Appraisal of

CSMRI Site
Northwest of the intersection at 12th Street and Birch Street
Golden, Colorado
DYCO # 324-03

Appraisal & Report Type

Complete Appraisal in Summary Format

Prepared for

Maki Iatridis
Attorney
The Hannon Law Firm, LLC
1641 Downing Street
Denver, CO 80218

Appraisal Date

December 17, 2003

Valuation Date

December 8, 2003

Prepared by

DYCO Real Estate, Inc.
710 Kipling Street, Suite 406
Lakewood, CO 80215

SUBJECT PROPERTY

CSMRI Site
Northwest of the intersection at 12th Street and Birch Street
Golden, Colorado

Subject Property

Photograph By:

December 17, 2003

Maki Iatridis
Attorney
The Hannon Law Firm, LLC
1641 Downing Street
Denver, CO 80218

RE: CSMRI Site
Northwest of the intersection at 12th Street and Birch Street
Golden, CO 80401
DYCO File # 324-03

Dear Mr. Iatridis:

In accordance with your request, we have prepared an appraisal of the referenced property. At the time of this appraisal, the State of Colorado owns a portion of the property and the Parfet Estates owns a portion of the property. This appraisal values only the portion of the property owned by the State of Colorado. It does not determine the value of the portion of the property owned by the Parfet Estates. Therefore, all references in this report to the "site" refer only to the portion of the property owned by the State of Colorado.

The subject is a 6.7-acre +/- (291,852+/- SF) parcel of land that fronts along Clear Creek in Golden, Colorado, with access provided by 12th Street and an unpaved extension of 11th Street. The subject site is a portion of a larger 120-acre parcel of vacant land. The site is currently vacant and under remedial investigation for contamination.

We have personally inspected the above-referenced site and market data for the purpose of estimating the current market values of the fee simple estate under two separate hypothetical conditions. The first hypothetical condition is that the site was never contaminated and is available for development to its highest and best use. The second hypothetical condition is that all contaminants are contained on site with a "Restricted Use" designation from the Colorado Department of Public Health and Environment, and the property is put to use as either open space/park or recreational fields. The market value for both hypothetical conditions is as of December 8, 2003. We have also taken a cursory look at the site value as if a portion of it is clean and the contaminants are moved to the remainder of the site and placed in a disposal cell.

This Complete Appraisal in a Summary report format is written to comply with the reporting requirements as set forth under standards rule 2-2(b) of Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board. The report contains summary discussion of the data, reasoning, and analyses that were used to develop the opinion of value. It also includes summary descriptions of the subject property, the property's locale, the market for the property type, and the appraiser's opinion of highest and best use. Any data, reasoning, and analyses not discussed in this Summary Report are retained in the appraiser's work file.

The appraisal process has been conducted in compliance with USPAP and the Code of Ethics promulgated by the Appraisal Institute.

The value conclusions contained in this appraisal are subject to the following extraordinary assumptions and limiting conditions.

- As agreed upon with the client prior to the preparation of this appraisal, this report is written in Summary format. As such, some information pertinent to the valuation is retained in the appraiser's work files, and only summary conclusions are illustrated in the report.
- This report is prepared for the sole use and benefit of the client and intended users and is based, in part, upon documents, writings, and information owned and possessed by the client. Neither this report, nor any of the information contained herein shall be used, relied upon, or distributed for any purpose by any person or entity other than the client without written permission of DYCO Real Estate, Inc.
- The value estimate was made based on our analysis of current market conditions. The appraisers or DYCO Real Estate, Inc., cannot be held responsible for unforeseeable economic and environmental events that alter market conditions subsequent to the effective date of the appraisal. Such conditions would include, but are not limited to, dramatic changes in interest rates or a natural disaster.
- The subject site will be valued under two separate hypothetical conditions. The first hypothetical condition is that the site was never contaminated and is available for development to its highest and best use. The second hypothetical condition is that all contaminants are contained on site with a "Restricted Use" designation from the Colorado Department of Public Health and Environment, and the property is put to use as either open space/park or recreational fields.
- The State of Colorado owns a portion of the property and the Parfet Estates owns a portion of the property. This appraisal values only the portion of the property owned by the State of Colorado. It does not determine the value of the portion of the property owned by the Parfet Estates. Therefore, all references in this report to the "site" refer only to the portion of the property owned by the State of Colorado.
- We assume that if the site were developed to its highest and best use, the unpaved extension of 11^{th} Street would be paved and used as an access to the site.

Our estimate of typical marketing and exposure periods, as determined from investor and broker interviews, under the hypothetical condition that the site was never contaminated and is available for development to its highest and best use is approximately 6 to 12 months.

Our estimate of typical marketing and exposure periods, as determined from investor and broker interviews, under the hypothetical condition that all contaminants are contained on site with a "Restricted Use" designation from the Colorado Department of Public Health and Environment, and the property is put to use as either open space/park or recreational fields is approximately 12 to 24 months.

In our opinion, the current market value of the fee simple estate under the hypothetical condition that the site was never contaminated and is available for development to its highest and best use as of December 8, 2003 is:

Market Value – As If Not Contaminated
Two Million Four Hundred Thousand Dollars **$2,400,000**

In our opinion, the current market value of the fee simple estate under the hypothetical condition that all contaminants are contained on site with a "Restricted Use" designation from the Colorado Department

f Public Health and Environment, and the property is put to a use as either open space/park or recreational fields as of December 8, 2003, is:

Market Value – As If Recreational Land with "Restricted Use"
Zero Dollars
$0

Below we analyze the hypothetical condition that a portion of the site is clean and the contaminants are moved to the remainder of the site and placed in a disposal cell.

Although we have not conducted extensive research to estimate the exact impact on value, we have the following observations:

- There would be no market for the contaminated portion of the site.
- Stigma resulting from its prior condition and potential for future clean-up or legal liability to future owners and/or tenants reduces the value of the clean portion of the site.
- Stigma resulting from proximity to a disposal cell diminishes value of the clean portion of the site. Although the clean portion of the site can be developed with a use allowable under the Golden zoning resolution, the pool of prospective purchasers, i.e., developers, is limited because home owners and home buyers would be concerned with contamination.
- Cost of Pollution Legal Liability Insurance acquired by the site owner for the clean portion of the site would diminish the site value.
- The ratio of buildable area to open space area is changed as result of the disposal cell, but does not change the potential density of the developable portion of the site. This is because development requires a minimum of 40% open space. The new ratio of flood plain land to developable land is 27.7%; still less than the 40% requirement. All of the flood plain land can still be used to meet open space requirements.
- Total loss in dwelling units due to the 1.2-acre disposal cell is 22 dwelling units. The lost value due strictly to reduction in dwelling units is $440,000 ($20,000 PDU x 22 DUs). As mentioned earlier, the loss in value is greater than just the lost dwelling units because of stigma. The stigma portion of the loss has not been quantified.

Clean-up of the entire site and removal of all contaminants from the property will not result in a site as valuable as if it had never been contaminated. There will still be a value loss due to stigma, but not as much as if the disposal cell was left on site.

Overall, the market for a clean portion or the entire site as if clean, is limited; however, we have not quantified to what extent. DYCO's work is continuing on this matter, and we reserve the right to amend or supplement our opinions

Respectfully submitted,

DYCO Real Estate, Inc.

Michael A Lemonds

By: A. Mark Dyson, MAI, (A.I.) CCIM
President
Certified General Appraiser
State of Colorado, #CGO1313324

By: Michael A. Lemonds
Registered Appraiser
State of Colorado, #AR40029962

By: Sean Flynn
Registered Appraiser
State of Colorado, #AR40032611

CONTENTS

SALIENT FACTS AND CONDITIONS

Characteristic	Detail				
Property Appraised	CSMRI Site				
Property Location	Northwest of the intersection at 12th Street and Birch Street				
Pierson Map Page/Grid	17-D				
Assessor's Schedule Number	30-331-00-002 (por)				
Legal Description	Not available. Legal descriptions provided did not correspond directly to the subject site.				
Appraisal Purpose	Estimate market value as if developable to its highest and best use and as if available for recreational use.				
Appraisal Use	Aid in remedial investigation and feasibility study				
Property Rights Appraised	Fee simple estate				
Report Date	December 17, 2003				
Inspection Date	December 8, 2003				
Hypothetical Condition	The subject site will be valued under two separate hypothetical conditions. The first hypothetical condition is that the site was never contaminated and is available for development to its highest and best use. The second hypothetical condition is that all contaminants are contained on site with a "Restricted Use" designation from the Colorado Department of Public Health and Environment, and the property is put to use as either open space/park or recreational fields.				
Value Dates	"As Is" As If Not Contaminated December 8, 2003 "As Is" As If Recreational Land with "Restricted Use" December 8, 2003				
Record of Ownership	State of Colorado				
Land Area	Upper level former building area = 5.2 +/- acres (226,512+/- SF) Lower level former settling pond area = 1.5+/- acres (65,340+/- SF) Total: 6.7+/- acres (291,852+/- SF)				
Highest and Best Use	As Vacant	Residential Condominium Development (120 units)			
Exposure Period	6 - 12 months	As If Not Contaminated			
	12 - 24 months	As If Recreational Land with "Restricted Use"			
Marketing Period	6 - 12 months	As If Not Contaminated			
	12 - 24 months	As If Recreational Land with "Restricted Use"			
Value Indications					
Land Valuation- As If Not Contaminated	**Sales Comparison Approach**		$2,400,000	$20,000 $8.22	PDU PSF Land
Land Valuation- As If Recreational Land with "Restricted Use"	**Sales Comparison Approach**		$0	$0.00	PSF Land
Most Weight Given To					
Land Valuation	**Sales Comparison Approach**				

Value Conclusions		
	“As Is” – As If Not Contaminated	$2,400,000
	“As Is” – As If Recreational Land with “Restricted Use”	$0
Property Strengths		
	Proximate to shopping, parks, interstate and Colorado School of Mines	
	Good access to major thoroughfares	
	Few land areas near historic downtown Golden available for residential development	
	Within walking distance to Colorado School of Mines campus and historic downtown Golden	
	Situated along Clear Creek near numerous municipal amenities including recreational center, library and walking/running trails.	
Property Weaknesses		
	Adjacent to two athletic stadiums	
	Limited site access	

DEFINITIONS, ASSUMPTIONS, SCOPE AND CERTIFICATION

This appraisal has been prepared subject to the following definitions and extraordinary assumptions and limiting conditions. They are critical to the analyses and conclusions contained in this report.

