

A NARRATIVE APPRAISAL REPORT
OF AN OFFICE BUILDING
LOCATED AT
2348 BALDWIN AVENUE
OROVILLE, BUTTE COUNTY, CA 95966



PREPARED FOR

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REAL ESTATE SERVICES DIVISION

BY

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August 11, 2014

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Department of General Services
Real Estate Services Division
Project Mgmt. & Development Branch –RPSS
707 3rd Street, 5th Floor
West Sacramento, CA 95605

Subject: Market Value Appraisal – EDD Oroville Surplus Property located at 2348 Baldwin Avenue, Oroville, Butte County, CA. Service Order #3177176

Dear Mr. Lang,

I am pleased to submit the accompanying appraisal of the EDD Oroville surplus property located at 2348 Baldwin Avenue, Oroville Butte County, California. The purpose of the appraisal is to develop an opinion of the market value of the fee simple interest in the property as of the date of valuation, August 1, 2014.

This is a narrative appraisal report, which is intended to comply with the Uniform Standards of Professional Appraisal Practice (USPAP), and reporting requirements set forth in Standards Rule 2-2 of the Uniform Standards of Appraisal Practice. The depth of discussion contained in this report is specific to the needs of the client and the intended use of this appraisal. This appraisal is intended to be in conformance with the California Department of General Services appraisal guidelines and the appraisal standards required by 12 CFR Part 34 and 225 dated June 7, 1994 and OCC 94-55 dated October 28, 1994 and the Interagency Appraisal and Evaluation Guidelines effective December 10, 2010.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in this report, the fee simple market value of the subject property as of August 1, 2014 is:

SUMMARY OF VALUE		
VALUATION PREMISE	DATE OF VALUE	OPINION OF VALUE
FEE SIMPLE MARKET VALUE	August 1, 2014	\$370,000

Respectfully submitted,



Jodi L. White
Certified General Real Estate Appraiser
CA Lic. No. AG044936

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SUMMARY OF SALIENT FACTS & CONCLUSIONS

Property Appraised:	2348 Baldwin Avenue, Oroville, CA
Property Type:	Office Building
Gross Site Area:	1.14± Acres; 49,658± Square Feet
Assessor's Parcel No.:	012-100-018
Improvements:	5,265± SF Gross/Rentable Building Area
Flood Area:	Zone X - Not Located In A Flood Zone
Ownership:	State of California
Zoning:	C-1, Limited Commercial
Highest and Best Use:	Continued Office Use
Property Rights Appraised:	Fee Simple
Date of Value:	August 1, 2014
Opinion of Value:	\$370,000

IDENTIFICATION OF THE SUBJECT

The subject is a 5,265± square foot office building situated on a 1.14± acre site. The Assessor's Parcel Number for the subject is 012-100-018. The street address is 2348 Baldwin Avenue, Oroville, Butte County, CA 95966. A formal legal description is in the Addenda.

CURRENT OWNERSHIP AND SALES HISTORY

The subject property has been under the ownership of the State of California since November 30, 1965, as recorded in Document No. 30358, Book 1376, Page 137, Official Records of Butte County.

The building is occupied by the State of California Employment Development Department (EDD) of Oroville.

The property is not currently listed for sale and there have been no other transactions within the preceding three year period.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the fee simple market value of the subject considering its "As Is" condition.

DEFINITION OF MARKET VALUE

The definition of Fair Market Value used in this analysis, as defined by the California Code of Civil Procedure, Section 1263.320 is:

"(a) The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available.

(b) The fair market value of property taken for which there is no relevant, comparable market is its value on the date of valuation as determined by any method of valuation that is just and equitable. "

PROPERTY RIGHTS APPRAISED

The value herein refers to the fee simple interest that 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.* (Source: The Dictionary of Real Estate Appraisal, Fourth Edition, 2002.)

CLIENT AND INTENDED USERS OF THE APPRAISAL

This report is intended for use only by The State of California, Department of General Services and the U.S. Department of Labor. Use of this report by others is not intended by the appraisers.

INTENDED USE OF THE APPRAISAL

The function or intended use of this appraisal report is to serve as a guide to The State of California, Department of General Services and the U.S. Department of Labor for internal planning purposes.

DATE OF VALUATION

The date of valuation is August 1, 2014, which is the most recent date that an exterior inspection of the building and site was conducted. An interior inspection was conducted in July 2013 for a previous appraisal assignment. However, at the request of the client, an interior inspection was not conducted for this analysis. The report is based on the extraordinary assumption that the interior of the building is in average condition as it was at the time of the previous inspection.

MARKETING PERIOD/EXPOSURE TIME

A reasonable marketing period for the subject parcel, in light of the property's present characteristics and current market conditions, is twelve months, which assumes a cash equivalent sale price. The exposure time is also estimated at twelve months.

SCOPE OF THE APPRAISAL

The scope of this appraisal is to collect and analyze a sufficient amount of information to properly value the subject property under the scenario outlined

above. An exterior inspection of the building and site was conducted. An interior inspection was not conducted.

An extensive rent survey and sale search was conducted within the Chico and Oroville Urban Areas to collect information relating to improved office building sales and listings, income and expense information, as well as comparable rental information. Information was culled from various public and propriety sources such as the local MLS service, RealQuest Professional, Loopnet, the Butte County Assessor and Tax Assessor, and the City of Oroville Planning Department, amongst others. All of the market data used has been verified by at least one principal, broker or leasing agent in the transaction. Appropriate recording documents have also been obtained. These data are used to determine the highest and best use of the subject property and to estimate the respective market value discussed above.

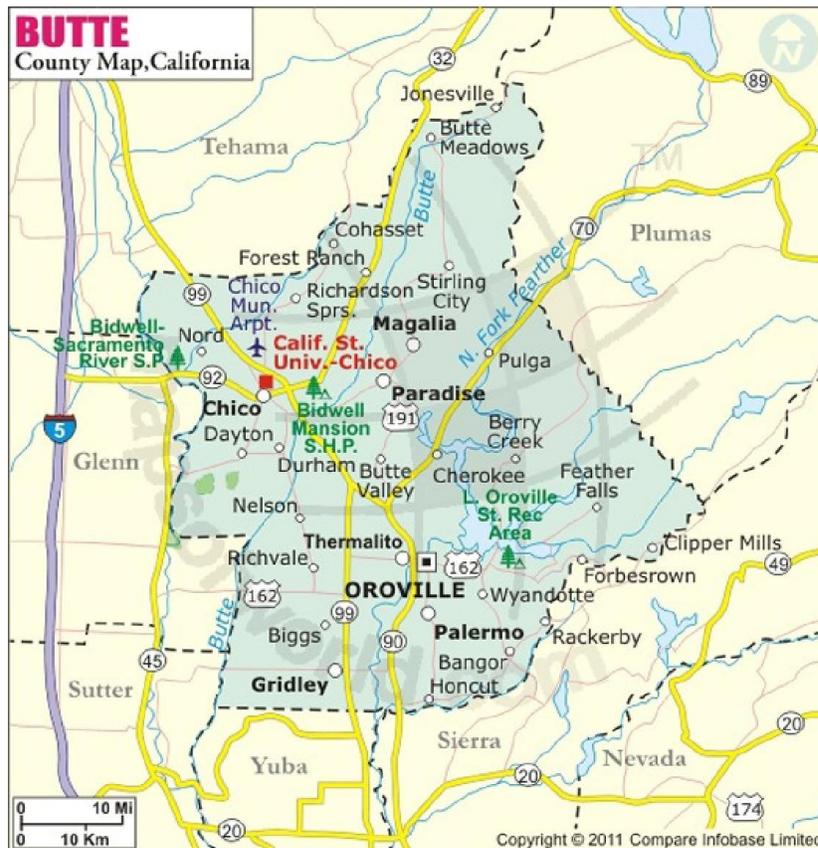
Ultimately, the fee simple market value is determined by applying the sales comparison and income approaches to value. Due to the age of the improvements and the difficulty associated with extraction of accrued depreciation, the cost approach is omitted. Investors of this property type typically do not make purchase decisions based on the cost approach for older buildings.

EXTRAORDINARY ASSUMPTION

The Uniform Standards of Professional Appraisal Practice defines an extraordinary assumption as “an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which if found to be false, could alter the appraiser’s opinions or conclusions”. For this assignment, an exterior inspection of the site and building was conducted. At the request of the client, the interior of the improvements was not inspected. However, the interior was inspected in July 2013, during a previous appraisal assignment. This analysis is based on the extraordinary assumption that the subject building is in average condition for its age, similar to what was observed in July 2013. The appraiser reserves the right to review and possibly revise the opinion of value if the interior is in significantly different condition from what is assumed for this analysis.

BUTTE COUNTY AREA DATA

The subject property is located in Chico, the largest incorporated area in Butte County. Butte County is centrally located on the east side of the Sacramento Valley extending easterly from the Sacramento River into the foothills and mountains of the Sierra Nevada mountain range. Chico is approximately halfway between Redding to the north and Sacramento to the south. It is the largest population center within Butte County. The county seat is the City of Oroville, located twenty miles to the southeast of Chico.



The primary transportation system serving the county is highways, including U.S. Highway 99E, a north-south route that is a freeway near and through Chico, and mostly a two-lane highway through the remainder of the county. California Highways 32 and 162 are east-west routes linking Butte County with Interstate 5 freeway from Glenn County. Highway 32 extends northeasterly from Chico towards Lassen Volcanic National Park and Susanville. State Highway 70, which parallels Highway 99 in the south-central portion of the county extends to Oroville and then turns northeasterly up the Feather River Canyon to Quincy and Reno.

The population of Butte County was estimated at 221,485 in 2013. The largest incorporated areas in the county include the city of Chico estimated at 87,671, and Oroville, population 15,979 (also the county seat). The Town of Paradise is estimated at 26,063. Magalia, an unincorporated town of Butte County abutting Paradise on its northern border, has an approximate population of 10,000. Population has grown by about 2% over the past six years.

Chico is the main trade and cultural center servicing a region, which encompasses much of the valley north of Sacramento and south of Redding, including much of Glenn and Tehama counties. California State University, Chico has an annual enrollment of approximately 15,000 full-time equivalent students and is the city's largest employer, providing over 5,000 jobs. The economic and cultural impact of the university is a substantial social factor.



Enloe Hospital is a large medical facility that services a wide geographic region, providing medical specialization and training programs not available throughout much of the Central Sacramento Valley and surrounding mountain communities. The hospital is currently in the midst of a 130 million dollar expansion known as the Century Project.

The City of Chico's Bidwell Park is the second largest city park in the United States and has 3,700 acres extending 10 miles along Big Chico Creek from the valley floor near the central business district into a steep canyon toward the east. The park includes an 18-hole golf course, two staffed swimming areas, playgrounds, picnic areas, and a wide variety of other service such as ball fields, hiking trails, bike trails and swimming holes. Butte County features an abundance of outdoor recreation, including hunting and fishing, all provided by the rivers, streams, and mountainous terrain. Lake Oroville on the Feather River is also a popular area for water sports. Camping and hiking opportunities exist throughout the area.



The economic base of Butte County has historically had its foundation in agricultural resources, which contributes a major share of the counties annual gross income. Within the county, the major employers include the nut processing industry and wood products industry, as well as other light industrial employers

and food processing. Regional service and retail trade are also major sources of employment in Chico. Recreational employment is most significant near Lake Oroville. The unemployment rate in Butte County is 10% as of February 2014. The City of Chico tends to fare better than the county average due to the presence of the university, hospitals, schools and other large employers in the area.

In summary, Chico is recovering from the recent recessionary period. Residential building permits have continued to tick upward over the past year, and several stalled developments have begun selling lots and homes again. Homes are affordable and interest rates remain low. There is a normal supply of finished lots in the Chico area. These factors are likely to result in increased demand and pricing over time. Apartment construction activity has also increased over the past year throughout the city and existing apartments are experiencing high occupancy levels. Rental rates are increasing at a slow rate.

The Chico commercial market is also rebounding, with new retailers entering the market and a limited amount of new office construction underway. Recent new retailers to the market include BevMo, Dick's Sporting Goods, Sportsman's Warehouse, Goodwill Industries, and Guitar Center. Rental rates tend to range from \$0.75 to \$1.00 per square foot for retail and general office space and vacancy levels for these property segments is about 10% overall. Industrial properties are also experiencing an increase in leasing activity. Rental rates tend to range from \$0.30 to \$0.45 per square foot per month for warehouse space. Slightly higher rates apply for properties with a higher percentage of quality office space and newer, good quality buildings in general.

Chico and Butte County provide all necessary components for a well-rounded urban area. The character of the area is expected to remain unchanged over the long term.

NEIGHBORHOOD AREA DATA

The subject is located just to the south of the historic district of downtown Oroville. The neighborhood boundaries are defined as Montgomery Street on the north (and the Feather River), Oro-Dam Boulevard on the south, Oliver Street to the east and Oak Street to the west. Residential uses are scattered throughout the neighborhood. Primary streets serving the neighborhood include east/west arteries such as Montgomery Street, Bird Street and Robinson Street; as well as north/south roads including Lincoln Street, Huntoon Street and Myers Street. The subject is situated just south of the commercial core, on Baldwin Avenue. This street extends east from Myers Street just south of the Pacific Coast Rail Road.

