PREPARED FOR:
Mr. Randall Bentz,
Planner, Installations Division
OREGON MILITARY DEPARTMENT
1776 Militia Way
PO Box 14350
Salem, OR 97309

PREPARED BY:
Garth W. Bergeson
W. Paul Jackson, MAI
JACKSON GROUP NW INC
4850 SW Scholls Ferry Road
Suite 305
Portland, OR 97225
(503) 358-7340

www.jacksongrouprnw.com
Mr. Randall Bentz  
Planner, Installations Division  
OREGON MILITARY DEPARTMENT  
1776 Militia Way  
Salem, OR 97309  

RE: SILVERTON ARMORY  
421 S. Water Street  
Silverton, OR 97381

March 8, 2022

Dear Mr. Bentz,

At your request, we have completed an appraisal of the property specified above, which is presented in the following appraisal report. The subject property is a community center building (former armory) with 24,066 SF GLA on a 0.29-acre parcel which is 100% leased. We have appraised the property using generally accepted appraisal principles and practices. The following appraisal complies with:

- The Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, and
- The Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and
- Title XI of the Federal Financial Institutional Reform Act (FIRREA) of 1989, and
- Regulation 12 CFR Part 34 of the Office of the Comptroller of the Currency titled Real Estate Appraisals, as revised in Federal Register Vol. 59, No. 58, dated June 15, 1994, and
- Supplemental Requirements of the Client and Intended User(s) for Real Estate Appraisals.

This appraisal uses standard recognized appraisal methodology to develop our opinion of the market value of the subject property. This appraisal is presented in report format compliant with USPAP Standard 2. As such, it summarizes the data, reasoning, and analyses used to develop our opinion(s) of value. Supporting documentation concerning the data, reasoning, and analysis is retained in our files. The depth of discussion contained in this report is specific to the needs of the client.

The client and intended user(s), intended use, type and definition of value, effective date, subject property, and assignment conditions of this appraisal are stated &/or described in the report. These factors limit the context of the appraisal, and the legitimate uses of this report. We are not responsible for any other use of this report, or any use by parties not named. Please refer to the Scope of Work, and Assumptions and Limiting Conditions sections for important information.

The appraisal assignment is to develop and report our opinion of As Is Market Value of the subject property. The final opinion of value is an as is fee simple value.
Based on our investigation and analysis of available information, our final opinion of market value of the subject property is:

<table>
<thead>
<tr>
<th>TYPE OF VALUE</th>
<th>DATE OF VALUE</th>
<th>OPINION OF VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>As Is Fee Simple Value:</td>
<td>February 23, 2022</td>
<td>$ 880,000</td>
</tr>
</tbody>
</table>

The value opinion(s) concluded in this appraisal do not include furnishings, fixtures, equipment, personal property, or intangible items. The valuation is subject to the Assumptions and Limiting Conditions section of the following report, as well as the explanatory comments within the report, which should be referenced for a complete understanding of the value conclusion(s).

The opinion(s) of value reported herein are contingent upon extraordinary assumptions and/or hypothetical conditions (‘EA/HC’). EA/HC not met could have a negative impact on the value conclusions and could invalidate the entire appraisal. The appraisal report is subject to the following EA/HC:

**Extraordinary Assumptions**
- A Preliminary Title Report was not provided to the appraisers. This appraisal assumes that there are no easements or encumbrances which would adversely affect the utility or market value of the subject property.
- An Environmental investigation / assessment report was not provided to the appraisers during the course of this analysis. The appraisal assumes that the subject is free and clear of any environmental conditions that would adversely affect the value of the subject.
- A Building Inspection Report was not provided to the appraisers during the course of this analysis. The appraisal assumes that the subject is free and clear of any adverse conditions or defects that would adversely affect the value of the subject.
- A Geotechnical Report was not provided to the appraiser. The appraisal assumes that the subject soils are stable and support the subject development.

**Hypothetical Conditions**
- None

Yours Truly,

**JACKSON GROUP NW, Inc.**

Garth W. Bergeson
Oregon Certified General Appraiser C000899
Washington Certified General Appraiser 1101946

W. Paul Jackson, MAI
Oregon Certified General Appraiser C000548
Washington Certified General Appraiser 1100337
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Letter of Transmittal

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<th>Exhibit A:</th>
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<tbody>
<tr>
<td>Professional Qualifications and Company Profile – Jackson Group NW, Inc.</td>
</tr>
<tr>
<td>Appraisal Engagement Letter &amp; Client Information</td>
</tr>
</tbody>
</table>
APPRAISAL OVERVIEW

DESCRIPTION

Property Name: Silverton Armory

Street Address: 421 S. Water Street
Silverton, OR 97381

Census: 105.02

Neighborhood Character: The subject is located on South Water Street within city limits near the middle of the town. The area has experienced slow but steady growth and new investment for the past several years, a trend that is expected to continue. No adverse environmental influences currently exist which would negatively influence the subject property or neighborhood. The outlook for the subject property within this neighborhood is favorable; with stable to increasing property values anticipated.

Site Area: 0.29 acres (12,500 SF), by County plat map and legal description. The subject site consists of a single tax lot.

Zoning: DC – Downtown Commercial, by the City of Silverton. According to the city zoning code, “The purpose of the downtown commercial district is to preserve and enhance Silverton’s downtown as the historic heart of the community. The DC district is intended as Silverton’s center of vital retail activity, services, entertainment, mixed use, civic buildings and public spaces.”

The subject’s current use as a community center is a legal, conforming use.

General Site Conditions: Rectangular interior site in established commercial neighborhood, level at street grade, with all public utilities available. The site is on the east side of South Water Street (Highway 214), a downtown arterial.
APPRAISAL OVERVIEW (continued)

Improvements: The site is improved with a 24,066 SF community center building which was originally constructed and used as an armory for the State of Oregon National Guard. The building was originally constructed in 1925 of concrete block construction on a concrete foundation with a gabled wood frame roof structure and metal cover over the gymnasium and 2nd floor office portion. The northwest and southwest corners have a flat built-up roof with membrane cover.

Building Area: The following table summarizes the subject’s areas by use and floor:

<table>
<thead>
<tr>
<th>Floor</th>
<th>Office</th>
<th>Gym</th>
<th>Storage</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basement</td>
<td>0</td>
<td>0</td>
<td>10,200</td>
<td>10,200 SF</td>
</tr>
<tr>
<td>Main</td>
<td>3,500</td>
<td>6,700</td>
<td>0</td>
<td>10,200 SF</td>
</tr>
<tr>
<td>Upper</td>
<td>600</td>
<td>3,066</td>
<td>0</td>
<td>3,666</td>
</tr>
<tr>
<td>Totals</td>
<td>4,100</td>
<td>9,766</td>
<td>10,200</td>
<td>24,066</td>
</tr>
</tbody>
</table>

Tenancy: The subject is currently 100% leased to the city of Silverton which then subleases to a variety of non-profits. The lease to the city can be cancelled by the landlord at any time with 120-day notice. Therefore, no leasehold exists.

Access/Exposure: The subject has good access and exposure on the east side of Water Street, the main north-south arterial in Silverton.

HIGHEST AND BEST USE

"As Vacant": Development of commercial, commercial mixed-use or civic use facility, as market conditions allow.

"As Improved": Continued use as civic facility.

VALUATION SUMMARY

Interest(s) Appraised: Fee Simple Interest

<table>
<thead>
<tr>
<th>TYPE OF VALUE</th>
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<tbody>
<tr>
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<td>$ 880,000</td>
</tr>
</tbody>
</table>
APPRAISAL INFORMATION

TRANSFERABILITY OF APPRAISAL

If this report is transferred/assigned to another party (user), and/or is reviewed and there are questions or additional work necessary to meet any subsequent guidelines/requirements, the appraiser may charge appropriate fees for any additional work performed. Our current billing rate is $300/hour.

LEGAL/TAX DESCRIPTION

No Investigation of title was provided. It appears that the corresponding County plat map matches property boundaries as apparent on the ground at the time of inspection. County assessment data is presented below.

<table>
<thead>
<tr>
<th>Marion County, OR Account #</th>
<th>Market Value</th>
<th>Taxable Value</th>
<th>2020-21 Taxes</th>
<th>Land SF</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Land</td>
<td>Impr.</td>
<td>Total</td>
<td></td>
</tr>
<tr>
<td>517999</td>
<td>$278,440</td>
<td>$556,060</td>
<td>$834,500</td>
<td>$0</td>
</tr>
</tbody>
</table>

As the subject is owned and occupied by a governmental non-profit organization, the subject receives tax-exempt status.

CLIENT / INTENDED USER(s)

Jackson Group NW, Inc. has been retained by Randall Bentz of the Oregon Military Department, which is the client and intended user of this appraisal.

INTENDED USE

To provide the client and intended user with an opinion of market value, to assist with determining a market sale price for a potential sale.

TYPE AND DEFINITION OF VALUE

The appraisal assignment is to develop and report our opinion of As Is Market Value of the subject property. The final opinion of value is a Fee Simple value.

EFFECTIVE DATE(s) OF VALUE

As Is Fee Simple Value: February 23, 2022
MARKET VALUE¹

Market value is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined. A current economic definition agreed upon by federal financial institutions of the United States of America is:

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

1) Buyer and seller are typically motivated;
2) Both parties are well informed or well advised, and acting in what they consider their best interests;
3) A reasonable time is allowed for exposure in the open market;
4) Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5) The price represents the normal consideration for the property sold unaffected by special or creative financing or Sale concessions granted by anyone associated with the sale.

Substitution of another currency for United States dollars in the fourth condition is appropriate in countries or in reports addressed to clients from other countries.

DEFINITIONS²

As Is Value
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.

Prospective Value
A forecast of the value expected at a specified future date. A prospective value estimate is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written.

Stabilized Value
A value estimate that excludes from consideration any transitory condition, e.g., a bonus or premium for material, the abnormal inefficiency of labor, the cost of delay, or unfinished repairs.

