

Appraisal Review Summary

Property:	Former Elks Club
Address:	1642 University Boulevard NE
Name of Appraiser:	Joshua Cannon (Brooks, Lomax & Fletcher, Inc.)
Date of Appraisal:	March 20, 2006
Effective Date of Value:	March 9, 2006
Property Rights Appraised:	Fee Simple Interest
Estimated Market Value:	\$2,600,000 (\$50.54 SF)
Gross Building Area:	51,440 SF
Land Area:	7.992 acres (348,131 SF)
Land Dimensions:	475 feet along University and depth of 735 feet.
Floor Area Ratio:	0.15
Parking Spaces:	600 (Approximate)
Parking Ratio:	11.7 spaces per 1,000 SF of gross building area
Zoning:	C-3, Heavy Commercial
Current Ownership/History:	Mountain Run Partners, Ltd. (O.D. McDonald and Paul E. Blanchard). Current owners acquired the property on February 16, 2000 by Warranty Deed from Albuquerque Lodge No. 461, B.P.O.E.
Highest and Best Use:	<u>As Vacant:</u> Build-to-suit office or special purpose projects for governmental entities or larger corporations. <u>As Improved:</u> Renovation and continued use of improvements. UNM identified as the most probable user.
Valuation Overview:	The appraiser employs two approaches to value – a Cost Approach and a Sales Comparison Approach. The Income Approach is excluded. Justification for the exclusion of this approach is that the property is a candidate for renovation and it is unlikely it could be leased (other than to UNM) in its current condition. Approach requires too many subjective and speculative assumptions and not considered reliable.
Cost Approach Conclusions:	Land value estimated using six sales and two listings. Sales occurred between Feb. 2004 and June 2005. Unadjusted sales ranging from \$5.17 to \$9.75

SF. Both Listings at \$11.50 SF. Sales adjusted for market conditions (5%/Yr) and size. Adjusted range of \$3.77 to \$9.01. Value estimated to be \$5.50 SF, or \$1,915,000. Depreciated replacement cost of \$485,233, recognizes incurable physical deterioration of 90.0%.

Land Value:	\$1,915,000 (\$5.50 SF/Land)
Dep. Improv. Value	<u>\$485,233</u> (\$9.43 SF/Bldg.)
Total (rounded):	\$2,400,000 (\$46.66 SF/Bldg)

Sales Comparison Conclusion:

Appraiser's data set of eight sales includes a mixture of office, medical office, retail, and office/warehouse properties ranging in price from \$40.00 to \$58.18 SF with sale dates ranging from June 2002 to January 2006. The appraiser uses a building residual analysis, adjusts sales for market conditions, and then deducts land value to arrive at the building contribution. The building residual indications range from \$11.27 to \$44.01 SF. Appraiser reconciles the building residual value at \$10.00 SF for non-renovated space (42,840 SF) and \$30.00 SF for renovated space (8,600 SF). Blended building residual is estimated at \$686,400, or \$13.34 SF. This amount is added to land value estimate of \$1,915,000.

Land Value:	\$1,915,000 (\$5.50 SF/Land)
Bldg. Residual Value:	<u>\$686,400</u> (\$13.34 SF/Bldg.)
Total (rounded):	\$2,600,000 (\$50.54 SF/Bldg.)

Conclusions:

Appraiser places emphasis on Sales Comparison Approach and reconciles to a value of \$2,600,000.

Comments:

Estimated land value at \$5.50/SF, or \$1,915,000, equates to 75% of the total appraised value of \$2,600,000 and 89% of option price of \$2,150,000.

Assuming option price of \$2,150,000 and land value of \$1,915,000. Building shell contribution would be \$235,000, or \$4.57/SF.

At appraiser's land value estimate (\$1,915,000) and market conditions adjustment of 5%/Yr., land value will exceed purchase option in approximately three years.



Real Estate Appraisers & Consultants

SELF-CONTAINED REPORT OF A COMPLETE APPRAISAL

FORMER ALBUQUERQUE ELKS LODGE

1642 University Boulevard NE
ALBUQUERQUE, NEW MEXICO

Appraisal Project 26374

EFFECTIVE DATE

March 9, 2006

PREPARED FOR

Kim Murphy
Director of Real Estate
University of New Mexico
1712 Las Lomas Road NE
Albuquerque, New Mexico 87131

Description and Analysis

Albuquerque Profile

This section of the report summarizes the city's economic base, its demographic and land use trends, and the current development climate for real estate. The appraised property is located on University Boulevard near the campus of the University of New Mexico.

Geographic Area

The Albuquerque metropolitan area is located near the geographic center of New Mexico, situated on a high plateau along the Rio Grande just west of the Sandia and Manzano Mountains. The city covers 188 square miles and serves as the state's commercial, industrial, and transportation center. According to the U.S. Census Bureau, the state's July 2003 population was 1,903,289, and the Albuquerque metropolitan area population was 748,067. Since 1992 the Albuquerque Metropolitan Statistical Area has included Bernalillo County, the city of Albuquerque, the city of Rio Rancho as well as Sandoval and Valencia Counties. Santa Fe, the state capital, is 65 miles to the north. The state capital, with a 2000 metropolitan-area population of 155,225, is a much smaller city than is Albuquerque.

Albuquerque is relatively isolated, with no significant sub-regional commerce centers between itself and Phoenix, 450 miles to the west; Denver, 420 miles to the north; Dallas, 650 miles to the east; and El Paso, 300 miles to the south. Albuquerque is well served by interstate highways and major airlines, but its geographic isolation and relative lack of manufacturing industries limit its development as a regional hub.

Historic Development Pattern

The Albuquerque metropolitan area is geographically divided into three distinct areas: the East Mesa, the Valley, and the West Mesa. Initial European settlement occurred in the valley area, where Spanish colonists settled the flood plain of the Rio Grande in the vicinity of "Old Town" in the 1600s. This agrarian society spread north and south along the river in a pattern of farms and small villages. Due to this settlement pattern, the most traditional segments of regional development are found in the valley areas.

Downtown Albuquerque originated in the late 1800s, when the railroad placed its tracks about one and one-half miles east of the Old Town Plaza. The Railroad Subdivision was platted near the tracks, and businesses developed in response to the convenience of moving goods and people by rail. For approximately 70 years, from the arrival of the railroad to the development of the first suburban shopping mall in 1961, Downtown Albuquerque was the center of government and commerce for the growing area. In subsequent years, Downtown workers and residents followed the national trend of out-migration to the suburbs (1960s and 1970s).

The decline of the Central Business District in the 1970s prompted government support of Downtown redevelopment through tax incentives and municipal bond financing of private projects. By the late 1980s and early 1990s, the Central Business District was the location of some of the heaviest public and private capital investment in the metropolitan area.

Residential and institutional growth took place largely on the East Mesa during the period 1930 to 1960. The direction of growth extended east from Downtown along old US Route 66, which was the east-west intra-city and interstate roadway until the freeways were developed in the 1960s. The establishment of the University of New Mexico, the state fair grounds, Albuquerque International Airport, Kirtland Air Force Base, Sandia National Laboratories (scientific and weapons research), and four regional hospitals on the East Side propelled this growth and created the economic base of modern Albuquerque as well. This early growth area is generally identified as the Southeast Heights and University area, and contains several high-demand residential neighborhoods.

Beginning in the early 1960s, development continued on the East Mesa, but shifted north of I-40 and east of I-25 to what is now known as the Northeast Heights. The boom in population growth and housing over the last quarter century made the "Heights" the largest and most prosperous regional development area. This area

was laid out on a grid system with primary arterials placed along the section lines in accordance with the government-survey system. Until more recent planning and development, strip commercial and multifamily land uses were placed along the major arterials, forming a buffer for the single-family residential neighborhoods within the square-mile sections. More recently, curved streets and clustered non-residential uses have become more typical of development. The easternmost area of the Northeast Heights has a preferred location at the base of the Sandia Mountains and should remain in high demand for residential buyers for the foreseeable future. The foothill area contains much of the region's most expensive housing.

The city's second major urban center, called "Uptown," was created near I-40 and Louisiana Boulevard at the approximate center of East Side development. Initiated in the 1960s when two regional shopping centers were developed within a quarter mile of each other, Uptown was Albuquerque's fastest-growing commercial and financial center during the 1970s and 1980s.

As the finite supply of land on the East Mesa fills, there is an increasing shift in development emphasis to the West Mesa. The West Mesa has traditionally competed primarily on the basis of less-expensive land. Historically, a major limitation to demand on the West Side was commuting time to employment centers east of the river. However, completion of a six-lane bridge (Paseo del Norte) in late 1987 did much to alleviate this problem. An additional, two-lane bridge was built south of Paseo del Norte at Montañito Road. Interstate 40, recently improved, Central, Bridge and Rio Bravo provide crossings for more central and southerly portions of the West Side.

Population Trends

The 2000 population of the Albuquerque metropolitan area is estimated at 712,738, according to the U.S. Census. In 1990 population in the study area was 589,131, representing an average annual compound rate of growth between 1990 and 2000 of 1.92%. By comparison, U.S. population grew at a 1.24% annual rate between 1990 and 2000. In 1980 the same geographic area's population was an estimated 485,430, indicating an average annual growth rate of 1.95% during the decade of the 1980s. By contrast, the area's population grew at an average annual rate of 3.2% during the 1970s.

Population growth over the 50-year period from 1950 to 2000 in the city of Albuquerque and Bernalillo County is shown in the following chart.

US Bureau of the Census Population Figures: 1950 – 2000

Year	City of Albuquerque		Bernalillo County	
	Total Persons	Growth Rate*	Total Persons	Growth Rate*
1950	96,815	---	145,637	---
1960	201,189	7.59%	262,199	6.05%
1970	244,501	1.97%	315,774	1.88%
1980	332,336	3.12%	420,262	2.90%
1990	386,988	1.53%	480,577	1.35%
2000	448,607	1.49%	556,678	1.48%

*Annual compound rate of growth

Note: Bernalillo County data encompasses the same land area from year to year. The City of Albuquerque's land area has undergone changes due to annexation.

Source: US Bureau of the Census

Brooks, Lomax & Fletcher Inc.

The July 2003 population of the city of Albuquerque is estimated at 471,856; Bernalillo County, 581,442. Population growth is attributable to a high quality of life, a favorable business environment, and a strong and productive labor force. In recent years, national publications have rated Albuquerque as one of the top places to live in the United States. Most recently (May of 2005) Forbes Magazine rated Albuquerque fifth in its annual survey rating the nation's "Best Places for Business and Careers," citing low labor costs, low taxes and low cost for office space, among other factors. These forces will continue to attract businesses and residents and will bolster population in the years to come.

The City of Albuquerque Planning Department projects annual population growth of 1.09% over the 10-year period 2000 to 2010. Population estimates for the city and county are shown on the following chart.

City and County Projected Population

Year	Projected City of Albuquerque	Growth Rate	Projected Bernalillo County	Growth Rate
	Population Total		Population Total	
2000	446,871	-	558,589	-
2005	475,454	1.25%	594,317	1.25%
2010	497,552	0.91%	621,940	0.91%

Source: City of Albuquerque Planning Department
Brooks, Lomax & Fletcher Inc.

The projected growth rates shown above are significantly below the 3.1% annual rate for the 1970s, and even below the 1.5% annual rate for the 1980s. The compound annual growth rate for the 1990s, based on these projections, would be approximately 1.5%, very close to the actual count according to the census. Population growth is expected to decline further, to just 1.25% in the first five years of the decade, because of continued long-term decline in fertility and a study-area economy that is not anticipated to enjoy the boom-like conditions of the 1993-1995 period. Study-area population growth is still anticipated to remain above expected national growth trends.

Employment

Albuquerque's economic base is nearly three-fourths trade, services, and government. Federal spending is a significant factor in the local economy, given the influence of Kirtland Air Force Base and Sandia National Laboratories, a major federal contractor in research and development of energy, weapons, and space exploration.

In recent years the average annual job growth has fluctuated from -1.36% to over 4% in the metropolitan area. The New Mexico Department of Labor reports that as of December 2005 (the most recent information available), approximately 6,500 new jobs have been generated over the last 12 months—an increase of 1.7%. Increases were mainly in construction, health services, government, and retail sales. All but two of the major categories experience a gain. Even manufacturing experienced a small gain after a few years of decline. This growth is expected to continue as the area has been attracting interest from small aircraft companies, which could result in significant new manufacturing jobs. Eclipse Aviation has announced plans to hire another 550 workers in the next year. Also, a new Tempur-Pedic mattress factory is expected to employ 300 workers when completed in April 2006.

Other recent developments regarding employment growth include Intel Corporation's announcement of 350 new jobs at its Rio Rancho plant over the next two years, and Verizon Wireless' planned opening of a new technical support center that will initially hire 300 full-time employees and eventually grow to more than 500 employees.

The New Mexico Department of Labor estimates unemployment in the Albuquerque MSA at 4.4% in December 2005, which is lower than the November 2004 estimate of 5.2%.

The following table shows growth in the number of persons employed in the Albuquerque metro area (MSA), the state of New Mexico, and the United States since 1993. The Albuquerque MSA includes Bernalillo, Sandoval and Valencia Counties. (Note that 2004 annual averages for labor force and number employed reflect a new DOL methodology in which workers are counted in the county of residence instead of job location. This may have overstated the growth in employed persons in the MSA for 2004.) The 2005 figures are not yet available.

Historical Employment Information (Civilian Labor Force)

	Metro Area			New Mexico			United States		
	Number Employed (000's)	Percent Change	Unemployment Rate	Number Employed (000's)	Percent Change	Unemployment Rate	Number Employed (000's)	Percent Change	Unemployment Rate
1993	302.6	2.16%	6.5%	697.8	1.31%	7.7%	120,259	1.49%	6.9%
1994	319.8	5.68%	4.4%	729.3	4.51%	6.3%	123,060	2.33%	6.1%
1995	328.9	2.85%	4.1%	741.4	1.66%	6.3%	124,900	1.50%	5.6%
1996*	326.7	-0.67%	5.4%	733.6	-1.05%	8.1%	126,708	1.45%	5.4%
1997	339.4	3.88%	4.3%	763.3	4.04%	6.2%	129,558	2.25%	4.9%
1998	344.7	1.57%	4.5%	779.7	2.15%	6.2%	129,558	0.00%	4.5%
1999	339.4	-1.54%	3.9%	764.2	-1.99%	5.6%	131,463	1.47%	4.2%
2000	364.1	7.27%	3.3%	811.8	6.23%	5.0%	136,891	4.13%	4.0%
2001	365.8	0.48%	3.3%	818.5	0.83%	5.4%	136,933	0.03%	4.7%
2002	365.7	-0.04%	4.7%	829.8	1.38%	5.4%	136,485	-0.33%	5.8%
2003	368.9	0.88%	5.5%	839.7	1.19%	6.4%	137,736	0.92%	6.0%
2004	374.2	1.44%	5.2%	860.0	2.42%	5.7%	139,252	1.10%	5.5%

*1996 statistics for the MSA and NM State are deemed unreliable by the NM Dept. of Labor.

Figures shown are annual averages.

Source: New Mexico Department of Labor and BBER
Brooks, Lomax & Fletcher Inc.

Total non-agricultural employment by category is summarized below for the Albuquerque MSA. As shown, construction and manufacturing have had job losses, and areas of growth are in retail trade, services and government. Starting in 2002, the reported categories were changed to be consistent with NAICS codes, which replaced the former SIC codes. Eating and drinking establishments were formerly classified under retail trade and are now in the general category of leisure and hospitality.

Employment According to Categories: Albuquerque MSA (Nonagricultural)

	Ann. Avg. 1990	Ann. Avg. 2000	%Δ 1990-00	Revised Dec. 04	**Prelim. Dec. 05	%Δ 2004-05
Total Non-Agricultural Wage & Salary	246,100	354,583	44.1%	377,500	384,000	1.7%
Construction & Mining	13,000	23,392	79.9%	26,300	28,600	8.7%
Manufacturing	21,200	27,875	31.5%	22,700	22,800	0.4%
Durable Goods	15,000	21,167	41.1%	n/a	n/a	
Nondurable Goods	6,200	6,708	8.2%	n/a	n/a	
Transportation & Public Utilities	12,700	19,867	56.4%	10,600	10,600	0.0%
Wholesale & Retail Trade	61,100	82,842	35.6%	58,100	59,500	2.4%
Wholesale Trade	14,400	16,850	17.0%	12,500	12,800	2.4%
Retail Trade	47,800	65,992	38.1%	45,600	46,700	2.4%
Eating & Drinking Places	18,700	25,958	38.8%	n/a	n/a	
Finance, Insurance & Real Estate	13,900	18,792	35.2%	19,500	19,800	1.5%
Information	n/a	n/a		8,900	8,900	0.0%
Services	74,700	114,292	53.0%	154,300	156,100	1.2%
Hotels & Lodging Places	3,700	4,575	23.6%	n/a	n/a	
Health Services	16,600	25,292	52.4%	40,800	41,400	1.5%
Government	49,500	67,525	36.4%	77,100	77,700	0.8%
Federal	13,900	13,983	0.6%	14,200	14,500	2.1%
State	13,400	22,108	65.0%	25,300	25,600	1.2%
Local	22,200	31,433	41.6%	37,600	37,600	0.0%

*Albuquerque MSA as of 1992 includes Bernalillo, Valencia & Sandoval Counties.

** New Mexico Labor Market Report, September 30, 2005

Source: New Mexico Department of Labor

Brooks, Lomax & Fletcher Inc.

In March 2003, the New Mexico Department of Labor and UNM BBER updated labor force projections for the state and each MSA. Total labor force projections are summarized below for Albuquerque and the entire state. As shown, the projected growth is close to 2% per year.

Labor Force Projections 2001-2010

	Albuquerque MSA	% Increase	State of NM	% Increase
2001	370,845	--	837,766	--
2002	382,493	3.14%	857,900	2.40%
2003	389,206	1.76%	872,229	1.67%
2004	396,885	1.97%	890,191	2.06%
2005	404,685	1.97%	908,167	2.02%
2006	412,610	1.96%	926,157	1.98%
2007	420,658	1.95%	944,160	1.94%
2008	428,442	1.85%	961,506	1.84%
2009	436,121	1.79%	978,486	1.77%
2010	443,673	1.73%	995,047	1.69%

Source: New Mexico Department of Labor

*Brooks, Lomax & Fletcher Inc.***Real Estate Markets**

The following table summarizes vacancy by market sector from year-end 1986 to year-end 2005. The trend of rising vacancies in non-residential real estate during the previous market cycle peaked in 1990 for the retail and office market segments, and in 1988 for industrial. Vacancy rates across the board have been at relatively moderate levels for the past two years. Retail 2001 vacancy rates were up to 10.5%, the highest in a decade, moderating significantly to 8.8% in the fourth quarter of 2005. Fourth quarter 2005 industrial vacancy was at 10.5%, which is relatively high but reflects a large amount of new construction. Office vacancy dropped to 12.4% in the fourth quarter 2005, a big improvement over the 17.3% from the fourth quarter of 2003.

Fourth quarter 2005 apartment-market vacancy was down to 5.7%, which is the lowest since 1994 due to the modest amount of new construction.

Real Estate Market Sector Vacancy: Year-End 1986 – 2005

Year	Retail Market	Office Market	Industrial Market	Apartment Market
1986	7.8%	20.9%	8.3%	13.2%
1987	10.4%	19.5%	8.4%	12.4%
1988	11.1%	19.3%	8.4%	11.0%
1989	14.1%	21.1%	8.0%	7.5%
1990	15.5%	22.4%	6.7%	7.2%
1991	15.1%	19.9%	5.5%	3.8%
1992	12.1%	17.6%	4.6%	3.3%
1993	10.1%	13.5%	5.2%	3.0%
1994	6.3%	10.9%	4.3%	3.1%
1995	5.4%	11.4%	4.0%	7.5%
1996	7.5%	10.7%	4.3%	8.5%
1997	8.1%	11.8%	3.8%	9.9%
1998	6.1%	13.3%	3.3%	11.6%
1999	6.4%	14.0%	3.1%	9.8%
2000	6.7%	12.7%	4.3%	7.5%
2001	10.5%	13.3%	3.2%	6.95%
2002	10.4%	14.2%	6.1%	10.0%
2003	10.3%	17.3%	8.1%	10.0%
2004	9.1%	13.4%	6.5%	5.8%
2005	8.8%	12.4%	10.5%	5.7%

Sources: CB Commercial and Grubb & Ellis New Mexico: Retail, Office and Industrial
Apartment Association of New Mexico

Brooks, Lomax & Fletcher Inc.

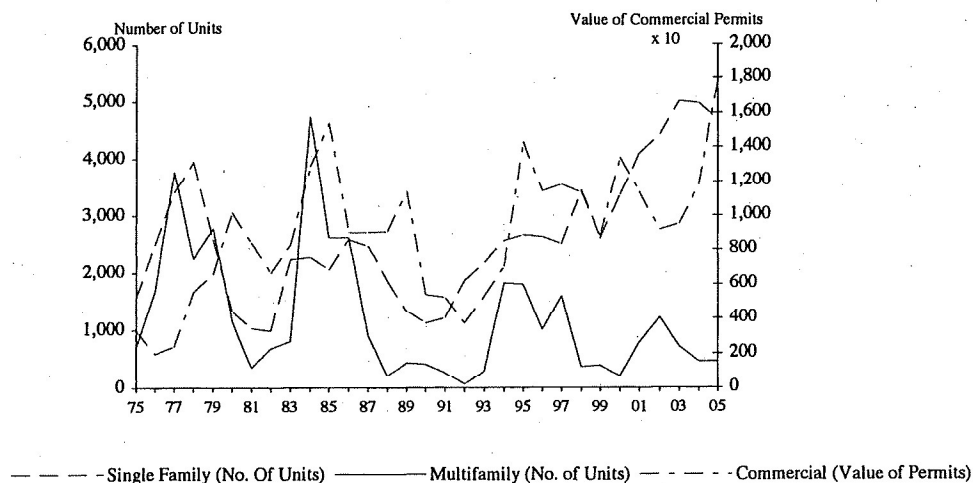
Overall Trend for Real Estate Economy

The behavior of Albuquerque's real estate markets over the long term is shown in the following graph, which covers the period from 1975 to 2005.

City of Albuquerque Construction Permits: 1975 - 2005

	Single Family		Multi Family		Commercial	
	No. of Units	Value*	No. of Units	Value*	No. of Pmts.	Value*
1975	1,587	\$60.63	709	\$8.63	138	\$32.94
1976	2,490	\$95.90	1,680	\$19.32	173	\$19.99
1977	3,406	\$128.46	3,768	\$50.86	171	\$23.79
1978	3,941	\$155.53	2,231	\$35.91	200	\$55.25
1979	2,579	\$120.34	2,771	\$50.24	239	\$65.97
1980	1,328	\$72.90	1,158	\$22.75	151	\$101.78
1981	1,033	\$58.93	362	\$7.83	141	\$84.43
1982	989	\$57.12	682	\$11.57	122	\$66.67
1983	2,231	\$136.71	811	\$17.56	179	\$82.76
1984	2,275	\$177.94	4,729	\$107.26	211	\$128.68
1985	2,054	\$136.26	2,623	\$61.62	394	\$153.87
1986	2,583	\$183.94	2,617	\$50.34	228	\$90.30
1987	2,475	\$180.40	912	\$27.26	176	\$90.11
1988	1,853	\$141.91	214	\$4.79	142	\$90.56
1989	1,327	\$109.90	443	\$15.39	108	\$114.16
1990	1,122	\$98.56	421	\$17.80	80	\$53.82
1991	1,217	\$114.86	265	\$12.13	71	\$52.62
1992	1,868	\$176.62	66	\$2.64	52	\$37.27
1993	2,176	\$205.55	294	\$9.11	82	\$53.34
1994	2,557	\$249.93	1,823	\$81.18	106	\$70.57
1995	2,667	\$247.17	1,801	\$78.55	119	\$142.95
1996	2,629	\$256.01	1,013	\$43.60	132	\$114.34
1997	2,510	\$243.34	1,601	\$43.53	118	\$118.16
1998	3,434	\$215.39	367	\$12.98	129	\$113.53
1999	2,593	\$340.44	390	\$18.14	102	\$88.00
2000	3,363	\$318.34	210	\$10.51	122	\$133.83
2001	4,087	\$385.60	792	\$36.50	119	\$113.62
2002	4,413	\$449.49	1,212	\$50.57	102	\$91.74
2003	4,996	\$553.32	720	\$46.05	112	\$95.00
2004	4,964	\$628.72	465	\$24.64	115	\$117.47
2005	4,676	\$740.48	465	\$24.83	145	\$179.15

* Value in millions of dollars



Brooks, Lomax & Fletcher, Inc

The single-family housing market is experiencing an unprecedented, sustained building cycle that began in 1991. Single-family building permits in the metro area have been at record highs for the past four years, numbering 9,445 in 2005. Rio Rancho, the Southwest Mesa and West Side accounted for 75% of the total market.

For apartment construction, the city's most recent cycle peaked in 1994 and 1995 with approximately 1,800 apartment units permitted in each of those years. Most of that new construction was upper end projects and was split almost evenly between the Far Northeast Heights and the West Side. Since 1996, much of the new multifamily development has been either condominiums or affordable apartments financed with Low Income Housing Tax Credits.

The last three commercial building cycles have been less predictable than other market segments with trough-to-trough durations ranging from five to ten years. The most recent commercial building cycle began in 1992 and was primarily fueled by the expansion of national discount retailers into the Albuquerque marketplace. In 1995, significant levels of construction were triggered on the West Side with the groundbreaking of the 1.3-million-square-foot Cottonwood Mall and associated satellite development. Build-to-suit construction was prevalent in the office and industrial sectors. The value of commercial permits has increased since 2002.

Conclusions regarding the real estate markets are that: 1) single family residential construction was strong through 2005, 2) apartment construction has declined in recent years; 3) commercial construction will probably continue to abate, also given the increasing vacancies.

Summary

Albuquerque is continuing to experience economic growth, though growth is apparently slowing. Among the distinguishing characteristics of the city's economy are: 1) its role as a statewide center for trade, transportation, and services; 2) an increasing local diversification in manufacturing and distribution; 3) a moderate in-migration of regional and national business interests; 4) a significant economic component from federal government employment and contracting; and 5) a high quality of life.

