BBG

Third-party reports by a true third party

Appraisal Report

Redemption Church Spokane

A religious facility
212 South Division Street
Spokane, Washington 99202

BBG File #0121010897

Prepared For

Ms. Judy Dietz
Evangelical Christian Credit Union
955 West Imperial Highway, PO Box 2400
Brea, CA 92822

Report Date

July 30, 2021

Prepared By

BBG, Inc., Seattle Office
600 University Street, Suite 1617
Seattle, WA 98101
206-384-4939

Client Manager: Shawn Wayt, MAI
swayt@bbgres.com

BBG

July 30, 2021

Ms. Judy Dietz
Evangelical Christian Credit Union
955 West Imperial Highway, PO Box 2400
Brea, CA 92822

Re: Appraisal of Real Property
Redemption Church Spokane
212 South Division Street
Spokane, Washington 99202
BBG File #0121010897

Dear Ms. Dietz,

In accordance with your authorization (per the engagement letter found in the addenda of this report), we have prepared an Appraisal of the above-referenced property.

The subject is a religious facility comprised of a 21,850 SF two-story building situated on a 0.85 acre rectangular lot located in downtown Spokane, Washington. The building was originally built in 1950 and has an approximately 3,000 SF sanctuary area with a 150-seat capacity (est.), along with a multi-purpose area, classrooms, a library, kitchen and a lounge. In addition, the property has a 59-stall surface parking area adjacent to the west of the building.

As of the valuation date of this report, Redemption Church of Spokane owns the subject property. The subject is not currently listed for sale, nor is it under a sales contract.

This appraisal report was prepared to conform with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), the appraisal guidelines set forth in Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and the December 2010 Interagency Appraisal and Evaluation Guidelines. This report has been written in accordance with the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute. In addition, this report is intended to be in compliance with additional requirements of Evangelical Christian Credit Union (client). The report is intended to be used by Evangelical Christian Credit Union, but other intended users may include other Federal or State regulated credit unions and banks. No other party may rely upon the findings in this report.

Covid-19 vaccines in the US have been a resounding success as death and new case rates continue to plummet. Americans are traveling again, and mobility should continue to increase as consumers spend more money. Strong economic growth is expected throughout 2021 and into 2022 as rates are expected to remain near historical lows. Given recent bond yield increases, investors have expressed worries over upward pressure on interest rates; however, rates remain well below historical norms.

Medium and long-term outlooks are favorable and interest rates are expected to remain low into 2023, which could bode well for commercial real estate. Over the short-term hotels, restaurants without drive-thru windows and non-credit retail have taken the brunt of the declines while industrial, self-storage and multi-family have been the least affected. Office demand has faced downward pressures due to remote *working trends and elevated levels of unemployment, which are declining. We will continue to interview market participants regarding changes in market conditions.*

Please refer to our detailed analysis of the impact of this pandemic on the various markets and property types within the addenda to this report. We are keenly mindful of the effect of the national, state, and local economies as they relate to the subject property. Key indicators have been addressed with the appropriate sections of this report.

Note: Our estimate of market value is subject to the following Extraordinary Assumptions and/or Hypothetical Conditions:

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)	
The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any extraordinary assumptions might have affected the assignment results.	
Extraordinary Assumption(s)	This appraisal employs no extraordinary assumptions.
Hypothetical Condition(s)	This appraisal employs no hypothetical conditions.

Based on our inspection of the property and the investigation and the analysis undertaken, we have concluded the following value opinion(s).

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	**Interest Appraised**	**Date of Value**	**Value Conclusion**
Market Value - As Is	Fee Simple	June 30, 2021	$2,000,000

Note, the client requested a 180-day or 6-month liquidation value, but based on our research and discussions with market participants, a marketing period of 6 months or less was concluded and, therefore, the as-is value is equal to a 180-day or 6-month liquidation value.

This letter must remain attached to the report, which should be transmitted in its entirety, in order for the value opinion set forth to be considered valid.

Our firm appreciates the opportunity to have performed this appraisal assignment on your behalf. If we may be of further service, please contact us.

Sincerely,
BBG, Inc.

Shawn Wayt, MAI
WA Certified General Appraiser
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Joel H. Thompson
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TABLE OF CONTENTS

SUBJECT PROPERTY

Exterior view of the east elevation of the subject building

Exterior view of the south and & west elevations of the subject building

Exterior view of the west elevation of the subject building

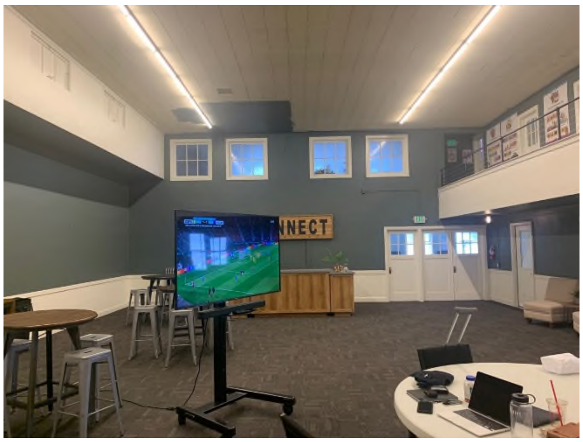
Exterior view looking north along the surface parking area and the west elevation of the subject building

Exterior view of the main entrance to the subject building, which is along the east elevation

Interior view of a lobby area on the west side of the building


Interior view of the sanctuary


Interior view of a classroom area

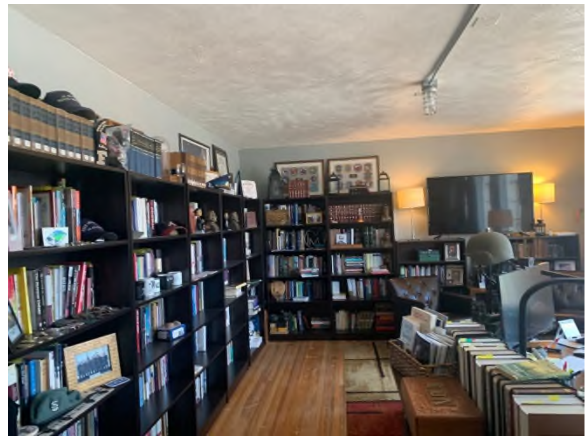

Interior view of a multi-purpose area


Interior view of a restroom


Interior view of the kitchen area


Interior view of a private office

Interior view of the stage/rostrum area within the sanctuary



Interior view of the library area

View looking west along 2nd Avenue (subject on the left)

View looking east along the alley and towards the subject's west elevation

View looking east along 2nd Avenue (subject on the right)

View looking north along Division Street (subject on the left and behind)

AERIAL PHOTOGRAPH

SUMMARY OF SALIENT FACTS

PROPERTY DATA		
Property Name	Redemption Church Spokane	
Address	212 South Division Street	
	Spokane, Washington 99202	
Location	This property is located towards the south end of downtown Spokane near Interstate 90,	
Property Description	Specialty (Religious Facility)	
	A religious facility	
County	Spokane	
Parcel Number	35191.1304	
Census Tract No.	003500	
Legal Description	Railroad 4TH Add. LTS 9 to 18 Block 112	
Site Area		
Primary Site	37,026 square feet	(0.8500 acres)
Total	**37,026 square feet**	**(0.8500 acres)**
Zoning	DTG; Downtown General	
Flood Status	Zone X (unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.	
Year Built	1950	
Year Renovated	Various	
Type of Construction	Brick	
Number of Buildings	3	
Gross Building Area	21,850 square feet	
Net Rentable Area	21,850 square feet	
Total Number of Tenants	Owner Occupancy	
Occupancy	Owner Occupancy	
Overall Condition	Average/Good	
Overall Quality	Average	
Overall Design/Functionality	Average	

RISK SUMMARY	
Advantages	The subject has good access to Interstate 90 and good visibility along Division Street.
	The subject building is of brick masonry construction, which is relatively low maintenance.
	The subject features adequate on-site parking.
	The subject has been well-maintained and is in average/good condition.
Challenges	The subject is not fire sprinkled.
	The subject is located within an economically challenged part of the downtown
	The subject is not elevator served.
	The subject property is of older construction and may require more ongoing upkeep to maintain its economic life.

VALUE INDICATIONS			
As Is as of June 30, 2021			
Cost Approach	$2,290,000	$104.81	Per Square Foot (GBA)
Land Value	$1,850,000	$49.96	Per Square Foot of Land
Sales Comparison Approach	$1,970,000	$90.16	Per Square Foot (GBA)
Approach Reliance	**Sales Comparison Approach**		
Value Conclusion - As Is	**$2,000,000**	**$91.53**	**Per Square Foot (GBA)**
Exposure Time (Months)	6 months or less		
Marketing Time (Months)	6 months or less		

PROPERTY HISTORY

Redemption Church Spokane has owned the subject property since 2016.

To the best of our knowledge, no sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

Recent Transaction	
Sale Date	May 16, 2016
Deed Book/Page	201606062
Sale Price	$1,255,000
per SF NRA	$57.44
Grantor	First Covenant Church
Grantee	Redemption Church Spokane

SCOPE OF WORK

APPRAISAL INFORMATION	
Client	Evangelical Christian Credit Union 955 West Imperial Highway, PO Box 2400 Brea, CA 92822
Intended User(s)	This appraisal report may only be relied upon by the client and intended user(s) named herein Evangelical Christian Credit Union and other intended users may include other Federal or State regulated credit unions and banks.
Intended Use	This appraisal is to be used for mortgage financing purposes.
Property Rights Appraised / Premise	•Market Value of the Fee Simple interest in the subject property, As Is as of June 30, 2021
Date of Inspection	June 30, 2021
Marketing Time	6 months or less
Exposure Time	6 months or less
Owner of Record	Redemption Church of Spokane
Property Contact(s)	Mr. Jonathan Bonetti, the ownership's representative, was interviewed during the inspection and over the phone.
Most Probable Purchaser	Owner-User
Highest and Best Use	
If Vacant	Commercial or multi-family residential development
As Improved	As currently developed

SCOPE OF THE INVESTIGATION	
General and Market Data Analyzed	▪ Regional economic data and trends ▪ Market analysis data specific to the subject property type ▪ Published survey data ▪ Neighborhood demographic data ▪ Comparable cost, sale, rental, expense, and capitalization rate data ▪ Floodplain status ▪ Zoning information ▪ Assessor's information ▪ Interviewed professionals knowledgeable about the subject's property type and market
Inspection Details	Mr. Kurt Plaster conducted an interior and exterior inspection on June 30, 2021

Property Specific Data Requested and Received

PROPERTY DATA RECEIVED
Phase 1 ESA
Title report

Data Requested, but not Provided

DATA REQUESTED, BUT NOT PROVIDED
Floor plans
Building plan
Site plan
Sale contract
Previous appraisal

Data Sources

DATA SOURCES	
Site Size	Assessor's Records
Building Size	Assessor's Records
Tax Data	Assessor's Records
Zoning Information	Planning Dept
Flood Status	FEMA
Demographics Reports	Spotlight
Comparable Land Sales	Appraiser's files, CoStar & MLS
Construction Cost Data	Marshall Valuation Services
Comparable Improved Sales	Appraiser's files, CoStar & MLS

VALUATION METHODOLOGY	
Most Probable Purchaser	To apply the most relevant valuation methods and data, the appraiser must first determine the most probable purchaser of the subject property. The most probable purchaser of the subject "As Is" is an owner-user as there are no long-term leases in place.

Valuation Methods Utilized	This appraisal employs the Cost Approach and the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. Because the subject property is a specialized land use, it is not typically marketed, purchased or sold on the basis of anticipated lease income. Lease comparables are rare and generally do not reflect market transactions. Therefore, we have not employed the Income Capitalization Approach to develop an opinion of market value. The client also requires an insurable value of the improvements.

EXTRAORDINARY ASSUMPTION(S) AND HYPOTHETICAL CONDITION(S)

The values presented within this appraisal report are subject to the extraordinary assumptions and hypothetical conditions listed below. Pursuant to the requirement within Uniform Standards of Professional Appraisal Practice Standards, it is stated here that the use of any extraordinary assumptions might have affected the assignment results.

Extraordinary Assumption(s)	This appraisal employs no extraordinary assumptions.
Hypothetical Condition(s)	This appraisal employs no hypothetical conditions.

DEFINITIONS

Pertinent definitions, including the definition of market value, are included in the glossary, located in the Addenda to this report. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States:

Market Value

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or

	sales concessions granted by anyone associated with the sale." (Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472
As Is Market Value	As is market value is defined as, "The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date." (Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015); also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77471
Definition of Property Rights Appraised	Fee simple estate is defined as, "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat." *Source*: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Appraisal requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), revised June 7, 1994;
- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;
- Appraisal guidelines of Evangelical Christian Credit Union

LEVEL OF REPORTING DETAIL

Standards Rule 2-2 (Real Property Appraisal, Reporting) contained in USPAP requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report.

This report is prepared as an **Appraisal Report.** An Appraisal Report must at a minimum summarize the appraiser's analysis and the rationale for the conclusions. This format is considered most similar to what was formerly known as a Self-Contained Appraisal Report in prior versions of USPAP.

REGIONAL ANALYSIS

The subject site is located in Spokane County in northeast Washington situated east of the Cascade Range and on the western slope of the Coeur d'Alene mountains next to the Idaho border. Note that much of the analysis of the Spokane area that follows relies upon statistics that reflect the economic situation prior to the onset of the Covid-19 Pandemic, although attempt to rely on the most recent statistics as much as possible.

SPOKANE COUNTY

The subject is in the Spokane County, WA, as defined by the U.S. Office of Management and Budget, situated east of the Cascade Range and on the western slope of the Coeur d'Alene mountains next to the Idaho border. According to the State of Washington's Employment Security Department, Spokane County is 1,763 square miles in size and is the 4th most populous county in the State of Washington and most populous county in eastern Washington. The City of Spokane is the second largest city in Washington State and the City makes up 43% of the county's population.

POPULATION

Spokane County has an estimated 2021 population of 532,219, which represents an average annual 1.1% increase since the 2010 census of 471,221. Spokane County's annual growth rate equaled the State of Washington rate of 1.1%.

Looking forward, Spokane County's population is projected to increase at a 1.3% annual rate from 2021-2026 and is expected to exceed that of Washington, which is projected to be 1.2%.

POPULATION TRENDS

	Population			Compound Ann. % Chng	
	2010 Census	2021 Estimate	2026 Projection	2010-2021	2021-2026
Spokane County, WA	471,221	532,219	563,432	1.1%	1.1%
Washington	6,724,540	7,765,146	8,253,196	1.3%	1.2%

Source: Environics Analytics

EMPLOYMENT

Total employment in Spokane County is currently estimated at 229,937 jobs as of May 2021. Between 2010 and 2020 (year-end), employment increased by 16,077 jobs, equivalent to a 7.5% increase over the entire period. With the exception of Years 2011, 2013, and 2020, there were gains in employment in every year since 2010, despite the national economic downturn and recovery. Spokane's rate of employment growth over the last decade was less than that of Washington, which experienced an increase in employment of 14.5%, or 452,413 jobs, over this period.

After the onset of the current pandemic, the number of jobs in Spokane County declined. In December 2020 there were approximately 229,937 jobs, a slight decline from February when there were 247,797. In March, the number of jobs were reported at 246,432 and then in April the number of jobs declined to 225,381, a 8.5% one-month decline. It then rose to 226,966 jobs in May, up 0.7% from April but still 7.8% below the number of jobs in March.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, Spokane County unemployment rate has been consistently higher than that of Washington, with an average unemployment rate of 7.1% in comparison to a 6.4% rate for Washington. Recent data shows that the unemployment rate for Spokane County was 5.0% in May and 5.0% for the State of Washington at the same time period.

The following chart shows the employment figures for Spokane County and Washington State from 2010 to 2021.

EMPLOYMENT TRENDS						
	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
Year	Spokane County, WA	% Change	Washington	% Change	Spokane County, WA	Washington
2010	213,860		3,126,125		9.1%	9.1%
2011	211,790	-1.0%	3,146,924	0.7%	8.7%	8.5%
2012	213,004	0.6%	3,204,752	1.8%	8.3%	7.7%
2013	211,849	-0.5%	3,238,324	1.0%	8.0%	6.6%
2014	214,472	1.2%	3,312,968	2.3%	6.8%	5.9%
2015	219,960	2.6%	3,385,813	2.2%	6.3%	5.4%
2016	226,447	2.9%	3,476,793	2.7%	6.0%	5.2%
2017	230,528	1.8%	3,564,923	2.5%	5.3%	4.6%
2018	239,977	4.1%	3,671,124	3.0%	5.1%	4.4%
2019	248,728	3.6%	3,783,975	3.1%	5.2%	4.1%
2020	229,937	-7.6%	3,578,538	-5.4%	8.8%	8.4%
Overall Change 2010-2020	16,077	7.5%	452,413	14.5%		
Avg Unemp. Rate 2010-2020					7.1%	6.4%
Unemployment Rate - May 2021					5.0%	5.0%

Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Current Employment Survey (CES). Unemployment rates are from the Local Area Unemployment Statistics (LAUS). The figures are seasonally adjusted.

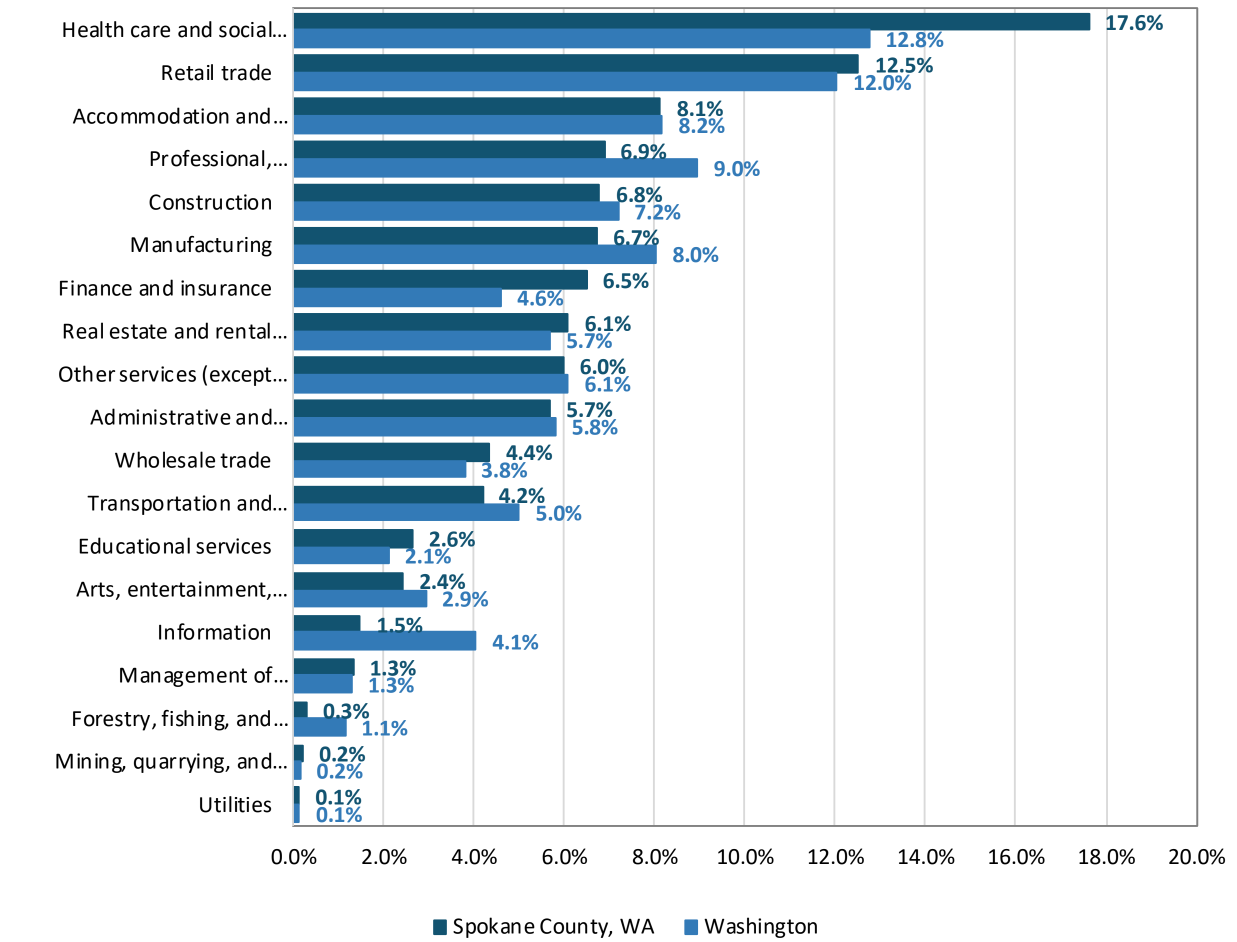
Major employers in the Spokane County are shown in the following table.

MAJOR EMPLOYERS - SPOKANE VALLEY - SPOKANE		
	Name	Number of Employees
1	Fairchild AFB	5,935
2	Providence Health Care - Eastern Washington	5,688
3	Kalispel Tribal Economic Authority	1,792
4	URM Stores, Inc.	1,467
5	Walmart Inc.	1,417
6	Eastern Washington University	1,381
7	Community Colleges of Spokane	1,320
8	Gonzaga University	1,289
9	Rockwood Clinic PS	1,155
10	Avista Corp.	1,152
11	Deaconess Medical Center	1,110
12	Manns-Grandstaff Veterans Affairs Medical Center	1,102
13	Ecova Inc.	935
14	Alorica Business Solutions	932
15	BNSF Railway Co.	900
16	Kaiser Aluminum Washington LLC	900

Source: Greater Spokane Economic Development, 2018

As discussed, the Spokane County has a fairly diverse employment base. The greater area's largest industry falls under the health care & social assistance sector, with retail being the second largest sector in the area. The following represents employment sectors for Spokane County in comparison to the state of Washington.

EMPLOYMENT SECTORS - 2019



Source: Eureau of Economic Analysis, U.S. Dept. of Commerce, 2019

HOUSEHOLD INCOME

Spokane County is less affluent than Washington State as a whole. Median household income for the Spokane County is $63,434, which is 21.9% smaller than the corresponding figure for Washington.

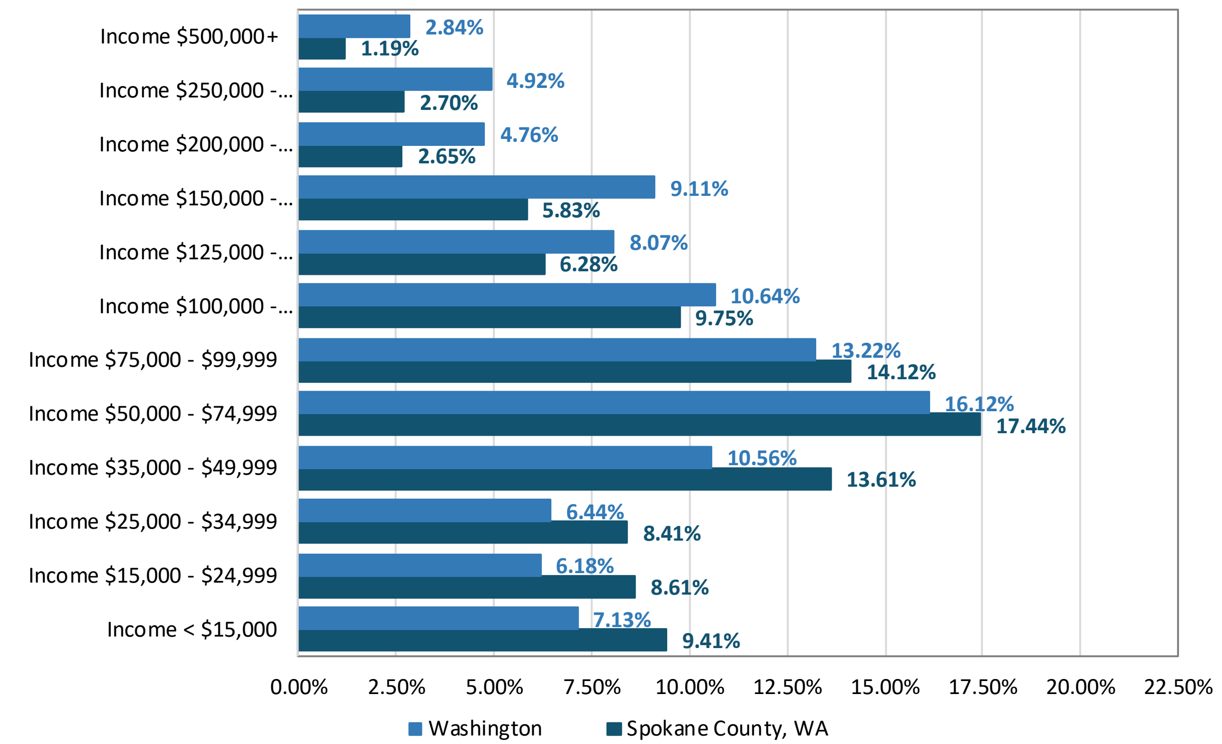
MEDIAN HOUSEHOLD INCOME - 2021

	Average	Median
Spokane County, WA	$85,710	$63,434
Washington	$112,476	$81,235
Comparison of Spokane County, WA to Washington	- 23.8%	- 21.9%

Source: Environics Analytics

The following chart shows the distribution of households across twelve income levels. Spokane County has a greater concentration of households in the lower income levels than Washington. Specifically, roughly 57% of Spokane County households are below the $75,000 level in household income as compared to approximately 46% of Washington households. A lesser concentration of households is apparent in the higher income levels, as roughly 42% of Spokane County households are above the $75,000 level in household income versus approximately 53% of Washington households.

HOUSEHOLD INCOME DISTRIBUTION - 2021

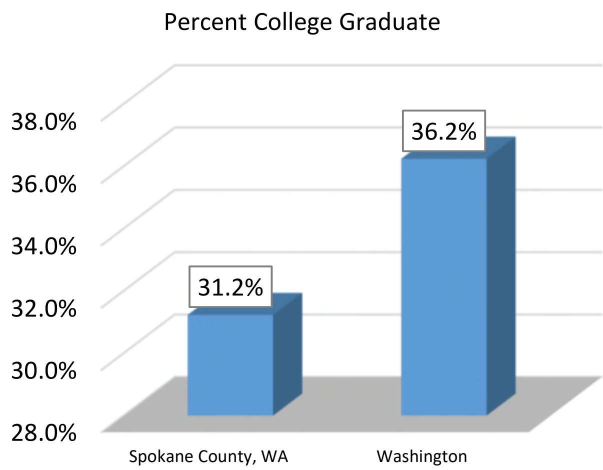


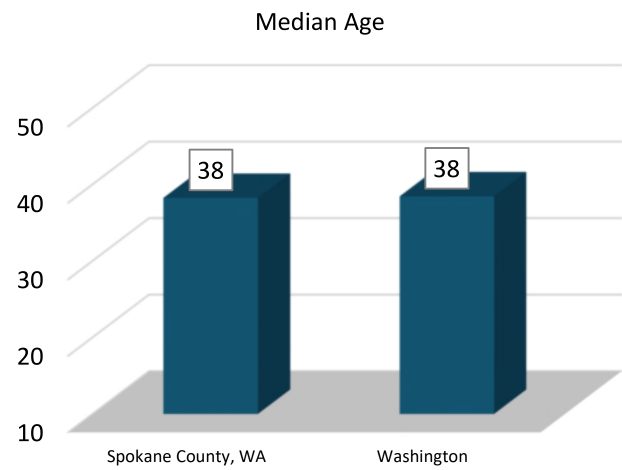
Source: Environics Analytics

EDUCATION & AGE

Residents of Spokane County have a lower level of educational attainment than those of Washington. An estimated 31% of Spokane County residents are college graduates with four-year degrees, versus 36% of Washington residents. People in Spokane County are similar in age to their Washington counterparts. The median age of both the Seattle MSA and Washington is 38 years.

EDUCATION AND AGE - 2021



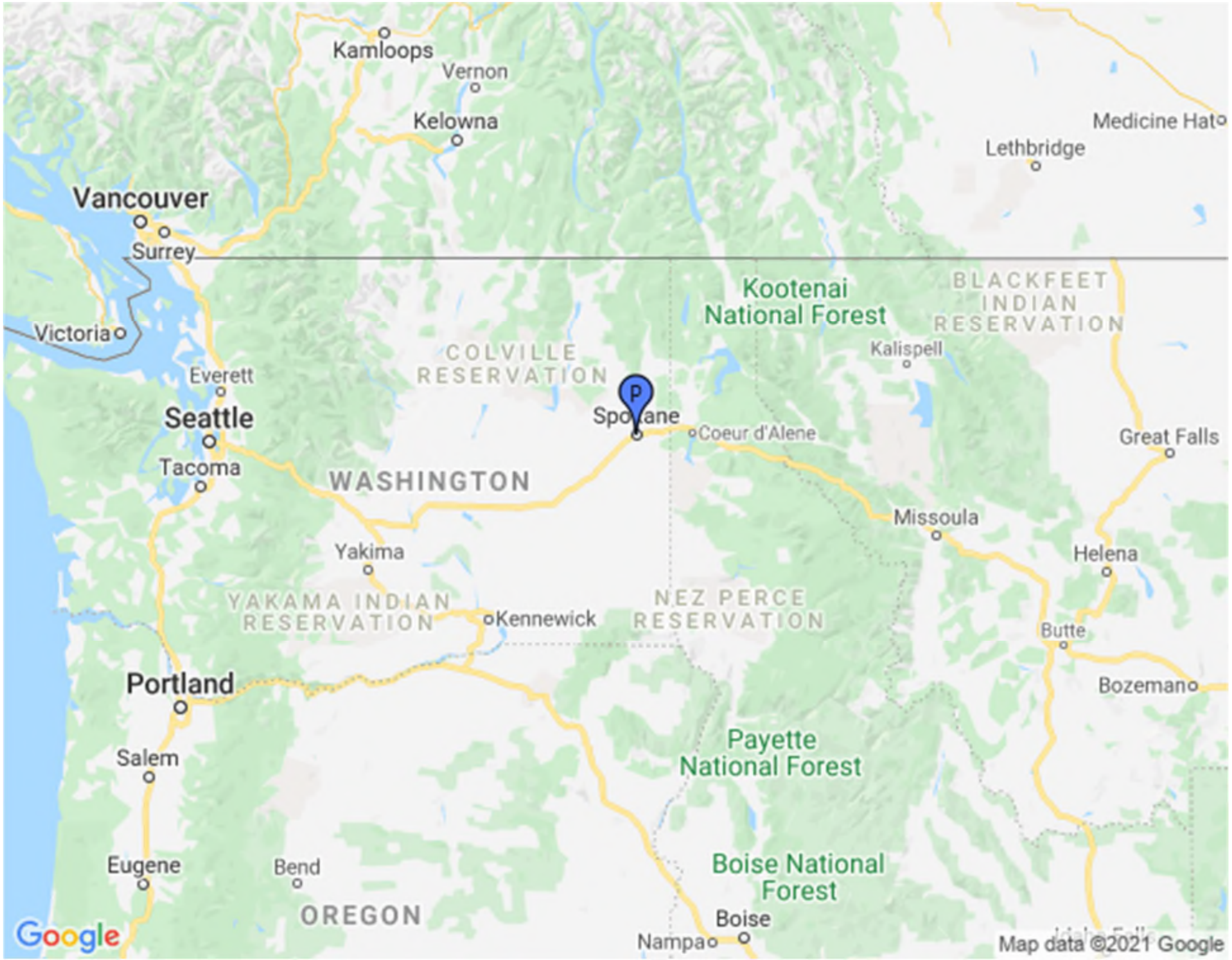


Source: Environics Analytics

CONCLUSION

Spokane County acts as the regional center for the surrounding rural populations of Eastern Washington and Northern Idaho. According to the Washington State Employment Security Department's county profile, its regional services include government and higher education, medical services, retail trade and finance. Fairchild Air Force Base is the county's largest employer and in 2021, Fairchild will see an increase in approximately 200 personnel. The manufacturing sector in the area has a solid base due to its proximity to Bonneville dam power generation, the rail systems and the Interstate highway system. Spokane's urban center is competitive with centers and it is attracting investment, which will likely lead to the creation and expansion of other businesses and furthering a diverse and healthy economy.