¹ Uniform Standards of Professional Appraisal Practice, 2020-21, The Appraisal Foundation
² The Dictionary of Real Estate Appraisal, 2015, Sixth Edition, Appraisal Institute
APPRAISAL INFORMATION (Continued)

**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.

**Leased Fee Estate**

An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of lessor (leased fee owner) and the leased fee are specified by contract terms contained within the lease.

**Leasehold Estate**

An ownership interest held by the lessee (tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.

**SUBJECT HISTORY OF OWNERSHIP INFORMATION**

A preliminary title report was provided. Public records show title vested in State of Oregon, which has owned the subject for decades. The subject property is currently 100% leased to the city of Silverton for $1 per year. The city then subleases parts of the building to non-profits on a month-to-month basis. The ownership can terminate the lease to the city at any time with 120-day notice.

Other than as described above, our research discovered no transactions involving the subject property in the three years prior to the date of value. The subject property is not currently being marketed for lease or for sale.

**SCOPE OF THE APPRAISAL**

The appraisal assignment is to develop and report our opinion of As Is Market Value of the subject property. The property is 100% leased but the ownership can terminate the lease at any time with 120-day notice. Therefore, no leased fee exists. The final opinion of value is a Fee Simple value. All applicable appraisal procedures were employed, including:

- Definition of pertinent issues related to the appraisal assignment
- Inspection of the subject property
- Site and improvement analyses
- Highest and best use analysis (as vacant, and as improved)
- Market data selection, verification, and analysis
- Use of the approaches to value and valuation
- The reconciliation of value indications and final value estimate

Garth W. Bergeson conducted an on-site inspection of the subject property, which included walking through the subject, photographing the exterior, and interviewing the property representative. Garth W. Bergeson performed the appraisal and authored the report. W. Paul Jackson, MAI did not inspect the property or author the report but is familiar with the market area, has reviewed this appraisal and concurs with the analysis and conclusions herein. Building areas are based on county records and verified by appraisers’ measurements. Land area is based on plat map and county data.
Property representatives were interviewed about the physical features of the property including the condition, function, efficiency, and operation of the property, and also the history of ownership and marketing activity for the property. Government officials, contractors, developers, architects, engineers, attorneys, and other professionals and/or consultants were interviewed and/or referenced when applicable in the appraisal. Government zoning and planning documents, legally binding documents (purchase, option, or development agreements, leases, easements, or encumbrances), and professional and/or consultant reports are included and/or referenced where appropriate in the appraisal.

The collection, verification and analysis of comparables are integral to the valuation analysis. This information was collected from sources deemed reliable and confirmed by interviewing knowledgeable market participants (buyers, sellers, property managers, tenants, brokers, consultants, developers, building owners, and/or investors) and exterior viewing of the properties. One or more knowledgeable parties to the transactions were interviewed in the verification and confirmation of the comparable data. The most current data (typically up to one year prior to the valuation date) was relied upon with primary emphasis on comparables located in the immediate market area when possible. When there was a lack of comparable information in the immediate market area, parameters were broadened to include similar competing markets and more dated transactions of properties in the immediate market area.

With regard to the analysis herein, market-typical discounts and deductions were considered, whether they are necessary or not.

The following primary sources were contacted and contributed significant assistance in the appraisal process.

| Primary Sources                      | Summary of Significant Assistance Provided                                      |
|--------------------------------------|===================================================================================|
| Randall Bentz, OREGON MILITARY DEPARTMENT | Appraisal Engagement / Subject Information                                       |
| Mike Dahlberg, Tenant Representative  | Subject Information & Inspection                                                  |
| Knowledgeable Market Participants    | Comparable market data                                                            |
| Jackson Group NW, Inc. Database       | Comparable market data                                                            |
| Marion County / City of Silverton    | Plat Map, Assessment, Zoning, Land Use Patterns, Proposed Projects, Legal Subject Land Use(s) |

The following secondary data sources were relied upon in the appraisal process.

<table>
<thead>
<tr>
<th>Secondary Data Sources</th>
<th>Summary of Significant Information Provided</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loop Net / CoStar Comps / RMLS</td>
<td>Comparable sales and listings</td>
</tr>
<tr>
<td>Local Government, Market Participants, Publications</td>
<td>Comparable Leads, Market Trends</td>
</tr>
</tbody>
</table>

All information necessary to competently complete this appraisal assignment was made available to the appraisers, **except**:

- Preliminary Title Report
- Environmental Investigation / Assessment Report
- Building Inspection Report
- Geotechnical Report
Valuation Methodology

The Cost and Sales Comparison Approaches are performed and reconciled to develop our opinion of stabilized fee simple value of the subject property. In the Cost Approach, we value the land using the sales comparison approach. Then, the cost to construct the improvements is estimated along with depreciation. The value of the land is added to the depreciated value of the improvements in order to conclude a value. In the Sales Approach, sales of physically similar buildings from the larger regional area are analyzed.

The income capitalization approach is not utilized as there is an inadequate number of leases of properties like the subject with a large portion of the subject being gym space and mezzanine. Additionally, there is also an inadequate number of capitalization rate comparables of this property type as they tend to be and stay governmental or non-profit owned.

Effect on value of the COVID-19 pandemic is considered and adjustment if any is applied in the Reconciliation section. Appraisal methodology performed and summarized in this report conforms with typical appraisal practice and expectations of the typical client in similar assignments, is sufficient for the intended use of the appraisal, and returns a credible opinion of value.

Marketing AND exposure time

Marketing time is the period of time it takes an interest in real property to sell on the market subsequent to the date of an appraisal. Exposure time is the estimated length of time the property interest being appraised would have been on the market prior to the hypothetical consummation of a sale at market value on the effective date of appraisal.

Discussions with brokers active in the market indicate that there is stable demand for well-located, functional properties in the immediate subject area. The sale comparables marketing period range is presented below along with the anticipated marketing and exposure period.

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Comparables- Marketing and Exposure</th>
<th>Forecast- Market and Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial/Civic Use</td>
<td>None to 15 months</td>
<td>12 Months or Less</td>
</tr>
</tbody>
</table>

Based on the subject’s physical and location characteristics, the subject’s marketing time and exposure period is noted above. This assumes that the subject property was competently promoted and appropriately priced.
ASSUMPTIONS AND LIMITING CONDITIONS

EXTRAORDINARY ASSUMPTIONS AND/OR HYPOTHEtical CONDITIONS

The opinions of value reported herein are contingent upon extraordinary assumptions and/or hypothetical conditions (‘EA/HC’). EA/HC not met could have a negative impact on the value conclusions and could invalidate the entire appraisal. The appraisal report is subject to the following EA/HC:

Extraordinary Assumptions

- A Preliminary Title Report was not provided to the appraisers. This appraisal assumes that there are no easements or encumbrances which would adversely affect the utility or market value of the subject property.
- An Environmental investigation / assessment report was not provided to the appraisers during the course of this analysis. The appraisal assumes that the subject is free and clear of any environmental conditions that would adversely affect the value of the subject.
- A Building Inspection Report was not provided to the appraisers during the course of this analysis. The appraisal assumes that the subject is free and clear of any adverse conditions or defects that would adversely affect the value of the subject.
- A Geotechnical Report was not provided to the appraiser. The appraisal assumes that the subject soils are stable and support the subject development.

Hypothetical Conditions

- None

GENERAL ASSUMPTIONS

The statements of value and all conclusions shall apply as of the dates shown herein.

The valuation assumes the previously discussed legal description accurately identifies the subject property.

We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.

Unless otherwise noted herein, it is assumed that there are no adverse encroachments, zoning, or restrictive violations existing in the subject property.

We assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.

Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.

This report shall be used for its intended purpose only, and by the parties named as intended users. Possession of this report does not imply entitlement to use by other parties, or suitability for intended use(s) not stated herein. Possession of this report does not include the right of re-distribution in whole or part.
This report must be used in its entirety. Reliance on any portion of the report independent of other portions may lead the reader to erroneous conclusions regarding the property value. No portion of the report stands alone without approval from the authors.

Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent or approval of the authors. This applies particularly to opinions of value.

We have no present or contemplated future interest in the property that is not specifically disclosed in this report.

The valuation stated herein assumes professional management and operation of the property throughout the lifetime of the improvements, with an adequate maintenance and repair program.

We assume no responsibility for determining if the subject property complies with the Americans with Disabilities act (ADA). Jackson Group NW, Inc. shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with ADA standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be deducted from the reported value conclusion.

We are not qualified to detect the presence of toxic or hazardous substances or materials that may influence or be associated with the property or any adjacent properties. Jackson Group NW, Inc. shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including, without limitation, hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.
NEIGHBORHOOD DESCRIPTION

Oregon Population growth is attributable to natural increase and substantial in-migration. Portland State University's Population Research Center shows the state’s population jumped from 4,076,350 in 2016 to 4,236,400 in 2019, an increase of 160,050 people. The 2019 preliminary estimates follow a similar result from the reporting years, with an increase of 1.53% in 2015-16, 1.56% in 2016-17, 1.29% in 2017-18, 0.97% in 2018-19 and 0.07% 2019-20. Since the 2010 census, the population has increased 10.09%, which equates to an overall average of 1.01%. Oregon’s population increases represented the largest numeric growth over a two-year period (2015-16 & 2016-17) since the early 1990s. The migration has slowed slightly in 2017-18, 2018-19 and 2019-20. The largest percentage growth occurred in the central Oregon counties of Deschutes and Crook.

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Oregon</td>
<td>4,268,055</td>
<td>4,236,400</td>
<td>4,195,300</td>
<td>4,141,100</td>
<td>4,076,350</td>
<td>4,013,845</td>
<td>3,837,300</td>
</tr>
<tr>
<td>Marion County</td>
<td>349,120</td>
<td>347,760</td>
<td>344,035</td>
<td>339,200</td>
<td>333,950</td>
<td>329,770</td>
<td>315,335</td>
</tr>
</tbody>
</table>

*Center for Population Research and Census, Portland State University*

Employment: Oregon’s unemployment rate was 4.1 percent in December 2021, which has been slowly dropping since the height of the lockdowns in April 2020.