Appraisal Type, Purpose, Intended Use and Users, and Scope

- In accordance with prior agreement between the client and the appraiser, this Summary report is the result of a complete appraisal process. Detailed information on the comparable data and analysis are maintained in the appraiser's files.
- Purpose of this appraisal is to estimate the current market value of the property under two separate hypothetical conditions. The first hypothetical condition is if the site was never contaminated and is available for development to its highest and best use. The second condition is if all contaminants are contained on site with a "Restricted Use" designation from the Colorado Department of Public Health and Environment, and the property is put to use as either open space/park or recreational fields.
- Intended use is to aid in a remedial investigation and feasibility study for the referenced property.
- Intended users of the report are Mr. Maki Iatridis and Colorado School of Mines.
- Scope of the appraisal in Summary Format includes the following:
    - Region and Neighborhood analyses based on third party data sources and inspection
    - Site and Improvement Description based on third party data sources and inspection
    - Property Tax Information based on County Assessor records
    - Highest and Best Use Analysis (as vacant and improved)
    - Analysis of the most meaningful data
    - Valuation analysis through the most relevant methods. Support for the approaches used is discussed in the Valuation Methods section.
    - Reconciliation and Final Value
    - Presentation of analyses and conclusions in this narrative report in Summary Format

  DYCO Real Estate, Inc. personnel are responsible for preparing this appraisal report in various capacities as follows:

    - A. Mark Dyson, MAI, President – supervised the appraisal process, and was involved in research, analysis and valuation as the primary appraiser.
    - Mike Lemonds, Appraiser – conducted research, analysis and valuation as an appraiser.
    - Sean Flynn, Appraiser – assisted with researching public information, and confirming and assembling demographic and other pertinent data.
    - A. Mark Dyson, MAI, primary appraiser, personally inspected the subject site, neighborhood and property sales. Mike Lemonds and Sean Flynn, appraisers, personally inspected the subject site, neighborhood and property sales.

Summary Report Definition

The term Summary Report is defined as follows.

A written report prepared under Standards Rule 2-2(b) of a Complete or Limited Appraisal performed under Standard Rule 1.1

Note. This report may be either a Complete Appraisal (no departure) or a Limited Appraisal (with departure). It contains summary discussions of the data, reasoning, and analyses that were used to develop the opinion of value. It also includes summary descriptions of the subject property, the property's locale, the market for the property type, and the appraiser's opinion of highest and best use. Any data, reasoning, and analyses not discussed in the Summary Appraisal Report are retained in the appraiser's work file.[1]

A summary report also states and explains any permitted departures from specific requirements of Standard 1 and the reason for excluding any of the usual valuation approaches.

Market Value Definition

The term market value is defined as follows:

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

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

Property Rights Appraised

The purpose of this appraisal is to estimate the market value of the fee simple estate in the subject property. Relevant definitions are as follows.

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.[3]
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 the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.[4]

1 Appraisal Institute Seminar, Understanding Limited Appraisals & Appraisal Reporting Options: General, 6/94 edition

2 Rules & Regulations, *Federal Register*, Vol. 55, No. 165, p.24696.

3 Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Third Edition, 1993.

4 Ibid.

Leasehold Estate The rights to use and occupy real estate for a stated term and under certain conditions; conveyed by a lease.[5]

Personal Property, Fixtures and Intangible Items

Included in this appraisal:	None
Excluded from this appraisal:	N/A
Effect on value estimate:	None

Competency Provision

The property being appraised is vacant land in Golden, Colorado. DYCO Real Estate has appraised vacant land throughout the Denver metro area. Appraisers at DYCO have the knowledge and experience to appraise the subject property.

[5] Ibid.

Extraordinary Assumptions and Limiting Conditions

The value conclusions contained in this appraisal are subject to the following extraordinary assumptions and limiting conditions.

1. As agreed upon with the client prior to the preparation of this appraisal, this report is written in Summary format. As such, some information pertinent to the valuation is retained in the appraiser's work files, and only summary conclusions are illustrated in the report.

2. This report is prepared for the sole use and benefit of the client and intended users and is based, in part, upon documents, writings, and information owned and possessed by the client. Neither this report, nor any of the information contained herein shall be used, relied upon, or distributed for any purpose by any person or entity other than the client without written permission of DYCO Real Estate, Inc.

3. The value estimate was made based on our analysis of current market conditions. The appraisers or DYCO Real Estate, Inc., cannot be held responsible for unforeseeable economic and environmental events that alter market conditions subsequent to the effective date of the appraisal. Such conditions would include, but are not limited to, dramatic changes in interest rates or a natural disaster.

4. The subject site will be valued under two separate hypothetical conditions. The first hypothetical condition is that the site was never contaminated and is available for development to its highest and best use. The second hypothetical condition is that all contaminants are contained on site with a "Restricted Use" designation from the Colorado Department of Public Health and Environment, and the property is put to use as either open space/park or recreational fields.

5. The State of Colorado owns a portion of the property and the Parfet Estates owns a portion of the property. This appraisal values only the portion of the property owned by the State of Colorado. It does not determine the value of the portion of the property owned by the Parfet Estates. Therefore, all references in this report to the "site" refer only to the portion of the property owned by the State of Colorado.

6. We assume that if the site were developed to its highest and best use, the unpaved extension of 11th Street would be paved and used as an access to the site.

General Assumptions and Limiting Conditions

The value conclusions contained in this appraisal are also subject to the following general assumptions and limiting conditions.

1. The valuation herein is the fee simple estate interest, and the subject property is appraised free and clear of any and all liens or encumbrances unless otherwise stated. Encumbrances considered in the valuation include, where applicable: real estate taxes, recorded easements and/or covenants, CC&R's, purchase options or sale agreements, signed leases, and unpaid bond debt.

2. No responsibility is assumed for the legal description or other matters involving legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.

3. If the property being appraised is a fractional interest(s) of real estate, the value of the fractional interest(s), when added to the value of any other fractional interest(s), may or may not equal the value of the entire fee simple estate.

4. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.

5. It is assumed that any easements noted on the title report without specific locations will have no material effect on the normal use of any of the subject property. Easement locations are assumed to have no material effect on the normal use of any of the subject property unless where specifically noted.
6. We have made no survey and assume that no encroachments exist unless where specifically noted.
7. All engineering surveys are assumed to be correct. The plot plans and other illustrative material in this report are included only to assist the reader in visualizing the property.
8. Sketches in this report may not be to scale and are included only to assist the reader in visualizing what is illustrated.
9. Information furnished by others is believed to be reliable if the appraiser cannot independently verify it. However, no warranty is given for its accuracy.
10. Responsible ownership and competent property management are assumed.
11. It is assumed that all customary public utilities for this property type and market are reasonably available to the subject property, unless where specifically noted.
12. It is assumed that the subject is in compliance with all applicable zoning use regulations and restrictions, unless otherwise stated. It is further assumed that any required governmental entitlements, licenses, certificates of occupancy, consents, etc., have been or can be obtained or renewed for any use upon which the value estimate in this report is based.
13. All opinions in the appraisals and all conclusions are our own, except where clearly stated as in part being derived from the opinion of others, and are supported by what market evidence we are able to find, but are not guarantees that any future prediction will actually happen.
14. By preparing this report, the appraisers and signers are not offering legal advice or conclusions of law. The client is advised that legal matters concerning the property may have a direct bearing on its value. If such matters are different from those presumed by the appraisers and set forth herein, the value conclusions contained in this report may be invalid.
15. Currently, there is a remedial investigation for contaminants and an on-going feasibility study performed by New Horizons Environmental Consultants, Inc. According to investigation results provided by New Horizons, some areas in the upper level of the property known as the former building area were affected with radiation and metals. The survey of the clay pits, an area not included as part of the subject property, located just to the south of the corner of 12th St. and Birch St. showed no radiation above background.
16. Unless otherwise stated in the report, any possible existence of hazardous substances, including, without limitation, asbestos, urea formaldehyde, foam insulation, polychlorinated biphenyls, petroleum leakage, agricultural chemicals, or other environmental concerns, was not called to the attention of the appraisers, nor did we become aware of such during our inspection. The appraisers have no knowledge of the existence of such materials on or in the property unless otherwise stated and, in any case, are not qualified to test for such substances or conditions. The value As If Not Contaminated is predicated on the assumption that the site was never contaminated and is available for development to its highest and best use. The value As If Recreational Land with “Restricted Use” is predicated on the assumption that all contaminants are contained on site with a “Restricted Use” designation from the Colorado Department of Public Health and Environment, and the property is put to use as either open space/park or recreational use. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field of chemical or industrial hygiene if so desired.

