

CITY OF KUNA
*****NOTICE*****

**A SPECIAL MEETING OF THE KUNA
CITY COUNCIL IS SCHEDULED FOR:**

Thursday, October 10, 2013
5:30 p.m. in the
Kuna City Hall Council Chamber
763 W. Avalon Street
Kuna, ID 83634

5:30 P.M. Special City Council Meeting

- 1. Call to Order and Roll Call**
- 2. Public Hearing – Sale of City Owned Surplus Property Located North of Lake Hazel Road and East of Ten Mile Road, Kuna, Idaho; 107.13 acres; Minimum Price of \$3,213,900.00** *(See Exhibit “A” on Page 2 of this Notice)*

The purpose of the Public Hearing is for interested parties and citizens to have an opportunity to be heard to discuss the sale of a single city-owned parcel of real property to be declared as surplus totaling approximately 107.13 acres. The property is generally located north of Lake Hazel and east of Ten Mile Road, Kuna, Idaho. Resolution R27-2013 declares that the property is surplus, the City of Kuna intends to sell the property at public auction to the highest bidder, and the minimum price is set at \$3,213,900.00.

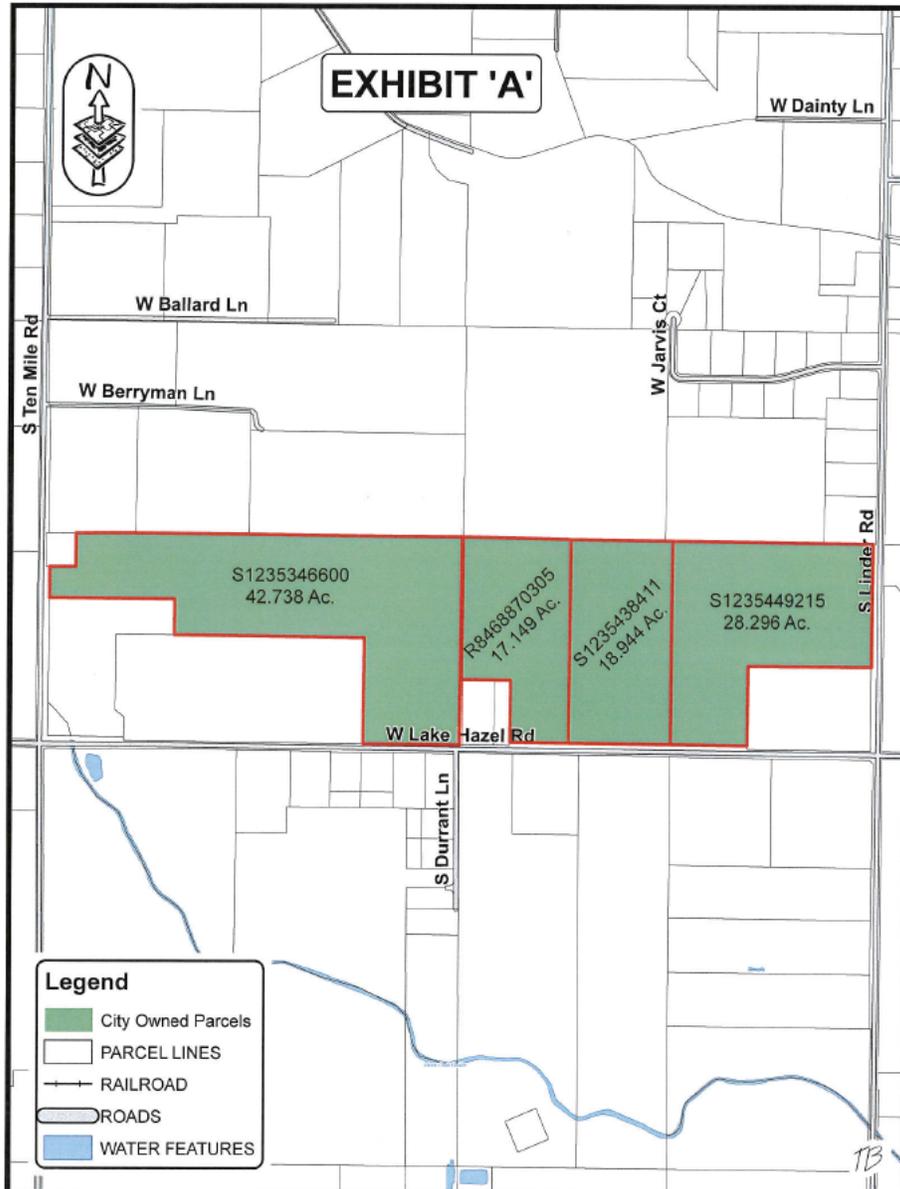
- 3. Public Auction - Sale of City Owned Surplus Property Located North of Lake Hazel Road and East of Ten Mile Road, Kuna, Idaho; 107.13 acres; Minimum Price of \$3,213,900.00** *(See Exhibit “A” on Page 2 of this Notice)*

The Kuna City Council will conduct a public auction where the City will offer for sale city owned surplus property located north of Lake Hazel Road and east of Ten Mile Road, Kuna, Idaho totaling approximately 107.13 acres with a minimum price set at \$3,213,900.00 to the highest bidder at an amount not less than the minimum price. All bidders must be pre-registered prior to the auction. Pre-registration shall commence on October 10, 2013 at 11:00 A.M. and close at 3:00 P.M. For pre-registration packets, contact the City Attorney at (208) 387-7719 or send a written request to the City of Kuna, POB 13, Kuna, Idaho 83634. Minimum qualifications require all bidders must have certified funds for \$500,000.00 earnest money and be able to close within thirty (30) days.

4. Resolution No. R40-2013 – LID AR Consent to Assignment

A RESOLUTION OF THE CITY OF KUNA, IDAHO AUTHORIZING THE MAYOR TO EXECUTE THE CONSENT TO ASSIGNMENT OF ACCOUNT RECEIVABLE BY AND BETWEEN KEY BANK AND DBTV AGRICULTURAL HOLDINGS, LLC.

5. Adjournment





City of Kuna PUBLIC HEARING NOTICE and PUBLIC AUCTION

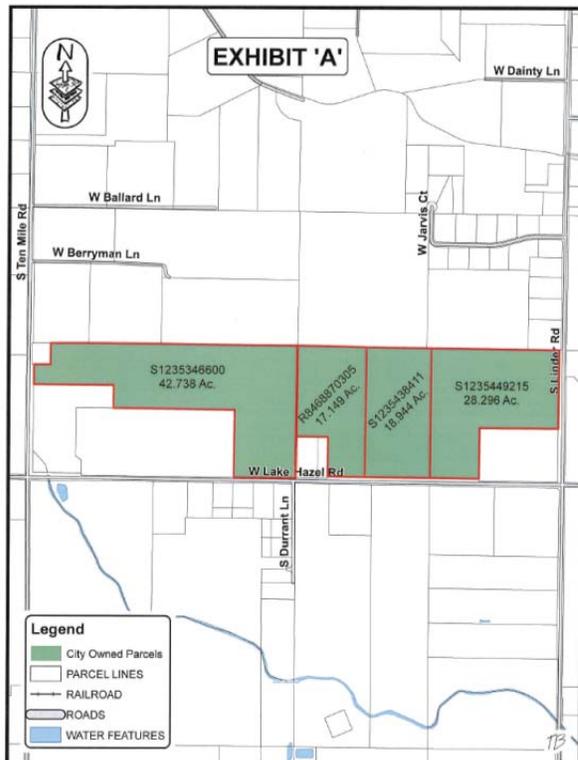
Sale of City Owned Surplus Property and Public Auction

Min. Price: \$3,213,900.00

Size: 107.13 acres

Location: North of Lake Hazel Road and east of Ten Mile Road, Kuna, Idaho. See location map, attached as Exhibit A.

NOTICE IS HEREBY GIVEN that the Mayor and Council have set a public hearing on October 10, 2013 commencing at 5:30 P.M. at the Kuna City Hall, 763 W. Avalon Street, Kuna, Idaho. The public hearing shall be the time and place for interested parties and citizens to have an opportunity to be heard to discuss the sale of a single city-owned parcel of real property to be declared as surplus totaling approximately 107.13 acres. The property is generally located north of Lake Hazel and east of Ten Mile Road, Kuna, Idaho. Resolution R27-2013 declares that the property is surplus, the City intends to sell the property at public auction to the highest bidder, and the minimum price is set at \$3,213,900.00. At the conclusion of the October 10, 2013 public hearing, the City Council will conduct a public auction, where the City will proceed to offer for sale said real property at public auction to the highest bidder at an amount not less than the minimum price. All bidders must be pre-registered prior to the auction. Pre-registration shall commence on October 10, 2013 at 11:00 A.M. and close at 3:00 P.M. For pre-registration packets, contact the City Attorney at (208) 387-7719 or send a written request to the City of Kuna, POB 13, Kuna, Idaho 8363. Minimum qualifications require all bidders must have certified funds for \$500,000.00 earnest money and be able to close within thirty (30) days.



RESOLUTION NO. R27- 2013

A RESOLUTION DECLARING THAT A SINGLE CITY-OWNED PARCEL OF REAL PROPERTY CONSISTING OF APPROXIMATELY 107.13 ACRES AND LOCATED NORTH OF LAKE HAZEL ROAD AND EAST OF TEN MILE ROAD, KUNA, IDAHO, IS SURPLUS AS THE PROPERTY IS UNDERUTILIZED, OR NOT USED FOR PUBLIC PURPOSES; DECLARING THE INTENT OF THE CITY OF KUNA TO SELL THE PROPERTY AT PUBLIC AUCTION TO THE HIGHEST BIDDER; DECLARING THE MINIMUM PRICE FOR THE PROPERTY; INSTRUCTING THE CITY CLERK TO PUBLISH A SUMMARY OF THE ACTION TAKEN BY THIS RESOLUTION AND ESTABLISH AND PUBLISH NOTICE OF THE HEARING DATE TO REVIEW THE PROPOSED CONVEYANCE, EXCHANGE OR SALE AND TO PUBLISH NOTICE OF THE PUBLIC AUCTION HEARING TO SELL THE PROPERTY TO THE HIGHEST BIDDER AT AN AMOUNT NOT LESS THAN THE MINIMUM SET BY THE CITY COUNCIL; APPROVING A SUMMARY OF THE ACTION TAKEN BY THIS RESOLUTION; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Idaho Code §50-1401 grants the City of Kuna the authority to sell, exchange or convey real property which is or not used for public purposes; and,

WHEREAS, The City of Kuna owns one parcel of real property, legally described by parcel numbers and its location on the map as per Exhibit A, which has been underutilized, or not used for public purposes, and therefore should be declared surplus and offered for sale at public auction in accordance with Idaho law; and

WHEREAS, The City of Kuna intends to sell, at public auction to the highest bidder, said surplus property; and,

WHEREAS, Idaho Code §50-1402 provides that whenever the City of Kuna proposes to sell, exchange or convey real property, the City Council shall declare the minimum value or price, if any, it intends to receive as a result of such sale, exchange or conveyance on the record at a public meeting; and

WHEREAS, the City of Kuna establishes the minimum price for the sale of the 107.13 acres at \$30,000.00/acre or a total purchase price of \$3,213,900.00.

WHEREAS, Idaho Code §50-1402 requires notice and a public hearing prior to the conveyance or exchange of any real property by the City; and

WHEREAS, Idaho Code §50-1403 (1) provides that after the public hearing, the property can be sold at public auction to the highest bidder.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF KUNA, IDAHO:

Section 1. The real property as described by its parcel numbers and location as depicted on the map, as per Exhibit A, is declared to be underutilized, or not used for public purposes, and is therefore surplus property owned by the City of Kuna, Idaho.

Section 2. The minimum price for the sale of property is \$3,213,900.00.

Section 3. The City intends to sell, at public auction, the surplus property in accordance with Idaho law, Title 50, Chapter 14, to the highest bidder at or above the declared minimum price.

Section 4. The City Clerk shall publish the notice of a public hearing setting the public hearing for Special City Council meeting on October 14, 2013 at 4:00 P.M. at the Kuna City Hall, 763 W. Avalon Street, Kuna, Idaho, concerning the proposed sale at public auction and a summary of the action taken by the Council concerning the proposed sale and conveyance of the property.

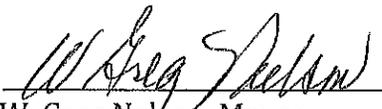
Section 5. The City Clerk shall publish the notice of a public auction setting the public auction on October 10, 2013 at 5:30 P.M. at the Kuna City Hall, 763 W. Avalon Street, Kuna, Idaho.

Section 6. The draft summary of this Resolution and the draft notice of public hearing, attached hereto as Exhibit B and the Public Hearing and Public Auction to be published, attached hereto as Exhibit C, are approved as to both form and content.

Section 7. This Resolution shall be in full force and effect immediately upon its adoption and approval.

PASSED BY THE COUNCIL of Kuna, Idaho this 17th day of September 2013.

APPROVED BY THE MAYOR of Kuna, Idaho this 17th day of September 2013.


W. Greg Nelson, Mayor

ATTEST:


Chris Engels, Deputy City Clerk

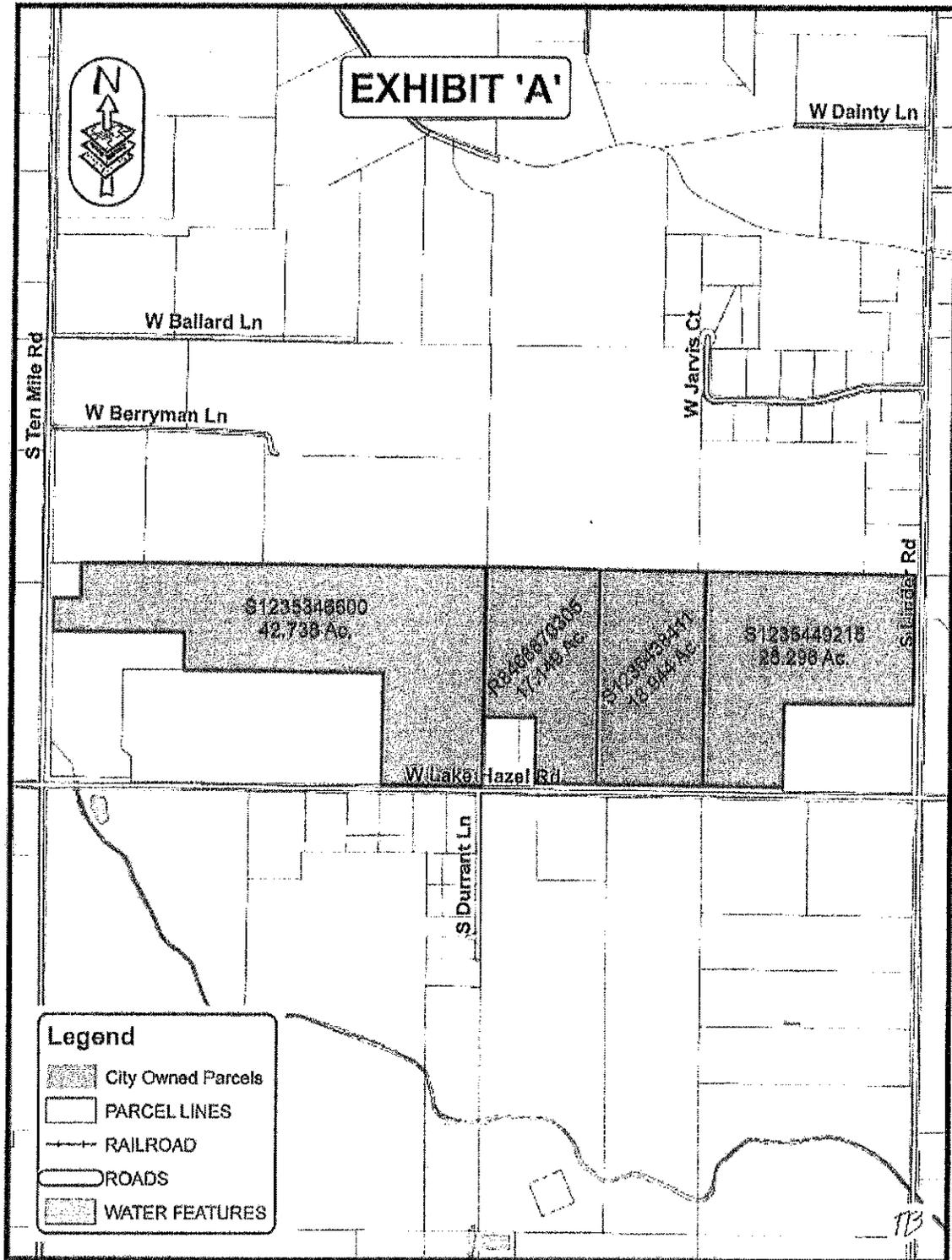


EXHIBIT "B"

Notice of Public Hearing: City of Kuna Declaration of Intent to Auction and Convey Real Property

Summary of City Council Action:

NOTICE IS HEREBY GIVEN that the City of Kuna, Idaho, adopted at its regular meeting on September 17, 2013, Resolution No. R27-2013, declaring that a single city-owned parcel of real property consisting of approximately 107.13 acres is surplus property. The property is generally located north of Lake Hazel and east of Ten Mile Road, Kuna, Idaho. The resolution declares the intent of the City to sell the property at public auction to the highest bidder, and sets the minimum price of \$3,213,900.00. Finally, the resolution instructs the City Clerk to publish notice of the public hearing on October 10, 2013 at 5:30 P.M. to review the proposed sale and authorize the sale at public auction to the highest bidder, and it also instructs the City Clerk to publish notice of the public auction on to be held on October 10, 2013 at 5:30 P.M. after the public hearing.

Notice of Hearing:

Sale of City Owned Surplus Property and Public Auction

Min. Price: \$3,213,900.00

Size: 107.13 acres

Location: North of Lake Hazel Road and east of Ten Mile Road, Kuna, Idaho. See location map, attached as Exhibit A.

NOTICE IS HEREBY GIVEN that the Mayor and Council have set a public hearing on October 10, 2013 commencing at 5:30 P.M. at the Kuna City Hall, 763 W. Avalon Street, Kuna, Idaho. At the public hearing it shall be the time and place for interested parties and citizens alike to have an opportunity to be heard to discuss the sale of a single city-owned parcel of real property as surplus totaling approximately 107.13 acres. The property is generally located north of Lake Hazel and east of Ten Mile Road, Kuna, Idaho. Resolution R27-2013 declares the intent of the City to sell the property at public auction to the highest bidder, and sets the minimum price of \$3,213,900.00. At the conclusion of the public hearing on October 10, 2013 at 5:30 P.M. or soon thereafter, the City Council will conduct a public auction, where the City will proceed to offer for sale the real property in question at public auction to the highest bidder at an amount not less than the minimum price.



City of Kuna PUBLIC HEARING NOTICE and PUBLIC AUCTION

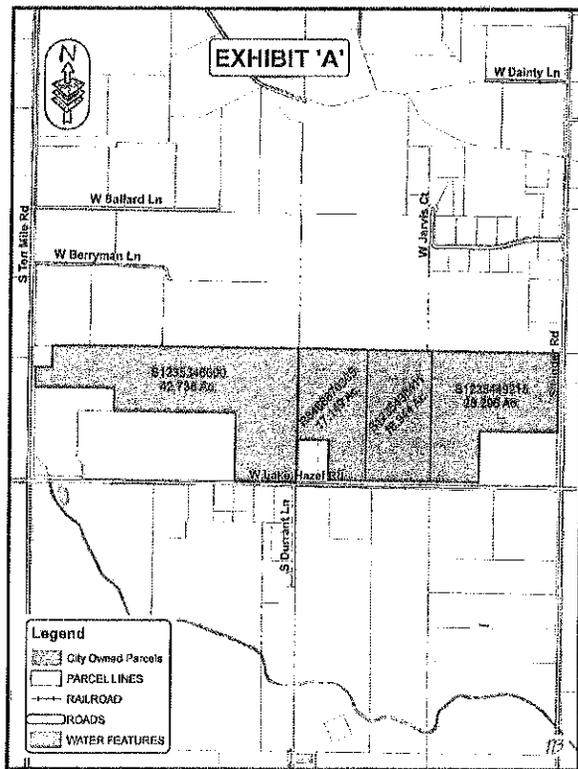
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PUBLIC AUCTION OF REAL PROPERTY BY THE CITY OF KUNA, IDAHO

TERMS AND CONDITIONS

SALE DATE: OCTOBER 10, 2013.

TIME: PUBLIC AUCTION COMMENCES PROMPTLY AT 5:30 P.M.

PROPERTY LOCATION:

MINIMUM BID:

ALL BIDDERS MUST PRE-REGISTER PRIOR TO THE AUCTION TO BID ON THE PROPERTY OFFERED FOR SALE.

ALL BIDDERS ARE REQUIRED TO PRE-REGISTER AT THE AUCTION LOCATION. PRE-REGISTRATION SHALL TAKE PLACE ON OCTOBER 10, 2013 BETWEEN 1:00 P.M. AND 5:00 P.M.

AUCTION AND PRE-REGISTRATION LOCATION: CITY HALL, 763 W. AVALON, STREET, KUNA, IDAHO.

TO PARTICIPATE IN THE AUCTION A BIDDER MUST BE A "QUALIFIED BIDDER" MEANING AT THE TIME OF REGISTRATION, THE BIDDER MUST SHOW SATISFACTORY PROOF OF THE FOLLOWING:

1. CERTIFIED FUNDS IN THE AMOUNT OF \$500,000.00 ON DEPOSIT AND VERIFIED BY FIDELITY NATIONAL TITLE, 8665 W. EMERALD AVENUE, STE. 200, BOISE, IDAHO, 83704. FIDELITY NATIONAL TITLE WILL REQUIRE THAT THE FUNDS EITHER BE WIRED, OR CERTIFIED CHECK(S) BE CLEARED BEFORE THE FUNDS ARE VERIFIED. UPON ACCEPTANCE OF THE HIGHEST AND QUALIFIED BID, THE \$500,000.00 SHALL BE DEPOSITED AS EARNEST MONEY; AND

2. SATISFACTORY PROOF THAT THE BIDDER IS ABLE TO CLOSE THE TRANSACTION WITHIN THIRTY (30) DAYS FROM THE DATE OF THE AUCTION.