The Salem MSA unemployment rate declined slightly to 3.5 percent in March 2020 but rose quickly in April 2020 to 13.1% due to the economic pandemic orders statewide. The Salem MSA seasonally adjusted unemployment rate has dropped significantly since its short spike to a current rate of 4.0% (December 2021).

The Albany MSA has a current rate of 4.6%, down from a high of 13.9% in April 2020. Overall, the unemployment rate should continue to improve as the economy recovers from the government-imposed shutdowns.
CITY OF SILVERTON

The subject property is located in the City of Silverton, a small rural community located 12 miles northeast of Salem and 42 miles southeast of Portland in rural Marion County. Silverton is located at the intersection of Highways 213 and 214 which link several rural communities with the Portland metropolitan area to the north via Interstate 5 and Highway 99E and Salem to the southwest.

All real estate sectors of Silverton have benefited in recent years from development and employment in nearby Salem. In addition, nearby communities including Mt. Angel, Stayton, and Woodburn have also experienced significant new development activity as a result of increased demand and decreased supply in the Salem area. Although primarily an agricultural community, tourism is having a growing economic impact in Silverton due to the Silver Falls State Park (the largest state park in Oregon) and the Oregon Garden project.

The Oregon Garden was completed in 2001 at the southern edge of the city limits. This world-class garden contains 80 acres of landscaped native and non-native gardens designed for educational, research and display purposes. This project has been a major attraction for the state local area, and has become the setting for a summer concert series and other events.

Commercial uses are concentrated along Water Street (Highway 214) and Oak Street (Highway 213) in the old town commercial district. Typical uses include older one to three story commercial buildings with ground floor retail and office space and upper floor apartments. Parking is typically provided off-site along the street frontage. Businesses include realtors, restaurants, banks, salons, small retail shops, taverns, commercial/industrial shops, service stations, and city offices. This core area is anticipated to continue to be the focus of new redevelopment activity in the future. There is an adequate supply of smaller commercial parcels available in the area with redevelopment potential.

The primary commercial node outside of downtown is Silverton Plaza, located at the southwest corner of McClaine Street and Westfield Street at Silverton’s west boundary. Silverton Plaza includes 67,522 square feet of retail on a 12-acre site. Anchors include Safeway and Rite Aid. A two-building expansion completed in 2005 added 19,800 square feet, and a pad site is being offered for build-to-suit development. A Dairy Queen Restaurant is located on a ½-acre out-parcel at the Silverton Plaza site. Other commercial uses are located along N 1st Street and S. Water Street (Highway -214) to the north of downtown, including several restaurants and auto-oriented commercial uses. Silverton Hospital is a 48-bed hospital located two blocks east of Silverton Plaza. In addition to being a major local employer, Silverton Hospital serves a broad region of the Willamette Valley including Silverton, Mt. Angel, Molalla, Scotts Mills, Gervais, Hubbard, Woodburn, Keizer and parts of Salem.
Market Summary

The local development climate remains open to development of employment, service, and housing uses. No adverse conditions were noted that would negatively influence the subject property or the neighborhood. The long-term outlook for the neighborhood is average with stable to increasing property values anticipated coinciding with the economic progress of the region.
PROPERTY DESCRIPTION

**Property Name:** Silverton Armory

**Street Address:** 421 S. Water Street
Silverton, OR 97381

**Census:** 105.02

**SITE DESCRIPTION**

**General:** Rectangular site in established downtown commercial neighborhood, at street grade, with all public utilities available. The site is an interior site oriented on the east side of Water Street.

**Access/Exposure:** The subject has good access and exposure on the east side of Water Street, the downtown Silverton arterial.

**Shape:** Rectangular

**Land Area:** 0.29 acres (12,500 SF), by County plat map and legal description. The subject site consists of a single tax lot.

**Topography:** Level at street grade.

**Utilities:** The subject has city water and sewer and electricity.

**Easements/Encroachments:** A preliminary title was not provided. Upon property inspection and interview with representatives, no adverse factors are noted, and this appraisal assumes that none exist. Note that we are not lawyers; seek competent assistance with legal matters. We assume there is access from the rear of the subject through the city owned land bordering the rear of the building.
PROPERTY DESCRIPTION (continued)

SITE DESCRIPTION (CONTINUED)

Flood Plain: FEMA FIRM panel 41047C0244G (1/19/2000) locates the subject in zone X, outside known flood zones.

Drainage: Nothing adverse noted during the inspection.

Environmental: A current environmental report was not provided. Upon property inspection and interview with representatives, no adverse factors are noted, and this appraisal assumes that none exist. Please refer also to the Assumptions and Limiting Conditions.

Geology: A geotechnical report was not provided. Subject soils are assumed stable and capable of supporting development commensurate with the concluded highest and best use.

Zoning: DC – Downtown Commercial, by the City of Silverton. According to the city zoning code, “The purpose of the downtown commercial district is to preserve and enhance Silverton’s downtown as the historic heart of the community. The DC district is intended as Silverton’s center of vital retail activity, services, entertainment, mixed use, civic buildings and public spaces.”

The subject’s current use as a community center is a legal, conforming use.

Surrounding Uses:

North- Single-Family Residential
South- City-owned land (library parking lot)
East- Single-Family Residential
West- Public Library

Site Summary: The subject site has adequate and marketable buildable area, good access and traffic in a built-up area, with all public utilities available. The site would be highly desirable for development.
PROPERTY DESCRIPTION (continued)

**IMPROVEMENT DESCRIPTION**

**General:**

The site is improved with a 24,066 SF community center building which was originally constructed and used as an armory for the State of Oregon National Guard. The building was originally constructed in 1925 of concrete block construction on a concrete foundation with a gabled wood frame roof structure and metal cover over the gymnasium and 2nd floor office portion. The northwest and southwest corners have a flat built-up roof with membrane cover.

The basement contains semi-finished storage, the main floor contains a lobby, offices, city council chambers and a gymnasium. The second floor contains a small amount of office and the mezzanine area of the gym.

The basement is demised into a few larger storage areas with elevator access and a boiler room. The building is served by a boiler steam heating system which has been continually inspected and serviced. The basement is rented to a food bank which has a walk-in cooler (tenant's property) and shelving for canned food storage. Finishes include a combination of wood panel, and lathe and plaster walls and ceilings with concrete floors and fluorescent lighting. There are two restrooms in the basement.

The main floor has one office space on the western side which contains two offices and a storage room, another office, the city council chambers room and a gymnasium. Finishes include painted lathe and plaster walls and ceilings with wood floors except for ceramic tile in the restrooms and carpet in the city council chambers. Lighting is a combination of mounted fluorescent and track lighting. There are two restrooms on the main floor.
The building is served by a steam heating system with the exception of the city council chambers room, which is served by roof-mounted HVAC units.

The gymnasium has a stage area on the eastern side (15 x 35) with typical wood gym floor. The walls are a combination of painted concrete block (exterior walls) and lathe and plaster (interior). The ceiling is a pitched open beam with mounted halogen lighting and 1st and 2nd floor windows along the northern, eastern and southern sides.

The second floor contains a small amount of office space in fair condition with painted lathe and plaster walls and linoleum tile flooring. There is also access to the mezzanine of the gymnasium which provides more seating around the western, southern and eastern sides of the gym (opposite the main floor stage area). The elevator does not serve the upper level.

The building is in fair condition, with some cracking lathe and plaster in places and dated office space finishes with the exception of the city council chambers, which is somewhat updated and in average to good condition. The electrical system gets overloaded occasionally and the subject is served by a nearly 100-year-old steam heating system which has been properly maintained.

**Building Area:**

The following table summarizes the subject's areas by use and floor:

<table>
<thead>
<tr>
<th>Floor</th>
<th>Office</th>
<th>Gym</th>
<th>Storage</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basement</td>
<td>0</td>
<td>0</td>
<td>10,200</td>
<td>10,200 SF</td>
</tr>
<tr>
<td>Main</td>
<td>3,500</td>
<td>6,700</td>
<td>0</td>
<td>10,200 SF</td>
</tr>
<tr>
<td>Upper</td>
<td>600</td>
<td>3,066</td>
<td>0</td>
<td>3,666</td>
</tr>
<tr>
<td>Totals</td>
<td>4,100</td>
<td>9,766</td>
<td>10,200</td>
<td>24,066</td>
</tr>
</tbody>
</table>

**Site Coverage:**

10,200 SF footprint / 12,500 SF usable land area = 82%. This is at the upper end of the range in the subject’s market area.

**Site Improvements:**

There is a city sidewalk along the western side of the site and concrete sidewalks around the other three sides.
PROPERTY DESCRIPTION (continued)

IMPROVEMENT DESCRIPTION (CONTINUED)

Parking: The subject has no off-street parking. There is a city parking lot adjacent the property and plenty of metered street parking nearby. ($0.25/hour)

Year Built: 1925

Number of Buildings: One

Stories: Two

Foundation: Concrete

Construction Type: Concrete Block

Exterior: Painted concrete block

Roof(s): Wood framed gable design with metal cover over gym and 2nd floor office portion. The northwestern and southwestern corners have a flat built-up roof with membrane with membrane cover.

Deferred Maintenance: None observed

Overall Exterior: Basic functional design with average to good maintenance evident.

Physical Age / Life:

<table>
<thead>
<tr>
<th></th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual Age</td>
<td>97</td>
</tr>
<tr>
<td>Effective Age</td>
<td>35</td>
</tr>
<tr>
<td>Total Economic Life</td>
<td>50</td>
</tr>
<tr>
<td>Remaining Economic Life</td>
<td>15</td>
</tr>
<tr>
<td>Depreciation</td>
<td>70%</td>
</tr>
</tbody>
</table>
Functional Utility: Overall, the subject property is of average-quality construction materials and technology, and a good interior design with good marketability. The subject can suit the needs of a variety of community service/governmental users.