17. The Americans With Disabilities Act (ADA) became effective in January 1992. The appraiser has not made a specific compliance survey or analysis of this property to determine whether it is in conformance with the various, detailed requirements of the ADA. The value estimate is predicated on the assumption that, except as identified by the appraiser, the subject improvements comply with the ADA. It is possible that a comprehensive compliance survey could reveal additional areas in which the property does not conform to one or more of the Act's requirements. If so, this could have a negative effect upon the market value or marketability of the property.

18. In the event of breach of any condition or provision hereof, the appraisers' and any other signers' obligations hereunder are limited to correction of any incomplete, inaccurate, or defective work, without additional cost, or, at the option of the appraisers, to refund the purchase price for this appraisal without further obligation. The appraisers and signers assume no obligation for incidental or consequential damages.

19. We are not required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless arrangements have been previously made.

20. The removal or loss of any portion of this report invalidates the entire appraisal.

21. As members or affiliates of the Appraisal Institute, we are required to state certain constraints upon the use of the report. These may be summarized as:

- A client is allowed to reproduce and distribute as many facsimiles as he wishes, provided that each reproduction is in whole and is not a fragment;
- The report cannot be used for publicity through media advertising without consent; and:
- The identity of the appraiser and his affiliations cannot be used for advertising purposes without consent.

Certification

We, the undersigned, do hereby certify that we have inspected the site located at:

Northwest of the intersection at 12th Street and Birch Street, Golden, Colorado

We certify that, to the best of our 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 our personal, impartial and unbiased professional analyses, opinions and conclusions.
- We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- 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.*
- A. Mark Dyson, MAI, primary appraiser, personally inspected the subject site, neighborhood and property sales. Mike Lemonds and Sean Flynn, appraisers, personally inspected the subject site, neighborhood and property sales.
- The Colorado Real Estate Commission currently licenses A. Mark Dyson as a Certified General Appraiser.
- The Colorado Real Estate Commission currently licenses Michael A. Lemonds and Sean Flynn as Registered Appraisers.
- We have obtained all licenses that are required under any state, local or federal laws in order to perform the services described herein.
- We have sufficient educational background and experience in the appraisal and review of real estate properties similar to the subject. This knowledge and experience allows us to complete this appraisal assignment in accordance with the competency provision of USPAP and Title 12 CFR Part 1608.4.
- As of the date of this report, A. Mark Dyson, MAI, has completed the requirements of the continuing education program of the Appraisal Institute.

Michael A Lemonds

By: A. Mark Dyson, MAI, (A.I.) CCIM
President
Certified General Appraiser
State of Colorado, #CGO1313324

By: Michael A. Lemonds
Registered Appraiser
State of Colorado, #AR40029962

By: Sean Flynn
Registered Appraiser
State of Colorado, #AR40032611

GENERAL DATA AND ANALYSIS

In this section we present our findings by summarizing the regional analysis, neighborhood analysis, macro and micro retail market analysis, site description, improvement description, taxes, highest and best use analysis, and property history.

Regional Analysis Summary

The decade of the 1990s was one of growth and expansion for the Denver CMSA. Job growth was healthy throughout the decade, with a record job gain in 1998 of 97,938 new jobs created. The unemployment rate was 4.5% in 1990 and by 1999 had fallen to 2.3%. Housing prices increased steadily and construction of new homes was keeping pace with demand.

The new millennium saw Colorado and the Denver CMSA poised for another decade of growth. The national recession in 2001 began to affect the Denver CMSA in 2002. The huge technology job boom in 1999 saw cutbacks in 2001, which continued in 2002. Job losses in 2002 reached over 50,000 and the unemployment rate increased to 5.7%, where it remains mid-year 2003. For the first time in nine years a negative job growth number was reported. Current record low mortgage rates may maintain current levels of housing growth, although Realtors report that houses are staying on the market longer and the numbers of 2003 do not show a significant increase in price for single-family homes.

The State of Colorado and the Denver CMSA followed the nation into a recession that in 2001 analysts predicted would be short-term. Now coming out of 2003 the nation is seeing signs of a recovery. The State of Colorado and the CMSA are not yet following that trend. The chart below shows the main indicators for the socioeconomic health of the community and where they were headed as of mid-year 2003.

Regional Market Cycle Characteristics

Key Indicator	Change	Comments
Employment	↓	Job losses of more than 50,000 in 2002 have resulted in a negative job growth of 1.3%. With the CMSA in an economic downturn, many companies are watching and waiting before hiring full time employees.
Unemployment	↔	Currently, the CMSA is maintaining its trend of lower-than-national averages. The unemployment rate has remained at 5.7% through mid-year 2003 from year-end 2002.
Population	↑	Growth increase peaked at 3.0% in 1993 and 1994 when net in-migration reached 60,000 people per year. The compound average annual rate since 1980 has been 2.0%. The projected growth rates for the foreseeable future are expected to average 2.0%.
Retail Sales	↑	2001 retail sales showed a 3% increase over 2000, and then the recession and falling consumer confidence coupled with higher unemployment sank in. 2002 saw a slight decrease in sales for the first time since the early 1990s. 2003 sales have been better than expected.
Construction	↔	Building permits had the first drop in multi-family dwellings in 2002. The permit numbers for condos and single-family homes have decreased slightly for the past three years. The same trend remains through 2003.
Home Sales	↓	Negative job growth, slowing in-migration and rising unemployment resulted in a decreasing volume of homes sold. The 2001 trend of longer days on the market continued through 2002 and into 2003.

The chart above illustrates contraction is continuing beyond what was believed to be a short-term slowdown. Until the manufacturing and service industries, which were so hard hit by the recession recover, the CMSA may well suffer through tough economic times throughout 2003 and beyond.

Neighborhood Summary

The neighborhood is predominately a residential area with commercial retail services along primary thoroughfares. Visual inspection shows the area is 90%+/- built-out with improvements less than 75 years old and in average condition. The neighborhood is in the stable phase of its life cycle. Residential property values are increasing and land values are stable.

Category	Description
Location	West Denver metro area, approximately 15 miles west of downtown Denver in Jefferson County, in the City of Golden.
Boundaries	The subject's neighborhood boundaries are the city limits of Golden
Primary Access Routes	

Route	Direction	Lanes	Controlled	Avg Daily Traffic Count*
US Highway 6	NW/SE	4 divided	Signal	25,331/ Highway 58
State Highway 58	NE/SW	4 divided	Signal	11,212/ Highway 6
19^{th} Street	NE/SW	2	Ltd Access	12,553/ Elm Street

* Traffic source is CDOT study dated 2002, City of Golden dated 2003

Category	Description
Topography and Soils	Topography is level to rolling and generally slopes in the direction of the Clear Creek. Most of the neighborhood has developable soils as evident by significant development throughout.
Flood Hazards	Limited areas of flooding as is evident by significant development throughout the neighborhood. Nonetheless, there are areas in close proximity to Clear Creek that are subject to flood hazards per FEMA map 08059C 0188 E, June 17, 2003.
Environmental Hazards	Areas located adjacent to Clear Creek on the campus of the Colorado School of Mines has been found to have been affected by radiation and metals from mineral research projects performed from 1912 until about 1987.
Utilities and Municipal Services	All normal services available from the following sources: Natural Gas: Xcel Energy Company Electricity: Xcel Energy Company Water: City of Golden Wastewater: City of Golden Telecommunications: Qwest Communications Police Protection: City of Golden, Campus Police Fire Protection: City of Golden

Demographics Summary

The neighborhood is densely populated with median incomes above the Denver CMSA average. The neighborhood is predominantly built-out, and projected population growth rates are below the Denver CMSA average.

	2-Mile Radius	4-Mile Radius	Denver CMSA
1990 Population	9,987	25,162	1,622,980
2000 Population	12,867	31,903	2,109,282
2003 Population Estimate	13,090	32,522	2,237,576
2008 Population Estimate	13,561	33,749	2,444,242
1990-2000 Annual Growth	2.88%	2.68%	2.99%
2000-2003 Annual Growth	0.58%	0.65%	2.03%
2003-2008 Annual Growth	0.72%	0.75%	1.85%
2003 Average Age	36	37	35
2003 Households	5,140	13,054	870,042
2003 Households w/Children	1,360	3,888	306,735
% Households w/Children	27%	30%	24%
2003 Household Income	$100,173	$105,556	$76,882
Secondary Education	56%	49%	41%

Source: Claritas, Inc.

