Condominium Comparable No. 7 is known as the Village Commons, which is a three-story frame, elevator serviced, basement parking garage structure, which was recently is being constructed and selling out presently in Stanwood. This does have a variety of types of units and is located near the Haggen Supermarket in the newly developed commercial area of Stanwood. This comparable sale contains units that are significantly larger than similar units of the subject property. The 1 BR/1 Bath units range from 895 to 949 square feet and have sold for \$187.04 per square foot to \$264.82 per square foot. Three of the five recent sales referenced range from \$210.22 per square foot to \$244.70 per square foot. The difference in sale price depends on the unit location within the building and the finish package selected by the buyer. One 2 BR/1.5 Bath unit sale is referenced with 1,285 square feet, which sold for \$265,800. It is analyzed at \$206.85 per square foot. Four 2 BR/2 Bath units have sold since June of 2006 with 1,227 square feet. They have ranged

from \$203.59 per square foot to \$240.76 per square foot. Again, the units at the higher end included higher-end finish packages. These would be partially comparable to the subject property, however, superior in age, condition, quality of construction, basement garage parking, and elevator servicing. These are larger units that generally sell for less on a price-per-square-foot basis.

Condominium Comparable No. 8 is known as the Lincoln Creek Condominium located at 910 Gladstone Street in Bellingham. This is a 33-unit complex that was completed in the fall of 2005 and consists of three-stories with elevator servicing and full basement secured parking garage below. The units are basically average in quality with a combination of studios, one bedroom, two bedrooms and three bedroom units. There have been nine sales that have occurred since January of 2006. Four units are very comparable to the subject 1 BR/1 Bath units. Two sales are similar to the subject 2 BR units. Three sales have occurred that would be comparable to the 3 BR/2 Bath units of the subject property. The 1 BR/1 Bath units range from 651 to 660 square feet and have sold from \$125,000 to \$146,500 (\$192.01 to \$221.97 per square foot). The 2 BR/1 Bath units range from 793 to 852 square feet and have sold for \$149,900 to \$190,000 (\$189.03 to \$223.00 per square foot). The 3 BR/2 Bath units contain 1,051 or 1,096 square feet and have ranged in sale price from \$195,000 to \$217,000 (\$177.92 to \$206.47 per square foot). The prices get higher for the upper levels in the building. The differences in prices also have to do with the finish packages chosen by the buyer. These would be superior to the subject property in regards to being new construction, location within Bellingham, and overall quality (elevator service, basement garage parking, finish, etc). It is noted that this facility is adjacent to a mini-storage complex and does get moderate freeway noise.

Comparable Condominium No. 9 is known as Cypress Place in Bellingham situated near Western Washington University at 680-700 32nd Street. This complex contains three four-story buildings that are being constructed at different phases. Two buildings have been completed to date with a total of 34 closed sales from September of 2006 to December of

2006. The units most comparable to the subject property would be the 639-square-foot 1 BR/1 Bath unit and the 903-square-foot 2 BR/2 Bath unit. The 1 BR/1 Bath units have sold from \$143,900 to \$155,239 and range from \$225.20 to \$242.94 per square foot. The 2 BR/2 Bath units have sold from \$193,750 to \$213,250 and range from \$214.56 to \$236.16 per square foot. These units are definitely superior in location as they are located within close proximity to Western Washington University. They are also superior in age/condition and elevator service. The more expensive sales are superior in having stainless steel appliances, granite countertops, etc. It is similar in available parking.

A base price for the subject individual units should be concluded. This would be for an inferior main floor unit with no view of the slough behind the property.

The general market trends should be discussed. There has been significant appreciation for residential condominiums in the past couple of years. Dated sales are inferior to the subject property due to the current market trends. The chart below displays six repeat sales that have occurred in comparable complexes utilized in this report.

<i>Complex</i>	<i>Unit #</i>	<i>Sale Price</i>	<i>Sale Date</i>	<i>Sale Price</i>	<i>Sale Date</i>	<i>Annualized Appreciation</i>
The Cedars	1052 Cypress	\$174,900	11/24/04	\$220,000	08/31/06	14.59%
Courtyard Gardens	325A	\$116,950	04/15/99	\$180,000	07/28/06	7.39%
Ridge at Maddox II	303	\$193,700	03/28/05	\$239,000	12/01/06	13.93%
Ridge at Maddox II	108	\$109,000	01/05/04	\$151,500	11/15/06	13.62%
Ridge at Maddox II	109	\$199,900	09/10/04	\$240,000	11/14/06	9.21%
Lincoln Creek	302	\$178,900	10/27/05	\$190,000	06/30/06	9.21%

The annualized appreciation ranges from 7.39% to 14.59%. The low extreme is primarily due to the fact that the initial sale occurred in 1999. The remaining sales range from 9.21% to 14.59% per year. This information is shown to give a general idea of the market conditions of the past couple of years and is not a definitive answer on the annual appreciation of the residential condominium market.

Attention should also be made to active listings that would be indicative of market value for the subject units. The following chart summarizes the condominium units currently on the market.

Active Listings

Name/Location	Bedroom/ Bath	Sq. Ft. Range	Price Range	\$ Per Sq. Ft. Range
The Ridge at Maddox Crk II Mount Vernon (Av NW)	1 BR/1 Bath	674	\$164,950	\$244.73
Village Commons Stanwood	2 BR/2 Bath	1,050	\$263,800	\$251.29
Lincoln Creek Condo Bellingham	1 BR/1 Bath	660	\$138,900	\$210.45
Cypress Place Bellingham	1 BR/1 Bath 2 BR/2 Bath	599 850	\$149,900 - \$162,900 \$209,900 - \$229,900	\$250.25 - \$271.95 \$246.94 - \$270.47
Cascade Commons Burlington	1 BR/1 Bath	732	\$180,000 - \$185,000	\$245.90 - \$252.73
West Point Burlington	2 BR/1.75 Bath	838	\$179,500	\$214.20
The Cedars Burlington	2 BR/1.75 Bath	864	\$199,950	\$231.42
Cascade Palms Sedro Woolley	2 BR/2 Bath	1,230	\$219,900	\$178.78
Division Street Village Mount Vernon	2 BR/1.5 Bath	901	\$159,900	\$177.47

The Ridge at Maddox Creek II at \$244.73 per square foot is superior to the subject property in quality of view. Village Commons at \$251.29 per square foot is superior to the subject property. Lincoln Creek at \$210.45 per square foot is more comparable to the subject property, but still superior. Cypress Place at \$246.94 to \$271.95 per square foot is superior to the subject property. Cascade Commons is a new development at Gilkey and Spruce in Burlington. These are new one-level units that are superior in garage parking and representing new construction. Only one larger unit has sold in this complex. No smaller units have sold. The smaller one-bedroom units are listed at \$245.90 to \$252.73 per square foot. West Point is comparable to the subject property at \$214.20 per square foot. The Cedars at \$231.42 per square foot is slightly superior to the subject property. Cascade Palms at \$178.78 per square foot is inferior to the subject property. Division Street Village is a recently (12/01/06) converted condominium complex. It was originally constructed in 1972, but the interior has been completely remodeled. It has a smaller unit with 901 square feet at \$177.47 per square foot. This is definitely inferior to the subject units on an overall basis.

Individual Unit Type Correlation

1 BR/1 Bath Unit (724 Sq. Ft.)

The chart below summarizes the sales of the most comparable complexes in regards to this unit.

Sale #	Name/Location	Bedroom/ Bath	Sq. Ft. Range	Price Range	\$ Per Sq. Ft. Range
3	The Ridge at Maddox Crk I Mount Vernon (Minim.	1 BR/1 Bath	668	\$151,500 - \$155,500	\$226.80 - \$232.78
4	The Ridge at Maddox Crk II Mount Vernon (Minim.	1 BR/1 Bath	712 - 713	\$144,900 - \$152,000	\$203.51 - \$213.18
7	Village Commons Stanwood	1 BR/1 Bath	895-949	\$167,400 - \$237,010	\$187.04 - \$264.82
8	Lincoln Creek Condo Bellingham	1 BR/1 Bath	651 - 660	\$125,000 - \$146,500	\$192.01 - \$221.97
9	Cypress Place Bellingham	1 BR/1 Bath	639	\$143,900 - \$155,239	\$225.20 - \$242.94

Sale No. 3 and 4 are comparable in location at \$203.51 to \$232.78 per square foot, but are superior in quality of construction. In addition, even though these units have less view, the property has desirable views. Sale No. 7 at \$187.04 to \$264.82 per square foot represents a wide range. Sales have more typically been in the range of \$210 to \$220 per square foot. This is superior to the subject property. Sale No. 8 at \$192.01 to \$221.97 per square foot is more comparable to the subject property. The upper end units are definitely superior in overall degree of finish. This building is also superior in being elevator serviced. Sale No. 9 at \$225.20 to \$242.94 per square foot is definitely superior in age/condition, quality, and location. Considering the recent sales, market conditions, and active listings, the subject one-bedroom units have a base price of \$210 per square foot.

2 BR/1 Bath Unit (824 Sq. Ft.)

The subject unit with 824 square feet that is located above the office will be discussed after the correlation. The subject property also contains (2) 2 BR/1 Bath units with 886 square feet that are handicap accessible. The only sale comparable to this unit type is Sale No. 8 at \$189.03 to \$223.00 per square foot. This unit will be correlated after the 2-BR/1.5 Bath units are correlated.

2 Bedroom Units (886 Sq. Ft.)

The chart below summarizes the sales of the most comparable complexes in regards to these units.