PLEASE NOTE: NO ONE WILL BE PERMITTED TO BID WITHOUT SHOWING SATISFACTORY PROOF (AT THE TIME OF REGISTRATION) OF VERIFIED FUNDS ON DEPOSIT AT FIDELITY NATIONAL TITLE. NO BIDS WILL BE ACCEPTED BY ANYONE BIDDING WITHOUT PRE-REGISTERING.

THE OPENING (MINIMUM) BID PRICE FOR THE PROPERTY IS \$3,213,900.00.

BIDDERS ARE ENCOURAGED TO OBTAIN ANY INFORMATION REGARDING THE PROPERTY PRIOR TO THE AUCTION BY CONTACTING THE CITY ATTORNEY, AT THE CITY HALL, 763 WEST AVALON, KUNA, IDAHO.

REAL ESTATE BROKERS

REAL ESTATE BROKER PARTICIPATION IS PERMITTED; HOWEVER, THE TOTAL REAL ESTATE BROKERAGE COMMISSION IS PAYABLE BY THE BUYER. IN ORDER TO BID AT AUCTION A BROKER MUST FIRST REGISTER WITH THE CITY OF KUNA BY FILING A DISCLOSURE FORM IDENTIFYING THE REAL ESTATE BROKER AND THE BROKER'S CLIENT. A BROKER MUST PRE-REGISTER AND PROVIDE THE CITY WITH THE VERIFICATION OF THE \$500,000.00 ON DEPOSIT WITH FIDELITY NATIONAL TITLE.

PLEASE READ THE FOLLOWING TERMS AND CONDITIONS OF SALE VERY CAREFULLY!

IF YOU HAVE ANY QUESTIONS OR DO NOT UNDERSTAND THESE TERMS AND CONDITIONS YOU MAY WISH TO CONSULT AN ATTORNEY.

THE FOLLOWING IS A LIST OF SOME OF THE TERMS AND CONDITIONS OF SALE. THE TERMS AND CONDITIONS OF THE SALE ARE NON-NEGOTIABLE AND MUST BE AGREED TO BY EVERY SUCCESSFUL BIDDER DESIROUS OF ENTERING INTO A CONTRACT OF SALE WITH THE CITY OF KUNA, IDAHO.

THERE WILL BE NO EXCEPTIONS.

1. THE PROPERTY IS BEING OFFERED FOR SALE BY THE CITY OF KUNA, IDAHO IN "AS IS" PHYSICAL CONDITION SUBJECT TO ALL ENVIRONMENTAL CONDITIONS AND VIOLATIONS. THE CONDITIONS OF SALE ARE MORE FULLY SPECIFIED IN THE CONTRACT OF SALE WHICH SHALL PROVIDE IN PART THAT THE PROPERTY IS BEING SOLD SUBJECT TO ALL VIOLATIONS, ANY STATE OF FACTS AN ACCURATE SURVEY MAY SHOW, COVENANTS, RESTRICTIONS, EASEMENTS, AND AGREEMENTS OF RECORD AND ANY TENANTS AND/OR PERSONS IN POSSESSION. THE CITY OF KUNA, IDAHO MAKES NO WARRANTIES REGARDING THE STRUCTURES ON THE PROPERTY AND/OR WHETHER SUCH STRUCTURES OR THEIR CURRENT USE COMPLY WITH LOCAL AND/OR MUNICIPAL BUILDING RULES AND/OR REGULATIONS, INCLUDING WHETHER THERE ARE CERTIFICATES OF OCCUPANCY FOR THE EXISTING STRUCTURES ON A PROPERTY OR WHETHER SUCH CERTIFICATES COMPLY WITH THE PRESENT STRUCTURES AND/OR THE CURRENT USE OF THE PROPERTY. ANY PERSONAL PROPERTY, DEBRIS OR GARBAGE NOT REMOVED FROM THE PROPERTY BY THE CITY OF KUNA PRIOR TO A CLOSING ON THE CONTRACT OF SALE WILL BE THE RESPONSIBILITY OF THE PURCHASER TO REMOVE. THE CITY OF KUNA MAKES NO REPRESENTATIONS OR

WARRANTIES REGARDING ANY PERSONAL PROPERTY LOCATED ON THE PROPERTIES THAT IS EXCLUDED FROM THE AUCTION UNLESS OTHERWISE SPECIFIED IN THE CONTRACT OF SALE. THE CITY OF KUNA, IDAHO RESERVES THE RIGHT TO REMOVE ANY AND ALL SUCH PERSONAL PROPERTY PRIOR TO THE CLOSING. THE CITY OF KUNA, IDAHO MAKES NO REPRESENTATIONS CONCERNING THE VALUE, INCOME POTENTIAL OR THE CURRENT AND/OR FUTURE USE OF THE PROPERTY.

ALL BIDDERS SHOULD COMPLETE THEIR DUE DILIGENCE IN CONNECTION WITH THE PURCHASE OF THE PROPERTY PRIOR TO THE AUCTION. ACCORDINGLY, CONTRACTS OF SALE SHALL NOT BE MADE CONTINGENT ON THE BIDDERS COMPLETING A PERIOD OF FURTHER INVESTIGATION OR DUE DILIGENCE.

THE CITY WILL PROVIDED TITLE INSURANCE THROUGH FIDELITY NATIONAL TITLE.

2. THE BIDDING FOR THE PROPERTY WILL START WITH THE MINIMUM BID PRICE. FOR A QUALIFIED BIDDER TO ENTER INTO A CONTRACT OF SALE WITH THE CITY OF KUNA, IDAHO, SUCH QUALIFIED BIDDER MUST HAVE BID THE HIGHEST PRICE FOR THE PROPERTY (REFERRED TO HEREINAFTER AS THE "HIGHEST QUALIFYING BID") AND THAT BID MUST BE ACCEPTED BY THE CITY OF KUNA, IDAHO. THE CITY OF KUNA, IDAHO RESERVES THE RIGHT AND DISCRETION TO REJECT ANY AND ALL BIDS, INCLUDING THE HIGHEST QUALIFYING BID, AND/OR TO WITHDRAW THE PROPERTY FROM THE AUCTION WITHOUT PRIOR NOTICE.

3. UPON ACCEPTANCE OF THE BID, THE \$500,000.00 SHALL BECOME THE EARNEST MONEY DEPOSIT AND THE BIDDER WILL BE REQUIRED TO SIGN A CONTRACT FOR SALE OF THE PROPERTY ALONG THE TERMS OF THE BID, AT THE TIME OF THE AUCTION.

4. CONTRACTS OF SALE ARE NOT CONDITIONAL OR CONTINGENT ON THE PURCHASER OBTAINING MORTGAGE FINANCING, LOAN OR ANY FINANCIAL ASSISTANCE OF ANY KIND, INCLUDING GIFTS, FROM ANY THIRD PARTIES. AT THE CONCLUSION OF THE AUCTION, THE SUCCESSFUL BIDDER MUST IMMEDIATELY EXECUTE THE CONTRACT OF SALE PREPARED BY THE CITY OF KUNA, IDAHO. THE FAILURE TO DO SO WILL RESULT IN THE DISQUALIFICATION OF THE ACCEPTED HIGHEST QUALIFYING BID. THE CONTRACT OF SALE IS A LEGALLY BINDING DOCUMENT AND WILL PROVIDE FOR A TIME OF THE ESSENCE CLOSING DATE OF "ON OR BEFORE" THIRTY (30) DAYS AFTER THE DATE OF THE AUCTION OR TO A DATE AGREED TO BY THE BUYER AND SELLER IN THE CONTRACT FOR SALE. FAILURE TO CLOSE ON OR BEFORE THE DATE SET FORTH IN THE CONTRACT OF SALE SHALL RESULT IN THE PURCHASER'S DEFAULT MEANING THAT THE TOTAL EARNEST MONEY TENDERED

THEREUNDER WILL BE SUBJECT TO FORFEITURE. THE CITY OF KUNA, IDAHO IS UNDER NO LEGAL OBLIGATION TO EXTEND THE CONTRACT CLOSING DATE. MOREOVER, THE CONTRACT OF SALE IS NOT ASSIGNABLE TO A THIRD PARTY.

5. ATTENTION TO ALL SECOND HIGHEST QUALIFYING BIDDERS: IT IS AGREED AND UNDERSTOOD THAT THE SECOND HIGHEST QUALIFYING BIDDER FOR THE AUCTIONED PROPERTY WILL REMAIN AT THE AUCTION TO ENTER INTO A CONTRACT OF SALE IN THE EVENT THAT THE ACCEPTED HIGHEST QUALIFYING BIDDER FAILS OR DECLINES TO EXECUTE A CONTRACT OF SALE AT THAT TIME. THE SECOND HIGHEST QUALIFYING BIDDER FOR THE PROPERTY WILL ALSO PROVIDE THE CITY OF KUNA, IDAHO WITH THEIR CONTACT INFORMATION. IN THE EVENT THE ACCEPTED HIGHEST QUALIFYING BIDDER DEFAULTS ON THE CONTRACT OF SALE, THE CITY OF KUNA, IDAHO MAY CHOOSE TO CONTACT THE SECOND HIGHEST QUALIFYING BIDDER TO DETERMINE IF SUCH BIDDER IS WILLING TO ENTER INTO A CONTRACT OF SALE AT THE PRICE THE SECOND QUALIFYING BIDDER BID AT THE AUCTION. THE CITY OF KUNA, IDAHO SHALL BE UNDER NO LEGAL OBLIGATION TO CONTACT THE SECOND HIGHEST QUALIFYING BIDDER IN THE EVENT THE ACCEPTED HIGHEST QUALIFYING BIDDER DEFAULTS ON THE CONTRACT.

SUMMARY
APPRAISAL REPORT
ON THE
107.13 ACRES OF VACANT
LAND
LOCATED
NORTH OF LAKE HAZEL ROAD,
WEST OF
LINDER ROAD
IN
KUNA, ADA COUNTY, IDAHO

PREPARED FOR

MS. KIRSTEN THOMPSON
NORTHWEST BANK
4900 MEADOWS ROAD, SUITE 410
LAKE OSWEGO, OR 97035

EFFECTIVE DATE:
SEPTEMBER 24, 2013

LA FILE NO. 13.3103V

PREPARED BY

SAM L. LANGSTON, MAI
IDAHO CGA #195
&
AUGUST JOHNSON
IDAHO CGA #2611



October 3, 2013

Ms. Kirsten Thompson
Northwest Bank
4900 Meadows Road, Suite 410
Lake Oswego, OR 97035

Re: Summary Appraisal Report on the 107.13 acres of land located north of Lake Hazel Road, west of Linder Road in Kuna, Ada County, Idaho.

Dear Ms. Thompson:

In accordance with your request for an appraisal on the above captioned property, we have conducted market investigations, gathered pertinent data, and performed certain analyses necessary for the appraisal process. From such, we have formed an opinion of the market value (as defined in the report), for the Fee Simple Estate of the subject property.

The information herein is presented with the understanding that appraisals and reporting formats vary greatly depending upon the client's individual needs, the size and complexity of the property, and the intended use of this report. It is at your request and by mutual agreement that this appraisal be prepared in a summary format.

This summary appraisal report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a summary appraisal report. As such, it presents summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Additional supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated within the report. The appraiser is not responsible for unauthorized use of this report. This report is intended to comply with the USPAP 2013 Edition Scope of Work Rule and has been prepared in accordance with the Appraisal Standard Board's Advisory Opinions 28 and 29.

Furthermore, this appraisal is the result of an appraisal process where the most applicable approaches to value have been employed. There are basically five different methods of estimating site value recognized by professional appraisal organizations. Of these, the Sales Comparison or Market Data Approach is considered most applicable method in the valuation of the subject site. Comparable land sales deemed substitutable alternatives were available providing an indication of the subject's potential land value.

LETTER OF TRANSMITTAL
Ms. KIRSTEN THOMPSON
NORTHWEST BANK

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It is noted that the subject was not previously encumbered by the LID that was in place in Kuna. According to the information provided, the LID encumbrance was lifted in March of 2013 by the court system. The subject is owned by the City of Kuna and therefore it is our understanding that they were not required to pay any LID fees.

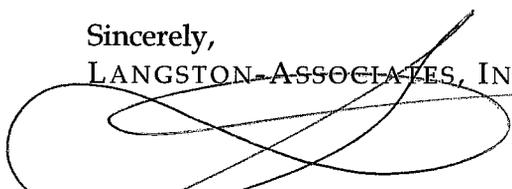
A Phase I, Environmental Site Assessment was not provided for the purposes of this appraisal. The analysis presented within this report is predicated on the specific assumption that no environmental concerns are present on the subject property. Any such environmental risk discovered at a later date may require a revised estimate of value, which may or may not be simply a reduction in the value by the estimated cost to cure of the environmental condition. Properties known to have environmental risk may carry a stigma in the marketplace, which also may or may not affect the value.

Therefore, based upon the physical inspection of the subject, the information supplied by the developer; and subject to the Assumptions and Limiting Conditions set forth, as of September 24, 2013, the Fee Simple Estate of the subject property is valued as follows:

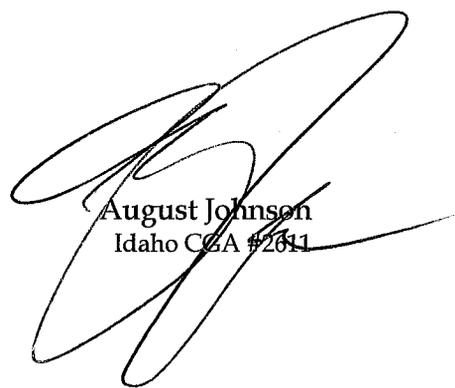
FEE SIMPLE VALUE OF THE SUBJECT "AS IS": \$2,140,000

The following report sets forth the identification of the subject property, as well as a summary of the pertinent facts about the investigations and analyses, and reasoning leading to the conclusions set forth. We trust you will find the information contained in the report relevant to your decisions regarding the subject property. Should you have any questions regarding this report, or if we may be of further service to you on this or future projects, please contact us at your earliest convenience.

Sincerely,
LANGSTON ASSOCIATES, INC.



Sam Langston, MAI
Idaho CGA#195



August Johnson
Idaho CGA #2611

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OVERVIEW OF ASSUMPTIONS AND LIMITING CONDITIONS

OVERVIEW

In the course of the normal appraisal process, situations arise wherein we must make standard (generic) and specific and/or extraordinary assumptions with regard to information not readily available. All Standard, Specific and/or Extraordinary Assumptions & Limiting Conditions which may appear in the report are believed to be compatible with generally accepted appraisal principles, Uniform Standards of Professional Appraisal Practice (USPAP), and Appraisal Institute requirements. All are to be considered a part of the Report, and the reader is advised that acceptance of the report constitutes acceptance of all Assumptions and Limiting Conditions.

STANDARD UNDERLYING ASSUMPTIONS & LIMITING CONDITIONS

Standard Assumptions and Limiting Conditions include such issues as construction components of existing construction; adaptability of soils to development; existence of typical easements, etc. Additionally, since Idaho is a non-disclosure state, details of comparable property sales or leases are presumed to be accurately portrayed by the parties to the respective agreements; in lieu of cooperation by the parties (or in some cases, where parties have no recollection of such details), assumptions and/or reasonable approximations are sometimes necessitated. Such generic assumptions are provided for in the Standard (Generic) Underlying Assumptions and Limiting Conditions, located in the Addenda of the Report. The reader is encouraged to read this section of the Report.

EXTRAORDINARY UNDERLYING ASSUMPTIONS & LIMITING CONDITIONS

More Specific Assumptions & Limiting Conditions are sometimes required depending upon the individual nature of the appraisal problem, and are clearly disclosed in the Certificate of Appraisal, and/or in the discussions within the report to which they pertain. These assumptions are of matters which we have no knowledge, expertise, or timely ability to clarify.

Standard Rule 2-1c of the Uniform Standards of Professional Appraisal Practice require, as applicable to the appraisal problem, clear and accurate disclosure of, and an indication of any impact on value of, a third classification of assumption: "extraordinary assumptions and limiting conditions" that directly affect the outcome of appraisal. In the event any specific and/or extraordinary assumptions and limiting conditions are deemed relevant to the subject and its valuation, they will be set forth in the Certificate of Appraisal, and/or in the discussions within the report to which they pertain.

SPECIFIC AND EXTRAORDINARY ASSUMPTIONS & LIMITING CONDITIONS

- * A Phase I, Environmental Site Assessment was not provided for the purposes of this appraisal. The analysis presented within this report is predicated on the specific assumption that no environmental concerns are present on the subject property. Any such environmental risk discovered at a later date may require a revised estimate of value, which may or may not be simply a reduction in the value by the estimated cost to cure of the environmental condition. Properties known to have environmental risk may carry a stigma in the marketplace, which also may or may not affect the value.

- * We have relied upon surveys, plats and specifications provided by the borrower and/or the borrower's representatives. Should these representations be amended, or prove to be inaccurate, the value estimates are subject to revision.

SUMMARY OF IMPORTANT FACTS & CONCLUSIONS

PROPERTY TYPE: The subject includes 4 parcels, containing an aggregate of 107.13 acres of vacant land.

LOCATION: The subject property is located north of Lake Hazel Road and east of S. Ten Mile Road in north Kuna, Ada County, Idaho.

PARCEL SIZE/CONFIGURATION: Based on the parcel information provided by the Ada County Assessor's Office, the aggregate site is 107.13± acres in size. The site is irregular in shape.

LEGAL DESCRIPTIONS: Four parcels of land located in the Section 35, R.3.N., T.1W., Boise Meridian, Ada County, Idaho. The individual parcel descriptions are in the table below.

Parcel No.	Legal Description	Acres
R8468870305	LOT 03 BLK 01 EXC R/W TITUS SUB #0300-B	17.149
S1235438411	PAR #8411 @ SE COR SW4SE4 SEC 35 3N 1W	18.944
S1235346600	PAR # 6600 @ NE COR S2SW4 SEC 35 3N 1W	42.738
S1235449215	PAR #9215 @ NW COR SE4SE4 SEC 35 3N 1W	28.296

ZONING: P (Public Land, future land use expected for R-3 if developed)

IMPROVEMENTS: At the time of inspection the subject parcels were vacant and in use as agricultural land.

TAX CODE AREA: 04-3

MILL LEVY RATE: 16.817804 per \$1,000 of assessed value

VALUE ESTIMATED: "As Is" Market Value

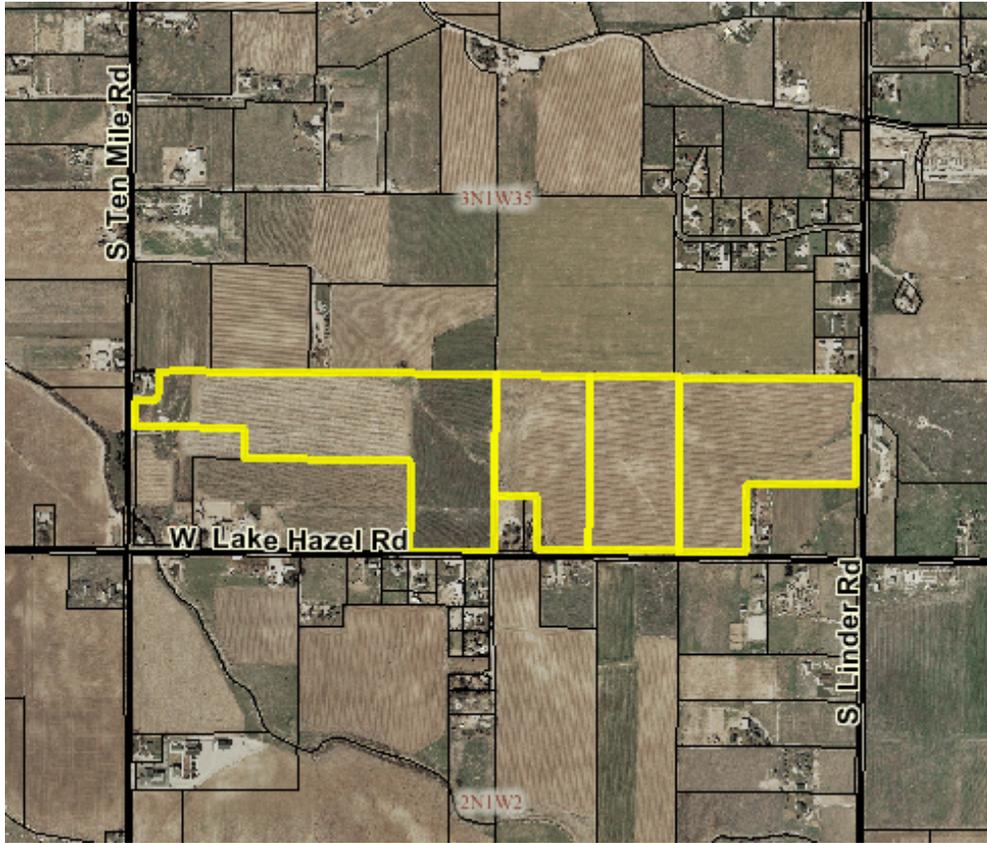
EFFECTIVE DATE OF VALUE: September 24, 2013

ESTIMATED EXPOSURE TIME: 12± months (As Vacant)

ESTIMATED MARKETING TIME: 12± months (As Vacant)

SUMMARY OF VALUE ESTIMATES:

FEE SIMPLE VALUE OF THE SUBJECT "AS IS": **\$2,140,000**



Arial view of the subject site. The subject parcels are outlined in yellow.



Taken: 9/24/2013
By: AJ

View of Lake Hazel Road facing in a westerly direction.



Taken: 9/24/2013
By: AJ

View of Lake Hazel
Road facing east.



Taken: 9/24/2013
By: AJ

View of the subject
facing north from
Lake Hazel Road.

SUBJECT PHOTOGRAPHS



Taken: 9/24/2013

By: AJ

View of the subject facing north from Lake Hazel Road.



Taken: 9/24/2013

By: AJ

View of the subject facing north from Lake Hazel Road.

PART I - DEFINITION OF THE APPRAISAL PROBLEM

DEFINITIONS AND BACKGROUND INFORMATION

SCOPE OF THE APPRAISAL

Overview

Real property appraisal is the systematic acquisition, classification, analysis and presentation of data toward the goal of arriving at a reliable estimate of the value of the subject property.

The first step in the process, corresponding to Part I - Definition of the Appraisal Problem, is the identification and discussion of the issues relevant to an understanding of the subject property and its market segment. This involves an identification and description of the subject property, the effective date of the value estimate, the property rights being appraised, and the type of value sought.