Land Uses & Trends

Approximately 90% +/- zoned and 90% +/- built-out.

Predominantly residential properties constructed in last 75 years in average quality and condition.

Growth has mainly been limited to infill sites and areas along Highway 93 in northern Golden. Little new construction is likely in the foreseeable future because the neighborhood is primarily built-out. The City of Golden has a growth moratorium, which limits residential development to a 1% increase annually. In 2003, this equated to approximately 75 units available for development in the City of Golden.

Commercial uses dominate the major arterial corridors. Residential development dominates most areas within the neighborhood.

The primary business corridor of the neighborhood is in historic Golden along Washington Avenue. This area is developed mainly with service and retail uses.

Property values continue to increase in Golden based upon analysis of MLS data on yearly average sales price of single-family residences. From year-end 2001 to year-end 2002, the average price increased by 5.9%, from $350,089 to $370,710. An analysis of current prices indicates an average sales price of $377,851. This value increase is approximately the same as that seen at year-end 2002 and is indicative that average sales prices in 2003 have continued to increase at a steady pace.

The average number of days on market increased from 56 to 69, from year-end 2001 to year-end 2002. Currently, the average number of days on the market is 88 days.

Neighborhood Strengths

Residents have ample retail uses available within the neighborhood. There is convenient access to neighborhood arterials 19th Street, US Highway 6 and Interstate 70. Commute times are reasonable to major employment centers in the metro area such as Downtown Denver. There are several area schools, parks and a golf course in the neighborhood. Overall, this location is a desirable suburban area as evidenced by its predominantly built-out nature and increasing property values.

Neighborhood Weaknesses	Limited land area available for development, especially near Clear Creek and historic downtown Golden.

Site Description Summary

In reviewing the site, we examine the following descriptive categories.

Site Location	Access and Visibility
Site Dimensions and Shape	Utilities and Municipal Services
Topography and Soils	Encroachments and Easements
Flood Hazard	Environmental Concerns
Land Use Regulations	Surrounding Uses

As part of the site description, you will find three maps: Assessor's, Flood Plain and Zoning maps in the Addenda. Additionally, a series a site photographs and a site map in the Addenda of this report provide a detailed visual of the subject property.

The subject site is a portion of a much larger parcel owned by the State of Colorado.

Category	Description
General Location	Approximately 15 miles west of downtown Denver in Golden.
Specific Location	Northwest of the intersection at 12th Street and Birch Street near the campus of Colorado School of Mines
Street Address	N/A
Legal Description	Not available. Legal descriptions provided did not correspond to the subject property
Schedule No.	30-331-00-002 (por)
Site Size, Shape, Frontage, Depth	Size: Upper level former building area 5.2+/- acres (226,512+/- SF)* Size: Lower level former settling pond area 1.5+/- acres (65,340+/- SF)* Total: 6.7+/- acres (291,852+/- SF) Shape: Irregular Frontage: +\-200 lineal feet along Clear Creek
	*Source: New Horizons Environmental Consultants, Inc. Site Map
Traffic Count	25,331 vehicles daily (CDOT Study 2002 – Hwy 58 Golden Interchange)
Visibility	Obstructed visibility along 12th Street
Access	Primary 12th Street Full turn Secondary 11th Street Full turn
Drive Time	Central Business District 30 minutes Denver International Airport 45 minutes
Topography	Generally level with a slight slope from south to north towards Clear Creek

Soil Conditions	Currently, there is a remedial investigation for contaminants and an on-going feasibility study performed by New Horizons Environmental Consultants, Inc. Visual inspection revealed no evidence of expansive soils. We are aware contamination has occurred on the site. However, we are not experts in testing and understanding soils concerns and recommend that interested parties seek professional assistance in determining the subject property's soils conditions.
Flood Hazard	An area in close proximity to the Clear Creek including 1.5+/- acres of the subject known as the former settling pond that are subject to 100 year flood hazards per FEMA map 08059C 0188 E, June 17, 2003. The remaining 5.2+/- acres are not within the flood plain.
Zoning	Zoned: R-3 By: City of Golden Appropriate: Yes, similar to surrounding zoning and uses Permitted Uses: Institutional uses include multiple dwelling units, group homes, room and boarding houses, schools and libraries. Existing Use Permitted: Yes
Utilities & Municipal Services	All available to site
Encroachments, Easements & Deed Restrictions	No encroachments or easements observed that adversely impact development; however, neither an ALTA survey nor current title commitment was provided. A complete title search was not conducted to ascertain if deed restrictions existed.
Wetlands Concerns	None
Endangered Species Concerns	None; however, we are not experts in testing and understanding environmental concerns and recommend that interested parties seek professional assistance regarding this matter.
Seismic or Special Study Zone	None; however, we are not experts in testing and understanding environmental concerns and recommend that interested parties seek professional assistance regarding this matter.
Excess or Surplus Land	None
Environmental Concerns	Although the subject site will be valued under two separate hypothetical conditions, the following is based on factual data at the subject site. There is currently a remedial investigation for contaminants and an on-going feasibility study performed by New Horizons Environmental Consultants, Inc. According to investigation results provided by New Horizons, some areas in the upper level of the property known as the former building area were affected with radiation and metals. The survey of the clay pits area located just to the south of the corner of 12th Street and Birch Street showed no radiation above background. We are not experts in testing and understanding environmental concerns and recommend that interested parties seek professional assistance regarding this matter.

Site Improvements	On-site	Off-site
	Vacant Land	All surrounding streets dedicated and constructed* All wet and dry utilities to the site
Surrounding Uses	North East West South	City of Golden Municipal Buildings and Park College Football Stadium Recreational Vehicle Campground College Baseball Field
Comments	The site is well located along Clear Creek within walking distance to Colorado School of Mines, historic downtown Golden and other community amenities such as the recreational center, library and walking/running trails. The site also has excellent views of the front range.	

* Assuming the extension of 11^{th} Street will be paved and used as access to the site.

Property History

Prior Transaction	
Date	We are not aware of any sale transactions at the subject in over 50 years. The property is located near the Colorado School of Mines campus, which is owned by the State of Colorado.

Property Tax Information

The subject is located near the campus of the Colorado School of Mines, which is state owned land and as such is exempt from paying property tax. The Jefferson County Assessor's Office does not treat exempt properties the same as non-exempt properties. The assessor's office rarely takes time to adequately value these types of properties. The subject parcel is a portion of a 120-acre parcel and is located on state land, therefore the assessed values provided by the county assessor's office is not indicative of surrounding values.

Market Analysis

This section summarizes the market analysis on two levels:

- Denver CMSA Residential Market
- Jefferson West Residential Market

At each level we look at the supply (including new supply and days on market) and the demand (including sales volume and median home prices) of the market place.

The following tables and narrative summarize and conclude third quarter 2003 market trends and year-end 2002 market phase data. Change from prior period in the third quarter 2003 market phase table refers to changes since year-end 2002.

Denver Residential CMSA Market Analysis

Third Quarter 2003 Market Phase Data

Key Indicator	Change From Year-End 2002	Comments
New Supply	↑	The average number of listings per month for attached single-family homes increased 28% from 2,542 listings per month at year-end 2002 to 3,245 listings per month at third quarter 2003. The average number of listings per month for detached single-family homes increased 40% from 2,647 listings to 3,697 listings per month for the same period.
Days on the Market	↔	Average marketing time for detached single-family homes remained unchanged from year-end 2002 to third quarter 2003 at an average of 77 days. Average marketing time for attached single-family homes increased from year-end 2002 to third quarter 2003 by 11 days to 93 days on the market.
Sales Volume	↑	Sales volume has increased among attached and detached single-family homes within the Denver CMSA from year-end 2002 to third quarter 2003. Attached single-family homes showed an increase of 28% from 2,542 homes sold at year-end 2002 to 3,245 homes sold at third quarter 2003. Detached single-family homes experienced a 40% increase of homes sold from 7,942 to 11,090 during the same time period.
Median Home Prices	↔	The median sales prices of attached single-family homes were relatively flat, increasing by only 0.25% from $153,864 to $154,250 at third quarter 2003. However, median sale price for a detached single-family home increased 4.4% from $225,000 at year-end 2002, to $235,000 during the same period.

Denver CMSA Residential Market Conclusions

- According to various county planning officials, both attached and detached single-family home development continue to show increases, based on the amount of development reviews from year-end 2002. Redevelopment of older neighborhoods such as Stapleton and Lowry have become a trend as owners desire to be closer to the core of the Denver CMSA. However, new development continues in suburban areas such as Brighton, Parker and Gateway in Aurora.
- Marketing times have stabilized through the third quarter of 2003, due in large part to the increased demand for entry-level housing that resulted from historically low interest rates. The average days on the market for

upper-level housing ($700,000 or greater) experienced increases from year-end 2002 to third quarter 2003 If interest rates increase significantly, demand for entry-level housing could decline and return upward pressure on average marketing times.

- Attached and detached single-family homes experienced an increase in sales volume from year-end 2002 to third quarter 2003. All price points under $700,000 for detached single-family homes and under $500,000 for attached single-family homes have shown increases in sales volume from year-end 2002 through third quarter 2003. Entry-level housing has experienced the greatest increase in sales volume during this period. Again, this is likely attributable to historically low interest rates within the residential market.
- Sale prices showed mixed results the first half of 2003, with sales prices remaining relatively flat for attached single-family homes and increasing for detached single-family homes. Real Estate brokers report that homes stayed on the market longer in 2002, but prices have been relatively stable with only a few sellers willing to lower their price in order to move their home in 2003.