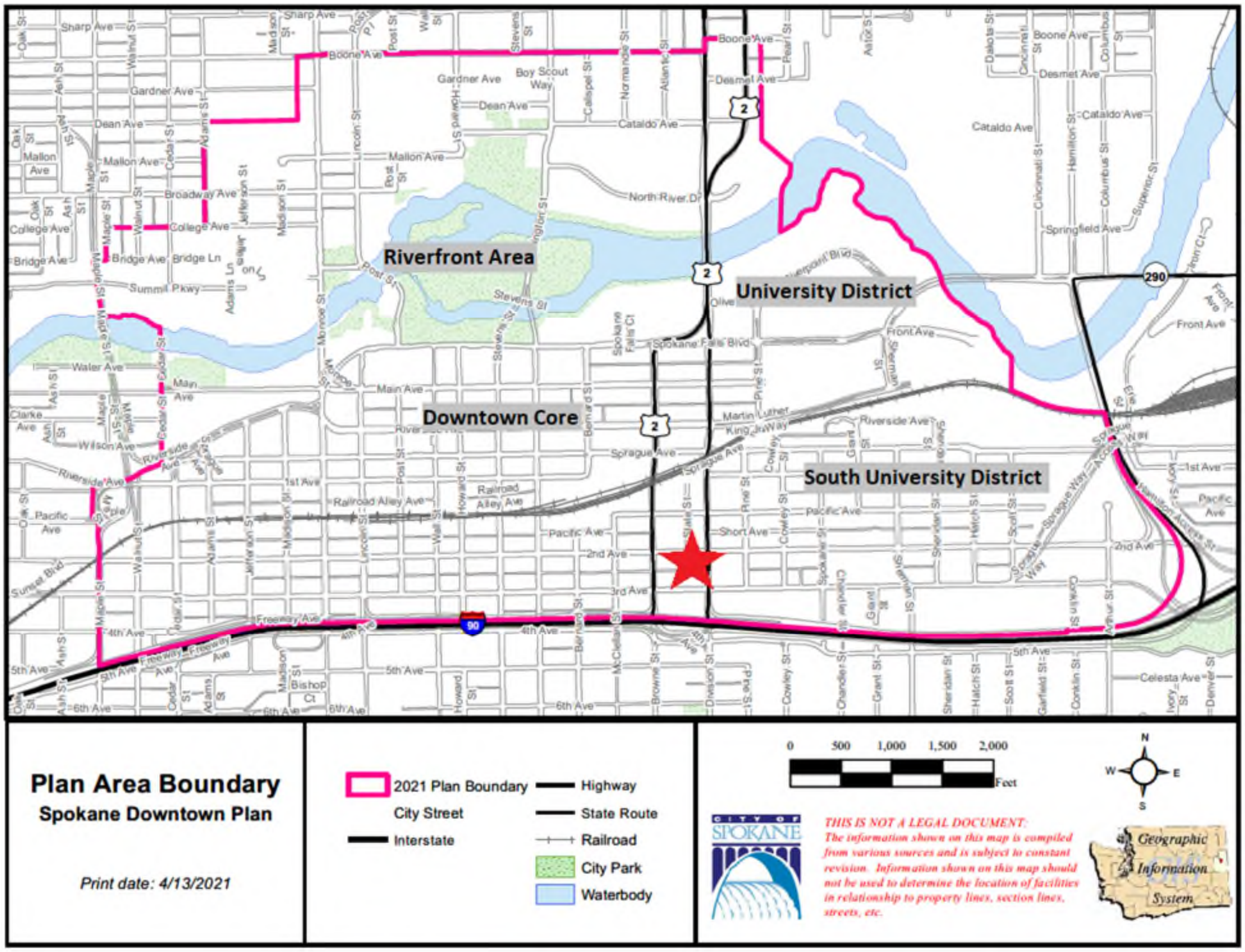
REGIONAL MAP



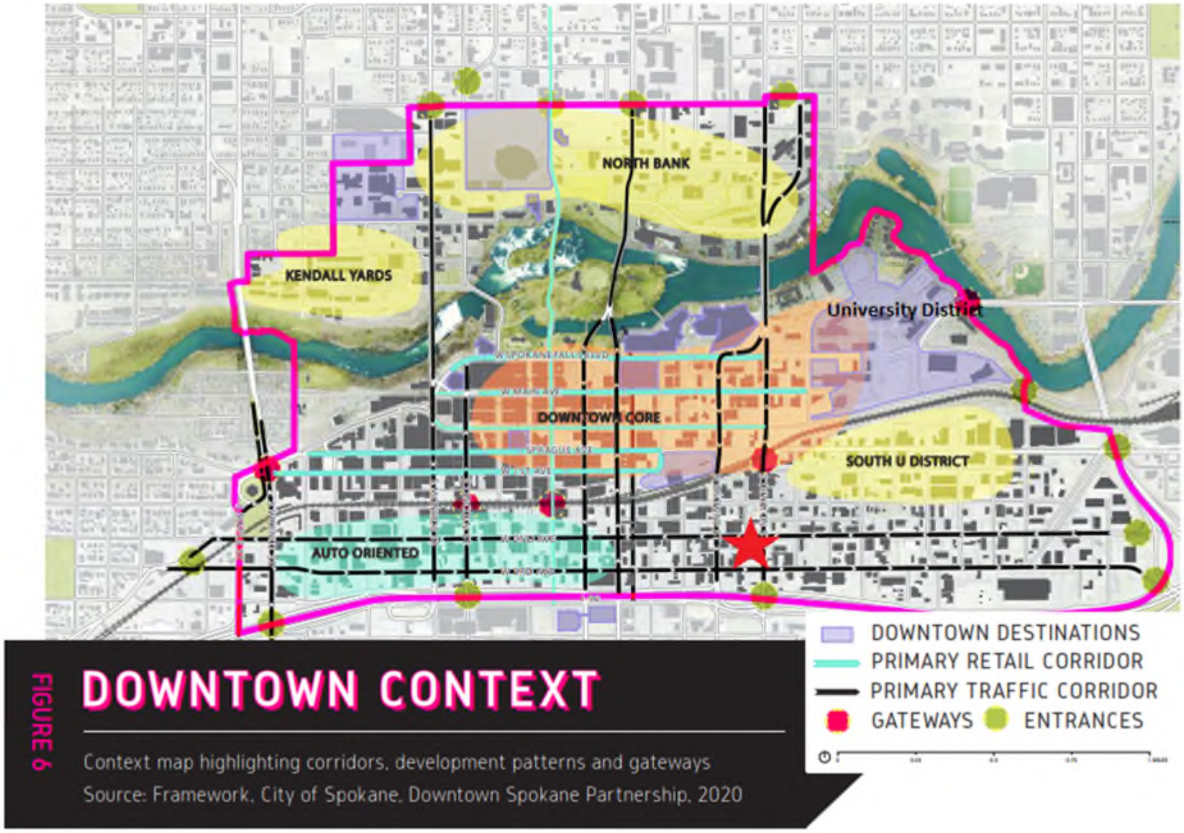
SURROUNDING AREA ANALYSIS

BOUNDARIES

The subject is located in the downtown area of Spokane. This area is generally delineated as outlined in the following map with the subject property being marked with a star and other areas labeled.



Downtown Spokane is the City's and region's cultural and economic center. As stated in the Spokane City website, this area houses the largest employers and has unique assets including the Riverfront Park (located north of the subject), the financial district, major retail (including the River Park Square Shopping Mall), the Spokane Convention Center, historic urban core and portions of the growing university and medical districts. The University District is home to Gonzaga University, as well as satellite campuses for Washington State University, Eastern Washington University, and Whitworth University. Gonzaga's campus is located north of the Spokane River, while the three aforementioned satellite campuses are located along Spokane Falls Boulevard to the South of the Spokane River. The medical district is located just south of Interstate 90 and includes Providence Sacred Heart Medical Center, Shriners Hospital for Children, and MultiCare Deconess Hospital. An additional map is included to highlight some of these areas.



The City is currently in the process of updating the Downtown Plan to guide future efforts and resources for the area. Spokane's Downtown Plan is a strategic, action-oriented document that outlines the community's vision of downtown for the next ten years. The plan aims to articulate a vision for downtown and define actions to achieve that vision and to build consensus. The overall goals included in the downtown plan include: (1) creating a walkable and connected downtown, (2) accentuate and cultivate thriving arts, culture and historical places, (3) create a great place to live, work and play, (4) created welcoming and engaging public spaces, and (5) build-up and organize downtown management.

ACCESS AND LINKAGES

Primary access to the area is provided by Division Street, a major arterial that crosses the Spokane metro area in a north/south direction. The subject is located directly on Division Street. Interstate 90 is located just two blocks south of the subject. Interstate 90 crosses the State of Washington in largely an east/west direction. Overall, vehicular access is good.

Public transportation is provided by the Spokane Transit Authority and provides access to various locations throughout the City of Spokane and beyond. The nearest bus station is located a block to the west at 2nd and Browne serving Routes 45 and 945. The local market perceives public transportation as average compared to other areas in the region. However, the primary mode of transportation in this area is the automobile.

The Spokane International Airport is located about 7 miles from the property; travel time is about 10 minutes, depending on traffic conditions.

DEMAND GENERATORS

Major employers include Fairchild Air Force Base, Providence Health Care-Eastern Washington, Eastern Washington and Gonzaga Universities. Fairchild Air Force Base is located approximately 13 miles west of the City, while all of the remaining employers mentioned are located within 3 to 5 minutes driving time or closer to the subject. These employers represent significant concentrations in the defense, medical and higher education industries.

DEMOGRAPHICS

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

COMPARATIVE DEMOGRAPHIC ANALYSIS FOR PRIMARY TRADE AREA			
Description	**212 S Division Street - 1 mi Radius Totals**	**212 S Division Street - 3 mi Radius Totals**	**212 S Division Street - 5 mi Radius Totals**
Population			
2026 Projection	13,079	117,007	230,234
2021 Estimate	12,632	112,700	220,431
2010 Census	12,033	106,895	204,888
2000 Census	11,175	105,655	195,641
2021 Est. Median Age	39.59	37.72	37.83
2021 Est. Average Age	41.76	39.32	39.21
Households			
2026 Projection	6,700	52,106	99,742
2021 Estimate	6,356	49,732	94,928
2010 Census	5,807	45,917	86,542
2000 Census	5,860	45,818	82,164
2021 Est. Average Household Size	1.62	2.15	2.26
2021 Est. Households by Household Income			
Income < $15,000	***25.2***	14.9	12.4
Income $15,000 - $24,999	17.0	11.6	10.5
Income $25,000 - $34,999	11.1	9.3	9.3
Income $35,000 - $49,999	12.1	13.7	14.1
Income $50,000 - $74,999	10.8	***17.2***	***18.0***
Income $75,000 - $99,999	8.1	11.6	12.7
Income $100,000 - $124,999	5.5	7.5	8.3
Income $125,000 - $149,999	2.9	4.5	4.9
Income $150,000 - $199,999	3.0	4.2	4.4
Income $200,000 - $249,999	1.8	2.0	2.0
Income $250,000 - $499,999	1.7	2.2	2.2
Income $500,000+	0.8	1.2	1.1
2021 Est. Average Household Income	$57,013	$73,926	$76,485
2021 Est. Median Household Income	$31,608	$50,651	$54,514
2021 Est. Tenure of Occupied Housing Units			
Owner Occupied	23.8	49.9	57.0
Renter Occupied	76.2	50.1	43.0
2021 Est. Median All Owner-Occupied Housing Value	$285,340	$241,031	$228,974
Source: 2021 Claritas, Inc.			

SERVICES AND AMENITIES

The nearest commercial area with restaurants, convenience stores and support services is located in the Downtown Core, about 1-2 minutes driving time from the property. The closest lodging facilities are located within 1-2 minutes of the property and include La Quinta Inn, Hampton Inn & Suites, Holiday Inn Express, The Centennial Hotel Spokane and others. The nearest fire and police stations are within 2-4 miles of the property.

LAND USE

In the immediate vicinity of the subject, the primary uses include a mix of commercial, hotel/motel, and multi-family uses. Division Street, on which the subject fronts, is a heavily-retailed arterial that runs from the CBD through North Spokane. Other land use characteristics are summarized in the following table.

SURROUNDING AREA LAND USES	
Character of Area	Urban
Predominant Age of Improvements	10 to 50 years
Predominant Quality and Condition	Average
Approximate Percent Developed	±90%
Infrastructure/Planning	Average
Predominant Location of Undeveloped Land	South and west
Prevailing Direction of Growth	North and east

SUBJECT'S IMMEDIATE SURROUNDINGS	
North	Retail building with a Starbucks
South	Retail/Office building
East	Apartment building
West	La Quinta Inn & Suites

DEVELOPMENT ACTIVITY AND TRENDS

During the last five years, development has been predominantly of multi-family (apartment) uses, and has included the following projects listing in the table below.

RECENT CONSTRUCTION AND PROPOSED PROJECTS IN DOWNTOWN SPOKANE					
No.	**Name**	**Address**	**Size**	**Year Built**	**Use**
1	Peppertree Plaza	2-4 W. 3rd Ave.	15,000 SF	2016	Retail (Strip Center)
2	The M	612 W. Main Ave.	108 Units	2018	Apartments
3	The Imperial	120 W. 3rd Ave.	92 Units	2021	Apartments
4	The Cataylst	601 E. Riverside Ave.	164,000 SF	2020	Office
5	The Hub	12 N. Sheridan St.	40,000 SF	2020	Utility Sub-Station
6	Ridpath Club Apartments & Condos	515 W. Sprague Ave.	206 units	2018	Apartments
7	Donna Hanson Haven	24 W. 2nd Ave.	51 units	2018	Apartments
8	Proposed Office	102 N. Division St.	33,106	NA	Office
9	Sherman Apartments	131 S. Sherman St.	9 units	NA	Apartments

Source: CoStar

The pace of development has generally accelerated over this time and has continued through the pandemic, although the pandemic likely slowed the overall pace of development.

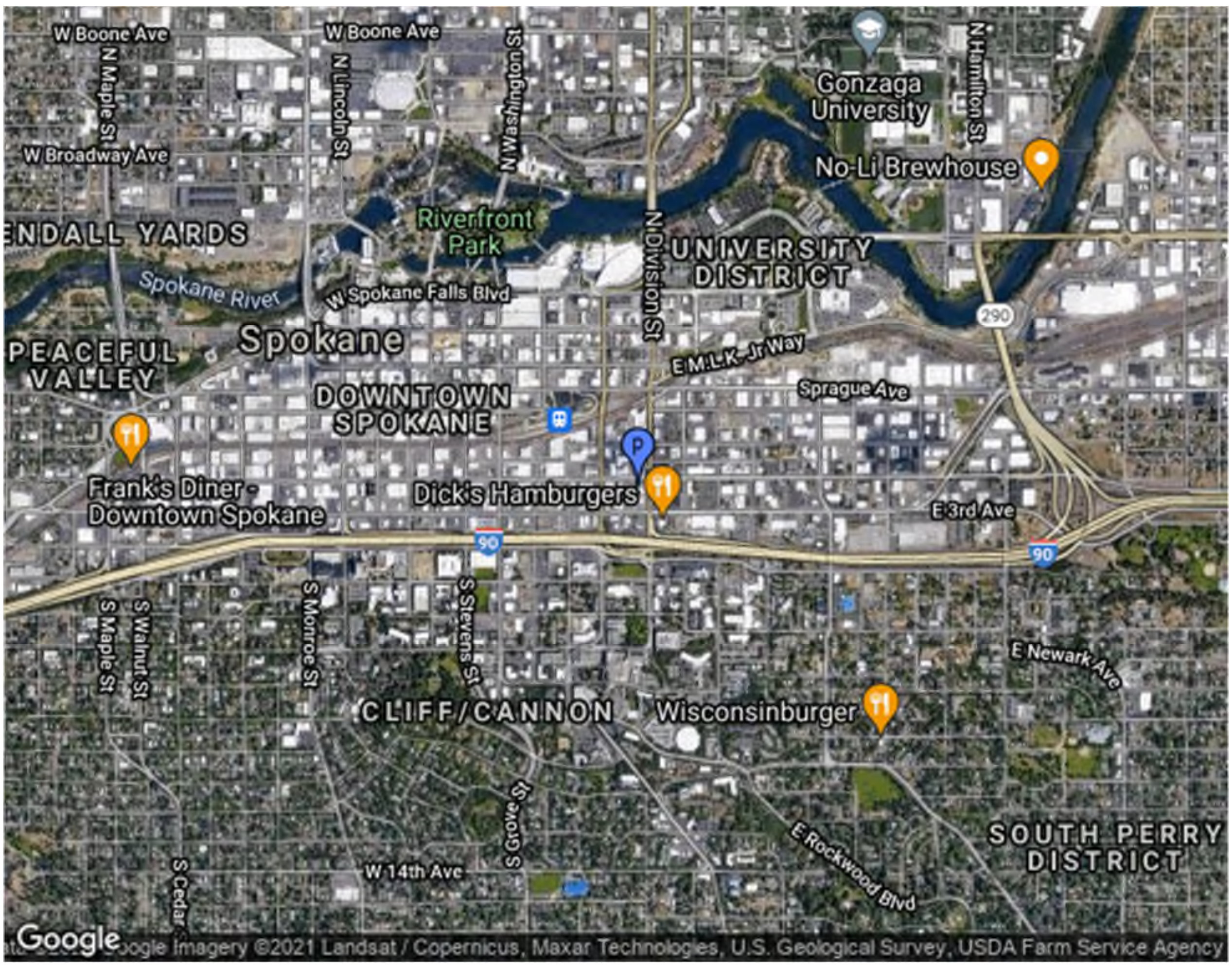
OUTLOOK AND CONCLUSIONS

The area is in the redevelopment stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will remain stable in the near future with increases over the long-term.

In comparison to other areas in the region, the area is rated as follows:

SURROUNDING AREA ATTRIBUTE RATINGS	
Highway Access	Above Average
Demand Generators	Above Average
Convenience to Support Services	Above Average
Convenience to Public Transportation	Above Average
Employment Stability	Average
Police and Fire Protection	Average
Property Compatibility	Below Average
General Appearance of Properties	Average
Appeal to Market	Average
Price/Value Trend	Stable

NEIGHBORHOOD MAP



MARKET ANALYSIS

RELIGIOUS FACILITIES

The market for religious facilities, schools, and community centers overlaps: it shares many of the same potential purchasers, and the physical design of a religious facility, which typically includes a gymnasium or similar large assembly area in addition to a sanctuary are frequently adaptable for use as schools, and vice versa. Conversely, schools typically have need of educational or classrooms and food preparation facilities, which are common in larger religious facilities. Community centers, a somewhat smaller proportion of this market, have similar needs for assembly, recreation, administration (office), and education (classrooms).

Two social forces have led to a market for religious facilities: the emergence of entrepreneurial churches, particularly nondenominational churches associated with the broader evangelical movements such as Pentecostalism, Bible churches, and community churches. The so-called megachurch movement, in particular, has fostered the development of large churches, strong evangelical outreach, and entrepreneurial innovation and administration leading to a market for larger and more modern facilities.

RELIGIOUS ORGANIZATIONS INDUSTRY HEALTH

The information is this section is taken from the February 2021 IBIS World Religious Organization in the US report. The industry definition is: "This industry consists of religious organizations that provide religious worship or promote religious activities for both organized religions and smaller faiths that are not recognized in mainstream religious teaching. Establishments include churches, temples, mosques, synagogues and other houses of worship, in addition to convents, monasteries and religiously affiliated community centers. This industry does not include schools and hospitals operated by religious organizations."

CORONAVIRUS IMPACT UPDATE

Revenue for the Religious Organizations industry is anticipated to decline in 2020, decreasing 5.4% due to the cancellation of religious worship services and a declining economy as a result of the COVID-19 (coronavirus) pandemic. However, industry revenue is expected to rebound in 2021, growing 1.2% in 2021 alone, due to the abatement of the pandemic.

Industry revenue largely comprises donations made by individuals, making it quite sensitive to fluctuations in consumer expenditure. In addition, a significant portion of donations come from worship services, which have been canceled due to social distancing.

Due to social distancing restrictions, industry operators have strengthened or implemented online donation platforms. This has helped the industry adapt somewhat, but not recovered all lost revenue.

Industry at a Glance

Key Statistics

$126.4bn
Revenue

Annual Growth 2016-2021	Annual Growth 2021-2026	Annual Growth 2016-2026
-1.2%	2.1%	

$14.3bn
Profit

Annual Growth 2016-2021	Annual Growth 2016-2026
-2.1%	

11.3%
Profit Margin

Annual Growth 2016-2021	Annual Growth 2016-2026
-0.5%	

184k
Businesses

Annual Growth 2016-2021	Annual Growth 2021-2026	Annual Growth 2016-2026
0.0%	0.9%	

2m
Employment

Annual Growth 2016-2021	Annual Growth 2021-2026	Annual Growth 2016-2026
-0.3%	1.5%	

$38.1bn
Wages

Annual Growth 2016-2021	Annual Growth 2021-2026	Annual Growth 2016-2026
-0.9%	1.7%	

Key External Drivers

% = 2016-2021 Annual Growth

2.2% Per capita disposable income

0.6% Number of households

1.8% Consumer spending

-1.3% Number of immigrants

3.2% Number of adults aged 65 and older

Industry Structure

POSITIVE IMPACT

- Regulation: Light
- Technology Change: Low

MIXED IMPACT

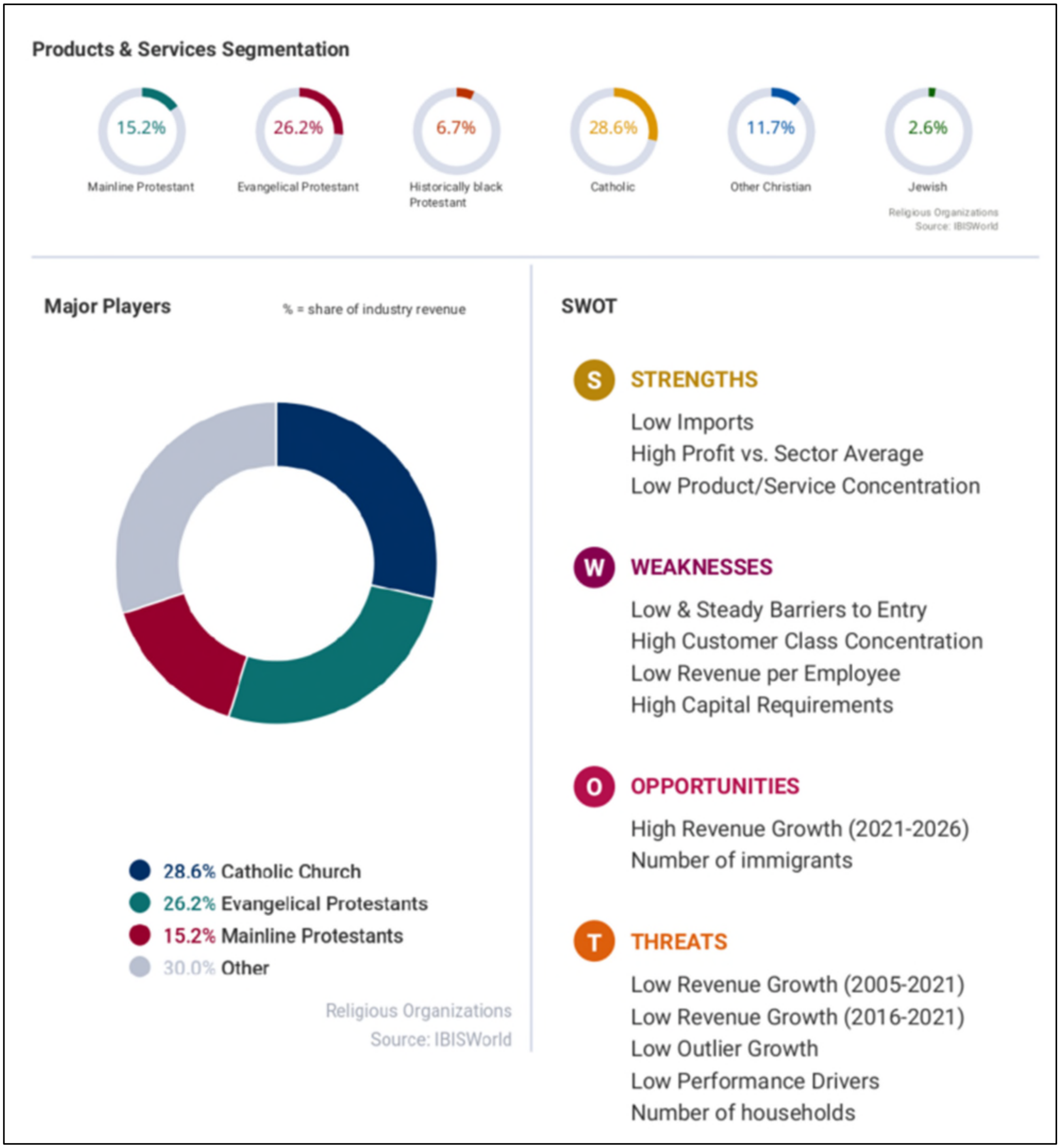
- Life Cycle: Mature
- Revenue Volatility: Medium
- Capital Intensity: Medium
- Industry Assistance: Medium
- Globalization: Medium
- Competition: Medium

NEGATIVE IMPACT

- Concentration: High
- Barriers to Entry: Low

Key Trends

- Changing perspectives will decrease demand for religious services and could threaten industry revenue
- Industry revenue is expected to ultimately decline due to a deteriorating economic environment
- Wage expenditure has increased due to growing industry employment
- The labor market is expected to improve, putting renewed upward pressure on industry wages
- The number of people who report never attending church or synagogue is also expected to rise
- Growth in establishments or employment will likely remain limited, despite fluctuations in industry demand
- A significant decline in revenue in 2020 will likely wipe out previously realized gains during the period



KEY EXTERNAL DRIVERS

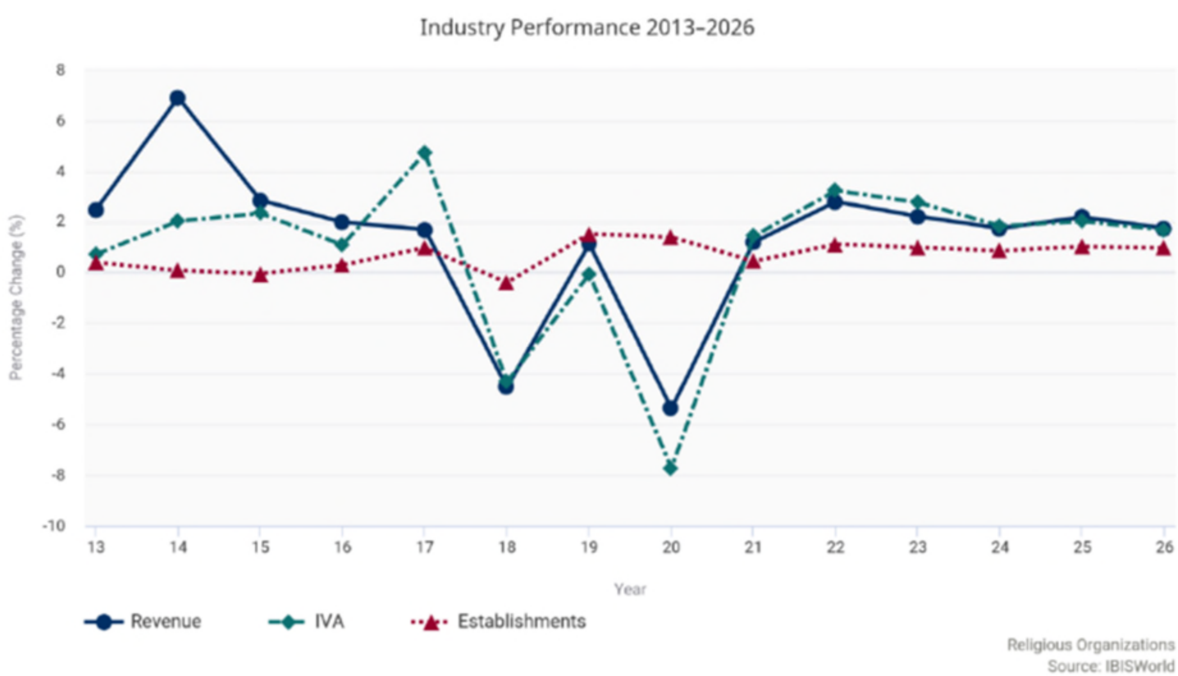
Consumer Spending - Consumer spending, more formally personal consumption expenditure, measures the total amount spent by Americans on services and new goods and net purchases of used goods, both domestically and abroad. An Increase in consumer spending drives an increase in economic growth and supports revenue growth for religious organizations. In 2021, consumer spending is anticipated to increase, posing a potential opportunity for industry operators.

Number of adults aged 65 and older - Increases in donations are correlated with an aging population. Older generations are likely to be more religious and attend organization events more often than younger generations. As people grow older, they also generally have more money available for donations in comparison with younger adults. In 2021, the number of adults aged 65 and older is expected to increase.

Number of households - Since religious organizations sometimes act as community centers or a gathering point for local members, an increase in the number of households will typically increase demand for religious worship services, activities and events. Neighborhoods with a falling number of households will generally experience lower demand, measured by attendance, for religious services. Lower attendance puts downward pressure on revenue. The number of households is expected to increase in 2021.

Per capita disposable income - An increase in disposable income enables religiously affiliated individuals to donate more money to their respective organization in the form of pledges, daily donations and time spent volunteering. As a result, increasing income levels bolster industry revenue, measured by the total amount of donations per year. In 2021, per capita disposable income is expected decline, posing a potential threat to the industry.

Number of immigrants - Increased immigration to the United States has changed the landscape of religious affiliations and, therefore, has the potential to change the allocation of donations. Due to greater immigration, religions such as Islam, Judaism and Catholicism have experienced renewed growth within the US religious landscape, prompting greater revenue gains for the industry. This does not include immigrants without legal documentation, who also likely support industry revenue. In 2021, the number of immigrants to the United States is expected to increase.



CURRENT PERFORMANCE

The Religious Organizations industry consists of organizations that provide religious worship or promote religious activities. This industry's establishments include houses of worship, convents, monasteries and religiously affiliated community centers, but do not include schools and hospitals operated by religious organizations. Over the five years to 2021, industry revenue has declined on an annualized basis. The industry has been significantly negatively affected by the COVID-19 (coronavirus) pandemic, wiping out gains from earlier in the period. The industry has also contended with a slow yet steady long-term decline in attendance as religion has played an increasingly less important role, relatively, to US society. A significant drop in the number of households itemizing their tax deductions also led to a notable drop in revenue in 2018. Overall, IBISWorld estimates industry revenue to decrease an annualized 1.2% to $126.4 billion in 2021. In 2021 revenue is expected to increase 1.2%, supported by a slowly recovering economy yet still tempered as a sudden rebound seems increasingly unlikely.

It is important to note that, due to the nature of this industry, revenue cannot necessarily be used as a proxy for demand. Since industry revenue is measured in donations and not sales from individuals, decreases in revenue might not be representative of declining demand for religious services, but rather a decrease in the ability or willingness of individuals to donate to their organizations. This phenomenon is unique to this industry; in other industries, revenue would be a good variable with which to measure demand because it directly measures the amount of people who are willing to pay for its services and products. In regard to the Religious Organizations industry, revenue is measured by donations and people's propensity to donate, whereas demand is measured by how people value religion and the level of attendance.

Decreasing Importance. Industry revenue, measured by donations to religious organizations, has been bolstered by increases in disposable income, despite declining as a portion of total donations. Donations to other organizations have grown faster than donations to religious organizations. A 2020 Gallup Inc. (Gallup) poll measuring how people value religion showed that while those who respond “very important” has remained the majority, at 47.2%, it is down from 53.0% in 2016. Furthermore, the portion of those who responded “not very important” has been rising. In 2020, an estimated 27.0% of individuals reported religion to be “not very important”, whereas in 2016, only 25.0% of those surveyed gave the same response.

As more people view religion as “less important,” they are more likely to donate to other organizations, increasing the total amount of donations, but decreasing religion's share of total donations. This trend will result in increasing external competition for the industry from other organizations that also heavily rely on donations. In addition, Gallup research shows that the majority of those who are religiously affiliated attend religious services less frequently than in previous years.

Of those polled, only 24.0% (down from 26.0% in 2016) attend church or synagogue every week and an increasing number of people believe that religion is becoming less influential. While most people surveyed said they believe religion answers most or all of society's problems, the portion of those who think otherwise has been increasing. The guidance religion provides in solving problems is a large part of the value in religion for most people. If people find religion increasingly unhelpful or unable to solve problems, they are likely to view it as less valuable. This changing perspective will decrease demand for religious services and could ultimately threaten industry revenue.

Shifting religious preferences. Religious preferences have continued to shift during the period, as more people on average are expected to change their beliefs at least once in their lifetimes. For example, according to a Gallup poll, the percentage of people identifying as Protestant has declined, although this group remains a majority among those who identify as religious, estimated at 48.1%. Religions such as Islam have continued to grow slowly, supported by Muslim immigrant populations. The number of people who identify as having no religious preference has increased to an estimated 20.0% in 2020. This group includes agnostics, atheists and those who consider themselves to be religious or spiritual but not affiliated with any specific religion.

Economic conditions determine growth. Revenue for the Religious Organizations industry is generally driven by growth in per capita disposable income, making it highly susceptible to changes in the labor market and overall economic climate. IBISWorld estimates per capita disposable income to increase an annualized rate of 2.2% over the five years to 2021. Wage growth and trends in the labor market underlie trends in disposable income and also play a significant determining role in driving industry revenue. As disposable income increases, people's propensity to donate to charities increases, causing more-frequent and larger donations. The persistent low unemployment rate during the majority of the period, helped put upward pressure on wages and industry revenue. In 2020, however, the coronavirus pandemic has drastically increased unemployment and threatened the job gains realized over the last five years. As a result, industry revenue is expected to ultimately decline on an annualized basis in 2021 due to a deteriorating economic environment.

In addition, social distancing restrictions have physically barred worshipers from attending services, another substantial source of downward pressure to revenue. According to the National Study of Congregations' Economic Practices conducted by the Lake Institute, although 46.0% of surveyed churches offered online giving, 78.0% of revenue still came through worship. While it is likely that giving to religious organizations has shifted online somewhat as the industry has adapted, the coronavirus pandemic and the inability of individuals to attend service has likely driven down revenue significantly.

Industry structure. During the period, profit has decreased from 11.8% in 2016 to 11.3% in 2021. A significant decline in industry revenue in 2018 and expected decline in 2020 has put significant downward pressure on industry profit. There was a drastic drop in the number of individuals who opted to itemize their deductions on their tax returns in 2018, due to the Tax Cuts and Jobs Act that doubled the standard deduction. According to Giving USA, only an estimated 20.0 million households itemized their deductions, down from 45.0 million in 2016. As a result, this reduced the incentive for charitable giving by individuals, which accounts for the largest share of total industry revenue. Giving USA reports that giving by individuals dropped an estimated 1.1% in 2018.

Given an annualized decline in revenue growth, significant growth in total wage expenditure has also weighed on profit. Over the five years to 2021, total wages are estimated to decrease at an annualized rate of 0.9% to $38.1 billion. Wage expenditure has increased due to growing industry employment. During the period, the industry has only experienced marginal growth in the number of establishments. Over the five years to 2021, the number of industry establishments has increased an annualized 0.8% to 192,125 locations. This industry is characterized by a high level of market saturation and, as a result, does not experience strong growth in new churches on an annual basis. Furthermore, the industry is actually likely to experience a decline in the number of establishments in 2020, as some have already struggled with financial instability prior to the pandemic.