Once this has been accomplished, the appraiser researches and analyzes the factors that influence the valuation of the subject property. Among other considerations, these include state, area, neighborhood and/or community analyses, economic input, site and improvement analysis, consideration of property taxes, zoning, and other considerations relevant to the subject property and its property class.

Having been afforded economic, social, legal and physical perspectives developed for the subject property in Part I of the report, in Part II - Property Valuation, we will present comparable market activity and investment parameters, and from such, set forth we opinion of the highest and best use of the subject property, followed by the defined value as of the date of appraisal.

Market investigations have included: interviews with real estate professionals familiar with the Ada County residential markets; and discussions with or review of publications by the Ada County Assessor, Kuna City Planning and Zoning, Community Planning Association, the Southwestern Idaho Regional Multiple Listing Service; and interviews with engineers, contractors and other developers.

IDENTIFICATION OF THE PROPERTY

<u>Physical Description:</u>	The subject consists of 107.13 acres of vacant land located north of Lake Hazel Road, and west of Linder Road in Kuna, Ada County, Idaho.
<u>Legal Description:</u>	Four parcels of land located in the Section 35, R. 3.N., T. 1W., Boise Meridian, Ada County, Idaho.
<u>Tax Identification:</u>	According to the Ada County Assessor's office, the

subject is identified as tax parcel numbers R8468870305, S1235438411, S1235346600, and S1235449215. The subject parcels have already been annexed into the City of Kuna.

Flood Zone Classification: Review of the FIRM map applicable to the subject indicates that the site is located in Zone X - "areas of 500-year flood; areas of 100-year flood with average depths of less than one foot or with drainage areas of less than one mile, and areas protected by levees from 100-year flood."

HISTORY OF THE SUBJECT PROPERTY

According to Ada County records, the subject property currently listed under the following names: City of Kuna, P.O. Box 13, Kuna, ID 83634.

The subject underwent a transfer of ownership within the past three years. The parcels were purchased from Craig Groves (Park Point Management) in May of 2009 by the City of Kuna for \$9,000/acre. The seller was reportedly distressed and needed to sell the parcels. The City of Kuna reportedly purchased the parcels in expectations for creating a City Park, or possibly utilizing the site for some use related to their waste water treatment facility just to the south along S. Ten Mile Road. Neither of these potential uses came to fruition and the City of Kuna is reportedly attempting to sell off the parcels. The historic purchase price of the parcels is viewed as being below current market pricing.

No other sales or offers are known to have occurred regarding the subject property over the last three years required for analysis.

The subject parcels will reportedly be put up for auction on October 10th, 2013. The City of Kuna is attempting to sell the parcel to raise funds to pay for other obligations. The minimum bid will reportedly be \$30,000/acre. If the parcels are not sold at auction, the seller will likely look to local investors and developers in attempts to find a buyer for the parcels. The minimum bid price at \$30,000/acre is viewed as being above market.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the "As Is" value of the Fee Simple Estate, and to clearly communicate the data and reasoning leading to the formulation of the value estimates.

INTENDED USE/USER OF THE APPRAISAL

As outlined in the engagement letter contained in the Addenda for review, this appraisal has been requested by Ms. Kirsten Thompson for Northwest Bank. It is the understanding of LANGSTON & ASSOCIATES, INC. that the function of this report is for use by Northwest Bank and their clients to assist in establishing value for collateral evaluation purposes, negotiating a sale, and/or other uses not disclosed to the appraisers.

However, the function of the report, regardless of any intended use or function, does not impact the estimation of value, as defined below.

CONFORMITY WITH USPAP

This appraisal has been developed in conformance with the current Uniform Standards of Professional Appraisal Practice as adopted by the Appraisal Standards board of The Appraisal Foundation. It conforms with the Standards of Professional Practice and Code of Ethics of the Appraisal Institute.

We are familiar with the type of property being appraised in this appraisal and with the market area in which it is located. Consequently, we found no need to take special measures to conform with the "Competency Provision" of the USPAP.

This appraisal does not include personal property that would be considered real property and would require a separate valuation.

DEFINITION OF MARKET VALUE

Market value is defined by the Federal Reserve System under 12 CFR, 225, Subpart G, Appraisals, 225.62 definitions (f), as well as the Uniform Standards of Professional Appraisal Practice (USPAP) as:

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

- 1. buyer and seller are typically motivated;*
- 2. both parties are well informed or well advised, and acting in what they consider their own best interests;*
- 3. a reasonable time is allowed for exposure in the open market;*
- 4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and*

5. *the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

DEFINITION OF PROPERTY RIGHTS APPRAISED

The property rights being appraised include the Fee Simple Estate. Fee Simple is defined as follows:

Possession of a title in fee establishes the interest in property known as the fee simple estate – i.e., 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.¹

EFFECTIVE DATE OF THE VALUE ESTIMATE

The effective date of value is September 24, 2013. Physical inspections of the property were conducted on September 24, 2013 and subsequent dates, and the date of the report as indicated on the letter of transmittal.

¹ The Appraisal of Real Estate, 11th Edition, Chicago: Appraisal Institute, p 137.

BOISE CITY DATA

BOISE CITY

EMPLOYMENT GROWTH RANK		VITALITY	
2011-2013 79 2nd quintile	139% <small>U.S.=100% Best=1 Worst=394</small>	7	
2011-2016		RELATIVE COSTS	
70 1st quintile <small>Best=1, Worst=392</small>	94% <small>U.S.=100%</small>	78%	

RELATIVE EMPLOYMENT PERFORMANCE (1997=100)

Data Bufile® MSA code: MBOI

LIFE CYCLE PHASE						INDICATORS					
2005	2006	2007	2008	2009	2010	2012	2013	2014	2015	2016	
21.8	21.8	22.7	22.5	21.7	22.8	Gross metro product (C\$B)	23.4	24.1	25.0	26.0	
12.2	0.8	4.2	-0.7	-3.7	4.4	% change	2.0	2.6	3.7	4.2	
255.3	272.1	277.0	273.7	255.8	253.6	Total employment (000)	261.4	265.4	272.4	281.1	
5.5	6.6	1.8	-1.2	-6.6	-0.8	% change	1.8	1.5	2.7	3.2	
3.4	2.6	2.9	5.0	8.1	9.0	Unemployment rate	7.4	6.7	6.2	5.5	
6.9	12.9	3.9	0.1	-8.8	3.4	Personal income growth	3.4	3.8	6.6	7.2	
547.0	570.6	590.3	603.2	611.3	618.1	Population (000)	638.9	650.0	661.2	672.4	
10,948	7,440	3,762	2,377	1,769	1,630	Single-family permits	2,725	3,732	6,238	6,994	
601	912	1,102	420	135	63	Multifamily permits	675	872	923	933	
157.3	202.4	205.8	185.0	153.7	139.0	Existing-home price (\$ ths)	138.4	146.6	156.4	164.8	
6,295	7,113	5,887	3,715	4,388	2,788	Mortgage originations (\$ mil)	3,375	3,119	3,231	3,641	
16.0	18.1	13.4	6.8	1.9	1.3	Net migration (000)	6.5	6.4	6.6	6.5	
5,165	1,501	1,778	2,556	3,608	3,752	Personal bankruptcies	3,380	2,971	2,989	3,018	

STRENGTHS & WEAKNESSES

STRENGTHS

- High-tech presence provides high-value-added employment base.
- Favorable migration flows and above-average population growth.
- Lower business costs than other large metro areas in the region.

WEAKNESSES

- High volatility because of cyclical high tech.
- Lack of high-paying jobs outside of manufacturing.

ANALYSIS

Recent Performance. Boise City remains the standout in Idaho, as the metro area enjoys sturdy employment growth and an impressive turnaround in its housing market. Though tech manufacturing has hit a rough patch, services have filled the void nicely with education/healthcare and leisure/hospitality leading the way. In addition, a rebound in government payrolls is contributing to the metro area's above-average job gains. The unemployment rate has fallen for 17 consecutive months and, at 6.5%, reached a post-recession low in November. More encouraging is the significant improvement in the residential real estate landscape. Rising home sales and house prices are evidence of firming demand.

Electronics. Global tech demand has likely turned the corner, a harbinger of a quick return to growth in the vital tech sector. Global semiconductor billings are a leading indicator of trends in overall IT and they have firmed; year-ago growth turned positive in November for the first time in more than a year and a half. This is promising for some of BOI's major employers as well as the economy. For example, although local chip maker Micron has posted several consecutive disappointing quarters because of lower prices and weak sales, the company is positioned well to benefit from a pickup in demand through the pending acquisition of a major Japanese competitor and increasing investments in promising R&D operations. Furthermore, a majority of BOI's electronics goods are exported, adding upside to the outlook for trade-related industries.

Consumer services. While prospects for tech producers are brightening, fast-expanding consumer services are in for a slow start to 2013. Employment growth in leisure/hospitality and retail trade combined has easily outpaced other industries as above-average income growth lifted personal consumption this year. The support for expansion in consumer services is poised to weaken, however, as fiscal cliff-related tax

CURRENT EMPLOYMENT TRENDS

	% CHANGE YR AGO, 3-MO MA		
	Mar 12	Jul 12	Nov 12
Total	1.2	2.6	2.3
Construction	7.4	10.8	1.3
Manufacturing	3.2	4.2	3.2
Trade	2.2	3.4	1.6
Trans/Utilities	-0.3	0.0	-0.1
Information	0.9	-0.8	-0.1
Financial Activities	-4.3	-4.0	-3.9
Prof & Business Svcs.	1.6	6.4	5.8
Edu & Health Svcs.	1.2	1.5	4.1
Leisure & Hospitality	2.8	5.3	6.0
Other Services	0.8	0.7	2.1
Government	-1.3	-1.7	-1.2

FORECAST RISKS

SHORT TERM	LONG TERM	RISK-ADJUSTED RETURN, '11-16	0.91%
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UPSIDE

- Tech outgrowth expectations, creating additional high-value-added jobs.
- Low business costs attract more investments.
- Housing lifts construction payrolls.

DOWNSIDE

- The hit to personal income related to looming tax hikes drags on consumer services more than expected.
- Slow national recovery limits mobility, preventing a rebound in population growth.

FORECAST RISKS

hikes take effect in January, weighing on sentiment and spending. The expiration of the Bush-era tax cuts will have only a minor effect on the metro area because of its well below-average per capita income, but the end of the Social Security payroll tax holiday will take a bite out of all workers' paychecks. The subsequent softening in final demand will diminish firms' incentive to invest in expanding operations.

Volatility. After exacerbating BOI's downturn during the Great Recession, the metro area's notable employment volatility is likely an ace in the hole for a more robust expansion toward the end of 2013 and beyond. Historically, BOI has proved to be a highly procyclical economy, meaning it is extremely sensitive to swings in the business cycle. A prominent factor for this pattern is the metro area's economic composition. A notable presence of elastically demanded goods producers and service providers intensifies the effect on the local economy stemming from fluctuations in macroeconomic conditions. If the metro area can avoid slipping back into recession during the impending fiscal policy-related slowdown in early 2013, as expected in the baseline forecast, it is primed for an impressive acceleration in the next six to nine months.

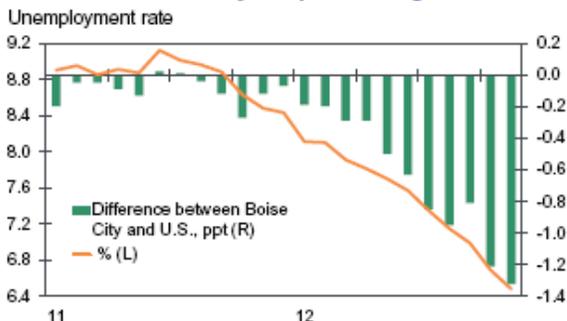
Boise City's recovery will moderate at the start of 2013 as the private sector feels the sting of weak personal income growth, deterring investment and hiring plans. Job growth will slow to a pace more in line with that of the state and nation. However, conditions should improve quickly, aided by the turn in the housing cycle and greater workforce mobility nationally. Longer term, low business costs and an educated labor force will attract new businesses to the area, helping BOI maintain its status as an above-average performer.

*Timothy Daigle
December 2012*

EMPLOYMENT & INDUSTRY			MIGRATION FLOWS																																																																																																																																																		
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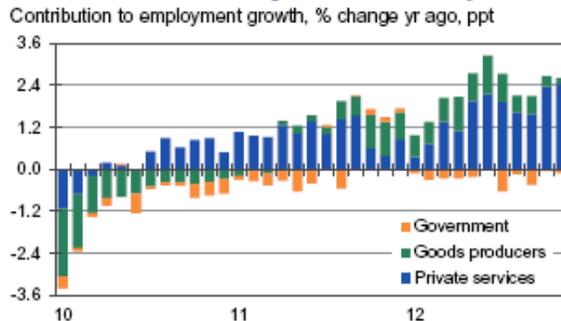
BOISE CITY

Job Market Recovery Outperforming...



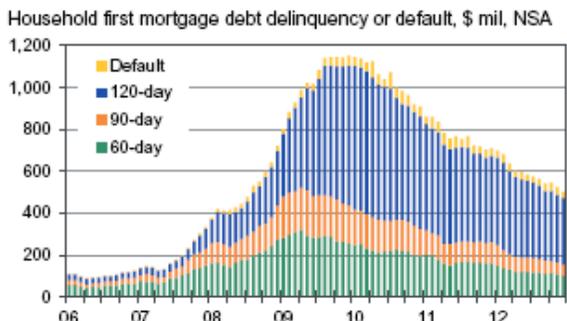
Sources: BLS, Moody's Analytics

...As Services Make Significant Headway



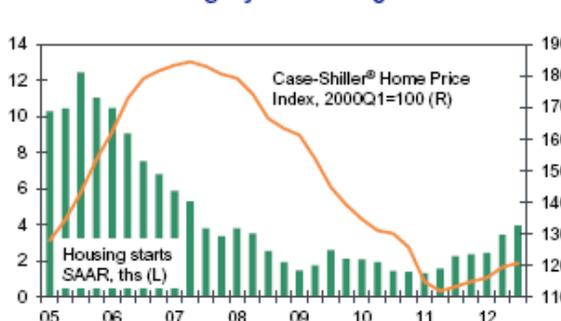
Sources: BLS, Moody's Analytics

Consumer Balance Sheets on the Mend



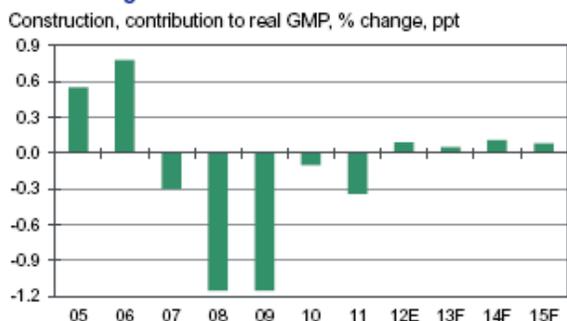
Sources: Equifax, Moody's Analytics

Renewed Housing Cycle Shifting Into Gear...



Sources: Fiserv, Census Bureau, Moody's Analytics

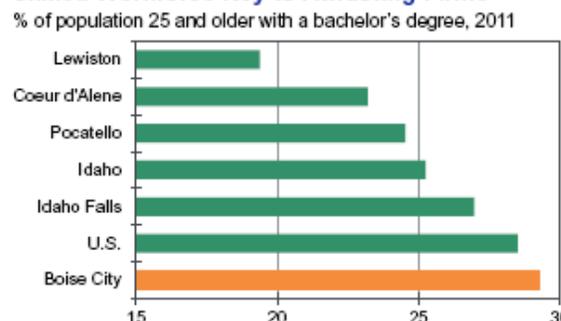
...Boosting Construction's Outlook



Sources: BEA, Moody's Analytics

Construction is shifting from a headwind to a tailwind for growth. Construction was an outside drag on the economy, subtracting an average of 0.8 percentage point from real GSP per year from 2007 to 2011. The tide is turning. Faster home sales, thinning supply, and rising house prices are coaxing builders off the sidelines. Aside from increased employment and output in construction, there will be other far-reaching benefits, including increased retail trade and transportation/distribution.

Skilled Workforce Key to Attracting Firms



Sources: Census Bureau, Moody's Analytics

Favorable labor market demographics will help BOI to be Idaho's leader of growth over the forecast horizon. The metro area's cluster of high-valued industries is helping to draw to BOI other startups as well as skilled workers in search of job opportunities. Moreover, the fast-growing Boise State University, with its renewed focus on scientific research, provides the training needed to fill the available jobs.

BOISE CITY DATA CONCLUSION

The Boise City Data provided above was compiled by Moody's Analytics (economy.com). The conclusion of their analysis of the Boise market reads, "...will struggle to make headway in the coming months, but growth should be slightly better than average in 2012." This is consistent with our market investigations which indicate that home sales are slightly increasing, with some subdivisions seeing increases in asking prices. The Moody's conclusions are also consistent with our expectation that new home permits should increase on an annual basis moving forward.

The Moody's analysis shows migration flows into and from Boise as almost equal. This means that through the recession, there was not a mass exodus of people leaving to find jobs in another location. One of the listed strengths is "favorable migration flows and above-average population growth.

Moody's cautions that for long term, Boise must transition away from its tech presence (the metro areas largest export) "...BOI must transition away from tech manufacturing for stability. Although its demographics and existing infrastructure will ensure that it is a strong performer over the forecast horizon, BOI would benefit from attracting higher-value-added service employment." To diversify away from a tech based economy Moody's notes that Boise has a lower business cost than many surrounding metro areas.

The outlook for the pace of recovery in the local economy is mixed, but Moody's expects that Boise is progressing slowly "July's increase in payroll employment more than makes up for stagnation in the prior three months to keep growth in line with the nation."

NEIGHBORHOOD DATA

The subject is located approximately 9 miles southwest of the Central Business District of Boise and approximately 3 miles southeast of the Meridian Central Business District. Geographically, the subject is located in northern Kuna, just south of Meridian. Areas of influence and primary competition will be from Kuna, southwest Meridian, south Meridian, and to a lesser extent northwest Meridian and southwest Boise.

The general physical and use boundaries defining the subject's immediate neighborhood are logically defined as: Overland Road to the north, Deer Flat Road to the south, Black Cat Road to the west and Eagle Road to the east.

CHARACTERISTICS OF THE NEIGHBORHOOD

The immediate surrounding land uses primarily include; agricultural, rural residential and aged farming developments.

GENERAL LAND USE PATTERNS

The subject's neighborhood is approximately 20%-30% built-up and includes land use influences ranging from agricultural and quasi-agricultural uses to more intense detached single-family development. Single-family residential use ranges from aged farmhouses to new rural acreage estates to medium-density subdivision projects. Additionally, adequate retail and services are available within the subject's immediate neighborhood.

The Ada Planning Association has split the Boise/Meridian metropolitan area into ten planning districts established by geographic, "planimetric" and topographic features, for the purpose of directing growth and services. In general terms, the subject neighborhood correlates with the "Southwest" Urban Planning Area, the Meridian Planning Area, and portions of the Rural County Planning Area.

The primary areas of new commercial growth within the City of Kuna have occurred at the intersection of Linder and Deer Flat, and along Avalon near Paul's Market. The southern side of Avalon has been developed with number of commercial projects over the past 5 years, including Burger Den, Domino's Pizza, Quizno's, Bank of the Cascades branch bank, office buildings, and most recently a Walgreens and Les Schwab Tire Store. In addition, Ridley's Market is constructing a new grocery store at the intersection of Meridian Road and Deer Flat. The store will include an Ace Hardware Store along with a variety of retail pads for future development.

An additional influence on the neighborhood is Interstate 84 corridor, which provides accessibility to employment and service centers. Access to Interstate 84 is approximately 3 miles north, at the Meridian Road/I-84 intersection.

The nation's biggest retailer, Wal-Mart, has recently moved to Overland and Stoddard Roads. Stoddard Road is half a mile west of Meridian Road near the Roaring Springs Water Park. The benefits residents living south of the Interstate as it provides more retail shopping options in the area.

There is additional influence on the subject's general area from the Overland Road corridor, approximately 3 miles to the north of the subject. Uses along this route include commercial, office, light industrial and retail improvements. Recently improved sites include a Fred Meyer shopping center, remodeling and rehabilitation of Five Mile Plaza and surrounding shopping centers; a 21 screen multi-plex theater and retail shopping center; the Black Eagle Center (office and commercial complex); a new Walmart shopping center, and various light-industrial centers leading south along Cole Road.

The Ten Mile Interchange is now open, and provides an additional access route to areas south of the Interstate. Due to the subject's location along S. Ten Mile Road, the new interchange access is highly beneficial for future developments in the area.

RESIDENTIAL ACTIVITY

Within the broadly defined neighborhood there are a variety of single-family projects providing housing alternatives for a variety of income classifications. Growth patterns for higher density projects are dependent upon the availability of public utility services. Kuna has experienced ongoing residential activity over the past few years.

UTILITIES & PUBLIC SECTOR

In general the immediate neighborhood is served by all gas and electrical utilities. No city water and sewer are available in the area, however the new waste water treatment facility is located to the south of the subject along Ten Mile Road. Telephone is provided by Qwest Communications; and electricity by Idaho Power Company. Maintenance of roads, recreational areas and facilities, is provided by the public sector. Kuna City Police and the Kuna Fire Department provide public safety services.