The Oroville Historic District is home to several local boutiques, antique stores, gift and thrift stores, restaurants and other specialty retail stores such as a bike store and tattoo shops. Some of the shops include My Babies Closet, What to Wear, Feather River Kitchen, Day Dreams Gifts, to name a few. The Butte County Educational Offices and other government agencies are also located in the downtown area. Most of the retail establishments and business services are housed in storefront buildings some of which have second floor storage, rental apartments or small office spaces. The State Theater building is situated on Myers Street, and is a redevelopment project that includes ground floor retail space along Myers and the historic Oroville State Theater. One of the more prominent buildings in the downtown area is the Oroville Inn. Completed in 1930, this is a five-story, 48,000± square foot structure that originally housed 90 hotel rooms along with a banquet room and about 10,000 square feet of street level retail. It is currently vacant and in disrepair. However, its Spanish Revival architecture and prime location within the market enhances its mixed-use potential.

The downtown core has several retail and office spaces available for lease. A physical inspection of the area revealed approximately eight buildings with approximately 44,218± square feet of vacant retail and office space available for lease. The appraiser also did a cursory review of public records in an attempt to quantify the total commercial square footage in the downtown core. This search indicated there is about 280,000 square feet of commercial space in the defined area. This would suggest a downtown commercial vacancy level of approximately 15%. The vast majority of buildings in the downtown core were built prior to 1940, and many were completed in the very early 1900's. Over the years, several of the professional office buildings have been renovated and modernized to accommodate a variety of users such as county administration offices, real estate offices, legal and engineering firms. The largest tenant/owners of office space in the downtown

core include the Butte County Office of Education, City Hall, and Chamber of Commerce.

The downtown commercial core is surrounded by established residential neighborhoods including single family and multi-family developments. Most of the multi-family residential properties were built between the 1950's and 1970's, although several were built prior to 1950. According to a physical inspection of the market, and a search of public records, the City of Oroville has approximately 1,060 apartment units totaling about 962,700 square feet. The vacancy level appears to be in the 10% range overall.

Traffic circulation in the subject area is considered average. Freeway access to Highway 70 is approximately two miles west along Montgomery Street. Oro-Dam Boulevard (Highway 162) is less than one mile south of the subject and can be accessed from Myers Street. Oroville High School is within a mile. Larger regional and national retailers and grocery anchored shopping centers can be found outside the downtown core, along Feather River Boulevard and Oro-Dam Boulevard and are within a five minute drive from the subject. Some of the national and regional retailers serving the broader Oroville market include Home Depot, Staples, Walmart, Holiday Inn, Foodmaxx, Raley's, etc. The newest retailer to enter the broader market is Marshalls Department Store which has leased 25,000 square feet of space at the Currier's Square Shopping Center located at the corner of Myers Street and Oro-Dam Boulevard.

In summary, the subject neighborhood is nearly built out. The overall character of the area is historic in nature with a heavy influence of government agencies and a mix of specialty stores and restaurants typical of small downtown locales. The vacancy level for office and retail space is about 15% but there has been some recent leasing in the immediate market which is an indication that the economic conditions may be slowly improving. That said, rent levels remain slightly depressed.

The subject site is situated on a local street that is built out with a mix of older, single family residential uses, a church and a scattering of destination location type commercial establishments including the California EDD offices, and the Oroville Family Resource Center. In conclusion, all of the components of a well-rounded neighborhood exist and the character of the neighborhood will remain the same for many years.

LOCATION AND ACCESS

The subject site is situated on the north side of Baldwin Avenue. Ingress and egress to the site is from two curb cut entry drives, an entry drive on the west side of the building and an exit drive on the east side of the building. The Union Pacific Railroad extends along the northern boundary of the site.

SITE AREA:

The subject has a site area of 1.14± gross acres, or 49,658± gross square feet per the Assessor's Map.

SHAPE/DIMENSIONS/TOPOGRAPHY:

A boundary survey was not provided. The following calculations are based on the Assessor's map. The site's shape is an irregular rectangle with a maximum width of approximately 274± feet on its northern boundary that extends along the railroad. The southern boundary extends for approximately 212± feet along Baldwin Avenue. The eastern boundary is approximately 297± feet and the western boundary extends for approximately 216± feet. This parcel is level and at grade with Baldwin Avenue.

UTILITIES/DRAINAGE/OFF SITES:

All urban utilities, including water, sewer, and electric, are available at the site. Waste services are supplied by either of two private local refuse disposal companies. Police and fire protection are provided by the City of Oroville. Full street improvements including curb, gutter, sidewalks and street lights are in place along Baldwin Avenue.

FLOOD ZONE:

The subject property is located within Butte County, which is an area that does participate in the F.E.M.A. flood insurance program. The property is located in Zone X, which is located outside the 500-year flood plain. This is identified on the F.E.M.A. Flood Insurance Rate Map, Community Panel No. 06007C0795E, dated January 6, 2011.

ZONING:

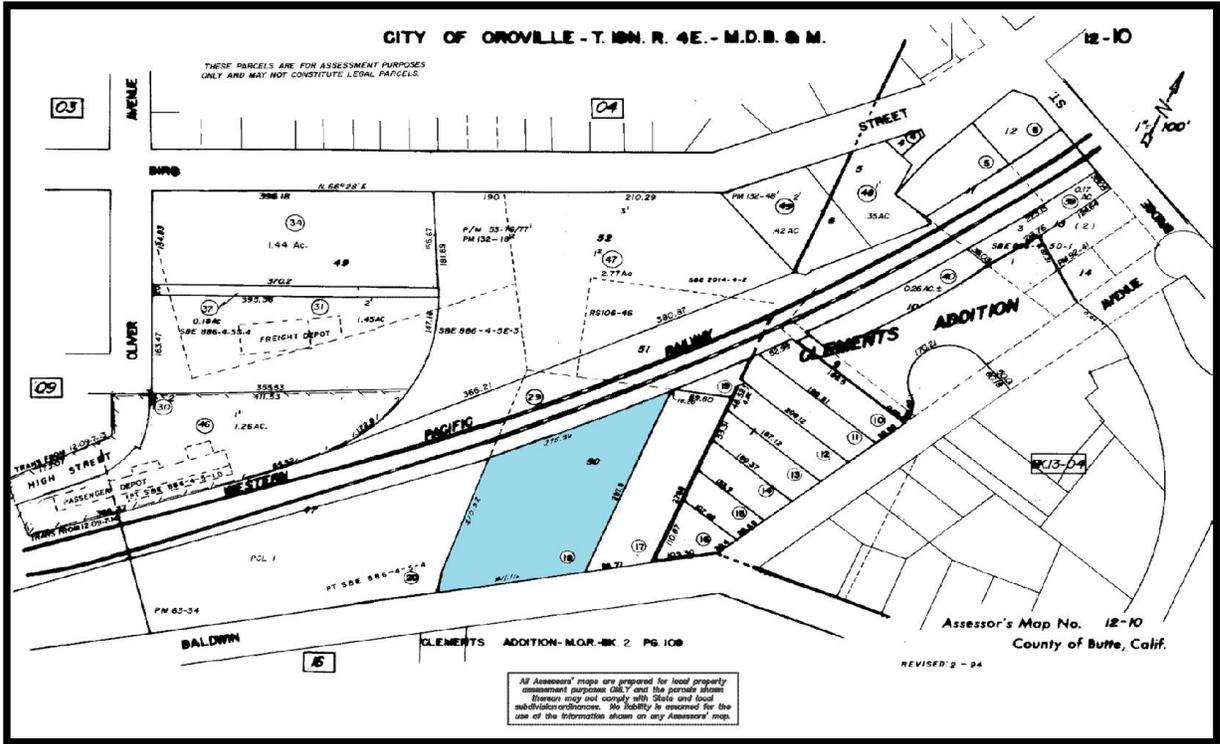
The subject is governed by a C-1, Limited Commercial zoning district and an RBS, Retail Business Services General Plan designation. The C-1 district is intended to provide commercial areas within the city where less-intensive retail sales and service activities may be accommodated. A wide variety of uses are allowed outright, including but not limited to, drive-thru pharmacy establishments, food and beverage sales, general retail up to 40,000 square feet, plant nursery or garden supply stores, restaurant, bank or financial services, business support service, professional and general office, and small appliance service repair. Other uses are allowed with a conditional use permit. The subject represents a legally conforming use of the site.

EASEMENTS/ENCROACHMENTS:

A preliminary title report was reviewed for existing easements and encroachments (if any) on the site. This document did not reveal any easements or encroachments that have an adverse impact on value.

A parcel map of the subject and an aerial view illustrating the improvements relative to the site are presented on the next page. The parcel lines on the aerial are approximated and should only be used for illustration and not for exact dimensions.

PARCEL MAP



AERIAL VIEW SITE & IMPROVEMENTS



TAXES AND ASSESSMENTS

No property taxes are applicable to this parcel because it is currently owned by the State of California, and is exempt from taxation.

Beginning with the 1981-1982 assessment roll, all property in the County is assessed at 100 percent of full cash value as determined by staff appraisal of the County Assessor's Office. Prior to the 1981-1982 assessment roll, the assessed ratio statewide was 25 percent. Full cash value is defined as market value at the time of property transfer or the 1975-76 assessed values modified at the compounded rate of 2 percent per annum.

With the passage of Proposition 13, or the Jarvis-Gann Initiative, it is highly likely that a transfer of the property could result in a different assessment level and, hence, a different tax burden. For the purpose of calculation, an approximate tax burden assuming a sale to a private entity, may be calculated by multiplying the appraised value of the property or potential sale price by the tax rate.

DESCRIPTION OF IMPROVEMENTS

The subject is an average quality, Class C office building that was completed in 1965. Due to the age of the improvements, construction plans were not available. The following description is based on a physical inspection of the site as well as discussions with property representatives and a review of public record information. Field measurements of the building indicate a total of 5,265± square feet of building area, configured in a rectangle shape. A building-to-land ratio of 10.6% is indicated, based on the gross site area of 49,658± square feet. This ratio is on the low end of the typical range seen for comparable properties in this market. Given the shape of the site, and the configuration of the building on the site, the additional land area is considered to be surplus.

The building features concrete construction clad with rubble stone veneer on a concrete slab foundation. The roof is flat. An eight foot canopy over hang extends along the east and west perimeter of the building, covering a four-foot wide, concrete sidewalk. The canopy over hangs extends a distance of four feet on north and south perimeter of the building. Roof-mounted, central HVAC systems provide air conditioning and heat to the building. Interior finishes include vinyl tile and low pile carpet, painted drywall, suspended t-bar, recessed or suspended lighting. Interior doors are solid core, wood. The building is served by two electrical panels, each 400 amp with three phase electrical service. The building is demised to include a front reception/client area that separated from a large, open area configured with cubicles. Public restrooms are located in the reception area. There is a conference room located on the east side of the building. The rear portion of the building is demised to include staff restrooms, a break room, manager's office, storage/server room, and janitors' closet. Electrical and mechanical rooms are situated at the rear of the building and are accessed from the exterior. The building is secured with security cameras, fire and intrusion alarms. Site improvements include an asphalt paved parking lot with 75 striped and curbed parking spaces. The building is ADA compliant, with ramp access along the west side of building. There is a large concrete area at the front of the building with planter beds and mature trees along the perimeter of the site.

In summary, the subject is an average quality Class C office building configured as a government office. It has good visual appeal and is considered to be in average condition overall. The landscaping and site improvements are in average condition. The effective age of the building is estimated to be 20 to 25 years. Overall, a remaining economic life of 20 to 25 years is estimated.

Subject Photographs



Exterior view of subject from Baldwin Avenue



Exterior view of improvements and parking lot facing east

Subject Photographs Continued



View of subject from rear parking lot, facing southwest



Street scene facing west on Baldwin Avenue from subject

HIGHEST AND BEST USE

The highest and best use determination is critical to the appraisal of any property. It helps to ensure the selection of appropriate comparable properties for use in all the approaches. It also aids in the determination of those uses that will produce the highest net return to the land. 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 of highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity”. Source: (The Dictionary of Real Estate Appraisal, Fourth Edition, 2002.)

The subject is a 5,265± square foot office building constructed in 1965. In determining the highest and best use of the land as vacant, consideration is given to the existing zoning and general plan, property location, topography, access, exposure, occupancy, and market demand in the area.

The site contains 1.14± gross acres and is generally rectangular in shape. It is situated on a secondary commercial node serving the market. The site is level and at road grade. Furthermore, all necessary utilities are available to support the existing building improvements.

Given the existing zoning, topography and existing infrastructure, an office or commercial use is both legally permissible and physically possible. To be financially feasible and maximally productive, the use would have to properly utilize the site and generate the highest net return to the land. Given its location on a secondary arterial with a mixed office/residential character, it is the appraiser’s opinion that an office use can generate the highest net return to the land. However, demand for speculative office properties is generally very weak at present. This is evidenced by the lack of land sale transactions and new construction in the market. The cost of construction is high for buildings such as the subject.

In addition, rental rates and occupancy levels in existing buildings remain compressed. These factors suggest that speculative development is not currently feasible. However, a build-to-suit development for an owner-user would likely have a value commensurate with its cost. Thus, the highest and best use of the land *as vacant* would be future development with a commercial or professional office use when market conditions improve and demand increases. Alternatively, the site could be developed today for owner-occupancy.

Highest and Best Use As Improved

As indicated, the subject is improved with a 5,265± square foot general office building that has good quality construction and is in average condition. The building-to-land ratio is 10.6%. This is at the low end of the typical range for office buildings but it is noted that the subject is a government building that serves as an employment development office. Public buildings such as this require more on site parking than typical office users. Additionally, it should be mentioned that given the shape of the site at the rear and the placement of the building on the site, there is not considered to be excess land on the property, at least not beyond the benefit of the additional parking.

The building improvements are considered to have value well above the land as vacant with a remaining economic life of at least 20 to 25 years or more. For these reasons, the highest and best use of the subject as improved is for continued use as an office property. It is currently occupied by a government agency but the configuration and interior demising is conducive to a number of public or private users, as the open floor plan is quite adaptable.