Historical Performance Data

Year	Revenue ($m)	IVA ($m)	Estab. (Units)	Enterprises (Units)	Employment (Units)	Exports ($m)	Imports ($m)	Wages ($m)	Domestic Demand ($m)	Number of Adults Aged 65 and Older (Million people)
2012	116,952	63,376	183,411	183,083	1,685,741	N/A	N/A	38,115	N/A	43.1
2013	119,860	63,830	184,144	183,813	1,685,205	N/A	N/A	38,060	N/A	44.6
2014	128,131	65,121	184,291	183,961	1,684,958	N/A	N/A	38,598	N/A	46.2
2015	131,784	66,644	184,205	183,862	1,679,616	N/A	N/A	39,365	N/A	47.7
2016	134,394	67,369	184,740	184,083	1,686,959	N/A	N/A	39,952	N/A	49.2
2017	136,667	70,545	186,548	185,761	1,690,378	N/A	N/A	40,342	N/A	50.8
2018	130,476	67,501	185,820	185,168	1,693,661	N/A	N/A	40,231	N/A	52.4
2019	131,946	67,459	188,646	186,359	1,708,227	N/A	N/A	39,355	N/A	54.1
2020	124,861	62,249	191,276	183,090	1,647,092	N/A	N/A	37,805	N/A	55.9
2021	126,351	63,144	192,125	183,812	1,659,306	N/A	N/A	38,120	N/A	57.7

INDUSTRY OUTLOOK

Over the five years to 2026, revenue for the Religious Organizations industry is expected to grow, driven by a recovery in the overall economy, the re-opening of activity across the country, declining unemployment and rising per capita disposable income. Growth in per capita disposable income will enable those who choose to donate to give more and in larger amounts. During the period, industry revenue, measured in donations to religious organizations, is expected to increase at an annualized rate of 2.1% to $140.5 billion in 2026. Starting from a low base in 2020 will help elevate the rate of growth over the next five years.

Reduced donation incentive. The 2017 Tax Cuts and Jobs Act (TCJA), reduced individual charitable giving to religion in 2018. Given that individual donations constitute the largest share of total industry revenue, this resulted in an estimated 4.5% decline in industry revenue in 2018. The TCJA doubled the standard deduction, resulting in a sharp drop in the number of individuals who chose to itemize their deductions for their tax returns. As a result, this significantly reduced the tax incentive to make charitable donations. Industry revenue has still not recovered. It is expected to continue weight on industry revenue growth moving forward by disincentivizing charitable donations, including those to religious organizations.

Increasing disposable income and a return to growth in consumer spending will likely offset some of this downward pressure on revenue. The labor market is expected to improve over the next several years, putting renewed upward pressure on wages. During the five-year period, per capita disposable income is expected to grow an annualized 2.1%. Therefore, those who donate to religious organizations will be able to increase their donation amounts or donate more frequently, driving industry growth. Again, it is important to note that industry revenue growth is attributable to higher donation amounts, not higher demand for industry services. When disposable income levels are higher, people are more willing and able to donate to their religious organizations, therefore driving revenue growth. Due to the COVID-19 (coronavirus) pandemic and social distancing restrictions imposed on industry organizations, it is expected that many organizations have emphasized their online giving platforms, or even implemented new systems, to try and make up for lost worship revenue. This will likely have a lasting positive effect on industry organizations, who will benefit from a greater acceptance of online donations, and thus, continue to strengthen a burgeoning revenue stream.

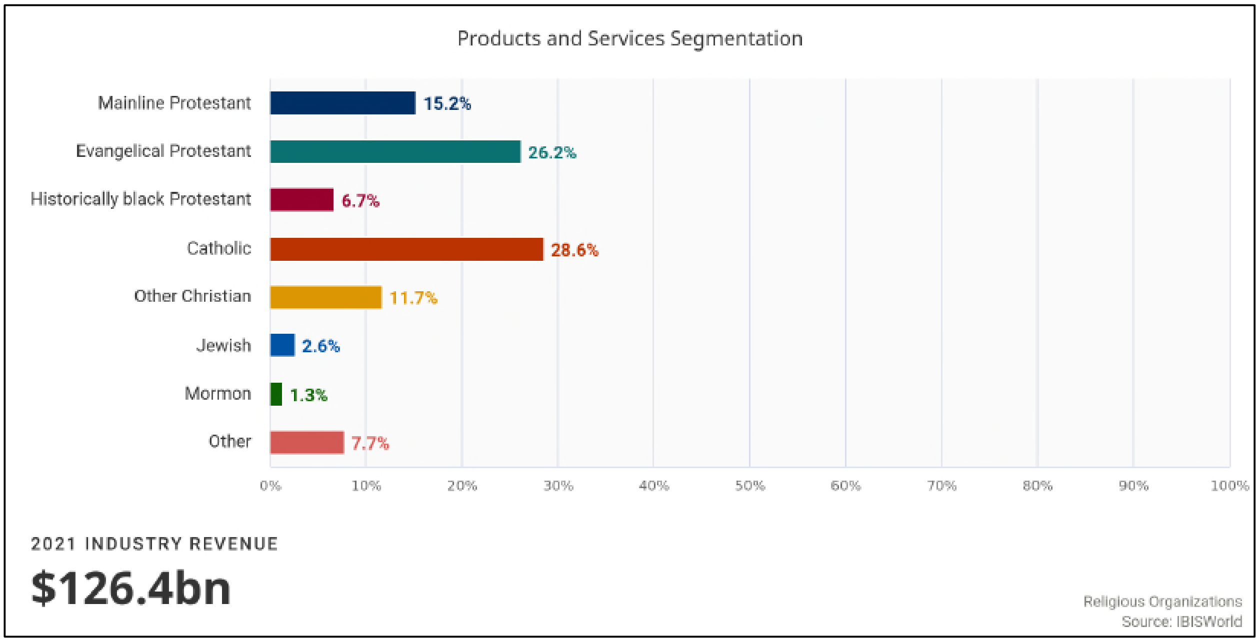
Decreased importance of religion. The widespread decreasing importance of religion to people will continue to affect the industry. Over the next five years, the number of people who view religion as "very important" is projected to decrease an annualized 2.0%. This decline is anticipated to pose a threat to the industry during the outlook period. The number of people who report never attending church or synagogue is also expected to rise at an annualized rate of 4.7% over the next five years. Decreasing attendance is expected to have a more pronounced effect on organizations that rely on daily donations. However, operators that except donations on an annual or monthly basis through the mail or online will likely be less affected by lower attendance since their donations do not depend as much on daily giving and attendance.

Expected growth and increasing youth membership. Over the next five years, the number of industry efstablishments is forecast to increase at an annualized rate of 1.0% at 201,816 locations in 2026. Growth in establishments, enterprises and employment is also less affected by demand than in other industries. Any increases in demand can usually be demonstrated in higher attendance numbers and be satisfied by already existing establishments and their leaders. Therefore, growth in establishments or employment will likely remain limited, despite fluctuations in industry demand. Additionally, since demand for this industry's services are not price-sensitive, changes in demand happen slowly during long periods of time due to shifting societal attitudes and beliefs. In line with marginal growth in establishments, the number of employees is expected to rise an annualized 1.5% over the next five years to 1.8 million staff members. Profit is expected to recover and account for an estimated 12.4% of total revenue in 2026.

Moving forward, industry operators seeking to increase new and retained membership will need to focus on attracting younger adults. A survey by the Pew Research Center identifies the quality of sermons, feeling welcomed by leaders and the style of worship services to be the top factors considered when people are seeking out a new house of worship. Furthermore, a larger portion of individuals between the ages of 18 and 29 identified these factors as being important to them compared with those aged 65 or older. Therefore, increasing the sense of community and paying special attention to the style and quality of worship services and sermons will be critical to industry organizations' success in the future.

PRODUCTS AND SERVICES

The Religious Organizations industry provides religious services through different religious denominations. This segmentation of the different services has been estimated using the latest research from Gallup Inc. and the Pew Research Center on membership by religious tradition and estimated per capita donations for each religious tradition.



Protestant - Protestantism is the largest religious tradition in the United States. As a result, protestant worship services account for the largest share of revenue. However, the Protestant population is further divided into hundreds of different denominations with distinct religious doctrines, and each individual church within these denominations operates independently. Evangelical Protestant churches and historically black churches typically have higher attendance rates than do mainline Protestant churches.

Over the five years to 2021, attendance at Protestant worship services has declined slightly, as religious membership has declined overall. Younger generations are typically less religious than generations before them. It is common for Evangelical Protestant churches to hold more conservative views, which may have alienated some younger individuals. At the same time, mainline protestant churches, which tend to be more progressive, have been less active in attracting new members. Due to these trends, the number of Evangelical Protestant Christian congregations have grown at the expense of more mainstream Protestant groups. Nonetheless, Protestant churches have contracted over the past five years. In 2021, revenue or donations from Protestant worship services is estimated to account for 48.1% of total industry revenue.

Catholic - Catholicism is the second-largest religious tradition in the United States. Immigration from Latin American countries over the past decade has benefited popularity, helping to increase Catholic membership in the United States despite decreasing membership to religious organizations overall. In 2021, donations to the Catholic Church are estimated to account for 28.6% of total industry revenue. Unlike protestant churches, which operate independently, all catholic churches are governed by the Curia and the pope.

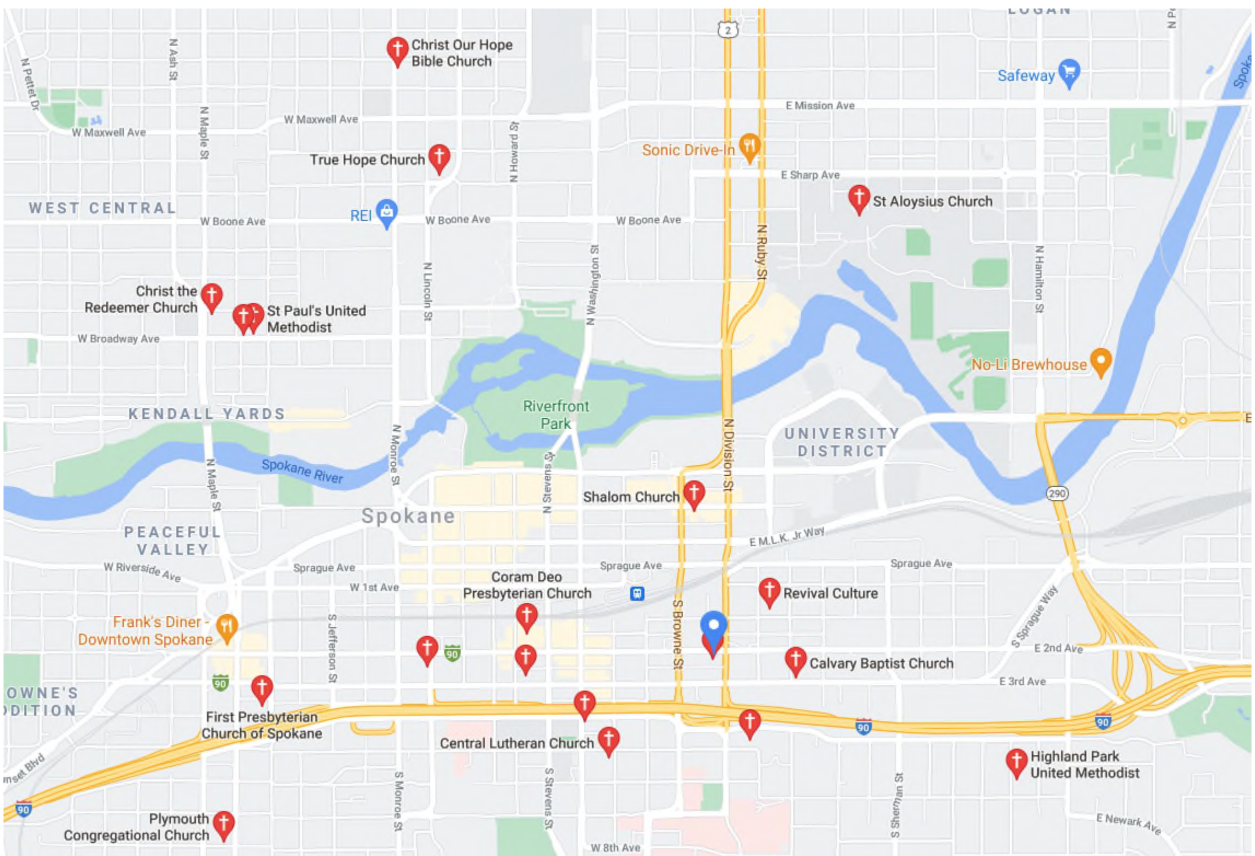
The Catholic Church sexual abuse scandal, wherein the systematic abuse against thousands of children under the care of Catholic bishops and priests was uncovered, lead to a global outcry. The scandal significantly damaged the organization's reputation worldwide. Furthermore, some donors decreased their contributions or left the church all together. However, the Catholic Church has been regaining its reputation in recent years as its new leader, Pope Francis, is expected to reform the Church bureaucracy considerably over the course of his tenure.

Other Christian - Other Christian traditions include the Church of Latter-Day Saints (Mormonism), Jehovah's Witnesses, Greek and Russian Orthodoxy and several smaller denominations. These religions' share of the religious population has not significantly changed over the past five years, as most individuals who change religions typically choose a protestant faith, according to the Pew Landscape Survey. This segment's revenue has been relatively stable. One notable reason is that Mormons generally adhere more strongly to the notion that members should pledge one-tenth of their yearly income to their church. IBISWorld expects revenue from other Christian worship services to increase as a portion of total industry revenue in 2021. Donations to Mormon churches is expected to make up 1.3% of total industry revenue in 2021. All other Christian traditions are estimated to account for another 11.7% of total revenue in 2020.

Other Religious worship services – Other regions in the United States include Judaism, Islam, Buddhism, Hinduism, Wicca, Paganism and several other small religious groups. Faiths that are more strongly tied to cultural traditions, such as Judaism, have experienced steady growth and strong retention. According to the Pew Research Center, the number of individuals practicing Islam has grown due to immigration from majority Muslim countries.

LOCAL MARKET

Utilizing Google, we searched for church and/or religious facilities near the subject. The following map indicates there are roughly 20 religious facilities within an estimated 1-to-2 mile radius of the subject. With COVID-19, church growth overall is expected to slow in the near term, which would include the subject's neighborhood and market.



In the State of Washington, COVID-19 restrictions have been lifted on churches and faith-based organizations issued by the Governor, which previously included restricting indoor gatherings to 25% of room/building capacity or a recommended maximum of 200 people so long as six feet of social distancing can occur. These restrictions are no longer in effect and churches are allowed to freely gather indoors and conduct worship services and other gatherings as was done before the pandemic. This opening will be a significant positive impact on the religious facility industry.

SITE DESCRIPTION

INTRODUCTION

The description of the site is based upon our physical inspection of the property, information available from the client, and public sources. See the *Data Sources Used Within This Appraisal* table in the Scope of Work section for more detail.

AERIAL MAP

GENERAL DESCRIPTION OVERVIEW			
Location	This property is located towards the south end of downtown Spokane near Interstate 90, in Spokane County, Washington.		
Parcel Number	35191.1304		
Legal Description	Railroad 4TH Add. LTS 9 to 18 Block 112		
Site Area			
Primary Site	37,026 square feet	(0.8500 acres)	
Total	**37,026 square feet**	**(0.8500 acres)**	
Configuration	Rectangular		
Topography	Slightly sloping upward when approaching the alley along the south side of the property		
Drainage	Appears adequate		
Utilities/Municipal Services	All available to site.		
Floodplain	**Zone**	**Map**	**Date**
	Zone X (Unshaded)	53063C0543D	July 7, 2010
	Zone X (unshaded) is a Non-Special Flood Hazard Area (NSFHA) of minimal flood hazard, usually depicted on Flood Insurance Rate Maps (FIRM) as above the 500-year flood level. This is an area in a low to moderate risk flood zone that is not in any immediate danger from flooding caused by overflowing rivers or hard rains. In communities that participate in the National Flood Insurance Program (NFIP), flood insurance is available to all property owners and renters in this zone.		
Census Tract No.	003500		
Soil/Subsoil Conditions	We did not receive a soil report. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property.		
Environmental Concerns	We were provided with a Phase I Environmental Site Assessment for the subject property conducted by Radius dated July 7, 2021. In summary, the assessment revealed that there were no evidence of contamination on the site as stated in the report and no further assessment is necessary.		
Land Use Restrictions	We were provided with a commitment for title insurance report issued by First American Title Insurance Company. The report describes various encroachments, easements and/or any other restrictions to the property. All of the exceptions to title are typical and are not considered to negatively impact the marketability of the property.		
Hazards Nuisances	None reported or observed.		
Surrounding Land Uses	Commercial and multi-family residential uses		
Opportunity Zone	Yes		
Comments	The property is generally rectangular in shape and is mostly level, but the building sits a few feet below the street level of Division Street and the alley.		

STREETS, ACCESS AND FRONTAGE

Details pertaining to street access and frontage are provided in the following table.

STREETS, ACCESS & EXPOSURE			
Street	South Division Street	W. 2nd Avenue	Alley
Frontage	142	±270	142
Paving	Asphalt	Asphalt	Asphalt
Curbs	Yes	No	No
Sidewalks	Yes	No	No
Lanes	1 way, 4 lanes	1 way, 3 lanes	2 way, 2 lanes each way
Direction of Traffic	North/South	East/West	North/South
Condition	Average	Average	Average
Traffic Levels (CoStar)	31,704 AADT	18,596 AADT	Minimal
Signals/Traffic Control	Traffic signal	Traffic signal	Stop sign
Access/Curb Cuts	None	One	One
Visibility	Above Average	Above Average	Below average
Transportation Facilities	None	Bus stop @ 2nd & Browne	None

ZONING

The subject is zoned DTG, Downtown General. The following table summarizes our understanding and interpretation of the zoning requirements that affect the subject.

ZONING	
Designation	DTG
Description	Downtown General
Zoning Intent	The DTG, Downtown General zoning category is a mixed-use category applied within a large area of the downtown. This is a high-density, mixed use area in which community-serving retail uses are encouraged, especially at street level; and residential and office uses are encouraged, especially as part of a mixed-use building. A very wide range of uses are allowed. No auto-oriented or intensive industrial uses are discouraged or not allowed.
Compliance	The subject is a legal conforming use in this zoning district.
ZONING REQUIREMENTS	
Permitted Uses	Residential living, major event entertainment, office, basic utilities, colleges, daycare, medical centers, parks and open areas, religious institutions and schools.
Minimum Lot Size	None
Maximum Lot Size	None
Minimum Lot Width	None
Maximum Coverage Ratio	None
Minimum Open Space	None
Front (min. ft.)	0
Rear, alley/no alley (min. ft.)	0
Side (min. ft.) interior	0
Maximum Height	12 stories
Max Floor Area Ratio	6
Required No. Parking Spaces	30 (1 space per 100 SF of main assembly area, which is approximately 3,000 SF)
Subject's Total Parking Spaces	59

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance is required.

OTHER LAND USE REGULATIONS

We are not aware of any other land use regulations that would affect the property.

OPPORTUNITY ZONE

In 2018, the Federal Government enacted a new tax incentive program. The U.S. Treasury created opportunity zone designations across the country to encourage long-term investments in "low income" neighborhoods through a federal tax incentive. Governors each nominated these zones within their own states. Governor Inslee's nomination resulted in 136 qualified opportunity zones in Washington. The subject is located within one of them.

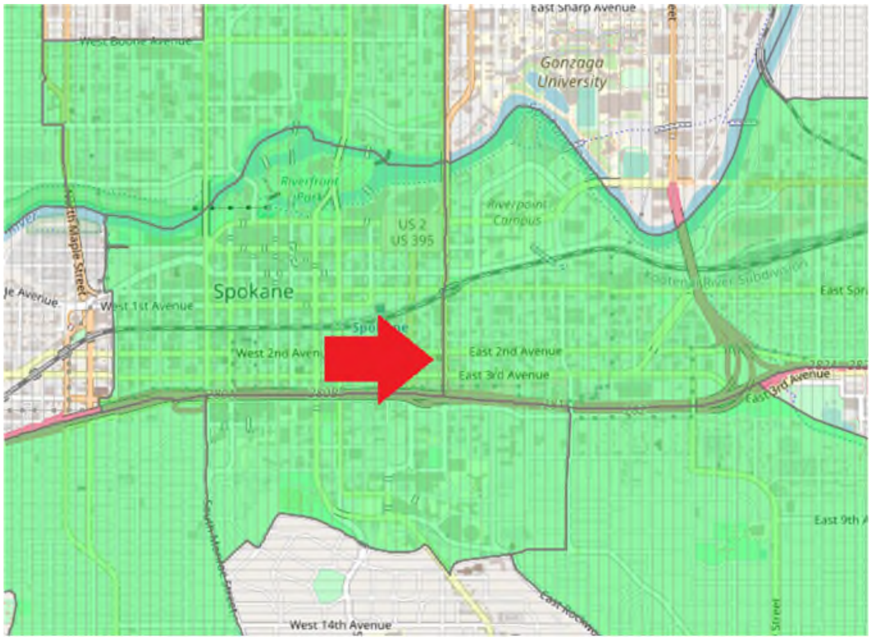
There are three key advantages to investors when a property is purchased and held within this zone, which include:

1. Tax Deferment - gains that are transferred into a qualified opportunity fund within 180 days of being realized will have their tax liability delayed or deferred until December 31, 2026, at the latest.

2. Decrease in Taxes for Long-Term Investment - The amount subject to taxes shrinks by 10%—in that the basis in the investment increases—if the investment has been held for at least five years. If held for at least seven years in total, the basis increases by an additional 5% pts (15% in total). The amount subject to taxes is effectively the fair market value of the investment, if it has declined in value.

3. Untaxed Long-Term Gains - If the investment of tax deferred gains appreciates after having been held for at least 10 years, then those new capital gains earned in the zone are themselves completely tax free. Otherwise, the net income or proceeds generated by a zone investment are taxable.

The following map marks the subject property's location within one of Washington's designated Opportunity Zones.



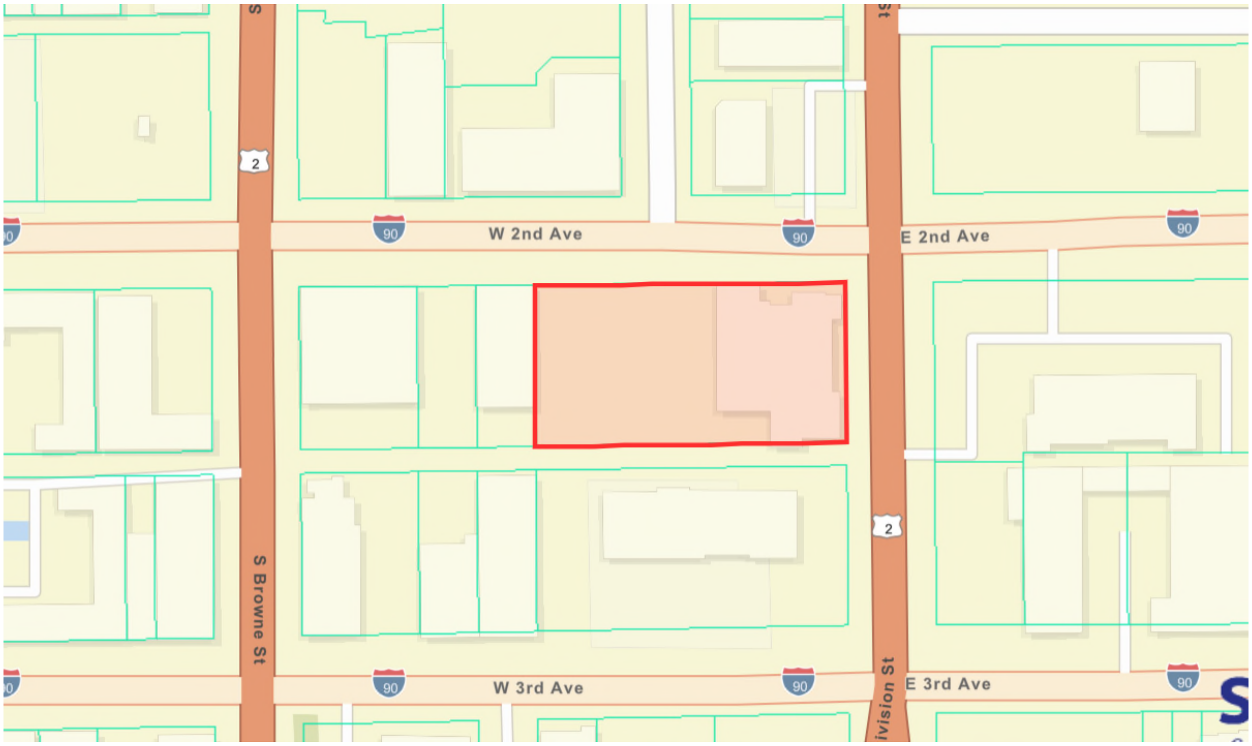
The subject's location within an opportunity zone enhances the overall desirability of investors, particularly those with potential capital gains taxes.

CONCLUSION OF SITE ANALYSIS

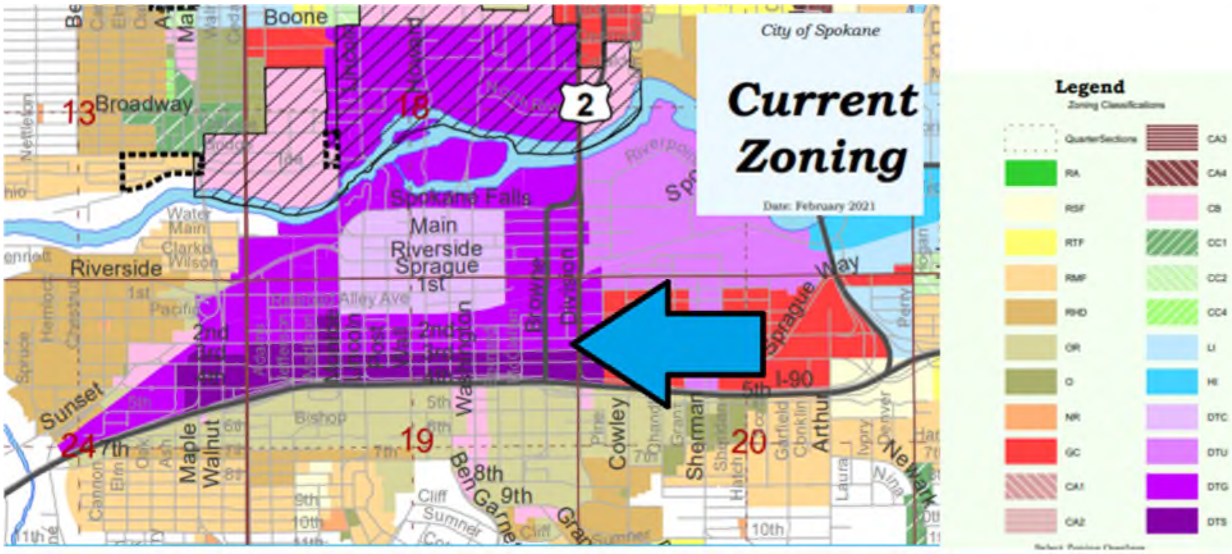
The subject site contains 37,026 square feet or 0.85 acres of Downtown General zoned land. The site is rectangular in shape, is general level, but is slightly below street level of Division Street, and has above average access to local and regional thoroughfares.

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include residential living, major event entertainment, office, basic utilities, colleges, daycare, medical centers, parks and open areas, religious institutions and schools. We are not aware of any other restrictions on development.

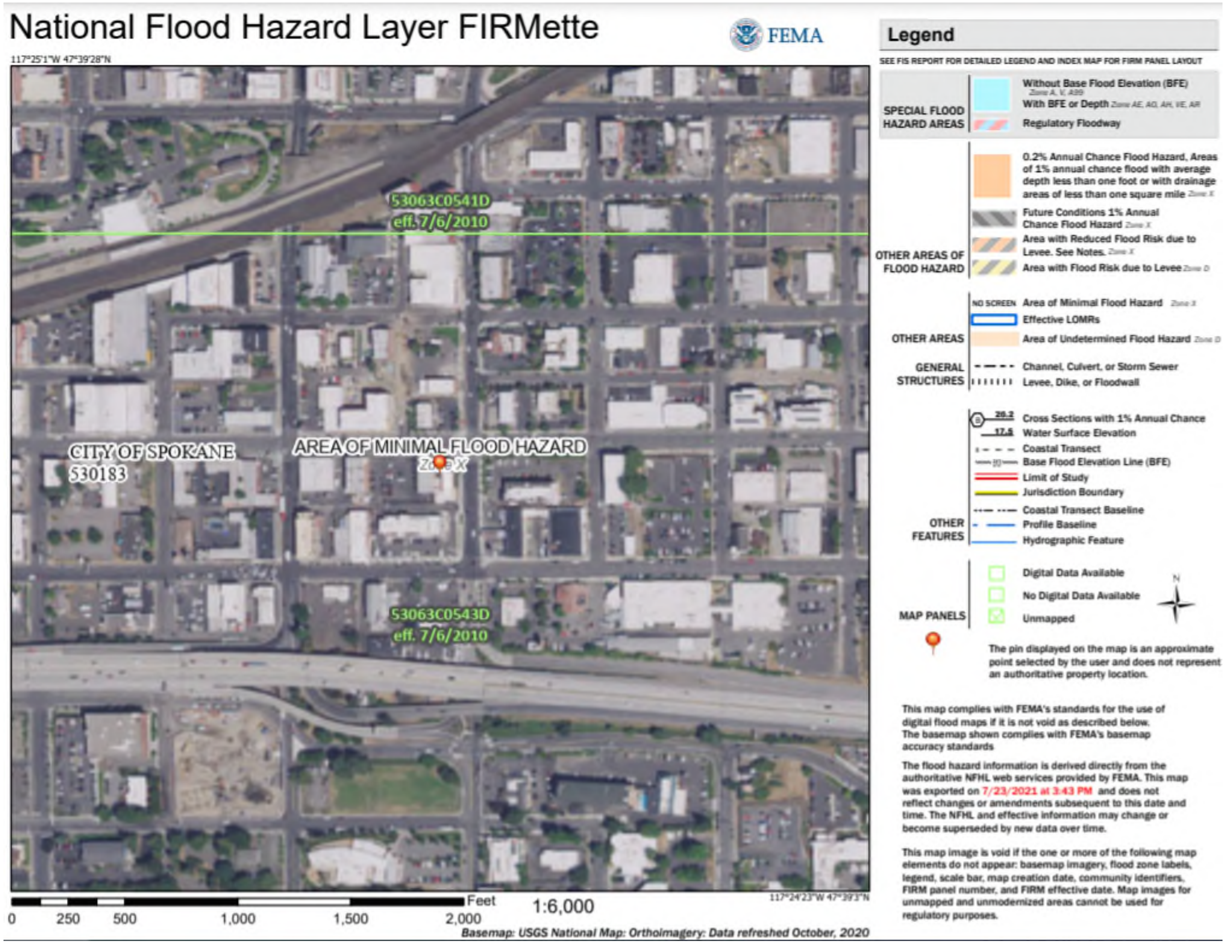
PLAT MAP



ZONING MAP


City of Spokane
Current Zoning
Date: February 2021
Legend
Boone
Broadway
Riverside
Spokane Falls
Main
Riverside
Sprague
1st
2nd
Sprague Way
I-90
Sunset
Maple
Walnut
Washington
Browne
Division
Cowley
Sherman
Arthur
Bishop
8th
9th
10th
13
18
19
20
24

FLOOD MAP


National Flood Hazard Layer FIRMette
FEMA
117°25'1"W 47°39'28"N
53063C0541D
eff. 7/6/2010
CITY OF SPOKANE
530183
AREA OF MINIMAL FLOOD HAZARD
53063C0543D
eff. 7/6/2010
117°24'23"W 47°39'3"N
Feet
0 250 500 1,000 1,500 2,000
1:6,000
Basemap: USGS National Map: Orthoimagery: Data refreshed October, 2020
Legend
SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT
SPECIAL FLOOD HAZARD AREAS
Without Base Flood Elevation (BFE)
With BFE or Depth
Regulatory Floodway
OTHER AREAS OF FLOOD HAZARD
0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile
Future Conditions 1% Annual Chance Flood Hazard
Area with Reduced Flood Risk due to Levee. See Notes.
Area with Flood Risk due to Levee
OTHER AREAS
NO SCREEN
Area of Minimal Flood Hazard
Effective LOMRs
Area of Undetermined Flood Hazard
GENERAL STRUCTURES
Channel, Culvert, or Storm Sewer
Levee, Dike, or Floodwall
OTHER FEATURES
20.2
17.5
Cross Sections with 1% Annual Chance Water Surface Elevation
Coastal Transect
Base Flood Elevation Line (BFE)
Limit of Study
Jurisdiction Boundary
Coastal Transect Baseline
Profile Baseline
Hydrographic Feature
MAP PANELS
Digital Data Available
No Digital Data Available
Unmapped
N
The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.
This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards
The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 7/23/2021 at 3:43 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.
This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

IMPROVEMENTS DESCRIPTION

The subject is a religious facility comprised of a 21,850 SF two-story building situated on a 0.85 acre rectangular lot located in downtown Spokane, Washington. The building was originally built in 1950 and has an approximately 3,000 SF sanctuary area with a 150-seat capacity (est.), along with a multi-purpose area, classrooms, a library, kitchen and a lounge. In addition, the property has a 59-stall surface parking area adjacent to the west of the building.

The following description is based on our inspection of the property and discussions with ownership.