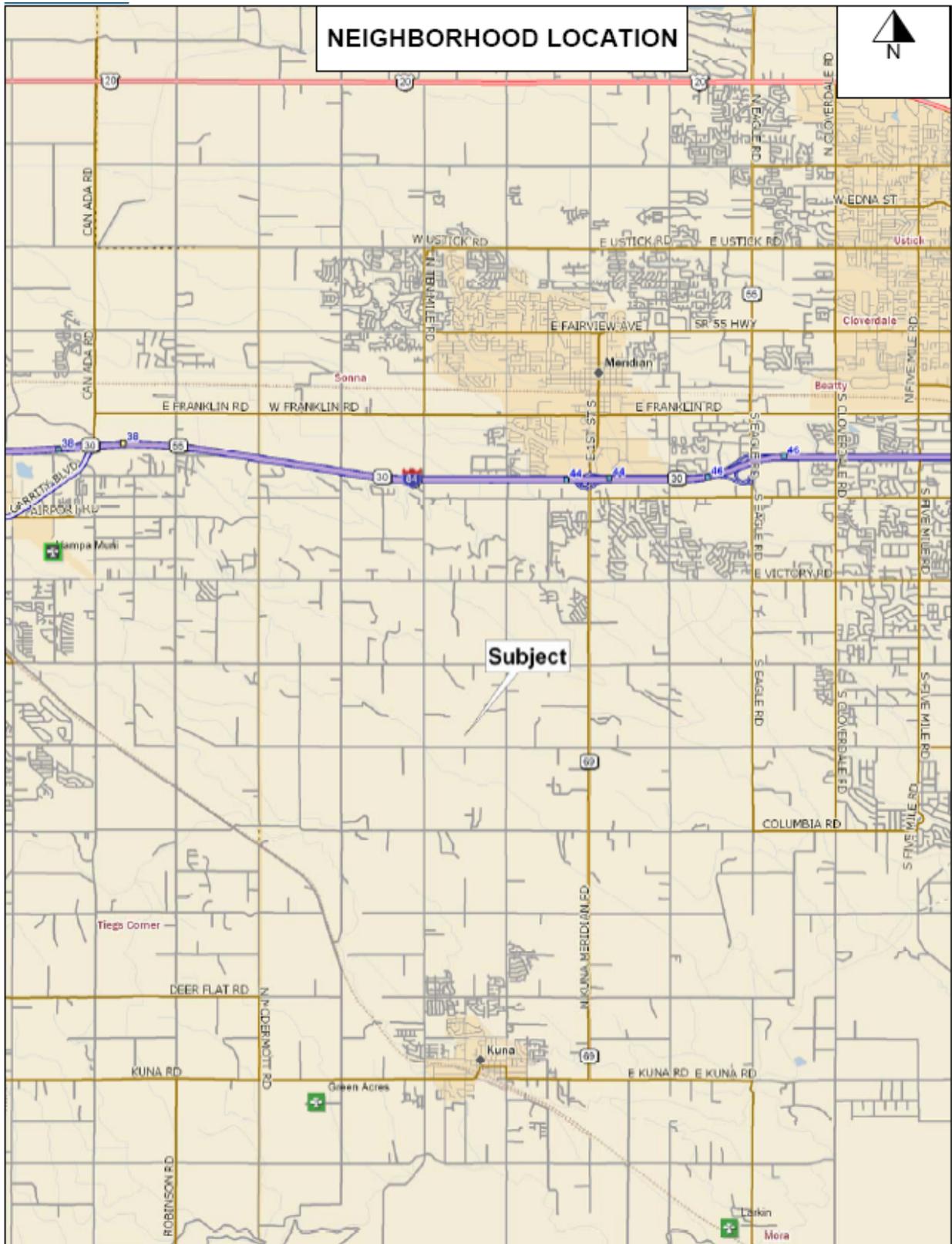
THE SUBJECT AS PART OF ITS NEIGHBORHOOD

Obviously the focus of this appraisal is the subject's potential position within the market, its direct and indirect competition, and it's potential for continued economic

viability. As will be presented in preceding section, recent data indicates support for continued residential demand in the Kuna and Meridian markets. Limited new development is occurring in the immediate area due to the limited availability of utilities.

The subject's general location offers relatively good proximity to services, potential employment centers (predominantly Meridian and Boise to the north. In summary, the subject's market area should prudently be expected to remain stable over the long term. Primary employment will most likely be found in Boise (CBD and the West Bench Planning Area).

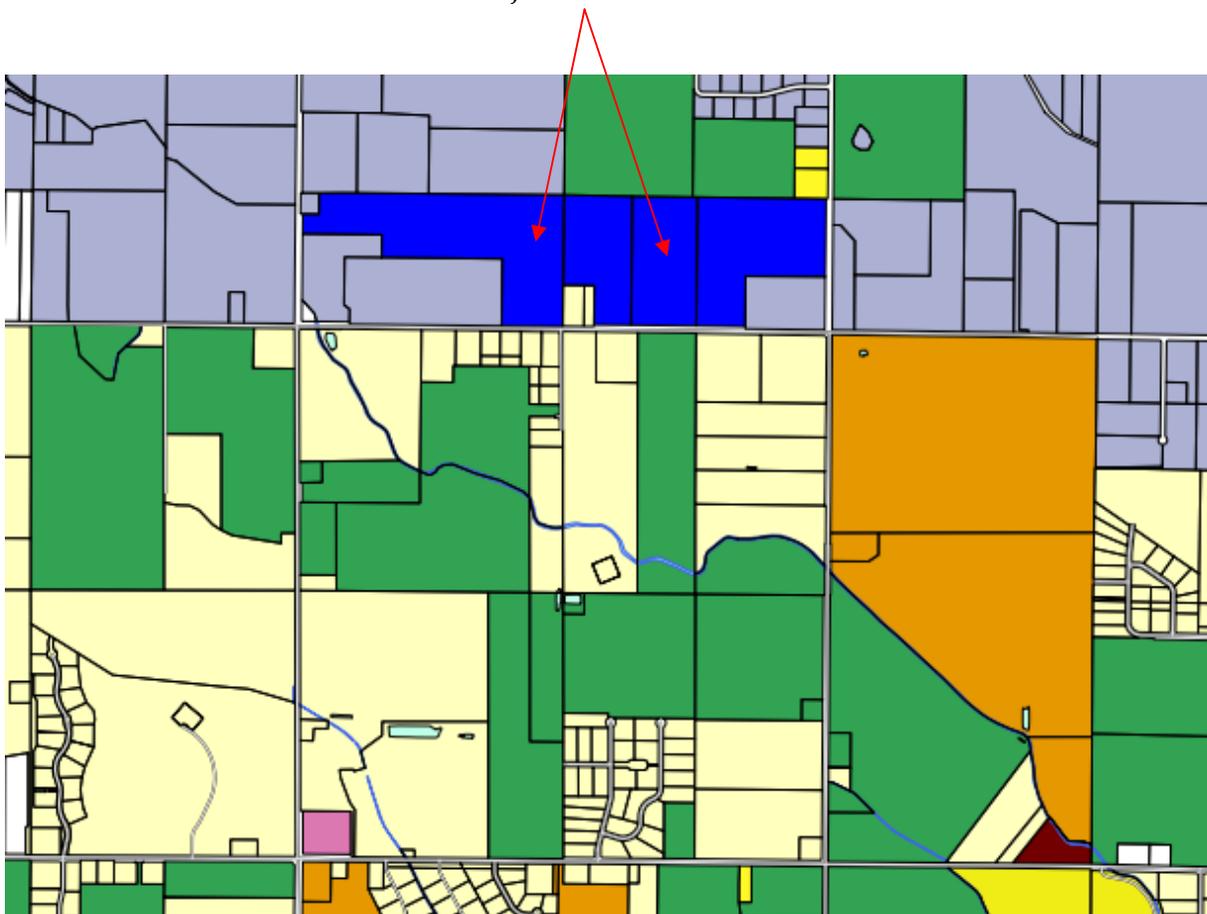
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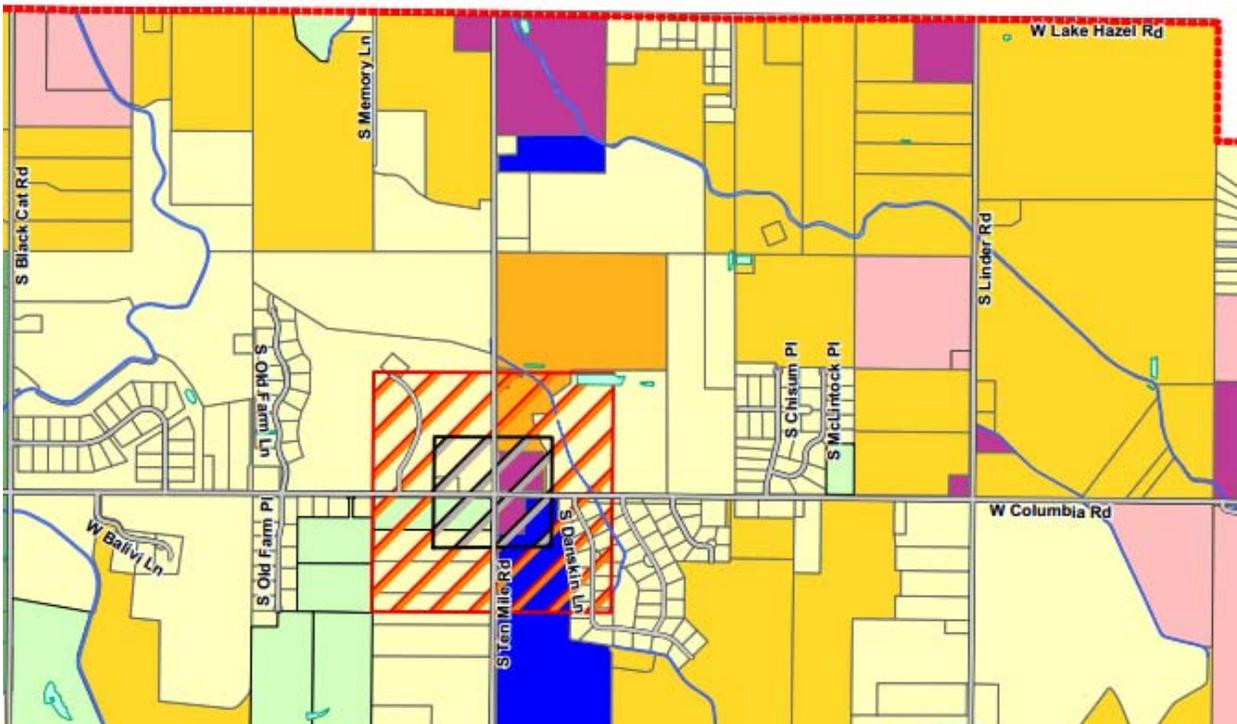
ZONING

The legal restrictions applicable to a site can influence the size of lot or type of use, without regard to what is actually demanded by the market. According to Kuna City officials, portions of the subject site have been annexed into the City of Kuna, rezoned to P (Public Land Use). It is noted that the subject parcels were not incorporated within the LID. Upon future residential development the parcels would most likely receive a low density zoning designation of R-3, similar to other parcels that have been developed in the Northern areas of Kuna, allowing for 3 units/acre. Officials at the planning and zoning department indicated that this is the most likely density in the area.

Subject



The Kuna Comprehensive Plan does not yet identify parcels to the north of Lake Hazel. However, most of the parcels south of Lake Hazel fall under a future land use designation of Low Density Residential (R-3) land as shown in yellow in the land use map below.



REAL ESTATE TAXES

According to the Ada County Assessor's office the subject is identified as tax parcel numbers R8468870305, S1235438411, S1235346600, and S1235449215.

The subject is located in Code Area 04-3 with corresponding mil levy rate of 0.016817804. The aggregate subject was not recently assessed due to the current status as public lands.

Parcel No.	Legal Description	Zoning	Tax Code	Acres
R8468870305	LOT 03 BLK 01 EXC R/W TITUS SUB #0300-B	P	04-3	17.149
S1235438411	PAR #8411 @ SE COR SW4SE4 SEC 35 3N 1W	P	04-3	18.944
S1235346600	PAR # 6600 @ NE COR S2SW4 SEC 35 3N 1W	P	04-3	42.738
S1235449215	PAR #9215 @ NW COR SE4SE4 SEC 35 3N 1W	P	04-3	<u>28.296</u>
				107.127

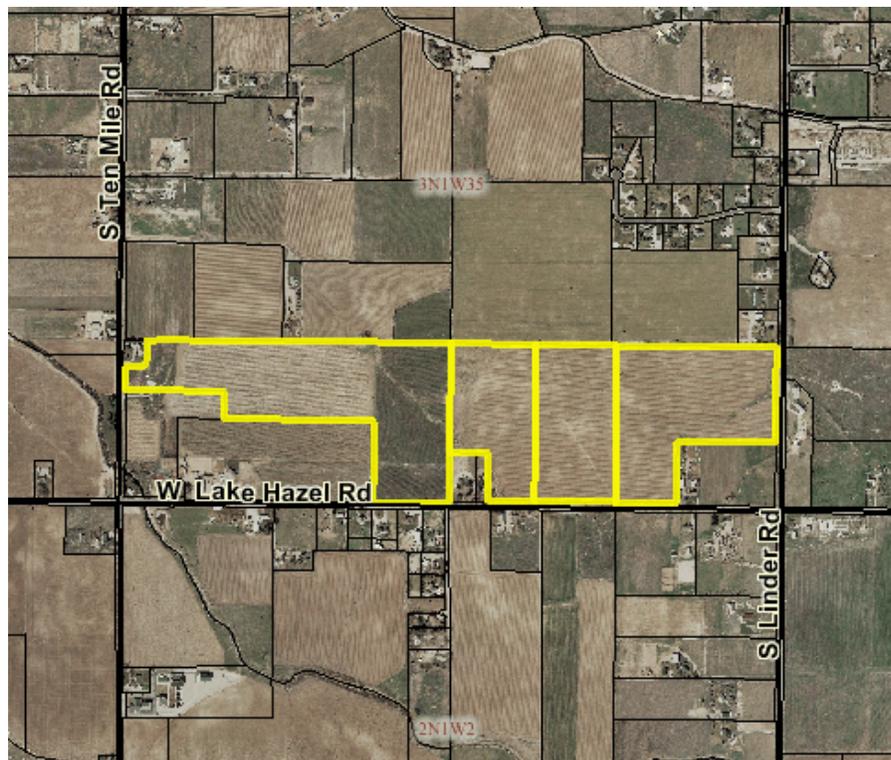
DESCRIPTION OF THE SUBJECT SITE

The analysis of the subject site provides the logical basis for the comparison of the subject property to other undeveloped sites, the basis for the Sales Comparison Approach.

An intimate knowledge of the subject site, its physical and locational nature, provides the framework for an effective comparison to other sites, which have sold. The impact of the existing road frontage can have a significant impact upon the cost to develop. Finally, the locational nature of the subject, its distance to employment centers, and the quality and quantity of surrounding development can be significant factors in the eventual price and demand for homes and the underlying value of the land. Following is a summary of the characteristics of the subject lots.

Surrounding Land Uses

The subject site is use for agricultural uses; the historical use of the subject parcels appears to have been agricultural in nature. There are new and aged rural residential developments in the immediate area, with new residential construction occurring in Kuna, and to the north in Meridian. The Bittercreek Subdivision is located just to the west of the subject site along Amity Road. This was a non-farm development constructed in the County, which required a community water and sewer system.



Configuration and Size

The site is comprised of four parcels of land, which according to the Ada County Assessor's Office the aggregate parcel is 107.13 acres in size. A metes and bounds legal description was requested however was unavailable for the purposes of this appraisal. A summary of the parcel numbers, corresponding sizes and legal descriptions are provided below.

Parcel No.	Legal Description	Zoning	Acres
R8468870305	LOT 03 BLK 01 EXC R/W TITUS SUB #0300-B	P	17.149
S1235438411	PAR #8411 @ SE COR SW4SE4 SEC 35 3N 1W	P	18.944
S1235346600	PAR # 6600 @ NE COR S2SW4 SEC 35 3N 1W	P	42.738
S1235449215	PAR #9215 @ NW COR SE4SE4 SEC 35 3N 1W	P	<u>28.296</u>
			107.127

Environmental Analysis

A Phase I, Environmental Site Assessment was not provided for the purposes of this appraisal. The analysis presented within this report is predicated on the specific assumption that no environmental concerns are present on the subject property. Any such environmental risk discovered at a later date may require a revised estimate of value, which may or may not be simply a reduction in the value by the estimated cost to cure of the environmental condition. Properties known to have environmental risk may carry a stigma in the marketplace, which also may or may not affect the value.

Utilities and Easements

The subject is not in immediate proximity to any existing residential developments. The City of Kuna's new waste water treatment plant (WWTP) is located along Ten Mile Road, just south of the subject site along the western side. The new facility also includes pressurized water, which could be extended to the subject. However, the elevation of the subject site will not allow for a gravity line sewer main to be extended to the WWTP and the WWTP only takes discharge from a pressurized main line, not a gravity line. A lift station would have to be installed on the subject to allow for future development. There is a developer in the area which owns approximately 120 acres to the west of Ten Mile Road. They have conducted some investigations into installing a lift station to service new development in the area. No actual costs were projected, however it was determined that it is physically possible to install a lift station and extend a pressurized main line down Ten Mile Road to the WWTP. In this case, it does not appear that utilities are available within reasonable proximity to the subject and a lift station and extensions would be required for development in the future.

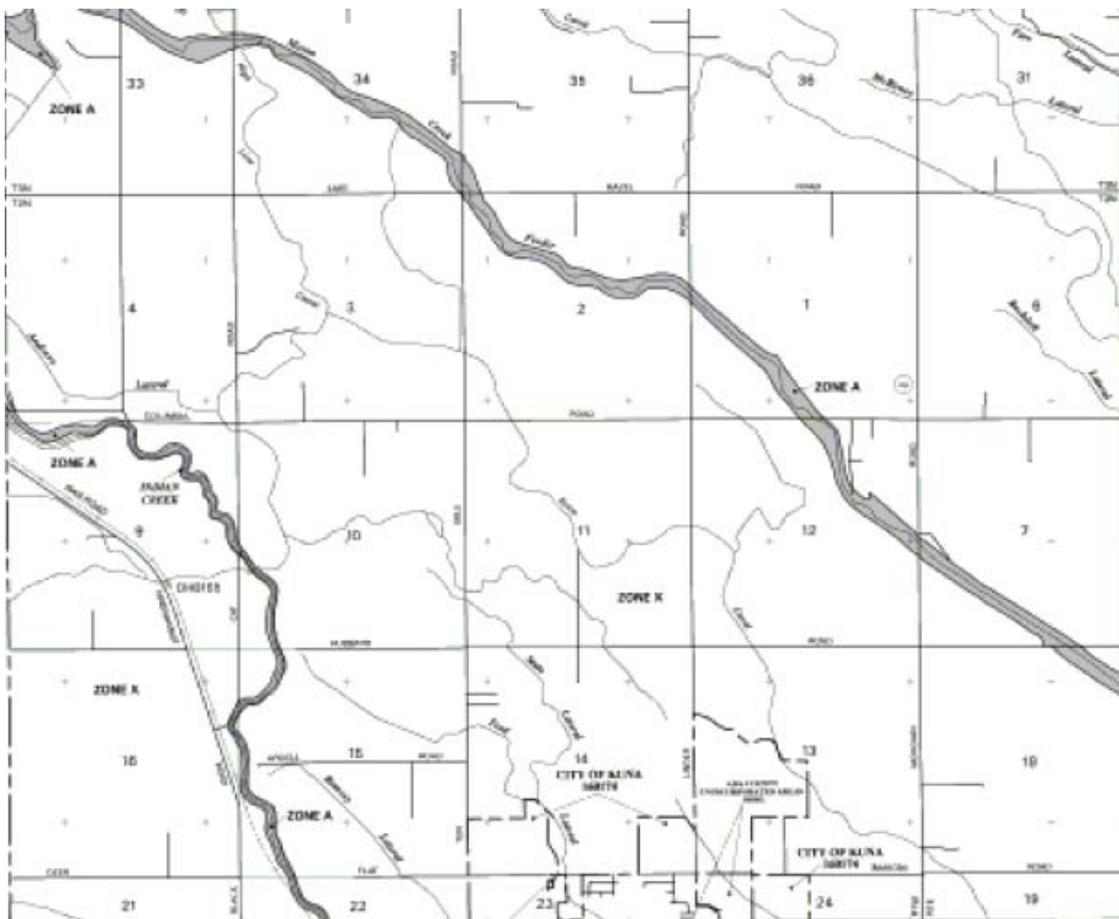
No easements are known to exist with regard to the subject site, which would adversely affect the parcel. According to the provided plat, no adverse easements or restrictions will be placed on the subject lots.

Soil Conditions

Based upon the physical inspection, the subject site has generally level topography. No specific soils tests have been provided to the appraisers of LANGSTON & ASSOCIATES, INC. Physical of the site and conversations with the project developer indicate that the site's soil quality appears adaptable to construction. Currently, the subject parcels are being farmed and were planted with a variety of crops in 2013. The parcels appear to be average quality agricultural land, and could serve as an interim use for the parcels until future development occurs.

Flood Map Classification

Review of the FIRM maps applicable to the subject indicates that the subject site is located in Zone X - "areas determined to be outside the 0.2% chance annual floodplain." Flood insurance would appear to be unnecessary.



Access

Primary access to the subject site is from Lake Hazel Road, which connects to Linder Road to the east and Ten Mile Road to the west. Due to the configuration of the parcels, the subject has access to both Linder and Ten Mile Roads, as well as Lake Hazel Road. The subject property is considered to have average access relative to surrounding parcels in the neighborhood.

PART II - PROPERTY VALUATION

HIGHEST AND BEST USE

In common appraisal practice, the concept of highest and best use represents the premise upon which a value estimate is based:

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.²

The determination of highest and best use is the result of the appraiser's judgment and analytical skill. The reader is cautioned, however, that highest and best use of a property is not necessarily its most likely use. Furthermore, the use determined from analysis represents an opinion, not always a "fact" to be found.

In practical application, the determination of highest and best use of a property is analyzed, both as vacant, and as currently improved, subject to the following four criteria: The highest and best use must be 1) legally permissible, 2) physically possible, 3) financially feasible, and 4) maximally productive. These criteria may be considered in concert or sequentially; however, the tests of legal and physical permissibility must be applied first, as consideration of feasibility is irrelevant if such use is not possible in the first place.

HIGHEST AND BEST USE, AS VACANT

In arriving at an estimation of the theoretical highest and best use for the subject property, it is necessary to consider the characteristics and environmental influences that have a direct influence on the subject's potential utilization. The characteristics and features deemed most influential in the use of the tract are the subject's location, access, physical features, zoning classification, availability of public services (including utilities), surrounding property types and forms of development, and the market's demand for various property uses.

Legally Permissible:

Again, a portion of the subject site currently falls within the City of Kuna's P (Public Land) zoning district. The site has already been annexed and is anticipated to receive a low density zoning designation that would be restricted to those uses allowable under the Residential District designated. Based on the development trends in the subject neighborhood, and the conversations with the City of Kuna officials a density of 3 units/acre is achievable. Officials at the planning and zoning department indicated that this is the most likely density in the area.

² 11th Edition, p. 275

The immediate surrounding land uses consists of primarily rural residential uses and agricultural acreage. There are some active single-family residential developments located further south along Ten Mile and Linder Road, where utilities are available for development, however utilities are not yet available for the subject. At this point, development of the subject property to its theoretical Highest and Best Use does not appear to be restricted by its most likely zoning classification. The limitations inherent to a specific project as well as those of the market itself will be the primary determinate of the property's use.