Jefferson West Residential Market Summary

The Jefferson West residential submarket boundaries are defined by the Multi-List Service. Those boundaries are approximately 100th Avenue to the north, Indiana Street and a stretch of Simms Street to the east, a dividing line through Bear Creek Canyon Open Space Park to the south, Glencoe Valley Road and a stretch extending out to Genesee Park to the west. Therefore, when discussing residential properties, the subject's submarket is referred to as Jefferson West. Our analysis was based on the most current data available, which includes data sources through third quarter 2003 provided by *MLS*.

Third Quarter 2003 Market Phase Data

Key Indicator	Change From Year-End 2002	Comments
New Supply	↑	The average number of listings per month for attached single-family homes increased 14%. There were 14 listings per month at year-end 2002 compared to 16 listings per month during third quarter 2003. The average number of listings per month for detached single-family homes increased 81%. There were 47 listings per month at year-end 2002 compared to 85 listings per month during third quarter 2003. Building permits increased a slight 1% from 291 at year-end 2002 to 294 during third quarter 2003.
Days on Market	↑	During the third quarter of 2003 the average days on market has increased for both attached single-family homes as well as detached single-family homes from year-end 2002. Attached single-family homes increased 24% to 87 days on the market in the third quarter 2003. Detached single-family homes increased 18% to 85 days on the market during the same period.
Sales Volume	↑	Sales volume has increased in the Jefferson West submarket from year-end 2002 to third quarter 2003, consistent with the Denver CMSA. 43 attached single-family homes sold in the submarket at year-end 2002 compared to 47 attached single-family homes sold in the submarket at third quarter 2003. Detached single-family homes experienced an increase from 140 to 256 homes sold from year-end 2002 to third quarter 2003.
Median Home Prices	↔	The median attached single-family home price in the Jefferson West residential submarket remained stable at $169,500 through third-quarter 2003. The median detached single-family home price in the submarket increased at a percentage of 1.4% to $344,700 at third quarter 2003.

Jefferson West Residential Market Conclusions

- According to various Jefferson County planning officials, similar to the Denver CMSA, both attached and detached single-family home developments continue to show increases. The City of Golden has integrated a growth cap for the residential market in hopes of controlling sprawl and population booms. The city allows a 1% increase in total residential units. Currently, that cap equals 75 new units per year citywide.
- The average days on market increased during the third quarter of 2003 for both attached and detached single-family homes from year-end 2002 to third quarter 2003. At third quarter 2003 the average marketing time for attached single-family homes was slightly higher in the Jefferson West area than it was for detached single-family homes.
- Attached and detached single-family homes experienced an increase in sales volume from year-end 2002 to third quarter 2003. Similar to the Denver CMSA, all price points under $700,000 for detached single-family homes and under $300,000 for attached single-family homes have shown increases in sales volume from year-end 2002 through third quarter 2003. $301,000 - $500,000 housing has experienced the greatest

increase in sales volume during this period, which is likely attributable to historically low interest rates within the residential market and that the median sales price of a detached single-family home in the Jefferson West submarket falls into this price point category at $344,700.

- Entry-level price points for attached single-family homes have remained relatively the same year-end 2002 to third quarter 2003. Price points for entry-level detached single-family homes showed increases from year-end 2002 to third quarter 2003. Price points over $500,000 experienced slight decreases during the same period. Analysts attribute the recent increases in median sales prices to record low mortgage interest rates.

Based on current data, it appears that the Jefferson West residential submarket is closely following broader regional trends. Like the Denver CMSA, the subject's submarket has experienced increased supply of single-family homes, prices, days on the market and overall volume. Many of these factors are the result of low home mortgage interest rates. The residential real estate market is expected to remain stable until interest rates increase significantly.

Conclusion

The overall Jefferson County residential housing market continues to be affected by the national and regional economic slowdown. However, historically low interest rates have positively impacted the residential market and prevented the deep contraction experienced in other sectors of the real estate market. In the near term, most analysts predict the residential markets will not return to historical growth rates until there is an overall improvement in the economy that results in the creation of jobs.

Highest and Best Use

The concept of highest and best use is fundamental to the analysis and valuation of any real property. Use the following industry standard terms when referring to highest and best use.

- Highest and Best Use as Vacant
- Highest and Best Use as Improved

Hypothetical Condition

The subject site is valued under two separate hypothetical conditions. The subject site will be valued under two separate hypothetical conditions. The first hypothetical condition is that the site was never contaminated and is available for development to its highest and best use. The second hypothetical condition is that all contaminants are contained on site with a “Restricted Use” designation from the Colorado Department of Public Health and Environment, and the property is put to use as either open space/park or recreational fields.

As Vacant- As If Not Contaminated

Legally, the site is zoned R-3, allowing multiple dwelling units, group homes, boarding and rooming houses, college and university buildings, public schools, fraternity and sorority houses, rest homes, convalescent homes, places of religious assembly. In addition to the listed allowable uses, the subject can be constructed with any allowable use permitted by right in the R-2 zoning district. R-3 zoning allows a maximum density of 20.8 dwelling units per acre.

Physically, the site is well located (see Site Description Summary) along Clear Creek in Golden within walking distance to Colorado School of Mines, historical downtown Golden and numerous municipal amenities. Although the site features an irregular shape, the upper level former building area is suitable for high-density residential development with the lower level former settling pond area used to achieve the required open space for multi-family residential developments. We interviewed Bill Davidson, a city planner with the Golden Department of Planning and Development, to verify the reasonableness of this development scenario. He indicated that although, the lower level former settling pond area is in the flood plain, it was highly feasible that the Golden City Council would approve its use as open space for the upper level former building area residential development. In addition, residential condominium or apartment development would conform to surrounding multi-family residential developments.

In order to determine a typical apartment/condominium density for the potential development, we surveyed apartment buildings in the City of Golden. The following chart illustrates the properties surveyed in density per acre.

Apartment Property	Year of Construction	Number of Dwelling Units	Gross Acres	Unit per Acre
Camden Denver West	1997	320	20.8	15.4
Canyon Gate	1983	53	2.5	21.2
Canyon Point Cottages	1997	108	8.4	12.9
The Cliffs at 6th Avenue West	1973	314	14.3	22.0
Summit View Village	1974	285	17.4	16.4
605 21st Street	1998	10	0.5	20.0

Based on the preceding data, it appears an appropriate density is between 12.9 and 22.0 dwelling units per acre. However, the three apartment buildings constructed in the past 7 years indicate an appropriate density of 12.9 to 20.0 per dwelling unit. In the past 5 to 10 years, we have observed that most new residential developments have not been constructed to maximum density. This is consistent throughout the Denver Metro area. As a result, we would expect the density at the subject site to be slightly lower than the legally allowable 20.8 dwelling units per acre. As a result, we consider an appropriate residential density at the subject to be approximately 18 dwelling units per acre. Based on the subject's 6.7 acres, this equates to a potential of 120 (6.7 acres x 18 DUA) dwelling units at the subject site.

As further support for the physical feasibility of 120 dwelling units at the subject site, we contacted the City of Golden Fire Marshall, Jerry Stricker to verify adequate ingress and egress routes to the site. He indicated most likely the development at the subject would require the paving 11th Street from Maple to the subject site. This would alleviate any stadium parking congestion that could potentially restrict emergency response to the improved subject site.

Overall, apartment/condominium residential development with approximately 120 dwelling units is physically possible.

Financially, comparisons of potential rental rates, operating expenses and cost of construction show the property would provide a positive return on investment were it developed for condominium use. The Golden residential market continues to inflate despite weakened regional and national economies. The area surrounding the subject is predominantly built-out with only limited in-fill development of residential properties. As a result, we believe new condominium supply at the subject site would be well received. As further support, residential brokers have indicated that low interest rates have increased residential sales activity for college students. Parents are purchasing units for their college students with the plan to sell the units upon the student's graduation. As a result, we expect demand to remain strong for residential for sale units near Colorado School of Mines campus.

Conversely, the Golden apartment market continues to experience the highest vacancies in Jefferson County. As a result, concessions are strong in the Golden apartment market, effectively decreasing the net income for apartment properties. In addition, Colorado School of Mines is expanding the Mines Park student-housing complex on the west side of Highway 6. This expansion will add approximately 160 apartment units to Colorado School of Mines student housing and is scheduled for completion in August 2004.

Overall, based on the financial feasibility it appears that residential condominium development would provide the greatest financial return on investment at the subject site.

Maximally, all of the prior considerations and surrounding residential uses indicate residential condominium development would be the highest and best use of the site.

As Vacant- As If Recreational Land with "Restricted Use"

No Highest and Best Use analysis is provided for the subject site As If Recreational Land with "Restricted Use" because this would be a public use and the long-term benefit is not measured economically.

Most Probable Purchaser

As If Not Contaminated

The most probable purchaser of the subject site is a residential developer.