The building is located towards the east side of the site with the main entrance of the building being located along the east elevation. Other secondary entrances are along the north and west elevations. Surface parking is located to the west of the building, which parking lot is accessible via 2nd Street and the alley south of the building.

The building is a two-story structure constructed of Class C, masonry materials. The main level includes a main lobby area, a 150-seat (approximately) sanctuary area spanning two levels, a multi-purpose room and a kitchen. The second floor includes classrooms, offices, a library, and a lounge.

GENERAL DESCRIPTION OVERVIEW	
Address	212 South Division Street Spokane, Washington 99202
Property Description	Specialty (Religious Facility) A religious facility
Year Built	1950
Year Renovated	Various
Number of Buildings	3
Number of Stories	2
Building Construction Class	Class C
Net Rentable Area	21,850 square feet
Gross Building Area	21,850 square feet
Building Footprint	15,000 square feet
Floor-Area Ratio	0.59
Elevator(s)	None
Coverage Ratio	40.5% (15,000 SF Bldg Footprint ÷ 37,026 SF Primary Site)
Ingress/Egress	One from 2nd Street and one from the alley south of the site
Parking	
Surface Parking Spaces	59
Total Parking Spaces	59
Parking Ratio	2.7 spaces per 1,000 SF of gross building area.
ADA Compliance	The property was constructed prior to implementation of Federal ADA regulations; we assume the property is not fully ADA compliant.

CONSTRUCTION DETAIL	
General Layout	The subject is a two-story religious facility demised for owner or single-tenant occupancy.
Foundation	Reinforced concrete slab
Construction	Brick
Floor Structure	Wood frame
Exterior Walls	Brick
Roof Type	Both Flat & Sloped
Roof Cover	Sealed membrane
Windows	Glass in metal frames

INTERIOR DETAIL	
Interior Walls	Painted drywall & brick
Ceilings	Painted drywall, suspended accoustical ceiling tiles and exposed to the building's framing
Floor Coverings	Carpet tiles, hardwood, linoleum,
Lighting	Fluorescent, decorative and canned
Restrooms	Multiple sinks and toilet/urinals in each restroom

MECHANICAL DETAIL	
Heating	Radiant Heat & forced air
Cooling	Window units & forced air
Plumbing	Assumed to code and adequate
Electrical	Assumed to code and adequate
Fire Protection	No sprinkler system observed.

SITE IMPROVEMENTS	
Parking Type	Surface
Landscaping	A variety of trees, shrubbery and grass
Signage	Metal sign along east elevation
Fencing	Chain link along northern perimeter of parking area

BUILDING LAYOUT

The building can be divided into two different building areas: the sanctuary building to the east and the multipurpose building to the west. Both building areas have a second level and the buildings are separated by a small courtyard area.

QUALITY & CONDITION

Despite the older construction date of the building, the improvements appear to have been well maintained and updated. Since purchasing the building in 2016, the owners have replaced the HVAC system servicing the sanctuary portion of the building. They have also modified the sanctuary sage and balcony areas, along with refreshed the multi-purpose room area and classrooms with things like new carpet and paint. The improvements have an average construction quality that are in an above-average condition.

DEFERRED MAINTENANCE

No deferred maintenance is apparent from our inspection, and none is identified.

PERSONAL PROPERTY

No personal property items or intangible items are included in this valuation.

CONCLUSION OF IMPROVEMENTS ANALYSIS

Overall, the quality, condition, and functional utility of the improvements are average-to-above average for their age and location.

SUMMARY	
Building Condition	Average/Good We did not inspect the roof of the building(s) nor make a detailed inspection of the mechanical systems. We are not qualified to render an opinion as to the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed about the adequacy and condition of mechanical systems.
Building Quality	Average
Design and Functionality	Average
Actual Age	71 years
Expected Economic Life	45 years
Effective Age	25 years
Remaining Economic Life	20 years
Comments	The property is a two-story, masonry religious facility located towards the end side of the site. The improvements include a 150-seat (approx.) sanctuary area, classrooms, a kitchen, library and lounge.

PROPERTY TAX ANALYSIS

The Spokane County Assessor is required by law to appraise property at market value. Industrial, commercial, multifamily, and newly constructed residential properties are physically inspected and valued each year. Residential properties are physically inspected and valued once every six years, while the values of the remaining five-sixths are adjusted to market value based on sales information from the previous year.

All counties in the State of Washington establish values on January 1st of the assessment year. Market sales occurring in the previous year are used to establish the value as of January 1st for existing properties. This value is then used to calculate the following year's property taxes. For example, sales from 2013 were used to establish property values for January 1, 2014, which were used to compute 2015 taxes.

Property taxes in Spokane County are calculated based on the current millage rate applied to the assessed value divided by $1,000.

Real estate taxes and assessments for the current tax year are shown in the following table.

REAL ESTATE TAXES 2020-2021						
	Assessor's Real Market Value			Taxes and Assessments		
Tax ID	Land	Improvements	Total	Millage Rate	Assessed Value	Real Estate Taxes
35191.1304	$925,000	$1,186,100	$2,111,100	$0.0000	$2,111,100	$0
Totals	**$925,000**	**$1,186,100**	**$2,111,100**		**$2,111,100**	**$0**

Religious facilities are typically noted as tax exempt. Sites associated with religious facilities are not subject to general property taxation as indicated by the Pierce County Tax Offices. Furthermore, real estate taxes are typically not considered to affect the market value of a religious/education facility as they are generally subject to a total exemption. The subject parcels are tax-exempt, and no delinquent taxes are due.

HIGHEST AND BEST USE

INTRODUCTION

The highest and best use is the reasonable, probable, and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible and that results in the highest value. These criteria are often considered sequentially. The tests of legal permissibility and physical possibility must be applied before the remaining tests of financial feasibility and maximal productivity. A financially feasible use is precluded if it is legally prohibited or physically impossible. If a reasonable possibility exists that one of the prior, unacceptable conditions can be changed, it is appropriate to proceed with the analysis with such an assumption.

HIGHEST AND BEST USE CRITERIA

The site's highest and best use is analyzed both as vacant and as improved, and if improvements are proposed then an as proposed analysis is required. In all cases, the property's highest and best use must meet four criteria: (1) legally permissible; (2) physically possible; (3) financially feasible; and (4) maximally productive.

HIGHEST AND BEST USE AS VACANT

LEGALLY PERMISSIBLE

The site is zoned DTG, Downtown General. Permitted uses include residential living, major event entertainment, office, basic utilities, colleges, daycare, medical centers, parks and open areas, religious institutions and schools. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only multi-family residential development is given further consideration in determining highest and best use of the site, as though vacant.

PHYSICALLY POSSIBLE

The subject site contains 37,026 square feet or 0.85 acres of Downtown General zoned land. This property is located towards the south end of downtown Spokane near Interstate 90, in Spokane County, Washington. The site is rectangular in shape, slightly sloping upward when approaching the alley along the south side of the property and has average access to local and regional thoroughfares. The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

FINANCIALLY FEASIBLE

Based on our analysis of the market, there is currently adequate demand for multi-family residential development in the subject's area. It appears that a newly developed multi-family residential development on the site would have a value commensurate with its cost. Therefore, multi-family residential development is considered to be financially feasible.

MAXIMALLY PRODUCTIVE

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than multi-family residential development. Accordingly, it is our opinion that multi-family residential development, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

HIGHEST AND BEST USE AS IMPROVED

PHYSICALLY POSSIBLE

The subject is a religious facility comprised of a 21,850 SF two-story building situated on a 0.85 acre rectangular lot located in downtown Spokane, Washington. The building was originally built in 1950 and has an approximately 3,000 SF sanctuary area with a 150-seat capacity (est.), along with a multi-purpose area, classrooms, a library, kitchen and a lounge. In addition, the property has a 59-stall surface parking area adjacent to the west of the building.

In order for the subject property to match its ideal improvement, we consider alternatives to the subject's current use in the following paragraph.

- Renovation: The subject is in average/good condition and has been reasonably well maintained over the years. Since purchasing the property in 2016, the owners have conducted various improvements to the building's functioning and appearance (as was described previously). No additional renovation is necessary.
- Conversion: None of the comparable sales were purchased for conversion into an alternate use. The subject is a church, which is difficult to convert to another use. As such, conversion is not likely feasible.
- Expansion: Not warranted or feasible as the property is not improved with its highest and best use as vacant.
- Demolition: Demolition is not warranted. The subject is an owner-occupied church and is sufficiently suited to the owner's uses. However, religious facilities generally fall under specialized uses that generally typically trade between other owner-occupants, especially when they are purpose-built, and they rarely, if ever, constitute the maximally productive economic use for the site. However, the subject improvements grant value over and above the raw land value of the site. Therefore, a continuation of this use is concluded to be financially feasible.

Based on our analysis, there does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the current use, and the value of the existing improved property exceeds that value of the site, as if vacant. For these reasons, continued use is concluded to be maximally productive and the highest and best use of the property as improved.

MOST PROBABLE BUYER

Considering the size and characteristics of the subject property, the likely buyer is a religious facility (owner/user).

VALUATION PROCESS

Valuation in the appraisal process generally involves three techniques, including the Cost Approach, Sales Comparison Approach and the Income Capitalization Approach.

These three valuation methods are defined in the following table:

VALUATION METHODS	DEFINITION
Cost Approach	In this approach, value is based on adding the contributing value of any improvements (after deductions for accrued depreciation) to the value of the land as if it were vacant based on its highest and best use. If the interest appraised is other than fee simple, additional adjustments may be necessary for non-realty interest and/or the impact of existing leases or contracts.[1]
Sales Comparison Approach	In this approach, recent sales of similar properties in the marketplace are compared directly to the subject property. This comparison is typically accomplished by extracting "units of comparison", for example, price per square foot, and then analyzing these units of comparison for differences between each comparable and the subject. The reliability of an indication found by this method depends on the quality of the comparable data found in the marketplace.
Income Capitalization Approach	In this approach, a property is viewed through the eyes of a typical investor, whose primary objective is to earn a profit on the investment principally through the receipt of expected income generated from operations and the ultimate resale of the property at the end of a holding period.

VALUATION METHODS UTILIZED

This appraisal employs the Cost Approach and the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. Because the subject property is a specialized land use, it is not typically marketed, purchased or sold on the basis of anticipated lease income. Lease comparables are rare and generally do not reflect market transactions. Therefore, we have not employed the Income Capitalization Approach to develop an opinion of market value.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

LAND VALUATION

METHODOLOGY

The Sales Comparison Approach is employed to develop an opinion of land value. In the Sales Comparison Approach, we developed an opinion of value by comparing similar, recently sold sites in the surrounding or competing area to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

The Sales Comparison Approach to value requires the following sequential steps:

Unit of Comparison	The most widely used and market-oriented unit of comparison for properties with characteristics similar to those of the subject is sale price per square foot.
Search for Sales	Research must be done to locate comparable sales, listings and contracts of sites that are similar to the subject. Similarities may include size, utility, zoning, physical characteristics, location and the date of the sale.
Confirmation	All sales must be confirmed to verify that the data used is accurate, and that all of the sales, listings or contracts represent arm's-length transactions.
Comparison	Each of the sales that are chosen for this valuation is considered generally similar to the subject. Therefore, each difference between the comparables and the subject must be identified, and then adjusted for the various differences. All adjustments are made to the comparables as they relate to the subject property.
Reconciliation	Once all of the comparables have been adjusted, a single-value must be concluded based on the indications produced from the analysis of the comparables.

To apply the Sales Comparison Approach, we searched for sale transactions within the following parameters:

- Property Type: Commercial or Multi-family Land
- Location: Downtown Spokane, WA (or close to downtown as possible)
- Size: Less than 3 acres
- Transaction Date: 2018 to 2021

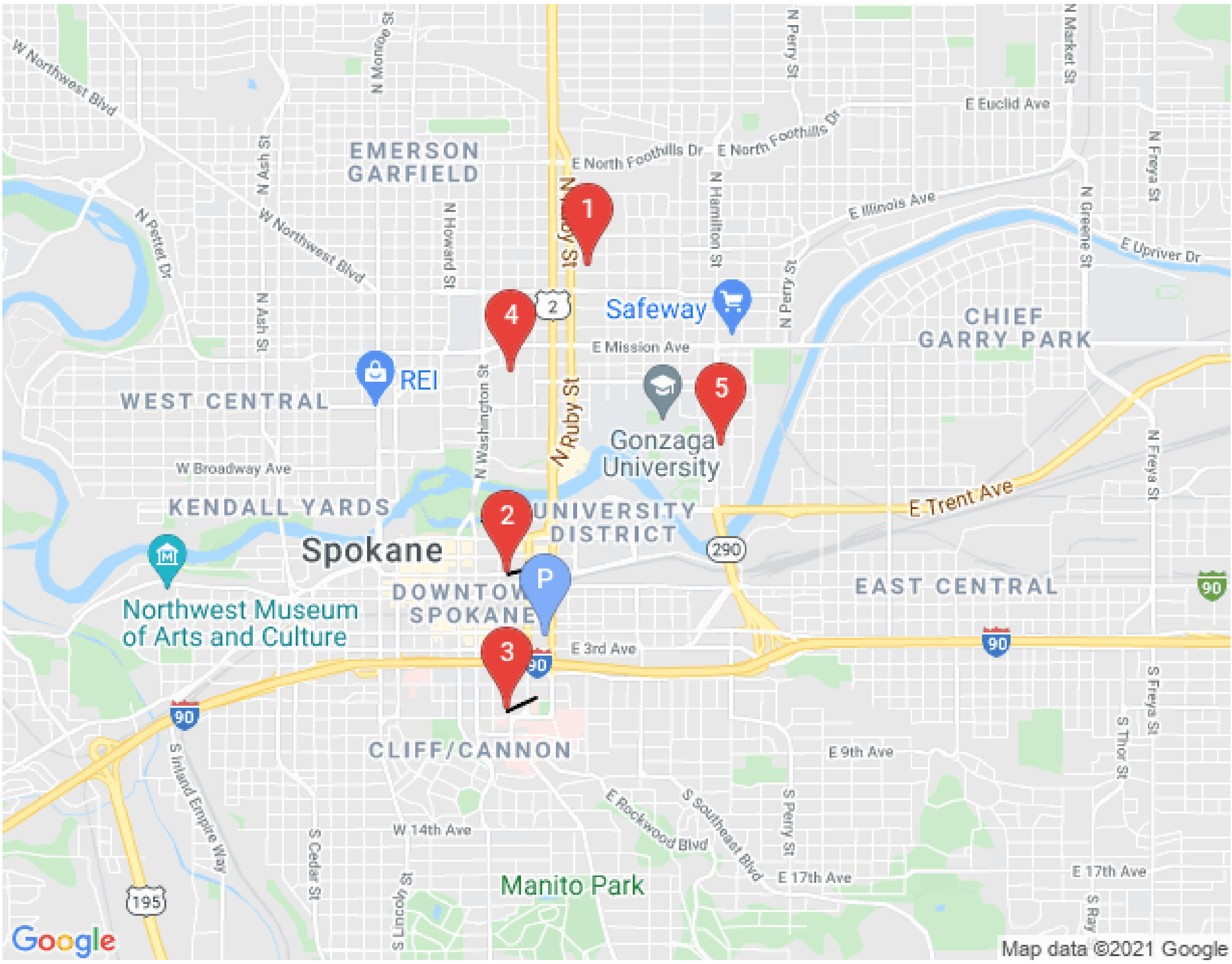
On the following pages, we present a summary of the land sales that we compared to the subject property, a map showing their locations, and the adjustment process.

COMPARABLE LAND SALES MAP AND SALES SUMMARY

SUMMARY OF LAND SALES									
No.	Property / Location	Date of Sale	Transaction Status	Site Size (Ac)	Building Zoning	Property Use	Max FAR	Cash Eqiv Sales Price	Price per SF
1	Baldwin Avenue Land 131 East Baldwin Avenue Spokane, WA	06/07/2021	Closed	0.33	GC-70, General Commercial	Commercial	2.50	$260,000	$18.31
2	Downtown Land on Riverside Ave. 206 West Riverside Avenue Spokane, WA	04/19/2021	Closed	0.65	DTG, Downtown General	Multi-Family	6.00	$2,300,000	$80.99
3	Former Providence Health & Services Site 44 West 6th Avenue Spokane, WA	10/28/2019	Closed	0.80	OR, Office Retail	Multi-Family	6.00	$1,550,000	$44.48
4	0.49 Acres of Vacant Office Land 1325 North Normandie Street Spokane, WA	10/02/2019	Closed	0.49	OR, Office Retail District	Office	6.00	$250,000	$11.74
5	Commercial Land on Hamilton Street 920 North Hamilton Street Spokane, WA	08/08/2019	Closed	1.61	CC1, Center & Corridor - Type 1 Zone	Commercial	1.50	$2,925,000	$41.71
Subj.	Redemption Church Spokane 212 South Division Street Spokane, Washington	—	—	0.85	DTG, Downtown General	Religious Facility	6.00	—	—

COMMENTS
1 - This property was on the marked for 34 days and was sold at the listing price. The allowed uses on the property include office, multi-family and retail.
2 - This property is a former bank branch site which is being purchased by a developer that is going to take advantage of the property's location within an opportunity zone and construct a 139-unit multi-family project that will be affordable to a middle-income individual. There will be a retail component and a public gathering component to the property. The density equates to 210 du's per acre.
3 - This is the sale of a former Providence Health & Services building that was 49% occupied at the time of sale. The property was on the market for 75 days and the buyer intends to demolish the improvements and construct a multi-family building.
4 - Arm's length transaction. Purchased to be developed into an office building. Listed on the open market for approximately 145 days before contract. Buyer received a 21.75% discount ($69,500) from the listing price.
5 - This is property was purchased to be redeveloped. The property had 4,923 square-foot retail building on the site at the time of purchase.

COMPARABLE LAND SALES MAP



COMPARABLE LAND SALES PHOTOS

Land Sale Comparable #1

Land Sale Comparable #2

Land Sale Comparable #3

Land Sale Comparable #4

Land Sale Comparable #5

COMPARABLE LAND SALES ADJUSTMENT GRID

COMPARABLE LAND SALE ADJUSTMENTS						
	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Property / Location	Redemption Church Spokane 212 South Division Street Spokane, Washington	Baldwin Avenue Land 131 East Baldwin Avenue Spokane, WA	Downtown Land on Riverside Ave. 206 West Riverside Avenue Spokane, WA	Former Providence Health & Services Site 44 West 6th Avenue Spokane, WA	0.49 Acres of Vacant Office Land 1325 North Normandie Street Spokane, WA	Commercial Land on Hamilton Street 920 North Hamilton Street Spokane, WA
Transaction Status	-----	Closed	Closed	Closed	Closed	Closed
Date of Sale	-----	06/07/2021	04/19/2021	10/28/2019	10/02/2019	08/08/2019
Site Size (Acres)	0.85	0.33	0.65	0.80	0.49	1.61
Cash Equiv Sale Price	-----	$260,000	$2,300,000	$1,550,000	$250,000	$2,925,000
Zoning	DTG, Downtown General	GC-70, General Commercial	DTG, Downtown General	OR, Office Retail	OR, Office Retail District	CC1, Center & Corridor - Type 1 Zone
Property Use	Religious Facility	Commercial	Multi-Family	Multi-Family	Office	Commercial
Unadjusted Price per SF (Net)	**-----**	**$18.31**	**$80.99**	**$44.48**	**$11.74**	**$41.71**
Transactional Adjustments						
Property Rights Conveyed		*Fee Simple*	*Fee Simple*	*Fee Simple*	*Fee Simple*	*Fee Simple*
Adjustment		$0.00	$0.00	$0.00	$0.00	$0.00
Financing						
Adjustment		$0.00	$0.00	$0.00	$0.00	$0.00
Terms/Conditions of Sale						
Adjustment		$0.00	$0.00	$0.00	$0.00	$0.00
Expenditures After Sale						
Adjustment		$0.00	$0.00	$0.00	$0.00	$0.00
Market Conditions	***Mar-20***	*06/07/2021*	*04/19/2021*	*10/28/2019*	*10/02/2019*	*08/08/2019*
Adjustment		**0%**	**0%**	**1%**	**1%**	**2%**
Total Transactional Adjustments		**0%**	**0%**	**1%**	**1%**	**2%**
Adjusted Price per SF (Net)		**$18.31**	**$80.99**	**$44.92**	**$11.85**	**$42.54**
Property Adjustments						
Location		**20%**	**-20%**	**5%**	**15%**	**-5%**
	37,026	*14,200*	*28,400*	*34,848*	*21,300*	*70,132*
Net Site Size (SF)		**-5%**	**0%**	**0%**	**0%**	**5%**
	6.00	*2.50*	*6.00*	*6.00*	*6.00*	*1.50*
FAR		**10%**	**0%**	**0%**	**0%**	**15%**
	Downtown General	*General Commercial*	*Downtown General*	*Office Retail*	*Office Retail District*	*Center & Corridor - Type 1 Zone*
Zoning / Intended Use		**0%**	**0%**	**0%**	**0%**	**0%**
Corner Influence		**5%**	**0%**	**5%**	**5%**	**5%**
Shape / Configuration		**0%**	**0%**	**0%**	**0%**	**0%**
Access / Visibility		**10%**	**-5%**	**0%**	**10%**	**0%**
		All available to site.	*All available to site.*	*All available to site.*	*Adjacent to site*	*All available to site.*
Utilities / Infrastructure		**0%**	**0%**	**0%**	**0%**	**0%**
	Slight elevation drop from street level of alley	---	*Generally level*	*Sloping*	*Level*	*Generally level*
Topography		**0%**	**0%**	**5%**	**0%**	**0%**
Total Property Adjustments		**40%**	**-25%**	**15%**	**30%**	**20%**
Indication for Subject		**$25.63**	**$60.74**	**$51.66**	**$15.41**	**$51.05**

DISCUSSION OF ADJUSTMENTS

PROPERTY RIGHTS CONVEYED

This adjustment accounts for any impact that the property rights transferred to the buyer may have on sale price. For leased fee properties, the length of leases in place and the relationship of market to contract rent could impact value. Some properties may have stronger appeal to an owner-user or an investor, resulting in a premium or discount associated with fee simple property rights. If a buyer acquires the leasehold interest in a comparable, then an adjustment may be necessary that accounts for the impact to the of ground rent and/or risk associated with the expiration of the ground lease to the sale price.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

FINANCIAL TERMS

This category accounts for differences in financing terms associated with the transaction. Financing arrangements that may require an adjustment include mortgage assumptions (at favorable interest rates), seller buydowns, installment sales, wrap-around loans, or any other atypical financing arrangements that do not represent cash-equivalent terms.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

CONDITIONS OF SALE

Adjustments for conditions of sale typically reflect various motivations of the buyer and/or seller. This may include such factors as seller distress (short sale, REO, auction) or buyer motivation (assemblage, etc.). In some situations, the conditions of sale may significantly affect transaction prices. Properties that are listed for sale may require adjustments herein to account for any disparity between asking prices and the achievable sale price anticipated.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

EXPENDITURES IMMEDIATELY AFTER SALE

In order to arrive at the effective sale price, the actual sale price of each comparable is adjusted to account for any expenditures planned by the buyer immediately after sale, such as capital expenditures, cost to cure deferred maintenance, or lease-up costs.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

MARKET CONDITIONS

This adjustment category accounts for differences in economic conditions between the effective date of appraisal and the transaction date of the comparable, such as may be caused by changing supply and demand factors, rental rates, vacancy rates and/or capitalization rates.

The impacts of COVID-19 on the office market have been felt resulting in a flattening of market conditions since March 2020. Previous to the pandemic, market conditions were escalating at a rate of roughly 3%. In this adjustment category, we apply a 3% adjustment per year up to March 2020, following which we do not apply an adjustment up through the effective date.

PROPERTY ADJUSTMENTS

LOCATION

The appeal of a property's location to users of and/or investors in a particular property type can influence value significantly. This factor broadly considers the impact of demographics, geographical attributes, access to transportation networks and local land use trends on pricing. Comparisons of location can often be derived, or even quantified, by examining rent, vacancy, capitalization rate, and land value trends in the subject and directly competitive areas.

The subject is located on the periphery of the downtown core. Sale 3 is located outside of the downtown area just south of the subject across Interstate 90. This sale is considered inferior and received a downward adjustment. Sale 2 is located in a superior part of downtown and Sale 5 is located near Gonzaga University making it superior. Both receive downward adjustments. All of the remaining sales in inferior to the subject and were given upward adjustments.

SITE SIZE (SF)

Size and pricing typically have an inverse relationship, whereby larger sites tend to achieve lower pricing on a per-square-foot basis. This is attributable to economies of scale, as well as the narrower pool of prospective buyers for a larger property.

Sales 2, 3 and 4 are similar and did not receive any adjustments. Sale 1 is smaller than the subject and receive a downward adjustment. Sale 5 is larger than the subject and was given an upward adjustment.

FAR

In most cases, higher floor-area ratios impact property values positively. It is noted, however, that a lower FAR could imply expansion/redevelopment potential.

Sales 2, 3 and 4 are similar and did not receive any adjustments. Sales 1 and 5 are inferior and receive upward adjustments.

ZONING / INTENDED USE

The value of vacant land is largely contingent upon its potential use. This factor considers the uses permitted by the applicable development standards, per the subject's zoning designation. The maximum density to which a property can be developed typically impacts total value positively; however, depending upon property type, location, and type of construction higher permitted densities can have an inverse relationship to pricing on a per-unit or per-square-foot basis.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

CORNER INFLUENCE

Corner influence is generally regarded as superior over interior land due to the accessibility and exposure from intersecting roadways, as well as development flexibility with respect to ingress/egress.

Sale 2 is located on a similar corner parcel and did not warrant an adjustment. All of the remaining sales are either interior parcels or corner parcels that do not have a signal making them inferior. Upward adjustments are applied to all of the remaining sales.

SHAPE / CONFIGURATION

The configuration, shape, dimensions and depth of a site determine its developability and overall utility. These factors can impact development costs, usable area of the site, and thereby, achievable pricing. The subject site is comprised of a single parcel.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

ACCESS / VISIBILITY

Adjustments for access/visibility allow for differences in accessibility to adjacent/nearby roadways, railways and/or waterways. Sites with visibility and exposure to heavier travelled thoroughfares normally command a premium over similar sites along tertiary thoroughfares.

Sale 3 and 5 have similar access and visibility. No adjustments were applied. Sale 2 has superior access and Sales 1 and 4 have inferior access. Appropriate adjustments are applied.

UTILITIES / INFRASTRUCTURE

Infrastructure adjustments may reflect differences in utility availability/capacity, developmental plans or other outside influences.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

TOPOGRAPHY

Topography characteristics can influence pricing, as sites with more radical elevation changes typically increase site preparation/development costs when compared to a level site.

Although the subject has a tiered topography towards the southeast corner of the, it is still generally a level site. Sale 3 has a sloping topography making it inferior to the subject. An upward adjustment is applied.

CONCLUSION OF LAND VALUE

After adjustments, the comparable land sales reflect a range from $15.41 to $60.74 per square foot, with an average of $40.90 per square foot. Although Sale 3 is outside of the downtown area, it is most similar to the subject. Sale 3 is given primary weight. All things considered, we conclude that the indicated value of the vacant land by the Sales Comparison Approach is $49.96 per square foot calculated in the following table

SALES SUMMARY	Unadjusted	Adjusted
Minimum	$11.85	$15.41
Maximum	$80.99	$60.74
Average	$39.72	$40.90

LAND VALUE CONCLUSION - AS IS	
Indicated Value per SF	$50.00
Net Site Area (SF)	x 37,026
Indicated Value	**$1,851,300**
Rounded to nearest $10,000	**$1,850,000**
Per SF	**$49.96**

COST APPROACH

METHODOLOGY

The Cost Approach is based on the principle of substitution, which states that no prudent person will pay more for a property than the cost of acquiring a site and constructing, without undue delay, an equally desirable and useful property. The steps have been outlined in the Valuation Process section of this report.

REPLACEMENT COST NEW

Our estimate of replacement cost new (RCN) is based on the Calculator Section in Marshall Valuation Service (MVS), a nationally recognized publication containing construction costs for all types of building and site improvements, and where available, cost comparables and the developer's budget. Base costs are revised monthly and adjustment factors are provided to reflect regional and local cost variations. The subject is considered to be a Class C, Religious Building with Sunday School and is judged to be of Average quality relative to the rating of MVS.

MARSHALL VALUATION SERVICE

BASE BUILDING COSTS

The published costs include all direct costs for the base structure, tenant improvements, and the following indirect costs:

- Plans, specifications, and building permits, including engineer's and architect's fees;
- Interest on construction loan during the construction period;
- Sales tax on materials; and
- Contractor's overhead and profit, including worker's compensation, fire and liability insurance, unemployment insurance, etc.

These base building costs, adjusted for any unique building characteristics and cost multipliers, are presented in the cost summary table at the end of this section.

SITE IMPROVEMENT COSTS

Site improvements include the paving, landscaping, signage, lighting, and other miscellaneous items. An overall site improvement cost of $3.00 per SF less the building footprint of the subject.

INDIRECT COSTS

Indirect costs not included in Base Building Costs include such items as developer overhead, property taxes, permanent loan fees, legal costs, developer fees, contingencies, and lease-up and marketing costs. Research into these costs leads to the conclusion that an average property requires an allowance for other indirect costs of between 5% and 15% percent of Base Building Costs plus Site Improvement Costs. We have estimated indirect costs of 15% in our analysis.

ENTREPRENEURIAL PROFIT

Entrepreneurial profit, also referred to as developer's profit, represents the profit required to motivate a developer to construct and lease-up a property. Anticipated developer's profit varies widely between individual projects depending on location and market conditions, but generally lies within the range of 10% to 20% of direct and indirect building and site costs. In this analysis, religious facilities similar to the subject are typically owner-occupied facilities and are commonly built to the owner's specifications. As a result, we do not apply an entrepreneurial profit figure in this analysis.

ACCRUED DEPRECIATION

Three different sources of depreciation may affect the existing improvements:

Physical Deterioration

As discussed in the *Improvements Description* section, our inspection of the property did not reveal any significant items of deferred maintenance, so *curable* physical depreciation does not appear to exist. We have used the economic age-life method to develop an opinion of physical deterioration. In the Improvements Description section of this report, we developed an opinion that the effective age of the subject to be 30 years and the economic life to be 45 years, which results in *incurable* physical deterioration of 66.7% (effective age ÷ economic life).

Functional Obsolescence

The subject improvements are constructed utilizing modern materials and techniques. Furthermore, the design and layout of the property is consistent with current market standards. As such, no functional obsolescence affects the existing improvements.

To determine a necessary deduction for functional obsolescence, we have compared the land values as the site's highest and best use, as opposed to its current use as a religious facility. Religious facilities are largely allowed use on sites with lesser density generally resulting in lower site values. In addition, church sites can also be located at the periphery of strong commercial areas. As a result, we have considered the lower end of the commercial land sales included in this analysis, or $12.00/SF as a conservative estimate for church land. The difference between the subject's underlying land is approximately $38.00/SF ($50.00/SF - $12.00/SF = $38.00/SF). Then, when multiplying $38/SF by the subject's site size of 37,026 SF, it equates to $1,406,988. Therefore, a functional obsolescence deduction of $1,406,988 is applied in this analysis on the basis of the consistent use theory, whereby the value of the subject's improvements contribute less value to the site because the highest and best use as if vacant is for a use other than that of a church.

External Obsolescence

Based upon a review of the specific location of the subject, as well as local market conditions, no external obsolescence appears to be present.

Total Depreciation The sum of these elements of accrued depreciation amounts to 96.1%, which is deducted from the RCN.

CONCLUSION

The following table(s) provides a summary of the Cost Approach and concludes a market value opinion.

COST APPROACH SUMMARY				
Replacement Cost New (RCN)	**Area (SF)**	**$/SF**	**Subtotal**	**TotalCost**
Building Improvements				
Base Cost	21,850	$137.00	$2,993,450	
Subtotal			$2,993,450	
Multipliers				
Current Cost		1.120		
Local Area		1.090		
Area Multiplier		0.971		
Story Height		1.000		
Product of Multipliers			x 1.185	
Adjusted Base Building Cost				$3,547,238
Site Improvements				
Paving, Landscaping, Lighting, Other Site Improvements	22,026	$3.00	$66,078	
Total Site Improvements				$66,078
Total Direct Costs				$3,613,316
Plus Other Indirect Costs (% of Direct Costs)	15%			$541,997
Subtotal Replacement Cost New (RCN)				**$4,155,314**
Plus Entrepreneurial Profit (% of RCN)	0%			**$0**
Total Replacement Cost New (RCN)				**$4,155,314**
per square foot				$190.17
Less Accrued Depreciation				
Physical				
Curable (Deferred Maintenance)			$0	
Incurable				
Effective Age (Years)	25			
Economic Life	45			
Total Incurable Physical Depreciation	55.6%		$2,308,508	
Functional Obsolescence			$1,406,988	
External Obsolescence	0.0%		$0	
Total	89.4%			**$3,715,496**
Depreciated Value of the Improvements				**$439,818**
per square foot				$20.13
Plus Land Value				**$1,850,000**
Indicated Value by Cost Approach				**$2,289,818**
Rounded to nearest $10,000				**$2,290,000**
per square foot				$104.81
Source: Marshall Valuation Service				
Type: Religious Buildings with Sunday Schools	Section: 16	Class: C		
Date: Aug-2019	Page: 8	Quality: Average		

SALES COMPARISON APPROACH

METHODOLOGY

In the Sales Comparison Approach, we developed an opinion of value by comparing similar, recently sold properties in the surrounding or competing area to the subject property. In order to determine the value of the subject property, these comparable sales and/or listings are then evaluated and adjusted based on their differences when compared to the subject property. Inherent in this approach is the principle of substitution, which states that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

The Sales Comparison Approach to value requires the following sequential steps:

Unit of Comparison	A unit of comparison (i.e. price per square foot, price per dwelling unit) must be selected for comparable analysis of the sales and the subject. The selected unit of comparison must be consistent with market behavior.
Search for Sales	Research must be done to locate comparable sales, listings and contracts of properties that are similar to the subject. Similarities may include property type, size, physical condition, location and the date of the sale.
Confirmation	All sales must be confirmed to verify that the data used is accurate, and that all of the sales, listings or contracts represent arm's-length transactions.
Comparison	Each of the improved sales that are chosen for this valuation is considered generally similar to the subject. Therefore, each difference between the comparables and the subject must be identified, and then adjusted for the various differences. All adjustments are made to the comparables as they relate to the subject property.
Reconciliation	Once all of the comparables have been adjusted, a single-value must be concluded based on the indications produced from the analysis of the comparables.