With the limited supply of remaining developable land in the historically popular northeast quadrant, the primary growth area of the city has shifted to the West Mesa in the northwest quadrant of the city. This trend is expected to continue in the future. The northeast quadrant, however, should remain the preferred residential and commercial area of the city for the next several years due to the quality of existing infrastructure and improvements, as well as its proximity to employment centers and recreational amenities.

Albuquerque has achieved a national level of recognition as a city with a high quality of life, productive labor force, and favorable business environment. The area has a dry, mild, high-altitude climate with noticeable weather variations in all four seasons. Economic expansion is expected to continue, although at a more moderate rate than in recent years.

Neighborhood Description

The subject neighborhood is about one mile in length and encompasses land along a north-south corridor formed by University Boulevard. This corridor is roughly bounded by (1) generally newer commercial uses to the north of Interstate 40, including several hospitality properties, (2) the University of New Mexico north golf course and single-family residential land uses to the east, (3) the main campus of UNM, mixed-use commercial, and single-family housing to the south of Lomas Boulevard, and (4) outlying areas of downtown Albuquerque to the west, beyond Interstate 25 (I-25). The subject property lies in the north portion of the described neighborhood and is located on the east side of University Boulevard.

The primary north-south arterial through the general neighborhood (excluding I-25) is University Boulevard. South of Lomas, University Boulevard provides direct access to the internal streets of the UNM campus and frontage uses are mostly UNM buildings. North of Lomas up to I-40, University supports a variety of uses including several office buildings, a small strip retail center, hospital and medical support facilities, television stations, a mortuary, student parking and child-care facilities owned and operated by the

university, the UNM Continuing Education Center and two gasoline stations. Many of these improvements are either occupied by UNM related extensions, or by businesses serving the students and employees of UNM. The influence of UNM on University Boulevard frontage land uses effectively ends at Interstate 40.

Indian School Road crosses the neighborhood east-west near its center and roughly divides it into north and south segments. The subject is located in the north segment, or north of Indian School Road. A summary of average daily traffic flows for the neighborhood's arterials follows. The most recent traffic study was performed in 2004.

Average Daily Weekday Traffic Volumes

<i>Location</i>	<i>1990</i>	<i>1995</i>	<i>2000</i>	<i>2004</i>
University Boulevard, between Indian School Rd. and I-40	21,000	19,700	18,100	19,900
Indian School Road, at University Blvd.	10,700	8,400	10,200	11,700
Lomas Boulevard west of University Blvd.	43,200	45,900	34,400	30,900

Source: Middle Rio Grande Council of Governments

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Based upon the most recent study, average weekday traffic flow at the subject frontage is 19,900 vehicles. Principal arterials in Albuquerque typically carry about 35,000 to 50,000 vehicles per day. The indicated trend in traffic volumes in the neighborhood has been stable, although the data should be viewed as approximate. The traffic counting procedures by the MRGCG are imprecise and often involve inferring counts at one location based upon actual counts at another.

The subject property is within 500 feet of the intersection of I-40 and I-25 (the Big I), and University Boulevard accesses eastbound I-40 about one-quarter mile north of the subject. A major reconstruction of the Big I was completed in 2002, including the elimination of the Lomas Boulevard/I-25 interchange, and this explains the decline in traffic count on Lomas.

In summary, the subject neighborhood is a commercial corridor within Albuquerque that is approximately 90% built up with a variety of mostly lower-intensity commercial and institutional uses. The predominant non-institutional use in the area is office buildings. Additionally, UNM owns a sizable portion of the neighborhood, including vacant land for student parking and former office and special use buildings converted to university related uses. The neighborhood has been relatively stable for the past ten years with minimal new development.

Site Description

Size and Shape:

The subject site is nearly rectangular in shape, except for an angling east boundary along the drainage channel. The site has approximately 475 feet of frontage on the east side of University Boulevard. Average site depth is roughly 735 feet. The site encompasses an estimated area of 348,131 square feet, or 7.991988 acres.

Topography and Drainage:

The site is at street grade and level. The front, or west, portion of the site drains above ground into University Boulevard. Storm drainage for the majority of the east portion of the site is reportedly into several French drains located in the existing parking lot. These drains are not adequate during heavy rains and standing water occurs. A redevelopment of the property would require on-site ponding areas. According to the FEMA flood insurance rate map for the city of Albuquerque (community-panel number 35001C0332 E, effective November 19, 2003), the subject

	property is located in Zone X, an area determined to be outside of the 500-year flood plain.
Soil Conditions:	No soil tests or other engineering reports were provided to the appraiser. No soil problems are apparent or known to exist.
Environmental Conditions:	The existing improvements were constructed during the 1960s and some building components may have asbestos-containing materials. This issue is addressed in the following sections of the appraisal.
Utilities:	All typical utilities are available to the site including electricity, natural gas, city water and sewer, and telephone.
Easements and Encroachments:	Typical utility easements along the perimeter of the site are assumed. No detrimental easements or encroachments are visible on the site.
Access:	<p>The property has two points of access. The main entrance is a two-lane curb cut near the center of the site's University Boulevard frontage. The second access point is a two-lane entrance on the north boundary approximately 250 feet east of University Boulevard. Access to this entrance is via a two-lane asphalt roadway within an easement on the adjoining property.</p> <p>University Boulevard is improved with four traffic lanes and a continuous center turn lane. Overall access to the site from other parts of the city is considered to be average. University Boulevard, Indian School Road and Lomas Boulevard provide reasonable access to the site from the arterial network of Albuquerque.</p>
Adjoining Uses:	Adjoining the subject on the north is University Tower, a six-story multi-tenant office building. Directly west of this building and fronting on University is a 4.53-acre site zoned for commercial use that is listed for sale at \$11.50 per square foot. To the south of the subject is the former Masonic Grand Lodge that was purchased by UNM and converted to a conference center. A small building fronting University is still owned by the Masonic Lodge and used as administrative offices. On the east is the AMAFCA North Diversion Channel and Indian School Road. Across University Boulevard to the west are three smaller office buildings and a vacant lot zoned for commercial use.

Zoning

The subject property is zoned C-3, Heavy Commercial Zone, as defined in Albuquerque's *Comprehensive City Zoning Code*. This zone permits virtually all commercial uses, including wholesale commercial and some light industrial, which cause no vibration discernible beyond the premises. Examples of approved uses include offices, shopping centers, auto sales and repair, restaurants (including drive-in service), liquor sales, gas stations, hotels and motels. Residential uses are a conditional use in this zone, and apartment development is governed by the R-3, Residential Zone, regulations. Permissive uses under R-3 zoning allow apartment projects up to 30 dwelling units per acre. Overall, the C-3 zoning does not materially restrict potential uses.

The subject land is not located within the boundaries of one of the city's neighborhood sector plans, which are designed to guide development activity within the sector.

Property Tax Information

Real estate taxes in New Mexico are based on taxable values of 33.3 percent of assessed values for both non-residential and residential properties. The state operates on a base year concept that advances every two years. The mill levy, established in September at the state capital, is released in early November of each year. Property taxes are paid in two installments due in December and the following May.

The uniform property code for the subject property is 1-015-058-392-520-1-04-10. The assessed values are \$923,500 for the land, \$644,400 for the building and \$1,567,900 for the total property. The current annual taxes are \$22,206.08.

Description of Improvements

The subject property is the former Albuquerque Elks Lodge facility. The main building consists of a 42,365-square-foot fraternal lodge completed in 1963 and a 9,075-square-foot athletic building addition constructed in 1969, for a total building area of 51,440 square feet. Ancillary building areas include a 3,910-square-foot basement. Site improvements are perimeter fencing and approximately five acres of paved parking.

Following is a breakdown of the subject buildings as it was designed for the Elks Lodge.

Subject Building Areas

<i>Original Building Area & Designed Use</i>			
<i>Area</i>	<i>Size in Sq. Ft.</i>	<i>% of Main Building</i>	<i>Roof Height</i>
Ballroom	5,780	11.24%	20.92 ft.
Ballroom Lounge/Lobby/Rest Rooms	3,140	6.10%	14.25 ft.
Foyer/Lobby	2,970	5.77%	14.25 ft.
Dining Room/Lounge	6,000	11.66%	20.92 ft.
Lodge Room	5,720	11.12%	20.92 ft.
Main Bar	3,270	6.36%	14.25 ft.
Main Rest Rooms	1,485	2.89%	14.25 ft.
Kitchen	3,810	7.41%	14.25 ft.
Offices/Coat Room	1,590	3.09%	14.25 ft.
Meeting/Game Rooms (total of six)	<u>8,600</u>	<u>16.72%</u>	14.25 ft.
Total Original Building Area	42,365	82.36%	
<i>Addition Building Areas & Designed Use</i>			
Basketball Court	2,610	5.07%	24.50 ft.
Handball Courts	1,755	3.41%	22.50 ft.
Lockers/Sauna	2,420	4.71%	10.00 ft.
Weight Room	290	0.56%	10.00 ft.
Office/Storage/Mechanical	600	1.17%	10.00 ft.
Foyer/Hallways	<u>1,400</u>	<u>2.72%</u>	10.00 ft.
Total Addition Building Area	9,075	17.64%	
Total Main Building Area	51,440	100.00%	
<i>Basement Areas</i>			
Mechanical Basement	2,130	-	10.00 ft.
Storage Basement	<u>1,780</u>	-	10.00 ft.
Total Basement Building Area	3,910	-	
Total Main and Basement Building Areas	55,350		

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The original lodge building and ancillary building areas were completed in early 1963. The athletic facility addition was built in 1969 and connects to the east elevation of the original building. The facility previously had two pools and a bathhouse, but these have been removed.

The subject property was leased to UNM in 2001 and converted to predominantly storage space. Also, asbestos abatement was performed and nearly all of the floor coverings in the building were removed, as were portions of the ceiling and ceiling texture. An Exhibit C was attached to the lease and included in the *Appendix* of the appraisal. It largely shows the use of the property by UNM; however, the cross-hatched area marked "Continuing Education Space" has most of the original partition wall removed, but was never finished. This area is now used as storage. Approximately 7,600 square feet in the northwest portion of the building were renovated as open office, and received a new drop ceiling, paint and new carpeting. This area wraps around the south and east walls of the original lodge room. A 1,000-square-foot open office in the southeast portion of the building was also re-finished with new floor coverings and paint, and is used as a copy and print shop.

The following are general building specifications for the subject improvements based on available architectural plans and on my physical inspection. Architectural plans for the original building were performed Joseph B. Burwinkle & Associates and dated November 1961. The addition was designed by Joe Boehning - Architect, and the plans are dated April 1969.

Original Building

Year Built:	1962 - 63
Foundation:	4" reinforced concrete slab on grade with continuous concrete footings at building perimeter and interior bearing walls. Continuous footings supported as required by column footings at 4'- 7' depths.
Exterior Walls:	Predominantly 4" yellow face brick on 8" hollow clay tile block with an open steel frame. Approximately 15% of exterior walls are face brick on concrete block.
Roof:	Built-up roofing on 2-1/2" lightweight concrete on steel deck on steel joists. Approximately 66% of roof for the entire facility was replaced in 2001.
Interior Walls:	Approximately 60% of interior partition walls are plaster or paneling on 8" hollow clay tile block. Kitchen walls are glazed structural facing units (similar to 6"x 12" ceramic tile in appearance) on 8" hollow clay tile block. Red brick partition walls originally enclosed the main bar and form the north wall of the dining area and these are still in place. Plaster on lathe on steel studs separated some meeting rooms, but many of these walls were removed in 2001. Lodge room walls are partially finished in 1' x 1' acoustical tiles and these are still in place.
Ceilings:	Predominant ceiling finish was textured acoustical plaster on lathe, and most of this material was removed in 2001 with the asbestos abatement. Kitchen, rest rooms and service areas have smooth plaster on lathe. Ceiling perimeters at the ballroom and dining room/lounge had decorative furring designed as a series of acoustical plastered semi-circles extending 6' into the room, and these have been removed. The lodge room ceiling is multi-elevation designed for decorative appearance and acoustics.
Floor Coverings:	Foyer is 4" x 8" quarry tile and the kitchen is 6" x 6" quarry tile. Rest rooms are ceramic tile. Nearly all of the other original floor coverings have been removed. The renovated office areas have commercial grade carpeting.
Rest Rooms:	Eleven rest rooms were in original building. Large men's and women's rest rooms with 9 - 10 fixtures each are located off the ballroom lobby and north of the main bar; men's rest rooms with 5 - 6 fixtures each are off the lodge room and billiard/game rooms; men's and women's rest rooms with four fixtures each (including shower) off the kitchen; two fixture rest rooms are located at office area and meeting room south of

kitchen. All rest rooms were designed with ceramic tile floor and wainscoting, and have original fixtures. The two large restrooms off of the main bar in the north central portion of the building have been partially demolished as part of the never-completed Continuing Education Space renovation.

- Lighting:** A mixture of incandescent and fluorescent lighting.
- HVAC:** Zoned hot/chilled water system with boiler equipment located in mechanical basement. Hot or cold water is piped to fifteen coil/fan units located throughout building between the ceiling and roof. Units also allow for outside air mix. Zones are controlled by a central control panel in the office area. Two evaporative coolers over kitchen. The boilers are reported to be original equipment and a new chiller was installed in 2001. UNM personnel report the system is operable, but labor intensive to maintain.
- Ceiling Height:** Roof heights are shown above with Subject Building Areas; 14' ceiling height in original ballroom, dining room/lounge and lodge room; 10' ceilings in other areas.
- Doors:** Public entrance doors are glass in aluminum framing; service doors are metal clad. Interior doors are predominantly solid core wood.
- Windows:** Windows are glass in aluminum framing; floor to ceiling windows off dining room/lounge and a portion of the ballroom; 3' high windows at other locations.
- Kitchen Details:** Nearly all of the original kitchen equipment has been removed.
- Basement:** Two basements totaling 3,910 square feet below kitchen area, each with interior and exterior stairways. Basements are unfinished with concrete floor/ceiling and exposed block or concrete walls. Ceiling height is 10'. South basement houses mechanical equipment; north basement designed for storage.
- Special Features:** Two-way flagstone fireplace dividing the original dining room/lounge and lobby; two walk-in vaults in office area; covered walkway/terrace off of the south "U" shaped portion of the building.

Addition Building

- Year Built:** 1969
- Foundation:** 4" reinforced concrete slab on grade with continuous concrete footings at building perimeter.
- Exterior Walls:** Mixture of 7/8" stucco or 4" yellow face brick on concrete block with an open steel frame.
- Roof:** Built-up roofing on 1" rigid insulation on 3" tectum on steel bar joists. This entire roof was replaced in 2001.
- Interior Walls:** All partition walls are concrete block; wall treatments are painted plaster in the original racquetball courts, ceramic tile in showers and painted exposed block in all other areas.
- Ceilings:** Suspended acoustical tile in foyer and hall, painted drywall in lockers, painted plaster in handball courts, and exposed joists in other areas.
- Floor Coverings:** Ceramic tile in rest rooms and showers, vinyl tile or exposed concrete in other areas.
- Rest Rooms:** Men's and women's rest rooms with six fixtures each.
- Lighting:** Mixture of incandescent and fluorescent lighting.
- HVAC:** Hot water system with boiler equipment located in mechanical closet; evaporative cooling.

- Ceiling Height: Roof heights are shown above with Subject Building Areas; 22' ceiling height in basketball court, 20' in handball courts, 8' 11" ceilings in other areas.
- Doors: Public entrance doors are glass in aluminum framing; other doors are metal clad.
- Windows: Windows are glass in aluminum framing.

Asbestos

An asbestos abatement report was prepared on the subject property by Shishman & Associates on July 3, 2001, and a copy of that report is in the *Appendix* of this appraisal. Our client reports all of the recommended abatement in that report has been completed. Lowell White, an asbestos specialist employed by UNM, accompanied the appraiser on an inspection of the property on March 9, 2006, and noted several building materials that could contain additional asbestos, but this could only be confirmed by additional testing. It is possible that the subject property has asbestos-containing materials, and it is an *Extraordinary Assumption* in this appraisal that the amount and type of asbestos does not materially impact the market value of the property.

Site Improvements

The perimeter of the site is entirely enclosed with a six-foot chain-link fence. Surrounding the building on the east, west and north are approximately five acres of asphalt paving with parking for roughly 600 cars. Pole mounted lighting is at the site perimeter and within the parking lot. Landscaping is minimal, consisting of evergreen shrubs and small trees near the building perimeter. The condition of the asphalt paving is rated as poor.

Building Condition

The subject building is 37 – 43 years old and the overall condition is rated as fair. The structure appears sound with no evidence of settling or wall cracks. The interior ceilings show some signs of leakage, but this probably occurred before the majority of the building was re-roofed in 2001. The appraiser is not qualified to judge the condition or expected remaining life of the HVAC system. The subject has the original boilers and a new chiller. It is probable the boilers and most of the fan coil units will require either replacement or major renovation if the use of the building becomes more intensive than mostly storage. As described, most of the building is used for storage and much of the interior space has been stripped of floor coverings and portions of the ceilings.

Analysis of Design

The subject property was developed as a special-use facility for the Albuquerque Elks Lodge. It was comprised of four primary areas—the ballroom, the dining area and main bar, the meeting rooms, and the athletic facility addition. There are three public entrances into the building that allowed the building to be used for separate and concurrent functions. The building has ample rest rooms, good ceiling heights and ample parking. Most of the rooms are large and provide flexibility of use. The building's dated appearance and lack of windows in some rooms are a drawback. Overall, the building is adaptable to a variety of commercial uses, including office, storage or a school. A secondary retail use is also a possibility.

Overview of the Commercial Real Estate Markets

The subject property is a renovation candidate that could accommodate a variety of potential uses, including retail, office and industrial users, plus there is the potential to capture a special purpose user. The following information provides an overview of the commercial market sectors in Albuquerque. This data is provided by Grubb & Ellis New Mexico, which is a large brokerage and management firm in Albuquerque, and it performs extensive ongoing surveys of all commercial market sectors. For many types of rental rate and vacancy information, Grubb & Ellis surveys are found to be comprehensive and reliable. Their survey includes building space larger than 10,000 square feet. The subject is located in the University market area, which is defined as I-40 on the north, I-25 on the west, San Mateo Boulevard on the east and Avenida Cesar Chavez on the south.

Industrial Market Statistics – Fourth Quarter 2005

Market Area	Fourth Quarter 2005				2004	2003*	2002
	Total Sq. Ft.	Sq. Ft. Vacant	4th Qtr. Vacancy	Year-to Date Absorption			
Airport	822,093	62,110	7.6%	14,390	9.5%	9.7%	15.8%
Downtown	2,954,903	637,626	21.6%	(78,024)	18.9%	20.7%	18.0%
Far NE Heights	214,447	66,600	31.1%	2,500	3.4%	15.0%	29.2%
North I-25	15,417,814	1,776,173	11.5%	216,304	11.7%	8.6%	8.5%
North Valley	1,406,449	178,471	12.7%	(1,039)	13.1%	13.6%	11.6%
Northeast Heights	387,141	74,850	19.3%	(36,165)	4.9%	9.3%	6.6%
Rio Rancho	4,722,219	73,436	1.6%	162,316	5.6%	4.7%	3.5%
South Valley	2,096,376	123,319	5.9%	10,220	5.9%	7.6%	4.6%
Southeast Heights	929,801	38,024	4.1%	154,352	9.2%	2.3%	9.9%
University	198,460	10,400	5.2%	(4,800)	3.2%	3.2%	0.0%
West Mesa	2,404,627	284,789	11.8%	169,769	9.0%	5.9%	8.4%
Total	31,554,330	3,325,798	10.5%	609,823	10.7%	9.0%	8.8%

*Third Quarter Vacancy

Source: Grubb & Ellis | New Mexico

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Office Market Statistics – Fourth Quarter 2005

Market Area	4th Quarter 2005				2004	2003*	2002	2001
	Total Sq. Ft.	Sq. Ft. Vacant	4th Qtr. Vacancy	Year-to Date Absorption				
(CBD) Downtown	2,778,053	500,903	18.0%	26,047	20.3%	15.8%	14.8%	13.3%
Airport	1,222,492	284,066	23.2%	71,666	30.2%	30.8%	23.7%	19.1%
Far NE Heights	928,806	86,222	9.3%	22,331	13.0%	13.1%	13.2%	15.6%
North I-25	2,834,716	229,558	8.1%	219,146	10.1%	13.8%	14.6%	17.6%
Northeast Heights	754,494	95,193	12.6%	11,105	12.1%	12.2%	15.6%	12.0%
Rio Rancho	279,928	27,478	9.8%	16,623	15.5%	23.8%	14.2%	14.5%
Southeast Heights	555,865	29,109	5.2%	(4,014)	6.2%	6.4%	14.9%	16.9%
University	990,333	55,915	5.6%	15,567	5.5%	7.1%	8.0%	16.3%
Uptown	1,773,556	182,981	10.3%	57,347	14.2%	19.3%	13.4%	12.0%
West Mesa	280,672	56,037	20.0%	38,366	20.8%	12.8%	14.8%	14.5%
Total	12,398,915	1,547,462	12.5%	474,184	15.1%	16.1%	14.9%	15.2%

*Third Quarter Vacancy

Source: Grubb & Ellis | New Mexico

Brooks, Lomax & Fletcher, Inc.

Retail Market Statistics – Fourth Quarter 2005

Market Area	4th Quarter 2005				2004	2003*	2002
	Total Sq. Ft.	Sq. Ft. Vacant	4th Qtr. Vacancy	Year-to Date Absorption			
Cottonwood	3,530,862	214,383	6.1%	111,630	7.9%	6.5%	8.1%
Downtown	618,834	160,055	25.9%	20,196	21.3%	18.8%	15.4%
Far NE Heights	3,481,674	222,918	6.4%	51,182	7.5%	4.9%	7.5%
North 1-25	2,753,780	142,269	5.2%	254,061	7.5%	7.6%	7.4%
North Valley	723,109	67,311	9.3%	20,561	13.6%	9.5%	21.9%
Northeast Heights	4,245,861	461,962	10.9%	38,967	10.3%	10.0%	11.8%
Rio Rancho	1,356,665	76,099	5.6%	23,427	7.5%	9.9%	12.4%
South Valley	939,975	99,443	10.6%	255,373	18.1%	10.8%	13.9%
Southeast Heights	2,703,545	217,831	8.1%	60,532	7.6%	9.1%	10.5%
University	1,016,825	166,827	16.4%	(15,160)	14.8%	13.1%	12.5%
Uptown	2,267,923	189,583	8.4%	9,736	8.7%	7.6%	7.6%
West Mesa	1,704,345	195,900	11.5%	123,170	12.5%	14.8%	21.7%
Total	25,343,398	2,214,581	8.7%	953,675	9.7%	9.0%	10.9%

*Third Quarter Vacancy

Source: Grubb & Ellis | New Mexico

Brooks, Lomax & Fletcher, Inc.

The preceding charts show the University market area has a fairly small percentage of Albuquerque's commercial space, with 1% of industrial, 8% of office and 4% of retail. The vacancy rates for industrial and office are 5.2% and 5.6%, or well below the city averages. The University area retail rate is higher at 16.4%, which is due primarily to the presence of some large older centers with poor marketability. Newer developments have good occupancy rates.

Overall, the commercial real estate markets in the subject area are indicated to be in balance.

Highest and Best Use

Highest and best use is the most probable and profitable use to which a property might be adapted, based on consideration of alternative legal uses for which the property is physically suited and for which there is a market. The four criteria of highest and best use are 1) physically possible, 2) legally permissible, 3) financially feasible, and 4) maximally productive. For improved properties, the highest and best use analysis is a two-step process where the land as though vacant and the improved property are analyzed separately.

Land as Though Vacant

Physically Possible. The subject property is a level 7.991988-acre site with all utilities available. It has a mid-block position on a minor arterial with average quality access to the Interstate system. It is conveniently located to UNM and Downtown, but it is removed from Albuquerque's most dynamic development submarkets. The site is physically suited for office, light industrial or heavy commercial use. A retail use is considered unlikely.

Legally Permissible. The subject property is zoned C-3, Heavy Commercial Zone, which permits virtually all commercial uses, including wholesale commercial and some light industrial which cause no vibration discernible beyond the premises.

Financially Feasible/Maximally Productive. The subject is a large level mid-block site on a minor arterial with a liberal zoning designation. The surrounding frontage has been developed over the past 40 years with a mixture of office, office/warehouse, institutional and government buildings, but there has been no

significant construction over the past several years. A uniform surrounding land use or recent development activity will often indicate highest and best use, but that is not the case for the subject property.

The primary attraction of the subject land is its location at the center of Albuquerque. This makes it convenient to the city's major employment centers, such as UNM, Downtown and the hospitals. These have not been growth markets in recent years, but the subject is well positioned to capture build-to-suit office or special purpose projects for governmental entities or larger corporations.

Property as Improved

The subject property is improved with a 51,440 square foot former lodge/athletic facility that has been partially gutted for open office and storage. Significant partitioning is in place and there are three public entrances that allow the building to be used for separate tenancies. Given its design and ample parking area, the subject is adaptable to a fairly wide array of potential uses.

As demonstrated by their occupancy and current interest, the University of New Mexico is an obvious candidate to purchase the property and could use the subject improvements for a variety of activities. Additionally, UNM has demonstrated a willingness to purchase special use properties along University Boulevard that are adaptable to university related uses. Specifically, UNM has purchased a former fraternal lodge and two automobile dealerships along University Boulevard in the past 20 years. They have also purchased various office buildings, warehouses and vacant sites. This purchase activity by UNM is a result of their strong desire to acquire property around the campus boundaries as part of long term strategic land acquisition goals, as well as having an immediate and practical use for various improvements in their as-is condition.

Based upon my analysis of the subject design and available transaction data, it is my opinion that the improvements contribute value to the land and can attract a buyer/user consistent with those described above. Accordingly, the highest and best use of the improved property is estimated to be renovation and continued use of the building, as opposed to demolishing the improvements to make way for new construction.

Valuation

Problem Analysis and Data Interpretation

The appraisal problem involves the valuation of a 7.992-acre site that is improved with a former fraternal lodge/athletic facility. The weighted average age of the building is 42 years.