Externals: The subject is a legal use, and blends with the neighborhood. No external obsolescence is noted.
Looking east at the subject

Looking east at the subject
Looking northeast at the subject

Looking north at southern side
Looking north at southern side

Main floor lobby
Main floor bathroom

Main floor office space
Main floor office space

Main floor office space
City Council chambers room on main floor

Gymnasium
Stage in gym

2nd floor office space
Basement lobby

Basement lobby
SUBJECT PROPERTY PHOTOGRAPHS (Continued)

Basement storage area

Boiler room
Basement storage area

Basement storage area
Looking north on Water Street

Looking south on Water Street
HIGHEST AND BEST USE ANALYSIS

The Appraisal Institute defines the concept of highest and best use as follows:

“"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability." ³

AS VACANT

The subject’s DC – Downtown Commercial zoning allows a wide variety of retail, office and civic uses. Mixed use commercial/residential with 2nd floor residential are also allowed. The subject is adjacent to the city of Silverton library parking lot and across the street from the library. New investment in the area has been slow but on-going.

The subject’s location within the main downtown commercial node result in retail and office as the most likely uses. A survey using CoStar of the Mount Angel and Silverton areas indicates a current market vacancy of 1.3% which compares well to the 5-year average of 2.8% for retail and office combined. Asking rents are currently $12.74/SF up from $10.75/SF one year ago.

Highest and Best Use As Vacant: Commercial retail/office with potential for mixed use as market conditions allow.

AS IMPROVED

Legal / Physical: The subject has good close-in location in a stable market area. The subject is legal and functional for the intended use. The improvements were built initially as an armory and are currently configured more as a community center with a gym, some office space and ample basement storage. The subject has been a civic use building since its construction in 1925.

HIGHEST AND BEST USE ANALYSIS

SUMMARY STATISTICS

<table>
<thead>
<tr>
<th>Availability</th>
<th>Survey</th>
<th>5-Year Avg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent Per SF</td>
<td>$12.76</td>
<td>$11.74</td>
</tr>
<tr>
<td>Vacancy Rate</td>
<td>1.3%</td>
<td>2.8%</td>
</tr>
<tr>
<td>Vacant SF</td>
<td>13,748</td>
<td>29,097</td>
</tr>
<tr>
<td>Availability Rate</td>
<td>1.9%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Available SF</td>
<td>21,299</td>
<td>34,013</td>
</tr>
<tr>
<td>Sublet SF</td>
<td>0</td>
<td>987</td>
</tr>
<tr>
<td>Months on Market</td>
<td>4.1</td>
<td>11.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Inventory</th>
<th>Survey</th>
<th>5-Year Avg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Buildings</td>
<td>197</td>
<td>195</td>
</tr>
<tr>
<td>Existing SF</td>
<td>1,092,442</td>
<td>1,055,281</td>
</tr>
<tr>
<td>12 Mo. Const. Starts</td>
<td>0</td>
<td>2,611</td>
</tr>
<tr>
<td>Under Construction</td>
<td>0</td>
<td>1,305</td>
</tr>
<tr>
<td>12 Mo. Deliveries</td>
<td>1,996</td>
<td>2,959</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Demand</th>
<th>Survey</th>
<th>5-Year Avg</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 Mo. Absorption SF</td>
<td>38,531</td>
<td>15,325</td>
</tr>
<tr>
<td>12 Mo. Leasing SF</td>
<td>5,600</td>
<td>10,253</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales</th>
<th>Past Year</th>
<th>5-Year Avg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale Price Per SF</td>
<td>$121</td>
<td>$140</td>
</tr>
<tr>
<td>Asking Price Per SF</td>
<td>$379</td>
<td>$301</td>
</tr>
<tr>
<td>Sales Volume (Mil.)</td>
<td>$13</td>
<td>$6.8</td>
</tr>
<tr>
<td>Cap Rate</td>
<td>5.0%</td>
<td>6.0%</td>
</tr>
</tbody>
</table>

**Marketability:** The subject is marketable to civic and governmental users due to the physical configuration as a gymnasium with a meeting room, supporting office and storage space. A private organization would find little use for the subject without a significant investment geared towards conversion to another use, which is not supported at this time. As evidenced in the Sales approach, there are several sales of properties of similar configuration with either a gym, auditorium, or large open space occurring in the greater regional market area. These buildings are in demand by civic/community service users. This along with historic use and occupation by non-profit/community service tenants are the best indicators of demand for the subject.

**Highest and Best Use As Improved:** The improvements are of average-plus original quality and in average condition. The improvements return substantial positive value to the land and are financially feasible by that measure. Addition, expansion, conversion, demolition, are not indicated. The highest and best use of the property as improved, is a community center use, with a non-profit tenant or tenants until market pressures support conversion or re-development to commercial use.
INTRODUCTION

The social, economic, governmental and environmental forces influencing the subject property have been presented. The specific physical and location characteristics of the site and improvements have been described. The highest and best use of the subject property as improved is concluded to be the proposed office use.

The appraisal assignment is to develop and report our opinion of As Is Market Value of the subject property. The property is 100% rented under a lease that can be cancelled anytime by the landlord with 120-day notice. The final opinion of value is a Fee Simple value.

VALUATION APPROACHES

The Cost and Sales Comparison Approaches are performed and reconciled to develop our opinion of stabilized fee simple value of the subject property. In the Cost Approach, we value the land using the sales comparison approach of similar parcels. Then, the cost to construct the improvements is estimated along with depreciation. The value of the land is added to the depreciated value of the improvements in order to conclude a value.

The income capitalization approach is not utilized as there is an inadequate number of leases of properties like the subject with a large portion of the subject being gym space and mezzanine. Additionally, there is also an inadequate number of capitalization rate comparables of this property type as they tend to be and stay governmental or non-profit owned.

In the Cost Approach, we value the land using the sales comparison approach of similar parcels. Then, the cost to construct the improvements is estimated along with depreciation. The value of the land is added to the depreciated value of the improvements in order to conclude a value.

The Sales Comparison Approach develops an indication of value by comparing the subject property to similar properties that have sold recently, applying appropriate units of comparison, and making necessary adjustments to the sales prices. This approach may be used to value vacant land or improved properties. It is most reliable for special use and owner-occupied properties that are not typically purchased with income-producing ability as the primary consideration.

VALUE CONCLUSION

The Cost and Sales Comparison Approaches are performed and reconciled to develop our opinion of stabilized fee simple value of the subject property. Effect on value of the COVID-19 pandemic is considered and adjustment if any is applied in the Reconciliation section. Appraisal methodology performed and summarized in this report conforms with typical appraisal practice and expectations of the typical client in similar assignments, is sufficient for the intended use of the appraisal, and returns a credible opinion of value.
In this section, the market value of the subject land component is developed by comparing it with recent comparable land sales. The subject of this analysis is 0.29 acres of commercial-zoned land with all utilities available, which is valued according to its highest and best use, as commercial land serving a downtown small community.

**SITE COMPARABLE SALES ANALYSIS**

When applicable, comparables are first adjusted for property rights conveyed, non-market financing, and market conditions. Land sales are then adjusted to the subject according to comparable elements of zoning, location, physical characteristics, and potential economic use.

The following qualitative adjustment grid represents a bracketing analysis that generally ranks the subject among the comparables. The comparables are adjusted to the subject property consistent with standard appraisal methodology. An up arrow (↑) indicates that a comparable is inferior to the subject regarding a specific (or set of related) characteristic(s) and is therefore adjusted upward to simulate rough parity with the subject property. Conversely, a down arrow (↓) indicates that a comparable is superior to the subject in some regard and so is adjusted downward. The resulting indicated range of market values is a weighted average of all the identified characteristics (not all adjustments carry equal weight), which is further refined in the narrative analysis, following.

<table>
<thead>
<tr>
<th>Comparable</th>
<th>$/SF</th>
<th>Econ. Loc’n</th>
<th>Access/Exposure</th>
<th>Land Area</th>
<th>Zoning / Pot Use</th>
<th>Utility</th>
<th>Mkt Cond.</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – St. Helens St., Saint Helens</td>
<td>$4.85</td>
<td>=</td>
<td>=</td>
<td>=</td>
<td>=</td>
<td>=</td>
<td>=</td>
<td>=</td>
</tr>
<tr>
<td>2 – Highway 99E, Aurora</td>
<td>$4.58</td>
<td>=</td>
<td>=</td>
<td>=</td>
<td>↑</td>
<td>=</td>
<td>=</td>
<td>↑</td>
</tr>
<tr>
<td>3 – W. Main Street, Molalla</td>
<td>$4.10</td>
<td>=</td>
<td>↑</td>
<td>↑</td>
<td>=</td>
<td>=</td>
<td>=</td>
<td>↑↑</td>
</tr>
<tr>
<td>4 – N Santiam Hwy, Stayton</td>
<td>$1.92</td>
<td>↑</td>
<td>↑</td>
<td>↑</td>
<td>=</td>
<td>=</td>
<td>=</td>
<td>↑↑↑</td>
</tr>
<tr>
<td>5 – W Sherman St, Lebanon</td>
<td>$6.52</td>
<td>↓</td>
<td>↓</td>
<td>=</td>
<td>=</td>
<td>=</td>
<td>=</td>
<td>↓↓</td>
</tr>
</tbody>
</table>

Unadjusted comparables range from $1.92 to $6.52/SF and represent mostly commercial land sales throughout the Willamette Valley in smaller communities.

The upper end of the range is represented by comparable 5 ($6.52/SF), which is a sale of a 0.37-acre parcel in Lebanon. This comparable is similar to the subject in terms of size, zoning, utility and market conditions. However, comparable 5 is superior to the subject in terms of location in a larger community and in terms of exposure, being located on a corner. Comparable 5 is a very high indicator for the subject.

The low end of the range is represented by comparables 3 ($4.10/SF) and 4 ($1.92/SF). Comparable 4 ($1.92/SF) is similar to the subject in terms of zoning, utility and market conditions. However, this comparable is inferior to the subject in terms of location in a more rural area, exposure with a small portion fronting the highway and in terms of land area (larger), which places downward pressure on unit value. Comparable 4 is a very low indicator for the subject.