To apply the Sales Comparison Approach, we searched for sale transactions within the following parameters:

- Property Type: Religious facilities
- Location: Eastern Washington
- Size: 5,000 SF to 25,000 SF
- Transaction Date: 2018 to 2021

On the following pages, we present a summary of the land sales that we compared to the subject property, a map showing their locations, and the adjustment process.

UNITS OF COMPARISON

UNITS OF MEASURE	
	1. **Per Square Foot of Net Rentable Area:** For office buildings, the actual occupiable area of a floor or an office space; computed by measuring from the finished surface of the office side of the corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Sometimes called net building area or net floor area.
	2. **Per Square Foot of Usable Area:** The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas.
	3. **Per Square foot of Gross Leasable Area:** Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.
X	4. **Per Square Foot of Gross Building Area:** Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region.
	5. **Per Unit:** Total number of dwelling units in the property. Typically used for apartment properties.

COMPARABLE IMPROVED SALES

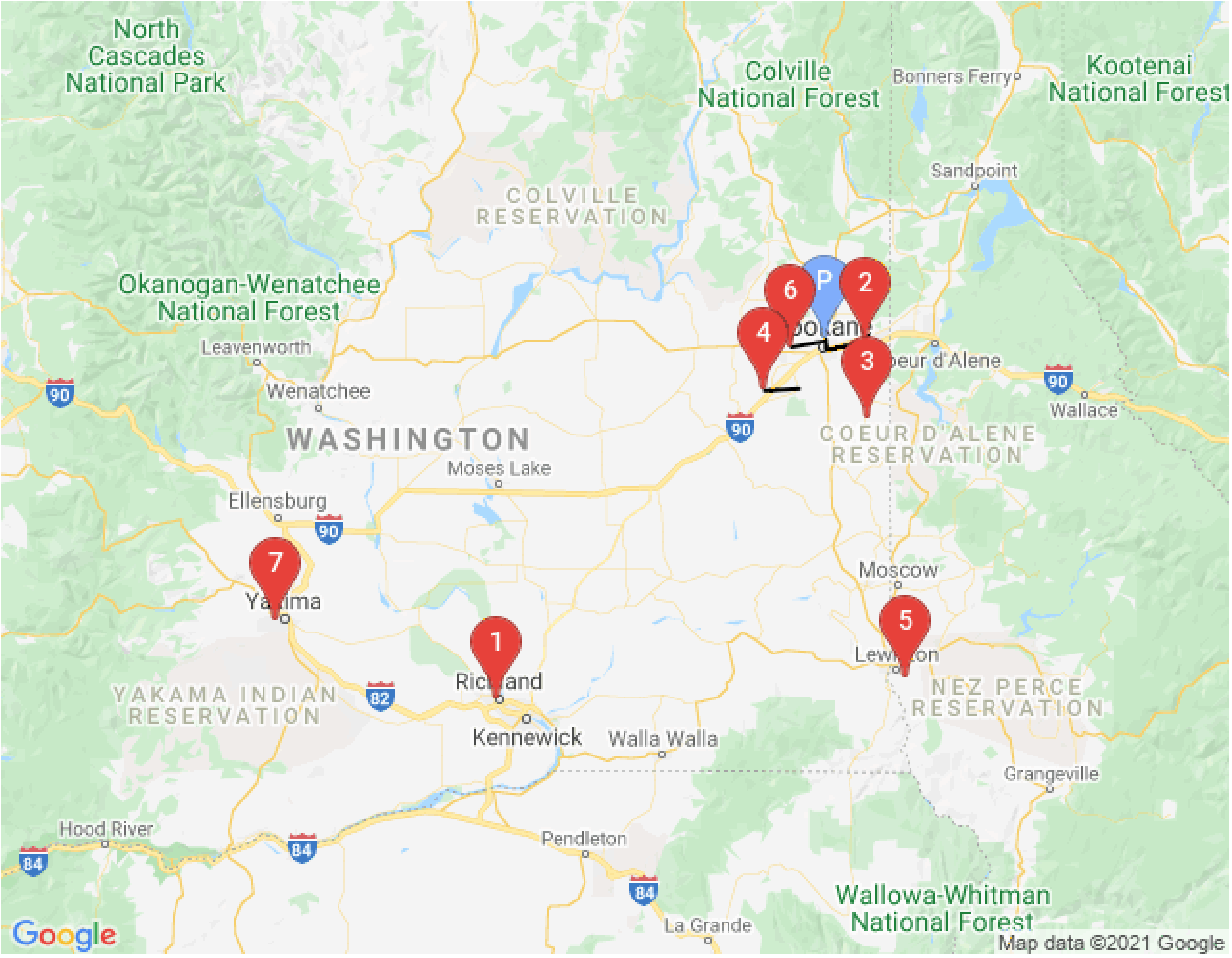
On the following pages, we present a summary of the improved properties that we compared to the subject property, a map showing their locations, and the adjustment process.

COMPARABLE IMPROVED SALES SUMMARY

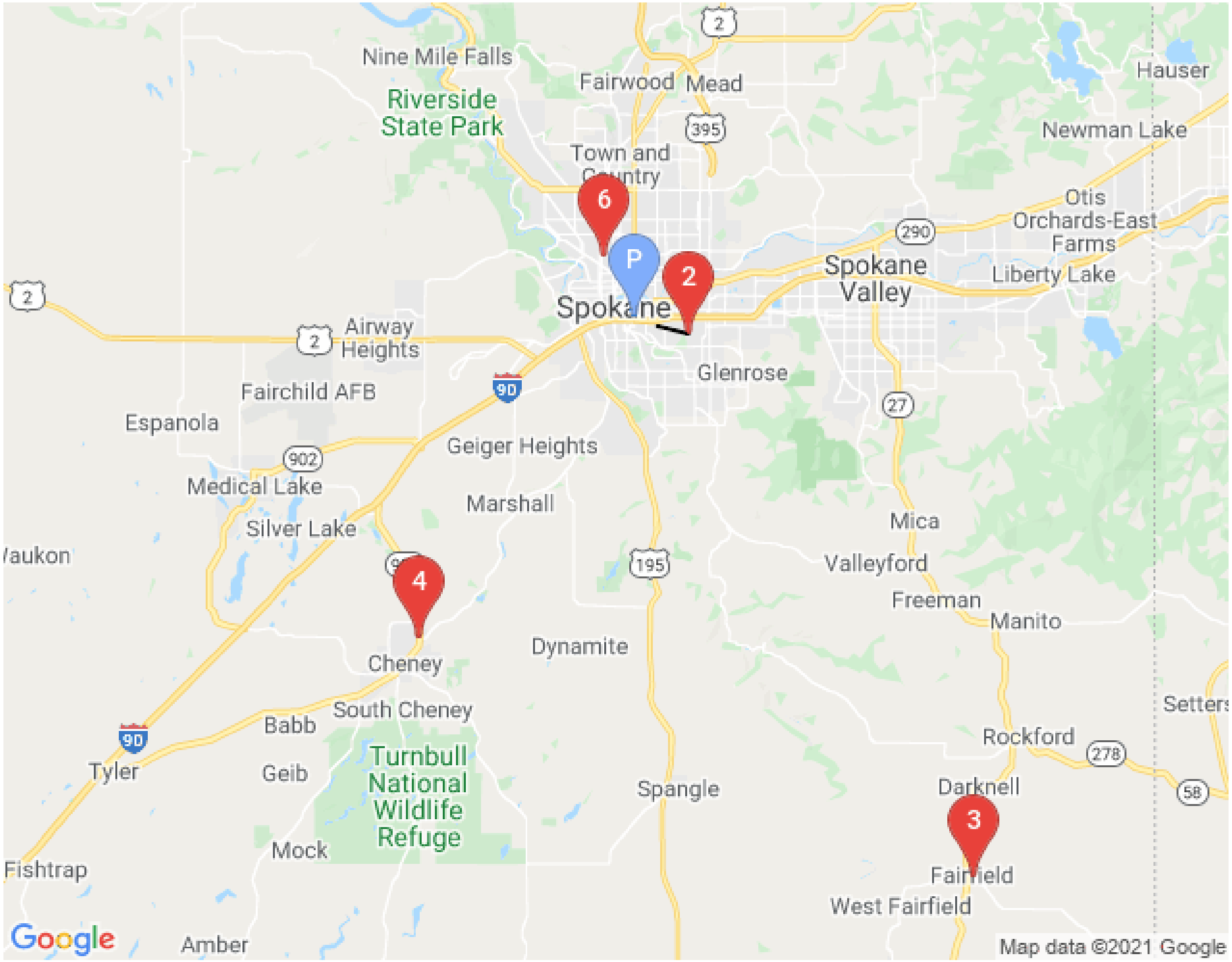
SUMMARY OF IMPROVED SALES											
Comp No.	Property / Location	Property Use	Property Type	Date of Sale	Transaction Status	Property Rights	Year Built	Bldg. Size (SF Net) (SF Gross)	Site Size (SF) (Acres)	Floor-Area Ratio	Sales Price $/SF
1	The Salvation Army Center for Worship & Service 1219 Thayer Drive Richland, WA	Religious Facility	Specialty	---	Contract	Fee Simple	2006	15,983 15,983	48,352 1.11	0.33	$1,950,000 $122.00
2	Church of Arthur Street 630 South Arthur Street Spokane, WA	Religious Facility	Specialty	Dec-20	Closed	Fee Simple	1909	10,800 10,800	16,117 0.37	0.67	$450,000 $41.67
3	Fairfield Community Church 108 South Mc Neil Avenue Fairfield, WA	Religious Facility	Specialty	Nov-20	Closed	Fee Simple	1963	7,896 7,896	17,860 0.41	0.44	$230,000 $29.13
4	Cheney Church 2206 1st Street Cheney, WA	Religious Facility	Specialty	May-20	Closed	Fee Simple	1978	5,200 5,200	37,897 0.87	0.14	$512,000 $98.46
5	Hillside Church 1519 Ripon Avenue Lewiston, ID	Religious Facility	Specialty	Sep-19	Closed	Fee Simple	1973	16,276 16,276	161,172 3.70	0.10	$895,000 $54.99
6	Family of Faith Community Church 1505 West Grace Avenue Spokane, WA	Religious Facility	Specialty	Oct-18	Closed	Fee Simple	1951	21,018 21,018	76,666 1.76	0.27	$1,125,000 $53.53
7	Westpark United Methodist Church 3902 Summitview Avenue Yakima, WA	Religious Facility	Specialty	Aug-18	Closed	Fee Simple	1957	16,000 16,000	99,317 2.28	0.16	$1,100,000 $68.75
Subj.	Redemption Church Spokane 212 South Division Street Spokane, Washington			-----	-----	Fee Simple	1950	21,850 21,850	37,026 0.85	0.59	-----

COMMENTS
1 - This property has been listed for only a nearly six months. The building is in good condition with it being fairly new.
2 - This is the sale of a church in Spokane. The sale appears to have been a private transaction. This is an older church purchased by a another church owner-user.
3 - This building was purchased by a neighbor to the property. The building has chapel and an office on the main level and a nursery and classrooms on a walk-out basement level. The building also has a kitchen. The site is two-tiered. The main entrance on McNeil Street is at street-level and the basement level is a walk-out basement level and is accessible via Brewster Street. The confirmation for the sale price was via public records. The broker could not be reached.
4 - This church/religious facility sold after being on the market for roughly three months. It sold to another church owner-user. The property is well located along Highway 904 in Cheney across the street from Yoke's Fresh Market.
5 - The broker involved in the sale reported that this church property includes a 13,455 SF main church building with a basement and a 2,821 SF rectory/residence. The basement area is estimated at 4,119 SF. This chapel seats just under 300 people. The rest of the building includes a kitchen, and classrooms/office space. The rectory/residence has been historically used as nursery or second classroom space.
6 - This building seats approximately 1,000 in the main building and has a commercial kitchen, 7 bathrooms, showers, stage lighting, 20 classrooms/offices and storage areas. The building also has A/C and radiant heating. The sale did not involve any brokers and was confirmed via public records.
7 - The terms of the sale were cash to the seller. Land value was estimated at $5.00 PSF, RCN estimated at $190 PSF and the sale had an effective age of 30 years. The estimated contributory value of the improvements is $37.71 PSF.

COMPARABLE IMPROVED SALES MAP - REGIONAL



COMPARABLE IMPROVED SALES MAP – SPOKANE AREA



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COMPARABLE IMPROVED SALES PHOTOS

Improved Sales Comparable #1

Improved Sales Comparable #2

Improved Sales Comparable #3

Improved Sales Comparable #4

Improved Sales Comparable #5

Improved Sales Comparable #6

Improved Sales Comparable #7

COMPARABLE IMPROVED SALES ADJUSTMENT GRID

COMPARABLE SALE SUMMARIES AND ADJUSTMENTS								
	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6	Comp 7
Property / Location	Redemption Church Spokane 212 South Division Street Spokane, Washington	The Salvation Army Center for Worship & Service 1219 Thayer Drive Richland, WA	Church of Arthur Street 630 South Arthur Street Spokane, WA	Fairfield Community Church 108 South Mc Neil Avenue Fairfield, WA	Cheney Church 2206 1st Street Cheney, WA	Hillside Church 1519 Ripon Avenue Lewiston, ID	Family of Faith Community Church 1505 West Grace Avenue Spokane, WA	Westpark United Methodist Church 3902 Summitview Avenue Yakima, WA
Transaction Status	-----	Contract	Closed	Closed	Closed	Closed	Closed	Closed
Date of Sale	-----	---	12/15/2020	11/10/2020	5/1/2020	9/5/2019	10/31/2018	8/30/2018
Bldg. Size (SF Gross)	21,850	15,983	10,800	7,896	5,200	16,276	21,018	16,000
Sale Price	-----	$1,950,000.00	$450,000	$230,000	$512,000	$895,000	$1,125,000	$1,100,000
Unadjusted Price per SF (Gross)	**-----**	**$122.00**	**$41.67**	**$29.13**	**$98.46**	**$54.99**	**$53.53**	**$68.75**
Transactional Adjustments								
Property Rights Conveyed	***Fee Simple***	*Fee Simple*	*Fee Simple*	*Fee Simple*	*Fee Simple*	*Fee Simple*	*Fee Simple*	*Fee Simple*
Adjustment		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Financing								
Adjustment		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Terms/Conditions of Sale								
Adjustment		($12.20)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Expenditures After Sale								
Adjustment		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Market Conditions	***Mar-20***	---	*Dec-20*	*Nov-20*	*May-20*	*Sep-19*	*Oct-18*	*Aug-18*
Adjustment		0%	0%	0%	0%	2%	4%	5%
Total Transactional Adjustments		**-10.00%**	**0.00%**	**0.00%**	**0.00%**	**2.00%**	**4.00%**	**5.00%**
Adjusted Price per SF (Gross)		**$109.80**	**$41.67**	**$29.13**	**$98.46**	**$56.09**	**$55.67**	**$72.19**
Property Adjustments								
Location		**10%**	**10%**	**25%**	**15%**	**25%**	**10%**	**10%**
	21,850	*15,983*	*10,800*	*7,896*	*5,200*	*16,276*	*21,018*	*16,000*
Property Size SF (Gross)		**0%**	**-5%**	**-10%**	**-10%**	**0%**	**0%**	**0%**
	1950	*2006*	*1909*	*1963*	*1978*	*1973*	*1951*	*1957*
Year Built		**-10%**	**10%**	**0%**	**-5%**	**-5%**	**0%**	**0%**
	Average/Good	*Average/Good*	*Average/Fair*	*Average*	*Average*	*Average*	*Average/Fair*	*Average*
Condition		**0%**	**10%**	**5%**	**5%**	**5%**	**10%**	**5%**
	Average	*Average/Good*	*Average/Fair*	*Average*	*Average*	*Average*	*Average/Fair*	*Average*
Quality		**-5%**	**5%**	**0%**	**0%**	**0%**	**5%**	**0%**
	59%	*33%*	*67%*	*44%*	*14%*	*10%*	*27%*	*16%*
FAR		**-10%**	**0%**	**-5%**	**-20%**	**-20%**	**-15%**	**-20%**
Building Amenities		**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Total Property Adjustments		**-15%**	**30%**	**15%**	**-15%**	**5%**	**10%**	**-5%**
Indication for Subject		**$93.33**	**$54.17**	**$33.50**	**$83.69**	**$58.89**	**$61.23**	**$68.58**

ADJUSTMENT PROCESS

The sales that we have utilized represent the best available information that could be compared to the subject property. The major elements of comparison for an analysis of this type include the property rights conveyed, the financial terms incorporated into a particular transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

PROPERTY RIGHTS CONVEYED

This adjustment accounts for any impact that the property rights transferred to the buyer may have on sale price. For leased fee properties, the length of leases in place and the relationship of market to contract rent could impact value. Some properties may have stronger appeal to an owner-user or an investor, resulting in a premium or discount associated with fee simple property rights. If a buyer acquires the leasehold interest in a comparable, then an adjustment may be necessary that accounts for the impact to the of ground rent and/or risk associated with the expiration of the ground lease to the sale price.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

FINANCING

This category accounts for differences in financing terms associated with the transaction. Financing arrangements that may require an adjustment include mortgage assumptions (at favorable interest rates), seller buydowns, installment sales, wrap-around loans, or any other atypical financing arrangements that do not represent cash-equivalent terms.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

TERMS/CONDITIONS OF SALE

Adjustments for conditions of sale typically reflect various motivations of the buyer and/or seller. This may include such factors as seller distress (short sale, REO, auction) or buyer motivation (assemblage, etc.). In some situations, the conditions of sale may significantly affect transaction prices. Properties that are listed for sale may require adjustments herein to account for any disparity between asking prices and the achievable sale price anticipated.

Sale 1 is under contract, but the broker stated the contract price was under the listing price. Therefore, Sale 1 receives a downward adjustment of 10%. No other adjustments were applied.

EXPENDITURES AFTER SALE

In order to arrive at the effective sale price, the actual sale price of each comparable is adjusted to account for any expenditures planned by the buyer immediately after sale, such as capital expenditures, cost to cure deferred maintenance, or lease-up costs.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

MARKET CONDITIONS

This time-adjustment category accounts for differences in economic conditions between the effective date of appraisal and the transaction date of the comparable, such as may be caused by changing supply and demand factors, rental rates, vacancy rates and/or capitalization rates.

Overall, properties similar to the subject do not sell often and appreciation can be lower than other improved property types. Therefore, we select a rate consistent with inflation at 3% per year. This rate was applied through December 2019. As discussed, the COVID-19 outbreak significantly affected the religious facilities market. However, at this point, we do not have current market indications that would support an adjustment for this factor. Therefore, no adjustments are applied after January 2020.

LOCATION

The appeal of a property's location to users of and/or investors in a particular property type can influence value significantly. This factor broadly considers the impact of demographics, geographical attributes, access to transportation networks and local land use trends on pricing. Comparisons of location can often be derived, or even quantified, by examining rent, vacancy, capitalization rate, and land value trends in the subject and directly competitive areas.

All of the comparable sales are in inferior locations and all receive upward adjustments. Sales 3, 4 and 5 are in more rural locations and receive significant upward adjustments.

PROPERTY SIZE SF (GROSS)

Normally, all other characteristics being equal, the unit value of a property is affected by its size. Building size and price per square foot typically have an inverse relationship. Larger buildings tend to achieve lower pricing on a per-unit basis due to their economies of scale, and smaller pool of prospective buyers.

Sale 1, 5, 6 and 7 are similar and did not receive any adjustments. Sales 2, 3 and 4 are smaller than the subject and receive downward adjustments.

YEAR BUILT

The absolute physical/chronological age differences between properties can impact achievable pricing. This category may reflect such differences, irrespective of other related differences in property condition and/or effective age, which considers maintenance and renovations that have occurred since the property's original construction date.

Sales 1, 4 and 5 are newer properties and received downward adjustments. Sale 2 is much older than the subject and received an upward adjustment.

CONDITION

Older properties that have been well maintained could be considered to be in better condition than newer properties that have not been well maintained or that have incurred deferred maintenance.

Sale 1 is considered similar and did not receive any adjustments. All of the remaining sales are considered inferior to the subject and received upward adjustments.

QUALITY

Quality adjustments reflect differences in the quality and durability of construction materials, design, building classification, finish-out, et cetera.

Sale 3, 4, 5 and 7 are considered similar and did not receive any adjustments. Sales 2 and 6 are inferior and received upward adjustments. Sale 1 is superior and a downward adjustment was applied.

FAR

In most cases, higher floor-area ratios impact property values positively. It is noted, however, that a lower FAR could imply expansion/redevelopment potential, which is the case with these properties. The lower the FAR the more superior it is. Parking is also considered within this adjustment.

Sale 2 is generally similar and was not given any adjustments. All of the remaining comparables have lower FAR ratios making them superior. Downward adjustments were applied at roughly 5% for every 10%-to-15% difference in FAR.

BUILDING AMENITIES

This adjustment category recognizes differences in amenities amongst properties. Depending upon the property type, such amenities may include common areas, elevators/escalators, signage, fitness centers, power, et cetera.

All of the comparables were considered similar to the subject and no adjustments were required for this category.

CONCLUSION OF SALES COMPARISON APPROACH

After adjustments the comparable improved sales reflect prices ranging from $33.50 to $93.33 per square foot with an average adjusted price of $64.77 per square foot. Considering the subject's location in downtown Spokane and its average/good condition, a price per square foot towards the upper end of the range is reasonable. Further, Comparables 1 and 7 required the least gross adjustment and indicate a range from $68.58 to $93.33 per square foot. All things considered, we conclude that the indicated value by the Sales Comparison Approach is $85.00 per square foot.

VALUE INDICATION FROM SALES COMPARISON

Our conclusion via the Sales Comparison Approach is as follows, as previously discussed.

SALES COMPARISON APPROACH VALUE CONCLUSION - AS IS	
Indicated Value per SF	$90.00
Building Area (SF)	x 21,850
Indicated As Is Value	**$1,966,500**
Rounded to nearest $10,000	**$1,970,000**
Per SF	**$90.16**

RECONCILIATION AND FINAL VALUE

SUMMARY OF VALUE INDICATIONS

VALUE INDICATIONS			
As Is as of June 30, 2021			
Cost Approach	$2,290,000	$104.81	Per Square Foot (GBA)
Land Value	$1,850,000	$49.96	Per Square Foot of Land
Sales Comparison Approach	$1,970,000	$90.16	Per Square Foot (GBA)
Approach Reliance	**Sales Comparison Approach**		
Value Conclusion - As Is	**$2,000,000**	**$91.53**	**Per Square Foot (GBA)**
Insurable Value	$3,190,000		
Exposure Time (Months)	6 months or less		
Marketing Time (Months)	6 months or less		

MARKET VALUE - VALUATION RELIANCE

The Cost Approach is typically considered a reliable indicator of value for special use properties similar to the subject as replacement cost new is a consideration in purchase decisions. The difficulty in utilizing the cost approach to value relates to the difficulty in estimating depreciation, of which the subject was originally constructed in 1951, according to the Spokane County Assessor. The land value is developed, and good quality data was available for the analysis. Overall, the Cost Approach is given consideration in the final value conclusion.

The Sales Comparison Approach is primarily used by owner-users in making purchase decisions. It is the secondary approach used by investors. Several recent sales of properties generally like the subject were analyzed, increasing the validity of this approach. The subject is currently owner-occupied, and the most likely buyer is an owner-user due to its size, configuration, condition, and the character of the surrounding market area. For these reasons, the Sales Comparison Approach is also given consideration.

The Income Approach is the valuation method most commonly used by investors in making purchase decisions for properties that are leased. Religious facilities are rarely leased investments and, therefore, this approach is not applied in this analysis.

FINAL OPINION(S) OF VALUE

Based on the inspection of the property and the investigation and the analysis undertaken, we have developed the following value opinion(s).

MARKET VALUE CONCLUSION(S)			
Appraisal Premise	**Interest Appraised**	**Date of Value**	**Value Conclusion**
Market Value - As Is	Fee Simple	June 30, 2021	$2,000,000

MARKETING TIME AND EXPOSURE TIME

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on our review of recent sales transactions for similar properties, conversation with market participants and our analysis of supply and demand in the local religious facilities market, it is our opinion that the probable exposure time for the subject at the concluded market value stated previously is 6 months or less.

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As we foresee no significant changes in market conditions in the near term, it is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 6 months or less.

The sales used in the Sales Comparison Approach that were formally marketed were purchased after being exposed to the market for 6 months or less. In addition, we came across additional church sales in the Spokane market which were not used in the sales comparison approach that were sold during the pandemic which had 3 to 4 month marketing periods. Ms. Rebecca Usai, a broker with John L. Scott, also reported a 3-month marketing period currently for church properties.

LIQUIDATION VALUE

The client requested a liquidation value based on a 180 day marketing period. As previously discussed, we estimate a marketing/exposure period for the subject at six months or less. Therefore, the as-is market value of the subject and liquidation values are estimated to be equivalent.

CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved with this assignment.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the state of Washington.
9. The reported analyses, opinions, and Value Indications were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, Shawn Wayt, MAI has and Kurt Plaster, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
12. As of the date of this report, Joel H. Thompson has completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.
13. Shawn Wayt, MAI has not and Joel H. Thompson has not and Kurt Plaster, MAI has made a personal inspection of the property that is the subject of this report.
14. No one provided significant real property appraisal assistance to the person signing this certification.
15. Shawn Wayt, MAI has not and Joel H. Thompson has not and Kurt Plaster, MAI has not provided services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

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STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions:

1) Notwithstanding that Appraiser may comment on, analyze or assume certain conditions in the appraisal, BBG, Inc. shall have no monetary liability or responsibility for alleged claims or damages pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, mold, pollution, storage tanks, animal infestations or other hazardous conditions affecting the property; and (f) other conditions and matters for which licensed real estate appraisers are not customarily deemed to have professional expertise. Accordingly:
    a) The Appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the Appraiser or the Appraiser's staff or was obtained or taken from referenced sources and is considered reliable. The Appraiser and BBG, Inc. shall not be monetarily liability or responsible for or assume the costs of preparation or arrangement of geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
    b) Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment. Further, unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Further, unless otherwise stated, it is assumed that there are no rights associated with extraction or exploration of such elements considered. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
    c) Any legal description or plats reported in the appraisal are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. BBG, Inc. has made no survey of the property and assumes no monetary liability or responsibility in connection with such matters.
    d) Title is assumed to be good and marketable, and in fee simple, unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated. Further, BBG, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
    e) The appraisal report is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the appraisal report; additionally, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the appraisal report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate. Moreover, unless otherwise stated herein, it is assumed that there are no encroachments or violations of any zoning or other regulations affecting the subject property, that the utilization of the land and improvements is within the boundaries or property lines of the property described, and that there are no trespasses or encroachments.
    f) The American Disabilities Act (ADA) became effective January 26, 1992. The Appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity

with e various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of the property. Since the Appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

g) No monetary liability or responsibility is assumed for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.

h) It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein. Further, it is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.

i) Unless otherwise stated within the appraisal report, the depiction of the physical condition of the improvements described therein is based on visual inspection. No monetary liability or responsibility is assumed for (a) the soundness of structural members since no engineering tests were conducted; (b) the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made; and (c) hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during the Appraiser's inspection.

j) If building improvements are present on the site, it is assumed that no significant evidence of termite damage or infestation was observed during physical inspection, unless so stated in the appraisal report. Further, unless so stated in the appraisal report, no termite inspection report was available. No monetary liability or responsibility is assumed for hidden damages or infestation.

k) Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No monetary liability or responsibility is assumed for such conditions or for engineering which may be required to discover them.

l) BBG, Inc. is not an expert in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraiser is not qualified to detect such substances. The Client is urged to retain an expert in this field; however, Client retains such expert at Client's own discretion, and any costs and/or expenses associated with such retention are the responsibility of Client.

m) BBG, Inc. is not an expert in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. BBG, Inc. assumes no monetary liability or responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The Appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions contained within the appraisal repot based upon any subsequent endangered species impact studies, research, and investigation that may be provided. However, it is assumed that no environmental impact studies were either requested or made in conjunction with this analysis, unless otherwise stated within the appraisal report.

2) If the Client instructions to the Appraiser were to inspect only the exterior of the improvements in the appraisal process, the physical attributes of the property were observed from the street(s) as of the inspection date of the appraisal. Physical characteristics of the property were obtained from tax assessment records, available plans, if any, descriptive information, and interviewing the client and other knowledgeable persons. It is assumed the interior of the subject property is consistent with the exterior conditions as observed and that other information relied upon is accurate.

3) If provided, the estimated insurable value is included at the request of the Client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The Appraiser is not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The Appraiser is not a cost expert in cost estimating for insurance purposes.
4) The dollar amount of any value opinion herein rendered is based upon the purchasing power and price of the United States Dollar as of the effective date of value. This appraisal is based on market conditions existing as of the date of this appraisal.
5) The value estimates reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value estimates, unless such proration or division of interests is set forth in the report. Any division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
6) Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are BBG, Inc.'s best estimate of current market thinking of what future trends will be. No warranty or representation is made that such projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
7) The Appraiser assumes no monetary liability or responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.
8) Any proposed or incomplete improvements included in the appraisal report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
9) If the appraisal report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the Appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
10) Although the Appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the Appraiser either by the Client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the Appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or estimates of value.
11) The right is reserved by the Appraiser to make adjustments to the analyses, opinions, and conclusions set forth in the appraisal report as may be required by consideration of additional or more reliable data that may become available. No change of this report shall be made by anyone other than the Appraiser. The Appraiser shall have no monetary liability or responsibility for any unauthorized change(s) to the report.

The submission of the appraisal report constitutes completion of the services authorized and agreed upon. Such appraisal report is submitted on the condition the Client will provide reasonable notice and customary compensation, including expert witness fees, relating to any subsequent required attendance at conferences, depositions, or judicial or administrative proceedings. In the event the Appraiser is subpoenaed for either an appearance or a request to produce documents, a best effort will be made to notify the Client immediately. The Client has the sole responsibility for obtaining a protective order, providing legal instruction not to appear with the appraisal report and related work files, and will answer all questions pertaining to the assignment, the preparation of the report, and the reasoning used to formulate the estimate of value. Unless paid in whole or in part by the party issuing the subpoena or by another party of interest in the matter, the Client is responsible for all unpaid fees resulting from the appearance or production of documents regardless of who orders the work.

BBG

Third-party reports by a true third party.

BBG OVERVIEW

BBG is one of the nation's largest real estate due diligence firms with more than 35 offices across the country serving more than 2,700 clients. We deliver best-in-class valuation, advisory and assessment services with a singular focus of meeting our clients' needs.

Our professional team offers broad industry expertise and deep market knowledge to help clients meet their objectives throughout the real estate life cycle.

BBG clients include commercial real estate professionals, investors, lenders, attorneys, accountants and corporations.

THE BBG DIFFERENCE

National Footprint. BBG is one of only two national firms offering in-house valuation and environmental and property condition assessment services for all commercial property types.

Customer-focused Growth. BBG is one of the largest national due diligence firms because we deliver best-in-class work product and provide excellent customer care.

Qualified Team. Over 50 percent of BBG appraisers are MAI designated and offer deep industry expertise gained through real-world experience.

Unbiased Independence. By focusing exclusively on due diligence services, BBG guarantees an independent perspective free from potential conflicts of interest.

Innovative Technology. BBG has made significant analytics and IT investments to continually improve our data and report quality.

SERVICES

Valuation

+ Single Asset Valuation
+ Portfolio Valuation
+ Institutional Asset Valuation
+ Appraisal Review
+ Appraisal Management
+ Lease and Cost Analysis
+ Insurance Valuation
+ Arbitration & Consulting
+ Feasibility Studies
+ Highest and Best Use Studies
+ Evaluation
+ Investment analysis
+ Tax appeals
+ Litigation Support

Advisory

+ ASC 805 Business combinations
+ ASC 840 Leases
+ Purchase Price Allocations
+ Portfolio Valuations for reporting net asset values (NAV)
+ Public and non-traded REIT valuations
+ Valuations for litigation and litigation support
+ Sale-leaseback valuation analysis
+ Valuations for bankruptcy/fresh start accounting
+ Cost segregation analysis

Assessment

+ Environmental due diligence
+ Property condition consulting
+ Small loan services
+ Energy consulting
+ Environmental consulting
+ Zoning
+ ALTA Surveys

VALUATION ADVISORY ASSESSMENT ZONING

ADDENDA

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GLOSSARY

Assessed Value: The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. [1]

Asset:

1. Any item, the rights to which may have economic value, including financial assets (cash or bonds), business interests, intangible assets (copyrights and trademarks), and physical assets (real estate and personal property).
2. In general business usage, something owned by a business and reflected in the owner's business sheet.