METHODOLOGY OF VALUATION

The appraisal of real estate usually considers the Sales Comparison, Cost and Income Approaches to value.

The sales comparison approach is a method of establishing market value by comparing the subject property to similar properties that have recently sold or are listed for sale in an effort to determine the most probable price at which the subject would likely sell if offered on the open market. This method of valuation is preferred for the owner-occupant segment of the market and has some application for the small investor and special use properties. This approach functions well in an active market where the prices serve as good indicators of the most probable selling price of the subject as of the date of valuation. For this analysis, a survey of the Oroville and broader Butte County market including Chico and Gridley was conducted for sales and listings of office buildings.

The income capitalization approach involves capitalizing the net income stream into an indication of value through the use of an appropriate overall capitalization rate. The steps involve calculating the annual net income from actual or market rents (depending on which is more applicable), minus deductions for vacancy and normal operating expenses. The overall capitalization rate is developed through an extraction of rates from comparable sales and applied to the net income of the subject. In order to estimate the net income potential, historical and pro forma operating statements for the subject are reviewed where possible. Operating data obtained from comparable properties are also reviewed. This approach to value is most typically used by investors of income properties as they are more interested in the income potential than physical aspects of a particular property.

The cost approach is based on the principle of substitution that a purchaser would most likely not pay more for a property than the cost of obtaining an equally desirable site, plus the cost of replacing equally desirable and useful improvements. This assumes no costly delay is involved in making the substitution. This approach has practical application when a property is new and where the improvements are special purpose in nature. The local market typically does not emphasize this approach in part because of the difficulty in estimating accrued depreciation and because depreciated replacement values are not the usual motivating factor for buyers and sellers for older properties. For these reasons, the cost approach is omitted.

SALES COMPARISON APPROACH

The sales comparison approach is based on an analysis of prices that are paid for similar competitive properties located in the same or an analogous market. For this analysis, the search for active listings, closed sales and pending transactions of office buildings included Oroville, and the broader Butte County market. This approach works best in an active market where the prices paid serve as good indicators of the most probable selling price of the subject property as of the date of valuation. Elements of comparison in the sales comparison approach may include property rights transferred, financing, motivations of buyers and sellers, market conditions, location, and physical characteristics. Ideally, properties with a similar market, size, and income potential are available for the analysis. In reality, the validity of the approach is sometimes limited due to the lack of truly comparable sales. As such, depending on the property type and specific market conditions, the sales comparison approach can either refine the subject's value to a narrow range or offer only a broad estimate of value in support of the income approach. The unit of comparison is the price per square foot which is most frequently applied by buyers, sellers, brokers and appraisers of this property type.

The office market in Oroville is relatively small, but the existing inventory includes a wide range of building types from single tenant professional offices to older multi-tenant properties, to newer office condominiums. As the county seat, Oroville is also home to several local, state and federal government offices some of which consist of historic properties in the downtown area and some of which are new, campus style facilities on the outskirts of town. For these reasons, there typically exist vast differences with respect to physical aspects such as building construction type and quality, interior demising and build out, age and general condition of the comparable buildings.

Initially, far more transactions were reviewed than utilized in this analysis. Several properties in the downtown and surrounding area have recently sold in the \$25 to \$45 per square foot range. These are generally inferior to the subject for reasons ranging from physical condition to distressed or other financial motivations. Conversely, professional office condominium space that is newer, with smaller units in prime locations are selling in some cases for over \$100 per square foot. There has also been a recent sale of a nearly new, Class A space that is leased to a federal agency on a long term basis, sold at over \$300 per square foot. These factors suggest that the market is improving in terms of number of closed sales. However, sale prices and lease rates for office properties in the Oroville market

continue to be compressed. Location within the market, as well as functional utility and physical condition are the primary drivers in this market from a buyers' standpoint.

After further consideration and analysis, five properties were selected for direct comparison with the subject. The comparables are summarized in the next chart, which also functions as an adjustment grid.

Detailed data sheets of the comparable properties and a map illustrating the location of the comparable properties relative to the subject are presented at the end of the discussion.

SUMMARY OF COMPARABLE OFFICE SALES AND LISTINGS						
Comparable Sale No.	Subject	Comparable No. 1	Comparable No. 2	Comparable No. 3	Comparable No. 4	Comparable No. 5
Address	2348 Baldwin Avenue	2060 3rd Street	2351 & 2371 Washington Avenue	2111-2127 Myers Street	1500 Lincoln Street	183 E. 6th Street
City	Oroville	Oroville	Oroville	Oroville	Oroville	Chico
APN	012-100-018	031-161-055	013-250-057	012-251-001 & 028	012-143-013	004-252-012
Sale Price	N/A	\$409,995	\$485,000	\$600,000	\$475,000	\$350,000
Recorded Date of Sale	N/A	Expired Listing	Escrow	Listing	4/29/2011	8/5/2014
Days On Market (DOM)	N/A	181 DOM -No Sale	255	81	0	0
Rentable Building Area	5,265	4,400	6,000	7,846	6,300	5,330
Price Per Square Foot	N/A	\$93.18	\$80.83	\$76.47	\$75.40	\$65.67
Construction Type	Masonry/Stone Veneer	Wood-Frame/Stucco	Wood-Frame/Vinyl Siding	Mixed Wood/Masonry	Wood-Frame/Stucco	Wood-Frame/Stucco
Year Built/Renovated	1965	1950/1960's	1994	1915 / 2005	1975 / 2012	1900
Building Quality (Build Out)	Class C Average	Class D Average	Class D Average	Class C/D Average	Class D Average	Class C Average
Condition at Sale	Average	Average	Good	Good	Average	Average
Occupancy at Sale	100.00%	Vacant	100.00%	100.00%	Vacant at Sale	Vacant
Tenancy Type	Single	Single/Two	14 Units in 2 Bldgs	4 Units	Single	Single
Gross Site Area (Acres)	1.14	0.51	0.77	0.82	0.42	0.24
Elements of Comparison and Adjustments						
Property Rights Conveyed	Fee Simple	Fee Simple	Leased Fee	Leased Fee	Fee Simple	Fee Simple
Financing	Cash/Equiv.	Cash	Cash	Assume Cash	Cash	Cash
Conditions of Sale	Arm's-Length	Listing	Sale Negotiations	Listing	Assemblage	Similar
- Adjustment	N/A	-\$102,499	-\$48,500	-\$60,000	-\$47,500	\$0
Market Conditions (Time)	8/1/2014	Similar	Similar	Similar	Similar	Similar
Adjusted Sale Price	N/A	\$307,496	\$436,500	\$540,000	\$427,500	\$350,000
Adjusted Price/Sq. Ft.	N/A	\$69.89	\$72.75	\$68.82	\$67.86	\$65.67
Physical Characteristics						
Location	Secondary Street/Downtown Fringe	Superior -Newer Growth, Near Hwy 70	Superior - Main N/S Business Arterial	Superior - Main N/S Business Arterial	Similar-Downtown Fringe	Superior - Downtown Location/Larger Market
Size	5,265	Similar	Similar	Similar	Similar	Similar
Building Class (Quality)	Class C Average	Slightly Inferior	Similar	Mixed-Similar	Slightly Inferior	Similar
Age & Condition	Average	Inferior	Superior	Superior	Similar	Similar
Parking & Site Characteristics	75 Paved Spaces	Similar	Similar	Similar	Similar	Inferior
Economic Characteristics	Owner Occupied	50% Leased	100% Leased	100% Leased	Vacant at Sale	Similar
Conclusions						
Adjusted Price	N/A	\$307,496	\$436,500	\$540,000	\$427,500	\$350,000
Adjusted Price/Sq. Ft.	N/A	\$69.89	\$72.75	\$68.82	\$67.86	\$65.67
Number of Adjustments	N/A	1	1	1	1	0
% Net Adjustment	N/A	-25.00%	-10.00%	-10.00%	-10.00%	0.00%
Concluded Unit Value (\$/SF) \$70 Market Indicators:						
Value Indication	\$368,550	Adjusted Average	\$69.00			
Rounded	\$370,000	Adjusted Median	\$68.82			

DISCUSSION OF SALES

Initially, the comparable data provides a wide range of pre-adjusted unit prices ranging from \$66 to \$93 per square foot, rounded. This variance in sale and unit prices is typical because these types of properties are not homogenous and have varying building qualities, ages and conditions, site characteristics, and general appeal. For this analysis, specific adjustments are applied where they are able to be quantified in the market. No adjustments were necessary for property rights conveyed, financing, or market conditions. Comparable Nos. 1, 2, and 3 required downward adjustments for conditions of sale related to sale negotiations and listing status. Comparable No. 4 was purchased as an assemblage. The buyer (county agency) was interested in the building as it adjacent to existing facilities owned by the county and they were consolidating departments. This condition required a downward adjustment.

Comparable No. 1 is a recently expired listing located at 2060 3rd Street, Oroville. The list price was \$409,995, or \$93.18 per square foot for the 4,400 square foot building. This location is just east of Highway 70 and just south of Nelson Avenue. The Butte County Courthouse complex and many local and state agencies have office buildings on the north side of Nelson Avenue. Next door is the CHP station, Home Depot, and the new Dollar General. A new office building that will house the Butte County Records Office is under construction one block east of this building. For these, it is superior to the subject with respect to location within the market. Offsetting the superior location are its inferior building quality and overall inferior condition of the building and site improvements. It has a fenced yard with ample parking, similar to the subject. This listing is over-priced based on a review of other listings and closed sales in the market. A refined unit price of \$69.89 per square foot emerges after a moderate adjustment for its listing status is applied.

Comparable No. 2 is a pending sale of a two-building office complex located at 2351 and 2371 Washington Avenue, Oroville. It is less than ½ mile from the subject but has a superior location in the market, with better exposure on busy arterial. The list price for the 6,000± square foot complex was \$485,000 or \$80.83 per square foot. The pending price is reportedly within 10% to 15% of the asking price after 255 days on the market. The property consist of two nearly identical, two-story office buildings, each containing about 3,000 square feet and each demised into seven suites. Occupancy is 100%. The suites range in size from 500 to 750 square feet but two tenants have combined some units to create larger spaces. This comparable provides a good indication of market value for the

subject. It is the most recent sale in the market. After applying a moderate adjustment for conditions of sale, a refined unit price of \$72.75 per square foot emerges for the subject.

Comparable No. 3 is a commercial building located on Myers Street in Oroville. Myers Street is one of the primary north/south thoroughfares serving Oroville. This property was recently relisted for sale in May 2014. The list price is \$600,000. It had previously been listed with another agent, for about 175 days, at a similar price. The 7,846± square foot property was built in the early 1900's but underwent a significant renovation in 2005. It is in good condition. There is ample on-site parking. It has a superior location within the neighborhood, with better exposure and access. Although it was recently relisted, it will most likely sell for less than asking when considering sale negotiations. Therefore, a nominal downward adjustment is applied for its listing status. After refinements, a unit price of \$68.82 per square foot is indicated for the subject.

Comparable No. 4 is a professional office building located on Lincoln Street in Oroville. The 6,300 square foot building sold in April 2011 for \$475,000. It was in average condition at the time of sale. The buyer was the Butte County Office of Education who purchased the property for owner-occupancy. This entity has other buildings located across the street and is assembling a campus in the area. A moderate adjustment was applied for this characteristic. It is inferior with respect to building quality, differing site characteristics (building-to-land ratio), and parking. A unit price of \$67.86 per square foot is indicated for the subject, after refinements.

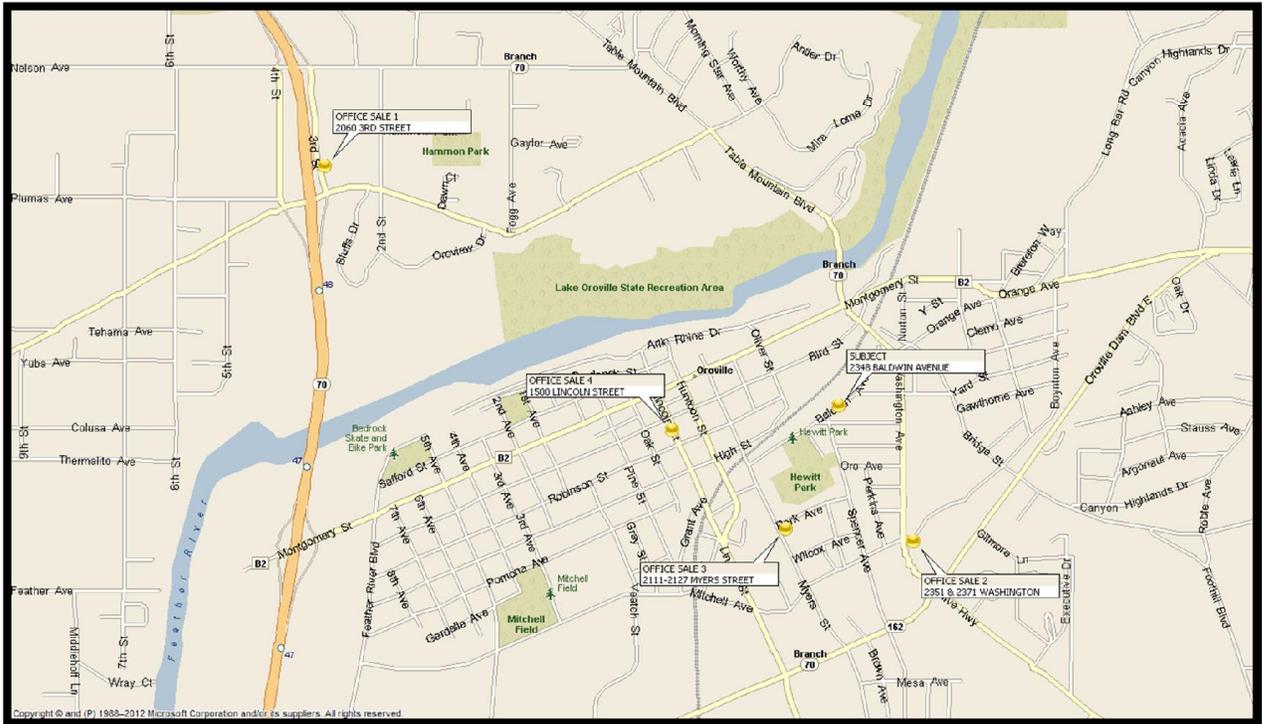
Comparable No. 5 is a 5,330± square foot, one story office building located at 183 E. 6th Street in Chico. It is one block east of Main Street in an area of professional offices and the Chico Boys and Girls Club. It sold in August 2014 for \$350,000 or \$65.67 per square foot. It consists of an average quality general office building with two private offices, and a large open work area. Onsite parking is somewhat constrained. Chico is considered to be a superior market as compared to Oroville. However, this is offset by the limited parking and site characteristics. After refinement, a unit price of \$65.67 per square foot emerges for the subject.