Sale #	Name/Location	Bedroom/ Bath	Sq. Ft. Range	Price Range	\$ Per Sq. Ft. Range
1	The Cedars Burlington	2 BR/2 Bath	844	\$190,000	\$225.12
2	Stonebridge Condo Mount Vernon	2 BR/1.5 Bath	1,732	\$294,000	\$169.75
3	The Ridge at Maddox Crk I Mount Vernon (Minim.	2 BR/1.75 Bath	966-982	\$202,800 - \$209,000	\$206.52 - \$216.36
4	The Ridge at Maddox Crk II Mount Vernon (Minim.	2 BR/1.75 Bath	1,012	\$209,900	\$207.41
5	West Point Burlington	2 BR/1.75 Bath	950	\$193,000	\$203.16
6	Courtyard Garden Mount Vernon	2 BR/2 Bath	1,100	\$180,000	\$163.64
7	Village Commons Stanwood	2 BR/1.5 Bath 2 BR/2 Bath	1,285 1,227	\$265,800 \$249,800 - \$289,650	\$206.85 \$203.59 - \$240.76
8	Lincoln Creek Condo Bellingham	2 BR/1 Bath	793 - 852	\$149,900 - \$190,000	\$189.03 - \$223.00
9	Cypress Place Bellingham	2 BR/2 Bath	903	\$193,750 - \$213,250	\$214.56 - \$236.16

Sale No. 1 at \$225.12 per square foot is comparable in location, but superior in being primarily detached units. Sale No. 2 at \$169.75 per square foot is inferior in being a much larger unit. Sale No. 3 and 4 at \$206.52 to \$216.36 per square foot are superior in being a view-oriented site and quality of construction. Sale No. 5 at \$203.16 per square foot is superior in being primarily detached units. Sale No. 6 at \$163.64 per square foot is inferior in age/condition and in being a larger unit (generally sells for less on a price per square foot basis). Sale No. 7 at \$206.85 per square foot (1.5-bath unit) is superior to the

subject 1.5-bath unit. The two-bathroom units have sold from \$203.59 to \$240.76 per square foot and are superior to the subject two-bathroom unit. Sale No. 8 at \$189.03 per square foot to \$223.00 per square foot is superior at the higher end due to the location within the building and the degree of finish chosen. The lower end is similar to the subject units. They are superior in age/condition, but inferior in number of bathrooms. Sale No. 9, which ranges from \$214.56 to \$236.16 per square foot, is superior to the subject property. In addition, the active listings and market conditions should be considered. The subject 2 BR/1.5 Bath units are concluded to have a market value of \$205 per square foot, whereas the subject 2 BR/1.75 Bath units are concluded at \$210 per square foot. The 2 BR/1 Bath 886-square-foot handicap accessible units have a market value of \$200 per square foot.

3 BR/1.75-2 Bath Unit (970 Sq. Ft.)

The chart below summarizes the most comparable complexes in regards to this unit.

Sale #	Name/Location	Bedroom/ Bath	Sq. Ft. Range	Price Range	\$ Per Sq. Ft. Range
3	The Ridge at Maddox Crk I Mount Vernon (Minim.	2 BR/1.75 Bath	966-982	\$202,800 - \$209,000	\$206.52 - \$216.36
4	The Ridge at Maddox Crk II Mount Vernon (Minim.	2 BR/1.75 Bath	1,012	\$209,900	\$207.41
5	West Point Burlington	3 BR/2 Bath	950	\$180,000	\$189.47
6	Courtyard Garden Mount Vernon	2 BR/2 Bath	1,100	\$180,000	\$163.64
7	Village Commons Stanwood	2 BR/1.5 Bath 2 BR/2 Bath	1,285 1,227	\$265,800 \$249,800 - \$289,650	\$206.85 \$203.59 - \$240.76
8	Lincoln Creek Condo Bellingham	3 BR/2 Bath	1,051 - 1,096	\$195,000 - \$217,000	\$177.92 - \$206.47
9	Cypress Place Bellingham	2 BR/2 Bath	903	\$193,750 - \$213,250	\$214.56 - \$236.16

Sale No. 3 and 4 at \$206.52 to \$216.36 per square foot are superior to the subject property, but are difficult to compare, as they are two-bedroom units. Sale No. 5 at \$189.47 per square foot is very comparable in unit type and square footage. It is analyzed at \$189.47 per square foot and is superior in being a detached unit (it also noted that this sale occurred in January of 2006). Sale No. 6 at \$163.64 per square foot is difficult to compare to the subject property as it contains two bedrooms. It would be regarded as

inferior to the subject property. Sale No. 7, which ranges from \$203.59 to \$240.76 per square foot, is superior to the subject property. Sale No. 8 at \$177.92 to \$206.47 per square foot is definitely comparable to the subject property, but is regarded as slightly superior. Sale No. 9 is superior to the subject property. Considering the sales discussed, the market conditions, and the active listings in the area, the subject 3 BR/1.75-2 Bath units are correlated at \$200 per square foot (typical base value)(no market differentiation between 1.75 and two bathrooms).

Historically, upper floor units in similar types of projects have sold for more due to having vaulted ceilings and no occupants above them. We have concluded that the subject's top floor units will sell for approximately \$5.00 per square foot more than the lower floor units despite the absence of elevator service. This is supported both by a general sales on sales analysis in this market place and by the fact that the upper floor units currently rent out for more than the lower floor units on a monthly basis.

As a result, the correlated rounded base value conclusions on a per square foot basis for the subject units are as follows:

	<i>First Floor</i>	<i>Second Floor</i>	<i>Third Floor</i>
1 BR/1 Bath	\$210.00	\$210.00	\$215.00
2 BR/1 Bath	\$200.00	\$200.00	\$205.00
2 BR/1.5 Bath	\$205.00	\$205.00	\$210.00
2 BR/1.75 Bath	\$210.00	\$210.00	\$215.00
3 BR/1.75-2 Bath	\$200.00	\$200.00	\$205.00

In addition to the top floor adjustments detailed above, end or exterior units typically sell for more than interior units. The reason for the premium for end units is because exterior units have one less shared wall and because they generally have more expansive views out of both the front or back of the building as well as on one side. We have estimated

the value of the exterior unit locations to be worth 3% more than comparable interior units. Also, the units located along the greenbelt behind Buildings 2, 3 and 4 have a more scenic territorial view with less foot and auto traffic. These units are also subject to less traffic noise. Therefore, these units have a superior location within the project and a positive adjustment is required which we have estimated to be 5%.

The apartment unit located in the clubhouse building is of generally inferior quality compared to the remaining units with an open floor plan lacking the kitchen counter space that the remainder of the units have. It also has only one bathroom and does not have an exterior deck or patio. Its specific location within the clubhouse building is also considered to be inferior to the remaining units. We have therefore made a negative lump sum adjustment of \$20,000 to the base price of this unit in order to determine its market value.

The following chart reflects the individual rounded unit values.

Total Gross Sellout

Bldg	Unit #	Unit Type	Sq. Ft.	Floor	End Unit	Greenbe It	Price/ SF	Value Rounded
310	314	2/1	824	Second	N/A	N/A	\$175.73	\$144,800
320	109	2/1	886	First	Yes	No	\$206.00	\$183,000
320	110	2/1.5	886	First	Yes	Yes	\$221.40	\$196,000
320	111	1/1	724	First	No	No	\$210.00	\$152,000
320	112	1/1	724	First	No	Yes	\$220.50	\$160,000
320	113	1/1	724	First	No	No	\$210.00	\$152,000
320	114	1/1	724	First	No	Yes	\$220.50	\$160,000
320	115	2/1.5	886	First	Yes	No	\$211.15	\$187,000
320	116	2/1.5	886	First	Yes	Yes	\$221.40	\$196,000
320	209	2/1.75	886	Second	No	No	\$210.00	\$186,000
320	210	2/1.75	886	Second	No	Yes	\$220.50	\$195,000
320	211	1/1	724	Second	No	No	\$210.00	\$152,000
320	212	1/1	724	Second	No	Yes	\$220.50	\$160,000
320	213	1/1	724	Second	No	No	\$210.00	\$152,000
320	214	1/1	724	Second	No	Yes	\$220.50	\$160,000
320	215	2/1.75	886	Second	No	No	\$210.00	\$186,000
320	216	2/1.75	886	Second	No	Yes	\$220.50	\$195,000
320	309	1/1	724	Third	Yes	No	\$216.30	\$157,000
320	310	1/1	724	Third	Yes	Yes	\$226.80	\$164,000
320	311	1/1	724	Third	No	No	\$210.00	\$152,000
320	312	1/1	724	Third	No	Yes	\$220.50	\$160,000
320	313	1/1	724	Third	No	No	\$210.00	\$152,000
320	314	1/1	724	Third	No	Yes	\$220.50	\$160,000
320	315	1/1	724	Third	Yes	No	\$216.30	\$157,000
320	316	1/1	724	Third	Yes	Yes	\$226.80	\$164,000
333	101	3/2	970	First	Yes	No	\$206.00	\$200,000
333	102	3/2	970	First	Yes	No	\$206.00	\$200,000
333	103	2/1.5	886	First	No	No	\$205.00	\$182,000
333	104	2/1.5	886	First	No	No	\$205.00	\$182,000
333	105	2/1.5	886	First	No	No	\$205.00	\$182,000
333	106	2/1.5	886	First	No	No	\$205.00	\$182,000
333	107	3/1.75	970	First	Yes	No	\$206.00	\$200,000
333	108	3/2	970	First	Yes	No	\$206.00	\$200,000
333	201	3/1.75	970	Second	No	No	\$200.00	\$194,000
333	202	3/1.75	970	Second	No	No	\$200.00	\$194,000
333	203	2/1.75	886	Second	No	No	\$210.00	\$186,000
333	204	2/1.75	886	Second	No	No	\$210.00	\$186,000
333	205	2/1.75	886	Second	No	No	\$210.00	\$186,000
333	206	2/1.75	886	Second	No	No	\$210.00	\$186,000
333	207	3/1.75	970	Second	No	No	\$200.00	\$194,000
333	208	3/1.75	970	Second	No	No	\$200.00	\$194,000
333	301	2/1.75	886	Third	Yes	No	\$216.30	\$192,000
333	302	2/1.75	886	Third	Yes	No	\$216.30	\$192,000
333	303	2/1.75	886	Third	No	No	\$210.00	\$186,000
333	304	2/1.75	886	Third	No	No	\$210.00	\$186,000
333	305	2/1.75	886	Third	No	No	\$210.00	\$186,000
333	306	2/1.75	886	Third	No	No	\$210.00	\$186,000
333	307	2/1.75	886	Third	Yes	No	\$216.30	\$192,000
333	308	2/1.75	886	Third	Yes	No	\$216.30	\$192,000