Asset: A resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity. [2]

Capital Expenditure: Investments of cash (or the creation of liability) to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment; as distinguished from cash outflows for expense items that are normally considered part of the current period's operations. [1]

Cash Equivalency: An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash or its equivalent.[1]

Client:

1. The individual, group, or entity who engages a valuer to perform a service (USPAP)
2. The party or parties who engage, by employment or contract, an appraiser in a specific assignment. Comment: The client may be an individual, group, or entity, and may engage and communicate with the appraiser directly or through an agent (USPAP, 2016-17-ed).
3. Generally the party or parties ordering the appraisal report. It does not matter who pays for the work (CUSPAP, 2014-ed).[1]

Condominium Ownership: A form of fee ownership of separate units or portions of multiunit buildings that provides for formal filing and recording of a divided interest in real property.[3]

Cost Approach: A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised. [1]

Credible:

1. Worthy of belief, supported by analysis of relevant information. Creditability is always measured in the context of intended use. (SVP)
2. Worthy of belief. Comment: Creditable assignment results require support, by relevant evidence and logic, to the degree necessary for the intended use. (USPAP, 2016-2017-ed.).[1]

Deferred Maintenance: Needed repairs or replacement of items that should have taken place during the course of normal maintenance. [1]

Disposition Value: The most probable price that a specified interest in real property should bring under the following conditions: 1) Consummation of a sale within a specific time, which is short than the typical exposure time for such a property in that market. 2) The property is subjected to market conditions prevailing as of the date of valuation. 3) Both the buyer and seller are acting prudently and knowledgeably. 4) The seller is under compulsion to sell. 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) An adequate marketing effort will be made during the exposure time. 8) Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration of the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms. [1]

Economic Life: The period over which improvements to real property contribute to property value. [1]

Effective Date: 1) The date on which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. 2) In a lease document, the date upon which the lease goes into effect.[1]

Effective Gross Income Multiplier (EGIM): The ratio between the sale price (or value) of a property and its effective gross income. [1]

Effective Rent: Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions, the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. [1]

Exposure Time: 1) The time a property remains on the market. 2) The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market (USPAP 2016-2017-ed). [1]

Extraordinary Assumptions: An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property, or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed). [1]

Fair Market Value: In nontechnical usage, a term that is equivalent to the contemporary usage of market value. [1]

Fair Share: That portion of total market supply accounted for by a subject property. For example, a 100-key hotel in 1,000-key market has a fair share of 10%. [1]

Fair Value:

1. The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. (FASB)
2. The estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interests of those parties. (This does not apply to valuations for financial reporting.) (IVS).[1]

Fair Value: The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.[2]

Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. [1]

Floor Area Ratio (FAR): The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. [1]

Going-Concern Value: 1) 73. An established and operating business having an indefinite future life. 2) 74. An organization with an indefinite life that is sufficiently long that, over time, all currently incomplete transformations [transforming resources from one form to a different, more valuable form] will be completed. [1]

Gross Building Area (GBA): 1) Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. 2) Gross leasable area plus all common areas. 3) 16. For residential space, the total area of all floor levels measured from the exterior of the walls and including the super structure and substructure basement; typically does not include garage space. [1]

Highest and Best Use: 1) The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. 2) The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS). 3) [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) [1]

Hypothetical Condition: 1) 117. A condition that is presumed to be true when it is known to be false. (SVP). 2) A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.) [1]

Income Capitalization Approach: Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income. [1]

Inspection: Personal observation of the exterior or interior of the real estate that is the subject of an assignment performed to identify the property characteristics that are relevant to the assignment, such as amenities, general physical condition, and functional utility. Note that this is not the inspection process performed by a licensed or certified building inspector. [1]

Insurable Value: A type of value for insurance purposes. [1]

Intangible Assets: 1) A nonmonetary asset that manifests itself by its economic properties. It does not have physical substance but grants rights and economic benefits to its owner. (IVS). 2) A nonphysical asset such as a franchise, trademark, patent, copyright, goodwill, equity, mineral right, security, and contract (as distinguished from physical assets) that grant rights and privileges, and have value for the owner. (ASA). 3) An identifiable nonmonetary asset without physical substance. An asset is a resource that is controlled by the entity as a result of past events (for ex-ample, purchase or self-creation) and from which future economic benefits (inflows of cash or other assets) are expected. [IAS 38.8] Thus, the three critical attributes of an intangible asset are: identifiability, control (power to obtain benefits from the asset), ·future economic benefits (such as revenues or reduced future costs). (IAS 38) [1]

Intangible property: Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment. (USPAP, 2016-2017 ed.) [1]

Intended Use: 1) The valuer's intent as to how the re-port will be used. (SVP) 2) The use or uses of an appraiser's reported appraisal or appraisal review assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment. (USPAP, 2016-2017 ed.) [1`]

Intended User: 1) The party or parties the valuer intends will use the report. (SVP) 2) The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser on the basis of communication with the client at the time of the assignment. (USPAP, 2016-2017 ed.) [1`]

Internal Rate of Return ("IRR"): The annualized yield rate or rate of return on capital that is generated or capable of being generalized within an investment of portfolio over a period of ownership. Alternatively, the indicated return of capital associated with a projected or pro forma income stream. The discount rate that equates the present value of the net cash flows of a project with the present value of the capital investment. It is the rate at which the Net Present Value (NPV) equals zero. The IRR reflects both the return on invested capital and the return of the original investment, which are basic considerations of potential investors. Therefore, deriving the IRR from analysis of market transactions of similar properties having comparable income patterns is a proper method for developing market discount rates for use in valuations to arrive at Market Value. Used in discounted cash flow analysis to find the implied or expected rate of return of the project, the IRR is the rate of return which gives a zero net present value (NPV). See also equity yield rate (YE); financial management rate of return (FMRR); modified internal rate of return (MIRR); yield rate (Y). [1]

Investment Value: 1) The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. 2) The value of an asset to the owner or a prospective owner for individual investment or operational objectives. (IVS) [1]

Leasehold Interest: The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. [1]

Leased Fee Interest: The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. [1]

Liquidation Value: The most probable price that a specified interest in real property should bring under the following conditions: 1) Consummation of a sale within a short time period; 2) The property is subjected to market conditions prevailing as of the date of valuation; 3) Both the buyer and seller are acting prudently and knowledgeably; 4) The seller is under extreme compulsion to sell; 5) The buyer is typically motivated. 6) Both parties are acting in what they consider to be their best interests. 7) A normal marketing effort is not possible due to the brief exposure time 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto. 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. This definition can also be modified to provide for valuation with specified financing terms. [1]

Load Factor: A measure of the relationship of common area to useable area and therefore the quality and efficiency of building area layout, with higher load factors indicating a higher percentage of common area to overall rentable space than lower load factors; calculated by subtracting the amount of usable area from the rentable area and then dividing the difference by the usable area: [1]
Load Factor =

$$\frac{\text{(Rentable Area – Useable Area)}}{\text{Usable Area}}$$

Market Value. The major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.*

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress.

2. Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. Comment: Forming an opinion of market value is the purpose of many real property appraisal assignments, particularly when the client's intended use includes more than one intended user. The conditions included in market value definitions establish market perspectives for development of the opinion. These conditions may vary from definition to definition but generally fall into three categories:

- the relationship, knowledge, and motivation of the parties (i.e., seller and buyer);
- the terms of sale (e.g., cash, cash equivalent, or other terms); and
- the conditions of sale (e.g., expo- sure in a competitive market for a reasonable time prior to sale).

USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:

- Identifications of the specific property rights to be appraised.
- Statement of the effective date of the value opinion.
- Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
- If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above- or below-market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.

3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

Buyer and seller are typically motivated;

Both parties are well informed or well advised, and each acting in what they consider their own best interests;

A reasonable time is allowed for exposure in the open market;

Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

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

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

4. The International Valuation Standards Council defines market value for the purpose of international standards as follows: The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (IVS)

5. The Uniform Standards for Federal Land Acquisitions defines market value as follows: Market value is the amount in cash, or on terms reason ably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Appraisal Standards for Federal Land Acquisitions) [1]

Market Value "As If Complete" On The Appraisal Date:
Market value as if complete on the effective date of the appraisal is an estimate of the market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

Market Value "As Is" On The Appraisal Date: Value As Is -The value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning. See also effective date; prospective value opinion.

Market Value of the Total Assets of the Business: The market value of the total assets of the business is the market value of all of the tangible and intangible assets of a business as if sold in aggregate as a going concern. This assumes that the business is expected to continue operations well into the future. [4]

Marketing Time: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property Market Value Opinions" address the determination of reasonable exposure and marketing time.). [3]

Net Lease: A lease in which the landlord passes on all expenses to the tenant. See also lease. [1]

Net Rentable Area (NRA): 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor. [5]

Penetration Ratio (Rate): The rate at which stores obtain sales from within a trade area or sector relative to the number of potential sales generated; usually applied to existing facilities. Also called: penetration factor.[1]

Prospective opinion of value. A value opinion effective as of a specified future date. The term does not define a type of value. Instead it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy. [1]

Reconciliation: A phase of a valuation assignment in which two or more value indications are processed into a value opinion, which may be a range of value, a single point estimate, or a reference to a benchmark value. [1]

Reliable Measurement: [The IAS/IFRS framework requires that] neither an asset nor a liability is recognized in the financial statements unless it has a cost or value that can be measured reliably.[2]

Remaining Economic Life: The estimated period over which existing improvements are expected to contribute eco-nomically to a property; an estimate of the number of years remaining in the economic life of a structure or structural components as of the effective date of the appraisal; used in the economic age-life method of estimating depreciation. [1]

Replacement Cost: The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. [1]

Retrospective Value Opinion: A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." [1]

Sales Comparison Approach: The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available. [1]

Scope of Work: 1) The type of data and the extent of research and analyses. (SVP). 2) The type and extent of research and analyses in an appraisal or appraisal review assignment. (USPAP, 2016¬2017 ed.) [1]

Stabilized value: A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value. It is also a value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a premium paid due to a temporary shortage of supply.

Substitution: The principle of substitution states that when several similar or commensurate commodities, goods, services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based. [3]

Total Assets of a Business: Total assets of a business is defined by the Appraisal Institute as "the tangible property (real property and personal property, including inventory and furniture, fixtures and equipment) and intangible property (cash, workforce, contracts, name, patents, copyrights, and other residual intangible assets, to include capitalized economic profit)."

Use Value:
The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Use value may or may not be equal to market value but is different conceptually. [1]

[1]Appraisal Institute, *The Dictionary of Real Estate Appraisal*, *6*th ed. (Chicago: Appraisal Institute 2010). [2]Appraisal Institute, *International Financial Reporting Standards for Real Property Appraiser, IFRS Website, www.ifrs-ebooks.com/index.html*. [3]Appraisal Institute, *The Appraisal of Real Estate*, 13th ed. (Chicago: Appraisal Institute 2008). [4] This definition is taken from "Allocation of Business Assets Into Tangible and Intangible Components: A New Lexicon," Journal of Real Estate Appraisal, January 2002, Volume LXX, Number 1. This terminology is to replace former phrases such as: value of the going concern. [5]Financial Publishing Company, *The Real Estate Dictionary*, 7th ed. [6] U.S. Treasury Regulations

LETTER OF ENGAGEMENT

APPRAISER ENGAGEMENT LETTER

EVANGELICAL CHRISTIAN CREDIT UNION ("ECCU") 955 W Imperial Hwy Brea CA 92821, HEREBY ENGAGES James Bray TO APPRAISE THE PROPERTY ON THE TERMS AND CONDITIONS SET FORTH HEREIN.

Date Engaged	**June 17, 2021**
Appraiser	**Shawn Wayt / BBG, INC. / swayt@bbgres.com /** (206) 384-4939
Borrower	**Redemption Church Spokane**
Property Description	Page 4.
Scope of Work	**Appraisal Requirements:** • Please include a **Table of Contents** in all appraisal reports. Include the contents of the Addenda in the order you place them. • **Photographs.** Interior: Photos of all major rooms and representative examples of other rooms, such as classrooms, offices, restrooms, equipment rooms, etc. **Exterior: All exterior walls** (to the extent practical**),** street scenes, subject viewed from street or streets, include neighboring properties. (In the Site Description, describe surrounding properties.) If significant deferred maintenance, damage or missing items are observed, provide photographs. Include descriptive captions with photographs. • **Measurements**. The appraiser is to clearly state the method employed in determining the square footage of the improvements and site. The sizes provided by ECCU are not to be accepted as fact. Preferred means of determining improvement size are physical measurement when practical or takeoff calculations from as-built building plans. You should not rely on the building sizes printed on construction drawings (AIA standards are not consistent with BOMA standards) or public records, which are frequently unreliable in many jurisdictions. To the extent that the reason for any disparity can be determined, that information should be included in your appraisal report. • **Comparable Data Sheets**, include the name, relationship, date and contact info that you used to verify the comparable. Also, include a brief synopsis of what you learned about the terms and conditions of the sale; especially how and if they impacted the price of the transaction. • **Opinion Development**: All appropriate approaches. Include a statement as to the reason for the omission of any of the three approaches to value. If the cost approach is determined to be inappropriate, complete a land valuation and a replacement cost estimate for the improvements. • **Previously Appraised Properties.** If you have previously appraised this property, please provide a discussion on the difference in value from the last appraisal to the current appraisal, including the cause for the increase/decrease. • **Please identify the inspection date as Date of Valuation** • PLEASE INCLUDE YOUR APPRAISAL LICENSE IN EVERY REPORT • **PLEASE PROVIDE A 6 MONTH LIQUIDATION VALUE**

- **OTHER INTENDED USERS STATEMENT**

Many of Evangelical Christian Credit Union's loans are participated with other Federal or State regulated credit unions and banks. Please be advised that your appraisal report may be shared with these other intended users who may be required to adhere to one or more of the following: Federal Regulations, FIRREA, and/or USPAP. In compliance with USPAP, please include a section entitled, "Other Intended Users" and state, "Other intended users may include other Federal or State regulated credit unions and banks."

Please address your appraisal report to Judy Dietz, Loan Operations Manager.

Report Detail:

☐ Restricted ☒ Summary (Appraisal Report)

- The Summary form report must comply with all of the requirements (including sufficient detail) set forth in this letter and ECCU guidelines.
- The FNMA SFR Summary form may be used for any SFRs.

Required Opinions:

- **Your appraisal must, at a minimum, include a Sales Comparison Approach (Point Value – Not a Range). If for any reason, during the course of your engagement, you conclude that the Sales Comparison Approach is not applicable, contact Lynne Rouse at (800) 634-3228 x1535 so a course of action can be determined.**
- **Reconcile the value conclusion in each approach to a point value. Our Federal Regulators have determined that a range of values within any approach to value is not acceptable.**
- "As is" Market Value, with "As Complete" Market Value if indicated in the property description.
  - **"As Complete" property values must reflect the *current* effective date, *not* a future or "prospective" date.**
  - Personal Property and trade fixtures **are not** to be included in the determination of market value, unless considered Real Property.
- **Separate Value Conclusions for:**
  - **Each property, if there are multiple properties**
  - **Excess or expansion land, if any**
- Marketing Time and Exposure Time
- **6 month Liquidation Value for each property.**

Required Analysis:

- Adjustment grid for LAND and IMPROVED sales, with a detailed description of comparable property adjustments showing QUANTITATIVE (not qualitative) adjustments
- Cost Approach must include breakdown and explanation of all costs, including any indirect costs, and all forms of depreciation.
- **ALL APPRAISALS MUST INCLUDE REPLACEMENT COST NEW as a basis for the amount of insurance coverage required on our real estate loans.**
- Highest and Best Use, as improved and as vacant
- Please refer to ECCU's Appraisal Content Requirements for additional requirements.

Required Exhibits	➢ **Signed Engagement Letter** ➢ **Appraiser Qualifications & Current License**
Fee	**$ 3,900.00**
Delivery Date	➢ **No later than July 29, 2021 or sooner, 4:00 PM (Pacific Time)** ➢ Notify **Lynne Rouse** immediately if at any time during the assignment you are not able to prepare the report within this estimate of time or cost.
Report Delivery	➢ Deliver a **signed electronic copy** of the appraisal report **and an invoice** via email to lynne.rouse@**eccu.org.** ➢ The appraisal report will be reviewed by a 3rd party and the appraiser advised of any needed corrections. If changes or corrections are needed, the appraiser is to provide them no later than 3 business days from the date of notification. ➢ Once the appraisal report is approved, we will notify you if a **FINAL PDF** is required from you. **WE ARE NO LONGER REQUIRING ANY HARD COPIES**. ➢ **Payment will be made upon our satisfactory review of your appraisal report.** ***PLEASE ENSURE THAT ALL INVOICES & CORRESPONDENCE INCLUDE THE BORROWER'S NAME.***
Other Conditions	➢ The investigation, analysis and personal inspection will be conducted by the appraiser identified above, or another ECCU approved appraiser. ➢ In no event should your firm or any others involved in the preparation of the appraisal report bill or collect the appraisal fee and/or any other consideration from our borrower.
Authorization	On behalf of ECCU, this engagement is authorized as of the Effective Date by: Judy Dietz ________________________ Judy Dietz Loan Operations Manager If you have any questions regarding this engagement, or at any time are unable to complete the appraisal according to the Scope of Work listed above, please contact **Lynne Rouse** at **800.634.3228 x1535,** lynne.rouse@**eccu.org or Alicia Nauta x1481 alicia.nauta@eccu.org**
Appraiser's Acceptance	By accepting this assignment, the appraiser hereby certifies that the appraiser: • has no direct or indirect interest, financial or otherwise, in the property or the transaction. • is competent to perform this assignment in accordance with USPAP's Competency Provision. • Is properly state certified/licensed in the subject property's jurisdiction. **I agree to the terms of this engagement letter.** ________________________ Date: 6/17/2021

PROPERTY DESCRIPTION: PLEASE PROVIDE A 6 MONTH LIQUIDATION VALUE

Collateral Property Address	Parcel #	Land Size (Acres)	# of Bldgs.	Bldg. Sq. Ft.	Property Type	As Is
212 S Division Street Spokane, WA 99202	35191.1304	.0849	3	12,050	Church	X

Comments:

Property Access	To obtain access to the property, contact**: Jonathan Bonetti at 864-378-4869, email: jon@redemptionspokane.com**
Property Information	To obtain property information, contact same as above

APPRAISER QUALIFICATIONS AND LICENSES

BBG

Shawn Wayt, MAI
Director
Work: 503-936-1701
swayt@bbgres.com

Profile

Shawn Wayt is a Director at BBG in the Seattle, Washington office. He is engaged in business development and client outreach for the Seattle office. Shawn also reviews and signs on reports, acts as a principle appraiser in assignments, and works independently or in collaboration with appraisers and analysts in the Northwest region.

Shawn has more than 10 years of commercial real estate experience, having held positions in commercial real estate appraisal and investment brokerage. He began his appraisal career in commercial real estate at Lembeck Appraisal & Consulting in Spokane, Washington before relocating to the Seattle area in 2012, where he became the retail valuation specialist for the Northwest region at CBRE. Shawn has completed appraisal assignments throughout the states of Washington, Oregon, Idaho, and Alaska.

In 2015, Shawn joined Capital Pacific, a leading retail commercial real estate investment brokerage firm as Senior Financial Analyst. Shawn managed a team of financial analysts that were involved in the sale of over $625 Million in real estate transactions during his tenure at Capital Pacific.

Shawn's valuation experience includes all stages of construction, including proposed projects, renovations, existing properties, as well as partially-stabilized facilities. He has a wide background of appraisal experience throughout the Northwest that includes, but is not limited to, shopping centers and general retail uses, general/medical offices, industrial facilities, apartments, residential subdivisions, and commercial land. Services performed include the appraisal, appraisal review, and/or consultation for acquisition/disposition, financing, estate arbitrations, mediations, and market rent determinations. Shawn has also participated in valuation assignments for right-of-way takings in Washington and Idaho. Typical clients served are financial institutions, investors, developers, legal & accounting firms, and government entities.

Professional Affiliations

Appraisal Institute
Member (MAI) Appraisal Institute

General Certified Appraiser:
State of Washington, Certified General Appraiser (License #1102162)
State of Alaska, Certified General Appraiser (License # 158401)

Education

Bachelor of Business Administration, Gonzaga University (2008)
Concentrations: Finance, Marketing

State of Washington
DEPARTMENT OF LICENSING
APPRAISER PROGRAM
P O Box 9021
Olympia, WA 98507

ADDRESS SERVICE REQUESTED REAA 474

SHAWN ROBERT WAYT
1236 7TH AVE S
EDMONDS WA 98020

STATE OF WASHINGTON
CERTIFIED GENERAL REAL ESTATE APPRAISER

SHAWN ROBERT WAYT
1236 7TH AVE S
EDMONDS WA 98020

1102162	08/17/2021	Teresa Berntsen
License Number	Expiration Date	Teresa Berntsen, Director

STATE OF WASHINGTON
DEPARTMENT OF LICENSING – BUSINESS AND PROFESSIONS DIVISION
THIS CERTIFIES THAT THE PERSON OR BUSINESS NAMED BELOW IS AUTHORIZED AS A

CERTIFIED GENERAL REAL ESTATE APPRAISER

SHAWN ROBERT WAYT
1236 7TH AVE S
EDMONDS WA 98020

1102162	09/08/2017	08/17/2021	Teresa Berntsen
License Number	Issued Date	Expiration Date	Teresa Berntsen, Director

BBG

Joel H. Thompson
Senior Appraiser
Work: 971-346-4605
jthompson@bbgres.com

Profile

Joel Thompson is a senior appraiser at BBG working out of the Portland & Vancouver offices. Mr. Thompson has been engaged with commercial real estate throughout the intermountain west and northwest regions of the United States since 2009. His scope of competency expands across a broad range of asset types and assignment conditions.

Mr. Thompson currently specializes in the valuation of mostly office and industrial assets and averages seventy-five assignments annually. Competences include all classes of office properties (including medical office), industrial properties, and various valuation scenarios, including retrospective, upon completion and upon stabilization valuations. Client profile includes balance sheet lenders, agency lenders, owners, life insurance companies, and governmental agencies.

Mr. Thompson is currently a certified general appraiser and is a general candidate for the MAI designation with the Appraisal Institute. His appraisal experience ranges from international firms to boutique firms. Prior to joining BBG, Mr. Thompson was employed by Integra Realty Resources (IRR), an appraisal firm in Salt Lake City, Utah where he worked for over seven years. This experience has given him a unique outlook on the functionality and detail of various appraisal platforms.

Professional Affiliations

Appraisal Institute
General Candidate for Designation

State of Utah – Certified General Appraiser 8822850-CG

State of Washington – Certified General Real Estate Appraiser 20114624

State of Oregon – Certified General Real Estate Appraiser

Education

BA English Literature Major, Pacific University

MPA, Local Government Management, Brigham Young University

Real Estate Development Certificate, Portland State University

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State of Washington
DEPARTMENT OF LICENSING
APPRAISER PROGRAM
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Olympia, WA 98507-9021

STATE OF WASHINGTON

CERTIFIED GENERAL REAL ESTATE APPRAISER

Joel Thompson
8300 Douglas Ave #Ste 600
Dallas TX 75225-5855

20114624 License Number
03/29/2022 Expiration Date

Teresa Berntsen, Director

Joel Thompson
8300 Douglas Ave #Ste 600
Dallas TX 75225-5855

STATE OF WASHINGTON

DEPARTMENT OF LICENSING – BUSINESS AND PROFESSIONS DIVISION

WASHINGTON STATE DEPARTMENT OF LICENSING

THIS CERTIFIES THAT THE PERSON OR BUSINESS NAMED BELOW IS AUTHORIZED AS A

CERTIFIED GENERAL REAL ESTATE APPRAISER

JOEL THOMPSON
8300 Douglas Ave #Ste 600
Dallas TX 75225-5855

License Number	Issue Date	Expiration Date
20114624	10/23/2020	03/29/2022

Teresa Berntsen, Director

Kurt K. Plaster, MAI
Managing Director
Work: 503.478.1014
kplaster@bbgres.com

Profile

Kurt Plaster is a Managing Director with BBG in the Portland, Oregon office. He is engaged in business development and client outreach for the Portland office. He participates in office management and supervises and provides counsel to appraisers and staff. He reviews and signs reports, acts as a principle appraiser in assignments and works independently or in collaboration with appraisers and analysts.

Kurt has more than 15 years of experience in providing commercial and residential appraisals and consultation services for all types of real property and real property interests. Services performed include the appraisal, appraisal review, and / or consultation for acquisition / disposition, financing, estate, arbitrations, mediations, buy/sell agreements, development, condemnation, fractional interest and court testimony purposes. Typical clients served are financial institutions, investors, developers, legal & accounting firms, and government entities.

Professional Affiliations

Appraisal Institute
Member (MAI) Appraisal Institute
Director: Appraisal Institute Greater Oregon Chapter
Appraisal Institute Candidate Advisor
Manufactured Housing Communities of Oregon: Associate Member
Columbia Corridor Association Member

General Certified Appraiser:
Oregon, Certified General Appraiser, C001003
Washington, Certified General Appraiser, 1102120

Education

Brigham Young University, Bachelor of Science, Communications
Minor Business Administration

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Olympia, WA 98507-9021

STATE OF WASHINGTON

CERTIFIED GENERAL REAL ESTATE APPRAISER

KURT K PLASTER
7832 SW HANSEN LANE
TIGARD OR 97224

1102120 License Number
05/26/2023 Expiration Date

Teresa Berntsen, Director

KURT K PLASTER
7832 SW HANSEN LANE
TIGARD OR 97224

STATE OF WASHINGTON

DEPARTMENT OF LICENSING – BUSINESS AND PROFESSIONS DIVISION

WASHINGTON STATE DEPARTMENT OF LICENSING

THIS CERTIFIES THAT THE PERSON OR BUSINESS NAMED BELOW IS AUTHORIZED AS A

CERTIFIED GENERAL REAL ESTATE APPRAISER

KURT K PLASTER
7832 SW HANSEN LANE
TIGARD OR 97224

1102120	05/26/2011	05/26/2023
License Number	Issue Date	Expiration Date

Teresa Berntsen, Director

(R/7/19)

COVID-19 MARKET ANALYSIS

COVID-19 DISEASE; SARS-COV-2 VIRUS

CDC

On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization (WHO) declared the outbreak a "public health emergency of international concern" (PHEIC). On January 31, Health and Human Services Secretary Alex M. Azar II declared a public health emergency (PHE) for the United States to aid the nation's healthcare community in responding to COVID-19. On March 11, WHO publicly characterized COVID-19 as a pandemic. On March 13, 2020 the President of the United States declared the COVID-19 outbreak a national emergency.

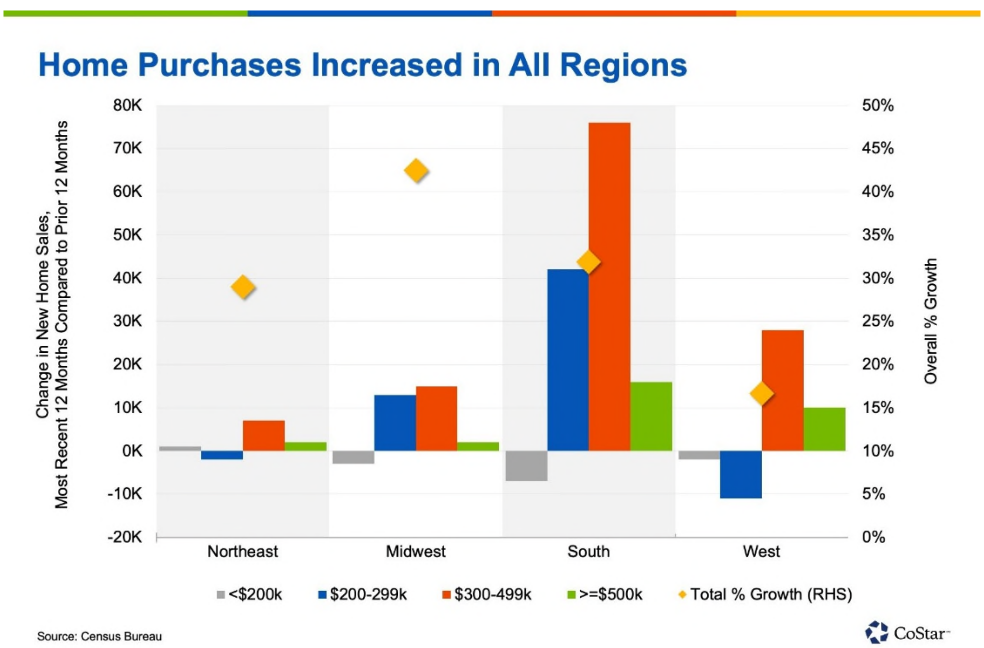
COSTAR | JUNE 1, 2021

How Blistering Home Sales Could Give Way to Better Times for the Multifamily Market

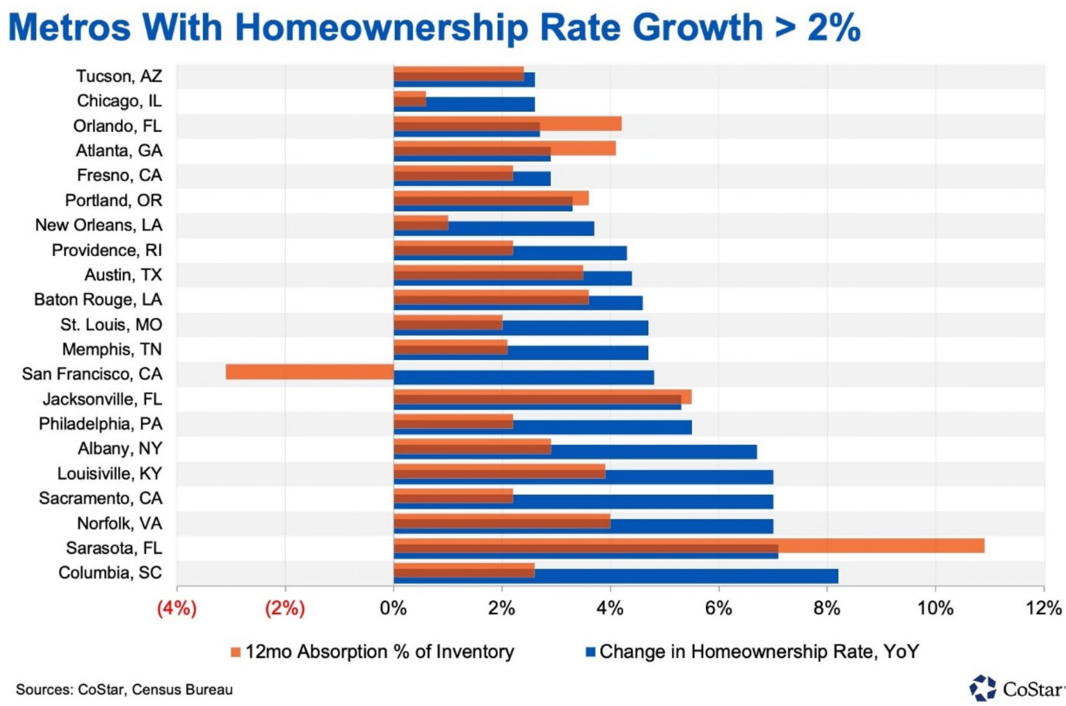
The data for single-family housing activity over the past year is staggering:

- About 900,000 new one-family homes were sold over the past 12 months, a 33% increase from the 12-month period ending April 2020. While the amount of purchases is still below the 2002-07 period, there has never been a one-year increase this substantial.
- About 5.2 million existing single-family homes were sold over the past 12 months, an 11% increase from the 12-month period ending April 2020.
- Median home prices for existing single-family homes were up 20% from a year ago as of April 2021, the single largest increase on record back to 1969.

The pace of purchases has increased everywhere. In the four-quarter period ending March 2021, the number of purchases was up by a minimum of 17% in the West region compared to the prior four-quarter period, and as much as 42% in the Midwest. Purchases were most concentrated in the $300,000-to-$500,000 price range, which were up by 46% using the same four-quarter total comparison



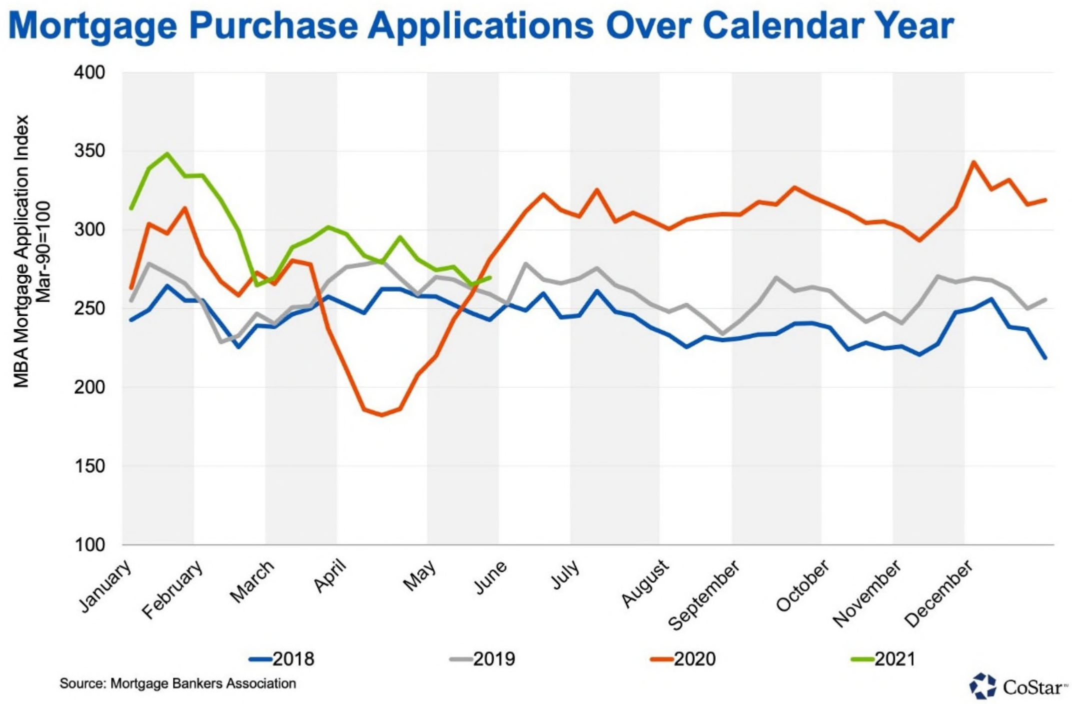
On a regional level, 25 metropolitan areas experienced a 2 percent or greater increase in the homeownership rate from the first quarter of 2020 to the first quarter of 2021. While scattered across the U.S., almost half of these metros are in the South.