In summary, after moderate adjustments are applied where applicable and able to be quantified, a fairly narrow range of adjusted values emerges for the subject, extending from \$66 to \$72 per square foot with minor rounding. The adjusted average and median of all the comparables is \$69 per square foot with minor rounding. Thus, a unit value within a refined range of \$70 and \$72 per square foot

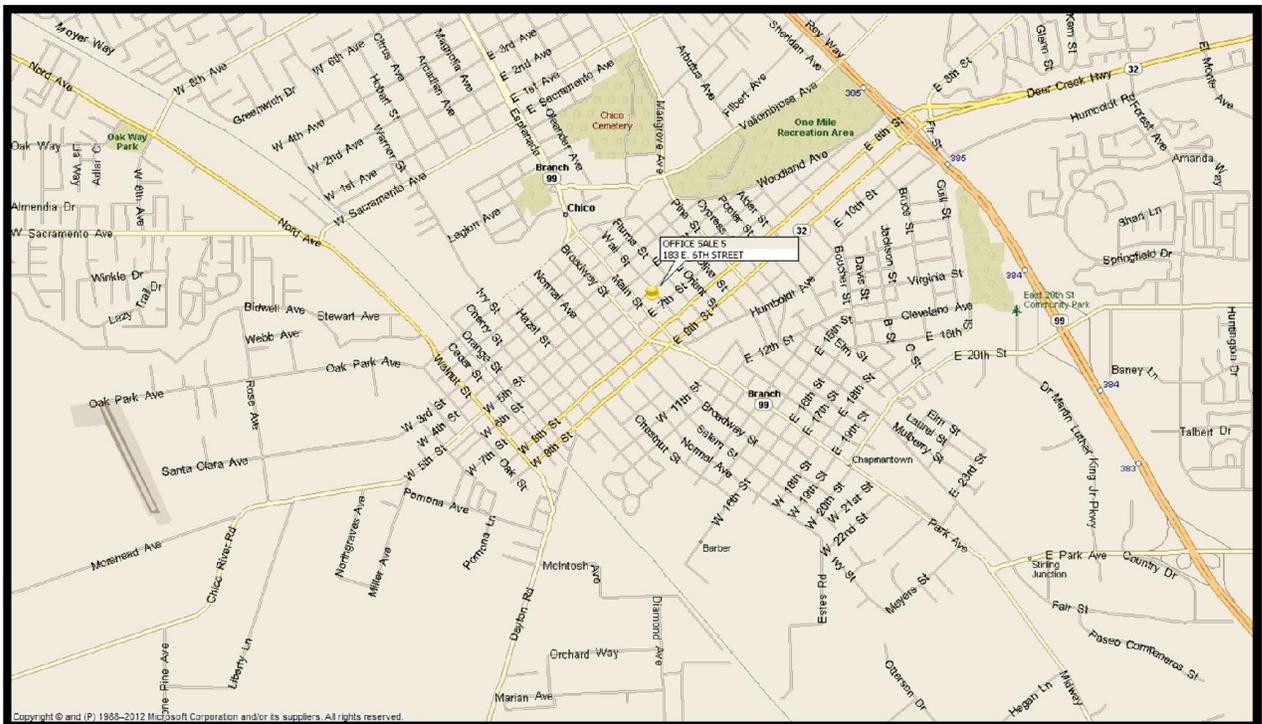
is reasonable for the subject. This is consistent with the definition of market value that is the basis of the analysis.

In the final analysis, a unit price of \$70 per square foot is concluded for the subject. This unit value recognizes the quality and condition of the subject, as well as its appeal to a broad spectrum of office users. It also recognizes the small pool of potential buyers and tenants for properties with a similar size, configuration and location. The unit value of \$70 is multiplied by the subject's size of 5,265± square feet for a total value indication by the sales comparison approach of \$368,550. This is rounded to \$370,000. The unit value and aggregate value indication are within the pre-adjusted and adjusted range indicated by the comparable properties.

Map of Comparable Office Sales

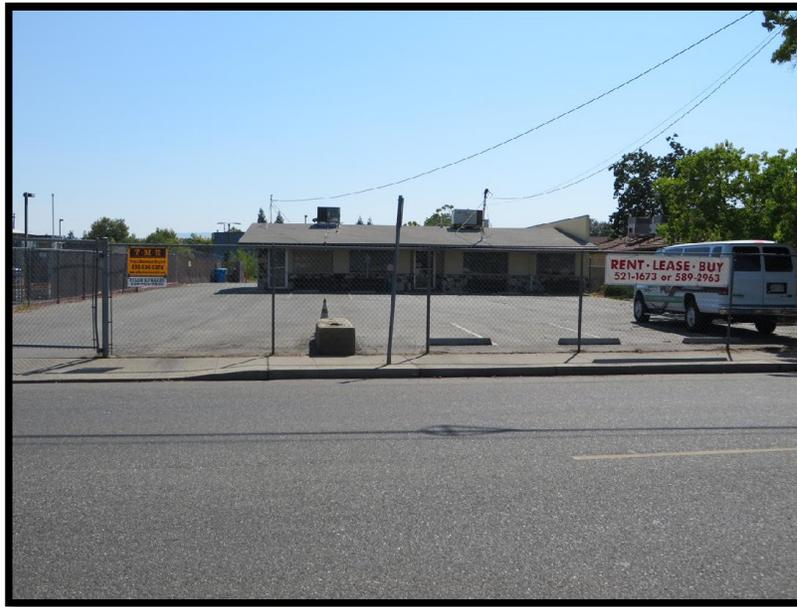


Oroville Sales and Listings



Chico Sale

COMPARABLE OFFICE SALE 1



2060 3rd Street, Oroville, Butte County, CA
APN 031-161-055

Recorded Date of Sale:	N/A-Listing
Grantor:	Gvw Building
Grantee:	N/A
Document:	N/A
List Price:	\$409,995
Price Per SF:	\$93.18
Capitalization Rate:	N/A
Building Size:	4,400 SF
Site Size:	0.51± Acre
Year Built:	1950's/1960's

Comments: Listing of a Class D office building located in the northern part of Oroville. Next to the CHP station, Home Depot, and the new Butte County Records Office is under construction on the next block. Also available for lease at \$0.60 per square foot per month, gross. Average condition and appeal. Fenced yard, ample parking.

COMPARABLE OFFICE SALE 2

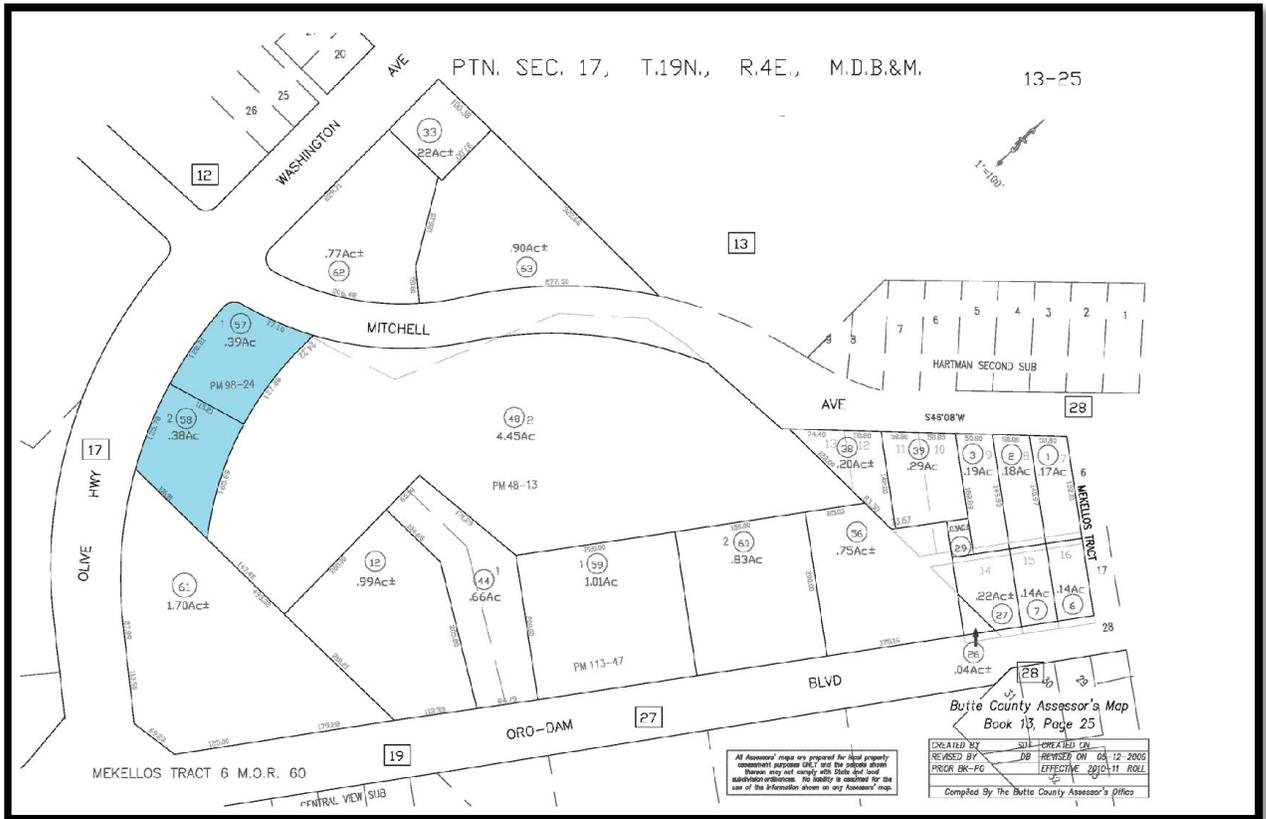


2351 & 2371 Washington Avenue, Oroville, Butte County, CA 95965
 APN 013-250-057

Recorded Date of Sale:	Pending Escrow
Grantor:	Spring Trust
Grantee:	Confidential/Pending
Document:	N/A
List Price:	\$485,000
Price Per SF:	\$78.23
Capitalization Rate:	8.75%-8.9% Implied Based on Sale Price
Building Size:	6,000 SF
Site Size:	0.77± Acres in Two Parcels
Year Built:	1994

Comments: This is the pending sale of two office buildings. Each building is approximately 3,000± SF with seven units. The property is 100% leased. The unit sizes range from 500 to 750 square feet but some suites have been combined to accommodate larger tenants. Lease rates average \$0.78 per square foot per month, gross. Operating expenses estimated to be 34%. Common restrooms. No elevators, ample parking with corner location. Good condition.

COMPARABLE 2 PARCEL MAP



COMPARABLE OFFICE SALE 3

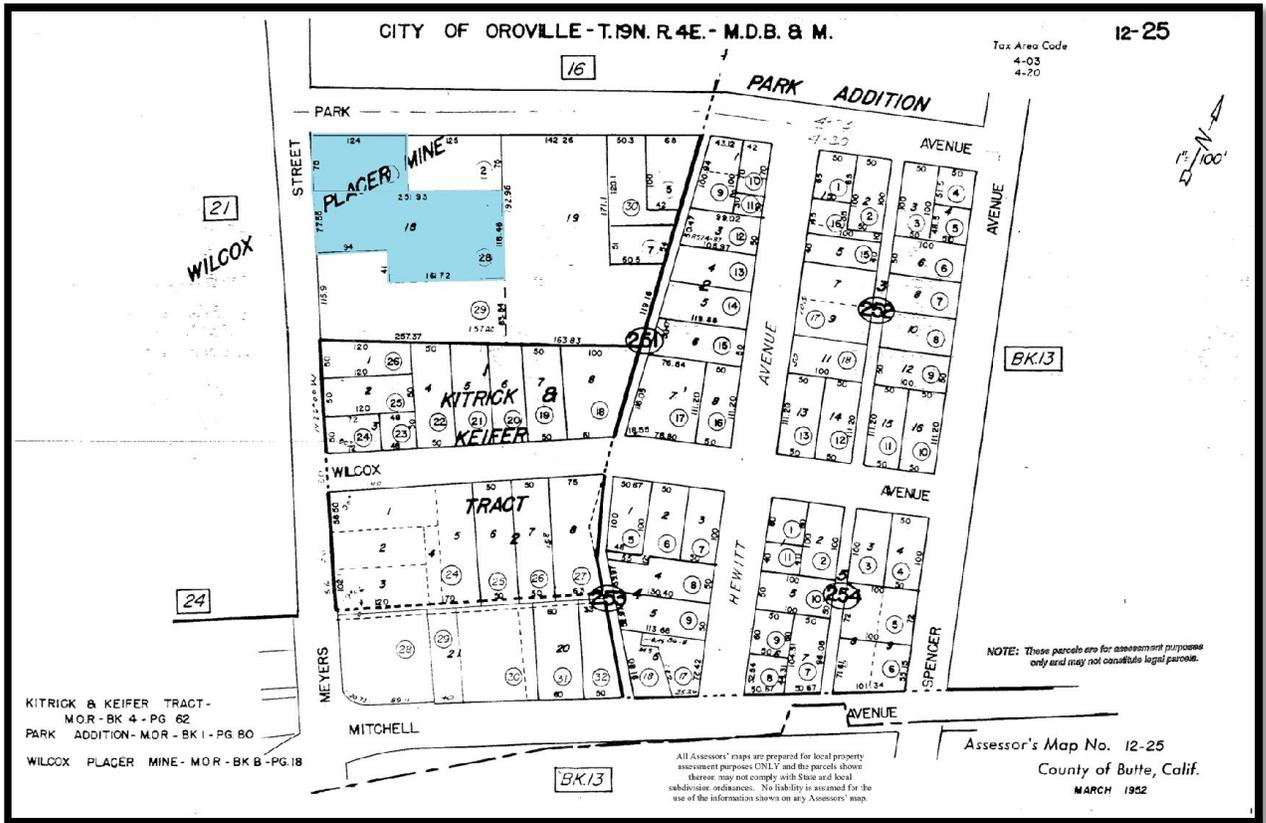


2111-2127 Myers Street, Oroville, Butte County CA
APN 012-251-028 & 001

Recorded Date of Sale:	Listing – May 2014
Grantor:	Pogue Revocable Family Trust
Grantee:	N/A
Document:	N/A
List Price:	\$600,000
Price Per SF:	\$76.47
Capitalization Rate:	N/A
Building Size:	7,846 SF
Site Size:	0.82± Acres
Year Built:	1915/2005

Comments: Recently relisted property located on Myers Street. The building is demised into four units which are all leased.