As If Recreational Land with "Restricted Use"

The most probable purchaser of the subject site would be an entity interested utilizing the site for use such as open space/parks or recreational fields.

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VALUATION METHODS

Six techniques can be used in the valuation of land. They are 1) sales comparison, 2) allocation, 3) extraction, 4) subdivision development, 5) land residual technique, and 6) ground rent capitalization.

Sales Comparison

This method compares the subject to similar properties that have recently sold in the general area.

Allocation

Sales of improved properties are analyzed and the prices paid are allocated between the land and the improvements. Allocations can be used in two ways: to establish a typical ratio of land value to total value, which may be applicable to the property being appraised, or to isolate the value contribution of either the land or the building from the sale for use in comparison analysis.

Extraction

Land value is estimated by subtracting the estimated value of the improvements from the known sale price of the property. This procedure is frequently used when the value of the improvements is relatively low or easily estimated.

Subdivision Development

The total value of undeveloped land is estimated as if the land were subdivided, developed, and sold. Development cost, incentive cost, and carrying charges are subtracted from the estimated proceeds of sale, and the net income projection is discounted over the estimated period required for market absorption of the developed sites.

Land Residual

The land is assumed improved to its highest and best use. All expenses of operation and the return attributable to the other agents of production are deducted, and the net income imputed to the land is capitalized to derive an estimate of land value. Valuing the land and improvements and deducting the cost of the improvements and any entrepreneurial profit is an alternative land residual technique. The remainder is the residual land value.

Ground Rent Capitalization

This procedure is used when land rents and capitalization rates are readily available such as in well-developed areas. Net ground rent, the net amount paid for the right to use and occupy the land, is estimated and divided by a land capitalization rate. Either actual or estimated rents can be capitalized using rates that can be supported in the market. This procedure may be seen as an extension of sales comparison but, where applicable, it provides a specific unit of comparison.

Relevant Land Appraisal Methods

The allocation and extraction methods are used primarily when vacant land sales are scarce and land values have to be extracted from the sales of improved properties. The derived value is considered less reliable than one estimated from sales of vacant land. The extraction method is not used in this appraisal due to the sufficient number of vacant land sales available. However, the allocation method will be analyzed as a test of reasonableness once a land value is concluded.

The subdivision development method is used only when valuing multiple parcels of land, i.e. small residential lots to be sold off from a larger tract of land. This method is not considered applicable for the following analysis.

The land residual method is used when it is known with a high degree of certainty what the improvements for the vacant site will be. Since the definitive use of the subject site is not known, this method is subjective, and not used in this appraisal.

The ground rent capitalization method was not used to value the subject property since it is currently not leased.

In this appraisal, we have determined that the Sales Comparison Approach is the most relevant of the six valuation methods for valuation under the two hypothetical conditions. Sufficient vacant land sales are available; therefore, the Sales Comparison Approach is the most objective.

Hypothetical Conditions

The subject site will be valued under two separate hypothetical conditions. The first hypothetical condition is that the site was never contaminated and is available for development to its highest and best use. The second hypothetical condition is that all contaminants are contained on site with a "Restricted Use" designation from the Colorado Department of Public Health and Environment, and the property is put to use as either open space/park or recreational fields. We consider the Sales Comparison Approach the most applicable valuation method under each hypothetical condition. Therefore, the following valuation will include the Sales Comparison Approach for each separate hypothetical condition.

Sales Comparison Approach- As If Not Contaminated

The following Sales Comparison Analysis is applied to the subject's land area under the hypothetical condition that the site was never contaminated and is available for development to its highest and best use.

Elements of Comparison

The characteristics or attributes of properties and transactions that cause the prices of real estate to vary include; Property Rights Conveyed, Financing, Conditions of Sale, Market Conditions, Location, Demographics, Site Size and Utility, Zoning, Off-Site Improvements, On-Site Improvements, Physical Site Features (topography, soil conditions), Utilities and Municipal Services.

Typically, in most sales comparison adjustments can be estimated through a paired data analysis. In this technique the sales that are similar in all but one respect are used to isolate market-derived adjustments for specific elements. However, the limited data and comparability of the sales available for this analysis precludes most mathematically derived adjustments. The following sales analysis will contain quantitative and qualitative adjustments.

Unit of Comparison

The marketplace's unit of comparison for vacant residential land is on a price per unit basis. We follow that convention in the following analysis.

Subject Property Transactions

The best evidence of land value is a recent sale or contract to purchase the subject site. There have been no recent arms-length transactions of the subject that provide evidence of current market value.

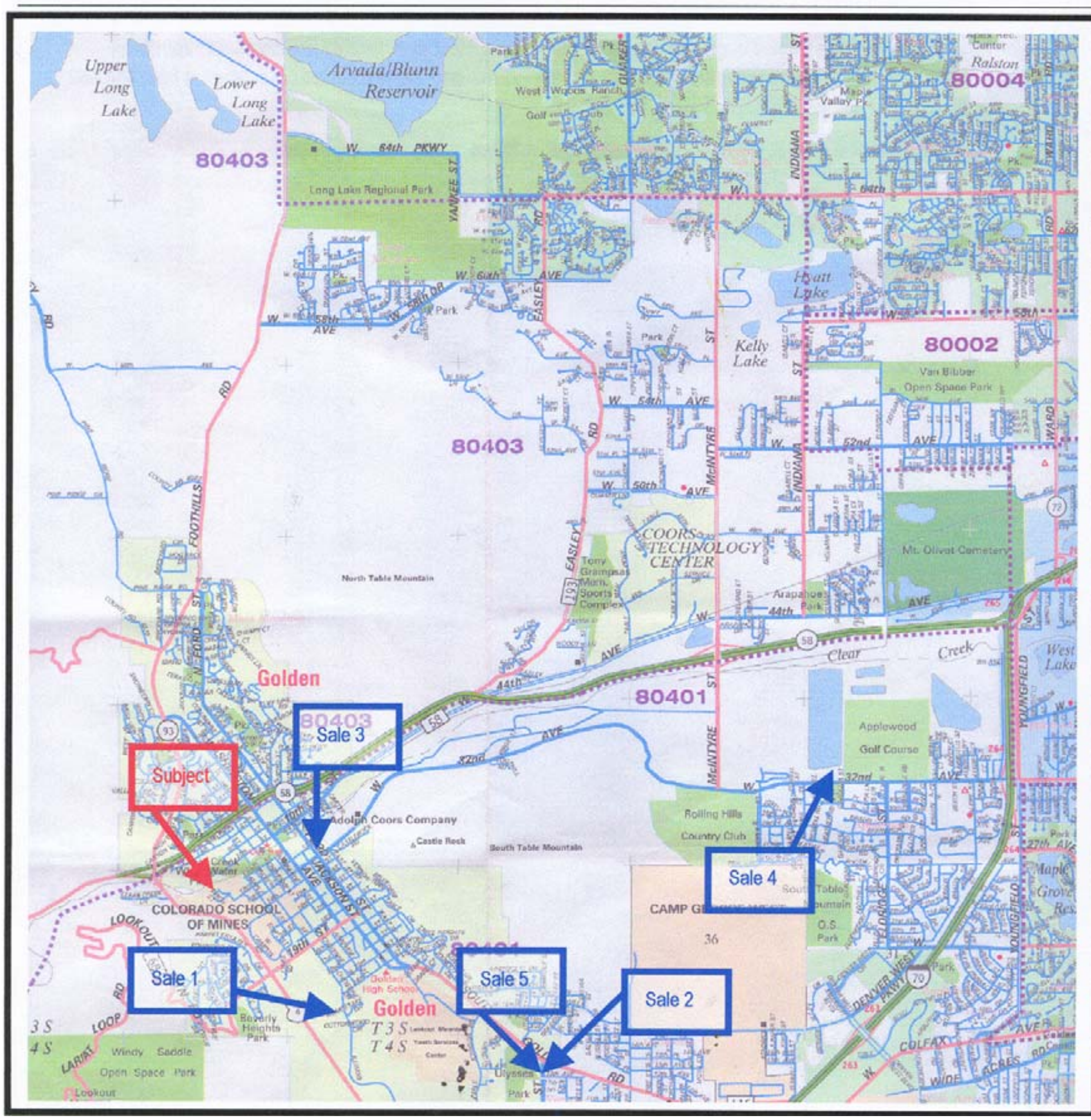
Comparable Sales Analysis

Using third party data sources of COMPS Inc., RealComps, and DMCAR, and a visual inspection of the neighborhood for listings, we searched for the most recent comparable residential land sales within the City of Golden. Physical criteria for the comparable sales included sizes of 1 to 10 acres, visibility from an arterial street, zoning for residential land use and the buyer's intention to develop the site with attached single-family housing.

Five land sales that exhibit a degree of comparability to the subject were located and pertinent information verified. The sales range in size between 1.03 and 5.17 acres, and the unadjusted price range is from $14,462 to $31,250 per dwelling unit.

A spreadsheet and map of the comparable sales can be found on the following pages.