Property rights appraised are fee simple interest. This appraisal employs two approaches to value—a Cost Approach and a Sales Comparison Approach. The subject property is a candidate for renovation and it is unlikely it could be leased (other than to UNM) in its current condition. The application of an Income Approach would require overly subjective and speculative renovation estimates by the appraiser, and therefore this approach is not considered applicable.

The Cost Approach is most reliable for newer improvements where the land is developed to its highest and best use and the market is in equilibrium. The subject improvements are old with an atypical design and the probable buyer would renovate and reconfigure the interior. For this property, the Cost Approach has lesser relevancy.

The Sales Comparison Approach is based on analysis of eight building sales in Albuquerque. The value estimate in this approach is based on price per square foot of building area. The data used in the Sales Comparison Approach to value were found by thorough research of the Bernalillo County Clerk's records, in-office database, discussions with market participants and with brokers active in the office market. The market data is considered to be good and this approach is reliable.

In the Reconciliation section following the valuation approaches, a summary of important points of each method is presented in support of the final estimate of value.

Cost Approach

The Cost Approach is intended to measure the opportunity of creating a substitute property through land acquisition and construction of a building of like utility. Major steps in the cost approach are estimation of land value as though vacant, and estimation of depreciated replacement cost of the improvements.

Land Value Estimate

Market value of the subject land is estimated based on a sales comparison approach. This method measures the actions of typically informed buyers and sellers through observation of prices paid in the market for properties that are reasonably similar in terms of probable use and development potential. Factors affecting value—including location, size, offsite development costs, time of sale, and financing terms—are considered. The unit of comparison is price per square foot.

The market data includes six commercial land sales and two listings that are considered relevant to this analysis. The data is analyzed and compared to the subject property in the following analysis.

Adjustments to the Land Sales

Adjustments to the market data are applied to account for significant differences between the subject and the sale properties. The appropriate order of adjusting sales to the subject property is as follows:

1. Property Rights Conveyed
2. Financing Terms of Sale
3. Conditions of Sale
4. Date of Sale (Time)
5. Location
6. Physical Characteristics

Adjustment for Property Rights, Financing Terms and Conditions of Sale

All of the sales involve the transfer of fee simple title for cash, or terms considered materially equal to cash. None of the sales are known to have involved distressed or unusually motivated buyers or sellers. On this basis, no adjustment to the data is required for property rights conveyed, financing terms or conditions of sale.

Adjustment for Date of Sale (Time)

The transactions occurred over a time span of February 2004 to August 2005. An analysis of land sale data over this period indicates an adjustment of 5% per year is appropriate.

Adjustment for Location

The range in sale prices per square foot of the included data is in part due to differences in location. While location influences sale price per square foot, a specific adjustment is not applied to the data. The impact of location is considered in the final value estimate.

Adjustment for Physical Characteristics

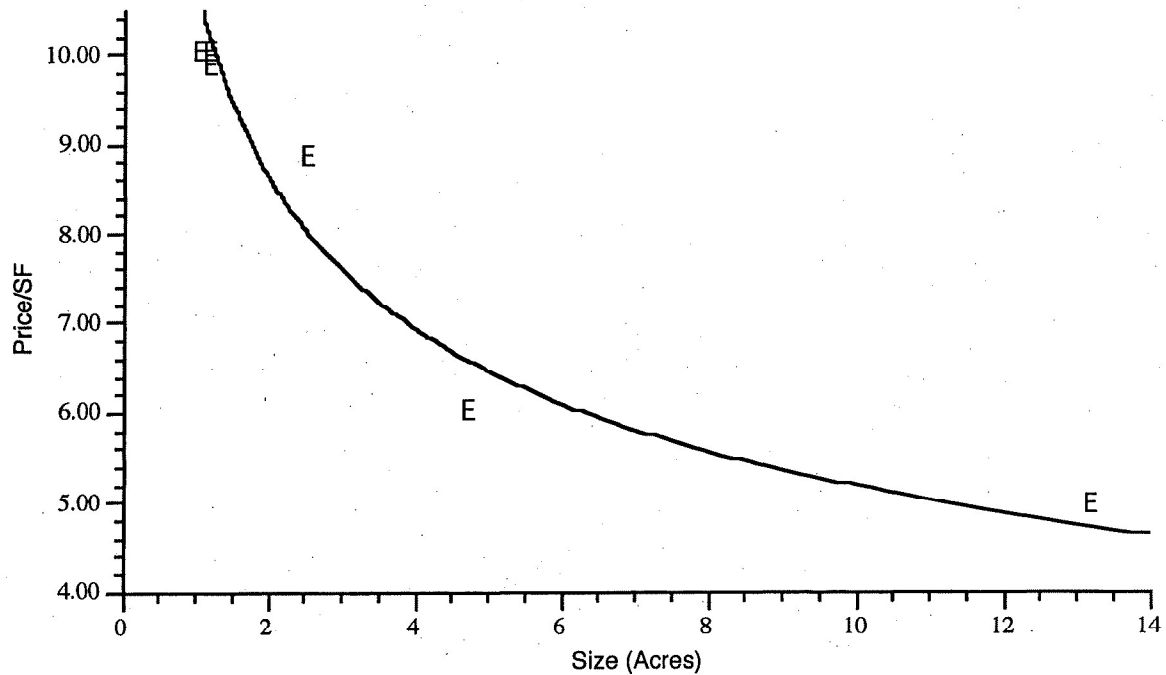
One physical factor that merits adjustment in this valuation is tract size. Typically, as tract size decreases, the price per unit tends to increase, although not proportionally (non-linear). Conversely, the per-unit price tends to decrease as the size increases. A good case study for the appropriate adjustment for tract size is the area of the Gateway Business Park in Rio Rancho, New Mexico. The following table shows six commercial land sales with similar frontage on Highway 528 but varying size. The bulk of the data comes from Gateway North, and also included is a 13.25-acre nearby site on Highway 528 near High Resort. All of the sales are considered similar in physical and location characteristics with the exception of size. One of the sales is a contract that did not close, but there was a meeting of the minds by two knowledgeable parties. The sales used in this size adjustment analysis are summarized below.

Transaction Data Used in Size Adjustment Regression Analysis

<i>Sale No.</i>	<i>Location</i>	<i>Date of Sale</i>	<i>Size in Acres</i>	<i>Price/SF</i>
A	Gateway North	May-94	1.1071	\$10.00
B	Gateway North	Apr-95	1.2500	\$9.85
C	Gateway North	Nov-95	1.2567	\$9.74
D	Gateway North	Jan-95	2.6000	\$8.85
E	Gateway North	1995 Contract	4.7673	\$6.00
F	Highway 528	Feb-95	13.2510	\$4.95

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The relationship of tract size and sale price per square foot from the data series is represented in the graph below.

Regression Graph

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The reliability of regression analysis is typically measured by its R-square value. The model is generally satisfactory if the R-square value is reasonably high, say above .80, and highly reliable if the R-square is above .90. A perfect correlation exists if the R-square is 1.0. The preceding regression analysis has an R-square of .95, indicating a high correlation between the size of the property and the price per square foot. In other words, this analysis can be used to predict appropriate size adjustments with a satisfactory level of confidence.

The regression model assigns a specific adjustment level for a specific size. The size adjustment is based on the percentage difference between the regression values using the land area of the sales compared with the land area of the subject. The subject land area of 7.992 acres is utilized for the size adjustment.

Specific adjustments are shown for each sale in the data set on the following chart.

Size Adjustment Chart

<i>Sale No.</i>	<i>Size in Acres</i>	<i>% Adjustment</i>
1	0.7101	-52%
2	2.1127	-33%
3	1.5249	-39%
4	6.3345	-7%
5	13.3147	17%
6	5.2500	-12%
Subject	7.9920	

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Summary Chart of the Land Sales

The land sales and two listings are summarized on the following chart. Individual information sheets for the sales and a location map are in the *Appendix*.

Land Sales and Listings Summary Chart

Sale No.	Sale 1	Sale 2	Sale 3	Sale 4
Location	University across from Subject	University across from Subject	NEC Gibson & Buena Vista	SEC Eagle Ranch & Westside
Sale Price	\$225,000	\$600,000	\$500,000	\$1,490,297
Sale Date	Aug-04	Feb-04	Aug-05	Mar-04
Land Area in Acres	0.7101	2.1127	1.5249	6.3345
Zoning	C-3	C-3	C-2	SU-1/IP C-2 R-2
Terrain	Level	Level	Level	Mostly level
Configuration	Gooseneck frontage	Narrow frontage	Typical	Typical
Planned Use	Parking	Office	IHOP	Kia dealership
Sale Price/SF	\$7.27	\$6.52	\$7.53	\$5.40
Time Adjustment	1.08	1.10	1.03	1.10
Time Adj. SP/SF	\$7.86	\$7.17	\$7.75	\$5.94
Size Adjustment	-52%	-33%	-39%	-7.0%
Adj. Sale Price/SF	\$3.77	\$4.80	\$4.73	\$5.53
Access vs. Subject	Inferior	Similar	Similar	Superior
Visibilty vs. Subject	Inferior	Similar	Similar	Inferior
Shape vs. Subject	Inferior	Inferior	Similar	Similar
Location vs. Subject	Similar	Similar	Inferior	Similar

Sale or Listing No.	Sale 5	Sale 6	Listing 7	Listing 8
Location	NEC Paseo del Norte & Richland Hills	SWC Central & Eubank	University across from Subject	University north of Subject
Sale or List Price	\$3,000,000	\$2,229,092	\$702,662	\$2,270,000
Sale Date	Jun-05	Mar-05	Current listing	Current listing
Land Area in Acres	13.3147	5.2500	1.4027	4.5322
Zoning	SU-1/IP	C-2	C-3	C-3
Terrain	Mostly level	Level	Level	Mostly level
Configuration	Partial triangle	Typical	Somewhat narrow	Partial triangle
Planned Use	Church campus	Commercial Subd.		
Sale or List Price/SF	\$5.17	\$9.75	\$11.50	\$11.50
Time Adjustment	1.04	1.05		
Time Adj. SP/SF	\$5.38	\$10.23		
Size Adjustment	+17.0%	-12%		
Adj. Sale Price/SF	\$6.29	\$9.01		
Access vs. Subject	Similar	Superior	Similar	Similar
Visibilty vs. Subject	Superior	Superior	Similar	Similar
Shape vs. Subject	Inferior	Similar	Slightly Inferior	Slightly Inferior
Location vs. Subject	Superior	Superior	Similar	Similar

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The six sales have an adjusted price range of \$3.77 – \$9.01 per square foot. The two listings are both at \$11.50 per square foot. Following is a discussion of the data.

Sales 1 and 2, and Listing 7 all involve the same site, which is located directly across University Boulevard from the subject property. Sale 2 is the initial purchase of the 2.1127-acre parent site at an adjusted price of \$4.80 per square foot. This site has an "L" shape as it jogs to become 100 feet wider at the rear than at the front. This shape is inferior to the subject, which also benefits from an access easement along its north boundary. The impact of shape is clearly shown by Sale 1, which is the re-sale of a portion of the parent site (Sale 2) to an adjoining office-building owner for use as a parking lot. Finally, Listing 7 offers the 1.4027-acre remainder of the parent site for sale at \$11.50 per square foot. The owners obviously believe that land prices have stepped up significantly. Land prices have dramatically increased in some parts of the Albuquerque metro area, but there have not been transactions to indicate a significant increase along University Boulevard in the subject area.

Sale 3 is the recent sale of a commercial site on Gibson Boulevard, near Yale Boulevard and the Albuquerque International Airport. Traffic count at this location is relatively high at approximately 40,000 vehicles per day, but this is nearly all airport traffic and the range of potential commercial uses is relatively narrow. The buyer plans to develop this site with an IHOP restaurant. It sold for an adjusted price of \$4.73 per square foot and the subject value is indicated to be higher.

Sale 4 is located in the Northwest Mesa market area of Albuquerque on Eagle Ranch Road, between Coors Bypass Boulevard and Irving Boulevard. This site is not in the same market area, but it is similar to the subject in that it is a larger commercial site on a secondary arterial. The 2004 traffic count on Eagle Ranch Road at this property was 12,400 vehicles, versus 19,900 vehicles at the subject property; however, the surrounding trade area has better potential for growth. It sold for an adjusted price of \$5.53 per square foot and the subject value is indicated to be similar.

Sale 5 is also located in the Northwest Mesa market area, along the north side of Paseo del Norte between Eagle Ranch Road and Golf Course Road. Paseo del Norte at this point had a traffic count of 22,800 vehicles per day in 2004, or similar to the subject property. This count will grow once Paseo del Norte is extended westward beyond Golf Course Road and the Petroglyph National Monument, which will occur in 2006 - 07. The site has a linear and somewhat triangular shape and access is only from two local streets that wrap around its northwest corner because Paseo del Norte is access controlled. The expected growth of the northwest market area and the probable increase in traffic count on Paseo del Norte make this a strategically more valuable site, and the value of the subject property is indicated to be lower.

Sale 6 has the highest adjusted price in the data set at \$9.01 per square foot. The 5.25-acre tract lies at the corner of two arterials and the buyer will subdivide the site for development with retail and restaurant uses. The first development will be a Walgreens at the hard corner. The residential demographics of this location are only average, but it is near a major entrance to Sandia National Labs and significant office development, and the developer reports strong demand from retailers and restaurants to serve these workers and commuters. The per-square-foot value of the subject site is significantly lower.

Listing 8 is two adjoining sites of 2.7198 and 1.8124 acres located directly north of the subject property on the east side of University Boulevard. The landowner (Jim Arias) is also the broker and is asking \$11.50 per square foot for all or a portion of the land. These sites have been listed for sale for over ten years at steadily escalating prices and the owner is obviously not a highly motivated seller. Mr. Arias reports he may develop the land and is currently investigating high density residential.

In conclusion, the subject land value is indicated to be higher than the adjusted prices of Sales 1 - 3 (\$3.77 - \$4.73 per square foot), similar to Sale 4 at \$5.53 per square foot, and lower than adjusted Sales 5 and 6 (\$6.29 - \$9.01 per square foot). Based upon the foregoing data and analysis, the market value of the subject property is estimated to be \$5.50 per square foot.

Subject Land Area in Acres	7.991988
Subject Land Area in Square Feet	348,131
Estimated Value Per Square Foot	\$5.50
Total Estimated Value	\$1,914,720
Rounded	\$1,915,000

Replacement Cost Estimate

The *Marshall Valuation Service* has been used to estimate replacement cost of the subject improvements.

The *Marshall Valuation Service* is a national cost estimating service that has been publishing cost manuals for approximately fifty-five years. Replacement costs provided by this source include labor, materials, supervision, contractor's profit and overhead, architect's plans and specifications, sales taxes, and insurance.

The Marshall cost manual included specific categories for both fraternal lodge buildings and athletic facilities similar to the subject design. In their classification system, the subject property is rated as average

quality Class C (steel frame, masonry wall) construction. Shown below are cost figures (dollars per square foot) from the Marshall Valuation Service cost manual, Section 16, page 9, for the original building, and Section 16, page 11, for the athletic facility.

Marshall Valuation Service Cost Estimates

Section 16, Calculator Method – Class C Construction (Masonry and Frame), Average Quality

Original Lodge Building (42,365 SF)	Total	Cost/SF
Base Cost	\$3,904,782	\$92.17
Story Height Multiplier	1.027	1.027
Current-Cost Multiplier	1.010	1.010
Local Multiplier -- Albuquerque	<u>0.950</u>	<u>0.950</u>
Cost Indication	\$3,847,798	\$90.82
Basement, 3,910 SF @ \$30.00/SF	<u>117,300</u>	<u>2.77</u>
Adjusted Cost Indication	\$3,965,098	\$93.59
Athletic Building Addition (9,075 SF)	Total	Cost/SF
Base Cost	\$662,021	\$72.95
Story Height Multiplier	1.033	1.033
Current-Cost Multiplier	1.010	1.010
Local Multiplier -- Albuquerque	<u>0.950</u>	<u>0.950</u>
Adjusted Cost Indication	\$656,171	\$72.31
Total	\$4,621,269	\$89.84

The sum of the two cost indications is \$4,621,269. In addition to the improvements shown above, the subject property includes approximately five acres of asphalt paving. The paving is in poor condition and it is doubtful a buyer would attribute it any value and none is applied in this analysis.

Depreciation Estimate

The five basic elements of accrued depreciation are: (1) curable physical deterioration, (2) incurable physical deterioration, (3) curable functional obsolescence, (4) incurable functional obsolescence, and (5) external obsolescence.

The subject improvements have a weighted average age of 42 years and obviously suffer from some degree of both physical depreciation and functional obsolescence. Curable physical deterioration refers to items of deferred maintenance. In this case, no major sources of deferred maintenance are identified for the building. Depreciation due to needed interior renovations are accounted for in the overall depreciation rate applied below.

Incurable physical deterioration involves an estimation of deterioration that is not practical or currently feasible to correct, and is generally tied to the age of the structure relative to its estimated economic life.

In terms of functional obsolescence, the basic design of the building is considered to be adaptable to a variety of modern uses. Existing obsolescence is created by the specific floor plan and site plan, which would not be marketable to a specific user without considerable refit. Again, value loss tied to this source is reflected in the overall depreciation rate applied below.

According to Marshall Valuation Service, as based on studies of building mortality and on information from other sources, both the original subject building and addition building have estimated useful lives of approximately 45 years. On a straight age/life basis, the calculated annual depreciate rate would be 2.22%

per year ($1 \div 45 = 0.022$). The annual rate is increased to 2.5% per year to account for the additional impact of functional obsolescence.

The subject building has a weighted average age of 42 years. The effective age is estimated to 85% of actual due to the recent renovation of 8,600 square feet of space and the replacement of 66% of the roof. The effective age is estimated to be 36 years. Accordingly, the total depreciation estimate is 90% (36 years x 2.5% per year = 90%).

Cost Approach Summary

The estimate of value by the Cost Approach is summarized below. An "entrepreneurial profit" is not typically added to special purpose facility costs because they are predominantly an owner-user product. The entire development process requires significant effort and expertise, however, and a profit of 5.0% is added to account for this component.

Cost Approach Summary

Improvement Replacement Cost	4,621,269	
Entrepreneurial Profit @ 5%	<u>\$231,063</u>	
Total Replacement Cost New		\$4,852,332
Accrued Depreciation		
Curable Physical Deterioration	Included	
Incurable Physical Deterioration @ 90.0%	(\$4,367,099)	
Functional Obsolescence	Included	
External Obsolescence	<u>\$0</u>	
Total Accrued Depreciation		(\$4,367,099)
Depreciated Replacement Cost		\$485,233
Add: Land Value		<u>\$1,915,000</u>
Indicated Value by Cost Approach		\$2,400,233
Rounded		\$2,400,000
Indicated Value by Cost Approach/Sq. Ft.		\$46.66

Sales Comparison Approach

This approach develops an indication of value by analysis of prices paid in recent transactions of similar properties. The reliability of this approach is dependent upon the availability of the sales data and the degree of comparability in age, design, amenities, location, and income-producing potential. The subject building is a candidate for a major renovation and the market data search focused on the sale of similar buildings.

Our research disclosed eight building sales that are considered relevant to this analysis. These sales are summarized in the chart on the following page, while a map and individual data sheets are included in the *Appendix*. In addition to the typical sale and property information, the summary chart includes a time adjustment of 5% per year and a calculation for the building residual sale price.

The building residual calculation is simply the total sale price less estimated land value divided by the building square footage. This analysis is meaningful in that it accounts for the influence of varying land to building ratios (FARs), and varying underlying land values. The allocation of land value for each of the comparable sales is based on a combination of the appraiser's historical knowledge, sales data within the neighborhood of the comparables, and appraisals prepared by Brooks, Lomax & Fletcher, Inc.

On the chart, the sales are ranked by the residual price per square foot, with Improved Sale 1 as the lowest price.

Improved Sales Summary Chart

Sale	1	2	3	4
Property Name	Former Retail	Former Ranchers Office	Incomplete Kmart	Former Levi Strauss
Property Type	Big bay retail	Office & health spa	Warehouse retail	Office-Warehouse
Occupancy at Sale	100% Vacant	70% Vacant	100% Vacant	100% Vacant
Buyer Use	Renovate for multi-tenant retail	Renovate for Unser Museum	Renovate for call center	Renovate for single-tenant office
Location	SWC Lomas & San Mateo	Montano, east of Rio Grande	SWQ Central & Coors SW	SWQ Alameda and Interstate 25
Sale Price	\$2,800,000	\$1,125,000	\$7,650,000	\$5,250,000
Date of Sale	January 25, 2006	June 21, 2004	January 11, 2006	June 10, 2002
Building Area in SF	58,600	24,592	179,979	97,780
Land Area in Acres	3.981	4.969	19.534	12.149
Floor Area Ratio	33.8%	11.4%	21.2%	18.5%
Year Built	1960s	1968-75	2002	1971
Sale Price/SF	\$47.78	\$45.75	\$42.50	\$53.69
Time Adj. at 5.0%/yr.	1.01	1.09	1.01	1.20
Time Adj. SP/SF	\$48.26	\$49.86	\$42.93	\$64.43
Land Value/SF	\$12.50	\$4.25	\$5.00	\$8.00
Total Land Value	\$2,167,818	\$919,911	\$4,254,592	\$4,233,718
Land Value/SF of Bldg.	\$36.99	\$37.41	\$23.64	\$43.30
Building Residual SP/SF	\$11.27	\$12.46	\$19.29	\$21.13
Quality vs. Subject	Inferior	Inferior	Similar	Inferior
Condition vs. Subject	Similar	Superior	Superior	Superior

Sale	5	6	7	8
Property Name	Former HomeBase	Warehouse	Former Charter Health	Former NM Ed Asst.
Property Type	Warehouse retail	Warehouse	Psychiatric hospital	Office
Occupancy at Sale	100% Vacant	100% Vacant	100% Vacant	100% Vacant
Buyer Use	Re-tenant for investment	Planned indoor storage	Renovate for public detox center	Renovate for office & training center
Location	East side of NM 528, north of Coors	SEC Lomas & 1st NW	NEC Zuni & Valencia	SEC Osuna & Gulton
Sale Price	\$4,250,000	\$1,200,000	\$2,500,000	\$2,435,000
Date of Sale	January 22, 2003	January 18, 2005	July 27, 2004	December 19, 2003
Building Area in SF	103,951	30,000	47,228	41,855
Land Area in Acres	9.335	0.696	5.978	2.471
Floor Area Ratio	25.6%	99.0%	18.1%	38.9%
Year Built	1993	1940s	1984	1980s
Sale Price/SF	\$40.88	\$40.00	\$52.93	\$58.18
Time Adj. at 5.0%/yr.	1.17	1.06	1.08	1.11
Time Adj. SP/SF	\$47.84	\$42.40	\$57.17	\$64.58
Land Value/SF	\$6.50	\$10.00	\$4.00	\$8.00
Total Land Value	\$2,643,112	\$303,134	\$1,041,589	\$860,955
Land Value/SF of Bldg.	\$25.43	\$10.10	\$22.05	\$20.57
Building Residual SP/SF	\$22.41	\$32.30	\$35.11	\$44.01
Quality vs. Subject	Inferior	Similar	Similar	Similar
Condition vs. Subject	Superior	Superior	Superior	Superior

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Following is a brief analysis of the individual sales.

Sale 1 is the January 2006 purchase of an arterial corner tract improved with 58,600 square feet of old retail space constructed in the 1960s. The two buildings are partitioned into three large spaces and were previously occupied by a used car dealer, a thrift store and a drug store. The final lease to the drug store is expiring and the buyer will renovate the buildings for new retail tenants. These buildings have an open design that is suited for redevelopment, but they are in poor condition and will require complete renovation.

Sale 2 is the former Ranchers Office Complex on Montañito Road near Rio Grande Boulevard. This three-building complex was constructed between 1968 – 75 as the headquarters for an Albuquerque-based mining company owned by Maxie Anderson. Much of the space has atypical floor plans and irregular building shapes, and the complex includes a 5,000-square-foot health space. The complex was converted to condos and rental space in the 1980s, and has historically struggled with occupancy. It went back to the lender in approximately 2003 and sold to Al Unser Sr. in June 2004. The buyer completely renovated the front building into the Unser Racing Museum and the balance of the space will be leased to tenants. This space was in fair condition and will require major renovation.

Sale 3 is the January 2006 purchase of a never-completed building planned for a Super Kmart. Kmart declared bankruptcy during the development process and construction was halted in February 2002. The completed portions of the building included perimeter concrete block walls, a portion of the interior partition walls, about 90% of the roof, the rooftop HVAC units and the concrete curbing in the parking lot. The buyer has signed Verizon to a long-term lease for a call center and will finish the building as open call center office.

Sale 4 was originally constructed as a manufacturing plant for Levi Strauss. It was later used to manufacture electric generators, and then sold in June 2002 to a buyer planning to convert the building to office space. The total building area is 97,780 square feet, and approximately 14,400 square feet of office had already been renovated. The remaining area was basic industrial manufacturing space and would require total renovation. The site improvements were in fair condition and would also require renovation.

Sale 5 is a former HomeBase home improvement warehouse store that was purchased for conversion to retail space. HomeBase was a national chain that had three stores in Albuquerque that were vacated in 2001 after they declared bankruptcy. The building is a simple tilt-up concrete structure with no fenestration, and a low-cost HVAC system of evaporative cooling and suspended heaters. The parking lot was in-place, but the FAR is a slightly high 27.1%. The building is in a good retail trade area, but the site has a midblock location with below average frontage. The building contains 103,951 square feet, and 80,000 were recently leased to Burlington Coat Factory.

Sale 6 is a 1940s warehouse in the Downtown area that was purchased for conversion to an indoor storage facility. The building was reported to be in average condition and was approximately 50% sprinklered. The marketability and condition of this building is rated superior to the subject.

Sale 7 is the July 2004 purchase of a psychiatric hospital. This is a more modern facility that was constructed in 1984 by Charter Hospital, but they vacated in 2000 and the property was listed for sale. It was purchased by Bernalillo County for use as a detox and rehab center. They can use the building almost as designed after curing about \$500,000 in deferred maintenance.