Comparable 3 ($4.10/SF) is similar to the subject in terms of location, zoning, utility and market conditions. However, this comparable is inferior to the subject in terms of diminished exposure (very deep and narrow) and size (larger), which places downward pressure on unit value. Comparable 3 is a low indicator for the subject.
<table>
<thead>
<tr>
<th>Name/Location</th>
<th>Date of Sale</th>
<th>Type / Zoning</th>
<th>Usable Site SF</th>
<th>Adj. Sale Price</th>
<th>Price / Bldg SF</th>
<th>Price / Land SF</th>
<th>Shape Topography</th>
<th>Proposed Use</th>
<th>Existing Improvements</th>
<th>Utilities Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>2074 St Helens St</td>
<td>9/30/2021</td>
<td>N/A</td>
<td>16,500 SF</td>
<td>$80,000</td>
<td>$4.85</td>
<td>N/A</td>
<td>Irregular Level, at street grade</td>
<td>Unknown</td>
<td>None</td>
<td>All available</td>
</tr>
<tr>
<td>Saint Helens, OR 97051</td>
<td></td>
<td>HBD</td>
<td>0.38 Acres</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>N/A</td>
<td></td>
<td>$4.58</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21477 Highway 99e NE</td>
<td>6/24/2021</td>
<td>N/A</td>
<td>40,946 SF</td>
<td>$187,500</td>
<td>$4.58</td>
<td>N/A</td>
<td>Rectangular Sloping downward from east to west</td>
<td>Unknown</td>
<td>Tear down structures</td>
<td>All Available</td>
</tr>
<tr>
<td>Aurora, OR 97002</td>
<td></td>
<td>C</td>
<td>0.94 Acres</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>N/A</td>
<td></td>
<td>$1.92</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1441 W Main St Molalla, OR 97038</td>
<td>6/1/2021</td>
<td>N/A</td>
<td>121,968 SF</td>
<td>$500,000</td>
<td>$4.10</td>
<td>N/A</td>
<td>Rectangular Level, at street grade</td>
<td>Unknown</td>
<td>Tear down Structures</td>
<td>All Available</td>
</tr>
<tr>
<td></td>
<td></td>
<td>C-2</td>
<td>2.80 Acres</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>N/A</td>
<td></td>
<td>$210,000</td>
<td>$1.92</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21389 N Santiam Hwy SE</td>
<td>6/8/2020</td>
<td>N/A</td>
<td>109,300 SF</td>
<td>$210,000</td>
<td>$1.92</td>
<td>N/A</td>
<td>Irregular Level, at street grade</td>
<td>Unknown</td>
<td>None</td>
<td>Water, elec, gas</td>
</tr>
<tr>
<td>Stayton, OR 97383</td>
<td></td>
<td>CC</td>
<td>2.51 Acres</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>10,600 ADT</td>
<td></td>
<td>$210,000</td>
<td>$1.92</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>182 W Sherman St</td>
<td>7/23/2019</td>
<td>N/A</td>
<td>16,104 SF</td>
<td>$105,000</td>
<td>$6.52</td>
<td>N/A</td>
<td>Rectangular Level, at street grade</td>
<td>Food carts</td>
<td>Curbs, sidewalks</td>
<td>All available</td>
</tr>
<tr>
<td>Lebanon, OR 97355</td>
<td></td>
<td>Comm</td>
<td>0.37 Acres</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>N/A</td>
<td></td>
<td>$105,000</td>
<td>$6.52</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Comp # 1.

Comp # 2.
Comp # 3.

Comp # 4.
Comp # 5.

182 W Sherman St
The middle of the range is represented by comparables 1 ($4.85/SF) and 2 ($4.58/SF). Comparable 2 ($4.58/SF) is similar to the subject in most respects including location, access/exposure, land area, zoning and market conditions. However, comparable 2 is inferior to the subject in terms of utility, sloping downward away from the highway. This comparable is a low indicator for the subject.

Comparable 1 ($4.85/SF) is similar to the subject in all respects including location, access/exposure, size, zoning, utility market conditions, making it a reasonable indicator for the subject.

**CONCLUDED SITE VALUES**

Comparables support a market value for the subject near that of comparable 1 ($4.85/SF). Considering subject location, area, and functional utility, a market value of $5.00/SF is concluded for the subject’s site. Our final opinion of value of the subject’s land is (12,500 SF x $5.00/SF) $62,500, rounded to **$65,000**.

The concluded land value will be used in the following Cost Approach.
Typically under the Cost Approach: 1) the replacement cost new of the improvements is estimated; 2) accrued depreciation, if any, is deducted from this amount; and 3) the resultant amount is added to concluded land value to return the indicated market value via the Cost Approach.

**Replacement cost** is defined as follows:

"The estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design, layout." 4

**Marshall Valuation Analysis**

Replacement Cost New is estimated using the Marshall Valuation Cost Manual, Calculator Cost section. The subject is a governmental community service building. Unadjusted cost indicators from Marshall Valuation Service are $114.00 and $71.50 for the upper floors and basement, respectively. The following table summarizes our calculations:

<table>
<thead>
<tr>
<th>Component</th>
<th>Upper Floors</th>
<th>Basement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unadjusted Cost/SF</td>
<td>$114</td>
<td>$71.50</td>
</tr>
<tr>
<td>Story Height Multiplier</td>
<td>1.00</td>
<td>1.00</td>
</tr>
<tr>
<td>Floor Area Multiplier</td>
<td>0.949</td>
<td>0.949</td>
</tr>
<tr>
<td>Current Cost Multiplier</td>
<td>1.04</td>
<td>1.04</td>
</tr>
<tr>
<td>Local Cost Multiplier</td>
<td>1.08</td>
<td>1.08</td>
</tr>
<tr>
<td><strong>Adjusted Replacement Cost</strong></td>
<td><strong>$121.51</strong></td>
<td><strong>$76.21</strong></td>
</tr>
</tbody>
</table>

**Improvement Cost Conclusions**

Based on Marshall Valuation analysis, presented in the table on the following page, direct, indirect and site improvement costs are concluded at $2,535,106.

**Absorption Costs**

Absorption costs typically include rent loss and leasing commissions during an initial lease-up period. Since the subject is to be occupied by governmental or non-profit tenants, absorption costs are not applicable.

**Developer's Profit & Overhead**

This cost item typically ranges from 5% to 25% of costs-plus-land value, and includes developer's overhead, staff, and profit, which may be reduced by unanticipated overruns. The subject improvements were developed for a very specific purpose with profit being sought in the business. Based on the magnitude of the cost numbers and lack of risk for immediate owner occupancy, a conclusion at the lower end of the range of 5% allocation to developer overhead is concluded in this analysis, which is applied to the improvement-plus-land cost.

---

Total Replacement Cost New

Direct and indirect costs, absorption costs, and developer’s overhead for the subject improvements result in a total replacement cost new of $2,626,244.

Accrued Depreciation

From the improvement replacement cost new, a dollar amount of depreciation is deducted. There are three types of depreciation: physical, functional, and external.

Physical: Typical total economic life for a subject buildings and use would be in the 50 year range. Considering subject specifics, the economic life for each structure is concluded on the previous page.

The subject is of average original quality, and has been maintained in average condition, with no deferred maintenance. Age / Life estimates are also presented in the table on the previous page. Total Depreciation as summarized in the table on the following page is $1,838,371.

Functional: The improvements were built for and retain good utility for the intended use, with a functional layout and average-to-good-quality construction materials and technology. Site coverage and utility are well within market expectations. No functional obsolescence is applied.

External: The subject enjoys good local and regional linkages, complies with governmental codes and requirements, and blends with the neighborhood. The existing subject use was concluded to be the highest and best use as improved. No external obsolescence is apparent.

Total accrued depreciation of $1,838,371, all physical, is deducted from the Replacement Cost New.

Depreciated Replacement Cost

Deducting estimated depreciation form the replacement cost new results in a depreciated replacement cost of $787,873.

Concluded Value Cost Approach

This analysis is summarized on the chart on the following page. The estimated value of the subject land ($65,000), and the depreciated subject improvement cost ($787,873) are added together. Based on this analysis, the market value of the subject property via the Cost Approach is $852,873, rounded to:

| As Is Fee Simple Value: | February 23, 2022 | $ 850,000 |

As Is Fee Simple Value: $850,000
# COST APPROACH SUMMARY TABLE

<table>
<thead>
<tr>
<th>Cost Components</th>
<th>Total Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
</tr>
<tr>
<td><strong>Replace Costs</strong></td>
<td></td>
</tr>
<tr>
<td>Hard &amp; Soft Costs - Upper Level</td>
<td>14,466 SF</td>
</tr>
<tr>
<td>Hard &amp; Soft Costs - Basement</td>
<td>10,200 SF</td>
</tr>
<tr>
<td>Absorption Costs</td>
<td></td>
</tr>
<tr>
<td>Developer Profit &amp; Overhead</td>
<td>5.00%</td>
</tr>
<tr>
<td><strong>Total Replacement Cost New</strong></td>
<td></td>
</tr>
</tbody>
</table>

| **Depreciation**              |          |         |
| Physical Deterioration        | 70.00%   | ($1,838,371) |
| Functional Obsolescence       | $0       |         |
| External Obsolescence         | $0       |         |
| **Total Depreciation**        |          | ($1,838,371) | ($74.53) |

| **Conclusions**               |          |         |
| Depreciated Replacement Cost  | $787,873 | $31.94  |
| Land Value                    | 0.29 Acres x | $5.00 / SF | $65,000 |
| Concluded Value               |          |         | $852,873 | $34.58 |

**CONCLUDED STABILIZED VALUE (Rounded)**

$850,000 $34.46
SALES COMPARISON APPROACH

The Sales Comparison Approach develops an indication of value by comparing the subject property with similar recently sold properties. The most relevant unit of comparison is the sales price per square foot of gross leasable area.