COMPARABLE RESIDENTIAL LAND SALES



Residential Land Sales Summary

Subject Area

	Physical Data							Transaction Data				Comments
	Location	Assessor's Parcel No.	Size	Dwelling Units	Density	Zoning	Proposed Use	Grantor/Grantee Reception No.	Sale Date	Sale Price	Price Per DU	
S	**Subject** Northwest of the intersection at 12th Street and Birch Street Golden, CO	30-331-00-002 (por) Jefferson County	6.7 acres (291,852 SF)	120	18 units per acre	R-3, City of Golden	Condo Development	N/A	N/A	N/A	N/A	Subject site. This analysis of the subject site is based on the hypothetical condition that the site is clean of all contaminants and available for development to its highest and best use.
1	**Residential Development Site** Southwest corner of Illinois Street and Homestake Drive Golden, CO	30-343-12-017 Jefferson County	2.30 acres (100,188 SF)	16	7 units per acre	R-3, City of Golden	Townhome Development	Jefferson Clay and Investment Co./ Fossil Trace, LLC #F1751311	May-03	$500,000	$31,250	This site is located adjacent to the newly opened Fossil Trace public golf course in Golden. This comparable was purchased for the development of 16 luxury townhouse units. The site will have eight buildings containing two units each. At the time of confirmation, prior to improvement construction, the developer indicated that all 16 units had been presold.
2	**Residential Development Site** Northeast corner of Ulysses Street and West 12th Avenue Golden, CO	40-021-08-022 Jefferson County	1.03 acres (44,867 SF)	17	17 units per acre	PUD, City of Golden	Townhome Development	West Twelfth, LLC/ Skyline Townhomes Sub #F1623584	Nov-01	$357,300	$21,018	This sale is located one block south of South Golden Road, a major retail arterial in south Golden. This comparable was purchased for the development of 17 townhome units. Upon confirmation, the developer indicated the site already had 16 permits for residential units. As a result, the sale price is higher than the value of the land only. He estimated that the permits added value to the site approximate to $5,000 per unit, or $80,000 ($5,000 x 16) total. The per unit value includes the actual and opportunity costs associated with attaining the permits separately.
3	**Residential Development Site** West side of Ford Street approximately 250 feet north of 12th Street. Golden, CO	30-273-10-014 to 016 Jefferson County	1.82 acres (79,322 SF)	72	40 units per acre	PUD, City of Golden	Condo Development	Clear Creek Square, LLC/ Millstone at Clear Creek Square, LLC #F1226998	Apr-01	$1,450,000	$20,139	This site is located one block east of historic downtown Golden along Clear Creek. This comparable was purchased for the development of 72 luxury residential condominium units. At the time of sale, the development plan called for a mix of 1 bedroom and 2 bedroom units.
4	**Residential Development Site** Northwest corner of West 32nd Avenue and Indiana Street Unincorporated Jefferson County, CO	30-251-00-008 to 010 Jefferson County	5.17 acres (225,173 SF)	39	8 units per acre	PD, Jefferson County	Townhome Development	Industrial Transportation Services, Inc/ Colorado Land Co, LLC #F1153175, F1153172	Dec-00	$564,000	$14,462	This site is located east of the Coors Brewing Facility in Unincorporated Jefferson County. This comparable was purchased for the development of 39 townhome units. The site is situated adjacent to a large holding pond owned by Coors Brewing Company. Upon confirmation, the developer indicated that site plans changed and site was being developed with patio homes.
5	**Residential Development Site** Southeast corner of Ulysses Street and West 12th Avenue Golden, CO	40-021-00-007 (por) Jefferson County	2.50 acres (108,944 SF)	24	10 units per acre	PUD, City of Golden	Townhome Development	Golden Church of Christ/ Pine Ridge Development Corp. #F0927267	Aug-99	$360,000	$15,000	This sale is located one block south of South Golden Road, a major retail arterial in south Golden. This comparable was purchased for the development of 24 age-targeted housing units. Upon confirmation, the developer indicated that 3 units remain to be sold.

Quantitative Analysis- As If Not Contaminated

None of the properties discussed are similar to the subject property in every respect. The sales used are considered similar in general characteristics and each offers a reliable indicator of market value for the Larger Parcel. All transactions were arms-length sales, meaning the buyers and sellers were unrelated parties. The following discussion compares and analyzes the sales on a quantitative basis. All other analysis will be comparative in nature.

Property Rights Conveyed

All sales involved conveyance of the fee simple interest. However, the residential development in the City of Golden is impacted by a growth moratorium, which limits residential growth to a 1% annual increase. In 2003, this equated to approximately 75 units available for development throughout the City of Golden. Since the subject is best suited for development with up to 120 residential units it could be adversely impacted by the moratorium. However, developers throughout the Denver Metro area indicated that phased development in a small market is most reasonable. This allows adequate absorption timing for each phase and reduces the developer's out of pocket expenses.

The subject would likely have multiple buildings, indicating phased construction is appropriate. As a result, we believe the subject would be developed in multiple phases, which reduces the impact of the growth moratorium. Therefore, no adjustments for property rights conveyed are necessary.

Financing Terms

The comparable sales all involved cash to the seller. Separate bank financing was obtained for each sale. No adjustments for financing are necessary.

Terms and Conditions of Sale

Sale prices are influenced by the terms and conditions of a transaction. Higher sale prices are the result of a motivated buyer such as an adjacent property owner. Conversely, lower sale prices are influenced by a motivated seller such as a bank seeking to liquidate real estate they own.

At the time of sale, Sale 2 had 16 mobile home units on the site. Each unit had a permit for residential use. The purchaser indicated that these permits were transferable to new units developed at the site. He allocated $5,000 to each permit, based on the cost and time associated with attaining each permit separately. As a result, the sale price for this sale includes approximately $80,000 in permits for 16 residential units. We deduct this amount from the sale price to determine an adjusted sale price of $277,300 ($357,300 - $80,000) or $16,312 per unit based on the 17 townhouse units proposed for development at this site at the time of sale. Overall this equates to a $4,706 ($21,018 - $16,312) per unit adjustment for terms and conditions of sale.

We are not aware of any unusual terms or conditions of sale related to the remaining comparable sales. Therefore, no additional adjustments are necessary.

Expenditures Immediately After Sale

A property buyer will typically recognize necessary expenses in a sale's price to make the property fully useable, thereby maximizing its development potential and value. Costs to correct these deficiencies are incurred immediately after the purchase. Such items may include:

- Unpaid or outstanding real estate taxes
- Curing title issues
- Resolution of any litigation
- Resolution of environmental issues

We are not aware of any unusual expenditures immediately after sale at the comparables. As a result, no comparable sale requires an adjustment.

Market Conditions

Data sources often considered for estimation of a market conditions adjustment are broker and investor interviews, county assessment division personnel interviews, regional inflation, paired sales and rental rate growth. The relevant source for this appraisal is residential unit sale price growth.

Appreciation (or depreciation) of attached housing sale prices in the submarkets of the comparable sales, as measured by Metro List, is our primary method for estimating the market conditions adjustment. We have also considered increases in construction costs relative to each of the comparable sales to determine an effective rate of price inflation. The following paragraphs summarize the appropriate market conditions adjustment for each of the five comparable sales.

Sale 1, located in the Jefferson County West Residential Submarket, was purchased in May 2003. Metro List indicates average sale prices increased 5.2% between the date of sale and the date of this appraisal. Marshall Valuation Service indicates construction costs have increased 3.4% during the same time period; therefore, the appropriate market conditions adjustment to Sale 1 is a positive 1.8% (5.2% - 3.4%). This equates to a positive price adjustment of $563 per dwelling unit ($31,250 x 1.8%).

Sale 2, located in the Jefferson County West Residential Submarket, was purchased in November 2001. Metro List indicates average sale prices increased 11.5% between the date of sale and the date of this appraisal. Marshall Valuation Service indicates construction costs have increased 6.7% during the same time period; therefore, the appropriate market conditions adjustment to Sale 2 is a positive 4.8% (11.5% - 6.7%). This equates to a positive price adjustment of $783 per dwelling unit ($16,312* x 4.8%).

* Adjusted sale price for terms and conditions of sale.

Sale 3, located in the Jefferson County West Residential Submarket, was purchased in April 2001. Metro List indicates average sale prices increased 9.9% between the date of sale and the date of this appraisal. Marshall Valuation Service indicates construction costs have increased 10.1% during the same time period; therefore, the appropriate market conditions adjustment to Sale 3 is a negative 0.2% (9.9% - 10.1%). This equates to a negative price adjustment of $40 per dwelling unit ($20,139 x -0.2%).

Sale 4, located in the Jefferson County West Residential Submarket, was purchased in December 2000. Metro List indicates average sale prices increased 18.2% between the date of sale and the date of this appraisal. Marshall Valuation Service indicates construction costs have increased 10.3% during the same time period; therefore, the appropriate market conditions adjustment to Sale 4 is a positive 7.9% (18.2% - 10.3%). This equates to a positive price adjustment of $1,142 per dwelling unit ($14,462 x 7.9%).

Sale 5, located in the Jefferson County West Residential Submarket, was purchased in August 1999. Metro List indicates average sale prices increased 40.5% between the date of sale and the date of this appraisal. Marshall Valuation Service indicates construction costs have increased 18.6% during the same time period; therefore, the appropriate market conditions adjustment to Sale 5 is a positive 21.9% (40.5% - 18.6%). This equates to a positive price adjustment of $3,285 per dwelling unit ($15,000 x 21.9%).