Sale 8 is a 41,855-square-foot owner-occupied office building that was constructed in the 1980s for the New Mexico Educators Assistance Foundation, which administers and processes student loans. They are moving to a new facility and sold their building in December 2003 to Adelante Development Center, a New Mexico non-profit agency that provides services to disabled adults. This is an average quality tilt-up concrete office building with about one-half of the space designed with open office. The seller agreed to lease the building back for eight months after the sale. The time-adjusted building residual price is \$44.01 per square foot. This building has a visible location in the high-demand North I-25 Corridor market area.

The subject property has two basic classes of space, which include the 8,600 square feet of renovated office, and the 42,840-square-foot remainder of the building. The remainder space currently has varying levels of finish and condition, but it is likely that a buyer would foresee a complete renovation of this area. The

positives of the subject building include comparatively high ceilings, multiple entrances, a newer roof on 66% of the space and other miscellaneous new building components. The negatives are many, including worn out site improvements, existing specialized partitioning, old HVAC system and dated building appearance.

The condition and design of the subject building indicates the non-renovated space has a value at the low end of the range of the improved sales. The specific value estimate is \$10.00 per square foot. The indicated value of the renovated office space is greater than Sales 1 – 5, and less than Sale 7 and 8, and the specific value estimate is \$30.00 per square foot.

The conclusion of value by the Sales Comparison Approach is as follows.

<i>Space Type</i>	<i>Size in Square Feet</i>	<i>Estimated Value per Square Foot</i>	<i>Total Estimated Value</i>
Non-Renovated Space	42,840	\$10.00	\$428,400
Renovated Office Space	8,600	\$30.00	\$258,000
Total Improvement Value Estimate			\$686,400
Plus Land Value Estimate			<u>\$1,915,000</u>
Estimated Value by Sales Comparison Approach			\$2,601,400
Rounded			\$2,600,000

Reconciliation

A summary of the value estimates by the two approaches is provided below.

Cost Approach	\$2,400,000
Sales Comparison Approach	\$2,600,000

The value indications by both approaches are close, which is meaningful in that each are primary methods generally implemented to price special use real estate.

In the Cost Approach, land value was estimated using sales of sites with locations similar to the subject in terms of probable use, with careful consideration given to the impact on per square foot value from tract size. Reproduction cost of the improvements was estimated using the Marshall Valuation Service. Depreciation was analyzed on an age/life method, with an additional adjustment for functional obsolescence. In my opinion, the value indication by the Cost Approach is pertinent to this analysis in terms of its support to the Sales Comparison Approach.

Data in the Sales Comparison Approach consist of eight improved sales that required major renovation by the purchaser. The properties have varying degrees of similarity to the subject in terms of quality, design and occupancy, and the overall data set provides a logical value range that is used to represent the subject's specific characteristics.

For the final value estimate, the Sales Comparison Approach is given the strongest weighting. It is my opinion that the market value estimate of the fee simple interest in the subject property is best represented at \$2,600,000. The effective date of this value estimate is March 9, 2006.

Marketing/Exposure Time

The majority of the building sales in this appraisal have marketing periods of less than one year. A sale within 12 months or less is a reasonable expectation for this property, assuming competent marketing at a price consistent with the appraised value.

Certification

This certifies that the estimated market value of the fee simple interest in the subject of this report is \$2,600,000. The effective date of this estimate is March 9, 2006.

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or approval of a loan.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.

The following certification statements are required by the Appraisal Institute:

- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the continuing education program of the Appraisal Institute.

This opportunity to provide appraisal services to your organization is appreciated, and questions from authorized users of the report will be welcomed if any aspect of the research or analysis requires clarification.

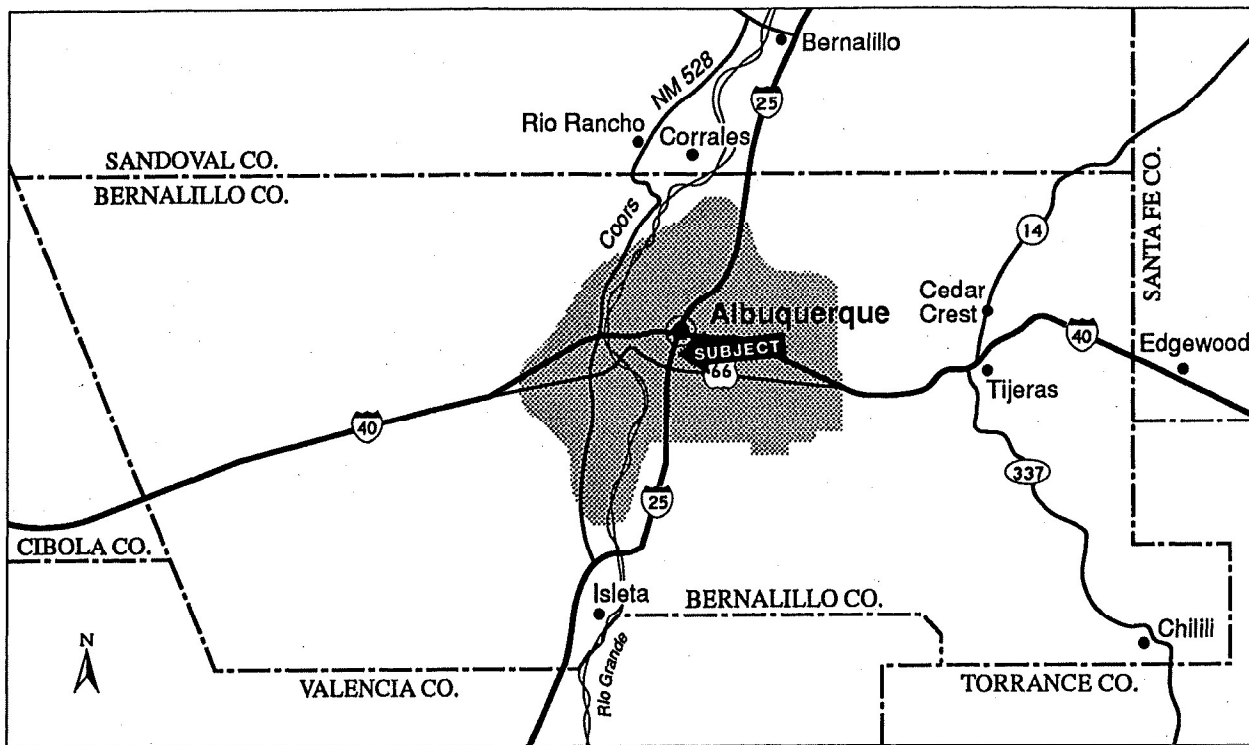
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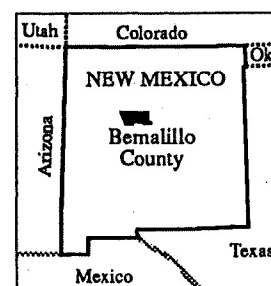
Joshua Cannon, MAI

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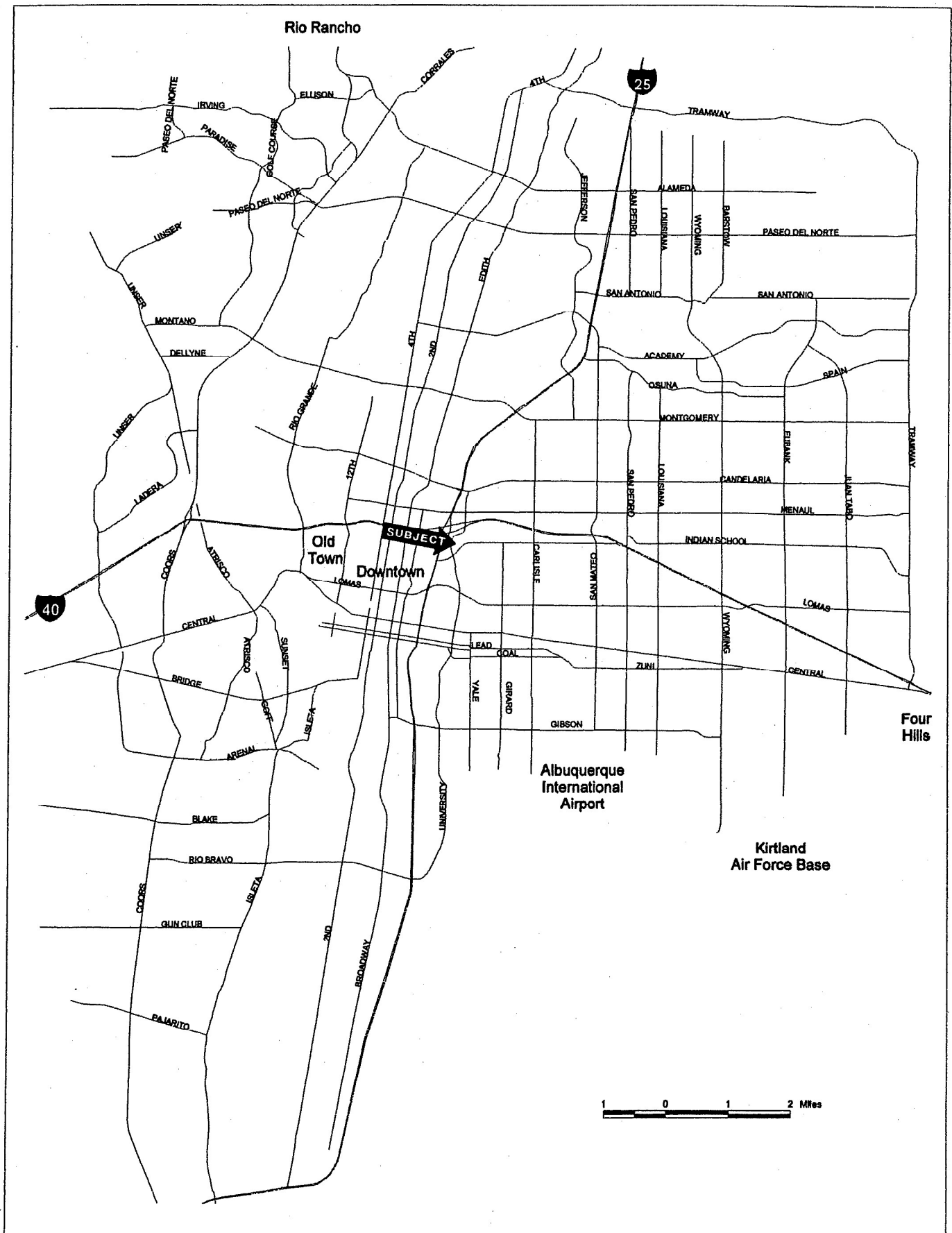
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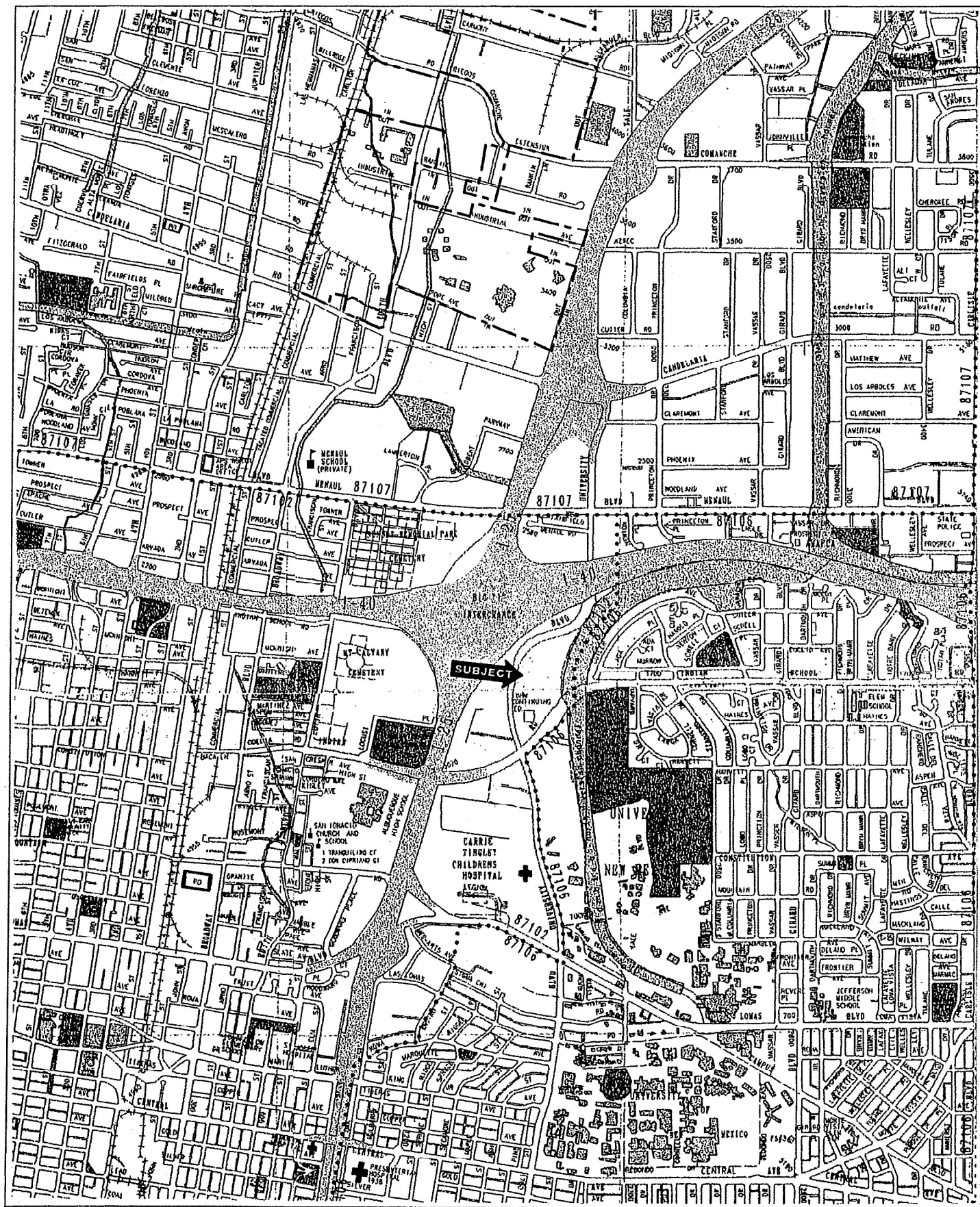


Map Design by INFORMATION ILLUSTRATED, 1991

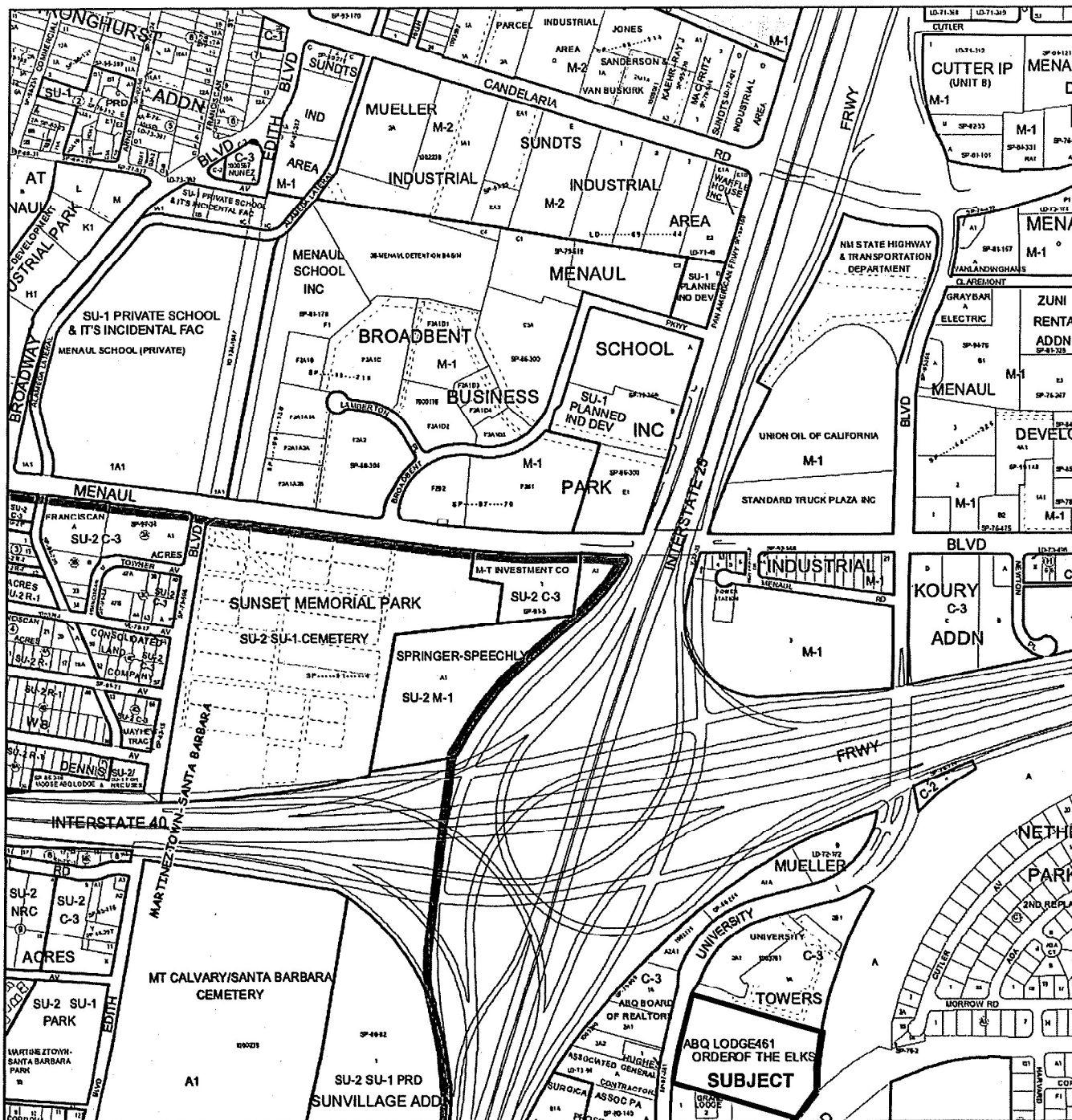


Regional Location Map

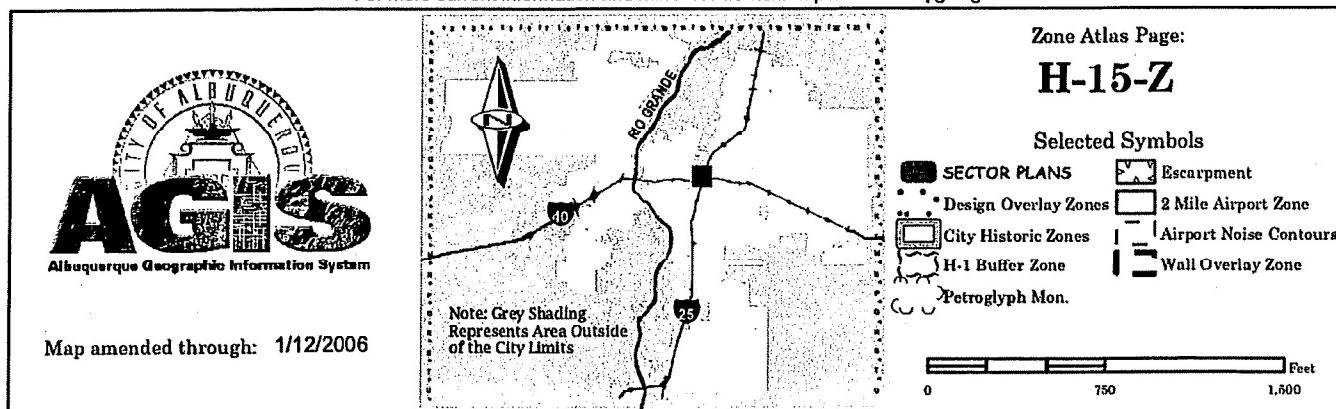




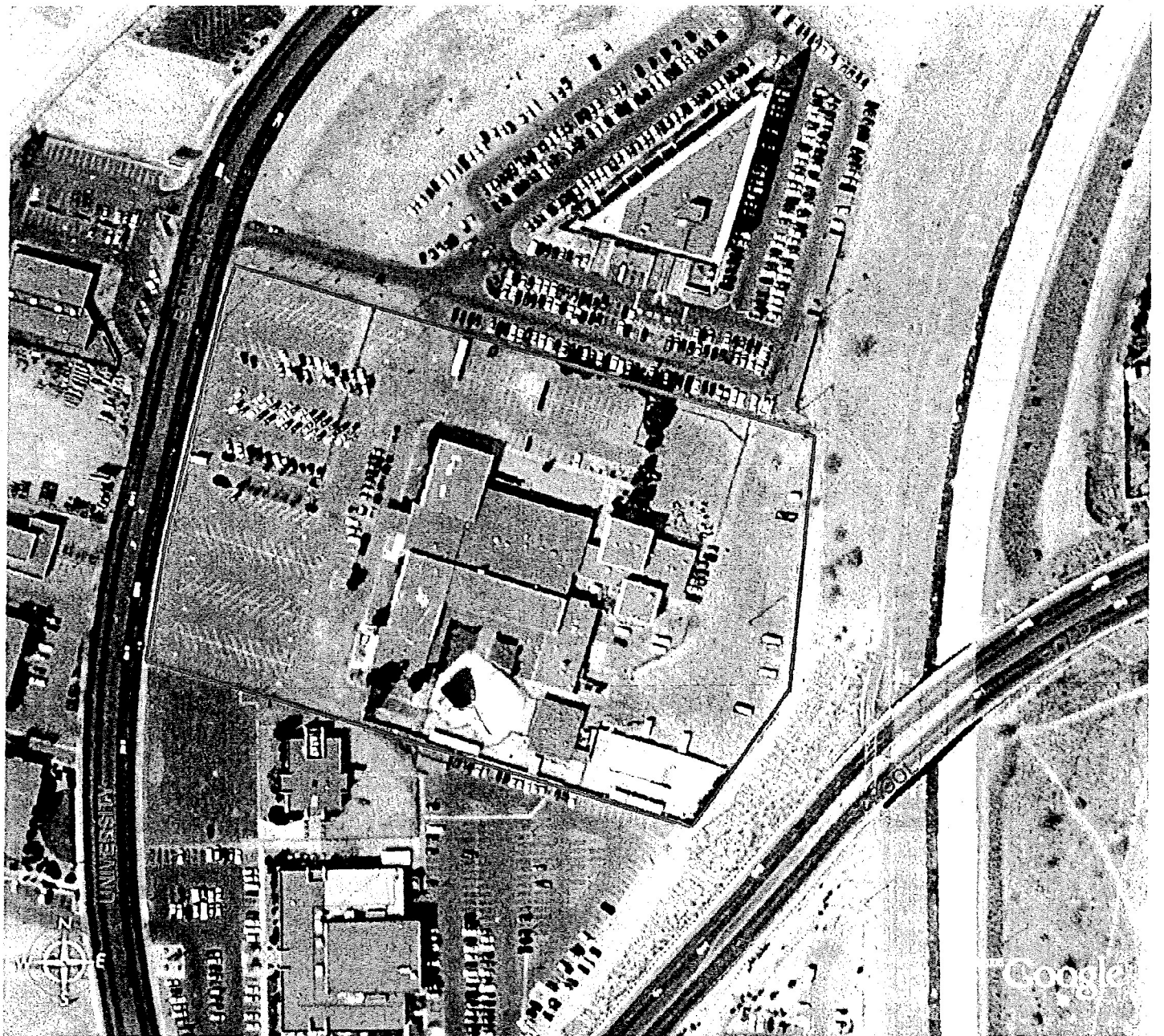
Neighborhood Map



For more current information and more details visit: <http://www.cabq.gov/gis>





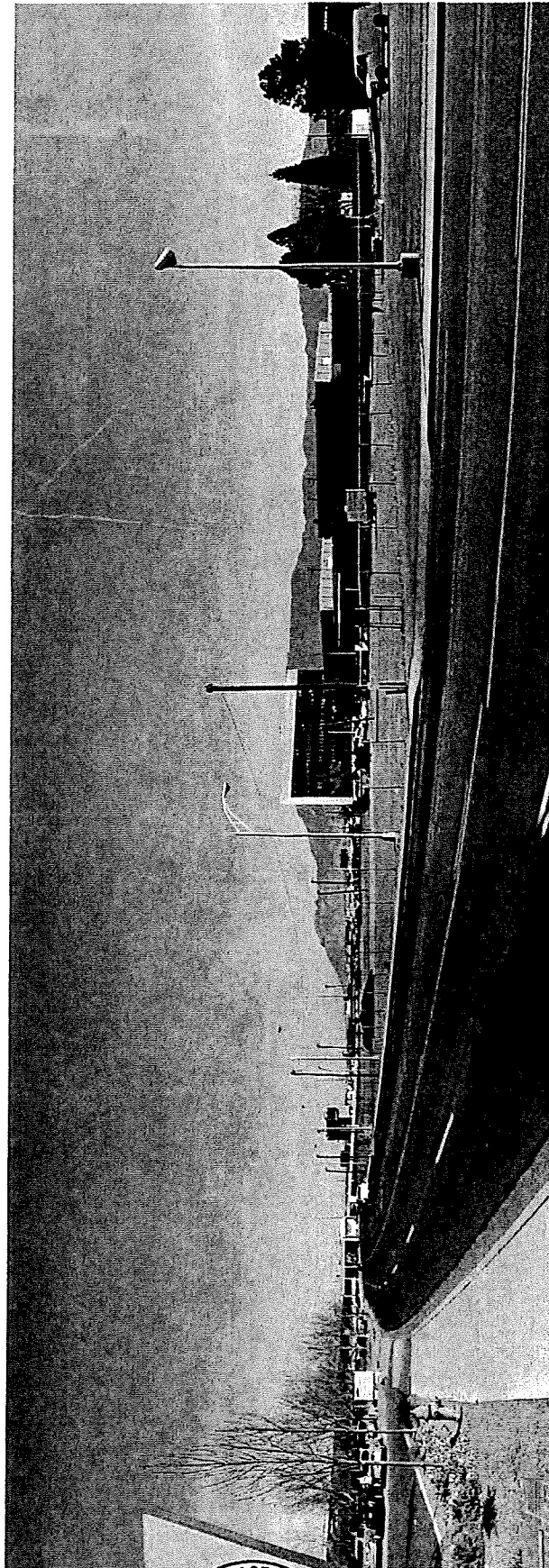


Property Photographs
Former Albuquerque Elks Club
1642 University Boulevard NE
Albuquerque, New Mexico



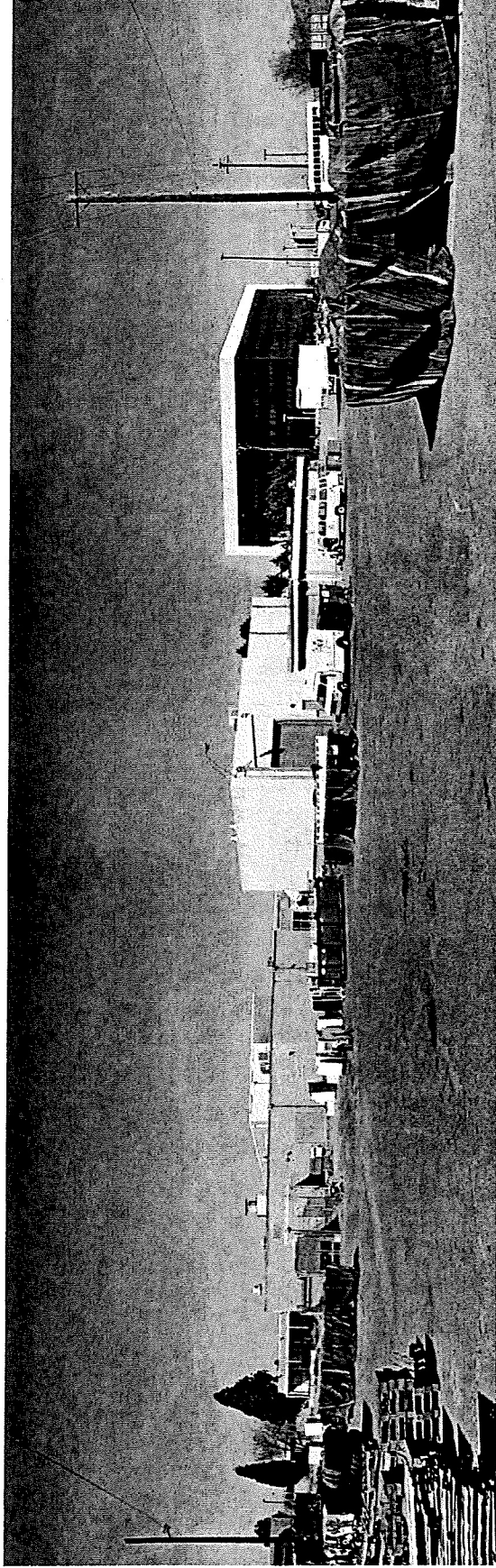
Panoramic view to the southeast toward the subject property. The road on the left is an access easement on the adjoining property that benefits the subject.