COMPARABLE 3 PARCEL MAP



COMPARABLE OFFICE SALE 4



1500 Lincoln Street, Oroville, Butte County, CA
APN 012-143-013

Recorded Date of Sale:	4/29/2011
Grantor:	Butte County Office of Education
Grantee:	Branson Trust
Document:	2011-14285
List Price:	\$475,000
Price Per SF:	\$75.40
Capitalization Rate:	N/A Vacant At Sale
Building Size:	6,300 SF
Site Size:	0.42± Acre
Year Built:	1977

Comments: This building is located in the downtown core near other Butte County agency offices. The Board of Education purchased this property to add to their holdings downtown and create a campus like setting. Extensive renovations completed after the sale. Average condition at the time of sale, but somewhat dated.

COMPARABLE OFFICE SALE 5



183 E. 6th Avenue, Chico, Butte County, CA
APN 004-252-012

Recorded Date of Sale:	8/5/2014
Grantor:	Mid Valley Title & Escrow Company
Grantee:	Tennis Family Trust of 2013
Document:	2014-24067
List Price:	\$350,000
Price Per SF:	\$65.67
Capitalization Rate:	N/A-Vacant
Building Size:	5,330 SF
Site Size:	0.24± Acre
Year Built:	1960's Per Assessor

Comments: Recent sale of an average quality office building located just off Main Street in downtown Chico. Purchased for owner occupancy. It had been available for lease for \$0.75 per square foot per month, gross.

INCOME CAPITALIZATION APPROACH

This approach is used to estimate a value for the property based upon its ability to generate a net income stream. The income approach to value is based on the economic principle that the value of an income producing property is the present worth of the anticipated future benefits. The annual cash flow or net operating income is converted into a present value using a discounting or income capitalization process. The methods of capitalization are based on inherent assumptions concerning the quality, durability and pattern of the income stream.

In this valuation, the direct capitalization method is the most appropriate method with which to value the subject's income. This approach involves first estimating the potential gross annual income. From this annual income stream a vacancy and credit loss is estimated to arrive at an effective gross annual income. Then the fixed and variable expenses are deducted to indicate the net income. This net income is then capitalized into an indication of value based upon a capitalization rate extracted from comparable sales and investor and broker surveys.

Market Rent Estimate

The potential gross income is estimated through a survey of comparable office leases in Oroville and the broader Butte County region. Four properties have been selected as the best indicators of market rent and are summarized in the chart found on the next page. All of the comparable properties have leases structured on a gross basis. This lease structure typically includes a base rental rate with the tenant paying for electric and janitorial for their space directly. If they are not separately metered, then they typically reimburse the property owner for electricity and gas. In the broader market, deals are being negotiated with a variety of lease structures which is common in every complex in these small markets. This analysis assumes a gross lease structure as is most common in the market.

The range of base rental rates extends from \$0.50 to \$0.92 per square foot per month. A wide range of rental rates is quite expected in this market for a variety of reasons that include primarily location, size, condition, and functionality of the space. It is noted that some space in the market is leased at rental rates above \$1.00 per square foot per month. These are for the most part, reflected by older leases for tenants who have been in place for a number of years for newer space in prime locations or medical office space that requires more build out. The comparable

properties used for direct comparison with the subject, reflect more current transactions and are reflective of current market conditions.

The chart of comparable rental properties is on the next page. It is essentially self-explanatory. It summarizes the comparable properties and functions as a comparison grid. Photographs and a map illustrating the location of the comparables relative to the subject, are found in the Addendum to the report.

COMPARABLE RENTAL SUMMARY AND ANALYSIS										
Rental No.	Property Data			Typical Unit Sizes & Tenant Charges			Monthly Rent	Rent/SF/Month	RENTAL ANALYSIS	
								Category	Comparison	
1	Address	2351 & 2371 Washington Avenue		Unit Sizes	500 to 1,500 SF	Average Lease Rate Total Center		\$0.78	Location	Superior
	City	Oroville							Unit Sizes	Smaller
	Parcel Number	013-250-057		Typical Space	750	Leased Rate	\$690	\$0.92	Age & Condition	Superior
	Year Built/Renovated	1994		Typical Space	500	Leased Rate	\$325	\$0.65	Building Quality	Similar
	Building Construction	Wood Frame/Vinyl Siding							Parking	Similar
	Quality & Condition	Average/Good		Tenant Charges	Base Rent, Electric					
	Stories	2							Overall Comparison	Superior
	Building GLA	6,000								
	Occupancy	100%								
	Comments	<p>This is a two-building office complex located at the corner of Washington & Mitchell. The buildings are in good condition with ample parking. There are 7 suites in each building that share common restrooms. No elevators. Good exposure on busy street. The individual suites range in size from 500 to 750 square feet although some units are combined. The 750 SF units are leased for \$685 monthly or \$0.92/SF/Month on average. The 500 SF units are leased for \$300 to \$325 monthly, or \$0.60 to \$0.65/SF/Month</p>								
2	Address	Oroville Professional Plaza		Unit Sizes	725 to 2,100 SF	Average Lease Rate Total Center		\$0.70	Location	Similar
	City	2854-2862 Olive Highway							Unit Sizes	Similar Range
	Parcel Number	013-260-048		Typical Space	2,012	Leased Rate	\$1,710	\$0.85	Age & Condition	Superior
	Year Built/Renovated	1973/2013							Building Quality	Similar
	Building Construction	Wood-frame/Stucco		Tenant Charges	Base Rent, Electric				Parking	Similar
	Quality & Condition	Average/Good								
	Stories	1							Overall Comparison	Similar
	Building GLA	19,908								
	Occupancy	20%								
	Comments	<p>This is a large multi-tenant office complex located just southeast of Oroville Hospital. The exterior and interior of the units underwent an extensive renovation in 2012-2013. Gross rents are being offered in the \$0.50 to \$0.85 per square foot per month range in order to lease up the space quickly. Individual units accessed from landscaped courtyards.</p>								
3	Address	2060 3rd Street		Unit Size	4,400	Asking	\$2,650	\$0.60	Location	Superior
	City	Oroville							Unit Sizes	Similar
	Parcel Number	031-161-055		Tenant Charges	Base Rent, Electric				Age & Condition	Inferior
	Year Built/Renovated	1950's							Building Quality	Inferior
	Building Construction	Wood-Frame/Stucco							Parking	Similar
	Quality & Condition	Average/Average								
	Stories	1							Overall Comparison	Inferior
	Building GLA	4,400								
	Occupancy	50%								
	Comments	<p>This is a single tenant, general office building located just east of Highway 70 and just north of Grand Avenue, next to the CHP station. The new Butte County Records Office is under construction one block east, and a new Dollar General recently opened next to the CHP. The Butte County Administrative Complex is just north of Nelson Ave. About 50% of the building was recently leased to Caltrans. The site provides for ample parking and is fully fenced. The interior finishes are average quality and have a dated appeal. Multiple offices and restrooms.</p>								
4	Address	2120 Robinson Street		Vacant Units SF	1,190	Asking	\$600	\$0.50	Location	Similar
	City	Oroville							Unit Sizes	Similar Range
	Parcel Number	012-094-006		Tenant Charges	Base Rent, Electric				Age & Condition	Similar
	Year Built	1984							Building Quality	Inferior
	Building Construction	Wood-Frame/Wood Siding							Parking	Inferior
	Quality & Condition	Average/Avg to Good								
	Stories	2							Overall Comparison	Inferior
	Building GLA	5,800								
	Occupancy	79.48%								
	Comments:	<p>This is a two-story office building located at the corner of Downer & Robinson, in the downtown area. The building is owned by the Oroville Association of Realtors who purchased the building in 2011 for \$43/SF, occupying downstairs space. There are two suites available on the 2nd floor that total 1,190 SF (539 SF & 651 SF, respectively). Ample parking on street and in an adjacent public lot. Average quality interior finishes. Multiple offices, common restrooms.</p>								

Comparable No. 1 is superior to the subject. The average rental rate is \$0.78 per square foot per month. It has a superior location within the neighborhood. It is newer and in better condition. The unit sizes are smaller than the subject, and tenants share common restrooms. There are no elevators which does hinder some potential tenants. It is a good indicator of market rent for the subject, but overall, a market rent below the average rent of \$0.78 per square foot per month is indicated for the subject.

Comparable No. 2 is a newly remodeled large professional office property with multiple units accessed by courtyards. There are a variety of unit sizes ranging from about 725 square feet to 2,100 square feet. The renovations are significant and very good quality. The quoted rental rates are tiered depending on location in the center, and range \$0.50 to \$1.00 per square foot per month. The typical 2,000 square foot space has a target lease rate of \$0.75 per square foot. The space is being marketed towards professional office users and medically related tenants due its location across from the hospital. One suite, a 2,012 square foot space, has been leased at a rate of \$0.85 per square foot per month. This property is in better condition as compared to the subject. It has a good location for medical and professional office users across from the hospital. Thus, a rental rate slightly below \$0.75 per square foot per month is indicated for the subject.

Comparable Nos. 3 and 4, with rental rates of \$0.60 and \$0.50 per square foot represent the low end of the range that would be expected for the subject. They are inferior with respect to the quality of the building construction. Site characteristics such as parking are also inferior. For these reasons, a market rent above \$0.60 per square foot is indicated for the subject.

In summary, the Oroville office market is relatively small. Most tenants and owners in the area have been in place for a number of years. As their needs change, a tenant may move from one center to another but in general, there has been moderate activity in the past few years. This has resulted in only nominal, if any, net absorption of space in recent years. The comparable properties offer a very wide range of market rents, typical in this market. An analysis of the comparable properties indicates that a reasonable market rent for the subject is in the \$0.65 to \$0.75 per square foot per month range on a modified gross basis. This coincides with the general consensus among the leasing agents and property owners who indicated that a typical office rent in today's economic climate would range from \$0.65 to \$0.85 per square foot per month, on a modified gross basis for average to well-located spaces in average to good condition. Most participants indicated that

the low end of this range would typically be for spaces leased “as is” with no tenant infill allowance. Newer, better quality spaces situated in good locations would command a rental rate at the high end of this range, however, only the best spaces in the prime locations with high vehicle and pedestrian traffic are reporting rental rates above \$1.00 per square foot and these are typically tenants who have been in place for a number of years.

Based on the size of the subject, and its location in the neighborhood, the market rent is concluded at \$0.70 per square foot for the subject. This recognizes the small pool of potential users for space of this size in the Oroville market.

Potential Gross Annual Income

The resulting potential gross income is estimated to be \$44,226 in the forecast year, based on a gross lease structure.

Vacancy & Credit Loss

The subject is currently owner-occupied. Multi-tenant office properties in the Oroville market have a vacancy rate of about 15% overall but ranges widely within each property from as low as 0% vacant to as much as 50% vacant. A stabilized vacancy and credit loss of 5% is used in this analysis on a stabilized basis over a typical holding period. This projection is also reasonable from an investment standpoint due to the small pool of potential tenants in the market, the amount of space available at competing properties in the market, and the fact that the subject is configured for single tenancy. A vacancy and collection loss estimate at this level would likely be utilized by an investment buyer in a proforma over a long-term holding period.

Effective Gross Income (EGI)

Deducting the vacancy and credit loss estimate from the potential gross annual income provides an effective gross income of \$42,015.

Operating Expense Analysis

It is necessary to deduct the fixed and variable operating expenses from the effective gross income to arrive at a net income for the property. These types of properties are often leased on what is referred to as a gross lease, with the tenant paying a base rental rate plus electric and janitorial for their individual space. The landlord is responsible for all other operating expenses including real estate taxes and insurance.