Somewhat surprising is how the housing boom was not limited to suburban and rural areas. Philadelphia, San Francisco, Atlanta and Chicago ranked among those with significant increases in homeownership, despite being among the largest regions by population. In San Francisco, it appears that rising homeownership came at the expense of multifamily rentals, which fell by a sharp 3%. Philadelphia, Atlanta and Chicago are unique in being more affordable markets than most major metros, likely lowering the barrier of entry to first-time homebuyers. The National Association of Realtors reported one-third of new homes purchased over the past year, on average, were by first-time homebuyers. This marks the largest first-time homebuyer share since 2012, when sales were depressed after the housing crisis.

Many of the other cities, though, particularly those in Florida and Texas, posted strong homeownership gains in addition to robust multifamily absorption, highlighting strong population growth in a year when many sought more space to work from home.

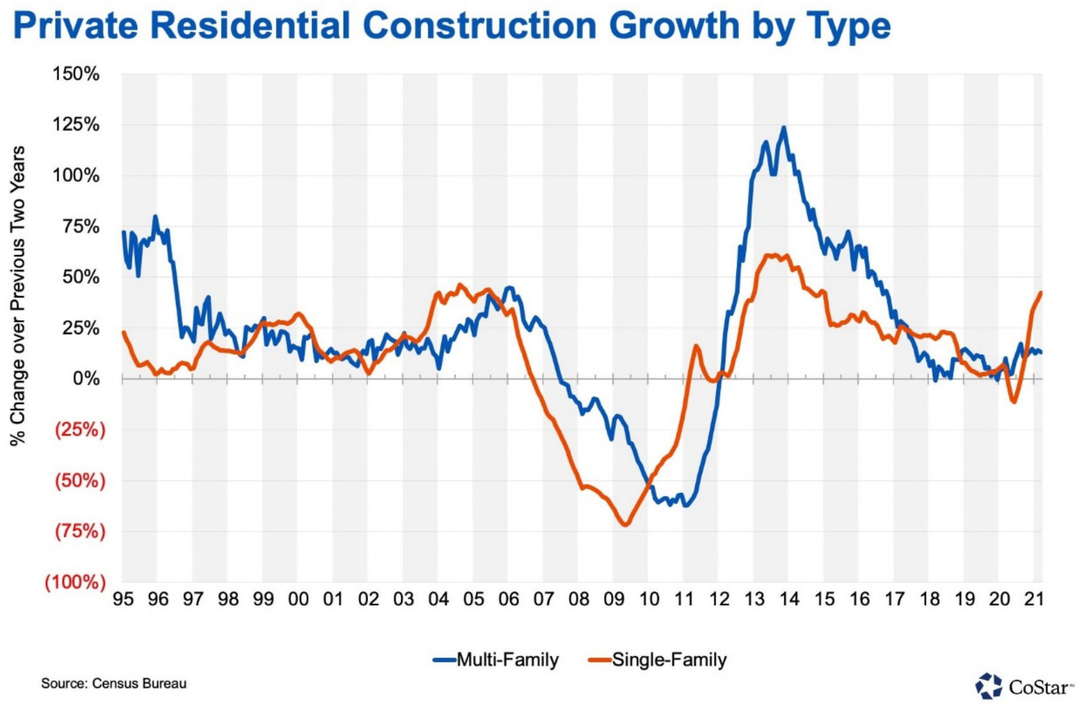
How much longer this trend will continue is open to debate. While millennials continue to age into typical first-time homebuying ages, the pace of mortgage applications appears to have slowed significantly this year. The Mortgage Bankers Association reported a reading of 269.8 on its mortgage purchase application volume index, roughly in line with levels at the same point in the calendar year as in 2018 or 2019. Home purchasing is often seasonal, and this marks a sharp decline from the end of 2020, when mortgage purchase applications were 25% above 2019 levels and 46% above 2018 levels for the last week of the respective years.



Mortgage rates have risen somewhat from their all-time low of 2.68% in January, and the waves of stimulus payments over the past year, which may have aided down payments, are coming to an end. In this case, an easing of the flurry of home purchase activity makes sense.

A slowing of home purchase activity could benefit absorption rates for multifamily communities, as rent growth has been far outpaced by home purchase price growth over the past year. According to CoStar, multifamily rents per unit increased by 2% as of the first quarter, the lowest rate in nearly a decade and far below the 14% gain in single-family home prices.

Another item likely to favor multifamily properties going forward is the improvement in supply. After a sharp increase in the sales of single-family houses, builders have responded by starting new projects. Census Bureau data shows an annualized $390 billion in projects started in March 2021, representing a 42% increase from two years prior compared to only a 13% increase for multifamily projects.



The post-housing crisis period was defined by exorbitant multifamily construction as the single-family market rightsized. A reversal of that trend now should be a boon to the fundamentals of multifamily real estate.

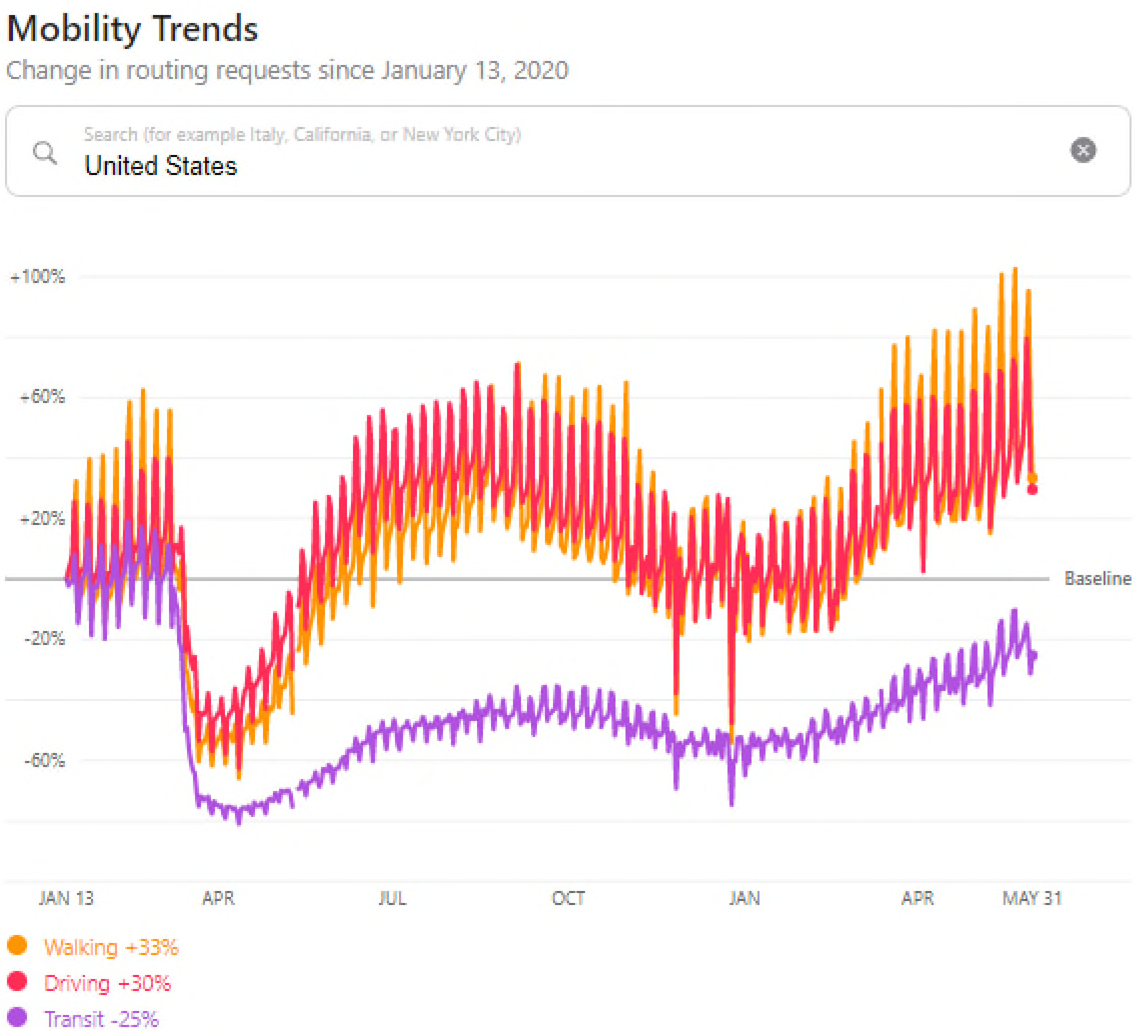
The Week Ahead …

The holiday-shortened week nevertheless includes significant events for the U.S. economy. The highlight of any month for economic data, the jobs report, is scheduled to be released on Friday, with economists expecting a bounce back in April from the disappointing March figures. Hiring in the leisure and hospitality sector is likely to lead the way as activity returns to normal with a substantial share of the U.S. population now vaccinated against COVID-19.

The turn of the month also means the release of business sentiment reports for May. The Institute of Supply Management's Manufacturing Index is set to be released on Tuesday, with the Services Index released Thursday. The news releases should include commentary on the state of supply chains and labor shortage, both essential issues for the continuation of the recovery.

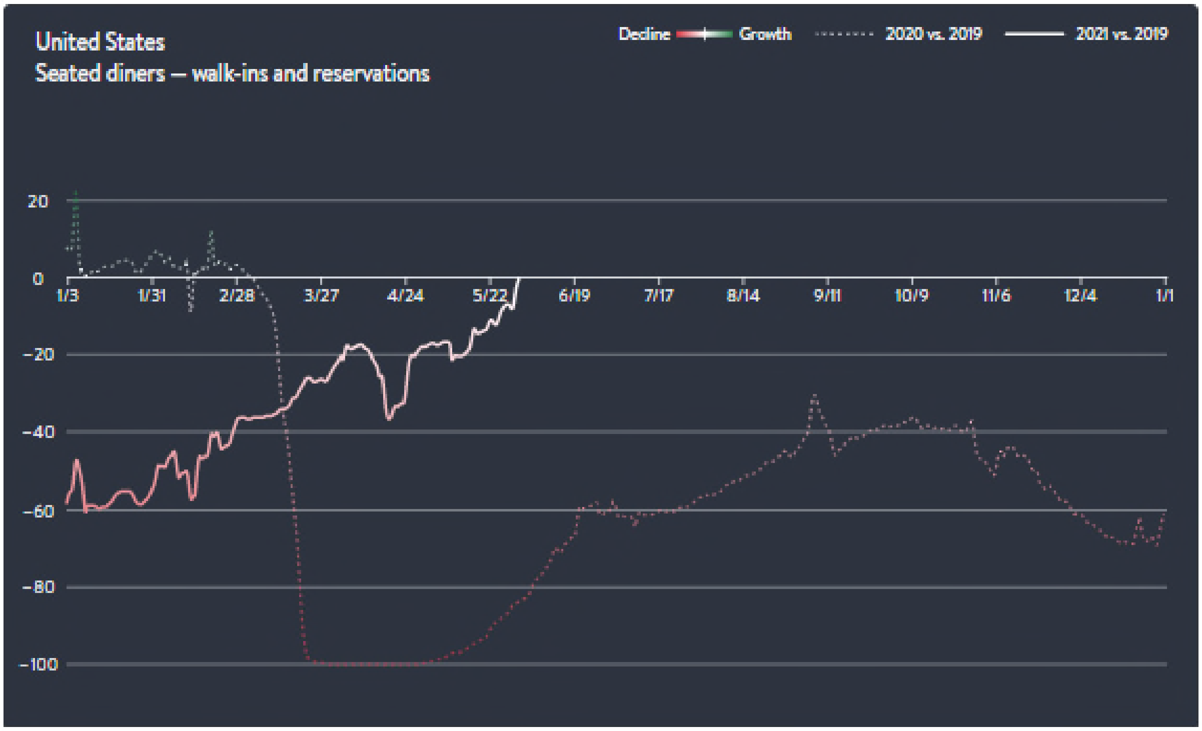
APPLE: DIRECTION REQUESTS | JUNE 1, 2021

Requests for walking and driving directions from Apple's navigation tool, Maps, has shown a material recovery since the bottom in April 2020 although transit remains well below pre-covid levels. In any event Americans' mobility has improved greatly.



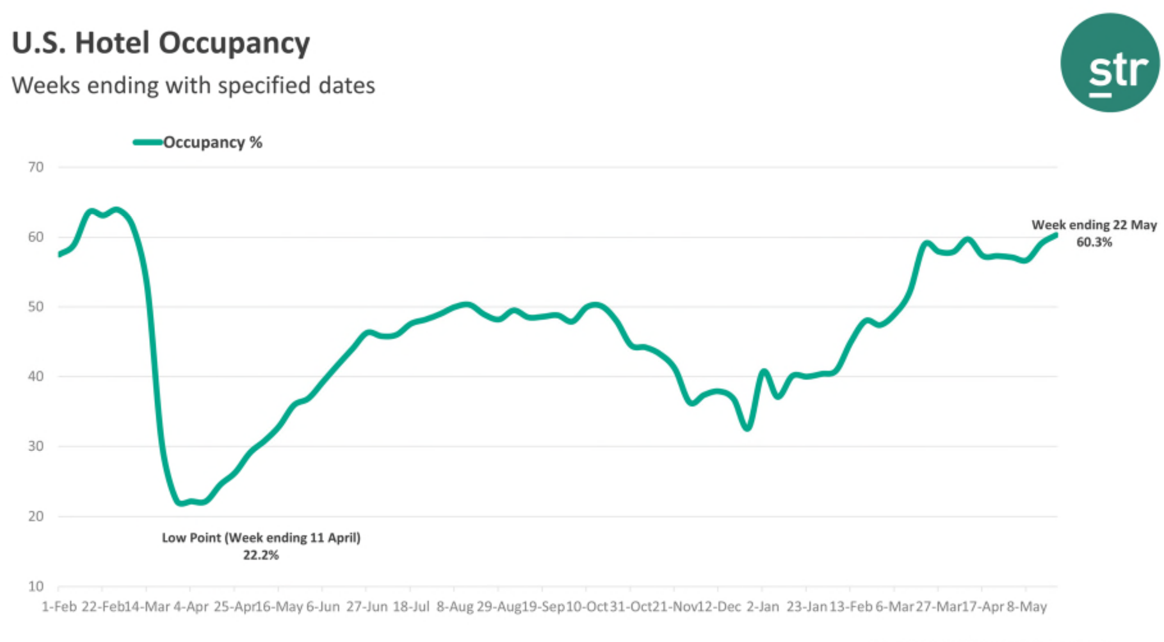
OPENTABLE: RESTAURANT BOOKINGS | JUNE 1, 2021

U.S. restaurant bookings increased to pre-covid levels in May 2021.



STR: Hotel Occupancy | May 27, 2021

U.S. weekly hotel occupancy reached the 60% mark for the first time since the start of the pandemic, according to STR's latest data through 22 May. ADR also reached its highest point of the pandemic but was still US$18 less than the corresponding week in 2019. RevPAR also hit a high point when compared to 2019.



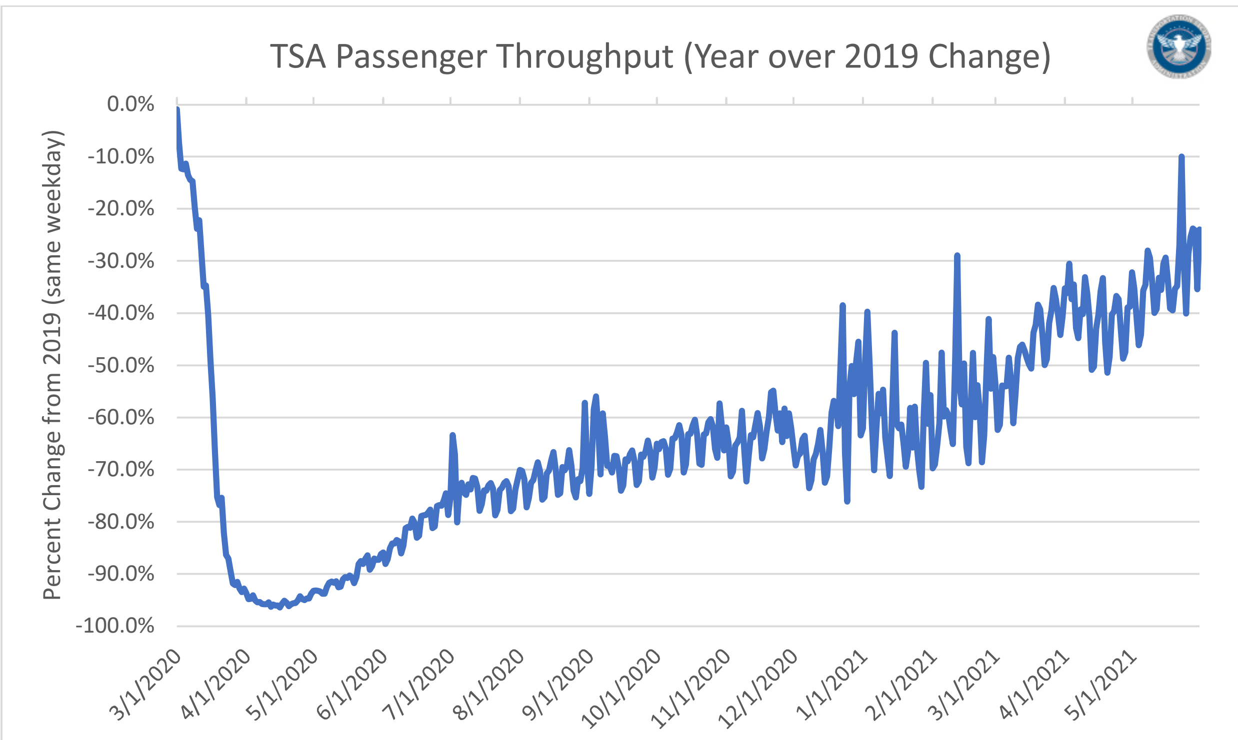
Miami (+2.8% to 76.0%) was the only Top 25 Market to report an occupancy increase over 2019. San Francisco/San Mateo saw the steepest decline in occupancy when compared with 2019 (-45.5% to 47.9%). In terms of ADR, Phoenix (+6.7% to US$122.97) and Tampa (+0.3% to US$140.09) were the only Top 25 Markets with levels higher than 2019.

None of the Top 25 Markets had RevPAR levels higher than the 2019 comparable. The largest RevPAR deficits were in San Francisco/San Mateo (-70.0% to US$66.53) and Boston (-66.9% to US$64.22).

*Due to the steep, pandemic-driven performance declines of 2020, STR is measuring recovery against comparable time periods from 2019.

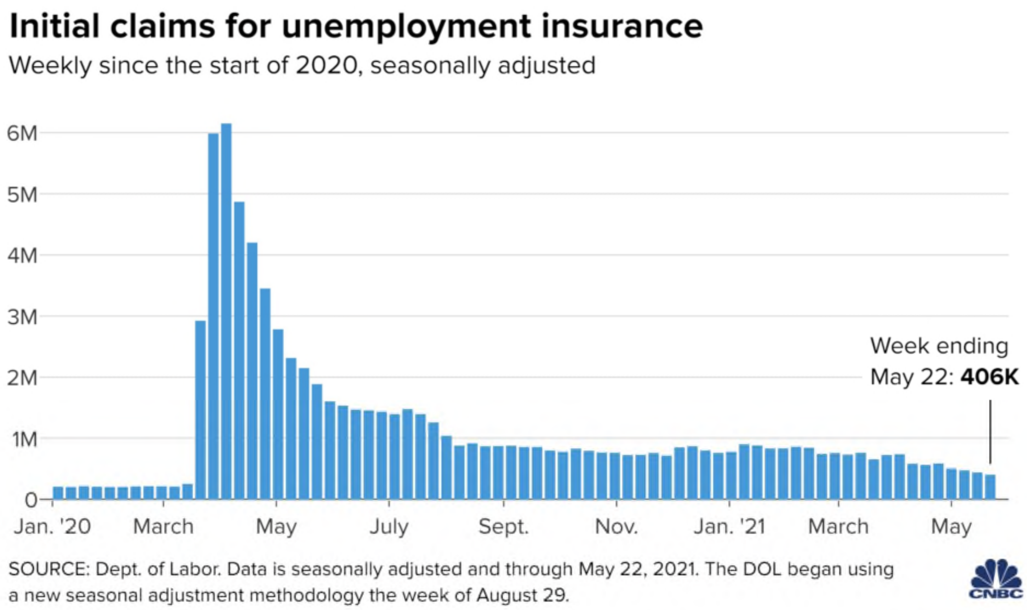
TSA: Air Travel | June 1, 2021

According to data from the Transportation Security Administration, air travel is down about 25% from the same period of 2019. Air travel demand continues to increase and may reach full recovery by the end of 2021 or the first half of 2022.



Initial Jobless Claims|May 27th, 2021

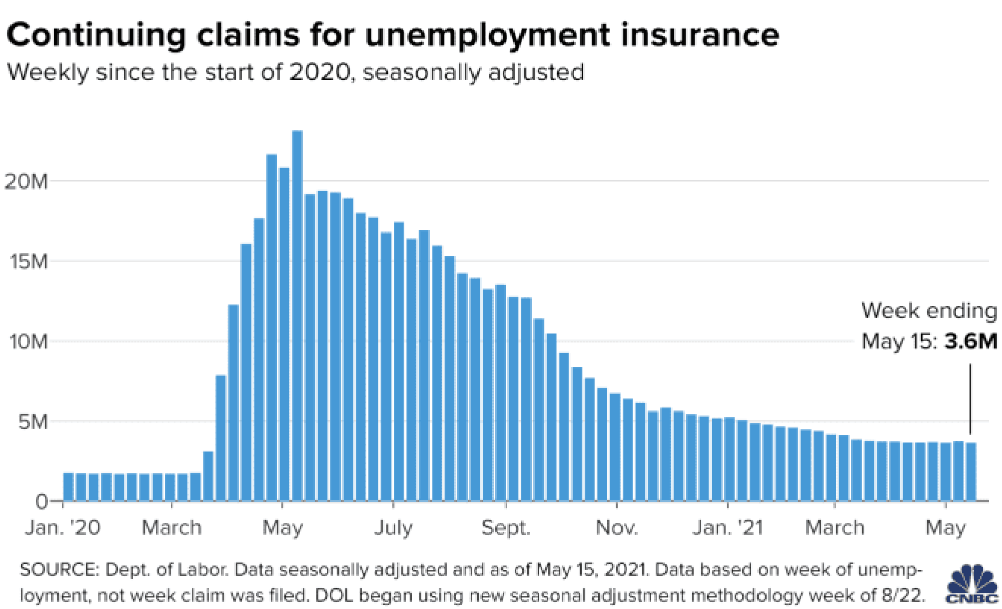
On March 26th initial jobless claims showed an increase in unemployment by 3.1 million persons for the week of March 16th-20th, setting a record that would be broken the following week at 6.9 million. All weekly claims reported since March 26th are higher than any historical figure prior to COVID-19. The following chart illustrates the weekly initial jobless claims in 2020 and into 2021.



The U.S. jobs market edged closer to its pre-pandemic self last week as initial jobless claims totaled just 406,000 for the week ended May 22, the Labor Department reported Thursday. While that level is still well above the pre-Covid norm, it is the closest to the previous trend since the crisis began in March 2020 and a decline from the previous week's 444,000.

While claims had remained elevated through the pandemic period, they have recently made a marked shift lower amid the economic reopening spurred by accelerated vaccines and sharp decline in Covid cases. Multiple states also have been shutting down their extended benefits programs as business reopens and unemployment levels decline.

Continuing claims fell sharply, declining by 96,000 to 3.64 million, bringing the four-week moving average down to 3.68 million. That number runs a week behind the headline claims total.



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BUREAU OF LABOR AND STATISTICS| MAY 7, 2021

The US unemployment rate (U-3) has declined to 6.1% in April 2021 from an April 2020 high of 14.7%. Notable job gains in leisure and hospitality, other services, and local government education were partially offset by employment declines in temporary help services and in couriers and messengers.

Chart 1. Unemployment rate, seasonally adjusted, April 2019 – April 2021

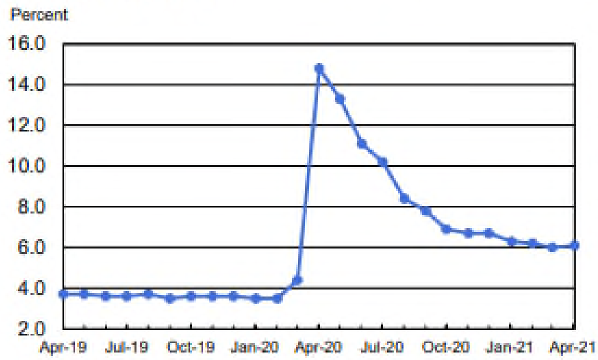
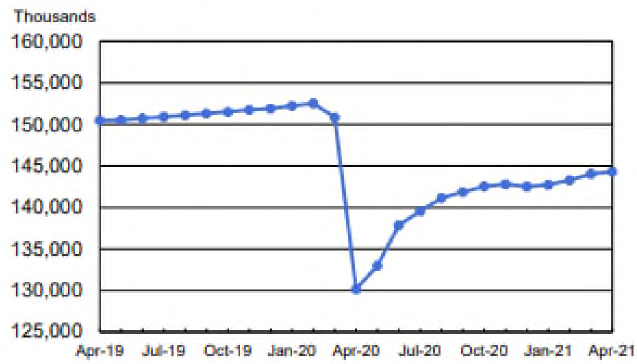


Chart 2. Nonfarm payroll employment, seasonally adjusted, April 2019 – April 2021



GDP FORECASTS

The following chart summarizes GDP forecasts from various economists and institutions. Please note the annualized figures are the quarterly change multiplied by four.

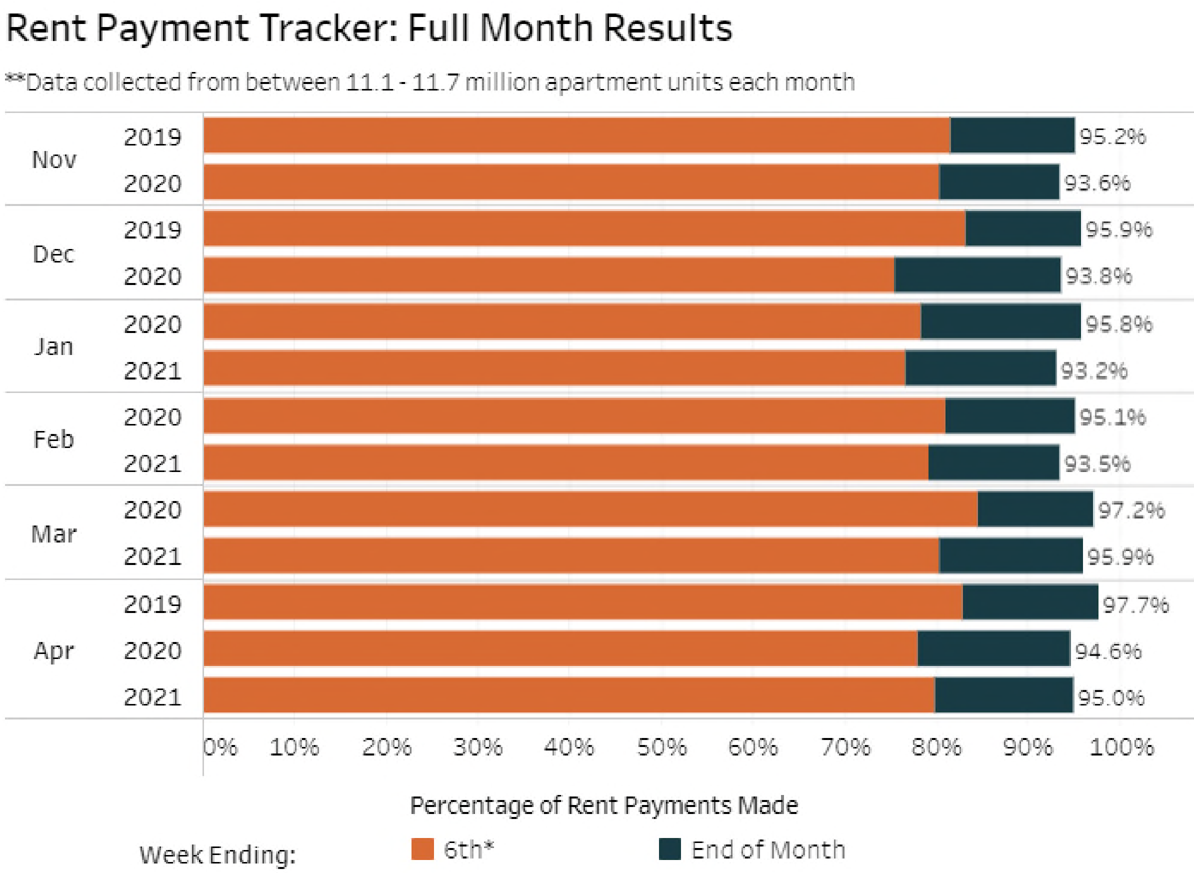
		2020 GDP Actuals Annualized					2021 GDP Forecasts Annualized				
Source	Date	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
CNBC/Moody's Consensus	6/1	--	--	--	--	--	--	10.5%	7.9%	5.8%	7.2%
Mortgage Bankers Association	5/19	--	--	--	--	--	--	8.8%	7.4%	5.3%	7.0%
Atlanta Fed GDP Now	6/1	--	--	--	--	--	--	10.3%	--	--	--
Actual		-5.0%	-31.4%	33.4%	4.3%	-3.5%	6.4%	--	--	--	
Change from Previous Quarter											
CNBC/Moody's Consensus		--	--	--	--	--	--	2.6%	2.0%	1.5%	--
Mortgage Bankers Association		--	--	--	--	--	--	2.2%	1.9%	1.3%	--
Atlanta Fed GDP Now		--	--	--	--	--	--	--	--	--	--
Actual		-1.3%	-7.9%	8.4%	1.1%	-0.9%	1.6%	--	--	--	--

The US economy is clearly in recovery mode. US real GDP remains below pre-covid levels.

RENT COLLECTIONS

While tenant rent collection was a helpful metric for tracking REITs in 2020, analysts will be turning their attention to operating metrics like occupancy rates this year, according to Nareit VP of Research Nicole Funari. Rent collections stabilized to nearly 100% of typical collections by mid-July 2020 for REIT sectors including industrial, office, health care, and apartments. Shopping centers, bolstered by grocery stores and drug stores, stabilized in the high 80% range in the fall, and regional mall rent collections are in the low 80% range heading into 2021.

NMHC tracks multi-family collections which are summarized in the following chart.



TREPP: CMBS DELINQUENCY| MAY 6TH 2021

The Trepp CMBS Special Servicing Rate declined by 40 basis points in April to 9.02% – the largest improvement in the monthly reading during the coronavirus market crisis. This is the seventh monthly decrease in that reading since September 2020, when the rate reached a post-Great Financial Crisis (GFC) peak of 10.48%. With federal plans underway to make vaccinations more widely available in the US and states taking steps to ease lockdown restrictions even further, loan "cures" and special servicing removals should continue at a measurable pace in the coming months.

By property type, the percentage of loans with the special servicer was relatively unchanged month over month, except for that of lodging and retail, which registered a 233 and 37 basis point reduction in April. Roughly 21.83% of lodging loans and 15.86% of retail loans were reported to be in special servicing in April.