Total Gross Sellout

<i>Bldg</i>	<i>Unit #</i>	<i>Unit Type</i>	<i>Sq. Ft.</i>	<i>Floor</i>	<i>End Unit</i>	<i>Slough/Grubli</i>	<i>Price/ SF Adj.</i>	<i>Value Rounded</i>
340	117	2/1.5	886	First	Yes	No	\$211.15	\$187,000
340	118	2/1.5	886	First	Yes	Yes	\$221.40	\$196,000
340	119	2/1.5	886	First	No	No	\$205.00	\$182,000
340	120	2/1.5	886	First	No	Yes	\$215.25	\$191,000
340	121	1/1	724	First	No	No	\$210.00	\$152,000
340	122	1/1	724	First	No	Yes	\$220.50	\$160,000
340	123	2/1.5	886	First	Yes	No	\$211.15	\$187,000
340	124	2/1.5	886	First	Yes	Yes	\$221.40	\$196,000
340	217	2/1.75	886	Second	No	No	\$210.00	\$186,000
340	218	2/1.75	886	Second	No	Yes	\$220.50	\$195,000
340	219	2/1.75	886	Second	No	No	\$210.00	\$186,000
340	220	2/1.75	886	Second	No	Yes	\$220.50	\$195,000
340	221	1/1	724	Second	No	No	\$210.00	\$152,000
340	222	1/1	724	Second	No	Yes	\$220.50	\$160,000
340	223	2/1.75	886	Second	No	No	\$210.00	\$186,000
340	224	2/1.75	886	Second	No	Yes	\$220.50	\$195,000
340	317	1/1	724	Third	Yes	No	\$216.30	\$157,000
340	318	1/1	724	Third	Yes	Yes	\$226.80	\$164,000
340	319	2/1.75	886	Third	No	No	\$210.00	\$186,000
340	320	2/1.75	886	Third	No	Yes	\$220.50	\$195,000
340	321	1/1	724	Third	No	No	\$210.00	\$152,000
340	322	1/1	724	Third	No	Yes	\$220.50	\$160,000
340	323	1/1	724	Third	Yes	No	\$216.30	\$157,000
340	324	1/1	724	Third	Yes	Yes	\$226.80	\$164,000
360	125	2/1	886	First	Yes	No	\$206.00	\$183,000
360	126	2/1.5	886	First	Yes	Yes	\$221.40	\$196,000
360	127	1/1	724	First	No	No	\$210.00	\$152,000
360	128	1/1	724	First	No	Yes	\$220.50	\$160,000
360	129	1/1	724	First	No	No	\$210.00	\$152,000
360	130	1/1	724	First	No	Yes	\$220.50	\$160,000
360	131	2/1.5	886	First	Yes	No	\$211.15	\$187,000
360	132	2/1.5	886	First	Yes	Yes	\$221.40	\$196,000
360	225	2/1.75	886	Second	No	No	\$210.00	\$186,000
360	226	2/1.75	886	Second	No	Yes	\$220.50	\$195,000
360	227	1/1	724	Second	No	No	\$210.00	\$152,000
360	228	1/1	724	Second	No	Yes	\$220.50	\$160,000
360	229	1/1	724	Second	No	No	\$210.00	\$152,000
360	230	1/1	724	Second	No	Yes	\$220.50	\$160,000
360	231	2/1.75	886	Second	No	No	\$210.00	\$186,000
360	232	2/1.75	886	Second	No	Yes	\$220.50	\$195,000
360	325	1/1	724	Third	Yes	No	\$216.30	\$157,000
360	326	1/1	724	Third	Yes	Yes	\$226.80	\$164,000
360	327	1/1	724	Third	No	No	\$210.00	\$152,000
360	328	1/1	724	Third	No	Yes	\$220.50	\$160,000
360	329	1/1	724	Third	No	No	\$210.00	\$152,000
360	330	1/1	724	Third	No	Yes	\$220.50	\$160,000
360	331	1/1	724	Third	Yes	No	\$216.30	\$157,000
360	332	1/1	724	Third	Yes	Yes	\$226.80	\$164,000

Parking Garages and Basement Parking

The subject property contains eight 5 car detached garages which are rented out to the current tenants on a first come first serve basis. Two of the buildings, Buildings 320 and 340, also have basement parking with a combined 21 parking spaces of which 10 have been partially finished with wood studs and chain link dividers and overhead rolling garage doors. Based on the cost approach as well as our analysis of numerous other projects it is estimated that the value of the parking garages is \$3,000 each while the value of the basement garages which are less accessible and located in a less secure area than the street level garages is \$1,000 and the value of the basement garages equals \$1,500 a piece. The combined gross retail sellout of the subject's covered parking amenities is as follows:

40 Detached Garages @ \$3,000	= \$ 120,000
11 Open Basement Parking Spaces @ \$1,000	= \$ 11,000
10 Basement Garages @ \$1,500	= <u>\$ 15,000</u>
Total	\$ 146,000

Combined Gross Retail Sellout

Building 333	\$ 4,560,000
Building 320 & 310	\$ 4,182,800
Building 340	\$ 4,241,000
Building 360	\$ 4,038,000
Parking Facilities	<u>\$ 146,000</u>
Total	\$17,167,000

CORRELATION AND FINAL VALUE ESTIMATE

The only approach utilized in the valuing the subject property is the estimated Market Data Approach or gross sell-out of the individual condominium units. As a result, the indicated value of the subject property, as converted to condominiums is:

SEVENTEEN MILLION ONE HUNDRED AND SIXTY SEVEN THOUSAND

DOLLARS

(\$17,167,000)*

*It is emphasized that due to the function of the appraisal and the scope of work required (valuing each unit for marketing purposes) no discounting for absorption has been performed. It is also emphasized that the aggregate gross sellout of \$17,167,000 does not represent the "As Is" market value of the subject property in its entirety, rather, reflects the estimated value of each individual unit.

CERTIFICATION OF APPRAISERS

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

- ❖ Our 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 Practice of the Appraisal Institute;
- ❖ The statements of fact contained in this report are true and correct;
- ❖ The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased, professional analyses, opinions, and conclusions;
- ❖ 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.
- ❖ We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved;
- ❖ We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- ❖ Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
- ❖ Our employment was not conditioned upon the appraisal producing a specific value or a value within a given range. Similarly, future employment prospects were not dependent upon the appraisal producing a specified value. Our employment and compensation were not based on whether a loan application was or is approved.
- ❖ The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or approval of a loan. We certify that we are competent and qualified to perform the appraisal assignment.
- ❖ The use of this report is subject to requirements of the Appraisal Institute relating to review by its duly authorized representatives;
- ❖ We have made a personal inspection of the property that is the subject of this report;
- ❖ No one provided significant professional real property assistance to the persons signing this certification. We spent 100% of the time involved in contributing to the writing and production of this appraisal report and valuation analysis.
- ❖ These appraisers certify the appraisal performed was not based on a minimum value, specific value nor approval of a loan.
- ❖ As of the date of this report, Don A. Gustafson has not completed the requirements of the continuing education program of the Appraisal Institute.


MA, SRA,

Don A. Gustafson, MAI, SRAP, SRA



Braden Gustafson, Associate Appraiser

ADDENDA

COMPARABLE CONDOMINIUM NO. 1

NAME:

The Cedars

LOCATION:

Sinclair Way and Fidalgo Drive
Burlington, Washington 98233



DESCRIPTION:

A project known as Cedar Point was built out between 1998 and 2002. The project is age restricted to buyers 55 years of age and older. The project contains both attached flat and townhouse style units which all have attached garages. The project has private roads and a private clubhouse features a game/recreation room. It has an area within the project dedicated to recreational vehicle parking. The individual units have front patios, rear decks, fireplaces, and gas heat.

MARKETING DATA:

Unit	Sale Date	Sales Price	Unit Size	BR/BA	Price/SF
1051 Fidalgo	11/24/03	\$162,950	1,042	2/2	\$156.38
1141 Fidalgo	04/09/04	\$173,000	1,300	2/2	\$133.08
1110 Sinclair	07/28/04	\$154,900	1,118	2/2	\$138.55
1027 Fidalgo	08/26/04	\$218,000	2,158	2/2.5	\$101.02
1180 Fidalgo	09/23/04	\$175,000	1,023	2/2	\$171.07
1030 Sinclair	09/30/04	\$145,000	928	2/2	\$156.25
1052 Cypress	11/24/04	\$174,900	1,027	2/2	\$170.30
1192 Fidalgo	01/10/05	\$175,000	1,440	2/2	\$121.53
1158 Sinclair	02/25/05	\$160,000	1,118	2/2	\$143.11
1043 Fidalgo	04/19/05	\$190,000	1,440	2/2	\$131.94
1059 Fidalgo	11/03/05	\$219,950	1,420	2/2	\$154.89
1052 Fidalgo	01/17/06	\$175,000	1,113	2/2	\$157.23
1062 Cypress	03/08/06	\$214,000	1,440	2/2	\$148.61
1021 Sinclair	07/21/06	\$190,000	844	2/2	\$225.12
1052 Cypress	08/31/06	\$220,000	1,027	2/1.75	\$214.26

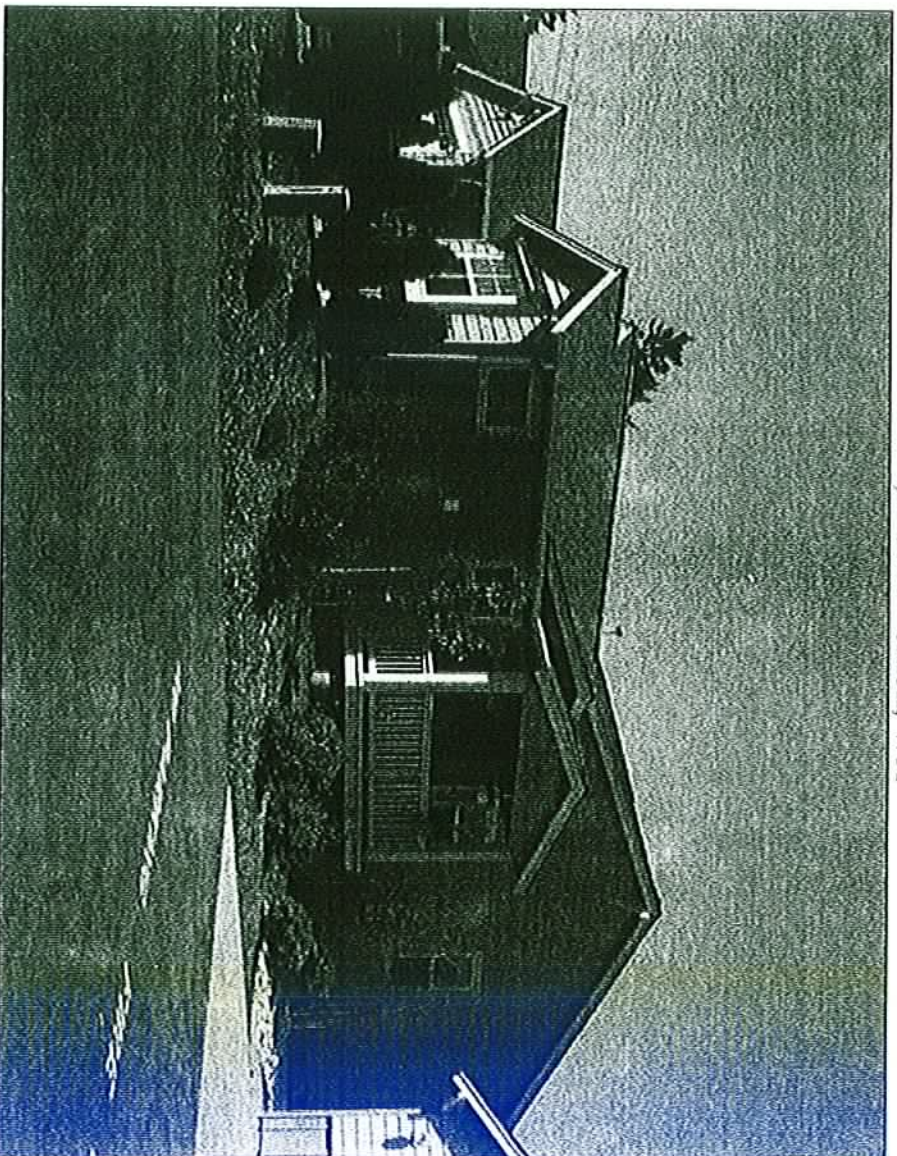
CONDOMINIUM COMPARABLE NO. 2

NAME:

Stonebridge Condominium

LOCATION:

2500 Block of Stonebridge Avenue and the 500 Block of North
LaVenture, Mount Vernon, WA



DESCRIPTION:

A detached condominium development currently experiencing marketing at the present time with the main development located easterly of LaVenture Road on Stonebridge Avenue and an additional phase located directly off of LaVenture Road in the 500 Block. These represent detached condominium dwellings, being primarily one or one and a half stories, however, primarily one-story and feature typical average plus quality construction and have full two car garages attached. The development has full infrastructure in place with curbs, gutters and sidewalks. Partnership is restricted to buyers 55 years of age or older.

MARKETING DATA:

Following are the most recent sales wherein total actual data was available as of the date of appraisal.

Page 2
Stonebridge Condominium

Unit	Sale Date	Sale Price	Unit Size	BR/BA	Price/SF
47-504 N. LaVenture Rd.	02/07/03	\$175,182			
22-2521 Stonebridge	02/12/03	\$249,731	1,900	2/2	\$131.44
25-2520 Stonebridge	03/18/03	\$226,225	1,724	2/1.75	\$131.22
23-2523 Stonebridge	03/24/03	\$224,000	1,485	1/1.75	
30-2510 Stonebridge	04/29/03	\$230,000			
45-500 N. LaVenture Rd.	06/06/03	\$188,500	1,363		\$138.30
2-2406 Stonebridge	06/26/03	\$209,000			
50-510 N. LaVenture Rd.	08/06/03	\$183,500	1,351	2/1.75	\$135.83
31-2508 Stonebridge	08/20/03	\$224,420	1,704	2/1.75	\$131.71
6-2401 Stonebridge	09/04/03	\$224,000	1,704	2/1.75	\$131.71
20 - 2517 Stonebridge	09/05/03	\$259,000	2,045		\$126.65
49-508 N. LaVenture Rd.	09/30/03	\$179,500	1,301	2/1.75	\$137.97
515 Shady Lane	10/08/03	\$223,000	1,553	2/2	\$143.59
2506 Stonebridge	10/22/03	\$234,860	1,738	2/2	\$135.13
2515 Stonebridge	10/22/03	\$267,945	2,039	2/2	\$131.41
507 Shady Lane	11/13/03	\$183,000	1,239	2/2	\$141.53
523 Shady Lane	01/20/04	\$245,000	1,748	2/2	\$140.16
2519 Stonebridge	02/13/04	\$246,860	1,707	2/2	\$144.62
2522 Stonebridge	02/19/04	\$258,500	2,039	2/2	\$126.78
2511 Stonebridge	02/27/04	\$255,273	1,707	2/2	\$149.54
502 N. LaVenture	04/13/04	\$179,500	1,293	2/2	\$138.82
2500 Stonebridge	04/16/04	\$230,000	1,286	2/2	\$179.69
2512 Stonebridge	05/07/04	\$259,089	2,039	2/2	\$127.07
517 Shady Lane	05/11/04	\$245,000	1,754	2/2	\$139.68
512 N. LaVenture	05/28/04	\$173,000	1,250	2/2	\$138.40
506 N. LaVenture	06/01/04	\$191,500	1,391	2/2	\$137.67
2518 Stonebridge	07/12/04	\$252,509	1,707	2/2	\$147.92
2516 Stonebridge	07/19/04	\$257,902	1,754	3/2	\$147.04
2412 Stonebridge	08/06/04	\$233,000	1,485	2/2	\$156.90
2514 Stonebridge	08/13/04	\$280,302	2,029	2/2	\$138.15
519 Shady Lane	08/25/04	\$220,000	1,280	2/2	\$171.87
509 Shady Lane	08/31/04	\$185,000	1,373	2/2	\$134.74
521 Shady Lane	10/05/04	\$243,000	1,691	2/2	\$143.70
500 LaVenture Rd	11/09/04	\$204,500	1,338	2-2	\$152.84
504 LaVenture Rd	01/12/05	\$185,000	1,304	2-2	\$141.87
514 LaVenture Rd	02/28/05	\$169,500	1,187	2-2	\$142.80
2502 Stonebridge	04/12/05	\$247,500	1,733	3-2	\$142.82
508 Shady Lane	05/24/05	\$245,000	1,479	2-2	\$165.65
518 LaVenture Rd	06/20/05	\$170,500	1,187	2-2	\$143.64
502 Shady Lane	07/20/05	\$240,000	1,479	2-2	\$162.27
2411 Stonebridge	08/30/05	\$275,000	2,045	3/1.75	\$134.47
2515 Stonebridge	10/14/05	\$305,000	2,045	3/1.75	\$149.14
516 LaVenture Rd	11/28/05	\$165,000	1,252	2-2	\$131.79
2400 Stonebridge	12/09/05	\$310,000	2,045	3/1.75	\$151.59
2419 Stonebridge	03/30/06	\$294,000	1,732	2/1.5	\$169.75

CONDOMINIUM COMPARABLE NO. 3

NAME: The Ridge at Maddox Creek-Phase I
LOCATION: 1416 Lindsay Loop Road
Mount Vernon, Washington



DESCRIPTION:

This is an existing 29-unit condominium complex known as Phase I of The Ridge at Maddox Creek, which was built in November of 2003. It is a three-story plus basement parking garage elevator serviced structure with interior hallways. The unit mix includes 12 two bedroom, two bath units ranging between 997 and 1,040 square feet, 3 two bedroom, two bath units containing between 977 and 996 square feet, 3 units, being two bedroom, two bath ranging between 835 and 840 square feet, 6 one bedroom, one bath units ranging between 678 and 683 square feet, 2 one bedroom, one bath units ranging between 674 and 679 square feet and 3 one bedroom, one bath units ranging between 688 and 693 square feet. The units have decks and/or patios, washer/dryers, full appliances, security system, secured basement parking and gas fireplaces.

Page 2
The Ridge at Maddox Creek-Phase I

MARKETING DATA:

Following are the sales within the complex

Unit	Sale Date	Sale Price	Unit Size	BR/BA	Price/SF	View
208	10/23/03	\$117,000	682	1/1	\$171.56	No
308	10/24/03	\$121,170	680	1/1	\$178.19	No
104	11/12/03	\$116,000	690	1/1	\$168.11	No
301	11/14/03	\$195,000	1,028	2/2	\$189.69	VG-NW-T
204	12/03/03	\$119,500	692	1/1	\$172.69	No
108	01/05/04	\$109,000	676	1/1	\$161.24	No
201	04/01/04	\$180,000	1,025	2/2	\$175.48	GD NW-T
101	04/14/04	\$165,000	1,040	2/2	\$158.65	AV-NW-T
105	05/06/04	\$133,000	677	1/1	\$196.45	AV-W SW-T & C
103	06/24/04	\$158,510	976	2/2	\$162.41	AV-NW-T
309	06/30/04	\$215,000	1,025	2/2	\$209.76	VG SW C-T-MT
304	07/06/04	\$128,520	687	1/1	\$187.07	No
110	07/12/04	\$178,000	987	2/2	\$180.34	AV-SW C-T-MT
107	07/14/04	\$142,150	839	2/2	\$169.43	Fair-W-T-C
203	08/20/04	\$178,200	990	2/2	\$180.00	GD NW-T
102	08/27/04	\$167,900	997	2/2	\$168.40	No
109	09/10/04	\$199,900	1,031	2/2	\$193.89	AV+ SW C-T-MT
210	11/15/04	\$195,700	985	2/2	\$198.68	AV+ SW C-T-MT
310	11/12/04	\$208,000	1,000	2/2	\$208.08	GD SW C-T-MT
209	11/19/04	\$212,200	1,025	2/2	\$207.02	VG SW C-T-MT
305	11/08/04	\$179,700	733	1/1	\$245.16	VG-W C, T, MT
202	12/22/04	\$176,200	1,066	2/2	\$165.29	Min
205	03/28/05	\$152,500	668	1/1	\$228.29	AV W C, T, MT
303	03/28/05	\$193,700	966	2/2	\$200.52	VG-W C, T, MT
302	03/31/05	\$188,500	1,066	2/2	\$176.83	Min
207	04/29/05	\$159,500	854	2/2	\$186.77	Min
306	05/12/05	\$129,950	685	1/1	\$189.71	Min
104	07/28/05	\$135,000	700	1/1	\$192.86	No
105	08/11/05	\$150,000	668	1/1	\$224.55	AV-W SW T & C
206	09/27/05	\$129,950	685	1/1	\$189.71	Min
210	12/22/05	\$238,000	982	2/2	\$242.36	AV+ SW C-T-MT
208	08/02/06	\$155,500	668	1/1	\$232.78	Min
110	07/26/06	\$202,800	982	2/1.75	\$206.52	Min
203	09/27/06	\$209,000	966	2/2	\$216.36	Min+
310	09/29/06	\$234,000	1,009	2/1.75	\$231.91	Min
109	11/14/06	\$240,000	1,026	2/2	\$233.92	Min
108	11/15/06	\$151,500	668	1/1	\$226.80	Min
303	12/01/06	\$239,000	966	2/1.75	\$247.41	GD