Property Photographs
Former Albuquerque Elks Club
1642 University Boulevard NE
Albuquerque, New Mexico



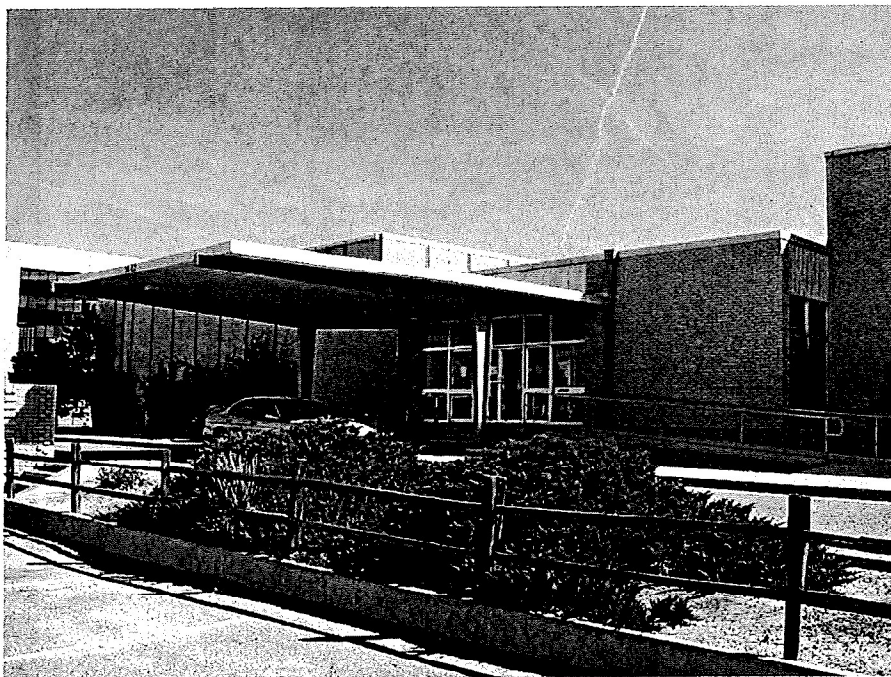
Panoramic view to the northeast along University Boulevard. The subject property is on the right.

Property Photographs
Former Albuquerque Elks Club
1642 University Boulevard NE
Albuquerque, New Mexico

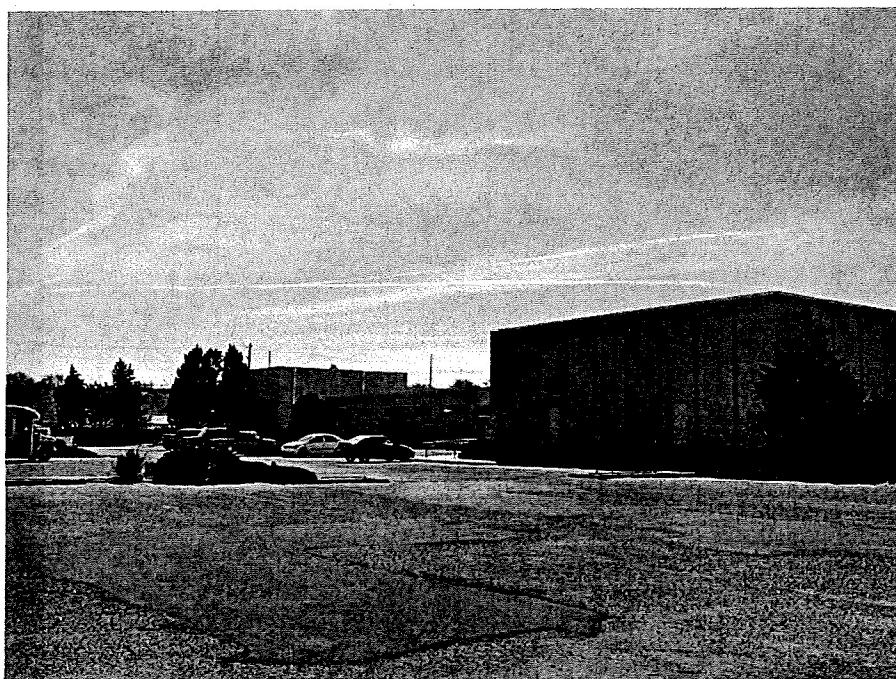


Panoramic view of the rear of the subject building.

**Property Photographs
Former Albuquerque Elks Club
1642 University Boulevard NE
Albuquerque, New Mexico**

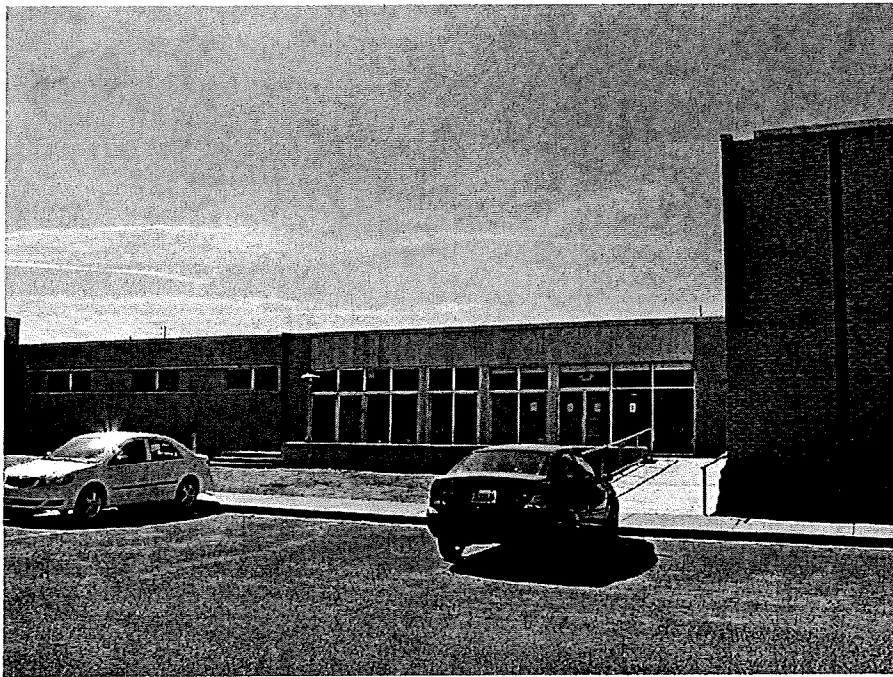


Main building entrance

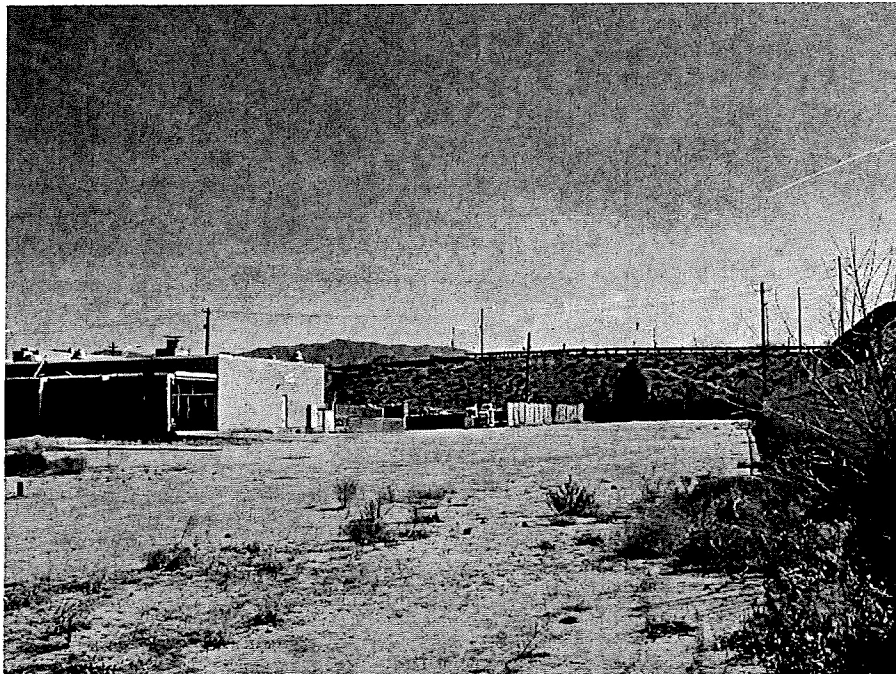


North building elevation

**Property Photographs
Former Albuquerque Elks Club
1642 University Boulevard NE
Albuquerque, New Mexico**

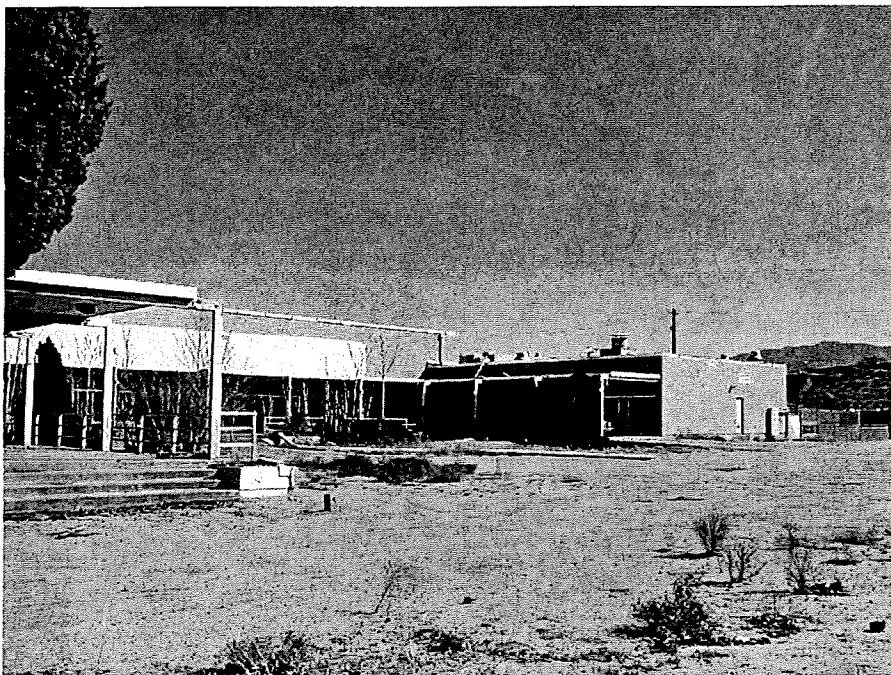


Entrance at the north elevation



South portion of the site where the swimming pools have been removed.

**Property Photographs
Former Albuquerque Elks Club
1642 University Boulevard NE
Albuquerque, New Mexico**



South building elevation



Renovated area use by document storage.

**Property Photographs
Former Albuquerque Elks Club
1642 University Boulevard NE
Albuquerque, New Mexico**

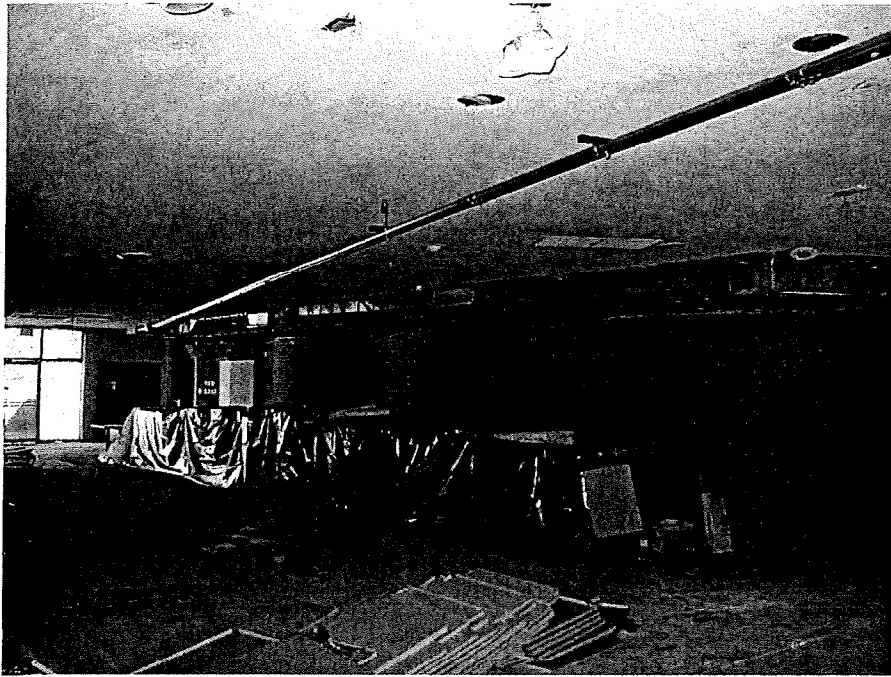


Former Lodge room

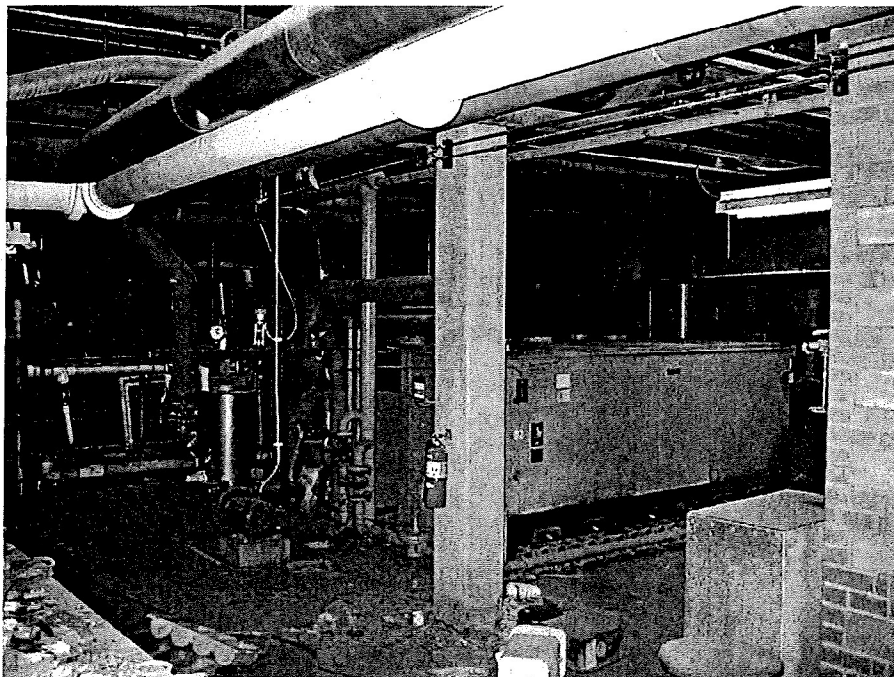


Former kitchen

**Property Photographs
Former Albuquerque Elks Club
1642 University Boulevard NE
Albuquerque, New Mexico**



Former Lounge now used for storage.

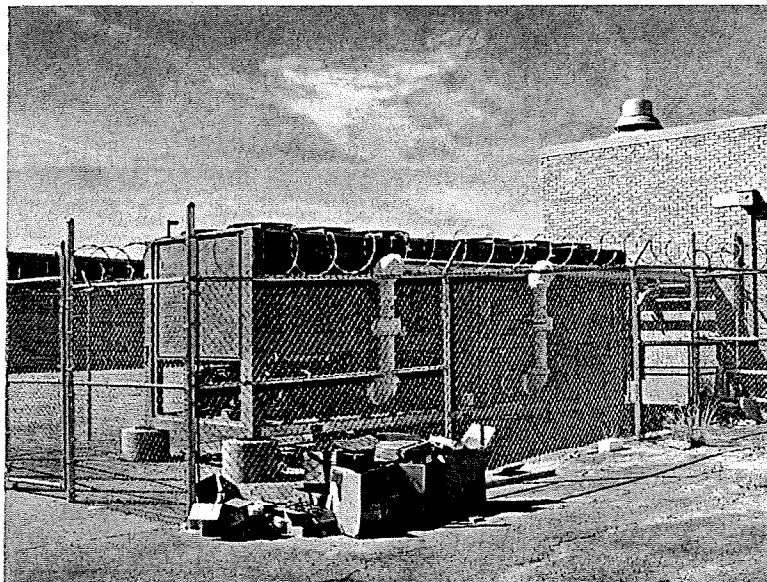


Mechanical basement

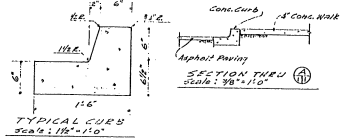
**Property Photographs
Former Albuquerque Elks Club
1642 University Boulevard NE
Albuquerque, New Mexico**



Former basketball court now used for storage.



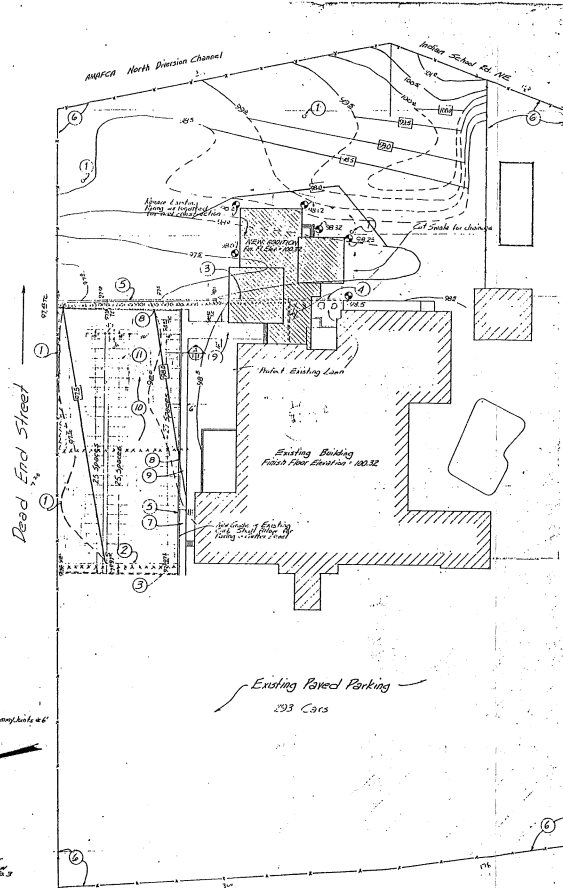
New HVAC chiller



Site Plan Legend

- Existing Trees to be Removed By Owner
- Existing Trees to Remain
- Existing Contour Lines to Remain
- Existing Contour Lines to be Removed
- New Contour Lines
- Existing Curb & Gutter to Remain
- Existing Curb or Masonry Wall to be Removed
- Existing Sidewalk to Remain
- New Curb & Gutter
- New 4" Conc. Sidewalk Expansion Joints w/ 18" O.C. Rebar, 12" x 18"
- New 2" Asphalt Paving
- Existing Asphalt Paving

DESCRIPTION:
A Road of Long History, the Road of
Albuquerque, New Mexico, is the
historic, corporate of the City of Albuquerque,
at the City of Albuquerque, New Mexico.



SITE PLAN

1" = 40'-0"

Keyed Notes

- 1 Existing Light Pole.
- 2 Existing chain link fence to be removed by Owner.
- 3 Remove existing concrete curb.
- 4 Remove existing block wall 2' or high.
- 5 Existing curb to remain.
- 6 Existing chain link fence to remain.
- 7 Existing sidewalk to remain.
- 8 New concrete curb and gutter.
- 9 New 4" concrete sidewalk w/ expansion joints w/ 18" O.C. and every 12' x 18" O.C.
- 10 New 2" asphalt paving.
- 11 Painted parking stripes 4' wide.



SITE 11.00 1/2" of 18

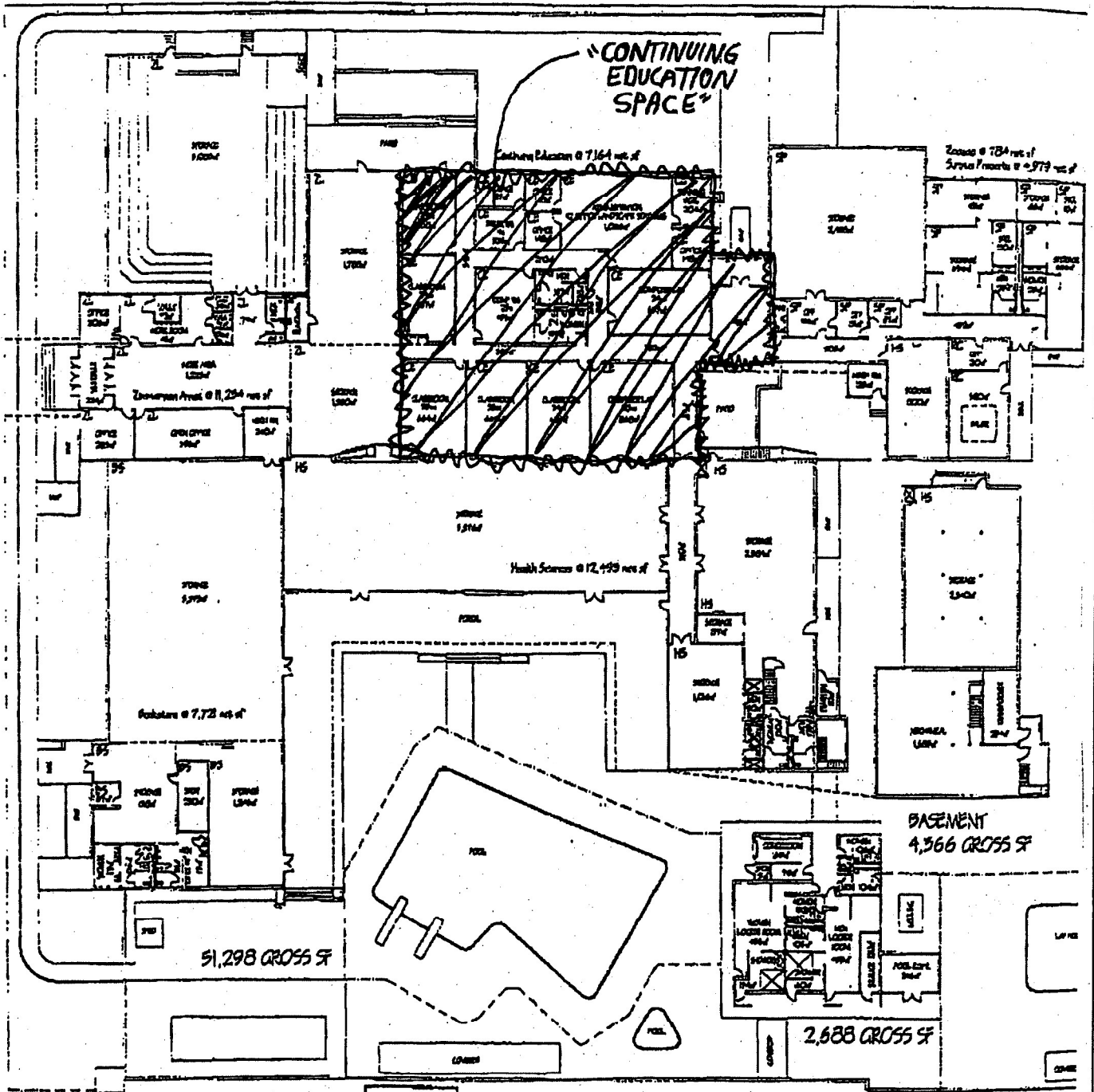
1969 AMERICAN TO S.P.O.C. 10000 100, 400

1042 University Blvd. NE
Albuquerque, New Mexico

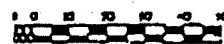
Joe Boudreau, AIA - Architect
2000 Curiale Blvd. NE
Albuquerque, New Mexico