COMPARABLE SALES ANALYSIS

The following qualitative adjustment grid represents a bracketing analysis that generally ranks the subject among the comparables. The comparables are adjusted to the subject property consistent with standard appraisal methodology. An up arrow (↑) indicates that a comparable is inferior to the subject regarding a specific (or set of related) characteristic(s) and is therefore adjusted upward to simulate rough parity with the subject property. Conversely, a down arrow (↓) indicates that a comparable is superior to the subject in some regard and so is adjusted downward. The resulting indicated range of market values is a weighted average of all the identified characteristics (not all adjustments carry equal weight), which is further refined in the narrative analysis, following.

<table>
<thead>
<tr>
<th>Comparable</th>
<th>$/SF</th>
<th>Econ Loc’n</th>
<th>GLA</th>
<th>Access/Exposure</th>
<th>Qual / Cond.</th>
<th>Bldg/Land Ratio</th>
<th>Market Cond.</th>
<th>Overall</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – Shipping Street NE, Salem</td>
<td>$66</td>
<td>↓</td>
<td>↓</td>
<td>=</td>
<td>↓</td>
<td>↓</td>
<td>=</td>
<td>↓↓↓↓</td>
</tr>
<tr>
<td>2 – Wright Ave, Richland</td>
<td>$48</td>
<td>↓</td>
<td>=/↑</td>
<td>=</td>
<td>↑</td>
<td>↓</td>
<td>=</td>
<td>↓↓</td>
</tr>
<tr>
<td>3 – Saint Helens St, St. Helens</td>
<td>$51</td>
<td>=</td>
<td>=/↑</td>
<td>=</td>
<td>↓</td>
<td>=</td>
<td>=</td>
<td>↓</td>
</tr>
<tr>
<td>4 – A Street, Springfield</td>
<td>$44</td>
<td>↓</td>
<td>=/↑</td>
<td>=</td>
<td>↑</td>
<td>=</td>
<td>=</td>
<td>=</td>
</tr>
<tr>
<td>5 – Rambler Drive NE, Silverton</td>
<td>$45</td>
<td>=</td>
<td>↓</td>
<td>=</td>
<td>↑</td>
<td>↓</td>
<td>=</td>
<td>=</td>
</tr>
</tbody>
</table>

Sales of properties with generally similar use, condition, appeal, and economic location were researched throughout the greater market area. Emphasis was placed on civic use properties which have a gym and/or large auditorium or meeting rooms. Selected comparables range from $44 to $66/SF. In this analysis, we will conclude a unit value for the upper floors. Then, at the end of this analysis, we will conclude a value for the basement space.

The upper end of the range is represented by comparable 1 ($66/SF). This comparable is the sale of a property in Salem which does not have a gym but does have a large meeting room. Comparable 1 is similar to the subject in terms of access/exposure and market conditions. However, this comparable is superior to the subject in terms of location, size (smaller), condition quality and building to land ratio (lower), which means more land value is loaded into the price per SF of building area. Comparable 1 is a very high indicator for the subject.

The middle of the range is represented by comparables 2 ($48/SF) and 3 ($51/SF). Comparable 3 ($51/SF) is a property located in Saint Helens, Oregon which was originally built as a school but has been general governmental use in recent years. This comparable is slightly inferior to the subject in terms of size (larger), which places downward pressure on unit value. Comparable 3 is similar to the subject in terms of location, access/exposure and market conditions. However, comparable 3 is superior to the subject in terms of condition/quality and building to land ratio (lower), which means that more land value is loaded into the price per SF of building area. Considering these offsetting factors, comparable 3 is a high indicator for the subject.
<table>
<thead>
<tr>
<th>Name/Location</th>
<th>Date of Sale</th>
<th>Marketing Period</th>
<th>Building Size</th>
<th>Adj. Sale Price / SF</th>
<th>NOI</th>
<th>NOI / SF</th>
<th>Capitalization Rate</th>
<th>Traffic Count</th>
<th>Vacancy</th>
<th>Parking Ratio</th>
<th>Site Coverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>725 Shipping St NE, Salem, OR 97301</td>
<td>12/13/2021</td>
<td>4 Months</td>
<td>10,560 SF</td>
<td>$700,000</td>
<td></td>
<td>$66.29</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>1.14</td>
</tr>
<tr>
<td>1007 Wright Ave, Richland, WA 99354</td>
<td>11/1/2021</td>
<td>None</td>
<td>15,492 SF</td>
<td>$750,000</td>
<td></td>
<td>$48.41</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Former John Gumm School, 251 Saint Helens St, Saint Helens, OR 97051</td>
<td>7/29/2021</td>
<td>None</td>
<td>30,000 SF</td>
<td>$1,536,300</td>
<td></td>
<td>$51.21</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>21.86%</td>
</tr>
<tr>
<td>765 A St, Springfield, OR 97477</td>
<td>1/29/2021</td>
<td>11 Months</td>
<td>17,685 SF</td>
<td>$785,000</td>
<td></td>
<td>$44.39</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>9410 Rambler Dr NE, Silverton, OR 97381</td>
<td>3/31/2020</td>
<td>15 Months</td>
<td>8,817 SF</td>
<td>$400,000</td>
<td></td>
<td>$45.37</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
COMPARABLE PHOTOS

Comp # 1.

725 Shipping St NE

Comp # 2.

1007 Wright Ave

122JG-125
Comparative Photos (continued)

Comp # 3.

251 Saint Helens St

Comp # 4.

765 A St
Comp # 5.

9410 Rambler Dr NE
Comparable 2 ($48/SF) has a gym like the subject and is located in Richland, Washington. This comparable is inferior to the subject in terms of condition/quality. Comparable 2 is similar to the subject in terms of access/exposure and market conditions. However, this comparable is superior to the subject in terms of location, size (smaller) and building to land ratio (lower). Considering these offsetting factors, comparable 2 is a slightly high indicator for the subject.

The bottom of the range is represented by comparables 4 ($44/SF) and 5 ($45/SF). Comparable 4 ($44/SF) has a gym like the subject and is located in Springfield, Oregon. This comparable is inferior to the subject in terms of condition/quality. Comparable 4 is similar to the subject in terms of access/exposure, building to land ratio and market conditions. However, comparable 4 is superior to the subject in terms of location and size (smaller), which places upward pressure on unit value. Considering these offsetting factors, comparable 4 is a reasonable indicator for the subject.

Comparable 5 ($45/SF) is the sale of a school in the subject’s market area which has a smaller gym. This comparable is inferior to the subject in terms of quality. Comparable 5 is similar to the subject in terms of location, access/exposure and market conditions. However, this comparable is superior to the subject in terms of size (smaller) and building to land ratio. Considering these offsetting factors, comparable 5 is a reasonable indicator for the subject.

**Indicated Value, Sales Comparison Approach**

Comparable analysis supports a market value near that of comparables 4 ($44/SF) and 5 ($45/SF) for the subject’s main and upper floors. Therefore, a unit value of $45/SF is concluded for the subject’s 13,866 SF of above grade space. The subject is an older community service building with a large gym and storage area and some finished office space with little usable land and no parking which is very large in size and located in the main commercial node of downtown Silverton.

Regarding the subject’s basement, there are no comparables of similar buildings with basement space in the market area. Typically, basement space earns about 50% to 60% the value of above grade space. This results in a range of $22.50/SF to $27.00/SF. The basement space is partially finished with low but functional clearance. A unit value of $25/SF is concluded for the subject’s basement space.

The indicated market value for the subject property by the sales comparison approach, is summarized in the following table:

<table>
<thead>
<tr>
<th>Component</th>
<th>Size (SF)</th>
<th>Unit Value Conclusion</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above grade (Main and Upper Floors)</td>
<td>13,866</td>
<td>$45/SF</td>
<td>$623,970</td>
</tr>
<tr>
<td>Basement space</td>
<td>10,200</td>
<td>$25/SF</td>
<td>$255,000</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>24,066</strong></td>
<td></td>
<td><strong>$878,970</strong></td>
</tr>
</tbody>
</table>

**As Is Fee Simple Value:** February 23, 2022 $880,000
RECONCILIATION AND FINAL VALUE CONCLUSIONS

The reconciliation of value indications is the final step in the appraisal process and involves the reviewing and weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property. The reconciliation criteria are appropriateness, accuracy, and quantity of evidence. The following values were concluded in this report:

<table>
<thead>
<tr>
<th>VALUATION APPROACH</th>
<th>VALUE CONCLUSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost Approach</td>
<td>$ 850,000</td>
</tr>
<tr>
<td>Income Capitalization Approach – Direct Capitalization</td>
<td>N/A</td>
</tr>
<tr>
<td>Sales Comparison Approach:</td>
<td>$ 880,000</td>
</tr>
</tbody>
</table>

The **Cost Approach** is the primary approach considered by investors regarding physically unique properties which do not trade often. In this approach, the site value is concluded using sales of comparable land. Then, the cost of reconstructing the building is estimated using Marshall Valuation Service. After applying estimated depreciation, the land value is added in order to conclude the value. This approach is credible and reliable but is given secondary consideration in final determination of value.

The subject property has very strong appeal for owner-occupancy, in a desirable neighborhood of like kind property that is owner-occupied. The **Sales Comparison Approach** is the approach most strongly favored by prospective owner-users, and sale comparison analysis often reflects some amount of owner-user premium. Sales of physically similar properties in the greater market area were available for analysis. Market activity displays typical trends, and this analysis is considered reliable. The Sales Comparison approach is credible and well-supported and is given primary emphasis in development of our final opinion of value.

Based on the data, analysis, and conclusions summarized in this report, the indicated value is:

| As Is Fee Simple Value: | February 23, 2022 | $ 880,000 |

The indicated value will be adjusted for the effect of the coronavirus (COVID-19) pandemic on real estate values in the following section.