C=City, T=Territorial, MT=Mountain

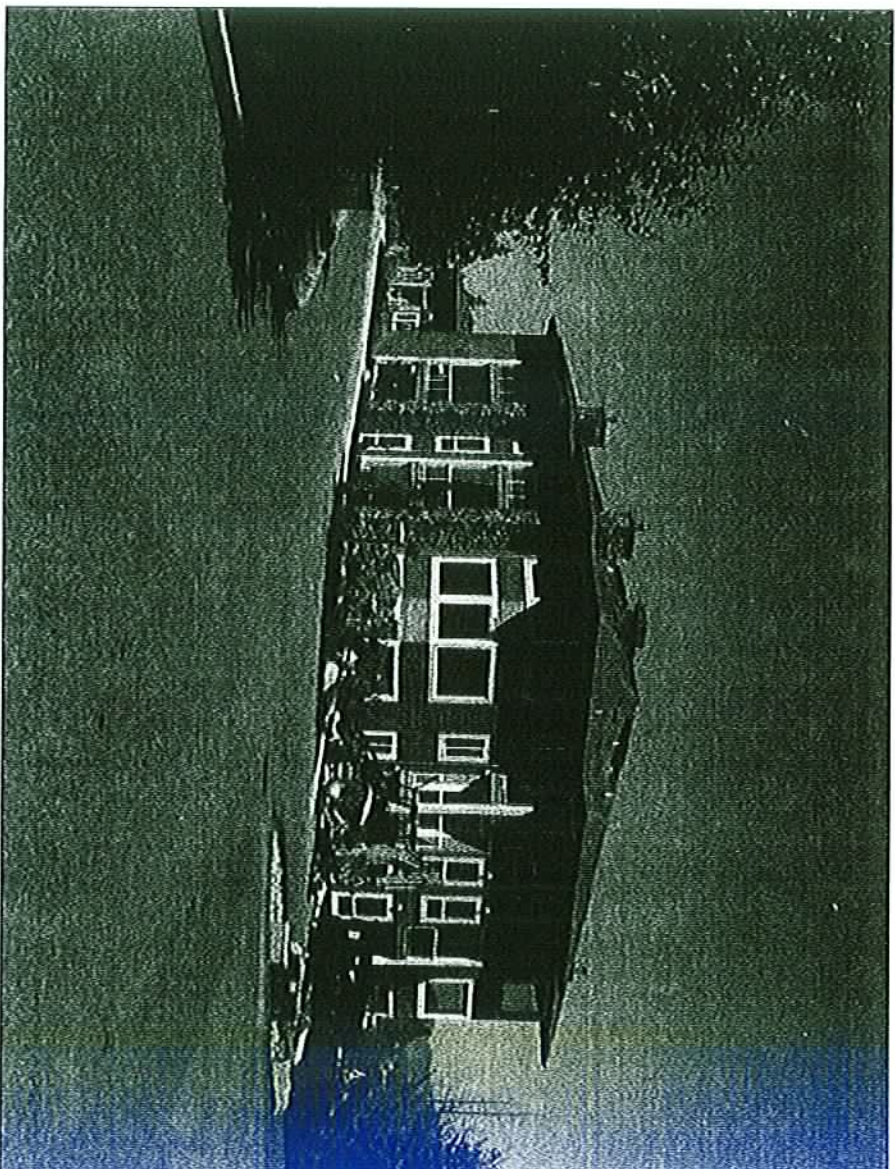
CONDOMINIUM COMPARABLE NO. 4

NAME:

The Ridge at Maddox Creek-Phase II

LOCATION:

1419 Digby Place
Mount Vernon, Washington



DESCRIPTION:

This is an existing 29-unit condominium complex known as Phase II of The Ridge at Maddox Creek, which was primarily completed in June of 2005. It is a three-story plus basement parking garage elevator serviced structure with interior hallways. The unit mix includes 15 two bedroom, two bath units ranging between 985 and 1,085 square feet, 3 units, being two bedroom, two bath ranging between 831 and 880 square feet, 5 one bedroom, one bath units ranging between 691 and 694 square feet, 2 one bedroom, one bath units ranging between 664 and 677 square feet and 4 one bedroom, one bath units ranging between 702 and 709 square feet. The units have decks and/or patios, washer/dryers, full appliances, security system, secured basement parking and gas fireplaces.

The Ridge at Maddox Creek-Phase II

MARKETING DATA:

Following are the sales within the complex

Unit	Sale Date	Sale Price	Unit Size	BR/BA	Price/SF	View
104	06/30/05	\$135,000	684	1/1	\$197.37	None
301	07/01/05	\$238,000	1,075	2/2	\$221.40	Exc. SW C. T. MT
101	07/01/05	\$225,000	1,036	2/2	\$217.18	AV+ SW T. MT
302	07/07/05	\$230,000	1,012	2/2	\$227.27	V-G NW-T
307	07/15/05	\$195,000	1,004	2/2	\$194.22	GID SW C. T. MT
305	07/19/05	\$180,000	691	2/2	\$260.49	Exc-SW. C. T. MT
201	07/19/05	\$230,000	1,057	2/2	\$217.60	V-G SW C.T. MT
107	07/23/05	\$165,000	984	2/2	\$167.68	Fair. SW. C. T. MT
109	08/09/05	\$180,000	1,015	2/2	\$177.34	Min
210	08/18/05	\$225,750	1,012	2/2	\$223.07	AV NW-T
306	08/22/05	\$150,120	664	1/1	\$226.08	AV- NW- T
204	08/30/05	\$152,250	692	1/1	\$220.01	None
309	09/01/05	\$199,000	1,085	2/2	\$183.41	AV SW C. T. MT
206	09/29/05	\$136,500	674	1/1	\$202.52	None - Min
207	10/07/05	\$194,250	1,004	2/2	\$193.48	GD SW. C. M. MT
209	11/21/05	\$208,375	1,033	2/2	\$201.72	AV SW C. T. MT
303	11/29/05	\$210,600	877	1/1.5	\$240.14	Exc SW C.T.MT
105	01/23/06	\$152,900	692	1/1	\$220.95	AV SW C.T.MT
203	03/01/06	\$182,900	865	1/1	\$211.45	VG SW C.T.MT
202	03/01/06	\$219,900	1,009	2/1.75	\$217.94	GD Territorial
102	06/14/06	\$209,900	1,012	2/1.75	\$207.41	AV- NW T
103	06/23/06	\$171,600	837	1/1.5	\$205.02	AV SW C-T-MT
309	09/20/06	\$238,500	1,053	2/1.75	\$226.50	AV SW C-T-MT
208	10/06/06	\$152,000	713	1/1	\$213.18	Fair- North T
108	10/16/06	\$144,900	712	1/1	\$203.51	Min - None

C=City, T=Territorial, MT=Mountain

CONDOMINIUM COMPARABLE NO.

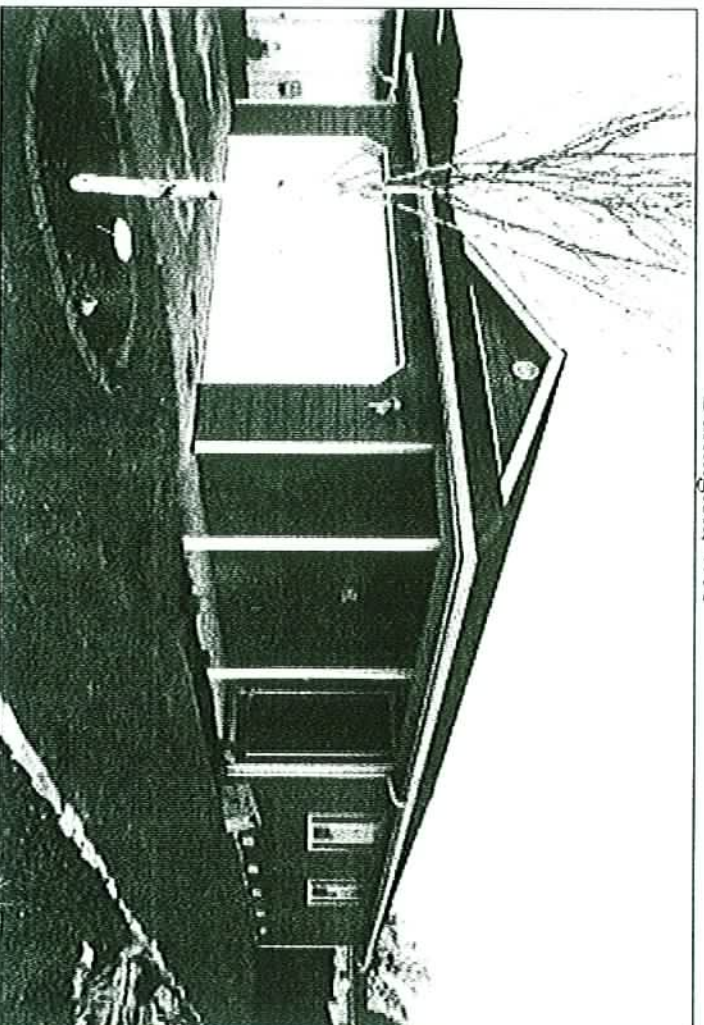
5

NAME:

West Point Condo

LOCATION:

West Point Dr, West Point Pl, West Point Ct
Burlington, WA



DESCRIPTION:

This is a multi-unit detached and common wall duplex condo development constructed in 2000 thru 2002. It has common condominium private streets. The construction quality is average.

MARKETING DATA:

Following are the most recent re-sales within the complex.