1-24 69

EXHIBIT C



1642 UNIVERSITY BLVD. NE PROPOSED



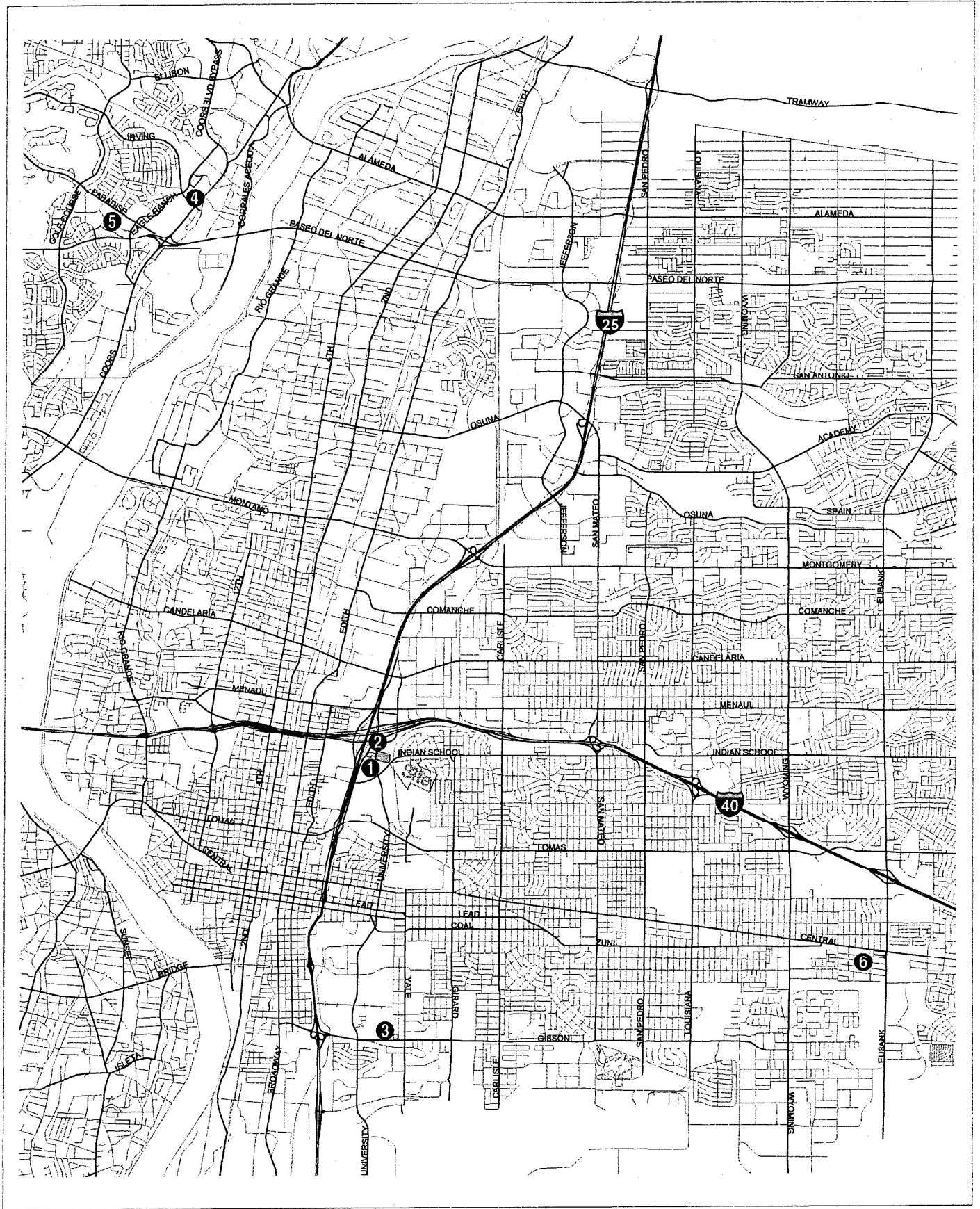
JNE 11, 2001 J:MX

LEGEND CE CONTINUING EDUCATION

RC RECYCLING

HS HEALTH SCIENCES

החלטתו של בית דין



Land Comparable 1

Comp # 10816

Commercial
Land Sale

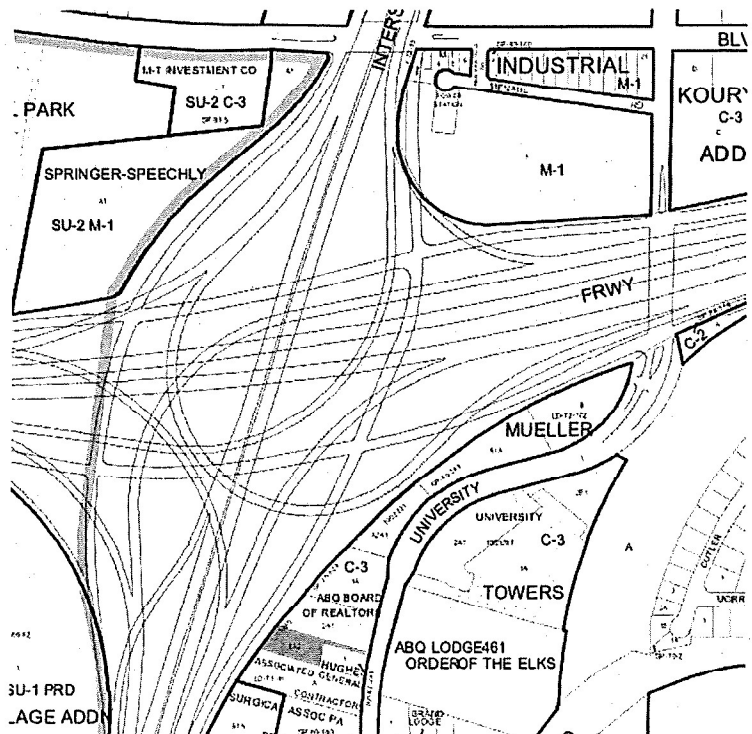
Project Name	Parking for adjoining office building	Sale Price	\$225,000
Location	West side of University Boulevard NE just east of I-25 just south of I-40	Date of Sale	6 Aug 2004
Street Address	NE	Acres	0.7101
City, County, State	Albuquerque Bernalillo New Mexico	Net Acres	
Legal Description	Lands of Albuquerque Board of Realtors, Sly portion of Lot 2-A, replatted to Lot 2A2	Price/Acre (Net)	\$316,856
		Square Feet	30,932
		Net SF	
		Price /SF (Net)	\$7.27
		Number Lots/DUs	
		Sale Price/DU	
Market Area	SE Heights	Zoning	C-3
Arterial Location	Minor/Collector		
	Map Page	H-15	

Grantor	Principios L L C (Kirby Gabrys)
Grantee	Chamisa Properties L L C (Leroy A Pacheco)
Terms	Cash to seller
Document Number	04-112179
Document Type	Warranty Deed

Plat	B15-132	Utilities	All available
Tax ID Number	1-015-059-318-008-4-05-05*	Topography	Relatively level
Development Timing	Future		
Intended Use	Parking lot		
Off-site Infrastructure	Typical		

Comments

This site has 15 feet of frontage on University Boulevard and a gooseneck access drive extending 200 feet westward to the body of the site. It wraps around an existing office building that fronts on University Boulevard and it was purchased for additional parking.



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Land Comparable 2

Commercial

Comp # 10797

Project Name Vacant Land
Location West side of University Boulevard NE, south of Interstate 25
Street Address NE
City, County, State Albuquerque Bernalillo New Mexico
Legal Description Lands of Albuquerque Board of Realtors, Lot 2-A

Sale Price \$600,000
Date of Sale 20 Feb 2004
Acres 2.1127
Net Acres
Price/Acre (Net) \$283,997
Square Feet 92,029
Net SF
Price /SF (Net) \$6.52
Number Lots/DUs
Sale Price/DU
Zoning C-3

Market Area SE Heights
Arterial Location Minor/Collector
Map Page H-15

Grantor Albuquerque Board of Realtors (Joe Gilmore)

Grantee Principios L L C

Terms Cash to seller

Document Number 04-023320

Document Type Warranty Deed

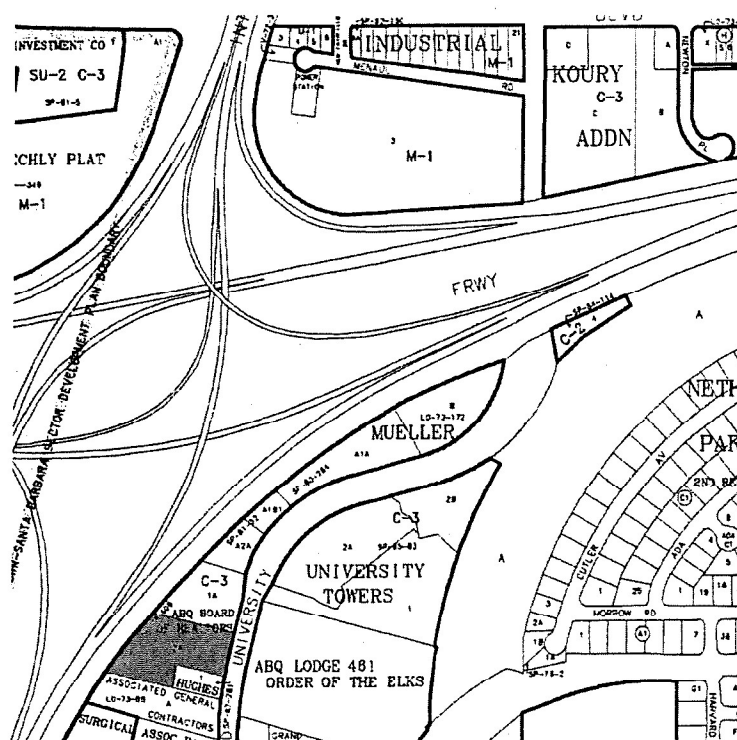
Plat B15-132
Tax ID Number 1-015-059-318-008-4-05-05
Development Timing
Intended Use Office
Off-site Infrastructure Typical

Utilities All available

Topography Level

Comments

Level site on University Boulevard north of Indian School Road. The site adjoins the Albuquerque Board of Realtors office to the north and was sold as excess land. Buyers sold 0.71 acres on the south side to adjacent owner for \$7.27 per square foot. They plan to develop a medical office building with 18,900 square feet, to be 50% owner occupied by Renal Medicine Associates.



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Land Comparable 3

Comp # 10828

Commercial
Land Sale

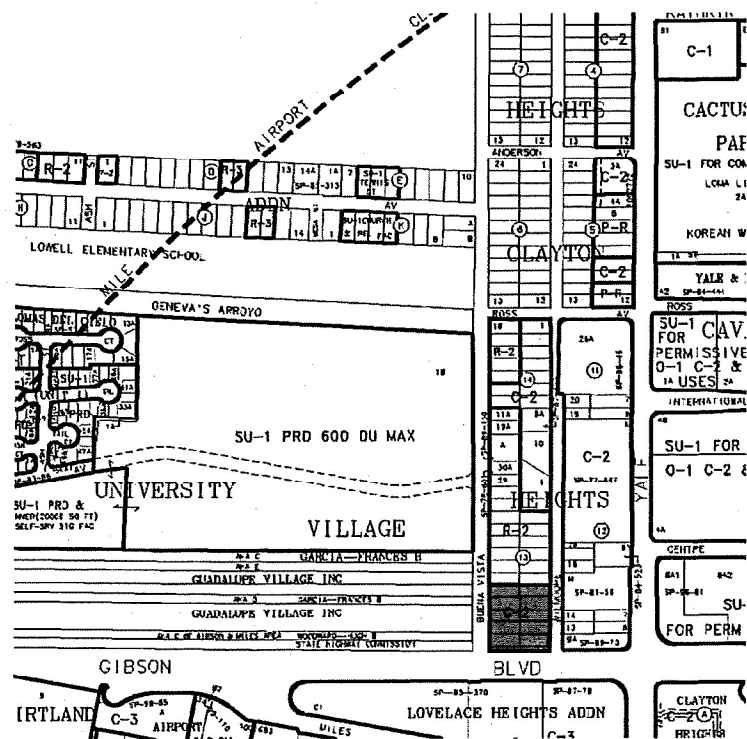
Project Name	Planned IHOP Restaurant			Sale Price	\$500,000
Location	North side of Gibson Blvd. SE between Wilmoore Drive & Buena Vista, just west of Yale Boulevard			Date of Sale	9 Aug 2005
Street Address	SE			Acres	1.5249
City, County, State	Albuquerque	Bernalillo	New Mexico	Net Acres	
Legal Description	Clayton Heights, Block 13, Lot 20-A			Price/Acre (Net)	\$327,890
				Square Feet	66,425
				Net SF	
				Price /SF (Net)	\$7.53
				Number Lots/DUS	
				Sale Price/DU	
Market Area	Airport Area			Zoning	C-2
Arterial Location	Major				
		Map Page	L-15		

Grantor	Valet Instant Parking Inc (William K Wilson)				
Grantee	Shiprock Enterprise Ltd (William W Butler Jr, Lubbock, TX)				
Terms	Cash to seller				
Document Number	05-116486		Document Type	Warranty Deed	

Plat	2005C-269	Utilities	All available
Tax ID Number	1-015-056-499-054-4-01-26*		
Development Timing	Future		
Intended Use	Restaurant	Topography	Level
Off-site Infrastructure	Typical		

Comments

This is a double corner with frontage on Gibson Boulevard, Wilmoore Drive and Buena Vista Drive. There are median breaks with left turn lanes on Gibson at both streets. The site was listed for sale approximately two years at \$650,000, or \$9.82 per square foot.



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Land Comparable 4

Commercial Land Sale

Comp # 10733

Project Name	Future Cowboy Corral Kia Dealership		
Location	Southeast corner of Eagle Ranch Road & Westside Drive NW		
Street Address	NW		
City, County, State	Albuquerque	Bernalillo	New Mexico
Legal Description	Adobe Wells, Tracts B-1 and C-1		

Sale Price	\$1,490,297
Date of Sale	31 Mar 2004
Acres	6.3345
Net Acres	
Price/Acre (Net)	\$235,267
Square Feet	275,931
Net SF	
Price /SF (Net)	\$5.40
Number Lots/DUs	
Sale Price/DU	
Zoning	SU-1 IP C-2/R-2 uses

Market Area NW Mesa **Map Page** B-13
Arterial Location Minor/Collector

Grantor Huning Limited Partnership

Grantee	PFT-ABQ, LLC
----------------	--------------

Terms	\$1,223,619 cash and the assumption of a Special Assessment District (SAD) obligation for \$266,678
--------------	---

Document Number 04-042426

Document Type Special Warranty Deed

Plat C35-7 & 99C-329.

Utilities	All available
-----------	---------------

Tax ID Number

Development Timing Immediate

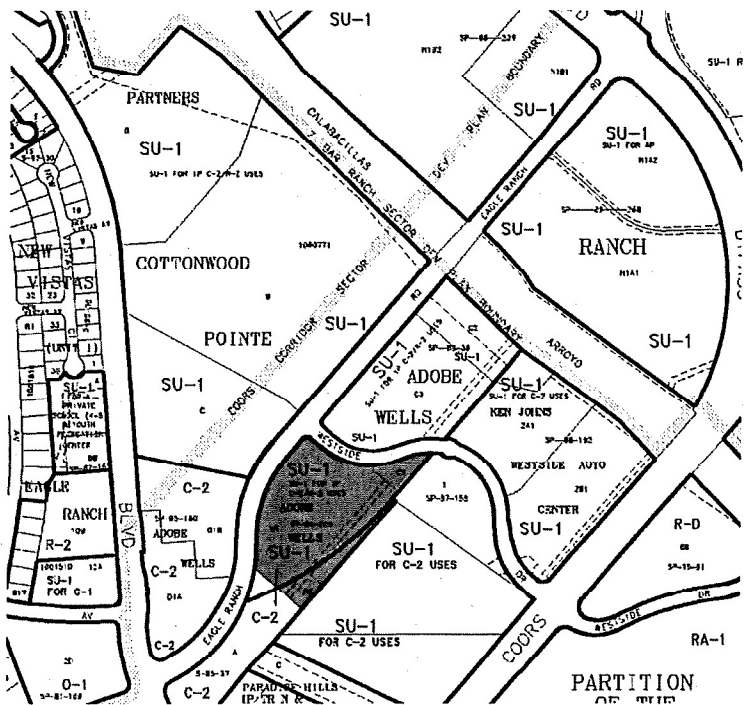
Intended Use	Dealership
--------------	------------

Off-site Infrastructure Typical

Topography Relatively level

Comments

This is a functional site on a secondary arterial near the Cottonwood Mall. There are several dealerships in the area fronting Coors Boulevard and Coors Bypass Boulevard. The total sale price shown includes the actual purchase price of \$4.43/SF and the assumption of an SAD encumbrance for \$0.97/SF. Along the rear of the site is a 108-foot-wide permanent underground drainage easement. The buyer plans to construct the Cowboy Corral Kia automobile dealership.



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Land Comparable 5
Industrial

Comp # 10933

Project Name	Planned First Baptist Church Campus			Sale Price	\$3,000,000
Location	Northeast corner of Paseo del Norte & Richland Hills Road NW, east of Golf Course Road			Date of Sale	3 Jun 2005
Street Address	NW			Acres	13.3147
City, County, State	Albuquerque	Bernalillo	New Mexico	Net Acres	
Legal Description	Richland Hills Unit 1, Tract B			Price/Acre (Net)	\$225,315
				Square Feet	579,988
				Net SF	
				Price /SF (Net)	\$5.17
				Number Lots/DUs	
				Sale Price/DU	
Market Area	NW Mesa	Map Page	C-12	Zoning	SU-1
Arterial Location	Major				IP uses w/ exceptions

Grantor	STH Investments Inc (Michael D Sivage)				
Grantee	First Baptist Church of Albuquerque, New Mexico (James Roach)				
Terms	\$2,710,006 cash and \$289,994 seller mortgage due at the earlier of five years or the sale of the borrower's existing church at 101 Broadway NE. The mortgage has no interest.				
Document Number	05-079671		Document Type	Special Warranty Deed	

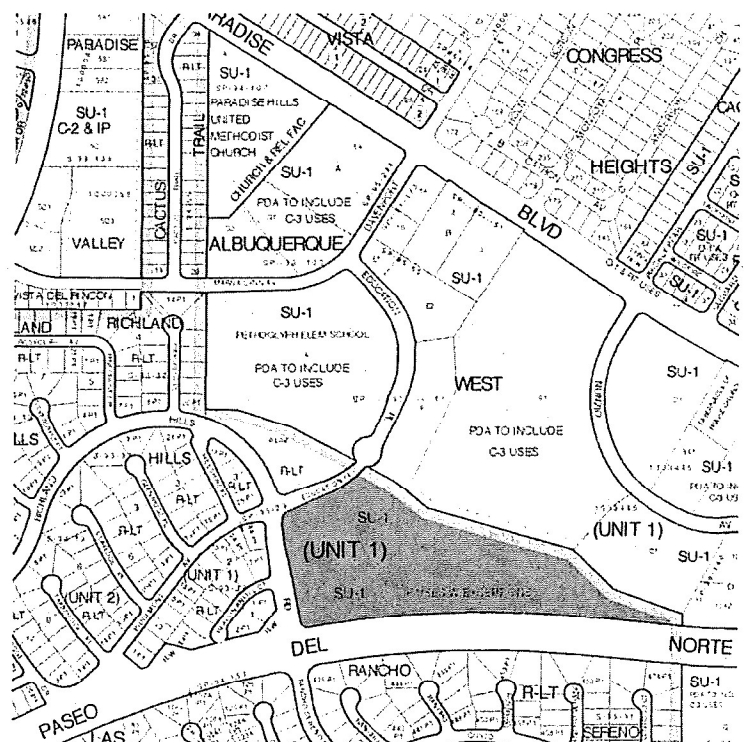
Plat	94C-148
Tax ID Number	1-012-064-394-287-1-19-01
Development Timing	Immediate
Intended Use	Church campus
Off-site Infrastructure	Typical

Utilities All available

Topography Mostly level

Comments

The buyer plans to construct a large church and supporting activity/school buildings. The eastern portion of the site has a triangular shape and some land is unusable. The site is zoned SU-1 for IP Uses, with specific restrictions prohibiting gas sales, car washes and auto repair. IP zoning allows offices, restaurants, banking, hotel/motel, and limited retailing and commercial services. Paseo del Norte is access-controlled and specific access is from Richland Hills Drive and Education Place. The access, zoning and non-arterial intersection location are limiting factors in the intensity of commercial development this site could support. The sale price was confirmed with the buyer, who reports they were provided with an appraisal for \$3,800,000. It is probable the seller received a charitable donation tax deduction on the \$800,000 difference.



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Land Comparable 6Commercial
Land Sale

Comp # 10916

Project Name Planned Commercial Subdivision
Location Southwest corner of Central Avenue & Eubank Boulevard SE
Street Address SE
City, County, State Albuquerque Bernalillo New Mexico
Legal Description Skyline Heights, Blocks 8, 9, Ely 1/2 of Block 7 (w/ ex.); vacated Espejo and Glorieta Sts
Market Area SE Heights **Map Page** L-20
Arterial Location Major

Sale Price \$2,229,092
Date of Sale 13 Mar 2005
Acres 5.2500
Net Acres
Price/Acre (Net) \$424,589
Square Feet 228,690
Net SF
Price /SF (Net) \$9.75
Number Lots/DUs
Sale Price/DU
Zoning C-2

Grantor Barry, Suellen
Grantee Vista Oriente L C (John Sedberry/ Jeffrey Jesionowski)
Terms Cash to seller
Document Number 05-037171

Document Type Warranty Deed

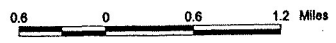
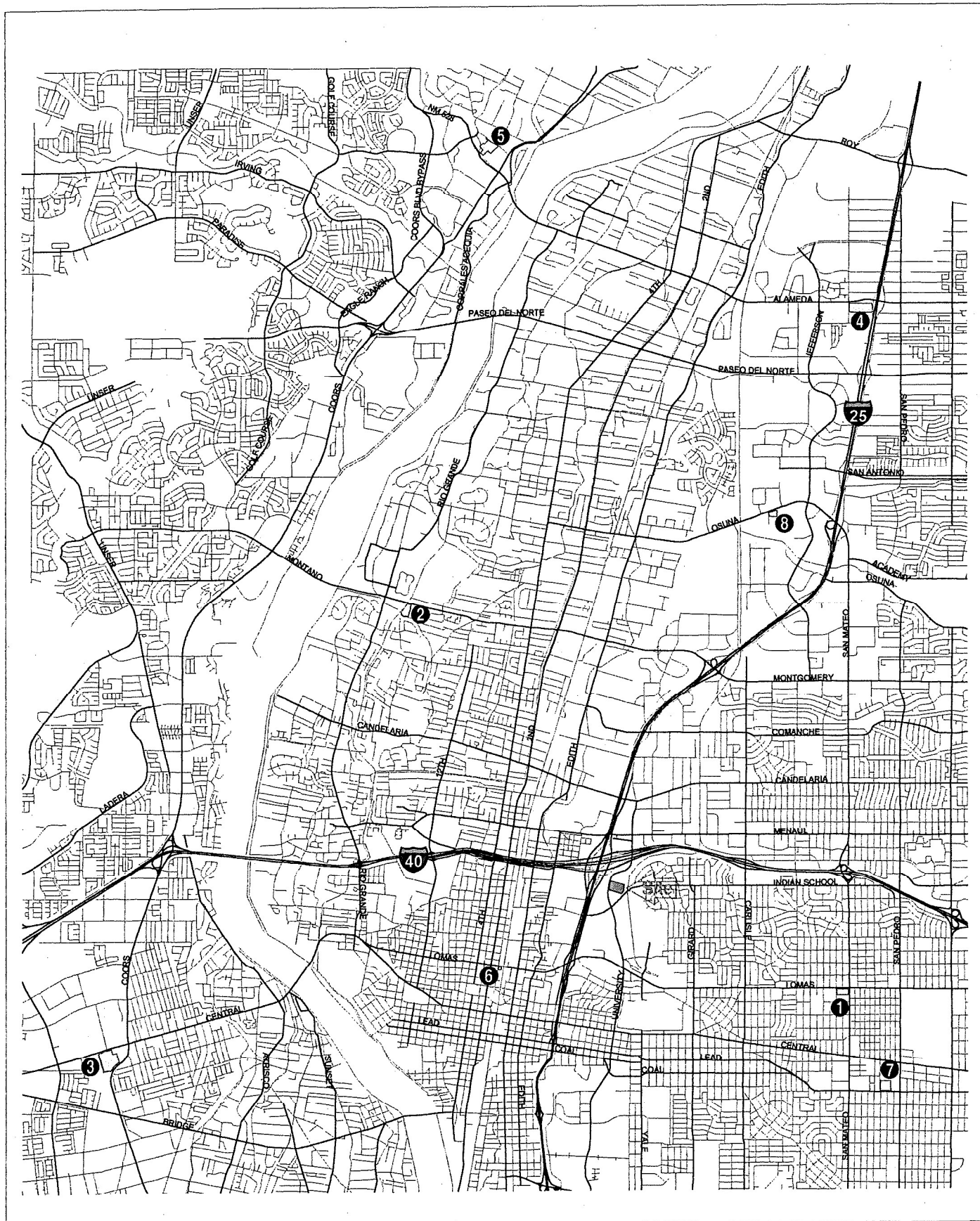
Plat C1-198
Tax ID Number 1-020-056-526-493-1-16-12*
Development Timing Immediate
Intended Use Comm. subd. including Walgreens
Off-site Infrastructure Typical

Utilities All available**Topography** Level**Comments**

This is an arterial corner site that the buyers plan to subdivide for multiple pad uses. A Walgreens will be developed on the hard corner.