The landlord is responsible for the repair and replacement of structural components such as the foundation, and roof trusses usually administered through the establishment of a sinking fund for replacement reserves. Based on the age and condition of the building, a 1.5% replacement reserve is estimated for this analysis. These reserves are included as a fixed expense item for capital expenditures likely to be required as the building ages and tenants' turnover.

Management fees for office properties typically range from 3% to 6%. Based on the single tenant nature of the subject building, a management fee of 3% is utilized in this analysis.

Total operating expenses are estimated at \$9,793 in the forecast year. This equates to 23.31% of the effective gross annual income. This ratio is within the range of comparable properties that exhibit income streams and have similar lease structures. After analyzing expenses on a large number of office buildings, this range is fairly consistent at 18% to 25% for leased properties with modified gross lease structures in place. The subject's estimated expenses are considered reasonable based upon the likely lease structure if available for lease.

Net Operating Income

Deducting the operating expenses from the effective gross income, results in a net annual income of \$32,222.

Capitalization Rate Analysis

To provide an estimate of the market value of the subject property, a direct capitalization method using an overall rate is utilized. The overall capitalization rate (OAR) is the ratio of net operating income, to the cash equivalent sales price as of the date of sale. The OAR is a reflection of the present value of anticipated future benefits. The overall rate represents the annual rate of return necessary to attract investment capital. This rate is influenced by many factors, including the degree of apparent risk, the prospective rates of returns for alternative investments, market attitudes toward future inflation and the supply and demand for mortgage funds, to name a few. Generally, higher capitalization rates are associated with less desirable properties and lower capitalization rates for more attractive properties.

Extraction Of Rates From Comparable Sales

Only one of the comparable sales used in the Sales Comparison Approach provided a capitalization rate. Comparable No. 2 is a pending sale with an overall

rate indication of 8.75% to 8.9% based on final sale negotiations. This corresponds with office sales located in the broader Northern Sacramento region, ranging from 7.0% to 9.0%.

Investor Surveys

For this analysis, several industry publications were reviewed including CBRE Forecast Trends, Cushman and Wakefield Annual Review and IRR Viewpoint.

The general range of overall rates for Class A suburban office properties extends from 6.65% to 8.25%. The CBRE Forecast indicates a stable trend in rates for office properties over the next six months and a range of rates for suburban office properties of 7.0% to 8.0% overall. This has led to a compression of rates over the last several quarters, but most investor surveys indicate a stabilizing trend going forward. A premium of at least 100 basis points above the average is warranted for the subject, since the investor surveys include primarily investment grade properties.

In the final analysis, a rate of 9.0% is concluded for the subject property given its location, quality, configuration, and condition. Capitalizing the net income of \$32,222 by 9.0%, results in a value of \$358,018 which is rounded to \$360,000.

An overview of the income approach is provided on the next page.

INCOME CAPITALIZATION APPROACH				
DIRECT CAPITALIZATION OF MARKET RENT				
Tenant	Rentable Area (SF)	Rent/SF/Month	Monthly Rent	Annual Rent
Oroville EDD	5,265	\$0.70	\$3,686	\$44,226
Total Potential Gross Annual Income:				\$44,226
Less Vacancy & Credit Loss @ 5%:				-\$2,211
Effective Gross Income:				\$42,015
Less Expenses:				
Fixed Expenses:		Responsible Party	% E.G.I.	\$ Annual Amt
Real Estate Taxes		Landlord	9.29%	\$3,902
Property Insurance		Landlord	2.86%	\$1,200
Reserves For Replacement Items		Landlord	1.50%	\$630
Operating Expenses:				
Management - 3% E.G.I.		Landlord	3.00%	\$1,260
Building & Parking Lot R/M & Landscaping		Landlord	4.28%	\$1,800
Common Area Utilities		Landlord	2.38%	\$1,000
Total Expenses:		% EGI =	23.31%	(\$9,793)
Net Income:				\$32,222
Overall Capitalization Rate:				9.00%
Indicated Property Value:				\$358,018
Rounded				\$360,000

RECONCILIATION OF VALUES

A summary of the value conclusions is presented below.

RECONCILIATION OF VALUES	
SALES COMPARISON APPROACH	\$370,000
INCOME CAPITALIZATION APPROACH	\$360,000
COST APPROACH	N/A
FINAL RECONCILED VALUE	\$370,000

The dispersion between the two approaches is less than 3%. This range is quite tolerable and speaks to the credibility of both approaches. The discussion below explains the reconciliation of the two approaches.

The rental data obtained for the income approach reflects current lease rates of the most comparable buildings. The estimate of market rental rates is well supported by the market and the historical leasing at the subject. The comparable sales, investor surveys and broker interviews provided good support in the selection of an overall rate used in the direct capitalization analysis. Brokers in the immediate market were interviewed for their opinions relating to market rental rates, stabilized occupancy levels and capitalization rates for office properties in the Oroville market. Ultimately, this approach emulates the way a typical investor would establish value for leased or investment office properties such as the subject.

The sales comparison approach yields a reliable indication of value. The subject property is equally as likely to be purchased by an owner/user as an investor. Owner/users are concerned with the functional aspects of properties as well as construction costs new and location. The theory of substitution governs their actions - a purchaser will not pay more for a property when an equally suitable property can be found. In this instance, it was possible to refine data used for direct comparison to four comparable office properties. However, the differences in construction quality, ages, general conditions, and configurations of the individual properties lessen the accuracy of this approach overall. This is the general pattern an owner/user would engage in order to make a purchase

decision, especially for buildings like the subject that are configured for owner occupancy.

The cost approach is omitted due to the age of the subject. The estimation of accrued depreciation is difficult at best, and investors of this property type and age typically do not make purchase decisions based on this approach.

Based upon the foregoing analyses and conclusions, equal weight is placed on the sales comparison and income approaches to value. Therefore, the final value is reconciled at \$370,000.

Respectfully submitted,

A handwritten signature in blue ink that reads "Jodi L. White". The signature is written in a cursive, flowing style.

Jodi L. White
Certified General Real Estate Appraiser
CA Lic. No. AG044936

CERTIFICATION

I certify that to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and 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. Furthermore, we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
4. I previously provided appraisal services for the property that is the subject of this report in July 2013.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. The 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 directly related to the intended use of this appraisal.
7. The analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics of the Appraisal Institute.
9. Jodi L. White has personally inspected the subject property, and has inspected all of the comparable properties listed in the report.
10. No one other than the person(s) signing this Certification provided a significant professional contribution to this appraisal.
11. As of the date of this report, I, Jodi L. White, am a California State Certified General Real Estate Appraiser.

12. I have experience appraising properties similar to the subject, and am in compliance with the Competency Rule of USPAP.

Date: August 11, 2014



Jodi L. White
Certified General Real Estate Appraiser
CA Lic. No. AG044936

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is based on the following assumptions, except as otherwise noted in the report.

1. The title is assumed to be good and marketable. The appraised value(s) assumes the property is free and clear of any and all liens or encumbrances unless otherwise stated. The property is appraised as though under responsible ownership and competent management and is available for its highest and best use.
2. No survey of the property was provided to or prepared by the appraiser, and I assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered scaled accurately for size. The appraisal covers the property as described in the report, and the area and dimensions set forth are assumed to be correct.
3. Unless otherwise agreed to in writing, I am not required to give testimony, respond to any subpoena, or attend any court or governmental or other hearing with reference to the property.
4. Any distribution of the valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal shall be used separately or out of context.
5. The appraisal assumes that there are no hidden, unapparent or undisclosed conditions of the property, subsoil, or structures, which would render it more or less valuable.
6. Information and opinions furnished by and obtained from third party sources are believed to be reliable, true and correct. However, no warranty is given for its accuracy, nor has it been independently verified.
7. An appraisal is inherently subjective and represents my opinion as to the value of the property appraised.
8. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to the property value, the identity of the appraiser(s), professional designations, reference to any professional appraisal

organizations, or the firm with which the appraisal is connected), shall be disseminated through advertising media, social media, public relations media, news media or any other means of communications, without the prior written consent and approval of the person(s) signing this report.

9. The appraisal report is prepared for the exclusive benefit of the client, its subsidiaries or affiliates. It may not be used or relied upon by any other party.
10. No environmental studies were either requested or made in conjunction with this appraisal, and I reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies.
11. The *Americans with Disabilities Act (ADA)* became effective January 26, 1992. I have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements, (existing or proposed), meet the *ADA* accessibility guidelines. I claim no expertise in *ADA* issues and render no opinion regarding compliance of the subject with *ADA* regulations.

ADDENDA

Preliminary Title Report

Prepared By



CHICO

500 Wall St.
Chico, CA 95928
(530) 894-2612
Fax (530) 894-0713

OROVILLE

1835 Robinson St.
Oroville, CA 95965
(530) 533-2414
Fax (530) 533-1589

PARADISE

145 Pearson Rd.
Paradise, CA 95969
(530) 877-6262
Fax (530) 872-5129

GRIDLEY

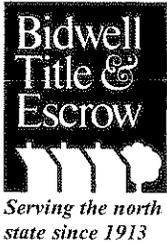
560 Kentucky
Gridley, CA 95948
(530) 846-4005
Fax (530) 846-0584

TITLE DEPARTMENT

500 Wall St.
Chico, CA 95928
(530) 894-2612
Fax (530) 894-5713

TITLE ONLY DEPARTMENT

145 Pearson Rd. Suite A
Paradise, CA 95969
(530) 877-6920
Fax (530) 877-6922



LaDonna Joyner
Chief Executive Officer
County Manager

CHICO
500 Wall St.
PO Box 5173
Chico, CA 95927
(530) 894-2612
ESCROW FAX:
(530) 894-0713
TITLE FAX:
(530) 894-5713

OROVILLE
1835 Robinson St.
PO Box 811
Oroville, CA 95965
(530) 533-2414
FAX (530) 533-1589

PARADISE
145 Pearson Road
PO Box 490
Paradise, CA 95967
(530) 877-6262
FAX (530) 872-5129
 TITLE ONLY DEPT.
145 Pearson Road
Paradise, CA 95967
(530) 877-6920
FAX (530) 877-6922

GRIDLEY
560 Kentucky
PO Box 949
Gridley, CA 95948
(530) 846-4005
FAX (530) 846-0584

PURCHASER:

O / N: n/a
ORDER NO.: 00242833-005 - FH
TITLE CONTACT: Faith Harper
TITLE OFFICER: Amisa Hussing
PROPERTY ADDRESS: 2348 Baldwin Avenue
Oroville, CA 95965

THE UNDERSIGNED DECLARE THEY HAVE
EXAMINED THIS PRELIMINARY REPORT AND
AFFIDAVIT AND FIND IT TO BE TRUE, CORRECT,
AND COMPLETE.

BY: _____
BY: _____
BY: _____
BY: _____

PRELIMINARY REPORT
Stewart Title Guaranty Company
Old Republic National Title Insurance Company

In response to the above referenced application for a Policy of Title Insurance, Bidwell Title & Escrow Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered risks applicable to the ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the Policy forms should be read. They are available from the office which issued this Report.

Please read the exceptions shown or referred to below and the List of Printed Exceptions and Exclusions set forth in this report carefully. The Exceptions and Exclusions are meant to provide you with notice of matters which are not covered under the terms of Title Insurance Policy and should be carefully considered. It is important to note that this Preliminary Report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

This Report (and any supplements or amendments thereto) is issued solely for the purpose of facilitating the issuance of a Policy of Title Insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a Policy of Title Insurance, a Binder or Commitment should be requested.

Dated as of : March 13, 2012 at 7:30 a.m.

Gail Beatty, Chief Title Officer

The form of Policy of Title Insurance contemplated by this Report is:

- ALTA Homeowners Policy – (01-01-08) (Revised 02-03-10)
- ALTA Loan Policy – (06-17-06)
- CLTA Standard Coverage Policy – 1990
- ALTA Short Form Residential Loan Policy (06-16-07)

The estate or interest in the said land hereinafter described or referred to covered by this Report is:
FEE

Title to said estate or interest at the date hereof is vested in:

THE STATE OF CALIFORNIA

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions contained in said Policy form would be as follows:

EXCEPTIONS:

1. General and Special County and Municipal taxes for the fiscal year 2012-13, including possible personal property taxes, now a lien, but not yet due or payable.
2. General and Special County and Municipal taxes for the fiscal year 2007-08. Said taxes were not assessed for said year.

AP No. 012-100-018 Code 004-003

3. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (commencing with Section 75) of the Revenue and Taxation Code of the State of California.
4. Rights of the public over any portion of the land described herein, lying within the lines of any public road or highway.

Affects : Baldwin Avenue

5. The effect of a Record of Survey recorded June 19, 1958 in Book 23 of Maps, at page 13 of Butte County Records.

END OF EXCEPTIONS

NOTES:

NOTE: The policy of title insurance may contain an arbitration clause. The Company or the insured may demand arbitration. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the insured arising out of or relating to this policy, any service of the Company in connection with its issuance or the breach of a policy provision or other obligation. Please ask your escrow or title officer for a sample copy of the policy to be issued if you wish to review the arbitration provisions and any other provisions pertaining to your Title Insurance coverage.

NOTE: The attached maps may or may not be a survey of the land depicted hereon. You should not rely upon them for any purpose other than orientation to the general location of the parcels depicted. Bidwell Title & Escrow Company expressly disclaims any liability for alleged loss or damage which may result from reliance on these maps.

IT IS IMPORTANT TO NOTE THAT THIS PRELIMINARY REPORT IS NOT A WRITTEN REPRESENTATION AS TO THE CONDITION OF TITLE AND MAY NOT LIST ALL LIENS, DEFECTS AND ENCUMBRANCES AFFECTING TITLE TO THE PROPERTY.