Unit	Date	Price	Sq. Ft.	BR/BA	Price/SF
27	03/23/04	\$153,450	872	2/2	\$175.97
7	04/02/04	\$125,000	852	2/2	\$146.71
18	10/13/04	\$151,150	950	3/2	\$159.11
31	11/16/04	\$135,950	838	2/2	\$162.17
22	02/17/05	\$144,950	922	2/1	\$155.03
27	06/10/05	\$167,000	922	2/1	\$181.13
32	07/13/05	\$144,500	820	2/1	\$176.22
25	10/17/05	\$165,000	922	2/1	\$178.96
33	01/30/06	\$180,000	950	3/2	\$189.47
4	03/01/06	\$218,500	1,416	3/2	\$154.31
34	01/02/07	\$193,000	950	2/1.75	\$203.16

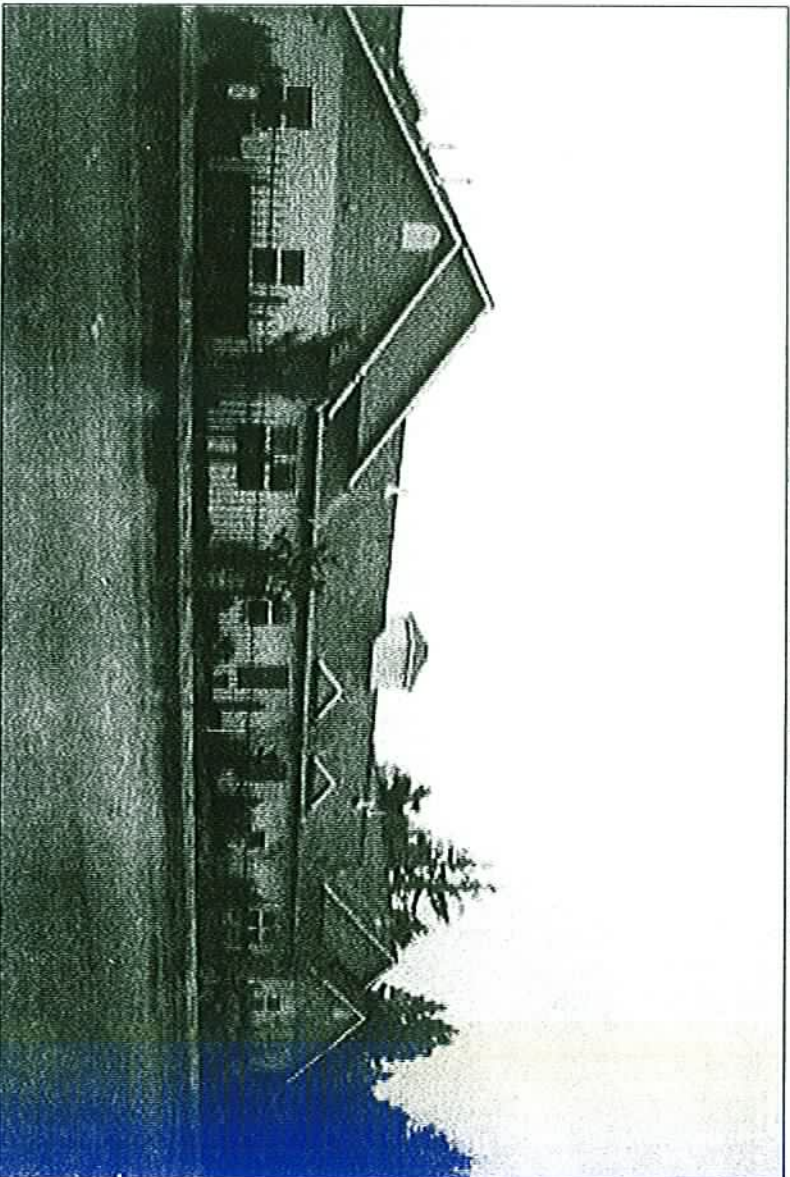
CONDOMINIUM COMPARABLE NO. 6

NAME:

Courtyard Gardens Condominium

LOCATION:

325 N. LaVenture Road, Mount Vernon



DESCRIPTION:

Courtyard Gardens is a wood framed, vinyl siding complex containing eight units ranging from 881 to 1,059 square feet. All units possess one bedroom, one bath and one fireplace. All are heated by natural gas. Each unit has its own patio, garage and raised flowerbeds. Built in 1998, this complex is of average quality.

MARKETING DATA

Following are the most recent sales and current listings within the complex.

Unit	Date	Price	Sq. Ft.	BR/BA	Price/SF
325B	02/99	\$112,500	946	1/1	\$118.92
325A	04/99	\$116,950	1,059	1/1	\$110.43
323B	08/99	\$112,000	975	1/1	\$114.87
323D	10/99	\$109,950	881	1/1	\$124.80
325C	11/00	\$115,000	980	1/1	\$117.35
323A	03/01	\$114,872	904	2/2	\$127.07
325D	03/02	\$131,000	1,100	2/2	\$119.09
323D	05/02	\$112,000	904	1/1	\$123.89
325C	12/02	\$115,000	980	1/1	\$117.35
323B	01/16/04	\$120,000	1,005	1/1	\$119.40
325B	07/01/05	\$148,347	980	1/1	\$151.37
325A	07/28/06	\$180,000	1,100	2/2	\$163.64

CONDOMINIUM COMPARABLE NO.

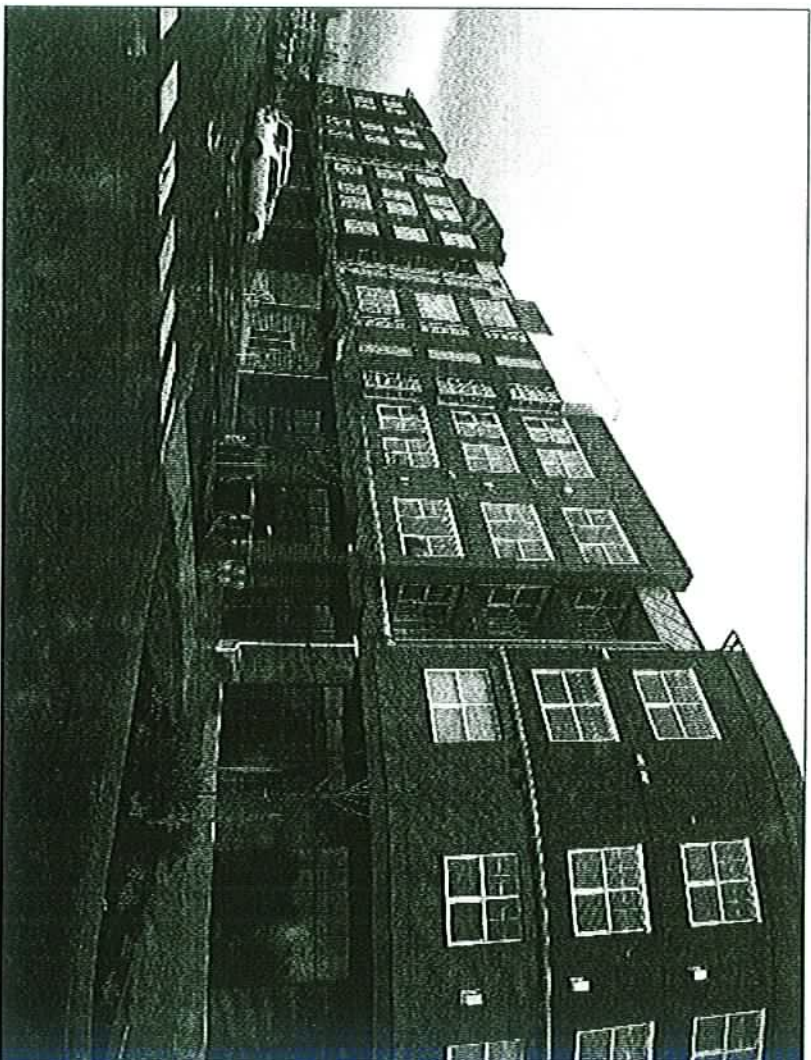
7

NAME:

Village Commons Condominium

LOCATION:

7104 265th Street NW
Stanwood, Washington.



DESCRIPTION:

This is a 54-unit condominium that was completed in late 2005. It consists of three floors and a full secured parking garage below. The units have interior entries, decks, elevator servicing and represent reasonably good quality construction. The units range between 895 and 1,926 square feet and comprise a combination of one bedroom, two bedroom, one and a half bath, and two bedroom, two bath units. It is located in a developed commercial area in southeast Stanwood, Washington near the Haggen's Supermarket.

MARKETING DATA:

Reference is made to the sales chart below, which summarizes the absorption of the 54 units. It is noted that the pending prices have not been confirmed.

Page 2
Village Commons

Unit #	Sale Date	Price	BR/Bath	Sq. Ft.	\$ Per Sq. Ft.
416	11/04/05	\$285,492	2-2	1,468	\$194.48
402	11/10/05	\$265,947	2-2	1,379	\$192.85
414	11/10/05	\$247,500	2-2	1,227	\$201.71
415	11/10/05	\$253,497	2-2	1,227	\$206.60
411	11/16/05	\$280,622	2-2	1,518	\$184.86
316	11/18/05	\$282,090	2-2	1,468	\$192.16
412	11/18/05	\$197,478	1-1	949	\$208.09
401	11/21/05	\$186,657	1-1	895	\$208.56
313	11/22/05	\$273,000	2-2	1,227	\$222.49
310	11/22/05	\$332,552	2-2	1,926	\$172.66
312	11/29/05	\$190,000	2-2	949	\$200.21
305	11/30/05	\$264,310	2-2	1,227	\$215.41
413	12/01/05	\$239,747	2-2	1,227	\$195.39
306	12/02/05	\$259,647	2-2	1,074	\$241.76
205	12/06/06	\$270,150	2-2	1,227	\$220.17
206	12/12/05	\$217,500	2-1½	1,101	\$197.55
210	12/14/05	\$398,000	2-2	1,926	\$206.65
201	12/15/05	\$189,740	1-1	909	\$208.73
407	12/16/05	\$305,850	2-2	1,226	\$249.47
218	12/20/05	\$189,740	1-1	895	\$212.00
317	12/23/05	197,500	1-1	895	\$220.67
307	12/23/05	\$264,310	2-2	1,226	\$215.59
418	12/27/05	\$188,220	1-1	895	\$210.30
215	01/11/06	\$239,051	2-2	1,226	\$194.98
315	01/19/06	\$254,052	2-2	1,227	\$207.05
217	02/13/06	\$167,400	1-1	895	\$187.04
212	02/17/06	\$199,500	1-1	949	\$210.22
406	02/23/06	\$239,436	2-2	1,074	\$222.94
417	03/10/06	\$237,010	1-1	895	\$264.82
207	03/17/06	\$265,800	2-1.5	1,285	\$206.85
301	03/30/06	\$213,850	1-1	895	\$238.94
314	06/15/06	\$291,650	2-2	1,227	\$237.69
318	08/31/06	\$219,010	1-1	895	\$244.70
208	08/31/06	\$249,800	2-2	1,227	\$203.59
408	09/21/06	\$288,155	2-2	1,227	\$234.85
211	09/27/06	\$337,900	2-2	1,518	\$222.60
409	12/14/06	\$289,650	2-2	1,228	\$240.76
209	Pending	\$249,800	2-2	1,227	\$203.59
311	Pending	\$349,900	2-2	1,518	\$230.50
403	Pending	\$289,650	2-2	1,227	\$236.06
304	Active	\$283,350	2-2	1,227	\$230.93
308	Active	\$281,650	2-2	1,227	\$229.54
203	Active	\$263,800	2-2	1,050	\$215.00
214	Active	\$278,150	2-2	1,227	\$226.69
302	Active	\$340,760	2-2	1,383	\$246.39

CONDOMINIUM COMPARABLE NO.