The value opinion(s) concluded in this appraisal do not include furnishings, fixtures, equipment, personal property, or intangible items. The valuation is subject to the Assumptions and Limiting Conditions section of the following report, as well as the explanatory comments within the report, which should be referenced for a complete understanding of the value conclusion(s). Furthermore, opinion(s) of value reported herein are contingent upon extraordinary assumptions and/or hypothetical conditions. See the end of this section for this important information.
COVID-19 Pandemic Adjustment Analysis

As was previously referenced, the COVID-19 Pandemic is causing investors to take a “wait and see” approach to the effects that this pandemic will have on real estate. There is little data available because this event is so recent. What we do have to pull from are interviews from market area participants on several sides of a typical real estate transaction and historical references with some other events in history to quantify any discounts that may be applicable and as it pertains to the subject. These interviews cover a wide array of the real estate market, from brokers, lenders and appraisers, to landlords / management companies.

<table>
<thead>
<tr>
<th>Person/Contact #</th>
<th>Role</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gabe Schnitzer, Norris &amp; Stevens 503-225-8443</td>
<td>Commercial Broker</td>
<td>Buyers are holding back at the moment, although some bargain hunters are on the lookout for discounted properties. Sellers and seller brokers are not suggesting price reductions. Most see the current situation as temporary.</td>
</tr>
<tr>
<td>Greg Frick, HFORE 503-241-5541</td>
<td>Apartment Broker</td>
<td>Too much is unknown at this time, there is talk that most investors are waiting and seeing, but income loss being the short term issue. Several investors are waiting for knee jerk reaction sales to take advantage of, as they also see this as a short term condition. However, nothing has suggested any significant discounts are imminent.</td>
</tr>
<tr>
<td>Phillip Barry, Joseph Bernard  503-546-9390</td>
<td>Apartment Broker</td>
<td>It’s too soon to know the effects of the pandemic. Most investors are on a wait and see, but feel that some income loss (partially depending on the tenant mix in terms of employment) is the most probable effect.</td>
</tr>
<tr>
<td>Jason Leadley, Vandermeer 971-235-1095</td>
<td>Residential Broker</td>
<td>This could hurt smaller markets like Pendleton harder, but this depends on the tenants employment type. Whether single family or rental plexes, a reasonable deduction in value between 2.5% and 5% is reasonable, but has not yet been approached with a request to lower the price.</td>
</tr>
<tr>
<td>Confidential</td>
<td>Commercial Appraiser</td>
<td>It is too soon to know the effects of the pandemic. Rent loss is a real consideration, but as to how long will be the true indicator. The stock market shifts are making real estate a lower risk investment, and dropping lending rates also add to their appeal.</td>
</tr>
<tr>
<td>Confidential</td>
<td>Commercial Lender</td>
<td>No known adjustments made or considered by our firm. With interest rates as low as they are, many investors are seeing this as a short term issue, especially for smaller developments.</td>
</tr>
</tbody>
</table>

There is a common theme indicated from all the interviews above, with all corners of the market looking at this as a temporary issue that is anticipated to be short lived. One broker did indicate an adjustment range between 2.5% and 5% could be possible. The others indicated that a buyer would contemplate rent loss when making a purchase. Properties that are for sale are not seeing a large amount of price reductions as the sellers feel this is short term and most buyers agree.

The subject property is an owner-occupied property and has not been affected by the COVID 19 pandemic which, typically manifests as short-term income loss due to unpaid rent. Therefore, no discount to the value for the COVID 19 crisis is needed.
COVID – 19 ADJUSTMENT CONCLUSION / AS IS VALUE

An adjustment for COVID 19 was determined to be unnecessary. Our final opinion of value is:

| As Is Value of Fee Simple Interest: | February 23, 2022 | $880,000 |

Opinions of value reported herein are contingent upon extraordinary assumptions and/or hypothetical conditions (‘EA/HC’). EA/HC not met could have a negative impact on the value conclusions and could invalidate the entire appraisal. The appraisal report is subject to the following EA/HC:

**Extraordinary Assumptions**
- A Preliminary Title Report was not provided to the appraisers. This appraisal assumes that there are no easements or encumbrances which would adversely affect the utility or market value of the subject property.
- An Environmental investigation / assessment report was not provided to the appraisers during the course of this analysis. The appraisal assumes that the subject is free and clear of any environmental conditions that would adversely affect the value of the subject.
- A Building Inspection Report was not provided to the appraisers during the course of this analysis. The appraisal assumes that the subject is free and clear of any adverse conditions or defects that would adversely affect the value of the subject.
- A Geotechnical Report was not provided to the appraiser. The appraisal assumes that the subject soils are stable and support the subject development.

**Hypothetical Conditions**
- None
CERTIFICATION OF APPRAISAL

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

— The statements of fact contained in this report are true and correct.

— The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

— We have no (or the specified) present or prospective interest in the property that is the subject of this report and no (or the specified) personal interest with respect to the parties involved.

— We have performed no (or the specified) 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.

— We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

— Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

— 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.

— Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

— Garth Bergeson made a personal inspection of the property that is the subject of this report. W. Paul Jackson, MAI did not inspect the subject property.

Garth W. Bergeson  March 8, 2022
Oregon Certified General Appraiser C000899
Washington Certified General Appraiser 1101946

W. Paul Jackson, MAI  March 8, 2022
Oregon Certified General Appraiser C000548
Washington Certified General Appraiser 1100337
## ADDENDA CONTENTS

<table>
<thead>
<tr>
<th>EXHIBIT A</th>
<th>Appraiser's Qualifications / Company Profile / Client Contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXHIBIT B</td>
<td>N/A</td>
</tr>
</tbody>
</table>
COMPANY PROFILE

Jackson Group NW, Inc. is a commercial real estate appraisal and consulting firm located in Portland, Oregon. The goal of the company is to provide appraisal and consultation services in a professional and timely manner. We provide appraisal services for properties located in Oregon and Washington. We are dedicated to the company's goal of providing quality appraisal and consultation services on a personal basis.

We have extensive experience in appraising and providing consultation services. Our scope of experience includes multiple property types and various ownership interests from small owner occupied properties to large institutional grade investments.

W. Paul Jackson, MAI has worked as a commercial appraiser and consultant since 1992. Mr. Jackson has experience in appraising multiple property types. He also has experience in appraising property for estate planning and court testimony. Over the years, in addition to the standard property types, he has developed valuable experience and expertise in the valuation of Hotels/Motels, gas stations/c-stores, mobile home parks, golf courses, institutional grade government buildings and a handful of other unique property types. Mr. Jackson prides himself on his ability to provide quality professional appraisal services that are both reliable and on time. Whatever your appraisals need, be it a simple owner occupied office or a complex re-development, you can rely on Mr. Jackson to provide you with the service you need.

Joseph B. Skilton has worked in real estate since 1978 as a land survey fieldman and drafter, cartographer (Ticor), real estate research analyst, corporate librarian, computer analyst, and real estate publisher (Real Estate Transaction Journal). Mr. Skilton joined us in 1999 and specializes in retail, general commercial, and special-use property appraisals.

Joseph A. Swaney had a prior career working in the information technology field as a computer programmer and database analyst. His first introduction to real estate was as a surveyor's chainman in his teenage years. He joined Jackson Group NW, Inc. in February 2005 as an assistant to W. Paul Jackson, and became a Certified General Appraiser in 2012.

William E. “Bill” Leavens has worked in the real estate community since high school where he did general construction, property management and accounts receivable for Leavens Investments, a family-owned rental property business. He began appraising in January 2003, specializing in apartment appraisals. Over the past decade Bill has gained extensive experience in appraising and providing consultation services for multifamily developments as a high value employee and also as the owner of his own appraisal firm. Bill brings a high level of customer service and expertise to our firm that is of great value to our clients and us.

Garth W. Bergeson has worked in commercial real estate appraisal since June 2004 and is currently certified in both Oregon and Washington. Garth has a broad base of experience ranging from standard commercial real estate appraisal work to complex land valuations. Garth brings a level of expert analysis and critical thinking to our team that is reflected in his clear and logical writing style.
COMPANY PROFILE (CONTINUED)

To better serve our clients, Jackson Group NW, Inc. maintains state of the art computer equipment, real estate analytical software programs, libraries of comparable and resource data, property sales, lease transactions, property data computer retrieval systems, and other necessary tools and information relevant to the real estate appraisal and consultation field.

Jackson Group NW, Inc. considers its clients to be its most valuable assets. We have served various small and large financial institutions, corporations, developers, private individuals, attorneys, accountants, and government agencies. Our appraisal experience extends to all types of commercial, industrial, residential, apartment, resort, agricultural, and special use properties.

Past appraisal assignments have been conducted to serve various functions, including mortgage financing, property purchase and disposition, lease/rent arbitration, litigation support, condemnation, property tax analysis and appeal services, and corporate planning purposes.

PROFESSIONAL SERVICES

- Valuation Reports: The market valuation of real property interests (fee simple, leasehold, leased fee, etc.) in various types of properties is the primary focus of most real property appraisal assignments performed by Jackson Group NW, Inc.

- Real Estate Consulting: Jackson Group NW, Inc. also conducts consulting assignments relating to all property types. Providing competent, unbiased, professional guidance on diversified problems in real estate has taken on ever increasing importance as a method of reducing the risks associated with the real estate field. The firm has undertaken such tasks as discounted cash flow analysis, highest and best use analysis, market studies, subdivision analysis, and market/feasibility analysis.

- Arbitration, Litigation Support, and Expert Witness Services: Jackson Group NW, Inc. also offers services for real estate matters involving arbitration (ground rent renegotiations, tenant space lease renegotiations, etc.). We also offer litigation support services to attorneys with various real estate problems. It is our goal to provide not only offensive, but defensive strategies, in a fair and unbiased manner, in order to expose the strengths and weaknesses of a particular case. Finally, we are experienced in working with attorneys in preparation for expert witness testimony.

- Appraisal Review Services: An appraisal review serves the purpose of analyzing the content and conclusions of an appraisal report. Clients consider an appraisal review to be a valuable tool in determining the credibility of an appraisal report, in order to reduce the risks associated with important lending, legal, and investment decisions.

- Property Tax Analysis and Appeal Services: The real property tax liability for property has a direct impact on its operating/holding expenses, net income, and associated market value. Therefore, competent representation before government agencies regarding ad valorem taxes can be critical in keeping this expense item in check.
Paul Jackson was born in Albany, Oregon and attended Oregon State University.