BY THE ACCEPTANCE OF THIS PRELIMINARY TITLE REPORT, REQUESTER ACKNOWLEDGES AND AGREES:

- a. That the Company's sole obligation under the Report, shall be to set forth the Ownership of and defects, liens and encumbrances against the Interest in the Land as disclosed by the Title Instruments.
- b. That the Company shall not be obligated under this Report to pay costs, attorney's fees, or expenses incurred in any action, proceeding, or other claim brought against Requester.
- c. That the Report is not an abstract of title, title opinion, or commitment to issue title insurance.
- d. That Company's liability under the Report for an error or omission is limited and that if Requester desires that the Company assume any liability a Policy of Title Insurance, Binder, Commitment, or Guarantee should be requested.
- e. That Requester shall have no right or action against the Company, whether or not based on negligence.
- f. That the Preliminary Report is not valid upon cancellation and the Company shall have no liability for its use or contents.

LIMITATION OF LIABILITY

REQUESTER RECOGNIZES THAT IT IS EXTREMELY DIFFICULT, IF NOT IMPOSSIBLE, TO DETERMINE THE EXTENT OF LOSS WHICH COULD ARISE FROM ERRORS OR OMISSIONS IN THE REPORT. REQUESTER RECOGNIZES THAT THE CANCELLATION FEE CHARGE IS NOMINAL IN RELATION TO THE POTENTIAL LIABILITY WHICH COULD ARISE FROM SUCH ERRORS OR OMISSIONS. THEREFORE, REQUESTER UNDERSTANDS THAT THE COMPANY IS NOT WILLING TO PROCEED IN THE PREPARATION AND ISSUANCE OF THE REQUESTED REPORT UNLESS THE COMPANY'S LIABILITY IS ELIMINATED. REQUESTER AGREES WITH THE PROPERTY OF THIS LIMITATION AND AGREES TO BE BOUND BY ITS TERMS.

REQUESTER AGREES, AS PART OF THE CONSIDERATION FOR THE ISSUANCE AND/OR CANCELLATION OF THIS REPORT, THAT THE COMPANY SHALL NOT BE LIABLE TO REQUESTER UNDER THIS REPORT BY REASON OF AN ERROR OR OMISSION BY THE COMPANY IN FAILING TO SET FORTH THE OWNERSHIP OF AND DEFECTS, LIENS AND ENCUMBRANCES AGAINST THE INTEREST IN THAT LAND AS DISCLOSED BY THE TITLE INSTRUMENTS, WHICH ERROR OR OMISSION BY THE COMPANY HAS CAUSED LOSS TO THE REQUESTER.

ACCORDINGLY, REQUESTER REQUESTS THAT THE REPORT BE ISSUED WITH THIS LIMITATION AS A PART OF THE CONSIDERATION.

END OF NOTES

SCHEDULE C

THE LAND REFERRED TO HEREIN IS DESCRIBED AS FOLLOWS:

ALL THAT CERTAIN REAL PROPERTY SITUATE IN THE CITY OF OROVILLE,
COUNTY OF BUTTE, STATE OF CALIFORNIA, DESCRIBED AS FOLLOWS:

A PORTION OF OUTSIDE LOT 50 OF THE TOWNSITE OF OROVILLE, ACCORDING TO
THE OFFICIAL MAP THEREOF, RECORDED IN THE OFFICE OF THE RECORDER OF
THE COUNTY OF BUTTE, STATE OF CALIFORNIA, JANUARY 22, 1872, DESCRIBED AS
FOLLOWS:

COMMENCING AT AN IRON PIN AT THE POINT OF INTERSECTION OF THE
NORTHWESTERLY LINE OF BALDWIN AVENUE AND THE EASTERLY LINE OF SAID
OUTSIDE LOT 50, AND RUNNING THENCE SOUTH 56° 25' WEST ALONG SAID
NORTHWESTERLY LINE OF SAID BALDWIN AVENUE, 93.77 FEET TO THE
SOUTHWEST CORNER OF THAT CERTAIN PARCEL OF LAND AS DESCRIBED IN DEED
FROM E.W. LINDHOLM TO ORVILL EDWIN CURRAN ET US, RECORDED OCTOBER 15,
1954 IN BOOK 739 OF BUTTE COUNTY OFFICIAL RECORDS, AT PAGE 338, SAID POINT
BEING THE TRUE POINT OF BEGINNING FOR THE PARCEL DESCRIBED HEREIN;
THENCE FROM SAID TRUE POINT OF BEGINNING, CONTINUING ALONG THE
NORTHWESTERLY LINE OF SAID BALDWIN AVENUE, SOUTH 56° 22' WEST 211.16
FEET TO THE WESTERLY LINE OF SAID OUTSIDE LOT 50; THENCE ALONG SAID
WESTERLY LINE NORTH 20° 28' 5.70 FEET AND NORTH 6° 18' WEST 210.92 FEET TO AN
IRON PIN LOCATED AT THE INTERSECTION OF SAID WEST LINE OF SAID OUTSIDE
LOT 50, WITH THE SOUTHEASTERLY LINE OF THE WESTERN PACIFIC RAILROAD
COMPANY'S MAIN LINE RAILROAD; THENCE NORTHEASTERLY ALONG THE
SOUTHEASTERLY LINE OF SAID RAILROAD AND 50 FEET DISTANT SOUTHEASTERLY
FROM, AND PARALLEL WITH THE LOCATED CENTERLINE THEREOF, 275.26 FEET,
MORE OR LESS TO AN IRON PIN LOCATED AT THE INTERSECTION OF SAID
SOUTHEASTERLY LIEN OF SAID RAILROAD WITH THE WEST LINE
AFOREMENTIONED CURRAN PARCEL; THENCE SOUTH 2° 08' EAST ALONG SAID
WEST LINE OF SAID CURRAN PARCEL, 297.54 FEET TO THE TRUE POINT OF
BEGINNING.

AP NO. 012-100-018

Tax Withholding on Real Estate Sales

In accordance with Section 18662 of the Revenue and Taxation Code, a buyer may be required to withhold and deliver to the Franchise Tax Board (FTB) either (a) an amount equal to three and one-third percent of the sales price or (b) elect an alternate withholding amount based on applying the maximum tax rate to the seller's estimated gain, in the case of disposition of California real property interest ("Real Property") by either: 1) a seller who is an individual or when the disbursement instructions authorize the proceeds to be sent to a financial intermediary of seller, or 2) a corporate seller that has no permanent place of business in California. If the seller elects an alternate withholding amount, the maximum tax rates are as follows: (a) 9.3% for individuals, (b) 8.84% for corporations, and (c) 10.84% for banks and financial corporations.

For failure to withhold, Section 18668 of the California Revenue and Taxation Code provides that the buyer may become subject to a penalty in the amount equal to the greater of 10% of the amount required to be withheld or five hundred dollars (\$500.00).

However, notwithstanding any other provision included in the California statutes referenced in Section 18668, no buyer will be required to withhold if:

Withholding exemptions for individual and non-individual sellers:

- The total sales price of the property conveyed does not exceed (\$100,000.00) or
- Property qualifies as the seller's principal residence, or decedent's if being sold by decedent's estate, within meaning of IRC Section 121, or
- Property was last used as the seller's principal residence (or decedent's, if being sold by decedent's estate) without regard to two-year time period.
- Sales resulting in a loss for California tax purposes or
- Like-kind exchanges with the exception of boot (IRC Section 1031) or
- Involuntary conversions (IRC Section 1033) or
- Transfer to a corporation controlled by the transferor (IRC Section 351) or contribution to a partnership in exchange for a partnership interest (IRC Section 721).
- Corporations with a permanent place of business in California or
- Partnerships or LLCs (which is not a single member LLC) or
- Tax exempt entities, insurance companies, IRAs or qualified pension plans or charitable remainder trust.
- Bank or banks acting as a fiduciary for a trust
- Certain foreclosures

The Seller is subject to penalty in the amount of \$1,000.00 or 20% of the amount required to be withheld, whichever is greater, for knowingly filing a fraudulent certificate for the purpose of avoiding the withholding requirement.

The California statutes referenced in Section 18668 include provisions which authorize the Franchise Tax Board to grant reduced withholding and waivers from withholding on non-individual sellers only on a case-by-case basis.

In the event the buyer requires the withholding of three and one-third percent of sales price from the seller's proceeds, the buyer is required to file copy A of FTB Form 593 with the Franchise Tax Board along with the withholding amount due no later than the 20th day of the month following the month in which the withholding occurred to the following address:

Franchise Tax Board
P.O. Box 942867
Sacramento, CA 94267-0651

Buyer and seller acknowledge receipt of this notice. **If you have questions, contact your tax advisor, an attorney, or the Franchise Tax Board at (888) 792-4900, (916) 845-4900 (outside of the U.S.) or by fax at (916) 845-9512.**

ATTACHMENT ONE

AFFIDAVIT OF SELLER, BUYER, AND/OR OWNER

BEFORE ME, personally appeared (“Affiant”), who having been duly sworn, deposes and says that:

1. Affiant is the owner of, or intends to own, real property located in Butte County, California, described in the Preliminary Title Report, attached hereto.
2. Affiant is, or will be, in exclusive possession of the Property, and no other party has any right or claim of possession or use of the Property, except as set forth in Exhibit “B” or Rent Statement attached hereto.
3. There are no known recorded or unrecorded easements, covenants or restrictions affecting the Property, other than those listed in Preliminary Title Report for the above referenced Escrow, attached hereto.
4. There are no known judgments, assessments, tax liens or other liens against Seller or the Property remaining unpaid, and the Property is free and clear of all encumbrances except as set forth on the Preliminary Title Report, attached hereto.
5. Affiant is not aware of any improvements made to the Property within the 90 day period immediately preceding the execution hereof, and there are no bills, statements or other invoices for labor, materials or services applicable to or affecting the Property or any improvements thereon, remaining unpaid.
6. To the best of Affiant’s knowledge, there are no suits or matters pending against Affiant that could give rise to a lien that would attach to the Property prior to the recordation of the documents applicable to this transaction.
7. To the best of Affiant’s knowledge, there are no bankruptcy or insolvency proceedings, voluntary or involuntary, threatened or pending against Affiant and there are no grounds upon which any such proceeding could be filed against Affiant.
8. Affiant has not executed and will not execute any instrument that would adversely affect the title to or interest in the Property prior to the recordation of the documents applicable to this transaction.
9. Affiant hereby executes this Affidavit to induce Bidwell Title & Escrow Company to issue title insurance on the Property.
10. To the best of the Affiant’s knowledge, there are no structure violations, building violations, or health and safety violations.

Under penalties of perjury, I declare that I have examined this Preliminary Title Report and it is true, correct, and complete.

This affidavit is attached to and made a part of the Preliminary Title Report herein.

ATTACHMENT ONE

BIDWELL TITLE & ESCROW COMPANY STEWART TITLE GUARANTY COMPANY, OLD REPUBLIC NATIONAL TITLE INSURANCE COMPANY

February 1, 2003

Title V of the Gramm-Leach-Bliley Act (GLBA) generally prohibits any financial institution, directly or through its affiliates, from sharing nonpublic personal information about you with a nonaffiliated third party unless the institution provides you with a notice of its privacy policies and practices, such as the type of information that it collects about you and the categories of persons or entities to whom it may be disclosed.

We recognize and respect the privacy expectations of today's consumers and the requirements of applicable federal and state privacy laws. We believe that making you aware of how we use your non-public personal information ("Personal Information"), and to whom it is disclosed, will form the basis for a relationship of trust between us and the public that we serve. This Privacy Statement provides that explanation. We reserve the right to change this Privacy Statement from time to time consistent with applicable privacy laws.

In the course of our business, we may collect Personal Information about you from the following sources:

- From applications or other forms we receive from you or your authorized representative;
- From your transactions with, or from the services being performed by, us, or our affiliates, or others;
- From our internet web sites;
- From the public records maintained by governmental entities that we either obtain directly from those entities, or from our affiliates or others; and
- From consumer or other reporting agencies.

Our Policies Regarding the Protection of the Confidentiality and Security of Your Personal Information

We maintain physical, electronic and procedural safeguards to protect your Personal Information from unauthorized access or intrusion. We limit access to the Personal Information only to those employees who need such access in connection with providing products or services to you or for other legitimate business purposes.

Our Policies and Practices Regarding the Sharing of Your Personal Information

We may share your Personal Information with our affiliates, such as insurance companies, securities and banking providers, agents, and other real estate settlement service providers. We also may disclose your Personal Information:

- to agents, brokers or representatives to provide you with services you have requested;
- to third-party contractors or service providers who provide services or perform marketing or other functions on our behalf; and
- to others with whom we enter into joint marketing agreements for products or services that we believe you may find of interest.

We may disclose any of the above information that we collect about our customers or former customers to our affiliates or to nonaffiliated third parties as permitted by law.

In addition, we will disclose your Personal Information when you direct or give us permission, when we are required by law to do so, or when we suspect fraudulent or criminal activities. We also disclose your Personal Information when otherwise permitted by applicable privacy laws such as, for example, when disclosure is needed to enforce our rights arising out of any agreement, transaction or relationship with you.

We do not disclose any nonpublic personal information about you with anyone for any purpose that is not specifically permitted by law.

One of the important responsibilities of some of our affiliated companies is to record documents in the public domain. Such documents may contain your Personal Information.

Right to Access Your Personal Information and Ability to Correct Errors Or Request Changes Or Deletion

Certain states afford you the right to access your Personal Information and, under certain circumstances, to find out to whom your Personal Information has been disclosed. Also, certain states afford you the right to request correction, amendment or deletion of your Personal Information. We reserve the right, where permitted by law, to charge a reasonable fee to cover the costs incurred in responding to such requests.