Physically Possible:

The subject site has primary access from primary neighborhood arterials and is in proximity to major east/west, as well as north/south thoroughfares for the county. The site is irregular in shape and has a generally flat topography. Overall, it is not restricted by physical attributes. Water is located to the south along Ten Mile Road, and sewer is located to the south at the new waste water treatment place in reasonable proximity to allow development in the future. However, a lift station and extensions are anticipated to allow for development in the future.

Financially Feasible:

The decision as to the ultimate use of the subject property should include considerations of the probability of attaining a return on the investment. Any proposed use should take highest advantage of the marketable attributes of the property, while minimizing any negative characteristics. At the same time, a proposed use should operate within the limits of prudent and justified investments.

Currently, there is very little development activity occurring in the Kuna market, and most market participants are expecting a market recovery in 3 to 5 years. **The timeframe for development must also be considered in this analysis.** As will be presented in the following Residential Market Analysis there have been reports of strengthening of demand in the subject's larger market. As a result of this growing demand, supplies of existing lots are expected to decrease to a point which will eventually require development of new lots over the next 12 to 18 months. Currently, the supply of residential lots in the Kuna market is sufficient, but is reportedly decreasing to a point where new development is being contemplated. The City of Kuna reports that Hubble Homes and CBH Homes have both submitted applications for new developments in the area, with the expectation that construction will commence in late 2013, or early next year. In addition, there are reports of these developers assembling parcels in the area in anticipation of future single family development.

The subject is in close proximity to a variety of projects in north Kuna however there is a level of remaining inventory of finished lots in the Kuna market area. While the inventory is declining, no new development is yet occurring, but market

participants expect that new projects will come on line in the next few years. Considering the supply of finished lots as well as existing residential inventory available in the market at this time, the highest and best use of the site is to hold for future development until such time when supply and demand regain balance within the Meridian residential market. In this case it appears there could be a 2 to 3 year hold until the residential market segment regains balance to allow justification for new development. Due to the subject's more remote location, and need for a lift station, the timing for future development could be even longer, possibly 3 to 5 years. Again, this would likely only include a portion, or the first phase of the subject site, and would not be expected for the entire property. Therefore even under market conditions where new development is occurring, the absorption timeline for the entire acreage would likely be lengthy, possibly 5 to 7 years once development commences.

Maximally Productive:

This criterion considers, among the financially feasible uses, that use which produces the highest residual value to the land component. Considering the zoning in place, and the proximity to utilities, it is determined that a future low density residential development is the highest and best use of the site as though vacant.

CONCLUSION, AS VACANT

Considering the above discussion, a hold for future residential development of the subject site passes the tests of Highest and Best Use. Therefore, the Highest and Best Use, as vacant, is concluded to be future low density residential development, however at a point in time in which current supply of available housing units within each sector of the market are absorbed bringing the market to an equilibrium state, thus creating demand for additional single family residential lots.

RESIDENTIAL DEMAND ANALYSIS

The subject's residential market is oversupplied with finished residential units and buildable lots. Demand continues to decline across all categories but particularly in the mid to upper level price points. With a limited buyer pool and restrictions on financing options only the most competitively priced residential units are selling.

RESIDENTIAL LOT INVENTORY – MLS STATISTICS

The subject is located near S. Meridian in the northern areas of Kuna, therefore we have analyzed the larger market area. A search of the Multiple Listing Service statistics for Areas 500, 550, 650, 1000, 1010, 1020, 1030, 1100 (S.W. Boise, S.W. Boise-Meridian Dist., S.E. Meridian, S.W. Meridian and N.E. Meridian and Kuna) produced the following information. Below is a summary of the current listings by price range.



Again, the majority of the sales within the subject's larger market have been between \$150,000 and \$300,000. We have analyzed the sales below \$300,000. Currently, the number of homes listed below \$300,000 is 1,076, with 347 represented by new homes.

Listed Residential Units (MLS Areas 500, 550, 600, 1000, 1010, 1020, 1030, 1100) As of October 2013								Total	
Price Range	<\$200,000	\$200,000-\$300,000	\$300,000-\$400,000	\$400,000-\$500,000	\$500,000-\$600,000	\$600,000-\$700,000	\$700,000-\$800,000	>\$800,000	Target Range
New Homes Listed	184	163	49	7	1	1	0	0	347
Existing Homes Listed	450	279	92	25	17	8	9	6	729
All Homes Listed	634	442	141	32	18	9	9	6	1,076

The number of homes sold in 2007 below \$300,000 was 2,585, with 758 represented by new homes.

Sold Residential Units (MLS Areas 500, 550, 600, 1000, 1010, 1020, 1030, 1100) 2007									Total
Price Range	<\$200,000	\$200,000- \$300,000	\$300,000- \$400,000	\$400,000- \$500,000	\$500,000- \$600,000	\$600,000- \$700,000	\$700,000- \$800,000	>\$800,000	Target Range
New Homes Sold	141	617	332	122	34	8	5	1	758
Existing Homes Sold	916	911	243	26	10	4	0	1	1,827
All Homes Sold	1,057	1,528	575	148	44	12	5	2	2,585
New Homes sold/month 2007	11.8	51.4	27.7	10.2	2.8	0.7	0.4	0.1	63.2

The number of homes sold in 2008 below \$300,000 was 2,259, with 750 represented by new homes.

Sold Residential Units (MLS Areas 500, 550, 600, 1000, 1010, 1020, 1030, 1100) 2008									Total
Price Range	<\$200,000	\$200,000- \$300,000	\$300,000- \$400,000	\$400,000- \$500,000	\$500,000- \$600,000	\$600,000- \$700,000	\$700,000- \$800,000	>\$800,000	Target Range
New Homes Sold	367	383	126	47	10	2	1	0	750
Existing Homes Sold	907	602	161	21	11	2	0	0	1,509
All Homes Sold	1,274	985	287	68	21	4	1	0	2,259
New Homes sold/month 2008	30.6	31.9	10.5	3.9	0.8	0.2	0.1	0.0	62.5

The number of homes sold in 2009 below \$300,000 was 2,409, with 1,377 represented by new homes.

Sold Residential Units (MLS Areas 500, 550, 600, 1000, 1010, 1020, 1030, 1100) 2009									Total
Price Range	<\$200,000	\$200,000- \$300,000	\$300,000- \$400,000	\$400,000- \$500,000	\$500,000- \$600,000	\$600,000- \$700,000	\$700,000- \$800,000	>\$800,000	Target Range
New Homes Sold	944	433	102	7	1	0	0	0	1,377
Existing Homes Sold	1,478	479	72	4	1	0	0	0	1,957
All Homes Sold	1,833	576	120	10	2	1	0	0	2,409
New Homes sold/month 2009	78.7	36.1	8.5	0.6	0.1	0.0	0.0	0.0	114.8

The number of homes sold in 2010 below \$300,000 was 3,217, with 1,260 represented by new homes.

Sold Residential Units (MLS Areas 500, 550, 600, 1000, 1010, 1020, 1030, 1100) 2010									Total
Price Range	<\$200,000	\$200,000- \$300,000	\$300,000- \$400,000	\$400,000- \$500,000	\$500,000- \$600,000	\$600,000- \$700,000	\$700,000- \$800,000	>\$800,000	Target Range
New Homes Sold	859	401	96	7	0	0	0	0	1,260
Existing Homes Sold	1,478	479	72	4	1	0	0	0	1,957
All Homes Sold	2,337	880	168	11	1	0	0	0	3,217
New Homes sold/month 2010	71.6	33.4	8.0	0.6	0.0	0.0	0.0	0.0	105.0

The number of homes sold in 2011 below \$300,000 was 2,745, with 982 represented by new homes.

Sold Residential Units (MLS Areas 500, 550, 600, 1000, 1010, 1020, 1030) 2011									Total
Price Range	<\$200,000	\$200,000- \$300,000	\$300,000- \$400,000	\$400,000- \$500,000	\$500,000- \$600,000	\$600,000- \$700,000	\$700,000- \$800,000	>\$800,000	Target Range
New Homes Sold	653	329	118	9	0	0	0	0	982
Existing Homes Sold	1,551	212	17	4	1	0	0	0	1,763
All Homes Sold	2,204	541	135	13	1	0	0	0	2,745
New Homes sold/month 2011	54.4	27.4	9.8	0.8	0.0	0.0	0.0	0.0	81.8

The number of homes sold in 2012 below \$300,000 has been 3,267, with 715 represented by new homes.

Sold Residential Units (MLS Areas 500, 550, 600, 1000, 1010, 1020, 1030, 1100) 2012									Total
Price Range	<\$200,000	\$200,000- \$300,000	\$300,000- \$400,000	\$400,000- \$500,000	\$500,000- \$600,000	\$600,000- \$700,000	\$700,000- \$800,000	>\$800,000	Target Range
New Homes Sold	439	276	135	11	2	1	0	0	715
Existing Homes Sold	<u>2,066</u>	<u>486</u>	<u>129</u>	<u>8</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,552</u>
All Homes Sold	2,505	762	264	19	4	1	0	0	3,267
New Homes sold/month 2012	36.6	23.0	11.3	0.9	0.2	0.1	0.0	0.0	59.6

The number of homes sold year to date in 2013 below \$300,000 has been 2,784, with 328 represented by new homes.

Sold Residential Units (MLS Areas 500, 550, 600, 1000, 1010, 1020, 1030, 1100) YTD 2013									Total
Price Range	<\$200,000	\$200,000- \$300,000	\$300,000- \$400,000	\$400,000- \$500,000	\$500,000- \$600,000	\$600,000- \$700,000	\$700,000- \$800,000	>\$800,000	Target Range
New Homes Sold	328	243	181	23	2	1	1	0	328
Existing Homes Sold	<u>1,598</u>	<u>615</u>	<u>129</u>	<u>12</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,598</u>
All Homes Sold	1,926	858	310	35	7	1	1	0	2,784
New Homes sold/month YTD 2013	36.4	27.0	20.1	2.6	0.2	0.1	0.1	0.0	36.4

Comparing the number of new homes sold per month in 2013 to the current new listings it appears that the subject's market area has a 5.47 month supply of new homes. It should be noted that in situations where homes are pre-sold they may not be listed on the multiple listing service.

Calculation of Current Monthly Supply of New Homes by Price Range									Total
Price Range	<\$200,000	\$200,000- \$300,000	\$300,000- \$400,000	\$400,000- \$500,000	\$500,000- \$600,000	\$600,000- \$700,000	\$700,000- \$800,000	>\$800,000	Target Range
New Homes sold per month/2013	36.4	27.0	20.1	2.6	0.2	0.1	0.1	0.0	63
New Home Listings	<u>184</u>	<u>163</u>	<u>49</u>	<u>7</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>347</u>
Months of Supply	5.05	6.04	2.44	2.74	4.50	9.00	N/A	N/A	5.47

Comparing the number of existing homes sold per month through October 1, 2013 to the current existing listings it appears that the subject's market area has a 2.96 month supply of existing homes.

Calculation of Current Monthly Supply of Existing Homes by Price Range									Total
Price Range	<\$200,000	\$200,000- \$300,000	\$300,000- \$400,000	\$400,000- \$500,000	\$500,000- \$600,000	\$600,000- \$700,000	\$700,000- \$800,000	>\$800,000	Target Range
Existing Homes sold per month/2013	177.6	68.3	14.3	1.3	0.6	0.0	0.0	0.0	246
Existing Home Listings	<u>450</u>	<u>279</u>	<u>92</u>	<u>25</u>	<u>17</u>	<u>8</u>	<u>9</u>	<u>6</u>	<u>729</u>
Months of Supply	2.53	4.08	6.42	18.75	30.60	N/A	N/A	N/A	2.96

SUBJECT'S TARGET PRICE POINT

In the following graph we have presented the average number of homes sold per month in the subject's larger market and at the subject's target price point. Between 2004 and 2007 the average number of homes sold in this price point decreased significantly. This was a period of increasing home prices. As the market has declined builders have returned to more affordable homes. The current trend is downward, partially due to the fact that many buyers are targeting home prices above \$300,000, which has been more active than in years past.



FUNDAMENTAL DEMAND ANALYSIS – ADA AND CANYON COUNTIES

The following Fundamental Demand Analysis provides basic supply and demand forecasting for new housing in the subject's larger market area. Though we rely on historical performance, the figures reported in this analysis are not historical but are forecasts and projections for the coming years. The sources for the various statistics include public records, MLS, Pioneer Title Co., COMPASS (Community Planning Association – Idaho) and various other data sources.

The first step is to establish the housing needs for some future period. We start by estimating the net population change, which is a function of births, deaths, and migration. The prevailing living patterns, as well as the likely shifts in the patterns, especially in terms of household type and size are studied. From the above findings, the number of households required for the population is determined. Then the number of housing units of different types are also determined (Single family, single family with acreage, condominiums, townhomes, mobile homes etc.) In this case we are focused on single family residential demand. We have defined the market area as the entirety of Ada and Canyon Counties.

The following is a summary of the steps used to determine the future housing need in a specific market area by means of a Need-Gap Analysis.

1. a) Estimate future population and its demographic profile.
 - b) Translate population into the number of households by household size and type.
 - c) Translate the number of households into number of dwelling units by housing type.
2. Find out the number of existing dwelling units, by size and type. Estimate the percentage of units within the primary dwelling type being studied, i.e. single family homes, townhomes, or condominiums.
3. a) Calculate the basic need-gap.
 - b) Calculate the reasonable need-gap, which is the basic need-gap plus obsolescence, demolition, abandonment, renewal, loss due to fire and other catastrophes, and allowance for vacancies.
4. Calculate the need for new housing construction which is the need-gap (or new demand) minus the existing supply currently available in the market.

5. Forecast future supply from proposed projects in the market area and add new units in future years to the supply inventories.
6. Finally, deduct existing and future supply from annual demand to calculate the shortage or oversupply for each year. A shortage is indicated by a negative number, representing new demand for housing within the targeted dwelling type.

In the analysis on the following page, we have utilized the base population estimate as of 2005. According to COMPASS (Community Planning Association - Idaho), population is anticipated to grow at a rate of approximately 2.95% per year until 2010 and then at a rate of 2.47% per year until 2015 in the subject's market area. According to COMPASS the average household size is 2.75 persons and the frictional vacancy rate is approximately 6%.

According to the MLS single family homes (excluding single family with acreage) typically make up 80% to 90% of the total number of sold residences in a given year in Ada and Canyon Counties. We have estimated 85% of demand is for single family homes.

According to information, from New Home Trends Survey, at the end of Quarter 4, 2011 there were 5,575 vacant lots and 446 unoccupied spec homes in Ada County and 4,168 vacant lots and 87 unoccupied spec homes in Canyon County. This produces a total current supply of 10,276 vacant lots and unoccupied spec homes in Ada and Canyon Counties.

The number of lots which will be developed over the next five to seven years will be highly dependent on new lending standards and the length of the current economic downturn. In order to make a reasonable estimate of how many lots might be developed we have looked at the number of lots which were recorded per year between 2003 and 2011 in Ada and Canyon Counties.

The following chart shows the number of single family lots which were recorded annually between 2003 and 2011.

Number of Single Family lots recorded by County and Year*										
County	2003	2004	2005	2006	2007	2008	2009	2010	2011	Total
Ada**	4,345	5,849	7,049	5,298	2,980	1,398	1,301	982	740	29,942
Canyon***	1,861	2,819	2,143	3,774	2,085	1,147	344	41	226	14,440
Total	6,206	8,668	9,192	9,072	5,065	2,545	1,645	1,023	966	44,382

*Limited to single family lots in subdivisions with a minimum of five lots.

** Information Obtained from Ada County Recorder

*** Information Obtained from Canyon County Assessor

Based on the presented data and our monitoring of existing and proposed subdivisions we estimate that approximately 1,750 lots will be recorded in 2012. This number will gradually increase to 5,000 in 2015.

Fundamental Demand (Ada & Canyon Counties) - Updated 2.12												
	2005 Base	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	
Anticipated Growth rate	Year	2.79%	2.79%	2.79%	2.79%	2.79%	2.47%	2.47%	2.47%	2.47%	2.47%	
Total Population*		524,906	539,551	554,604	570,078	585,983	602,332	617,210	632,455	648,076	664,084	680,487
Nonhousehold Population**	1.86%	9,763	10,036	10,316	10,603	10,899	11,203	11,480	11,764	12,054	12,352	12,657
Total Household Population		515,143	529,515	544,289	559,474	575,084	591,129	605,729	620,691	636,022	651,732	667,830
Average Persons Per Household	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75	2.75
Occupied Household Units		187,325	192,551	197,923	203,445	209,121	214,956	220,265	225,706	231,281	236,993	242,847
Frictional Vacancy	6.0%	11,957	12,290	12,633	12,986	13,348	13,721	14,059	14,407	14,763	15,127	15,501
Total Housing Units Demanded		199,282	204,841	210,557	216,431	222,470	228,676	234,325	240,113	246,043	252,121	258,348
New Housing Units Demanded			5,560	5,715	5,875	6,038	6,207	5,648	5,788	5,931	6,077	6,227
% Single Family Buyer	80%	159,425	163,873	168,445	173,145	177,976	182,941	187,460	192,090	196,835	201,696	206,678
	85%	169,389	174,115	178,973	183,966	189,099	194,375	199,176	204,096	209,137	214,303	219,596
	90%	179,353	184,357	189,501	194,788	200,223	205,809	210,892	216,101	221,439	226,909	232,513
New Single Family Demand					5,133	5,276	4,801	4,920	5,041	5,166	5,293	
Forecast Supply												
Ada County - Vacant Lots							5,575					
Ada County - Unoccupied Specs							446					
Canyon County - Vacant Lots							4,168					
Canyon County - Unoccupied Specs							87					
Total Number of Vacant Lots/Spec Homes***							10,276	6,475	3,305	764	98	
Unit Pipeline - New Supply							1,000	1,750	2,500	4,500	5,000	
(Shortage)/Oversupply							6,475	3,305	764	98	(195)	

Potential Shortage in Year 3 of the Analysis

*Population estimates provided by COMPASS for years 2005, 2010 and 2015. (2.79% annual increase between 2005 and 2010, 2.47% between 2010 and 2015)

**A portion of the community's total population is considered nonhousehold if it occupies dormitory-like facilities that are not part of the housing stock. (Such as military personnel living on a base, institutionalized persons, or college students living in residence halls.) It is important to identify and remove it from estimates.

***New Home Trends - Total Vacant Lots/Spec Homes (Ada & Canyon County)

As presented in the preceding analysis the subject's larger market is oversupplied with single family homes and lots. However, based on current population projections the existing supply of lots and homes will be absorbed over the next three to five years.

This analysis is intended to offer support to the residential demand and absorption analysis presented in this appraisal. The reader is reminded that the fundamental demand analysis model is highly dependent on the population forecast. In addition, the model does not take into consideration short term fluctuations in demand due to employment rates, job growth, recent restrictions in lending practices, etc.

EMPLOYMENT TRENDS - IDAHO DEPARTMENT OF LABOR PRESS RELEASE (SEPTEMBER 2013) - IDAHO'S AUGUST JOBLESS RATE CLIMBS TO 6.8 PERCENT

Idaho's seasonally adjusted unemployment rate rose two-tenths of a percentage point in August as total employment dropped to its lowest level in nearly a year. Last year, Idaho's August unemployment rate was 7 percent. The state's jobless rate at 6.8 percent has risen seven-tenths of a percentage point since April, one of the largest rate increases among the states in the last four months.

Nationally, unemployment fell another tenth of a point in August to 7.3 percent, down two-tenths from April. Idaho's rate remained below the national rate for the 143rd month - one month short of 12 years. The last time the gap was smaller than a half percentage point was October 2002. The number of Idaho workers without jobs in August was up 1,200 from July to nearly 52,300, the highest total since September 2012, while the number of people working in August fell 2,200 to just under 721,000, the lowest total in nearly a year. Department analysts estimate more Idahoans may be working multiple jobs to meet the hiring demands of employers and make ends meet at home. In 2012, 24.2 percent of Idaho jobs were part-time, compared to 18.2 percent of all jobs before the recession. Only four other states - Maine, Oregon, Utah and Wisconsin - had higher percentages of part-time jobs.

Idaho employers across all industries were hiring at or slightly above normal levels for July to August, putting total jobs in August 2.6 percent ahead of a year earlier. Nationally, jobs in August were 1.7 percent higher than August 2012. Seven of every 10 new jobs in August were in services, and nearly all in sectors that typically have more part-time workers - retail and administrative services, where over a quarter of the jobs are part time, and food service, where half are part-time jobs. As unemployment has risen and the labor force and total employment declined over much of the last year, department analysts speculate employers are still concerned about the economic future at both the state and national levels. Only once in the more than 5½ years since the recession began have employers hired more people in any month than they did during the same month in 2007, and that was in July when the increase was 33 workers.

Despite the unemployment rate moving higher, unemployment benefit payments in August were down 39 percent with the number of claimants 36 percent lower than August 2012. Over \$10.2 million in state and federal benefits were paid to a weekly average of 10,700 claimants in August 2013. Just over a quarter of the payments were federally financed extended benefits, which will cease at the end of the year. An average of 3,000 people a week received federal extended benefits in August. A year ago, over \$16.8 million in state and federal benefits were paid to a weekly average of 16,800 claimants. Almost half the payments were federally financed extended benefits.

At the depth of the recession in March 2009, an average of 50,000 workers a week received \$54 million in state and federal benefits. While the statewide jobless rate continued to rise in August, the effect across the state remained mixed. Unemployment rates in four of the five metro areas declined while unemployment in Idaho Falls rose three-tenths of a percentage point. In rural Idaho, the same six resource-dependent counties that reported double-digit rates in June and July did so again in August. Adams County had the highest rate at 14.7 percent, down a full percentage point from July. Oneida had the lowest rate at 3.9 percent, the only county under 4 percent.