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Improved Sale 1Retail
Shopping Center

Entry Date 3- 9-2006

Comp # 20456

Project Name	Planned Retail Renovation			Sale Price	\$2,800,000
Location	Southwest corner of San Mateo Boulevard and Lomas Boulevard NE			Date of Sale	25 Jan 2006
Street Address	5112 Lomas Boulevard		NE	Gross Building Area	58,600
City, County, State	Albuquerque	Bernalillo	New Mexico	Rentable Area	58,600
Legal Description	Tract 29-A-1, Heights Reservoir			\$/SF Gross/Rentable	\$47.78 / \$47.78
				Land Area (Ac/SF)	3.9813 / 173,425
				Effective Gross Expenses	
				Net Income	
Plat	95C-450	Tax ID		EGIM	
Market Area	SE Heights	Map Page	K-17	Overall Rate	
Arterial Location	Major			FAR	33.8%
Zoning	C-2			Year Built	1960s
Grantor	American Stores Properties Inc./Jewel Food Stores Inc.				
Grantee	San Mateo & Lomas LLC (Red Mountain Retail Group)				
Terms	Cash to seller				
Document Number	06-013096	Type	Special Warranty Deed		

Property Description

The site is improved with two old buildings containing three large retail spaces of frame/stucco and block construction. Structural integrity is reported to be good, but the buyer expects to perform complete renovations of the exterior, roof, HVAC and site improvements. Ceiling heights are over 12 feet.

Parking Ratio Adequate**Vacancy****Marketing Time****Rental Information****Comments**

The building space was formerly occupied by a used car dealer, a thrift store and a drug store. The last lease to the drug store is expiring, which triggered the real estate sale to a regional retail developer, who will completely renovate the space for re-lease to national and local tenants. The developer intends to re-use all of the building area.

Asking rents as of March 2006 are \$9.00/SF for 13,000 - 42,000 SF, and \$15.00 - \$18.00/SF for 1,500 - 5,000 SF. This is a major arterial intersection in an older suburban area of Albuquerque.



Improved Sale 2Office
Multi-Tenant

Entry Date 3- 8-2006

Comp # 20453

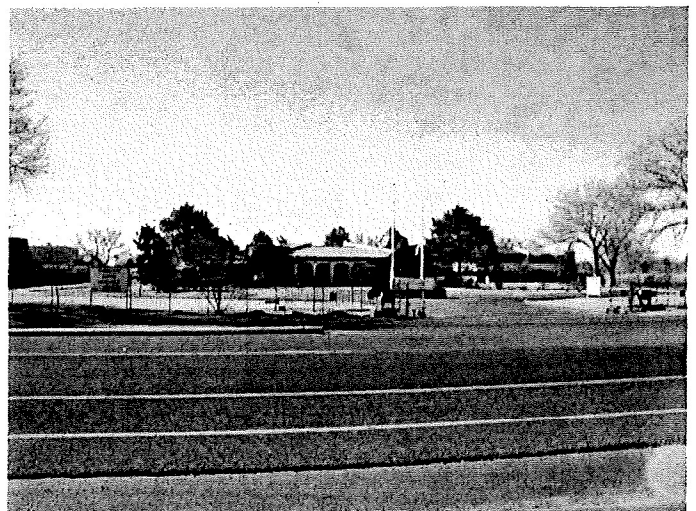
Project Name	Former Ranchers Office Campus		Sale Price	\$1,125,000	
Location	South side of Montano Road NW, east of Rio Grande Boulevard		Date of Sale	21 Jun 2004	
Street Address	1776 Montano Road	NW	Gross Building Area	24,592	
City, County, State	Albuquerque	Bernalillo New Mexico	Rentable Area		
Legal Description	Los Poblanos Ranch, SWly portion of Tract 8-A-1		\$/SF Gross/Rentable	\$45.75	/
			Land Area (Ac/SF)	4.9690	/216,450
			Effective Gross		
			Expenses		
			Net Income		
Plat	LD-77	Tax ID 1-013-061-357-365-4-11-49	EGIM		
Market Area	North Valley	Map Page F-13	Overall Rate		
Arterial Location	Minor/Collector		FAR	11.4%	
Zoning	A-1		Year Built	1968 - 75	

Grantor Wells Fargo National Bank (Logan B Manatt)**Grantee** Unser, Al Sr.**Terms** Cash to seller**Document Number** 04-088161**Type** Special Warranty Deed**Property Description**

Three freestanding buildings of frame-stucco and block-stucco construction containing 19,592 square feet of office and 5,000 square feet of health spa, including a racquetball court. Mostly good to average quality construction, but condition was fair.

Parking Ratio Adequate**Vacancy** Approximately 30%**Marketing Time** Approximately one year**Rental Information****Comments**

This property was developed by Maxie Anderson as a corporate headquarters for his mining company and then converted into office condominiums in 1987. The condominium declaration was dissolved in 1997 after one buyer consolidated all of the condos. At the date of sale, one of the buildings containing 8,860 square feet was operated as executive offices and the remaining space was vacant. The buyer plans to convert the front building (7,908 square feet) into the Unser Racing Museum. The future of the remaining buildings is uncertain, but they will be operated as rental space in the interim. This property has an unusual location for an office complex, and the floor plans of the buildings are below average. It has suffered marketability problems since the conversion to condos. The estimated land value at the time of sale was approximately \$4.25 per square foot.



Improved 3

Entry Date 2-21-2006

Comp # 20452

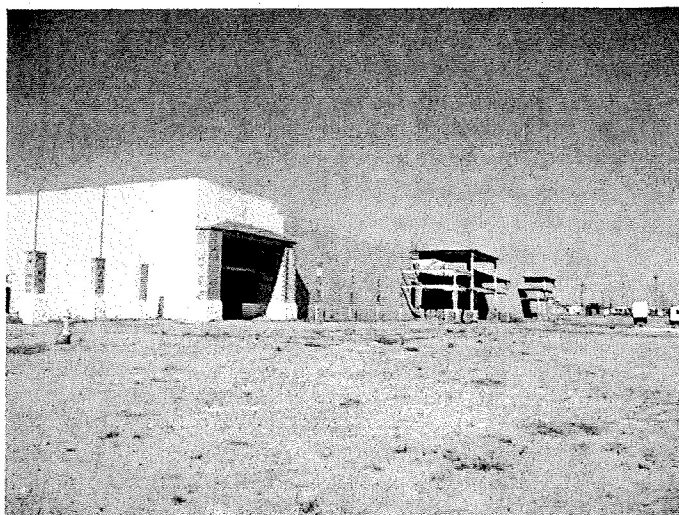
Project Name	Incomplete Super Kmart/Future Verizon Call Center	Sale Price	\$7,650,000
Location	Southwest quadrant of Central Avenue and Coors Boulevard SW	Date of Sale	11 Jan 2006
Street Address	7000 Central Avenue SW	Gross Building Area	179,979
City, County, State	Albuquerque Bernalillo New Mexico	Rentable Area	179,979
Legal Description	Coors Plaza, Tracts A-1, C-1, D-1, F-1; Town of Atrisco, Unit 6, northerly portion of Tract 60	\$/SF Gross/Rentable	\$42.50 / \$42.50
		Land Area (Ac/SF)	19.5344 /850,918
		Effective Gross Expenses	
		Net Income	
Plat	2001C-321	EGIM	
Market Area	SW Mesa	Overall Rate	
Arterial Location	Major	FAR	21.2%
Zoning	C-2	Year Built	2002

Grantor Coors Plaza LLC (J Howard Mock)**Grantee** Coors/Central Realty LLC (Scott Anderson, Boston, MA)**Terms** Cash to seller**Document Number** 06-005757**Type** Special Warranty Deed**Property Description**

This partially completed building was intended to be a Super Kmart, but construction was halted in February 2002 after Kmart declared bankruptcy. Completed construction included the perimeter concrete block walls, a portion of the interior partition walls, about 90% of the roof, the HVAC units and the concrete portion of the site improvements.

Parking Ratio Adequate**Vacancy****Marketing Time** About two years**Rental Information****Comments**

This building was under construction as a build-to-suit store for Kmart and ownership went to the developer/contractor after Kmart declared bankruptcy. The owner estimated it would cost approximately \$3,125,000 in hard costs to complete the building and site improvements to "warm shell" condition. The grantee will complete the building as a turnkey call center for Verizon Wireless, including constructing an additional 17,698 square feet of new space. The completed 197,677-square-foot facility will be leased to Verizon for a term of 11 years at a starting rate of \$10.70 per square foot, triple net. The grantee received an acquisition and development mortgage of \$21,600,000 from Citizens Bank of Massachusetts.



Improved Sale 4Industrial
Manufacturing

Entry Date 12-22-2002

Comp # 20187

Project Name	Former Levi Strauss Manufacturing Facility		Sale Price	\$5,250,000
Location	West side of Pan American Freeway NE south side of Alameda east side of San Mateo just west of I-25		Date of Sale	10 Jun 2002
Street Address	8725 Pan American Freeway	NE	Gross Building Area	97,780
City, County, State	Albuquerque	Bernalillo	New Mexico	Rentable Area
Legal Description	Levi Strauss & Co, Tract 1		\$/SF Gross/Rentable	\$53.69 /
			Land Area (Ac/SF)	12.1491 /529,213
			Effective Gross Expenses	
			Net Income	
Plat	98C-249	Tax ID	1-018-064-061-333-2-03-17	
Market Area	North I-25	Map Page	C-18	
Arterial Location	Major		EGIM	
Zoning	SU-2	M-1	Overall Rate	
			FAR	0.185
			Year Built	1971

Grantor Honeywell Power Systems Inc (Philip Hammel, Morristown, NJ)

Grantee Pan Am 25 Phase II Manufacturing L L C (Ben F Spencer/ Kevin L Reid)

Terms Cash to seller

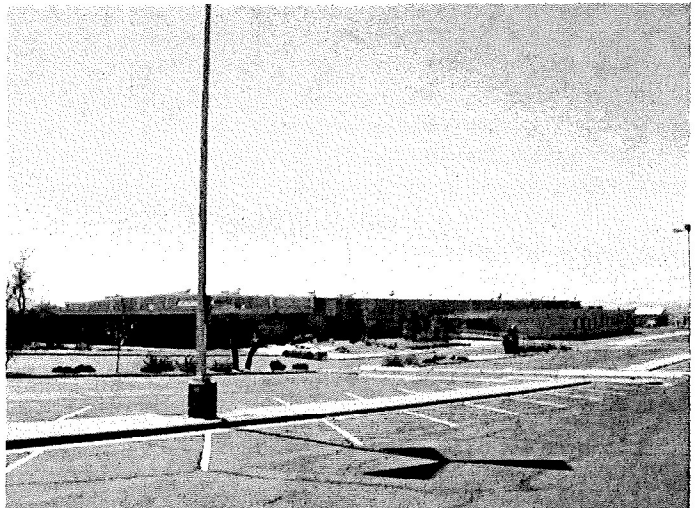
Document Number 02-076519**Type** Special Warranty Deed**Property Description**

Large box warehouse and manufacturing facility. Masonry block construction with pre-manufactured steel truss roof supports and interior steel columns. Ceiling heights in the main warehouse area are from 20 to 24 feet. A dual chilled-water cooling system and a dual-boiler heating system. Manufacturing area included sprinklers, an acoustical ceiling grid, and surface-mounted fluorescent lighting.

Main warehouse is 83,380 SF (85% of GBA) and office is 14,400 (15% of GBA).

Parking Ratio**Vacancy** 100% vacant at time of sale**Marketing Time****Rental Information****Comments**

The comparable was originally constructed by Levi Strauss & Co. to manufacture clothing. Levi sold the real estate to Allied Signal Power Systems for \$3,400,000. Allied was subsequently acquired by Honeywell and they performed extensive renovations. Honeywell used the plant for the manufacture of electric generators. They vacated the building and sold the property to the current owners who intend to convert the space to office.



Improved Sale 5

Entry Date 10-18-2005

Retail
Freestanding

Comp # 20431

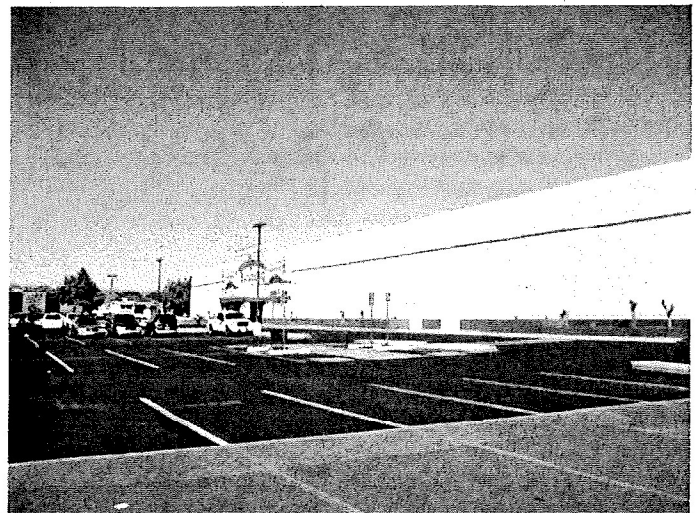
Project Name	Former HomeBase Store		Sale Price	\$4,250,000	
Location	East side of Rio Rancho Boulevard NW (NM 528) south side of Calle Cuervo and north of Coors Boulevard		Date of Sale	22 Jan 2003	
Street Address	3400 Calle Cuervo	NW	Gross Building Area	103,951	
City, County, State	Albuquerque	Bernalillo	Rentable Area	103,951	
Legal Description	Seven Bar Ranch, Tract D-4-G		\$/SF Gross/Rentable	\$40.88 / \$40.88	
			Land Area (Ac/SF)	9.3350 /406,633	
			Effective Gross		
			Expenses		
			Net Income		
Plat	92C-109	Tax ID 1-014-066-234-123-4-01-10*	EGIM		
Market Area	NW Mesa	Map Page A-14	Overall Rate		
Arterial Location	Major		FAR	25.6%	
Zoning	SU-1	IP uses	Year Built	1993	

Grantor HBNM Realty Corp (Steven G Bowen, Irvine, CA)**Grantee** FGH528NM L L C (New York, NY)**Terms** Cash to seller**Document Number** 03-016580**Type** Warranty Deed**Property Description**

Tilt-up concrete structure with minimal partitioning. Evaporative cooling and natural gas-fired heat. Roof height of approximately 18 feet. Fully improved parking lot and truck loading area.

Parking Ratio Adequate**Vacancy****Marketing Time****Rental Information** Vacant**Comments**

This building was constructed as a home improvements store for the HomeBase chain, which closed in 2001. It has a midblock location along NM Highway 528 in a good suburban area. The buyers are investors that marketed the building to retail tenants after the purchase. Several temporary seasonal tenants have occupied the building since the purchase, and Burlington Coat Factory signed a five-year lease in mid-2005 for 80,000 square feet. The lease terms are \$5.00 per square foot, triple net, and the tenant will pay for tenant improvements and partitioning costs. They have multiple 5-year options with modest escalations.



Improved Sale 6Industrial
Office/Warehouse

Entry Date 3- 8-2006

Comp # 20457

Project Name	Planned "Just Storage" Facility		Sale Price	\$1,200,000	
Location	Southeast corner of Lomas Boulevard & 1st Street NW		Date of Sale	18 Jan 2005	
Street Address	720 1st Street	NW	Gross Building Area	30,000	
City, County, State	Albuquerque	Bernalillo	New Mexico	Rentable Area	30,000
Legal Description	Francisco Armijo y Otero, Block 17, Lots 1 - 6 (w/ railroad frontage tracts)		\$/SF Gross/Rentable	\$40.00	/ \$40.00
Plat	B3-16	Tax ID	1-014-058-323-105-4-09-02		
Market Area	Downtown		Map Page	J-14	
Arterial Location	Major		Effective Gross Expenses		
Zoning	SU-3		Net Income		
			EGIM		
			Overall Rate		
			FAR	99.0%	
			Year Built	1940s	

Grantor First Street Properties (Alan Vincioni)
Grantee JuStorage L L C (Paul L Tucker/ Louis S Sadler)
Terms Cash to seller

Document Number 05-009521**Type** Warranty Deed**Property Description**

Pour in-place concrete building with concrete roof deck. Building is approximately 50% sprinkled. 16 foot-high ceilings with loading docks. Portion of building's interior floors are raised. 2,000 square feet of lower quality finished office space. Small fenced yard with onsite parking.

Parking Ratio Minimal**Vacancy****Marketing Time** On market over one year**Rental Information** 100% vacant at sale**Comments**

This is a simple warehouse facility that had previously been leased to GTE as a telecom facility. It has dock-high doors and rail access. The buyer created an indoor self storage facility called "Just Storage."



Improved Sale 7

Hospital

Entry Date 6-15-2005

Comp # 20395

Project Name	Former Charter-Heights Behavioral Health		Sale Price	\$2,500,000
Location	Northeast corner of Valencia Drive & Zuni Road SE		Date of Sale	27 Jul 2004
Street Address	5901 Zuni Rd	SE	Gross Building Area	47,228
City, County, State	Albuquerque	Bernalillo New Mexico	Rentable Area	
Legal Description	Tijeras Place Improvement Co Inc, Tract 6-A		\$/SF Gross/Rentable	\$52.93 /
Plat	B20-140	Tax ID 1-018-057-191-025-3-13-04	Land Area (Ac/SF)	5.9779 /260,397
Market Area	Alrport Area	Map Page K-18	Effective Gross	
Arterial Location	Major		Expenses	
Zoning	SU-1	for a Hospital & Rel Fac	Net Income	
			EGIM	
			Overall Rate	
			FAR	18%
			Year Built	1984

Grantor	Charter Behavioral Health Systems of New Mexico Inc (Mark Demilo)		
Grantee	County of Bernalillo		
Terms	Cash to seller		
Document Number	04-107018	Type	Special Warranty Deed

Property Description

This facility was developed by Charter as a psychiatric treatment facility and it had been vacant since 2000. It is an average quality frame-stucco building with institutional grade interior finishes. The building includes offices, kitchen/cafeteria, gymnasium, therapy rooms and 72-bed patient dorms. It has a modern HVAC system and full fire sprinklers. Exterior improvements include a 104-space parking lot, swimming pool, tennis court and softball field.

Parking Ratio Adequate**Vacancy****Marketing Time** Listed by Vic Bruno**Rental Information** Vacant**Comments**

This property was listed for approximately three years with a starting price of \$6 million. Bernalillo County will use the facility for a public detox, 28-day treatment and transition program. The county spent approximately \$500,000 after the purchase to cure deferred maintenance.



Improved Sale 8Office
Single Tenant

Entry Date 4-6-2005

Comp # 20385

Project Name	Former NM Educators Assistance Foundation		Sale Price	\$2,435,000	
Location	Southeast corner of Osuna Road & Gulton Court NE		Date of Sale	19 Dec 2003	
Street Address	3900 Osuna Road	NE	Gross Building Area	41,855	
City, County, State	Albuquerque	Bernalillo	Rentable Area	41,855	
Legal Description	Interstate Industrial Tract, Unit II, Block A, Lot 3-B7-A		\$/SF Gross/Rentable	\$58.18 / \$58.18	
Plat	C25-118	Tax ID 1-017-062-139-335-2-01-24	Land Area (Ac/SF)	2.4706 / 107,621	
Market Area	North I-25	Map Page E-17	Effective Gross Expenses		
Arterial Location	Major		Net Income		
Zoning	IP		EGIM		
			Overall Rate		
			FAR	39%	
			Year Built	1980s	

Grantor New Mexico Educational Assistance Foundation (Elwood G Farber)**Grantee** Adelante Development Center Inc (Michael Kivitz)**Terms** Cash to seller**Document Number** 03-230211**Type** Warranty Deed**Property Description**

Two-story office building of average quality tilt-up concrete construction and adequate window volume. The building and site improvements are in average condition. The floor plan of the building is 100% office with approximately one-half open and one-half partitioned. The buyer plans to spend \$600,000 to make the building completely ADA compliant and update the HVAC system.

Parking Ratio 163 spaces, or 3.89 spaces per 1,000 SF building area**Vacancy** 100% owner-occupied**Marketing Time** One year**Rental Information** Seller leased back for 8 months at \$10.00/SF, triple net.**Comments**

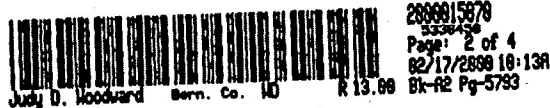
The seller constructed this building for loan processing. It was designed for a single tenant and conversion to multiple tenants would have been difficult. The buyer is also a single-tenant owner-occupant that provides services for people with disabilities, including job training, job placement and adaptive equipment testing. The parking ratio is below average at 3.89 spaces per 1,000 square feet of building area. The location on Osuna Road provides good visibility. The seller leased the building back at \$10.00 per square foot, triple net, for eight months after the sale.



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5338450
Page: 1 of 4
02/17/2000 10:13A
Bk-f2 Pg-5783

SUBJECT TO:

- (1) Restrictions, conditions, covenants and other terms and provisions contained in Warranty Deed, dated April 21, 1959, filed April 13, 1962 and recorded in Book D 638, Page 306 as Document No. 77973, records of Bernalillo County, New Mexico;
- (2) Grant of Easement for power transmission and communications lines, and rights incident thereto, as set forth in instrument executed by Albuquerque Lodge No. 461, Benevolent and Protective Order of Elks, a New Mexico corporation, in favor of Public Service Company of New Mexico, a New Mexico corporation, and Mountain States Telephone and Telegraph Company, a Colorado corporation, dated March 4, 1963, filed March 22, 1963 and recorded in Book D 685, Page 644 as Document 29986, records of Bernalillo County, New Mexico, the interest therein of Mountain States Telephone and Telegraph Company having been released and quitclaimed by US West Communications, Inc., a Colorado corporation, its successor in interest, pursuant to Quitclaim Deed, dated February 8, 2000 and recorded in Book A2, Page 4872 as Document No. 2000014947 records of Bernalillo County, New Mexico;
- (3) Easement for power transmission and communications lines, and for a down guy and anchor easement, and rights incident thereto, as set forth in instrument executed by Albuquerque Lodge No. 461, Benevolent and Protective Order of Elks, a New Mexico corporation, in favor of Public Service Company of New Mexico, a New Mexico corporation, dated August 9, 1967, filed August 14, 1967 and recorded in Book Misc, 76, Page 782 as Document No. 60442, records of Bernalillo County, New Mexico;
- (4) Easements for telephone and telegraph lines and fixtures and appurtenances relating thereto, and rights incident thereto, as set forth in instrument executed by Springer Transfer Company, a New Mexico corporation, in favor of Mountain States Telephone and Telegraph Company, dated June 4, 1926, filed June 19, 1926 and recorded in Book 90, Page 499, records of Bernalillo County, New Mexico, and in instrument executed by Springer Transfer Company, a New Mexico corporation, in favor of American Telephone and Telegraph Company of Wyoming, dated June 21, 1937, filed July 20, 1937 and recorded in Book 152, Page 107, records of Bernalillo County, New Mexico, as restricted and limited to the South Five feet of the West Five feet of the above described real estate for a telephone riser or pedestal pursuant to an exception contained in a Quitclaim Deed dated February 8, 2000, from US West Communications, Inc., a Colorado corporation, successor in interest to Mountain States Telephone and Telegraph Company and American Telephone and Telegraph Company of Wyoming, filed February 15, 2000 and recorded



in Book A2, Page 4872 as Document No. 2000014947, records of Bernalillo County, New Mexico;

- (5) Encroachment of block walls and covered areas onto ten-foot wide easement along the Southerly portion of the above described real estate, as shown on ALTA/ACSM Survey prepared by Thomas W. Patrick, N.M.P.S. No. 12651, dated February 15, 2000;
- (6) Encroachment by wood building on concrete pilasters from adjoining Lot 3, Grand Lodge and Masonic Temple, onto the southerly portion of the above-described real estate and onto the ten-foot wide easement located thereon, as shown on ALTA/ACSM Survey prepared by Thomas W. Patrick, N.M.P.S. No. 12651, dated February 15, 2000;
- (7) Encroachment of asphalt parking lot with striping onto property of Albuquerque Metropolitan Arroyo Flood Control Authority located to the east of the easterly boundary line of the above-described real estate, as shown on ALTA/ACSM Survey prepared by Thomas W. Patrick, N.M.P.S. No. 12651, dated February 15, 2000;
- (8) Encroachment of existing anchor pole located in the northeasterly portion of the above-described real estate outside the area dedicated for such purposes in easement instrument filed in Book Misc. 76, Page 782 records of Bernalillo County, New Mexico, said easement being more particularly described in Paragraph (3) above, as shown on the ALTA/ACSM Survey prepared by Thomas W. Patrick, N.M.P.S. No. 12651, dated February 15, 2000; and

- (9) Taxes for the year 2000 and all subsequent years,

with warranty covenants.

WITNESS the execution of this instrument by Albuquerque Lodge No. 461, B.P.O.E., a New Mexico non-profit corporation this 16 day of February, 2000.