8

NAME:

Lincoln Creek Condominium

LOCATION:

910 Gladstone Street
Bellingham, Washington.



DESCRIPTION:

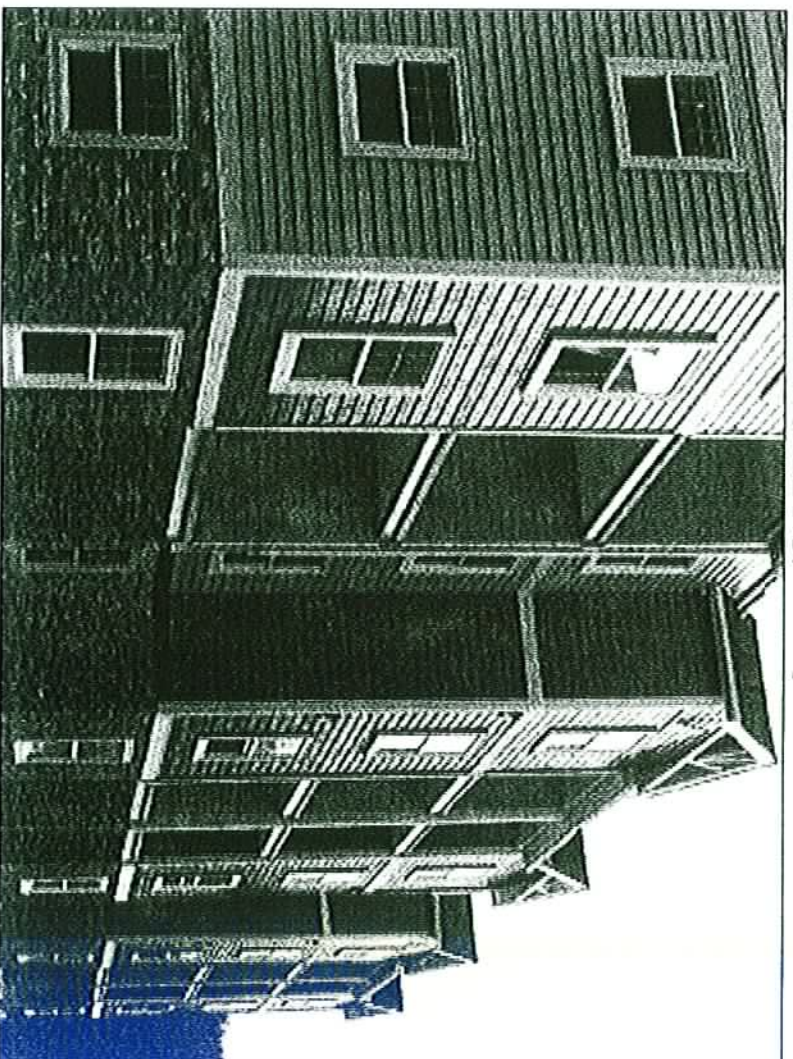
A three-story condominium building with a total of 33 units with eleven units on each floor. The building was completed in the fall of 2005 and features elevator service, underground parking, and all appliances including washer/dryer. The units include balconies, vinyl and carpet flooring. The building is U-shaped with a common courtyard with good landscaping and common areas. The quality of construction is average and this property is located adjacent to a new high-rise heated mini-storage facility. There is a common 15,197 square foot, 43-stall sub grade parking garage below the entire complex with both stair and elevator access to all three levels above. The ground floor of the main building has Type B, as well as 2 Type A unit floor plans. The type A floor plans are designed for handicapped accessibility. The second and third floor layouts are identical, containing only the Type B units. The unit mix is as follows: 9-Studio, 6-1Bed/1Bath, 12-2Bed/1Bath, and 6-3Bed/2Bath units.

MARKETING DATA:

Following are the closed sales within the complex.

Page 2
Lincoln Creek Condominium

Building	Unit	Sale Date	Bed	Bath	Net SF	Base Price	\$/SF
A	307	10/5/2005	3	2	1,096	\$223,160	\$212.13
A	202	10/6/2005	2	1	852	\$166,900	\$204.03
A	102	10/7/2005	2	1	852	\$159,900	\$195.48
B	311	10/11/2005	2	1	793	\$168,289	\$221.14
A	103	10/13/2005	Studio	1	660	\$135,900	\$214.35
A	203	10/13/2005	Studio	1	660	\$135,160	\$204.79
A	205	10/13/2005	Studio	1	660	\$141,900	\$223.82
B	111	10/14/2005	2	1	793	\$147,160	\$193.38
C	209	10/18/2005	2	1	793	\$156,000	\$204.99
A	106	10/20/2005	2	1	852	\$167,000	\$204.16
B	310	10/20/2005	1	1	651	\$131,880	\$211.01
C	108	10/24/2005	1	1	620	\$129,589	\$217.80
C	309	10/24/2005	2	1	793	\$160,815	\$211.32
C	308	10/25/2005	1	1	620	\$142,900	\$240.17
A	302	10/27/2005	2	1	852	\$178,900	\$218.70
A	104	11/1/2005	Studio	1	660	\$135,900	\$214.35
A	105	11/1/2005	Studio	1	660	\$135,900	\$214.35
C	208	11/4/2005	1	1	620	\$130,400	\$210.32
B	210	11/10/2005	1	1	651	\$130,900	\$201.08
B	211	11/14/2005	2	1	793	\$159,900	\$201.64
A	207	11/15/2005	3	2	1,096	\$203,900	\$186.04
A	206	11/29/2005	2	1	852	\$166,900	\$195.89
A	201	11/30/2005	3	2	1,051	\$205,950	\$195.96
A	306	12/16/2005	2	1	852	\$184,701	\$216.79
B	110	1/3/2006	1	1	651	\$125,000	\$192.01
A	304	2/8/2006	Studio	1	660	\$146,420	\$221.85
A	301	2/14/2006	3	2	1,051	\$217,000	\$206.47
A	303	2/27/2006	Studio	1	660	\$145,000	\$219.70
A	107	3/28/2006	3	2	1,096	\$195,000	\$177.92
A	305	3/28/2006	1	1	660	\$146,500	\$221.97
A	101	4/14/2006	3	2	1,051	\$198,900	\$189.24
A	109	5/03/06	2	1	793	\$149,900	\$189.03
A	302	6-30-06 resale	2	1	852	\$190,000	\$223.00

**NAME:**

Cypress Place Condominiums

LOCATION:680, 690, 700 32nd Street
Bellingham, Washington.**DESCRIPTION:**

This is a three building four-story frame single-phase project consisting of 144 total units with the following unit mix: 48 studio units, 48 – 1 bedroom units, and 48 – 2 bedroom/2 bath units. It is located on 32nd Street and is within close proximity to Western Washington University and also Sehome Village.

Studios contain 527 square feet, 1-bedroom units contain 639 square feet, and 2 bedroom units contain 903 square feet. Each studio and 1 bedroom apartment will have one reserved parking space, while 2 bedroom units will have 2 parking spaces. This is considered to be average-plus construction with either stainless or black appliances, and optional finishing packages containing either granite or laminate counter tops, tile or linoleum flooring, carpeting and also fireplaces (2 BR units only). Limited carport spaces are available at an additional charge. The buildings are elevator serviced and units include washer/dryers and porch/decks.

MARKETING DATA:

Construction has been completed for two of three buildings with the last building slated to finish in early 2007. The following chart displays 61 active listings, 1 pending sale, and 34 sold units. According to www.cypressplace.com there are 34 sales, four reservations of unfinished units, and 107 active listings. Building 680 was finished in September with 13 of the 48 units closing within the next week. Building 690 was completed in October with 12 sales in the first couple of weeks. After the initial surge (approximately 25% immediate absorption) from the two recently completed buildings there have been nine sales in 3.5 months, which is analyzed at approximately 2.6 sales per month.