Seasonally Adjusted Data

	8/13	7/13	8/12
Civilian Labor Force	773,200	774,200	772,800
Unemployment	52,300	51,100	54,300
% Labor Force Unemployed	6.8	6.6	7.0
Total Employment	720,900	723,100	718,500

Unadjusted Forecast Data

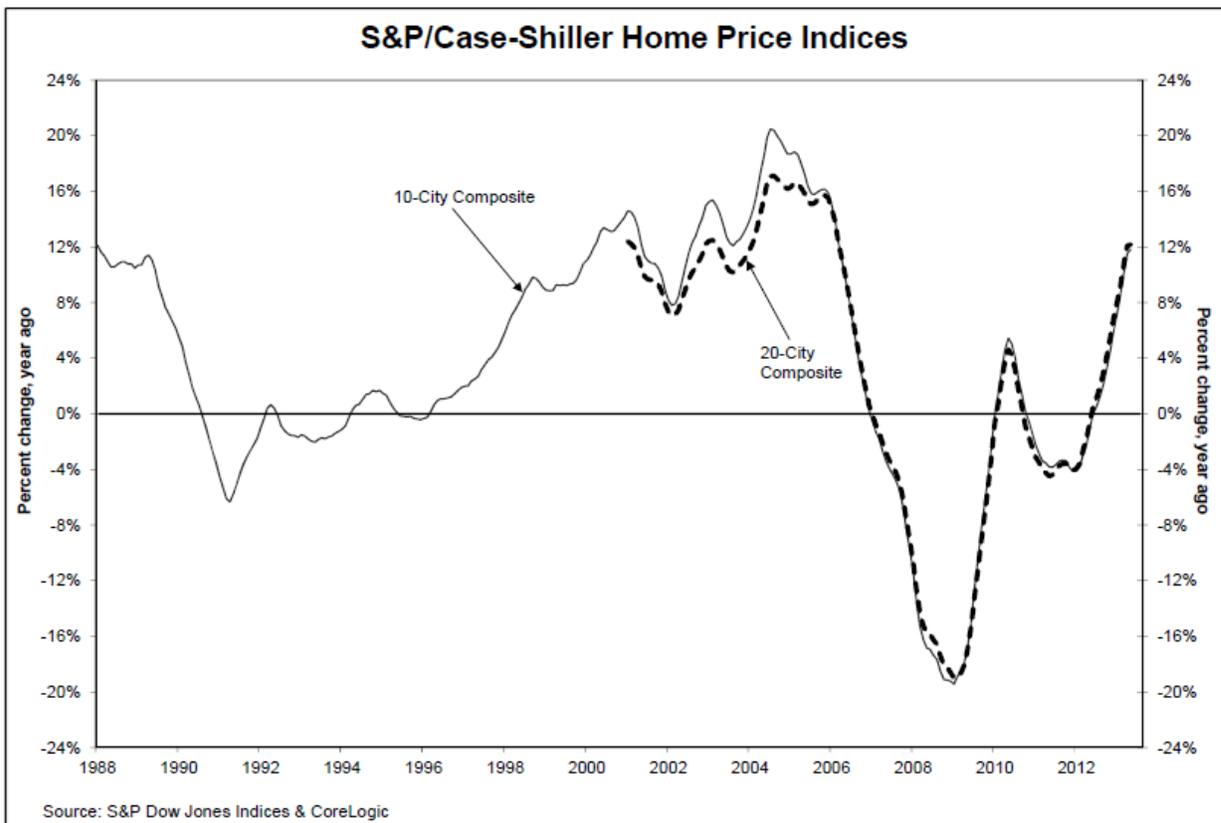
Civilian Labor Force	775,600	784,300	775,200
Unemployment	49,400	48,800	52,700
% Labor Force Unemployed	6.4	6.2	6.8
Total Employment	726,200	735,500	722,500

CASE-SHILLER NATIONAL HOME PRICE INDEX

The Case-Shiller U.S. National Home Price Index is a broad composite of single-family home price indices for the nine U.S. Census divisions and is calculated quarterly. The index uses the repeat sales pricing technique to measure housing markets. First developed by Karl Case and Robert Shiller, this methodology collects data on single-family home re-sales, capturing re-sold sale prices to form sale pairs.

Data through May 2013, released today by S&P Dow Jones Indices for its S&P/Case-Shiller Home Price Indices, the leading measure of U.S. home prices, showed increases of 2.5% and 2.4% for the 10- and 20-City Composites in May versus April. Dallas and Denver reached record levels surpassing their pre-financial crisis peaks set in June 2007 and August 2006. This is the first time any city has made a new all-time high. - <http://www.standardandpoors.com>

The 10- and 20-City Composites annual returns rose slightly from April to May as they posted the best year-over-year gains since March 2006. All 20 cities increased from May 2012 to May 2013 and from April 2013 to May 2013.



The chart above depicts the annual returns of the 10-City Composite and the 20-City Composite Home Price Indices. In May 2013, the 10- and 20-City Composites posted annual increases of 11.8% and 12.2%, respectively.

CONCLUSION

Currently, the Ada County residential market appears to be in a period of market stabilization from a period of correction from the high levels of demand experienced during the 2005 and early 2006 markets. We have forecasted a potential shortage of lots indicating a demand sided market in 2015. In addition, market investigations conducted in preparation of this report have revealed an increased demand for lots in well-located good amenity projects. Several of the most desirable projects are closed subdivisions where lots are only available to “in-house” builders or existing inventory has been secured by area production builders. This leaves very few “A” projects available for local builders desiring to make lot purchases. Our expectation is that the residential market will gradually improve at entry level and moderate price points over the next 12 to 24 months.

MARKETING & EXPOSURE TIME

EXPOSURE PERIOD

Exposure period, by definition, is the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at a market value on the effective date of the appraisal. In other words, how much time would the property being appraised need to be exposed on the market for a sale commensurate with the market value of the property, as of the date of the appraisal? Based upon research and discussions with various participants in the market, and the current market conditions, it is the considered opinion that exposure time for the subject would most likely trend around the 12± to 18± month time frame.

MARKETING PERIOD

The following section of the report is particularly relevant to recent land sales activity, and is undertaken primarily to consider how the subject fits into the overall market segment and how effectively it competes in the market. Issues worthy of consideration might include supply indicators (spec home inventory levels, absorption rates, inventory of existing lots apartment vacancy rates, housing sales, and overall market demand in the area), as well as anticipated changes in demand. Much of this sort of information has already been presented for consideration in the residential demand section of the report.

As might be expected, the availability of good sources of data on a particular property is directly proportional to the size of the respective market. The subject's property class affords a limited number of sales within the subject's immediate and general marketplace for analysis. Considering the amount of development land currently available on the market, in order to sell a parcel such as the subject, the parcel will have to be competitively priced in order to sell within a reasonable time frame.

The subject would most likely appeal to an investor, partnership, or a developer wanting to land bank for future low density residential development. Based upon the sale data assembled, discussions with investors, discussions with brokers and agents, and discussions with other market participants, we are left with the strong sense that the subject would have a marketing period of around 12-18± months. This assumes that the subject is priced in the range found herein and is aggressively and professionally marketed and that no adverse stigma becomes associated with the property by internal mismanagement or external forces.

SALES COMPARISON APPROACH

It is assumed in this approach that there exists a market for the type of property being appraised, and that data on recent sales of similar, competitive properties in the market are “arms length” transactions, indicating a most probable sale price that the subject property would bring as of the valuation date. Although individual sales often deviate from a situation where both buyer and seller are knowledgeable market participants, it is assumed that a sufficient number of sales should tend to reflect investor patterns of prices (and thus values) in that particular market.

The following process is typically undertaken in order to develop an informed opinion of a property’s value using the Sales Comparison Approach:

1. Search out sales, listing, or offerings of similar properties.
2. Confirm the prices as to terms, reason for purchase, and if a bona fide sale.
3. Compare the sale property’s attributes with those of the property being appraised.
4. Analyze all the differences as to their probable effect on the sale price.
5. Form an opinion of the relative value of the property under appraisal as compared with the sale price of each similar property.

Some of the economic units of comparison which may be utilized in this approach are Overall Rate (OAR), Gross Annual Income Multipliers (GAIM or GIM), Effective Gross Income Multipliers (EGIM); and some of the physical units of comparison are price per square foot, price per unit, price per room, etc.

On the following page is a Summary of the Market Sales followed by a discussion of the adjustment considerations for comparable sales presented, followed by the conclusion of value for the subject property by the Sales Comparison Approach. The subject is annexed into to the city limits of Kuna, located in northern areas of Kuna and therefore is influenced by areas of Southern Meridian and southwest Boise as well. In this case comparable sales of similarly influenced parcels within Kuna, and south Meridian have been employed. Again the subject’s highest and best use is for a future residential development composed of single family residential.

ANALYSIS OF COMPARABLE SALES

An extended market investigation was undertaken of both sold and listed land in the general neighborhood considered similar to the subject. From the resulting data, the presented sales were selected for a comparative analysis. Again the subject is not in proximity to city services at this time, but is anticipated for low density residential development in the future. Our investigation has revealed various sales of similarly influenced parcels, with the primary difference in value being the proximity to city services and location.

SALES COMPARISON APPROACH

Summary of Land Sales

General Data	Comp 1	Comp 2	Comp 3	Comp 4
Common Name	Ten Mile Road, Bernhard Parcel	Cherry Lane Parcel	Johnson Parcels, Note Sale	Applewood Excess Land
Address/Location	5561 S. Ten Mile Road	W. Cherry Ln & McDermott	750 W. Hubbard Road	W. Cherry Ln & McDermott
City	Kuna	Meridian	Kuna	Kuna
Legal Description	S2S2SE4NE4 SEC 34 3N 1W	PAR #6450 @ CTR POR SW4SW4 SEC 4 3N 1W Parcel 2 R/S 6077 #336400-S	SE4 SEC 12 2N 1W R/S 1506 EXC 65' R/W	DANSKIN RIDGE SUB NO 05 PAR#0012 OF LOT 53 BLK 01 DANSKIN RIDGE SUB NO 05 #0010-B
Use at Sale	Vacant	Vacant	Vacant	Vacant
Proposed Use	Transitional Ag land to SF residential	Transitional Ag land to SF residential	Transitional Ag land to SF residential	Excess Land
Utility Availability	Well & Septic, Extension Required	Extension Required	Minor Extension Required	All Available
Zoning	RUT	RUT	PUD - R-4 & R-6	R-6
Frontage	Ten Mile Road	Cherry	Hubbard	S. Ten Mile Rd.
Access	Average	Average	Average	Average
Parcel Shape	Rectangular	Rectangular	Rectangular	Irregular
Easements/ Restrictions	None Noted	None Noted	None Noted	None Noted

Transaction Info

	(May-13)	(May-12)	(Oct-12)	(Dec-11)
Sale Date				
Parcel Number	S1234142350	S1204336450	S1312417410	R1727740012, S1311336210
Parcel Size (Acres)	10.00	17.57	152.5	29.26
Parcel Size (SF)	435,600	765,349	6,642,900	1,274,566
Total Consideration	\$175,000	\$263,550	\$2,287,500	\$600,000
Price per acre	\$17,500	\$15,000	\$15,000	\$20,506
Unit Price (sf)	\$0.40	\$0.34	\$0.34	\$0.47
Terms	Cash	Cash	Cash	Cash
Marketing Period	No marketing	4 months	18 months	No marketing
Grantor	Michael Bernhrad	Borup Construction	Greg Johnson/Lender	Applewood Development LLC
Grantee	DBTV Farm, LLC	Meridian City	B&L Company LLC, Larry Williams	DBTV Applewood Farm, LLC
Confirmation	Tim Eck	IMLS	Mark Bottles RE	Tim Eck

Comments

This is the sale of a small farm parcel in northwest Kuna. The area is not serviced by utilities, as nearest lines are located 1 mile south at Ten Mile. The parcel would require a lift station for development in the future. The parcel was purchased as an assemblage piece by a developer in the area.

This is the sale of a vacant agricultural parcel in northwest Meridian. The area is not serviced by utilities, as nearest lines are located 1 mile east at Black Cat and Cherry Lane.

This property was bank owned at the time of sale. The lender reportedly foreclosed on the property in 2012 and had marketed the site for sale at \$40,000/acre. The marketing agent indicated that there were multiple interested parties that had verbally offered a price near \$15,000/acre. The lender was not willing to accept this price. The held a note sale, which reportedly sold for less than \$15K/acre, and many market participants rumor that the note sold near \$10,000/acre. Due to the condition of sale, we have reported a fair market value of the site at \$15,000/acre as shown above.

This is the sale of two parcels of excess land located to the north and south of the first phase of Applewood Subdivision. The parcels have all utilities available.

Summary of Land Sales

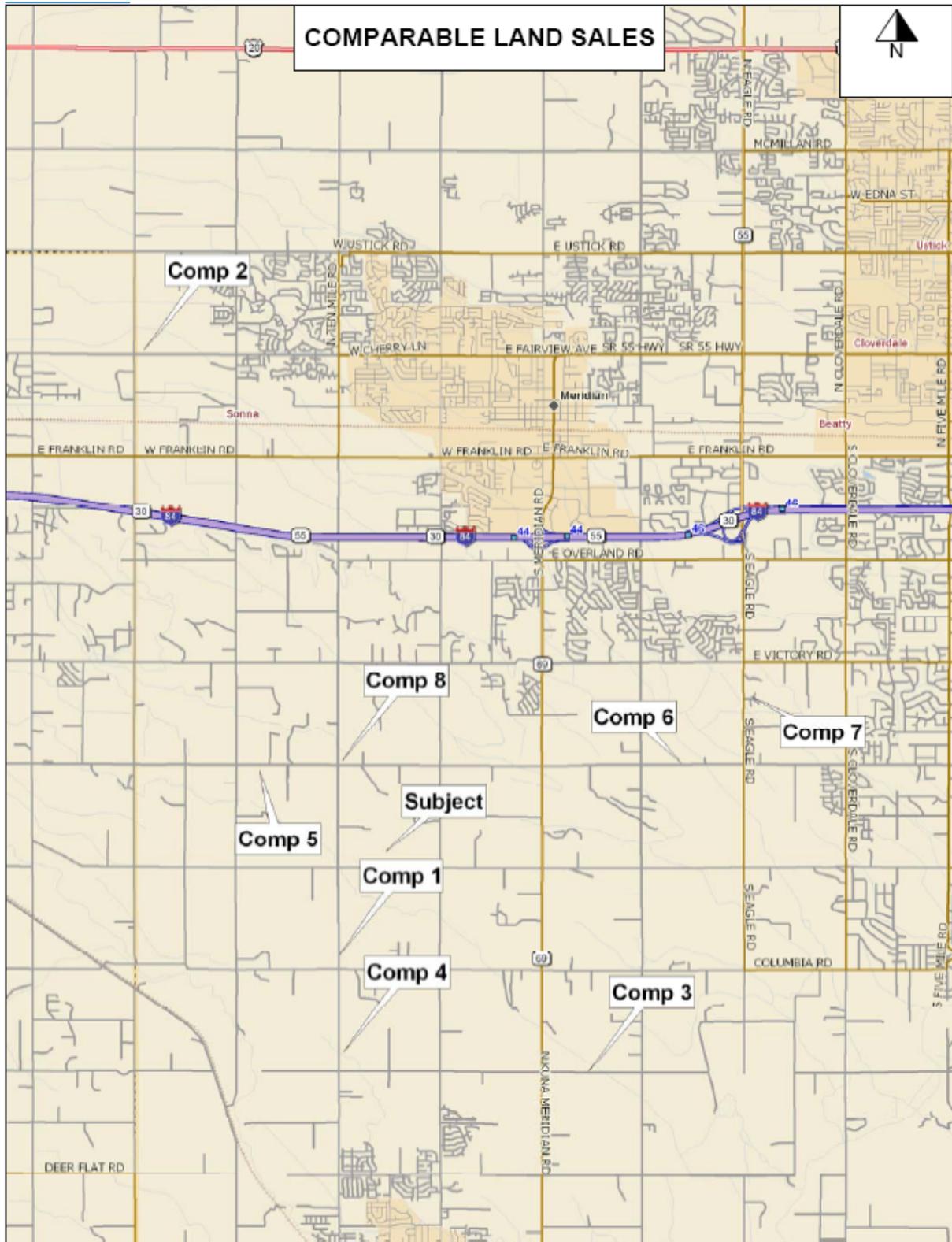
<u>General Data</u>	Comp 5	Comp 6	Comp 7	Comp 8
Common Name	Renascence Parcels	Amity Road Providence Dev. Sale	Kingsbridge Subdivision	Meridian School District - Johnson/Groves
Address/Location	Ten Mile & Amity	2180 E. Amity Road	south of Victory Road and east of Eagle Road in Meridian, Ada County, Idaho	East of Ten Mile, North of Amity
City	Kuna	Meridian	Meridian	Ada County
Legal Description	Multiple parcels, lengthy. POR LOT 15 BLK 01 BITTERCREEK MEADOWS SUB	W 1/2 of the SE 1/4 of the SW 1/4 of Section 29, T.3N, R1. E. B.M, Ada County, Idaho	Lot 11, Blk 2 Dartmoor Sub, port S 1/2 of the NW 1/4 Section 28, T3 N, R1 E, Boise Meridian, Ada County, Idaho	W 1/2 of the SE 1/4 of Section 26, Township 2 North, Range 1 West Boise Meridian, Ada County, Idaho.
Use at Sale	Vacant	Vacant	Vacant	Vacant
Proposed Use	Transitional Ag land to SF residential	Residential Development	Residential Development	Residential Subdivision
Utility Availability	Lift Station & Extension Required	All Available	All Available	Extension Required
Zoning	R-6	R-4/R-8	R-2	RR
Frontage	S. Ten Mile Rd.	Amity	Interior/Eagle Road	Ten Mile
Access	Average	Average	Average	Average
Parcel Shape	Irregular	Rectangular	Irregular	Irregular
Easements/ Restrictions	None Noted	None Noted	None Noted	None Noted

Transaction Info

Sale Date	(Dec-11)	(Contract Aug-11, Closed Oct-11)	(Dec-10)	(Dec-09)
Parcel Number	R0967660156, R0967660155, S1234212935, S1234244200, S1234121105	S1129346700	R1734560115, R1734560126 and R1734560129	S1226326200
Parcel Size (Acres)	103.96	20.00	38.31	66.00
Parcel Size (SF)	4,528,498	871,200	1,668,784	2,874,960
Total Consideration	\$1,800,000	\$580,000	\$1,225,920	\$1,419,000
Price per acre	\$17,314	\$29,000	\$32,000	\$21,500
Unit Price (\$/sf)	\$0.40	\$0.67	\$0.73	\$0.49
Terms	Cash	Cash	Cash	Cash
Marketing Period	No marketing	90 Days	Not Actively Marketed	Not Actively Marketed
Grantor	JLJ Enterprises Inc.	Providence Development, LLC	Kingsbridge Properties, LLC	Johnson/Craig Groves
Grantee	DBTV Renascence Farm, LLC	Consolidated Properties of Idaho	Confidential	Meridian School District
Confirmation	Tim Eck	Ti Smack	Steve Neighbors	Craig Groves

Comments

This is the sale of a large assemblage of vacant agricultural parcel in northwest Kuna. The area is not serviced by utilities, and a lift station would have to be installed to accommodate future development. The parcels were purchased by a developer for assemblage with other parcels that were purchased in the area. A portion of an existing sewer main is in place within the nearby Bittercreek project.	The site was purchased after a relatively short marketing period, below the most recent list price at \$499K. Sewer and water are NOT adjacent to the site. The property was sold for anticipated development for future mixed use when Highway 16 is extended in the next 3 to 5 years.	The site was purchased after a relatively short marketing period, reportedly just below the most recent list price at \$598K. Sewer and water are adjacent to the site. The property was sold for anticipated development with a combination of R-4 and R-8 zoning in place.	This property was purchased by the City of Meridian for a future school site. Sewer has been extended to the area from the north. The line will feed to a lift station in Bittercreek Meadows north to Southridge.
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ADJUSTMENTS

Based on the available market activity, the preceding sales were selected as bracketing the range of potential for the subject property. Adjustments have been considered based on the following categories; it is noted that the sequence of the first four adjustment categories is based on Sample Market Data Grid presented in the 13th Edition; by implication; other adjustments may follow, as tailored to the local market.

Unless otherwise noted, the basis for the following adjustments is from the compiled database of property sales in the local market, and the professional opinion of the appraiser.

Property Rights Appraised

This adjustment is required when a sale transaction is other than a fee simple estate, free and clear of all leases. All of the comparable sales involved the transfer of the Fee Simple Estate therefore no adjustments are necessary.

Financing

This adjustment is for financing associated with the transaction. The market value definition used in this report specifically states that value is predicated on cash or its equivalent. Comparables are typically reported as being cash sales with the purchaser obtaining third-party financing, when owner financing was equivalent to market rates and terms, or are adjusted to a cash equivalency when below market terms were disclosed. The sales prices utilized in the analysis are cash or were reported by the parties to be cash equivalent prices.

Conditions of Sale

This adjustment considers the motivations of the buyer and seller. Comparable 3 was a bank sale for a parcel in the Kuna area. The lender reportedly foreclosed on the property in 2012 and had marketed the site for sale at \$40,000/acre. The marketing agent indicated that there were multiple interested parties that had verbally offered a price near \$15,000/acre. The lender was not willing to accept this price. They held a note sale, which reportedly sold for less than \$15K/acre. Within the sales summary sheet, we have already applied an adjustment to reflect the market expectation of pricing based on reported offers prior to the sale. No further adjustment has been applied. All of the remaining comparable sales are believed to represent arms-length transactions therefore no adjustments are necessary.

Market Conditions/Time

This adjustment accounts for changes in value due to changing market conditions. All of the provided sales occurred in the 2013 through 2009 time period. The market conditions have changed in the Kuna area due to recent changes in the LID that was put in place in 2010 in attempt to raise funds to construct a new waste water treatment plant to service the area. To eventually pay off the interim financing, the plan was to sell bonds which would be backed by parcels in the LID voluntarily pledged as collateral. Key Bank and Bank of the Cascades agreed to front the money for construction with the expectation that municipal bonds would be sold once the plant got up and running. The bonds would then be used to retire the bank debt, and then the property owners would pay off the bonds over an approximate 20-year horizon, with interest. Under the terms of the LID, the initial installment for those property owners that chose to be involved in the 20 year plan was to occur in March of 2010. Information provided by the City of Kuna allows for the estimation of the payment obligation an owner will be required to pay. This estimate is based on the number of connections contracted within the LID multiplied by \$3,233 per connection. As the agreement stated, the number of connections guaranteed to the owners were 3 per acre. Therefore the assessment of \$9,700 per acre was typical.

However, given what is known today, the LID encumbrance was lifted in March of 2013 by the court system. In conversations with Wendy Howell representing the City of Kuna planning and zoning department, she indicated that the lawsuit has recently been resolved, and the encumbrance was lifted. Properties formerly included in the LID for which area property owners were a part of the appellate group, will not be burdened by annual payments, but rather will pay the typical sewer permit fees at the time when they are needed in the future.