All requests must be made in writing to the following address:

Privacy Compliance Officer
Bidwell Title & Escrow Company
500 Wall Street
Chico, CA 95928

Multiple Products or Services

If we provide you with more than one financial product or service, you may receive more than one privacy notice from us. We apologize for any inconvenience this may cause you.

ATTACHMENT ONE

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY – 1990

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

ATTACHMENT ONE
EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (02-03-10)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;
 - d. improvements on the Land;
 - e. land division; and
 - f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.

ATTACHMENT ONE

4. Risks:
- a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
- a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.

7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner's Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16:	_____ % of Policy Amount Shown in Schedule A or \$ _____ (whichever is less)	\$ _____
Covered Risk 18:	_____ % of Policy Amount Shown in Schedule A or \$ _____ (whichever is less)	\$ _____
Covered Risk 19:	_____ % of Policy Amount Shown in Schedule A or \$ _____ (whichever is less)	\$ _____
Covered Risk 21:	_____ % of Policy Amount Shown in Schedule A or \$ _____ (whichever is less)	\$ _____

**AMERICAN LAND TITLE ASSOCIATION
RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)**

EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:
- * land use
 - * improvements on the land
 - * land division
 - * environmental protection

ATTACHMENT ONE

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.

This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:
 - * a notice of exercising the right appears in the public records
 - * on the Policy Date
 - * the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking
3. Title Risks:
 - * that are created, allowed, or agreed to by you
 - * that are known to you, but not to us, on the Policy Date -- unless they appeared in the public records
 - * that result in no loss to you
 - * that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks
4. Failure to pay value for your title.
5. Lack of a right:
 - * to any land outside the area specifically described and referred to in Item 3 of Schedule A
 - OR
 - * in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

2006 ALTA LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;

ATTACHMENT ONE

- (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
 5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
 6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
 7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.

ATTACHMENT ONE

2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) that arise by reason of:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and that are not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (07-26-10)

EXCLUSIONS FROM COVERAGE

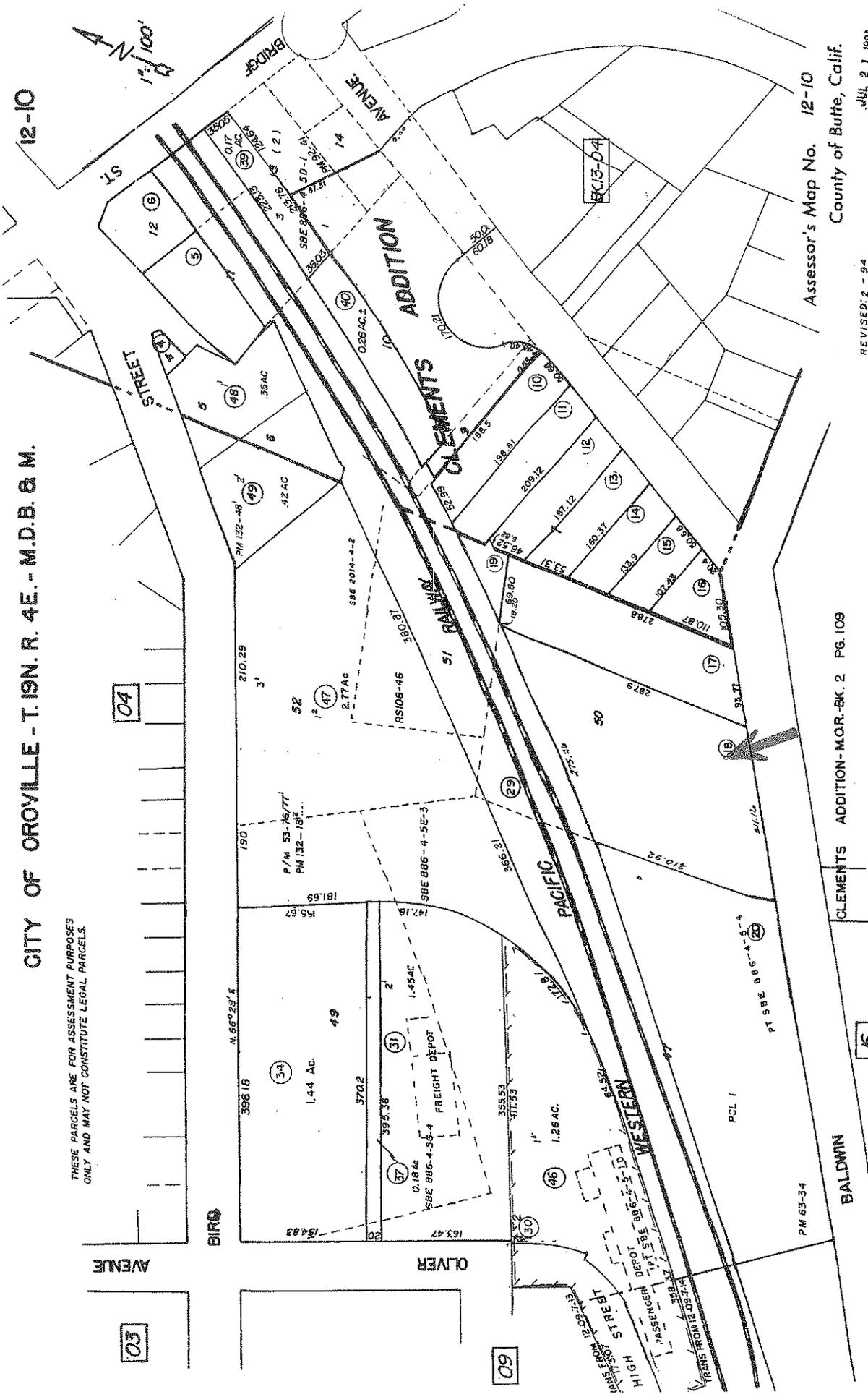
The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.
9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.

CITY OF OROVILLE - T. 19N. R. 4E. - M.D.B. & M.

THESE PARCELS ARE FOR ASSESSMENT PURPOSES ONLY AND MAY NOT CONSTITUTE LEGAL PARCELS.



Assessor's Map No. 12-10
County of Butte, Calif.

REVISED: 2 - 94

JUL 21 1994

This map may or may not be a survey of the land depicted hereon. You should not rely upon it for any purpose other than orientation to the general location of the parcel or parcels depicted. BOWELL, TITLE & ESCROW CO. expressly disclaims any liability for the alleged loss or damage which may result from reliance on this map.

03

04

09

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BK. 13-04

CLEMENTS ADDITION - M.O.R. - BK. 2 PG. 109

BALDWIN

12-10



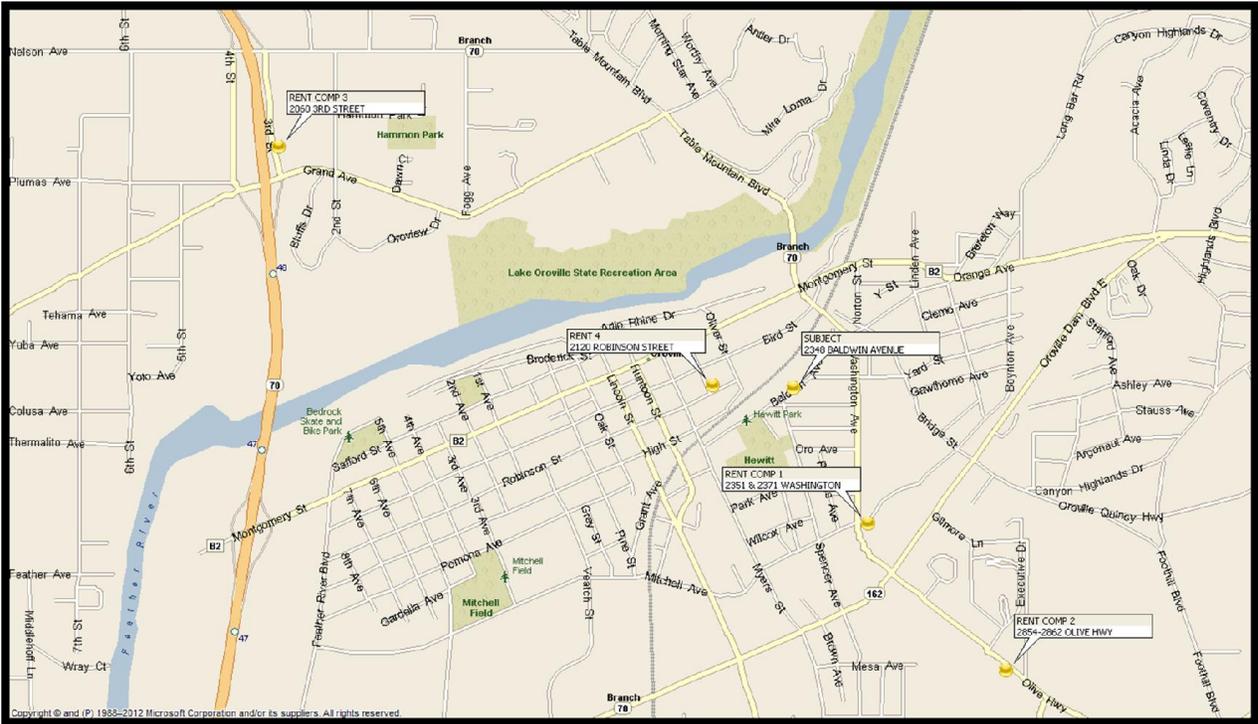
LEGAL DESCRIPTION
OROVILLE EDD FIELD OFFICE
SSL 925

All that certain real property situate in the City of Oroville, described as follows:

A portion of Outside Lot 50 of the Townsite of Oroville, according to the Official Map thereof, recorded in the office of the Recorder of the County of Butte, State of California, January 22, 1872, described as follows:

COMMENCING at an iron pin at the point of intersection of the Northwesterly line of Baldwin Avenue and the Easterly line of said Outside Lot 50, and running thence South 56° 25' West along said Northwesterly line of said Baldwin Avenue, 93.77 feet to the Southwest corner of that certain parcel of land as described in Deed from E. W. Lindholm to Orvill Edwin Curran et ux, recorded October 15, 1954, in Book 739, of Butte County Official Records, at page 338, said point being the true point of beginning for the parcel described herein; thence from said true point of beginning, continuing along the Northwesterly line of said Baldwin Avenue, South 56° 22' West 211.16 feet to the Westerly line of said Outside Lot 50; thence along said Westerly line North 20° 28' West 5.70 feet and North 6° 18' West 210.92 feet to an iron pin located at the intersection of said West line of said Outside Lot 50, with the Southeasterly line of the Western Pacific Railroad Company's Main Line Railroad; thence Northeasterly along the Southeasterly line of said Railroad and 50 feet distant Southeasterly from, and parallel with the located centerline thereof, 275.26 feet, more or less to an iron pin located at the intersection of said Southeasterly line of said Railroad with the West line aforementioned Curran parcel; thence South 2° 08' East along said West line of said Curran parcel, 297.54 feet to the true point of beginning.

OFFICE RENT COMPARABLE MAP



RENT COMPARABLE PHOTOGRAPHS



Rent Comp 1-2351 & 2371 Washington Avenue



Rent Comp 2-2854 Olive Highway

RENT COMPARABLE PHOTOGRAPHS



Rent Comp 3-2060 3rd Street



Rent Comp 4-2120 Robinson Street

Jodi L. White
120 Independence Circle, Suite B
Chico, California 95973
Office Phone: 530-893-0699
Cell: 530-570-7101

California State License
Certified General Real Estate Appraiser
AG 044936

PROFESSIONAL EXPERIENCE

Ms. White has been actively engaged in commercial real estate valuation and consulting assignments since 1999.

CALIFORNIA APPRAISALS, Real Estate Appraiser April 2014 to Present

Independent Contractor/Fee Appraiser with California Appraisals, a full service appraisal firm serving a wide variety of clients in the Northern Sacramento Valley Area. Properties appraised include retail buildings, shopping centers, office buildings, industrial properties, multiple family developments, and vacant land. Service areas include Butte, Glenn, Tehama, Plumas and Colusa Counties.

Scott S. Hamm, MAI, Real Estate Appraiser December 2010 to April 2014

Fee Appraiser with a full service real estate appraisal and consulting firm. Provided appraisals for a variety of clients such as banks and other lending institutions, family trusts, attorneys and the State of California. Service areas included Butte, Glenn, Tehama, Colusa, Shasta and Plumas Counties.

Integra Realty Resources-Orlando, Senior Analyst/Appraiser July 1999 to December 2010

Senior analyst / Fee appraiser with a full service, national real estate and consulting firm. Provided appraisals for a wide variety of clients. Properties appraised included multiple family developments, shopping centers, retail properties, office buildings, industrial buildings and all types of vacant land. Ms. White has experience appraising fee simple, leased fee, leasehold and partial ownerships as well as other mortgage positions.

APPRAISAL EDUCATION & LICENSES

State Required Continuing Education Courses and Seminars Completed Annually 1999-2014

Appraisal Institute - Real Estate Appraisal 1, 2000

Steve Williamson School of Real Estate - The Appraisal of Residential Properties, 2002

Appraisal Institute - Basic Income Capitalization, 2002

Appraisal Institute - Sales Comparison Approach and Cost Approach, 2004

Appraisal Institute - Report Writing, 2006

Steve Williamson School of Real Estate – Chapter 475 II FS, 2006

Appraisal Institute - Advanced Income Capitalization, 2008

Karh's Guide to Argus Seminar, 2003

Dyna (Realm) Cash Flow & Lease Analysis, 2005

State Certified General Real Estate Appraiser – California License #AG044936, 2011-Present

State Certified General Real Estate Appraiser – Florida License #RZ2949, 2002-2012 (Expired)