<i>Unit Number</i>	<i>Address</i>	<i>Status</i>	<i>List Price</i>	<i>Sale Price</i>	<i>Sale Date</i>	<i>Style</i>	<i>Sq Ft</i>	<i>Price/ SF</i>
B102	690 32nd St	Active	\$129,900			Studio	487	\$266.74
B103	690	Active	\$214,900			2 BR/2 Bath	850	\$252.82
B104	690	Active	\$151,900			1 BR/1 Bath	599	\$253.59
B105	690	Active	\$211,750			2 BR/2 Bath	850	\$249.12
B106	690	Active	\$151,900			1 BR/1 Bath	599	\$253.59
B107	690	Active	\$211,750			2 BR/2 Bath	850	\$249.12
B109	690	Active	\$214,900			2 BR/2 Bath	850	\$252.82
B111	690	Active	\$131,900			Studio	487	\$270.84
B112	690	Active	\$129,900			Studio	487	\$266.74
B201	690	Active	\$133,900			Studio	487	\$274.95
B202	690	Active	\$129,900			Studio	487	\$266.74
B204	690	Active	\$155,900			1 BR/1 Bath	599	\$260.27
B206	690	Active	\$155,900			1 BR/1 Bath	599	\$260.27
B207	690	Active	\$213,750			2 BR/2 Bath	850	\$251.47
B208	690	Active	\$155,900			1 BR/1 Bath	599	\$260.27
B209	690	Active	\$213,750			2 BR/2 Bath	850	\$251.47
B211	690	Active	\$133,900			Studio	487	\$274.95
B212	690	Active	\$129,900			Studio	487	\$266.74
B301	690	Active	\$133,900			Studio	487	\$274.95
B302	690	Active	\$133,900			Studio	487	\$274.95
B305	690	Active	\$219,900			2 BR/2 Bath	850	\$258.71
B307	690	Active	\$219,900			2 BR/2 Bath	850	\$258.71
B309	690	Active	\$219,900			2 BR/2 Bath	850	\$258.71
B311	690	Active	\$133,900			Studio	487	\$274.95
B312	690	Active	\$134,900			Studio	487	\$277.00
B402	690	Active	\$139,900			Studio	487	\$287.27
B403	690	Active	\$229,900			2 BR/2 Bath	850	\$270.47
B407	690	Active	\$229,900			2 BR/2 Bath	850	\$270.47
B411	690	Active	\$139,900			Studio	487	\$287.27
C101	680	Active	\$131,900			Studio	487	\$270.84
C102	680	Active	\$129,900			Studio	487	\$266.74
C106	680	Active	\$149,900			1 BR/1 Bath	599	\$250.25
C204	680	Active	\$152,400			1 BR/1 Bath	599	\$254.42
C206	680	Active	\$152,400			1 BR/1 Bath	599	\$254.42
C208	680	Active	\$152,400			1 BR/1 Bath	599	\$254.42
C210	680	Active	\$152,400			1 BR/1 Bath	599	\$254.42
C302	680	Active	\$133,900			Studio	487	\$274.95
C304	680	Active	\$155,900			1 BR/1 Bath	599	\$260.27
C306	680	Active	\$155,900			1 BR/1 Bath	599	\$260.27
C308	680	Active	\$155,900			1 BR/1 Bath	599	\$260.27
C310	680	Active	\$155,900			1 BR/1 Bath	599	\$260.27
C312	680	Active	\$133,900			Studio	487	\$274.95
C402	680	Active	\$133,900			Studio	487	\$274.95
C404	680	Active	\$162,900			1 BR/1 Bath	599	\$271.95
C107	680	Active	\$211,750			2 BR/2 Bath	850	\$249.12
C109	680	Active	\$209,900			2 BR/2 Bath	850	\$246.94
C207	680	Active	\$213,750			2 BR/2 Bath	850	\$251.47
C209	680	Active	\$212,900			2 BR/2 Bath	850	\$250.47
C309	680	Active	\$219,900			2 BR/2 Bath	850	\$258.71

C406	680	Active	\$162,900			1 BR/1 Bath	599	\$271.95
C408	680	Active	\$162,900			1 BR/1 Bath	599	\$271.95
C409	680	Active	\$229,900			2 BR/2 Bath	850	\$270.47
C412	680	Active	\$139,900			Studio	487	\$287.27
C311	680	Active	\$133,900			Studio	487	\$274.95
C111	680	Active	\$131,900			Studio	487	\$270.84
C112	680	Active	\$129,900			Studio	487	\$266.74
C201	680	Active	\$133,900			Studio	487	\$274.95
C202	680	Active	\$129,900			Studio	487	\$266.74
C211	680	Active	\$133,900			Studio	487	\$274.95
C212	680	Active	\$129,900			Studio	487	\$266.74
	680	Active	\$133,900			Studio	487	\$274.95
C104	680	Pending	\$149,900			1 BR/1 Bath	599	\$250.25
C403	680	Sold	\$198,657	\$198,657	9/20/2006	2 BR/2 Bath	903	\$220.00
C110	680	Sold	\$143,900	\$143,900	9/21/2006	1 BR/1 Bath	639	\$225.20
C205	680	Sold	\$211,738	\$198,238	9/21/2006	2 BR/2 Bath	903	\$219.53
C411	680	Sold	\$127,495	\$128,995	9/22/2006	Studio	527	\$244.77
C108	680	Sold	\$143,900	\$146,400	9/26/2006	1 BR/1 Bath	639	\$229.11
C103	680	Sold	\$193,750	\$193,750	9/26/2006	2 BR/2 Bath	903	\$214.56
C203	680	Sold	\$211,738	\$213,238	9/26/2006	2 BR/2 Bath	903	\$236.14
C303	680	Sold	\$193,750	\$195,250	9/26/2006	2 BR/2 Bath	903	\$216.22
C307	680	Sold	\$208,750	\$210,250	9/26/2006	2 BR/2 Bath	903	\$232.83
C405	680	Sold	\$198,657	\$198,657	9/26/2006	2 BR/2 Bath	903	\$220.00
C407	680	Sold	\$204,617	\$198,657	9/26/2006	2 BR/2 Bath	903	\$220.00
C105	680	Sold	\$208,750	\$208,750	9/28/2006	2 BR/2 Bath	903	\$231.17
C305	680	Sold	\$215,250	\$213,250	9/28/2006	2 BR/2 Bath	903	\$236.16
B406	690	Sold	\$150,717	\$150,717	10/26/2006	1 BR/1 Bath	639	\$235.86
B410	690	Sold	\$155,239	\$155,239	10/26/2006	1 BR/1 Bath	639	\$242.94
B308	690	Sold	\$149,278	\$149,278	10/27/2006	1 BR/1 Bath	639	\$233.61
B401	690	Sold	\$131,320	\$131,320	10/27/2006	Studio	527	\$249.18
B408	690	Sold	\$165,239	\$155,239	10/27/2006	1 BR/1 Bath	639	\$242.94
C410	680	Sold	\$155,238	\$155,239	10/27/2006	1 BR/1 Bath	599	\$259.16
B101	690	Sold	\$122,898	\$125,398	10/30/2006	Studio	527	\$237.95
B203	690	Sold	\$196,738	\$198,238	10/30/2006	2 BR/2 Bath	903	\$219.53
B310	690	Sold	\$149,278	\$150,778	10/31/2006	1 BR/1 Bath	639	\$235.96
B405	690	Sold	\$198,657	\$200,157	10/31/2006	2 BR/2 Bath	903	\$221.66
B205	690	Sold	\$211,738	\$211,738	11/2/2006	2 BR/2 Bath	903	\$234.48
B409	690	Sold	\$199,957	\$201,457	11/6/2006	2 BR/2 Bath	903	\$223.10
B303	690	Sold	\$218,250	\$215,750	11/7/2006	2 BR/2 Bath	903	\$238.93
B108	690	Sold	\$145,400	\$145,400	11/16/2006	1 BR/1 Bath	639	\$227.54
C401	680	Sold	\$127,495	\$127,495	11/20/2006	Studio	487	\$261.80
B110	690	Sold	\$145,400	\$147,900	12/5/2006	1 BR/1 Bath	639	\$231.46
B210	690	Sold	\$149,278	\$149,278	12/14/2006	1 BR/1 Bath	599	\$249.21
B412	690	Sold	\$129,995	\$132,495	12/15/2006	Studio	487	\$272.06
B306	690	Sold	\$149,278	\$151,778	12/18/2006	1 BR/1 Bath	599	\$253.39
B404	690	Sold	\$150,717	\$150,717	12/19/2006	Studio	639	\$235.86
B304	690	Sold	\$149,278	\$156,018	12/21/2006	1 BR/1 Bath	599	\$260.46

QUALIFICATIONS OF APPRAISER Don A. Gustafson, MAI, SRA, SRPA

EDUCATION

- BA in Social Sciences, University of Puget Sound; Urban Development Economics Course, University of Washington.
- Completed Appraisal Courses I, II and VI conducted by American Institute of Real Estate Appraisers at Seattle University and University of Colorado (Course I - Basic Appraisal Principles, Methods & techniques; Course II - Urban Property Analysis; Course VI - Investment Analysis - Mortgage Equity Technique).
- Have successfully completed Society of Real Estate Appraisers Course 101, R-2 Examinations and Narrative Report Seminar; Appraisal Institute Course Highest & Best, Market Analysis.
- Extensive number of specialized seminars and courses

BUSINESS EXPERIENCE

- 1969-1973 Staff Appraiser for King County Property Management Department. Duties included appraisals on commercial, industrial and residential properties.
- 1973-09/77 Associate Appraiser with Eastman Company, Seattle, Washington, a real estate appraisal firm specializing in commercial, industrial and residential properties.
- 09/77 - 9/98 Co-Owner & Associate with Miller Real Estate, Inc., Bellingham, W.A., a real estate appraisal firm specializing in commercial, industrial and residential properties.
- 08/98 to Present Owner of Gustafson & Associates, a real estate appraisal company specializing in commercial, industrial, multi-family and single family residential appraisals.

CLIENTELE INCLUDES:

Bank of America	Internal Revenue Service	Key Bank
City of Bellingham	Whatcom County	Port of Bellingham
City of Blaine	Frontier Bank	Peoples Bank
City of Anacortes	Skagit County	Banner Bank
City of Sedro Woolley	City of Mt. Vernon	First Mutual Bank
City of Seattle	Bank Northwest	Port of Skagit County
Whatcom County Parks Department	Whatcom Transit Authority	Wells Fargo Bank
Municipality of Metropolitan Seattle	Skagit State Bank	Horizon Bank
Washington Mutual Savings Bank	Seattle Mortgage Company	U. S. Bancorp
Canadian Imperial Bank of Commerce	Georgia Pacific Corp.	Whidbey Island Bank
Various other corporations, attorneys and individuals.		

PROFESSIONAL SOCIETIES

- Appraisal Institute
- Licensed with State of W.A. - General Classification
- License No. 1100649

PROFESSIONAL DESIGNATIONS

Awarded American Institute of Real Estate Appraisers' MAI designation and awarded the SRPA, SRA designations from Society of Real Estate Appraisers prior to consolidation.

COURT EXPERIENCE

Has qualified as expert witness and testified in superior courts of State of Washington and U.S. Federal Court. Has also testified before numerous county boards of equalization and state board of tax appeals.

QUALIFICATIONS OF APPRAISER Braden Gustafson

EDUCATION

- University of Washington, Bachelor of Science degree in Mechanical Engineering.

Appraisal Institute Courses

- Appraisal Procedures
- Standards of Professional Appraisal Practice
- Standards of Business Ethics

Appraisal Courses and Seminars

- Allied Appraisal – Introduction to Real Estate Appraisal
- Mykut – What's It Worth
- Mykut – Real Estate Law
- Mykut - USPAP

BUSINESS EXPERIENCE:

- Jones Engineers, Bellingham, Washington
- Gustafson and Associates, Bellingham, Washington – Associate Appraiser

CLIENTELE INCLUDES:

(Through Don A Gustafson)

- Bank of the Pacific
- US Bank
- Horizon Bank
- Wells Fargo
- Frontier Bank
- Skagit State Bank
- Peoples Bank

PROFESSIONAL SOCIETIES

- Appraisal Institute

PROFESSIONAL DESIGNATIONS:

Certified Real Estate Appraiser-State of Washington
General Certification-Certification Number: 1101684