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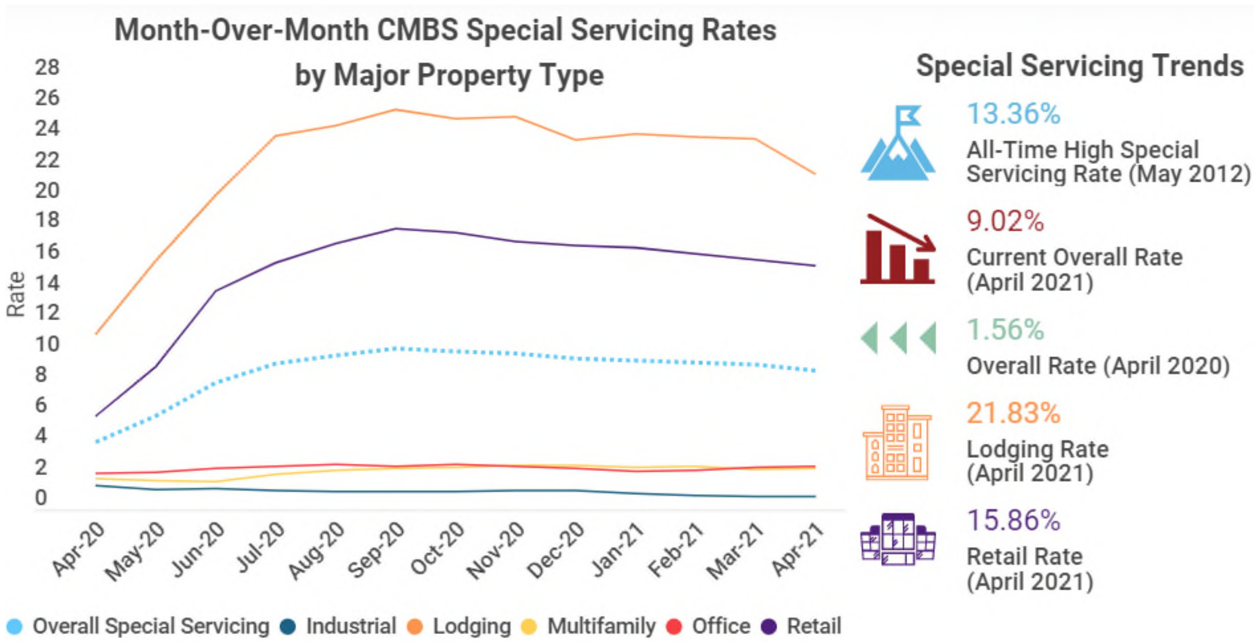
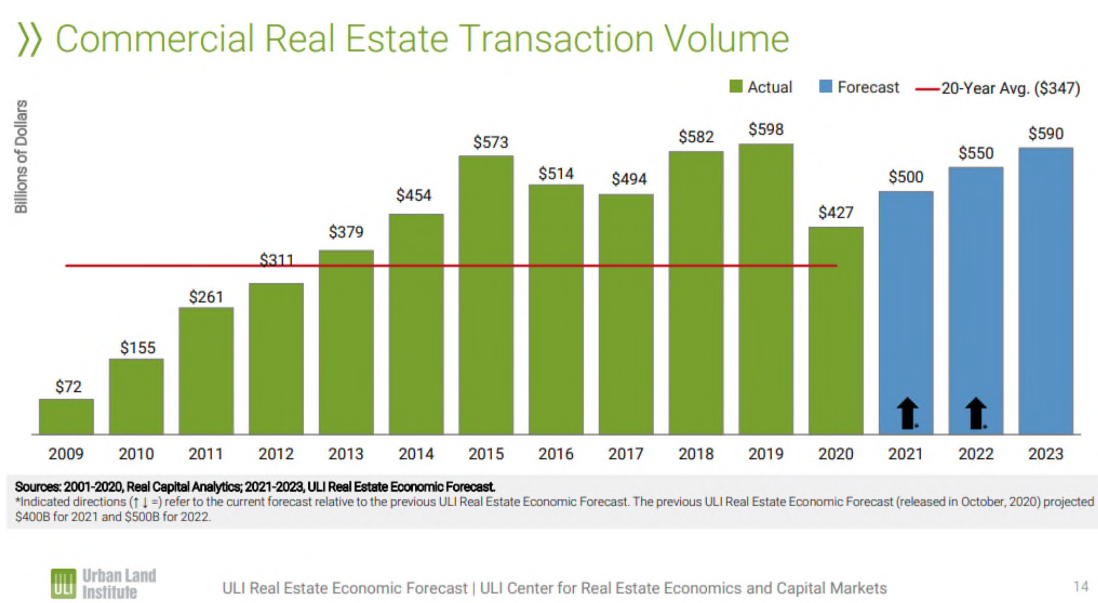


URBAN LAND INSTITUTE: REAL ESTATE ECONOMIC FORECAST | MAY 2021

ULI compiled forecasts from 42 economists at 39 real estate organizations. The key findings are noted as follows.

TRANSACTION VOLUME

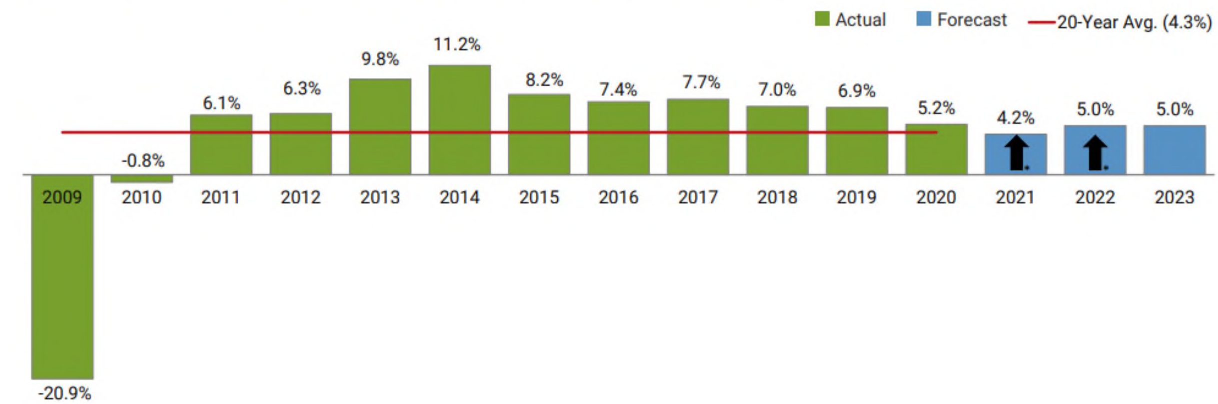
Commercial real estate transaction volume reached $598 billion in 2019, a post-Great Financial Crisis peak. Volume fell by almost 30% in 2020 to $427 billion 2020, the lowest volume in seven years, but decidedly above the declines of the GFC. Volume is expected to recover relatively quickly over the forecast period with $500 billion in ‘21, $550 billion in ‘22 and $590 billion in ‘23.



CRE Pricing

The RCA Commercial Property Price Index (CPPI) had experienced strong growth over the nine years from 2011 to 2019, staying consistently above 6 percent annually. Price growth in 2020 moderated somewhat but remained positive at 5.2%. Price growth is expected to remain positive during the forecast period, although further moderating in 2021 to 4.2% and plateauing at 5% in '22 and '23.

❯❯ RCA Commercial Property Price Index (annual change)

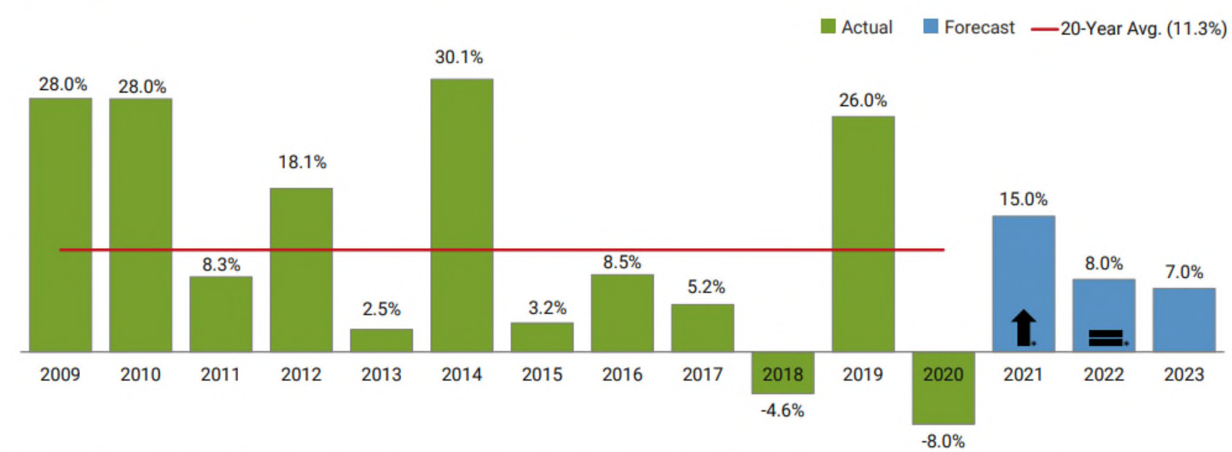


Sources: 2001-2020, Real Capital Analytics; 2021-2023, ULI Real Estate Economic Forecast.
*Indicated directions (↑ ↓ =) refer to the current forecast relative to the previous ULI Real Estate Economic Forecast. The previous ULI Real Estate Economic Forecast (released in October, 2020) projected 0.0% for 2021 and 4.0% for 2022.

CRE Returns

Equity REIT total returns in 2020, according to NAREIT, fell by 8%. Positive returns are expected during the forecast period of 15%, 8% and 7% in '21, '22 and '23, respectively.

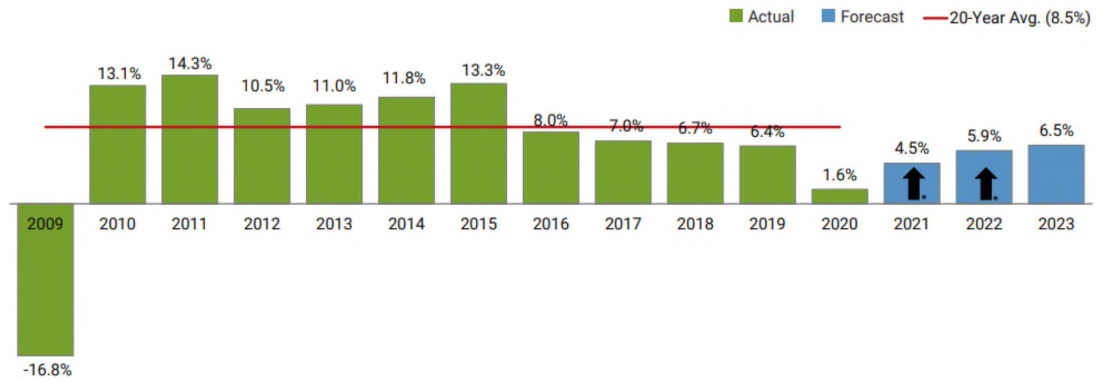
❯❯ Equity REIT Total Annual Returns



Sources: 2001-2020, National Association of Real Estate Investment Trusts; 2021-2023, ULI Real Estate Economic Forecast.
*Indicated directions (↑ ↓ =) refer to the current forecast relative to the previous ULI Real Estate Economic Forecast. The previous ULI Real Estate Economic Forecast (released in October, 2020) projected 6.5% for 2021 and 8.0% for 2022.

Total returns for institutional-quality direct real estate investments, as measured by the NCREIF Property Index (NPI), were positive in 2020 but, at 1.6%, the lowest in 11 years. Total returns are forecast to increase over the forecast period, returning by ‘23 to the moderate rates of the years immediately before the pandemic. The forecast is for returns of 4.5%, 5.9% and 6.5%, in ‘21, ‘22 and ‘23 respectively.

》 NCREIF Total Annual Returns

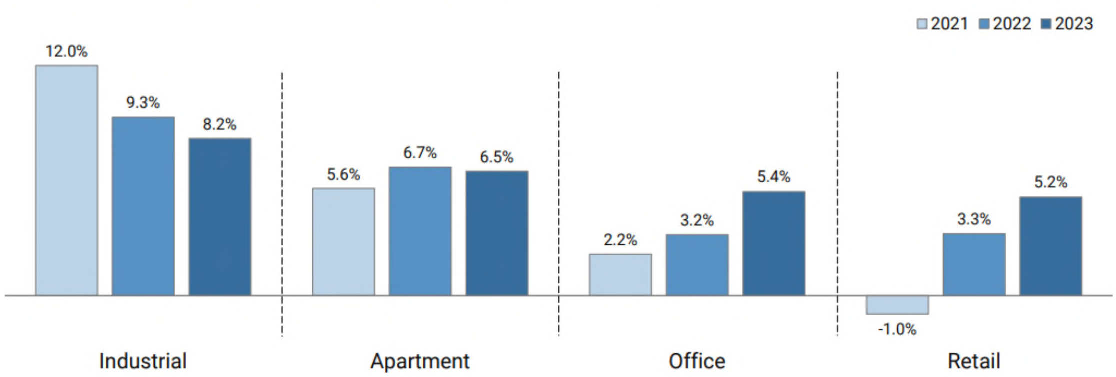


Sources: 2000-2020, National Council of Real Estate Investment Fiduciaries (NCREIF); 2021-2023, ULI Real Estate Economic Forecast.
*Indicated directions (↑ ↓ =) refer to the current forecast relative to the previous ULI Real Estate Economic Forecast. The previous ULI Real Estate Economic Forecast (released in October, 2020) projected 3.0% for 2021 and 5.6% for 2022.

Urban Land Institute ULI Real Estate Economic Forecast | ULI Center for Real Estate Economics and Capital Markets 19

NCREIF total returns in 2021 for the industrial sector are expected to increase relative to ’20 to 12%, becoming the 11th year of returns above the long-term average. After an 11-year low in ‘20, apartment returns in ‘21 are expected to increase to 5.6%, returning to the level immediately before the pandemic. After an 11-year low in ‘20, office sector returns are expected to minimally increase to 2.2%. After a substantial decline in ‘20, retail returns are expected to remain negative although at a more moderate -1%. Industrial total returns are forecast to moderate in ‘22 and ‘23, to 9.3% and 8.2%, respectively. Although these returns are stronger than in other sectors, they would be the lowest industrial returns in 14 years. Apartment returns are forecast to continue to increase in ‘22 to 6.7% and moderate just slightly to 6.5% in ‘23. Office total returns are forecast to remain low but increase to 3.2% in ‘22 and 5.4% in ‘23. Retail total returns are expected to turn positive in ‘22 at 3.3% and increase to 5.2% by ’23.

》 NCREIF Property Types Total Returns

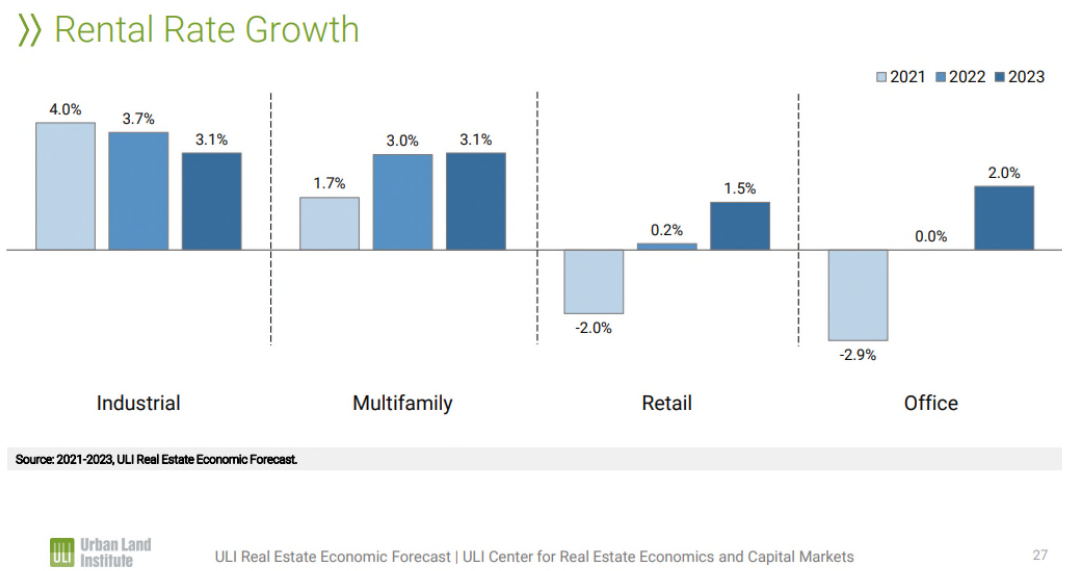


Source: 2021-2023, ULI Real Estate Economic Forecast.

Urban Land Institute ULI Real Estate Economic Forecast | ULI Center for Real Estate Economics and Capital Markets 21

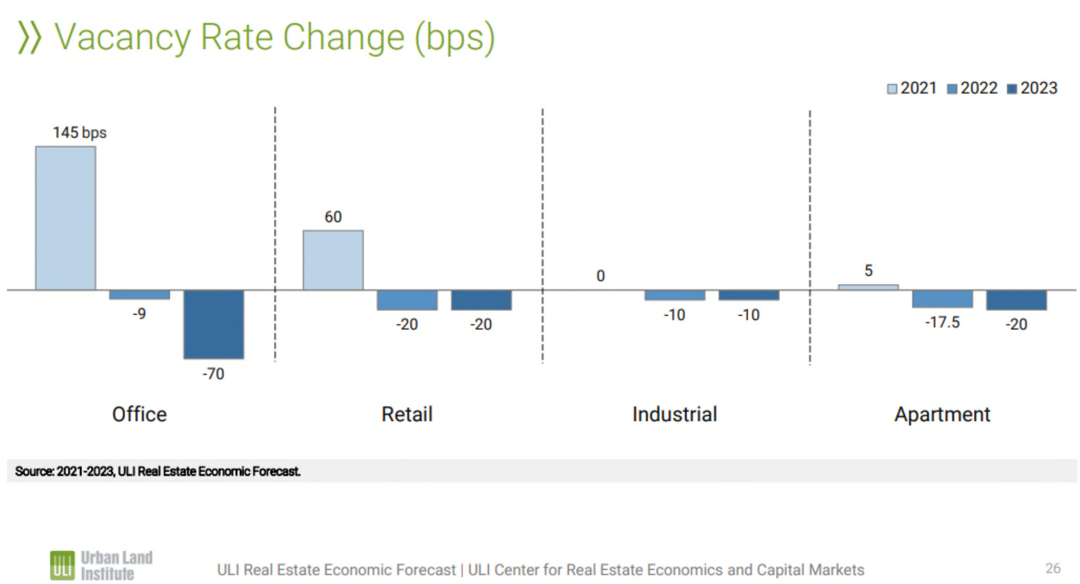
Rent Growth

Commercial property rent growth differs by property type, as well. In 2021, industrial and apartment rent growth is forecast to be 4% and 1.7%, respectively, while retail and office are forecast at -2%, and -2.9%, respectively. In ‘22, industrial and multifamily sectors continue growth at 3.7% and 3% respectively, while growth for retail and office is essentially flat. By ‘23, positive rental growth is forecast for all sectors, ranging from 3.1% for both the industrial and apartment sectors to 1.5% and 2% in the retail and office sectors, respectively.



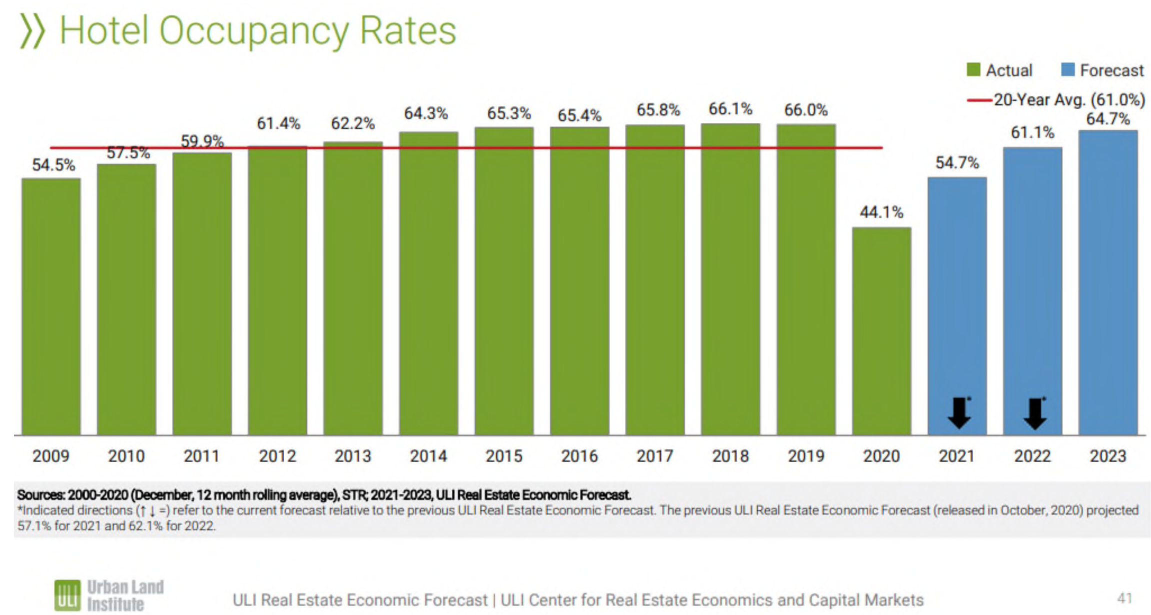
Vacancy

Change in vacancy and availability rates differ by property type. In 2021, industrial availability and apartment vacancy are forecast to be essentially unchanged, while retail availability is forecast to increase 60 basis points and office vacancy is forecast to move up 150 basis points. In ’22 and ‘23, all sectors are expected to show marginal improvement (20 basis points or less), with the exception of the office sectors which is forecast to improve by 70 basis points in ‘23.



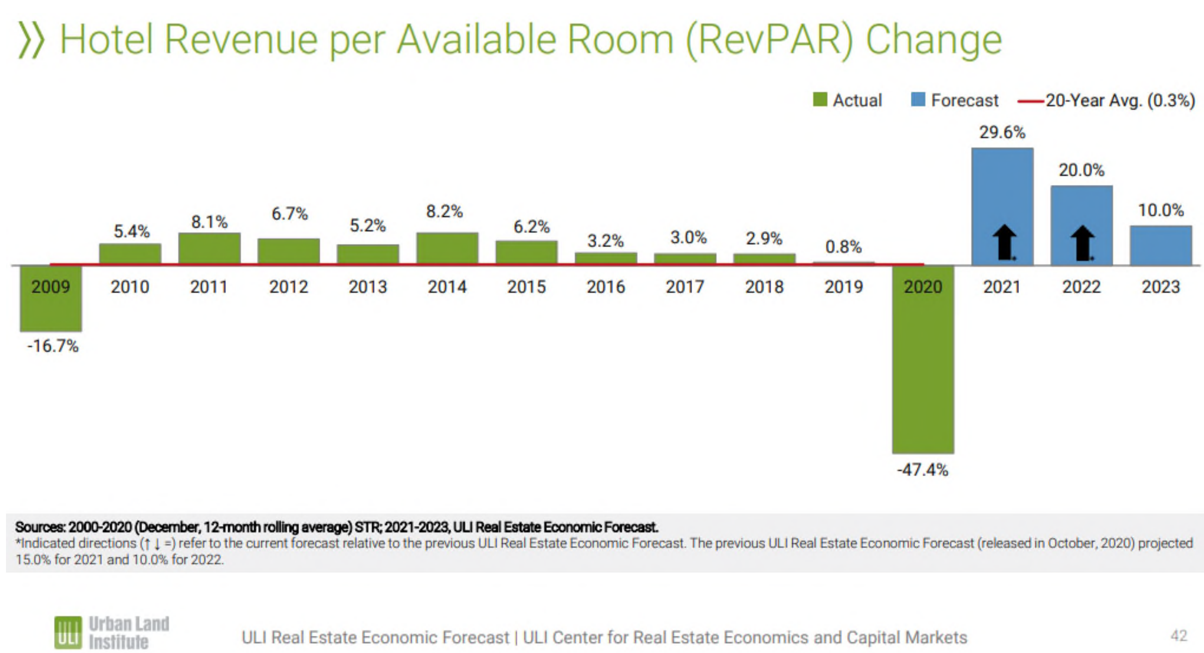
Hotel Occupancy

Hotel occupancy rates, according to STR, were steadily improving over the last ten years, coming in at 66% in 2019, above the twenty-year average. Occupancy in the pandemic year of ‘20 fell to 44.1%. Continual improvement, although not full recovery, is expected during the forecast period, with occupancy rates of 54.7%, 61.1%, and 64.7%, respectively in ‘21, ‘22’, and ‘23.



Hotel RevPAR

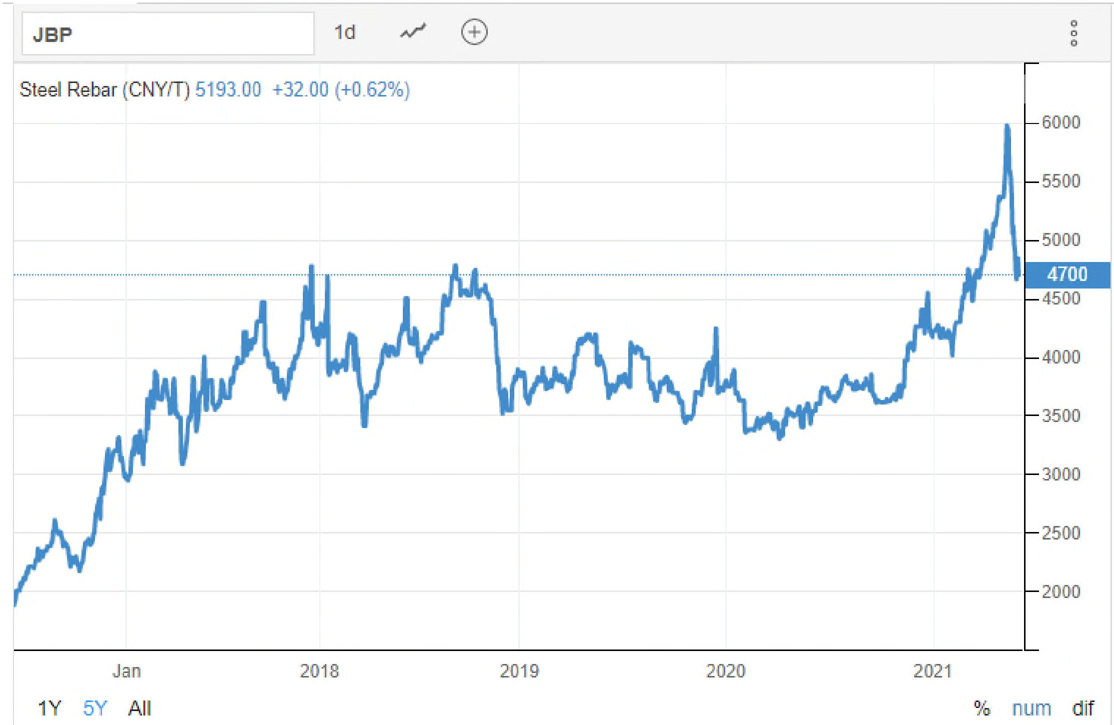
Following four years of already slowing hotel revenue per available room (RevPAR) growth, the RevPAR growth rate dropped by -47.4% 2020. RevPAR is expected to begin recovery in ‘21 at positive 29.6%, and continue in ‘22 at 20%, and 10% in ‘23. Given the steep decline in ‘20, these growth rates will not yet be sufficient to bring RevPAR fully back to 2019 levels.



Construction Costs

Construction costs have increased materially over 2019 due to numerous reasons including demand, low supply due to disruptions to the US and global supply chains, tariffs, and possibly inflation. The following chart illustrates the change in lumber prices in the US. While off their 2021 highs the cost of lumber is causing large increases in new construction costs. Expansion of existing lumber mills as well as proposed lumber mills are likely to put downward pressure on pricing in the near term; however, prices could remain elevated for some time. It should be noted that lumber price increases are for processed lumber while raw timber prices are relatively unchanged. In April 2021 the National Associated of Home Builders stated that due to the increase in lumber prices the average single family home now costs $36,000 more to build.

The following chart illustrates steel prices over the past 5 years. Steel prices have declined but are well above 2019 levels.



Overall, a decline in construction costs may not be forthcoming as there is a shortage of skilled labor in the construction industry. Construction cost trends should be followed closely. Cost estimates and budgets could be obsolete within weeks or even days.

Inflation

Inflation is among the greatest investor concerns. The Federal Reserve will continue its ultra-low interest rate policies and bond-buying program, a sign that it wants to see more evidence of a strengthening economic recovery before it considers easing its support. In an April statement, the Fed said the economy and job market have "strengthened," and while inflation has risen, Fed policymakers ascribed the increase to temporary factors. The Fed left its benchmark short-term rate between zero and 0.25%, where it has been since the pandemic began nearly a year ago, to help keep loan rates down to encourage borrowing and spending. It also said that it would keep buying $120 billion in bonds each month to try to keep longer-term borrowing rates low.

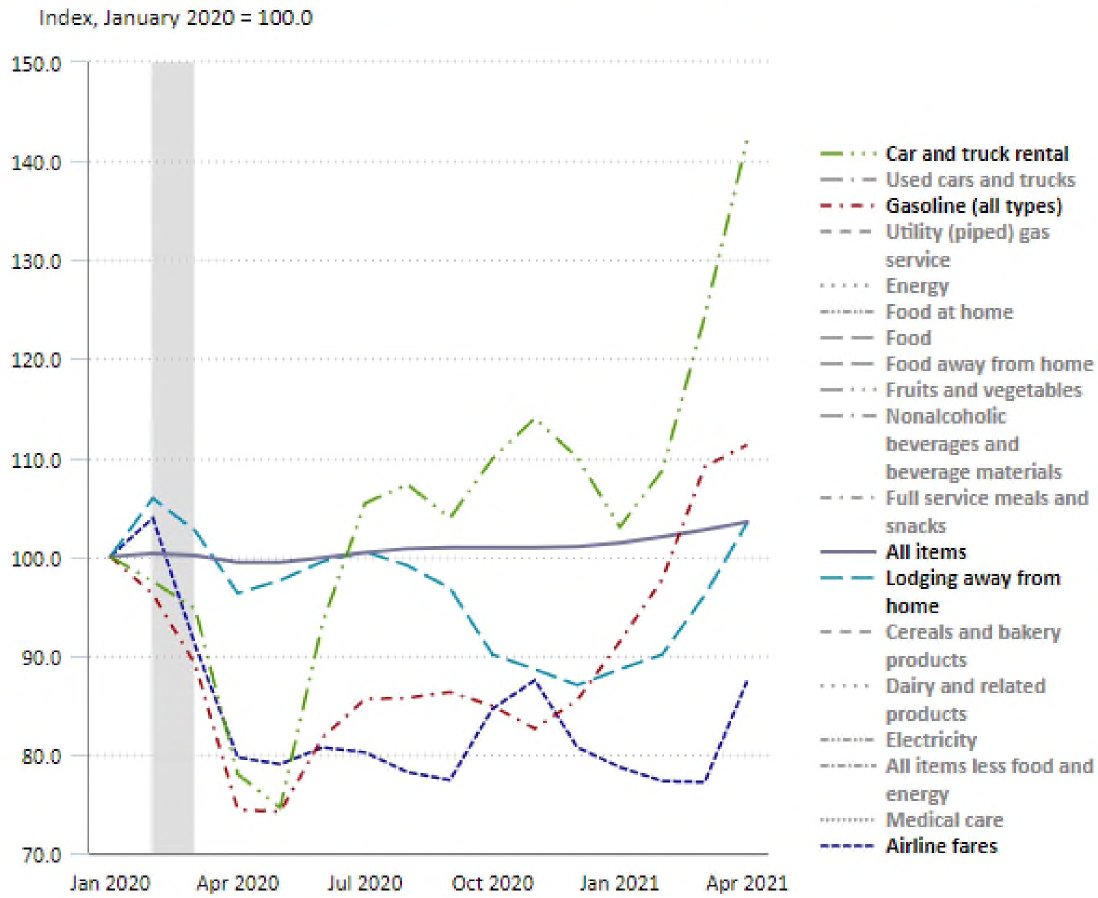
According to the BLS, the Consumer Price Index for All Urban Consumers increased 4.2 percent over the 12 months from April 2020 to April 2021. The index rose 2.6 percent for the year ending March 2021. The 4.2 percent increase in April is the largest increase over a 12-month period since a 4.9-percent increase for the year ending September 2008. Over the longer period from January 2020 (before the COVID-19 pandemic) to April 2021, consumer prices increased 3.5 percent.

Energy prices were up 25.1 percent over the past 12 months. Gasoline prices rose 49.6 percent over the last 12 months, the largest 12-month increase since the year ending January 2010. Natural gas prices increased 12.1 percent, and electricity prices rose 3.6 percent over the year. Over the January 2020–April 2021 period, energy prices increased 7.5 percent, with prices for gasoline up 11.3 percent.

Prices for used cars and trucks increased 21.0 percent over the past 12 months and were up 23.9 percent since January 2020. Prices for car and truck rental increased 42.4 percent from January 2020 to April 2021.

The following chart shows inflationary data for several input components with vehicles and gasoline prices experiencing the highest increases.

Consumer Price Index for All Urban Consumers, selected items, January 2020–April 2021



Click legend items to change data display. Hover over chart to view data.
The vertical line at February 2020 represents the start of a recession, as determined by the National Bureau of Economic Research. When this chart was published, the NBER had not yet determined an endpoint for that recession.
Source: U.S. Bureau of Labor Statistics.

The current inflationary issues are either transitory, which would be due to the reignition of the US economy and disruptions in the US and global supply chains, or a precursor to potentially rampant inflation. Investors remain divided on inflation.

Other Federal, State and Local Considerations

The federal government, states and municipalities have enacted legislation to lessen the economic impact of COVID-19. These issues should be closely monitored as they could place downward pressure on value.

Conclusion

Covid-19 vaccines in the US have been a resounding success as death and new case rates continue to plummet. Americans are traveling again, and mobility should continue to increase as consumers spend more money. Strong economic growth is expected throughout 2021 and into 2022 as rates are expected to remain near historical lows. Given recent bond yield increases, investors have expressed worries over upward pressure on interest rates; however, rates remain well below historical norms.

Medium and long-term outlooks are favorable and interest rates are expected to remain low into 2023, which could bode well for commercial real estate. Over the short-term hotels, restaurants without drive thrus and non-credit retail have taken the brunt of the declines while industrial, self-storage and multi-family have been the least affected. Office demand has faced downward pressures due to remote working trends and elevated levels of unemployment, which are declining. We will continue to interview market participants regarding changes in market conditions.

INSURABLE VALUE

INSURABLE VALUE

The opinion of insurable value is included at the request of the client and has not been performed by a qualified insurance agent or risk management underwriter. This cost estimate should not be solely relied upon for insurable value purposes. The appraisers are not familiar with the definition of insurable value from the insurance provider, the local governmental underwriting regulations, or the types of insurance coverage available. These factors can impact cost estimates and are beyond the scope of the intended use of this appraisal. The appraisers are not cost experts in cost estimating for insurance purposes.

INSURABLE VALUE			
Replacement Cost New (RCN)	**Area (SF)**	**$/SF**	**Subtotal**
Building Improvements			
Base Cost	21,850	$137.00	$2,993,450
Subtotal			$2,993,450
Multipliers			
Current Cost		1.120	
Local Area		1.090	
Area Multiplier		0.971	
Story Height		1.000	
Product of Multipliers			x 1.185
Adjusted Base Building Cost			$3,547,238
Less: Insurance Exclusions			
Total Insurance Exclusion Adjustment		10.00%	($354,724)
Insurable Value			$3,192,514
Rounded to nearest $10,000			**$3,190,000**
Source: Marshall Valuation Service			
Type: Religious Buildings with Sunday Schools	Section: 16	Class: C	