In this case, the time period of many of the provided sales occurred during the same time period that the LID was put in place. The LID created some uncertainty in the Kuna market, with very few transactions occurring. Many of the transactions that did occur were reflective of distressed sales where the property owners could not make good on the LID assessments, or bank sales. In addition, pricing for development ground in the Ada County market has been trending upwards over the past 24 months, as developers are seeking to secure land for future development once the current inventory of lots is depleted. We have observed price increases in the Meridian market, where sales have been more frequent, and there is a higher supply of land sales data from which to extrapolate a market adjustment indication. In this case, we have two separate drivers which have created changes in market conditions in Kuna; the first being the LID and the recent lifting of the encumbrance in early 2013, the second being changes in market conditions simply due to higher levels of demand for development parcels.

Over the past 24 months, demand for development parcels in Meridian has escalated significantly. In the 2010/2011 time period development parcels in Meridian were selling from \$26,000 to \$32,000/acre. More recently in 2013, development parcels with access to utilities are selling between \$38,000 and \$55,000, indicating an increase of 45% to 70% over the past 2 years, or 22% to 35% per year. Granted, Meridian has experience a significantly higher level of demand than Kuna from home buyers, resulting in relatively high increases in land prices. Brokers familiar with the Kuna market report that future development acreage in Kuna, or similar secondary market areas such as Star, have been selling in the \$12,000 to \$15,000 range in the 2010-2012 time period, with very few sales in 2013. These brokers report that they would expect that developers would likely consider paying higher prices due to observed increases in more primary areas of Ada County, such as Meridian and Boise. Some of these land brokers speculated that with the current market conditions, pricing for well-located parcels in Kuna with immediate access to utilities could potentially sell for more than \$25,000/acre, however parcels without access to utilities at this time may not receive much of a premium due to the extended holding period expected for such parcels.

The most recent sale includes Comparable 1, which was contracted in the first quarter of 2013, and closed in May. The seller was not included in the LID, therefore his pricing was not impacted on the settlement of the lawsuit. In this case, the indication is at \$17,500, for a sale that was negotiated approximately 7 months ago. A slight adjustment would be required for improving market conditions over this time period. A positive 10% adjustment has been applied.

Comparables 2 and 3 both occurred in 2012, during a time period of inferior demand. An adjustment is required. Based on the prior discussion, an adjustment of approximately 20% would be expected due to the changes in market conditions. These parcels were not impacted by the LID assessments. Comparable 4 was purchased in late 2011 and was also part of the LID, therefore was more heavily impacted by changes in market conditions. In this case we have applied a positive 30% adjustment. Comparable 5 was purchased in late 2011, but was not part of the LID. A positive 25% adjustment has been applied. Comparable 8 is located to the north of subject along Ten Mile Road, but will likely be incorporated into the City of Meridian. The marketing conditions at the time of sale were inferior; therefore a positive 25% adjustment has been applied.

Comparables 6 and 7 are located in S. Meridian in areas where water and sewer were available to allow for development in the future. The holding period prior to development at the time of purchase was 3 to 5 years, as they have not yet been developed. In this case, we have applied a positive 25% adjustment for the inferior market conditions that existed in Kuna at that time compared to today. This adjustment does not reflect the market conditions adjustment that would be expected for the Meridian area, but is specific to the changes which have occurred in Kuna.

It is noted that the subject was not previously encumbered by the LID that was in place in Kuna. The subject is owned by the City of Kuna and therefore it is our understanding that they were not required to pay any LID fees.

Location

This adjustment reflects any differences attributable to location. The basis for this adjustment is proximity to major arterials in the area and location within the perceived growth patterns. With respect to residential use, those tracts in close proximity to existing housing developments are considered superior to those in more remote areas. The quality and price levels of surrounding residential development are also considered as an indication of quality of location as is the overall desirability and aesthetics.

Surrounding land uses: The subject is surrounded by agricultural and rural residential land uses. There are some newer residential subdivisions to the south in Kuna, approximately 1 to 2 miles away. Overall, the neighborhood is in transition from a rural setting to residential development. Market participants report that sales activity has been more active in areas of Meridian and Boise when compared to the subject's market area due to new home demand from buyers. Comparables 6, 7, and 8 are all located in areas of S. Meridian and are therefore considered superior with regards to location. Negative 15% adjustments have been applied to sales as a result of their surrounding land uses due to their location.

Frontage/Access: Tracts of land, which have frontage on well-paved thoroughfares with curbs and gutters in place, are more desirable than tracts that have accessibility to lesser quality roadways, which will require improvement in order for development to take place. This refers to the major neighborhood thoroughfares that provide access to the development or site and not to the interior streets. Each of the presented comparables is considered equivalent in terms of frontage and access.

Utility Availability

The physical characteristics, which affect the cost of development or end-user demand for developed lots, should be considered, and if appropriate, adjusted for. Among the physical factors, which can affect development cost, are shape, topography/slope, soil conditions (drainage, expansiveness), sub-soil conditions (depth of bedrock, presence of ground water or location over aquifers), flood plain, and the availability of public services (utilities, police and fire protection, etc.). Physical factors, which can impact the desirability of eventual lots to be developed, include views, natural water amenities or trees.

Limited extension of utilities from primary arterials or adjacent developments is generally necessary for development and considered commonplace. Again, the

subject would require installation of a new lift station and a pressurized line extension to the south along Ten Mile Road to the existing treatment plant. The distance to the plant is not significant, however the potential cost of the lift station could be relatively expensive compared to simply extending a sewer line, which is more typical for new projects. Comparables 4, 6, 7, and 8 were all located in proximity to utilities at the time of sale, with varying distances. In this case, negative 5% to 15% adjustments have been applied due to the subject's distance from utilities and expectations of a lift station. Comparables 2 and 3 are located in areas which will require utility extensions. The timeline for future development is longer than what is anticipated for the subject; therefore positive adjustments of 5% to 10% have been applied.

Entitlements

Again there are no entitlement approvals from the City of Kuna for the subject. Comparable 7 had a level of approvals and entitlements in place at the time of sale. A negative 5% adjustment has been applied. None of the remaining comparables contained entitlements; therefore, no adjustments are applied.

Topography & Soils

All of the comparables were considered equivalent, in terms of topography and soil conditions; therefore, no adjustments are applied.

Zoning

Zoning directly impacts the development potential of a site, thereby affecting net present worth of the land. Typically, zoning adjustments are based on types of development allowed and allowable development densities. A higher allowed density may or may not contribute additional value, depending on the demand and supply of various densities housing in the market.

Presently, the subject site is zoned P, for public use. However, upon future development, the site would likely be zoned for an R-3 designation, anticipated for low density residential 3 units per acre. Comparables 4 and 6 were expected for higher density projects with allowable densities in the 4 to 8 units per acre range. The allowable density is superior to that of the subject; therefore negative 5% to 10% adjustments have been applied. The remaining comparables were purchased with zoning designations, or future land use designations which are considered similar due to expected density levels.

Parcel Size

Size adjustments are dictated by actual market-extracted buyer preferences. Typically, when all other attributes are equal, a smaller site will sell for more on the

per unit basis than larger tracts due to reduced holding costs and risk, etc. Size adjustments must be considered carefully with such factors as economies of scale in providing utility service to larger tracts versus smaller ones.

The sales range in size from 10.00± acres to 152.50± acres. Again, the subject site is 107.13± acres. Generally, smaller parcels tend to have a higher unit price due to economies of scale, and associated risk with larger parcels. After analysis of the data, a trending appears to exist for the prudent application of an adjustment. The reader will note the highest price/acre sales are smaller on average. Comparables 1, 2, 4, 6, 7 and 8 are much smaller when compared to the subject, and are considered superior in overall size; therefore negative 3% to 5% adjustments have been applied. Comparable 3 is approximately 50% larger than the subject; therefore a positive 5% adjustment has been applied. The adjustment grid is presented on the following page for review.

SALES COMPARISON APPROACH

LAND SALES ADJUSTMENT GRID

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7	Comp 8
Sale Price/acre	\$17,500	\$15,000	\$15,000	\$20,506	\$17,314	\$29,000	\$32,000	\$21,500
Property Rights Conveyed	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Adjusted Price/acre	\$17,500	\$15,000	\$15,000	\$20,506	\$17,314	\$29,000	\$32,000	\$21,500
Financing Terms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Adjusted Price/acre	\$17,500	\$15,000	\$15,000	\$20,506	\$17,314	\$29,000	\$32,000	\$21,500
Conditions of Sale	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Adjusted Price/acre	\$17,500	\$15,000	\$15,000	\$20,506	\$17,314	\$29,000	\$32,000	\$21,500
	0	0	19	20	22	20	20	22
Market Conditions (Time)	(May-13)	(May-12)	(Oct-12)	(Dec-11)	(Dec-11)	11, Closed Oct-11)	(Dec-10)	(Dec-09)
	10.00%	20.00%	20.00%	30.00%	25.00%	25.00%	25.00%	25.00%
Adjusted Price/acre	\$19,250	\$18,000	\$18,000	\$26,658	\$21,643	\$36,250	\$40,000	\$26,875
Location								
Surrounding Uses	0.00%	0.00%	0.00%	0.00%	0.00%	-15.00%	-15.00%	-15.00%
Frontage/ Access	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Physical Attributes								
Utility Availability	0.00%	10.00%	5.00%	-15.00%	0.00%	-15.00%	-15.00%	-5.00%
Entitlements	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	-5.00%	0.00%
Shape/Size	-5.00%	-5.00%	5.00%	-5.00%	0.00%	-5.00%	-5.00%	-3.00%
Zoning	0.00%	0.00%	0.00%	-5.00%	0.00%	-10.00%	0.00%	0.00%
Net Adjustments	-5.00%	5.00%	10.00%	-25.00%	0.00%	-45.00%	-40.00%	-23.00%
Lump Sum/ Other	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjusted Price/sf	\$18,288	\$18,900	\$19,800	\$19,993	\$21,643	\$19,938	\$24,000	\$20,694
Parcel Size (acre)	10.00	17.57	152.50	29.26	103.96	20.00	38.31	66.00
Subtotal Adjusted Price/acr	\$18,288	\$18,900	\$19,800	\$19,993	\$21,643	\$19,938	\$24,000	\$20,694
	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7	Comp 8
ADJUSTED PRICE/sf	\$18,288	\$18,900	\$19,800	\$19,993	\$21,643	\$19,938	\$24,000	\$20,694
Net Adjustments	5%	25%	30%	5%	25%	-20%	-15%	2%
Gross Adjustment	20%	40%	40%	80%	25%	115%	105%	71%
Mean:	\$20,407	\$18,288 Low		\$24,000 High				
Median:	\$19,965	Range within one standard deviation of mean:						
Standard Deviation:	\$1,775	\$18,632	to	\$22,181				

The presented adjusted price of the comparables range in value from \$18,288/acre to \$24,000/acre, the mean and median, is \$20,407/acre and \$19,965/acre, respectively.

Comparable Land Sales			
Comparable	Size (acres)	Price/acre	Adjusted Price/acre
Comp 7	38.31	\$32,000	\$24,000
Comp 5	103.96	\$17,314	\$21,643
Comp 8	66.00	\$21,500	\$20,694
Subject	107.13	-----	-----
Comp 4	29.26	\$20,506	\$19,993
Comp 3	152.50	\$15,000	\$19,800
Comp 6	20.00	\$29,000	\$19,938
Comp 2	17.57	\$15,000	\$18,900
Comp 1	10.00	\$17,500	\$18,288
Average	57.94	\$20,978	\$20,407

CONCLUSION

In conversations with Broker's that are knowledgeable of the subject's market area, most report that their buyer's would simply not be interested in a land purchase at \$30,000/acre. Brokers are reporting that interest from investors and developers has increased in 2013, but their expectation of pricing for medium/long term hold parcels is generally \$20,000 or less depending on the location and development timeline. They reported that investors/developers would likely be willing to pay a little bit of a premium for parcels that already have access to utilities, but are still a little skeptical on parcels that are not do not have immediate access to utilities. The cost of a lift station to service the subject parcels is unknown at this time, which creates some additional risk in the development phase. As a result, most developers would not likely be willing to pay any significant premium for the subject, and are looking for parcels with shorter development timelines and easier access to utilities. Nonetheless, brokers did indicate that at the right price, there would likely be investors that would be interested in the subject.

In the final analysis primary emphasis given to sales comparables 1, 3, and 5 due to their locations, similar proximity to utilities, and the expectation for low density residential development. These sales are relatively recent in nature, with adjustments applied to reflect current market conditions, providing a reasonable range of potential value for the subject from \$18,288 to \$21,643/acre. After analysis, a conclusion at the middle of the range is considered prudent via the Sales Comparison Approach developing a price of \$20,000/acre.

Land Value Calculation

$$107.13 \text{ acres} @ \$20,000 \text{ \ acre} = \$2,142,600$$

FEE SIMPLE MARKET VALUE OF THE SUBJECT "AS IS":..... \$2,140,000

CERTIFICATE OF APPRAISAL

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

1. All statements contained in this appraisal report are believed to be true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and our personal, impartial, unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment 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. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan, and therefore our compensation is not contingent upon the closing of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice.
8. The use of this report is subject to the requirements of the Appraisal Institute and the State of Idaho relating to review by its duly authorized representatives.
9. As of the date of this report, we have completed the requirements under the continuing education program of The Appraisal Institute.
10. August Johnson has made a personal inspection of the property that is the subject of this report. Sam Langston has not inspected the subject property.
11. We have the necessary level of knowledge and experience to credibly estimate the value of the subject property, or have taken reasonable steps to achieve such competency and to provide a professional appraisal of the subject property, in accordance with the Uniform Standards of Professional Appraisal Practice.
12. Sam L. Langston is a designated member of the Appraisal Institute and has met the professional license/certification requirements for real estate appraisers practicing in the State of Idaho. He is a State Certified General Appraiser, and has been issued Idaho Certificate No. CGA-195.

CERTIFICATE OF APPRAISAL

- 13. August Johnson is an associate member of the Appraisal Institute and has met the professional license/certification requirements for real estate appraisers practicing in the State of Idaho. He is a State Certified General Appraiser, and has been issued Idaho Certificate No. CGA-2611.
- 14. In the interest of disclosure, we have not performed services, as an appraiser, regarding the property that is the subject of this report with the three year period immediately preceding acceptance of this assignment.
- 15. No one provided significant appraisal assistance to the person's signing this report.

SPECIFIC AND EXTRAORDINARY ASSUMPTIONS & LIMITING CONDITIONS

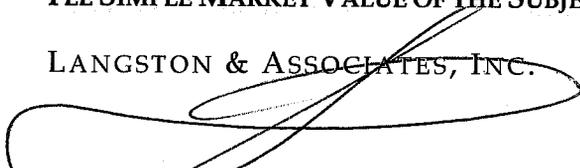
- * A Phase 1 Environmental Study has not been provided regarding the site. Upon physical inspection, no evidence of environmental hazards was apparent. The value estimate is predicated on the assumption that there is no such material on the property. Any such environmental risk discovered at a later date may require a revised estimate of value, which may or may not be simply a reduction of the value by the estimated cost to cure the environmental condition. Properties known to have environmental risk may carry a stigma in the market place, which also may or may not affect the value.
- * We have relied upon cost estimates, surveys, and specifications provided by the borrower and/or the borrower's representatives. Should these representations be amended, or prove to be inaccurate, the value estimates are subject to revision.

STATEMENT OF VALUE ESTIMATE

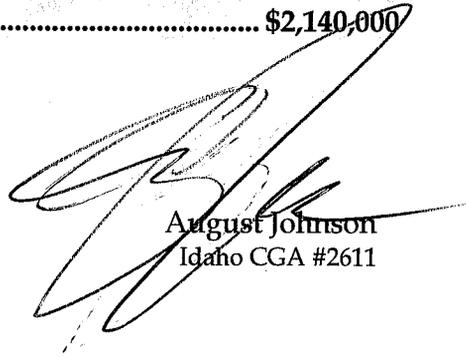
Therefore, based upon the physical inspection of the subject, the information supplied by the developer; and subject to the Assumptions and Limiting Conditions set forth, as of September 24, 2013, the Fee Simple Estate of the subject property is valued as follows:

FEE SIMPLE MARKET VALUE OF THE SUBJECT "AS IS":..... \$2,140,000

LANGSTON & ASSOCIATES, INC.



Sam Langston, MAI
Idaho CGA#195



August Johnson
Idaho CGA #2611

ADDENDA

*UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS
FOR "SUMMARY" APPRAISALS*

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

Following are standard Underlying Assumptions and Limiting Conditions pertaining to the appraisals produced by LANGSTON & ASSOCIATES, INC. Some of the clauses contained herein may not be relevant to a given appraisal problem, such as in the case of a Letter of Opinion, or other form of Limited Appraisal. However, their inclusion in this document does not diminish the relevance of other assumptions and conditions set forth herein.

All statements of fact in the appraisal report which are used as the basis of the appraiser's analyses, opinions and conclusions will be true and correct to the best of LANGSTON & ASSOCIATES, INC.'S knowledge and belief. LANGSTON & ASSOCIATES, INC. shall have no responsibility for legal matters; questions of survey; opinion of title; soil or subsoil conditions; engineering; technical matters; or hazardous waste substances such as asbestos, radon gas, toxic wastes, or any other substances which might present a health hazard. LANGSTON & ASSOCIATES, INC. does not have expertise to advise in any of the foregoing matters and can offer no guarantees regarding them. The appraisal will simply assume, unless otherwise stated in the report, that no problems exist in any of the areas mentioned, and is not valid or to be relied upon if that assumption is incorrect.

By this notice, all persons and firms reviewing, utilizing or relying on this report in any manner bind themselves to accept these assumptions and limiting conditions. Do not use this report if you do not so accept. These conditions are a part of the appraisal report. They are a preface to any certification, definition, fact or analysis, and are intended to establish as a matter of record that the appraiser's function is to provide a present market value indication for the subject property based upon the appraiser's observations as to the subject property and real estate market. This appraisal report is an economic study to estimate value as defined in it. It is not an engineering, construction, legal or architectural study nor survey and expertise in these areas, among others, is not implied. The certification of this appraisal report is subject to the following assumptions and limiting conditions:

LIMIT OF LIABILITY

The liability of LANGSTON & ASSOCIATES, INC. and affiliated independent contractors is limited to the client only, and the fee actually received. Further there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such third party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, and/or legally. In the case of limited partnerships or syndication offerings or stock offerings in real estate, client agrees in the case of lawsuit (brought by lender, partner or part owner in any form of ownership, tenant, or any other party), any and all awards, settlements of any type in such suit, regardless of outcome, that client will hold appraiser completely harmless in any such action.

IDENTIFICATION OF THE PROPERTY

Any legal description(s) shown herein are presumed to be correct, but have not been confirmed by a survey. The appraiser assumes no responsibility for such a survey, or for encroachments or overlapping that might be revealed thereby.

The appraiser renders no opinion of a legal nature, such as to the ownership of the property or condition of title.

The appraiser assumes the title to the property to be marketable, that the property is an unencumbered fee, and that the property does not exist in violation of any applicable codes, ordinances, statutes or any other governmental regulations.

APPRAISAL DATA AND ANALYSES SUBMITTED

The analysis and statements contained in the appraisal are statements of opinion only, and not necessarily the only indication of value or analysis that might be obtained on the subject property. Appraisal opinions by qualified appraisers differ. No warranty or guarantee, express or implied, is made by the appraiser indicating that his opinion represents the only opinion of dollar value which might be obtained by the client on the date of valuation.

The appraiser, by rendering his appraisal report, is not offering legal advice or conclusions of law. The client is advised that legal matters concerning the property may have a direct bearing on the value of the property. If such legal matters are different than those assumed by the appraiser and set forth herein, the appraiser's value conclusion may be invalid. Client is advised to retain legal counsel to advise client regarding the effect, if any, of the assumptions, legal or otherwise, made by the appraiser and set forth in these contingent and limiting conditions.

UNAPPARENT CONDITIONS

The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil or structures which would render it more or less valuable than otherwise comparable property. The appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such things. The appraiser assumes no responsibility for adverse drainage conditions.

Only visual surface inspection of the property appraised has been made by the appraiser, unless otherwise instructed by the client. The appraiser assumes no liability for damages or losses sustained by the client for latent or non-apparent defects existing on, below, or above the property which may not readily be ascertainable by a visual surface inspection.

Nothing in this report should be deemed a certification or guarantee as to the structural and/or mechanical (electrical, heating, air conditioning, and plumbing) soundness of the building(s) and the mechanical systems that relate to the functions and operations of the subject property. Rather, this appraisal assumes functions and operations are satisfactory, consistent with the age and condition of the subject building(s) and associated mechanical systems, unless specifically stated in the report.

This report does not preclude or limit any party of interest from obtaining, at its own expense, architectural, engineering or contractor inspections report, certifications, assurances and/or guarantees, which might serve the purposes of technically ascertaining the structural and/or mechanical soundness of the subject property. All such reports received shall be made available to the appraiser.

INFORMATION AND DATA

The information and data supplied to the appraiser by others, and which have been considered in the valuation, are from sources believed to be reliable, but no further responsibility is assumed for its accuracy.

USE OF APPRAISAL

The appraisal report may not be used for any purpose except substantiation of the value estimated without written permission from the appraiser. All valuations in the report are applicable only under the stated program of highest and best use and are not necessarily applicable under other programs of use. The valuation of a component part of the property is applicable only as a part of the whole property. No separation may be made of any of the various valuation components without invalidating the results which would be derived by such a separation.

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report (s) remain the property of the appraiser for the use of the client, the fee being for the analytical services only.

One (or more) of the signatories of this appraisal report is a Member (or Candidate) of the Appraisal Institute. The Bylaws and Regulations of the Institute require each member or Candidate to control the use and distribution of each appraisal report signed by such Member or Candidate. Therefore, except as hereinafter provided, the party for whom this appraisal report was prepared may distribute copies of this appraisal report, in its entirety, to such third parties as may be selected by the party for whom this appraisal report was prepared; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of this appraisal report. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations media, news media, sales media or other media for public communications without the prior written consent of the signatories of this appraisal report.

This appraisal report was obtained from LANGSTON & ASSOCIATES, INC., and consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 583 (B) (4). Please notify the signatories of the accompanying report of any request for reproduction of the report or any part thereof.