ALBUQUERQUE LODGE NO. 461,
B.P.O.E., a New Mexico non-profit
corporation

By Gene Crook
Gene Crook, Exalted Ruler and Director

By Tom Kizer
Tom Kizer, Chairman of the Trustees



Elks Lodge Building

Administration Area, Department

<i>Asbestos Material</i>	<i>Asbestos Type</i>	<i>Inspector</i>	<i>Last Inspected</i>	<i>Condition</i>	<i>Accessibility</i>	<i>Friability</i>	<i>Quantity</i>	<i>Exposure#</i>	<i>Recommend</i>
Cove Base, White	None	Rhoades	5/4/2001						

Auditorium, Department

<i>Asbestos Material</i>	<i>Asbestos Type</i>	<i>Inspector</i>	<i>Last Inspected</i>	<i>Condition</i>	<i>Accessibility</i>	<i>Friability</i>	<i>Quantity</i>	<i>Exposure#</i>	<i>Recommend</i>
Acoustical Ceiling Mat	chrysotile	Rhoades	5/4/2001						
Cove Base Mastic, Dark Brown	None	Rhoades	5/4/2000						

Ballroom Area, Department

<i>Asbestos Material</i>	<i>Asbestos Type</i>	<i>Inspector</i>	<i>Last Inspected</i>	<i>Condition</i>	<i>Accessibility</i>	<i>Friability</i>	<i>Quantity</i>	<i>Exposure#</i>	<i>Recommend</i>
Acoustical Ceiling Mat	chrysotile	Rhoades	5/4/2001						

Ballroom&Dining Area, Department

<i>Asbestos Material</i>	<i>Asbestos Type</i>	<i>Inspector</i>	<i>Last Inspected</i>	<i>Condition</i>	<i>Accessibility</i>	<i>Friability</i>	<i>Quantity</i>	<i>Exposure#</i>	<i>Recommend</i>
Black Wood Flooring Mastic	None	Rhoades	5/4/2001						

Bathhouse, Department

<i>Asbestos Material</i>	<i>Asbestos Type</i>	<i>Inspector</i>	<i>Last Inspected</i>	<i>Condition</i>	<i>Accessibility</i>	<i>Friability</i>	<i>Quantity</i>	<i>Exposure#</i>	<i>Recommend</i>

<i>Paint Surface</i>	<i>Color</i>	<i>Inspector</i>	<i>Last Inspected</i>	<i>Condition</i>	<i>Pb (ppm)</i>	<i>TCLP</i>	<i>Quantity</i>
Paint	White		2/17/2003	Good			

Bathroom, Department

<i>Paint Surface</i>	<i>Color</i>	<i>Inspector</i>	<i>Last Inspected</i> <td><i>Condition</i></td> <td><i>Pb (ppm)</i></td> <td><i>TCLP</i></td> <td><i>Quantity</i></td>	<i>Condition</i>	<i>Pb (ppm)</i>	<i>TCLP</i>	<i>Quantity</i>
Paint	Beige		5/4/2001				

Concessions, Department

<i>Paint Surface</i>	<i>Color</i>	<i>Inspector</i>	<i>Last Inspected</i>	<i>Condition</i>	<i>Pb (ppm)</i>	<i>TCLP</i>	<i>Quantity</i>
Paint	White		2/17/2003	Good			

Dinning Room, Department

<i>Asbestos Material</i>	<i>Asbestos Type</i>	<i>Inspector</i>	<i>Last Inspected</i>	<i>Condition</i>	<i>Accessibility</i>	<i>Friability</i>	<i>Quantity</i>	<i>Exposure#</i>	<i>Recommend</i>
12"x12" Floor Tile, Brown	None	Rhoades	5/4/2001						
Floor Tile Mastic, Tan	None	Rhoades	5/4/2001						

E.face of bldg., Department

Elks Lodge
Asbestos Survey

To: **Billy Hromas**

Elks Lounge

Elks Lodge Building

Paint Surface Color Tan Inspector Last Inspected Condition Pb (ppm) TCLP Quantity
CMU Wall 2/17/2003

Entrance Flag Pole Stand, Department

Paint Surface Color Cream Inspector Last Inspected Condition Pb (ppm) TCLP Quantity
Paint 5/4/2001 100

Entryway & Lounq, Department

Asbestos Material Asbestos Type chrysotile Inspector Last Inspected Condition Accessibility Friability Quantity Exposure# Recommend
Acoustical Ceiling Mat Rhoades 5/4/2001

Entryway Area, Department

Asbestos Material Asbestos Type chrysotile Inspector Last Inspected Condition Accessibility Friability Quantity Exposure# Recommend
9"x 8" Floor Tile, Brown Rhoades 5/4/2001
9"x 9" Floor Tile, White Rhoades 5/4/2001
Floor Tile Mastic, Black Rhoades 5/4/2001

Exterior Block Wall, Department

Paint Surface Color Beige Inspector Last Inspected Condition Pb (ppm) TCLP Quantity
Paint 5/4/2001 100

Exterior Gutters, Department

Paint Surface Color White Inspector Last Inspected Condition Pb (ppm) TCLP Quantity
Paint 5/4/2001 100

Exterior Parking Area, Department

Paint Surface Color Yellow Inspector Last Inspected Condition Pb (ppm) TCLP Quantity
Paint 5/4/2001 22570
Paint Red 5/4/2001 7870
Paint Blue 5/4/2001 22160
Paint Aqua Blue 5/4/2001 18520

Exterior Trim&Gutters, Department

Paint Surface Color Brown Inspector Last Inspected Condition Pb (ppm) TCLP Quantity
Paint 5/4/2001 990

Gym Addition, Department

Elks Lounge

Elks Lodge Building

Asbestos Material	Asbestos Type	Inspector	Last Inspected	Condition	Accessibility	Friability	Quantity	Exposure#	Recommend
2"x4" Ceiling Tile	chrysotile	Rhoades	5/4/2001						
9"x9" Floor Tile, Brown	chrysotile	Rhoades	5/4/2001						
9"x9" Floor Tile, White	chrysotile	Rhoades	5/4/2001						
Cove Base - Beige	None	Rhoades	5/4/2001						
Cove Base Mastic, Brown	chrysotile	Rhoades	5/4/2001						
Cove Base, White	None	Rhoades	5/4/2001						
Floor Tile Mastic, Black	None	Rhoades	5/4/2001						
Roofing Paper, Gray	chrysotile	Rhoades	5/4/2001						
Roofing Tar, Black	chrysotile	Rhoades	5/4/2001						
Sound Board Material	None	Rhoades	5/4/2001						
TSI Fitting Insulation	chrysotile	Rhoades	5/4/2001						

Interior Walls & Trim, Department

Paint Surface	Color	Inspector	Last Inspected	Condition	Pb (ppm)	TCLP	Quantity
Paint	White		5/4/2001		1050		
Paint	Beige		5/4/2001		100		

Kitchen, Department

Paint Surface	Color	Inspector	Last Inspected	Condition	Pb (ppm)	TCLP	Quantity
Paint	Blue		5/4/2001		140		

Large Lounge Area, Department

Asbestos Material	Asbestos Type	Inspector	Last Inspected	Condition	Accessibility	Friability	Quantity	Exposure#	Recommend
12"x12" Floor Tile, Brown	chrysotile	Rhoades	5/4/2001						
9"x9" Floor Tile, Green	chrysotile	Rhoades	5/4/2001						
Acoustical Ceiling Mat	chrysotile	Rhoades	5/4/2001						
Cove Base - Beige	None	Rhoades	5/4/2001						
Floor Tile Mastic, Black	None	Rhoades	5/4/2001						
Floor Tile Mastic, Tan	None	Rhoades	5/4/2001						

Locker Room, Department

Paint Surface	Color	Inspector	Last Inspected	Condition	Pb (ppm)	TCLP	Quantity
Paint	White		2/17/2003	Good			

Mechanical Room, Department

Elks Lodge

Elks Lodge Building

Asbestos Material	Asbestos Type	Inspector	Last Inspected	Condition	Accessibility	Friability	Quantity	Exposure#	Recommend
2" Heat Exchanger Fittings	chrysotile	Rhoades	5/4/2001						
6" Heat Exchanger Fittings	chrysotile	Rhoades	5/4/2001						
Hot Water Tank Insulation	chrysotile	Rhoades	5/4/2001						
Mechanical Equipment Gaskets	chrysotile	Rhoades	5/4/2001						

Meeting Rooms, Department

Asbestos Material	Asbestos Type	Inspector	Last Inspected	Condition	Accessibility	Friability	Quantity	Exposure#	Recommend
Cove Base Mastic, Beige	None	Rhoades	5/4/2001						
Cove Base Mastic, Light Brown	None	Rhoades	5/4/2001						

Membrane Roof Area, Department

Asbestos Material	Asbestos Type	Inspector	Last Inspected	Condition	Accessibility	Friability	Quantity	Exposure#	Recommend
Gray Roofing Tar	chrysotile	Rhoades	5/4/2001						
Roofing Tar, Black	chrysotile	Rhoades	5/4/2001						

Old Kitchen-15N-2E SW Cnr Clg, Department

Asbestos Material	Asbestos Type	Inspector	Last Inspected	Condition	Accessibility	Friability	Quantity	Exposure#	Recommend
Gray Gypsum Wallboard System	None	ATC	7/1/2004				9 sq ft		
Paint Surface	Color	Inspector	6/11/2004	Good		Non-	1800 sq ft		O & M
Paint	Gray		6/11/2004	Good	0.113	TCLP	Quantity		

Old Kitchen-16N-3E SW Cnr Clng, Department

Paint Surface	Color	Inspector	Last Inspected	Condition	Pb (ppm)	TCLP	Quantity
Paint	Gray		6/11/2004	Good			0.113% lead

Old Kitchen-17N-4E SW Cnr Clng, Department

Asbestos Material	Asbestos Type	Inspector	Last Inspected	Condition	Accessibility	Friability	Quantity	Exposure#	Recommend
Gray Gypsum Wallboard System	None	ATC	6/11/2004	Good		Non-	1800 sq ft		

Old Kitchen-19N-2E SW Cnr Clng, Department

Asbestos Material	Asbestos Type	Inspector	Last Inspected	Condition	Accessibility	Friability	Quantity	Exposure#	Recommend
Gray Gypsum Wallboard System	None	ATC	6/11/2004	Good		Non-	1800 sq ft		

Original Roof Area, Department

Elks Lodge

Elks Lodge Building

Asbestos Material	Asbestos Type	Inspector	Last Inspected	Condition	Accessibility	Friability	Quantity	Exposure#	Recommend
Parapet Tar, Silver	None	Rhoades	5/4/2001						
Roofing Paper, Gray	None	Rhoades	5/4/2001						
Roofing Tar, Black	chrysotile	Rhoades	5/4/2001						
Roofing Tar, Black - Patching	chrysotile	Rhoades	5/4/2001						

Pool Building, Department

Asbestos Material	Asbestos Type	Inspector	Last Inspected	Condition	Accessibility	Friability	Quantity	Exposure#	Recommend
TSI Fitting Insulation	chrysotile	Rhoades	5/4/2001						
Paint Surface	Color	Inspector	Last Inspected	Condition	Pb (ppm)	TCLP	Quantity		
Paint	Yellow		5/4/2001		100				
Paint	Beige		5/4/2001		100				
TSI Paint Covering	Beige		5/4/2001		870				

Roof, Department

Asbestos Material	Asbestos Type	Inspector	Last Inspected	Condition	Accessibility	Friability	Quantity	Exposure#	Recommend
Roofing Felt Fibrous	None	Shisman & Asso	2/17/2003	damaged		Non-			
Sealant Plastic	chrysotile	Shisman & Asso	2/17/2003	Fair		Non-			

Roof Area, Department

Asbestos Material	Asbestos Type	Inspector	Last Inspected	Condition	Accessibility	Friability	Quantity	Exposure#	Recommend
HVAC Duct Mastic, Red	chrysotile	Rhoades	5/4/2001						
HVAC Flex Connector	None	Rhoades	5/4/2001						

S.side of bldg., Department

Paint Surface	Color	Inspector	Last Inspected	Condition	Pb (ppm)	TCLP	Quantity		
Door Frame	blue/green		2/17/2003						

Scalloped Ceiling Areas, Department

Asbestos Material	Asbestos Type	Inspector	Last Inspected	Condition	Accessibility	Friability	Quantity	Exposure#	Recommend
Acoustical Ceiling Mat	chrysotile	Rhoades	5/4/2001						

Shower, Department

Asbestos Material	Asbestos Type	Inspector	Last Inspected	Condition	Accessibility	Friability	Quantity	Exposure#	Recommend
Insulation elbow, domestic water piping	chrysotile	Shisman & Asso	2/17/2003	damaged					

Sm. Meeting Rooms, Department

Asbestos Material	Asbestos Type	Inspector	Last Inspected	Condition	Accessibility	Friability	Quantity	Exposure#	Recommend
Acoustical Ceiling Mat	chrysotile	Rhoades	5/4/2001						

FROM:

PHONE NO. :

Aug. 13 2001 05:25PM, p2

EXHIBIT D**SHISHMAN & ASSOCIATES INC.**

Suite C-130
 6501 Wyoming Boulevard NE
 Albuquerque, New Mexico 87109
 e-mail: shishone@aol.com
 fax 505.797.1272
 tel 505.237.9800

July 3, 2001
 Project No. 825.2

Mr. Michael Nieman, Division Manager
 ATI Enterprises, Inc.
 4011 Carlisle Blvd. NE
 Albuquerque, New Mexico 87107

**LETTER SPECIFICATION & SOW, ASBESTOS ABATEMENT
 ELKS LODGE ABATEMENT PROJECT
 ALBUQUERQUE, NEW MEXICO**

MR. NIEMAN: SHISHMAN & ASSOCIATES INC. (S&A) is pleased to provide you this letter specification and associated scope of work in tabular form for referenced abatement project. Tasks, task descriptions, priorities, and estimated quantities of asbestos-containing materials (ACMs) to be removed are current as of this date and are not expected to change drastically before commencement of the work. A copy of the Abatement Plan for the project is also attached for your use. As always, any errors or discrepancies should be called to our immediate attention for correction and notification of all involved parties.

TASK #	BUILDING COMPONENT OR MATERIAL	QUANTITY	LOCATION	WORK CLASSIFICATION per OSHA (29CFR1926.1101)	REMARKS
Phase 1					To be completed by August 1, 2001
1	Remove sprayed-on texture on underside and vertical faces of suspended soffits	~1,560 sf	Ballroom	Class I	RACM; Note C-6; abated plaster soffits to be demo'd by Chava
2	Remove spots of locally damaged texture at 14' level, repair plaster ceiling, re-texture (non-asbestos)	~ 300 sf	Ballroom	Class I	RACM; Note C-2; to be retained in place

FROM :

PHONE NO. :

Aug. 13 2001 05:12PM

TASK #	BUILDING COMPONENT OR MATERIAL	QUANTITY	LOCATION	WORK CLASSIFICATION per OSHA (29CFR1926.1101)	REMARKS
3	Remove sprayed-on texture from 10' level plaster ceiling	~2,640 sf	Lounge, bar, storage, lobby, vestibule, all south of Ballroom	Class I	RACM; Note C-2; abated plaster ceilings to be demo'd by Chava
4	Remove 9"x9" floor tiles	~1,000 sf	Lounge, storage, south of Ballroom	Class II	Category I nonfriable ACM; Note F-6; mastic is non-asbestos
Phase 2					To be completed by August 27, 2001
5	Remove sprayed-on texture on underside and vertical faces of suspended soffits and flowers	~2,100 sf	Dining Room	Class I	RACM; Note C-6; abated plaster soffits and flowers to be demo'd by Chava
6	Remove spots of locally damaged texture, repair plaster ceiling, re-texture (non-asbestos)	~200 sf	Lodge Room	Class I	RACM; Note C-2; to be retained in place
7	Remove sprayed-on texture from 8' and/or 10' plaster ceilings	~10,100 sf	Ladies Lounge, Pool & Billiard Room, Card Room, Game Room, Main Bar & Cocktail Lounge, Corridors	Class I	RACM; Note C-2; abated plaster ceilings to be demo'd by Chava
8	Remove sprayed-on texture from 10' plaster ceilings	~4,700 sf	Foyer, Lobby, TV Room, Vestibule at West Entry, Indoc. Room, south of Kitchen	Class I	RACM; Note C-2; abated plaster ceilings to be retained

FROM :

PHONE NO. :

Aug. 13 2001 05:11:04 PM

TASK #	BUILDING COMPONENT OR MATERIAL	QUANTITY	LOCATION	WORK CLASSIFICATION per OSHA (29CFR1926.1101)	REMARKS
13	Remove 2'x4' acoustical panels, from suspended ceiling grids	- 2,500 sf	Gym Foyer, Corridors, Office, Men's and Women's Locker Rooms, Massage Rooms	Class II	RACM; Note C-9
14	Remove cove base and mastic	- 200 lf	Gym	Class II	Mastic only is Category II nonfriable ACM

NOTES:

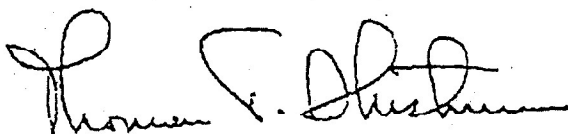
- Contractor shall remove and dispose of asbestos-containing materials in compliance with federal, state, and local environmental and worker protection regulations, including, but not limited to, 29 CFR 1926.1101 (OSHA), 40 CFR Part 61 (NESHAP), 29 CFR 1926.62 (OSHA), and 49 CFR Part 172 (Transportation).
- Contractor to prepare detailed work plan and schedule to facilitate coordination of abatement operations with work activities of other trades; to be submitted to Owner through S&A before commencement of activities.
- Before scraping ceiling texture from plaster ceiling, contractor shall loosen rings, flanges, cover plates on lights, grilles, etc. mounted in ceiling to avoid leaving residual ACM on ceiling surface.
- Contractor to provide multi-stage decontamination chamber for worker decontamination.
- OSHA compliance air monitoring to be provided by contractor.
- Air monitoring support and final clearances to be provided by S&A.
- Three (3) originals of project close-out documentation to be submitted to Owner through S&A.

If you have questions about the brief specifications and/or scope of work, call us at tel. 505.237.9800.

We look forward to working with you on this project on behalf of Mountain Run Partners, Ltd.

Sincerely yours,

SHISHMAN & ASSOCIATES INC.



Thomas T. Shishman, REM
President

TTS:mas

18252 LTR2 SOW

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5652470474

RIGHT WAY ROOFING

PAGE 02



PROPOSAL AND ACCEPTANCE

July 23, 2001

Mountain Run Partners
ATTN: Patricia Duettra
5860 Eubank NE Ste. B62
Albuquerque, New Mexico 87111

Job Location: Elks Lodge
1642 University NE

We hereby submit specifications and estimate for:

- 1) Scrape existing roof to original felts Broom clean/tear off where needed
- 2) Install new 4-ply B.U.R. system
- 3) Install new Galvanized gravel stop where needed
- 4) Flash walls and curbs with modified bitumen
- 5) Paint all black with aluminum roof coat
- 6) Leave job site clean of our debris
- 7) Install new expansion joint as needed
- 8) Coping on top of parapets

Exclusions (not in bid)

- 1) All electrical disconnects
- 2) All mechanical disconnects
- 3) All gas disconnects
- 4) All mortar & brick work
- 5) All deck replacements
- 6) Wood nailing strips

5 Year Labor & Materials Warranty

We Propose hereby to furnish material and labor-complete in accordance with above specifications, for the sum of
\$ 79,110.00 + tax or NTTC **Location As Per Attachment A**

Payments to be made as follows: 1/3-1/3-1/3

Acceptance of Proposal

Signature _____

Date of Acceptance _____

LEGEND:



REPLACE THIS SECTION OF ROOF (INCLUDING GRAVEL STOPS & FLASHING AS REQUIRED).



NO WORK TO BE CONDUCTED UNDER THIS ROOFING CONTRACT.

3

REPLACE CAST STONE PARAPET WITH 22 GA GALVANIZED METAL.

4

REPAIR AND / OR REPLACE ANY DAMAGED EXPANSION JOINTS AS NEEDED.

GENERAL NOTES:

- 1 NO WORK TO BE DONE ON THE BATH HOUSE.
- 2 ROOFING WORK EXCLUDES REPLACEMENT OF WOOD NAILING STRIPS.

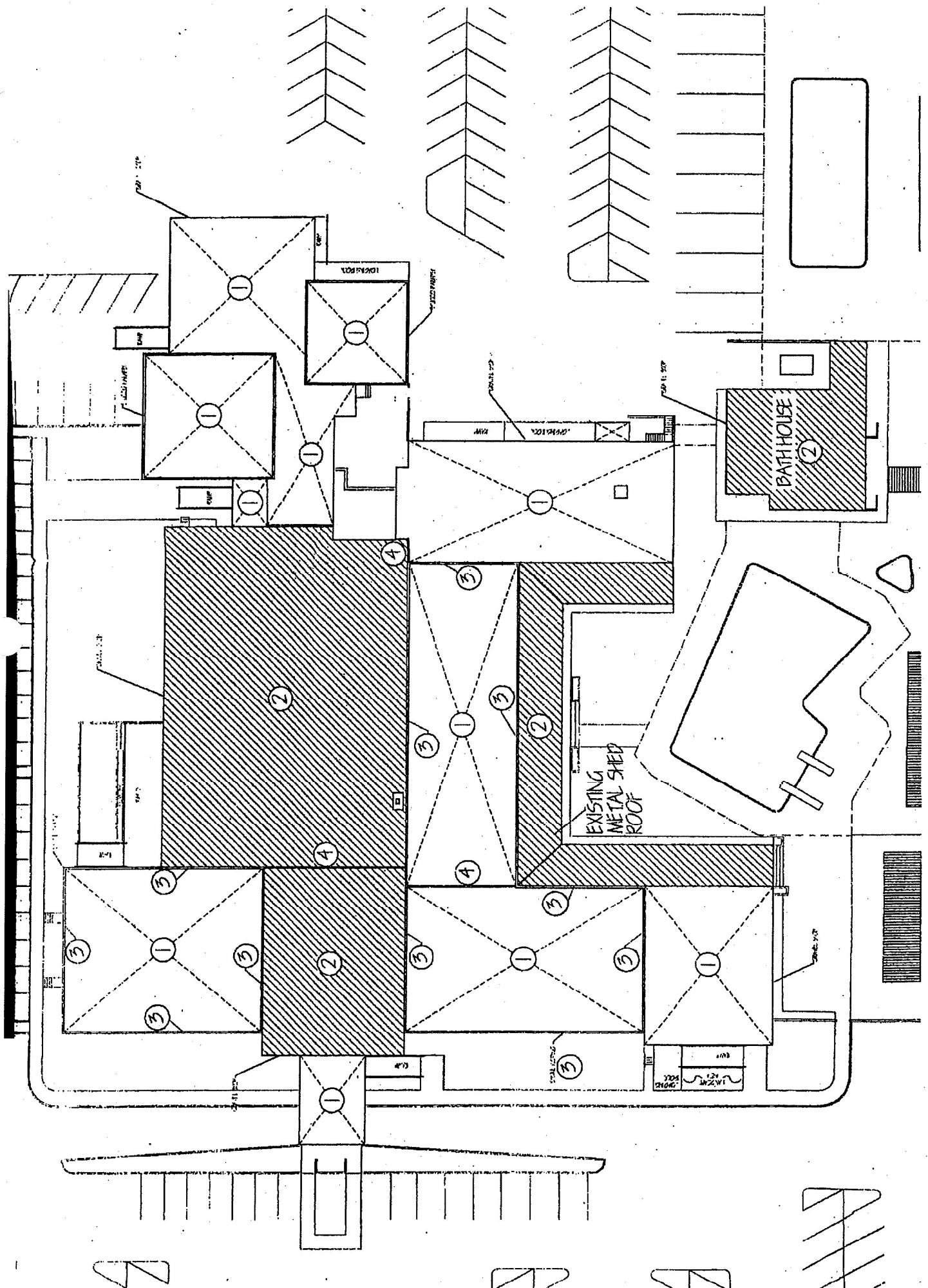
TENANT DEVELOPMENT FOR
UNIVERSITY OF NEW MEXICO
AT FORMER ELKS LODGE

DATE: 7/23/01

SHEET: 9 OF

GARLAN BRYAN, ARCHITECT
2403 SAN MATEO BLVD. N.E.
ALBUQUERQUE, NEW MEXICO

ROOF PLAN



Qualifications of Joshua Cannon, MAI

Professional Memberships and Licenses

MAI, Member of the Appraisal Institute, Certificate No. 8661
Board of Directors, Rio Grande Chapter of the Appraisal Institute
Certified Real Estate Appraiser, State of New Mexico, General Certificate No. 000021-G

Education

Bachelor of Science, New Mexico State University, Las Cruces, New Mexico, 1983

Appraisal Courses and Seminars

Principles in Real Estate Appraisal, New Mexico State University
Real Estate Law, New Mexico State University
Real Estate Appraisal Principles, Course 1A-1, AIREA
Real Estate Valuation Procedures, Course 1A-2, AIREA
Capitalization Theory and Techniques, Part A, Course 1B-A, AIREA
Capitalization Theory and Techniques, Part B, Course 1B-B, AIREA
Case Studies in Real Estate Valuation, Course 2-1, AIREA
Report Writing and Valuation Analysis, Course 2-2, AIREA
Standards of Professional Practice, Parts A and B, AIREA (1988) and Appraisal Institute (1995)
Standards of Professional Practice, Part C, Appraisal Institute (2001)
Appraisal Institute 1992 Symposium, Appraisal Institute
Subdivision Analysis Seminar, Appraisal Institute
Rates, Ratios and Reasonableness Seminar, Appraisal Institute
Current Issues and Misconceptions in the Appraisal Process Seminar, Appraisal Institute
Understanding Limited Appraisals and Reporting Options Seminar, Appraisal Institute
Highest & Best Use and Market Analysis, Course 520, Appraisal Institute
Water Rights and Issues Seminar, Appraisal Institute
The Internet and Appraising Seminar, Appraisal Institute
Eminent Domain & Condemnation Appraising Seminar, Appraisal Institute
Internet Search Strategies for Real Estate Appraising Seminar, Appraisal Institute
Valuation of Detrimental Conditions in Real Estate Seminar, Appraisal Institute
Appraising from Blueprints and Specifications Seminar, Appraisal Institute
Flood Zone Issues Seminar, Appraisal Institute
Real Estate Fraud: The Appraiser's Responsibilities and Liabilities Seminar, Appraisal Institute
Conservation Easements Seminar, Appraisal Institute and ASFMRA

Experience

Associated with Brooks, Lomax & Fletcher, Inc., October 1983 to present. Appraisal assignments have involved a wide variety of property types, including multifamily, retail, office, industrial, subdivisions, special purpose and rural. Other assignments include market studies, feasibility analyses and consultation on a variety of property types. Mr. Cannon is also the review appraiser for non-designated associates with Brooks, Lomax and Fletcher, Inc.

Expert Witness

District Court – New Mexico
District Court – Utah

Clients

Bank of America, Bank of Albuquerque, Bank of the West, Wells Fargo Bank, KeyBank National Association, Comerica Bank, New Mexico Bank & Trust, First State Bank, First Federal Bank, Los Alamos National Bank, Great Western Bank, Guaranty Federal Bank, First Nationwide Bank, Imperial Thrift and Loan, Fremont Investment & Loan, First Chicago Bank, BancFirst Tulsa, Bank One Arizona, Realty Mortgage Investment Company, Charter Bank, Acacia Capital, University of New Mexico, Sandia Foundation, Transamerica Realty Services, Digital Equipment Corporation, Albuquerque Publishing Company, Ford Motor Company, Chrysler Corporation, Bear Stearns & Co. Inc., and many government entities, insurance companies, private developers, attorneys and individuals.