**EDUCATION**

- Oregon State University, Bachelor Degree Economics 1991

**APPRAISAL INSTITUTE COURSES**

<table>
<thead>
<tr>
<th>Course</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Analyzing Operating Expenses</td>
<td>2020</td>
</tr>
<tr>
<td>2020-21 USPAP 7-Hour Update</td>
<td>2020</td>
</tr>
<tr>
<td>Forecasting Revenue</td>
<td>2020</td>
</tr>
<tr>
<td>Small Hotel/Motel Valuation</td>
<td>2020</td>
</tr>
<tr>
<td>Appraisal of Medical Office Buildings</td>
<td>2020</td>
</tr>
<tr>
<td>Appraising Automobile Dealerships</td>
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<td>Subdivision Valuation</td>
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<td>Feasibility, Market Value, Investment Timing: Option Value</td>
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**PROFESSIONAL LICENSES**

- Certified General Appraiser:
  1) State of Oregon Certificate No. C000548
  2) State of Washington Certificate No. 1100337
PROFESSIONAL QUALIFICATIONS - W. PAUL JACKSON, MAI

PROFESSIONAL AFFILIATIONS

- Designated Member of the Appraisal Institute (MAI) 2004

PROFESSIONAL EXPERIENCE

- Owner, Jackson Group NW, Inc., Portland, Oregon 2013 to Present
- Owner, Cassinelli Jackson LLC, Portland, Oregon 1997 to 2013
**AREAS OF COVERAGE**

We cover all of Oregon, SW Washington as far north as Pacific county (Aberdeen) and SE Washington as far east as Walla Walla.

We have extensive expertise and experience in appraising all types of commercial real estate, which includes the following:

- Retail – All types
- Office – All types and Classes
- Industrial - All types
- Hotels/Motels - All types
- Mobile Home Parks
- Gas Stations/ C-Stores
- Restaurants – Fast Food and Sit Down
- Multi-Family
- Camp Grounds
- RV Parks
- Subdivision Analysis
- All types of Land
- Churches
- Schools/Universities/Government Buildings
- Agricultural Property

I have been appraising commercial real estate for more than twenty-five years and my four associates have 12 to 20 years of experience in commercial real estate appraisal. There are very few property types or real estate valuation issues that we have not analyzed over the past couple of decades.

Thank You

Paul Jackson, MAI
Jackson Group NW, Inc.
W. PAUL JACKSON  
JACKSON GROUP NW, INC.  
4850 SW SCHOLLS FERRY RD #305  
PORTLAND, OR 97225

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

William Paul Jackson  
Jackson Group NW Inc, 4850 SW Scholls Ferry Rd # 305  
Portland OR 97225

1100337  
License Number  
2001-12-27  
Issue Date  
2022-07-12  
Expiration Date

Teresa Bernston, Director
PROFESSIONAL QUALIFICATIONS – GARTH W. BERGESON

Garth W. Bergeson was born in Portland, Oregon and attended the University of Oregon.

EDUCATION

- University of Oregon, Bachelor Degree in Russian, Minor in Business Administration 1997

APPRAISAL COURSES

- 7-Hour USPAP, McKissock 2021
- Appraisal of REO & Foreclosure Properties 2021
- Complex Properties, The Odd Side of Appraisal 2021
- Appraising Manufacture Homes 2021
- 7-Hour USPAP, McKissock 2019
- Appraisal of Fast Food Facilities, McKissock 2019
- Appraising Convenience Stores, Appraisal Institute 2019
- Appraising Automobile Dealerships, Appraisal Institute 2019
- 7-Hour USPAP, McKissock 2017
- Advanced Hotel Appraising, Full Service, McKissock 2017
- Advanced Hotel Appraising, Limited Service, McKissock 2017
- Appraisal of Self-Storage, McKissock 2017
- 7-hour USPAP, Appraisal Institute 2015
- Business Practices & Ethics, Appraisal Institute 2014
- Advanced Concepts & Case Studies, Appraisal Institute 2013
- Appraising Manufactured Homes, McKissock 2013
- Land & Site Valuation, McKissock 2013
- Appraising Industrial/Flex Buildings, McKissock 2013
- 7-Hour USPAP, McKissock 2013
- Construction Details & Trends, McKissock 2011
- Appraising/Analyzing Retail Shopping Centers for Underwriting, McKissock 2011
- Appraising/Analyzing Office Buildings for Underwriting, McKissock 2011
- 7-Hour USPAP, McKissock 2011
- 7-Hour USPAP, Appraisal Institute 2008
- Business Practices & Ethics, Appraisal Institute 2008
- USPAP 15-Hour, Appraisal Institute 2007
- Apartment Appraisal, Appraisal Institute 2007
- General Applications, Appraisal Institute 2006
- Advanced Income Capitalization, Appraisal Institute 2005
- Basic Income & Capitalization Theory, Appraisal Institute 2004
- Residential Case Studies, American College of Real Estate 2003
- USPAP, American College of Real Estate 2003
- Foundations of Real Estate Appraisal, Portland Community College 2003

PROFESSIONAL LICENSES

- Certified General Appraiser:
  1) State of Oregon Certificate No. C000899
  2) State of Washington Certificate No. 1101946
PROFESSIONAL EXPERIENCE

- Registered Appraisal Assistant, Cassinelli Jackson LLC, Portland, Oregon 2004 to 2007
- Certified General Appraiser, Cassinelli Jackson LLC, Tigard, Oregon 2007 to 2010
- Certified General Appraiser, Zell & Associates, Beaverton, Oregon 2010 to 2017
- Certified General Appraiser, Jackson Group NW, Tigard, Oregon 2017 to Present
# Description Of Goods Or Services

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<tr>
<th>Description Of Goods Or Services</th>
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**Total** $3,200.00

---

** SUPPLIER **

** JACKSON GROUP NW **

** 4850 SW SCHOLLS FERRY RD STE 305 **

** PORTLAND OR 97225 **

** Ph: **

** FAX: **

*Confirmed By*

tg

*Requestor*

DOUGLAS.DERRICKSON

*State Contract Number*

1776 MILITIA WAY SE

SALEM, OR 97301

*Date Required*

1/11/2022

*Craftsman*


---

** DELIVER TO: **

JFHQ - AGI-O

** 1776 MILITIA WAY SE **

** SALEM, OR 97301 **

---

** FEDERAL FUND **

** 210_STOF_21 **

** 100% ST OF **

** STATE FUND **

** 4868 **

** State PCA/Split **

$3,200.00

** Fed PCA/Split **

$0.00

---

** Document Approved By: **

GILBERT, TIMOTHY

---

** Receiving Use Only **

Above Item(s) Has/Have Been: ___ Inspected ___ Received ___ Accepted, And Conform(s) To The Contract Except As Noted

---

** Signature Of Authorized Representative **

Phone

** Signature Of Certifying Official **

Phone
January 11, 2022

Oregon Military Department
c/o Randall M. Bentz, NFG NG
Planner
Installations Division (AGI-P)
1776 Militia Way
P.O. Box 14350
Salem, OR 97309-5047
Email: randall.m.bentz.nfg@mail.mil
Phone: (503) 584-3974

RE: SILVERTON BUILDING
   421 S. Water Street
   Silverton, OR 97381

Dear Mr. Bentz,

I am pleased to submit the following proposal for the requested assignment. The terms and conditions are specified as follows:

ASSIGNMENT SCOPE AND SPECIFICATIONS

Purpose: Estimate the market value of the above referenced property
Property Rights Appraised: Fee Simple
Premise / Valuation Date: Provide As Is Market Value as of the inspection date
Intended Use: Determine value from which to establish a sales price
Intended User: Randall Bentz, Oregon Military Department, and associated professionals
Inspection: An on-site inspection of the property will be made by the appraiser
Valuation Approaches: All applicable approaches as determined by the appraiser
Report Type: Appraisal Report as per client requirements
Appraisal Report Standards: Uniformed Standards of Professional Appraisal Practice
Appraisal Fee: $3,200
Expenses: Included in the fee
Retainer: 0% ($0)
Payment Terms: Payment due upon delivery of the appraisal report. Please remit payments to:
   Jackson Group NW, Inc.
   4850 SW Scholls Ferry Rd., Suite 305
   Portland, OR 97225
Acceptance Date: This contract proposal is valid 5 business days from the date of this letter
Start Date: Job commencement begins upon receipt of the signed contract and all requested information.
Delivery Date: 4 weeks from receipt of the contract, retainer, and all requested information.
Report:  The finished appraisal will be delivered via email to the client email in PDF format. A single hard copy of the appraisal will be provided, additional copies can be provided upon request for $50 per copy.

If additional consultation is necessary after the appraisal is completed, the client will be billed at an hourly rate of $300 per hour for all time expended. Any changes in the Agreement for Appraisal Services will be mutually agreed upon, in writing, and the fee will be adjusted accordingly, if necessary.

In the event that the appraiser is required to give testimony for any reason, or at any time in connection with this assignment, then the client agrees to assume any reasonable professional fees and related costs, including preparation time, not underwritten by the entity requiring such testimony. If the assignment is canceled for any reason prior to completion, the client will be billed at an hourly rate of $300 per hour for all time expended prior to cancellation.

Acceptance of this agreement by yourself, or a duly authorized agent, should be indicated by signing and mailing/delivering an authorized copy of this agreement to my attention. I look forward to working with you on this assignment, and should you have any questions on any aspect of this letter, please do not hesitate to call.

Sincerely,

JACKSON GROUP NW, INC.

W. Paul Jackson, MAI
Oregon Certified General Appraiser C000548
Washington Certified General Appraiser 1100337

Phone : 503-358-7340
Email : paul@jacksongroupnw.com

ACCEPTANCE:

__________________________________________  _______________________
Client Signature                                      Date

__________________________________________  _______________________
Client Name (Printed)                                Phone #              Email

__________________________________________  _______________________
Property Contact Name (Printed)                     Phone #              Email