SKETCHES AND MAPS

The sketches included in the report are only for the purpose of aiding the reader in visualizing the property and are not based on surveys. Sizes and dimensions not shown should not be scaled from the sketches.

COURT TESTIMONY

Testimony or attendance in court by reason of the appraisal, with reference to the property in question, shall not be required of the appraisers herein named unless arrangements have been made prior to the completion and delivery of the report. Any such appearance and/or preparation for testimony will necessitate additional compensation than that which has been received for this appraisal report. Unless expressly provided for at some future time, the findings contained herein are limited to uses outlined in the "Purpose of the Appraisal" section of the report.

ECONOMICS

The values ascribed in this report are based on the present purchasing power of the dollar and on the present economy.

The value estimation herein is subject to an all cash purchase consistent with the definition of market value utilized in the report and does not reflect special or favorable financing in today's market unless specifically stated. The estimated market value is subject to change with market changes over time; value is highly related to exposure, time, promotional effort, terms, motivation, and conditions surrounding the offering. The value estimate considers the productivity and relative attractiveness of the property physically and economically in the marketplace.

In cases of appraisals involving the capitalization of income benefits, the estimate of market value or investment value or value in use is a reflection of such benefits and the appraiser's interpretation of income and yields and other factors derived from general and specific client and market information. Such estimates are as of the date of the estimate of value; they are thus subject to change, as the market and value are naturally dynamic.

The "estimate of market value" in the appraisal report is not based in whole or in part upon the race, color or natural origin of the present owners or occupants of the properties in the vicinity of the property appraised.

The appraisal report and value estimate are subject to change if the physical or legal entity or financing are different than that envisioned in this report.

ENVIRONMENTAL REQUIREMENTS

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

INCOME PROPERTY APPRAISALS

Responsible ownership and competent management are assumed. Data submitted to the appraiser regarding income and expenses is assumed to be accurate unless otherwise stated.

This appraisal reflects a value based upon market considerations. It is not represented that the opinion as to value would allow for the replacement of the property in kind if it were destroyed.



APPRAISAL ENGAGEMENT AGREEMENT

9/19/2013

Langston & Associates
Sam Langston, MAI
2229 W. State Street
Boise, ID 83702

Dear Sam:

This letter serves to confirm our agreement retaining you to perform a complete appraisal report, as defined below. The appraisal shall meet and conform to both the Uniform Standards of Professional Appraisal Practice, as set forth by the Appraisal Standards Board of the Appraisal Foundation and FIRREA.

PROPERTY INFORMATION:	
Property Location:	The parcels are located on Lake Hazel in between Linder and Ten Mile, in Kuna, ID
Property Type:	Agricultural Land
Property Description:	4 adjacent parcels of un-entitled land totaling approx. 107 acres
Borrower or Contact Name:	Tim Eck
Contact Phone / Email Address:	503-952-0591; Email: timothyeck@me.com
Appraisal Fee:	
Appraisal Due Date:	10/4/2013

APPRAISAL INFORMATION:	
Report Type:	Summary
Interest to be Appraised:	Fee Simple
Value Requested:	Estimated Fair Market Value
Value to be shown:	As Is
Approaches to be used:	Cost Market/Sales Approach
# of Hard Copies Required:	Two
Purpose of Appraisal:	New Term Loan
Special Comments with Order:	Although 4 adjacent parcels, one value is needed for the 107 acres.

BANK INFORMATION	
Bank Contact Name:	Kirsten Thompson
Address:	4900 Meadows Road, Suite 410 Lake Oswego, OR 97035
Phone:	503-905-3212
Email address:	kirsten.thompson@northwest-bank.com

DELIVERY OF APPRAISALS:

Send a PDF copy of the completed appraisal report to kirsten.thompson@northwest-bank.com. Please deliver Two completed hard copy reports of appraisal report, with original signatures as indicated below:

Northwest Bank
Attn: Doug Ward
1750 West Front Street, Suite 150
Boise, ID 83702

LATE FEE:

Should the appraisal not be received on or before the due date, Northwest Bank reserves the right, at its sole discretion, to either cancel the assignment for cause without payment of the fee or deduct a late fee of \$50 per day until the report is received. Late fees are not penalties, but are designed to compensate Northwest Bank or administrative costs and damages to customer relations caused by late appraisals.

CANCELLATION:

Northwest Bank reserves the right to cancel this assignment without cause. Upon such cancellation, payment of the fee will be limited to actual time spent and any out-of-pocket expenses incurred up to the date of termination.

CONFIDENTIALITY:

Northwest Bank is your client and this appraisal assignment has been engaged with the strictest of confidence. Unless authorized by the undersigned, you may not disclose confidential data, including the value conclusion, to anyone other than the undersigned including the owner of the property, our borrower, or any other individual connected directly or indirectly to this transaction.

COMPETENCE LACK OF BIAS:

By signing this contract, you affirm that you are unbiased and competent to perform the assignment, and have no direct or indirect interest, financial or otherwise, in the property or the transaction aside from the fee to be paid to you by Northwest Bank upon successful completion of the appraisal.

OTHER:

As the appraiser, also make note of any evidence of possible hazardous waste contamination. Northwest Bank recognizes that as an appraiser you are not an expert on the existence of hazardous waste nor does the appraisal assignment require an analysis of such possible contamination. However, if physical signs are evident, a notation of such should be incorporated in the letter of transmittal. Northwest Bank hereby indemnifies you from any liability concerning the disclosure of possible hazardous waste contamination.

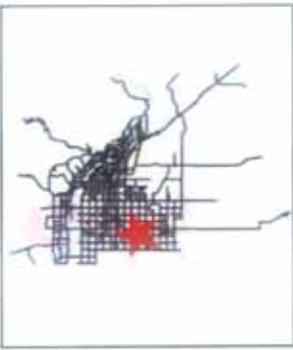
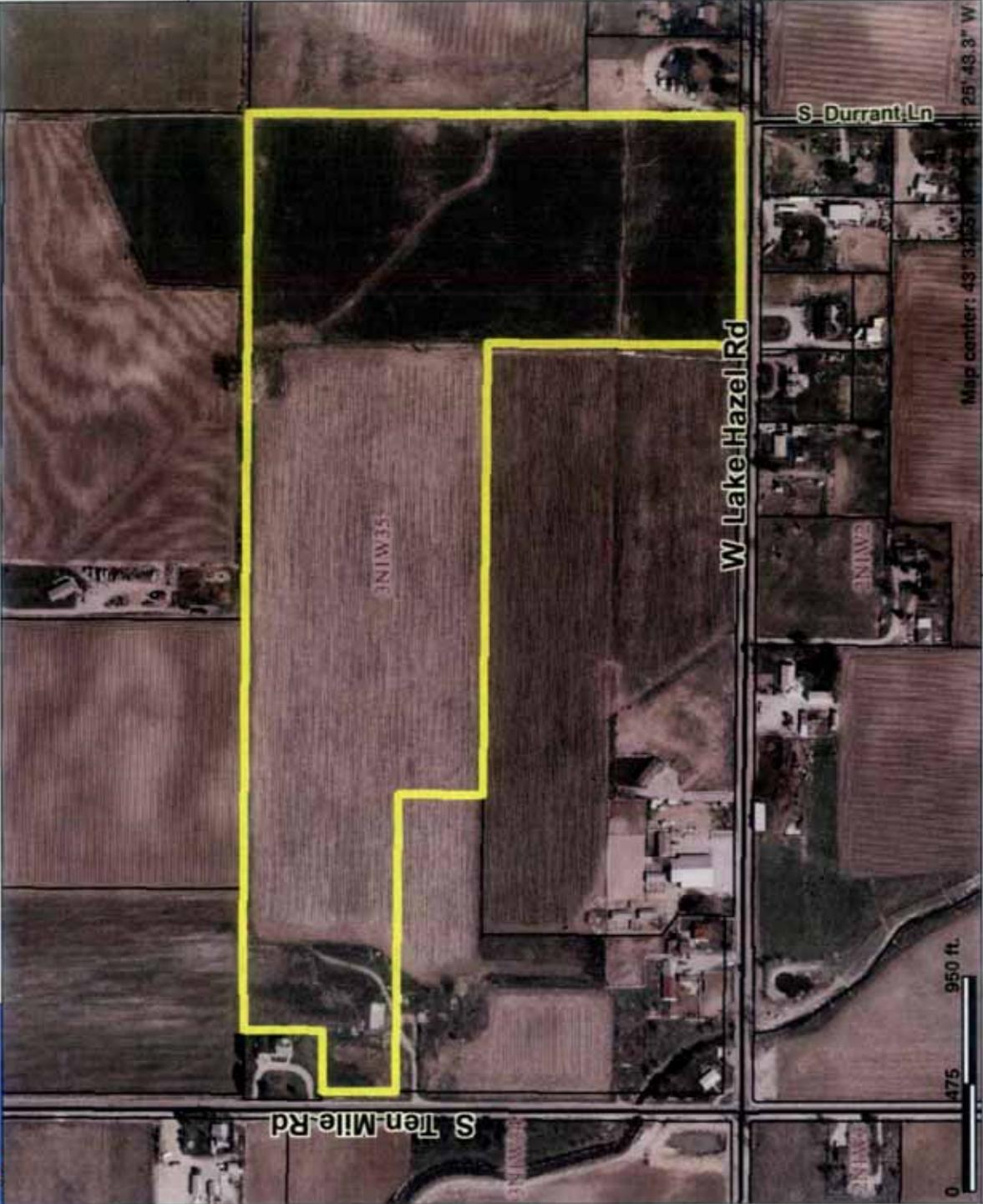
Your capacity in this assignment is as an independent contractor and not as an employee or agent of Northwest Bank directly or through implication.

Any change to the scope of the work outlined above is to be discussed with Northwest Bank prior to proceeding with the final report.

Sign and return a copy of this contract within 24 hours. By signing this contract, you acknowledge that you have read and agree to the terms outlined in the Appraisal Engagement Agreement.

By: Sam Kingston
Signature: _____
Date: 9/19/13
Phone: 208.384.1300

S1235346600 42.738 acres



Legend

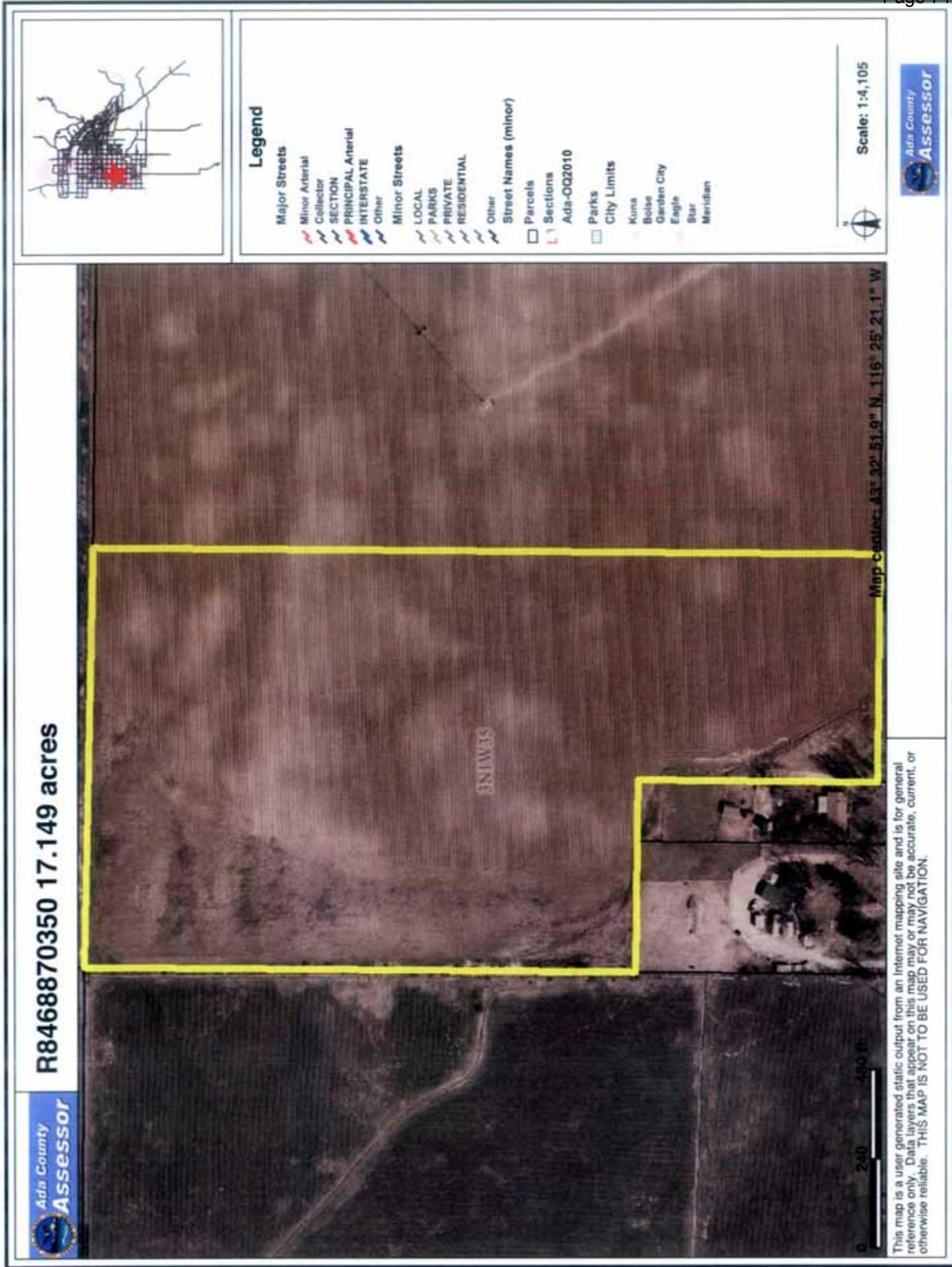
- Major Streets**
- Minor Arterial
- Collector
- SECTION
- PRINCIPAL Arterial
- INTERSTATE
- Other
- Minor Streets**
- LOCAL
- PARKS
- PRIVATE
- RESIDENTIAL
- Other
- Street Names (minor)**
- Parcels
- Sections
- Ada-OQ2010
- Water
- Parks
- City Limits**
- Kuna
- Boise
- Garden City
- Eagle
- Star
- Meridian



Scale: 1:8,131



This map is a user generated static output from an internet mapping site and is for general reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable. THIS MAP IS NOT TO BE USED FOR NAVIGATION.



S1235449215 28.296 acres



0 600 1200 ft.

This map is a user generated static output from an Internet mapping site and is for general reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable. THIS MAP IS NOT TO BE USED FOR NAVIGATION.

Legend

Scale: 1:9,993



Map center: 43° 32' 51.9" N, 116° 24' 59.0" W

S1235438411 18.944 acres



Map Center: 43° 32' 51.8" N, 116° 25' 12.1" W



This map is a user generated static output from an internet mapping site and is for general reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable. THIS MAP IS NOT TO BE USED FOR NAVIGATION.



Legend

- Major Streets
- Minor Arterial
- Collector
- SECTION
- PRINCIPAL Arterial
- INTERSTATE
- Other
- Minor Streets
- LOCAL
- PARKS
- PRIVATE
- RESIDENTIAL
- Other
- Street Names (minor)
- Parcels
- Sections
- Ada-002010
- Parks
- City Limits
- Kuna
- Boise
- Garden City
- Eagle
- Star
- Meridian

Scale: 1:5,179





AUGUST JOHNSON

PROFESSIONAL EXPERIENCE

<u>Langston & Associates</u> , Summer 2004 - Present	Boise, ID
Associate Appraiser	
<u>Avision LLC</u> , August 2003 - August 2004	Boise, ID
Owner, Partner: A residential construction company offering design/build of new construction in the Boise area.	
<u>Mountain West Capital Group</u> , September 2000 - November 2002	Boise, ID
Proprietary Equities Trader	
<u>Pinnacle Engineers</u> , Summer 2000	Meridian, ID
Land Survey Intern	

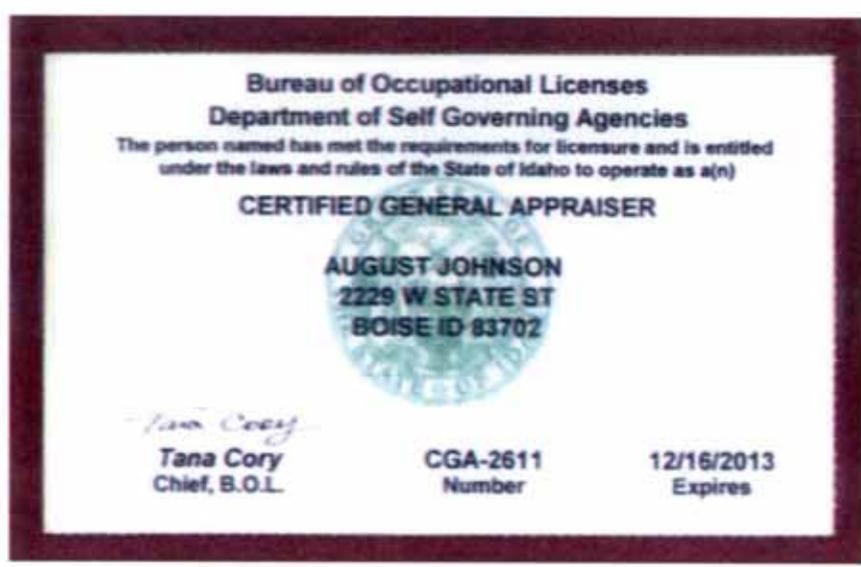
EDUCATION

<u>BOISE STATE UNIVERSITY</u>	Boise, ID
<i>Bachelor of Business, Finance</i> - 2003	
 <u>APPRAISAL INSTITUTE</u>	
<i>Advanced Income Capitalization</i> , Course #350-2006	Boise, ID
<i>Basic Income Capitalization</i> , Course #310-2005	Austin, TX
<i>USPAP</i> , Course #415-2005	Salt Lake City, UT
<i>Advanced Cost and Sales Comparison</i> , 2006	Boise, ID
<i>Highest & Best Use and Market Analysis</i> , Course #520- 2007	Boise, ID
<i>Advanced Applications</i> , Course #11550	Tigard, OR
<i>Report Writing and Valuation Analysis</i> , Course #11540 - 2008	Chicago, IL
<i>Online Business Practice and Ethics - 2009</i>	AI Online
<i>USPAP Update - 2009</i>	AI Online
<i>USPAP Update - 2010</i>	AI Online
<i>Operating Expense Analysis - 2012</i>	AI Online
<i>Interview Techniques</i> Continuing Ed- 2012	AI Online

MEMBERSHIP & APPOINTMENTS

Idaho State Certified General Appraiser #2611
Appraisal Institute - Associate Member

LANGSTON & ASSOCIATES, INC.
A REAL ESTATE SERVICES CORPORATION
2229 WEST STATE STREET • BOISE, ID 83702



Invoice



Langston & Associates

A REAL ESTATE SERVICES CORPORATION

2229 W. STATE STREET, BOISE, ID 83702 PHONE: 208.384.1300 TOLL-FREE: 866.727.5495 FAX: 208.384.1314
www.slangston.com

Date	Invoice #
10/3/2013	13.3103v

Langston & Associates

2229 West State Street
Boise, ID 83702
EIN 20-1453732

"Putting Market Knowledge To Work For You"

Bill To
Ms. Kirsten Thompson Northwest Bank 4900 SW Meadows Lake Oswego, OR 97035

Rep
AJ

Description	Amount
107.13 Acres of Vacant Land North of Lake Hazel Rd and West of Linder Rd Kuna, Ada County, ID	2,950.00
Total	
	\$2,950.00

RESOLUTION NO. R40-2013

A RESOLUTION OF THE CITY OF KUNA, IDAHO AUTHORIZING THE MAYOR TO EXECUTE THE CONSENT TO ASSIGNMENT OF ACCOUNT RECEIVABLE BY AND BETWEEN KEY BANK AND DBTV AGRICULTURAL HOLDINGS, LLC.

WHEREAS a settlement agreement (“Settlement Agreement”) was reached in the appeal: *In re Appeal of the City of Kuna’s Ordinance 2010-3*, Case No.: CV OT 10-05289, Consolidated Cases: CV OC 105296 and CV OC 105635, filed in the Fourth Judicial District of the State of Idaho, in and for the County of Ada by and between KeyBank National Association, a national banking association, BANK OF THE CASCADES, a state banking association organized under the laws of the State of Oregon, and a participating bank with KeyBank National Association (collectively “KeyBank”); City of Kuna, a municipality existing under the law of the State of Idaho (“City of Kuna”) and certain appellants that remained in the above-described appeal; and

WHEREAS paragraph 32 of the Settlement Agreement provides that “[u]pon the Effective Date, the City of Kuna hereby agrees to pay KeyBank the sum of \$200,000.00 per year for a period of ten (10) years, inclusive of interest accruing at 6.25% per annum from the Effective Date, with payments due on October 15 of each year (“**Payment Stream**”), with the first payment being due and payable October 15, 2013.”

WHEREAS KeyBank and DBTV Agricultural Holdings, LLC (“DBTV”) have agreed that KeyBank will assign, transfer and convey to DBTV and/or its assigns without recourse, all of its right, title and interest in and to the obligation of the City of Kuna, Idaho to pay the sum of \$200,000.00 per year for a period of ten (10) years, inclusive of interest accruing at 6.25% per annum, with payments due on October 15 of each year with the first payment being due and payable October 15, 2013, subject to the rights of the City of Kuna, Idaho to prepay with discount as more particularly set forth in the Settlement Agreement; and as set forth in the JUDGMENT, ORDER AND DECREE dated March 14, 2013 in the District Court of the Fourth Judicial District of the State of Idaho, in and for the County of Ada, in the case *In Re: Appeal of the City of Kuna’s Ordinance No. 2010-3 Case No. CV OT 1005289*. The *Assignment of Account Receivable/Consent to Assignment* is attached hereto as Exhibit A.

BE IT HEREBY RESOLVED by the Mayor and Council of the City of Kuna, Idaho that the Mayor of the City is hereby authorized to execute the *Consent to Assignment* of the account receivable by and between KeyBank and DBTV.

PASSED BY THE COUNCIL of Kuna, Idaho this ____ day of October 2013.

APPROVED BY THE MAYOR of Kuna, Idaho this ____ day of October 2013.

W. Greg Nelson, Mayor

ATTEST:

Brenda S. Bingham, City Clerk