Quantitative Adjustment Summary

The quantitatively derived adjustments are applied to the comparable sales as either percentage or dollar amounts. Where no quantitative adjustment is required the cell remains blank.

Adjustments	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Original Price (PDU)	$31,250	$21,018	$20,139	$14,462	$15,000
Property Right Conveyed					
Financing					
Terms & Conditions of Sale		- $4,706			
Expenditures After Sale					
Market Conditions	$563	$783	- $40	$1,142	$3,285
Quantitatively Adjusted Price (PDU)	**$31,813**	**$17,095**	**$20,099**	**$15,604**	**$18,285**

Qualitative Analysis- As If Not Contaminated

While there are numerous physical features that can ultimately affect the market value for land, we have addressed those non-quantifiable features that we concluded have the largest impact on value in this specific market. Each is noted in the following analysis of each sale. We have determined that project size (density) has a greater impact on value than actual acreage. Therefore, the comparables will be evaluated for size based on the proposed project size at the time of sale.

Sale 1 is located at the southwest corner of Illinois Street and Homestake Drive in Golden, Colorado, in the Jefferson County West Residential Submarket. At the time of sale, the buyer planned to develop 16 luxury townhouse units. This comparable is considered similar to the subject in annexation/zoning. However, the site's location along the newly opened Fossil Trace golf course is considered to be a superior location to the subject. As indicated in the spreadsheet of comparable sales, this purchaser pre-sold all 16 units prior to improvement construction. Sale 1's proposed 7 dwelling units per acre at the time of sale are considered superior to the subject in terms of project size. This comparable's proposed luxury townhouse development at the time of sale is also considered superior to the subject's potential condominium development. Overall, this comparable's superior location, project size and proposed development indicate the quantitatively adjusted sale price of $31,813 per dwelling unit is higher than what would be warranted at the subject site.

Sale 2 is located at the northeast corner of Ulysses Street and West 12th Avenue in Golden, Colorado, in the Jefferson County West Residential Submarket. At the time of sale, the buyer planned to develop 17 townhouse units. This sale's proposed 17 dwelling units per acre at the time of sale are also considered similar to the subject in terms of property size. Sale 2 is also considered similar to the subject in annexation/zoning. However, this site features inferior surrounding amenities and is considered inferior to the subject in location. This comparable's proposed entry-level townhouse development at the time of sale is considered inferior to the subject's potential condominium development. Overall, this comparable's inferior location and proposed development indicate the quantitatively adjusted sale price of $17,095 per dwelling unit is lower than what would be warranted at the subject site.

Sale 3 is located on the west side of Ford Street approximately 250 north of 12th Street in Golden, in the Jefferson County West Residential Submarket. At the time of sale, the buyer planned to develop a 72-unit condominium project. This comparable's location along Clear Creek proximate to historic downtown Golden is considered similar to the subject. Sale 3 is also considered similar to the subject in annexation/zoning. However, this sale's proposed 40 dwelling units per acre at the time of sale are considered inferior to the subject in terms of project size. This comparable's proposed luxury condominium development at the time of sale is considered superior to the subject's potential condominium development. Overall, this comparable's inferior project size offsets its superior proposed development, indicating the quantitatively adjusted sale price of $20,099 per dwelling unit is similar to what would be warranted at the subject site.

Sale 4 is located at the northwest corner of West 32nd Avenue and Indiana Street in Unincorporated Jefferson County, in the Jefferson County West Residential Submarket. At the time of sale, the buyer planned to develop 39 townhouse units. The site's location adjacent to a large holding pond for Coors Brewing Company is considered inferior compared to the subject. In addition, this comparable is situated in Unincorporated Jefferson County and is considered inferior to the subject in annexation/zoning. This comparable's proposed entry-level townhouse development at the time of sale is also considered inferior to the subject's potential condominium development. However, this sale's proposed 8 dwelling units per acre at the time of sale are considered superior to the subject in terms of project size. Overall, this comparable's inferior location, annexation/zoning and proposed development have a greater impact on value than its superior project size, indicating the quantitatively adjusted sale price of $15,604 per dwelling unit is lower than what would be warranted at the subject site.

Sale 5 is located at the southeast corner of Ulysses Street and West 12th Avenue in Golden, Colorado, in the Jefferson County West Residential Submarket. At the time of sale, the buyer planned to develop 24 townhouse units. This is considered similar to the subject in annexation/zoning. However, this site features inferior surrounding amenities and is considered inferior to the subject in location. This comparable's proposed entry-level townhouse development at the time of sale is also considered inferior to the subject's potential condominium development. This sale's proposed 10 dwelling units per acre at the time of sale are considered superior to the subject in terms of project size. Overall, this comparable's inferior location and proposed development have a greater impact on value than its superior project size, indicating the quantitatively adjusted sale price of $18,285 per dwelling unit is lower than what would be warranted at the subject site.

Qualitative Adjustment Grid

The following table contains comparative analyses for the comparables' physical characteristics that differ from the subject. Qualitative analysis is shown as Superior when a sale property has a superior element to the subject, and Inferior when the element is inferior to the subject. Where no adjustment is required or the sale property is similar to the subject, the cell remains blank. A summary row indicates the comparable sales' overall rating to the subject.

Adjustments	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Quantitatively Adjusted Price (PDU)	**$31,813**	**$17,095**	**$20,099**	**$15,604**	**$18,285**
Location	Superior	Inferior		Inferior	Inferior
Project Size	Superior		Inferior	Superior	Superior
Annexation/Zoning				Inferior	
Proposed Development	Superior	Inferior	Superior	Inferior	Inferior
Quantitatively Adjusted Price (PDU)	**$31,813**	**$17,095**	**$20,099**	**$15,604**	**$18,285**
Overall Rating	**Superior**	**Inferior**	**Similar**	**Inferior**	**Inferior**

Reconciliation of Sales

The quantitative analysis indicates a range of $15,604 per dwelling unit, for an overall inferior property, to $31,813 per dwelling unit, for an overall superior property. The following table ranks the comparables by adjusted price per square foot and overall qualitative rating, then identifies where the subject is within the value spectrum.

Ranking of Subject

Sale No.	Adjusted Price PSF	Overall Rating
1	$31,813	Superior
3	$20,099	Similar
Subject Site		
5	$18,285	Inferior
2	$17,095	Inferior
4	$15,604	Inferior

The preceding chart indicates the subject's unit value is between Sale 5 at $18,285 per dwelling unit and Sale 3 at $20,099 per dwelling unit. Considering the subject's location along Clear Creek and the limited amount of developable land near the creek and historic downtown Golden, we correlate to a unit value near the similar Sale 3 at $20,000 per dwelling unit. Applying this unit value indication to the 120 potential units concluded in the Highest and Best Use section of this report yields an overall value for the subject of $2,400,000 ($20,000 PDU x 120 DU).

Value Indication- As If Not Contaminated

In our opinion, the value of the entire property under the hypothetical condition that the site was never contaminated and is available for development to its highest and best use, as indicated by the Sales Comparison Approach, as of December 8, 2003, is $2,400,000.

Land Value Indication As If Not Contaminated Sales Comparison Approach
Two Million Four Hundred Thousand Dollars
$2,400,000
($20,000 Per Dwelling Unit) **($8.22 Per Square Foot of Gross Land Area)**

Test of Reasonableness

We interviewed developers of townhouses and condominiums throughout the Denver metropolitan area and found most allocate 5% to 10% of the finished unit sale price to raw land costs. Based on competing product in the subject's neighborhood, the subject would be best suited for condominium units. Based on a cursory review of the subject market, if the property were developed with condominium units with approximately 1,000 square feet to 1,400 square feet, a typical unit sale price would be $225,000 per unit. As a result, our opinion of land value approximates 8.9% ($20,000 / $225,000) of the average finished unit price, indicating our opinion of value is reasonable.

As an additional test of reasonableness, we interviewed Faris Cox of Pine Ridge Development Corporation, who is currently developing three separate residential projects in the Golden area. Mr. Cox indicated that the subject land area would likely sell between $20,000 and $25,000 per dwelling unit. Based on this analysis, we conclude the land value is reasonable.

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Sales Comparison Approach- As If Recreational Land with "Restricted Use"

The following Sales Comparison Analysis is applied to the subject's land area under the hypothetical condition that all contaminants are contained on site with a "Restricted Use" designation from the Colorado Department of Public Health and Environment, and the property is put to use as either open space/park or recreational fields.

Appraisal Problem

The following analysis includes land sales for sites with little to no development potential. However, none of the sites were contaminated (contained or not contained) at the time of sale, similar to the subject. As a result, the following Sales Comparison analysis will be applied to determine an appropriate value for non-contaminated land suitable for use as open space/parks or recreational use. Then we adjust this value in consideration of environmental insurance expenses a potential purchaser would incur.

Unit of Comparison

The marketplace's unit of comparison for vacant non-developable land is on a price per square foot of land area. We follow that convention in valuing the subject property.

Subject Property Transactions

The best evidence of land value is a recent sale or contract to purchase the subject site. There have been no recent arms-length transactions of the subject site that provide evidence of current market value as non-developable land.

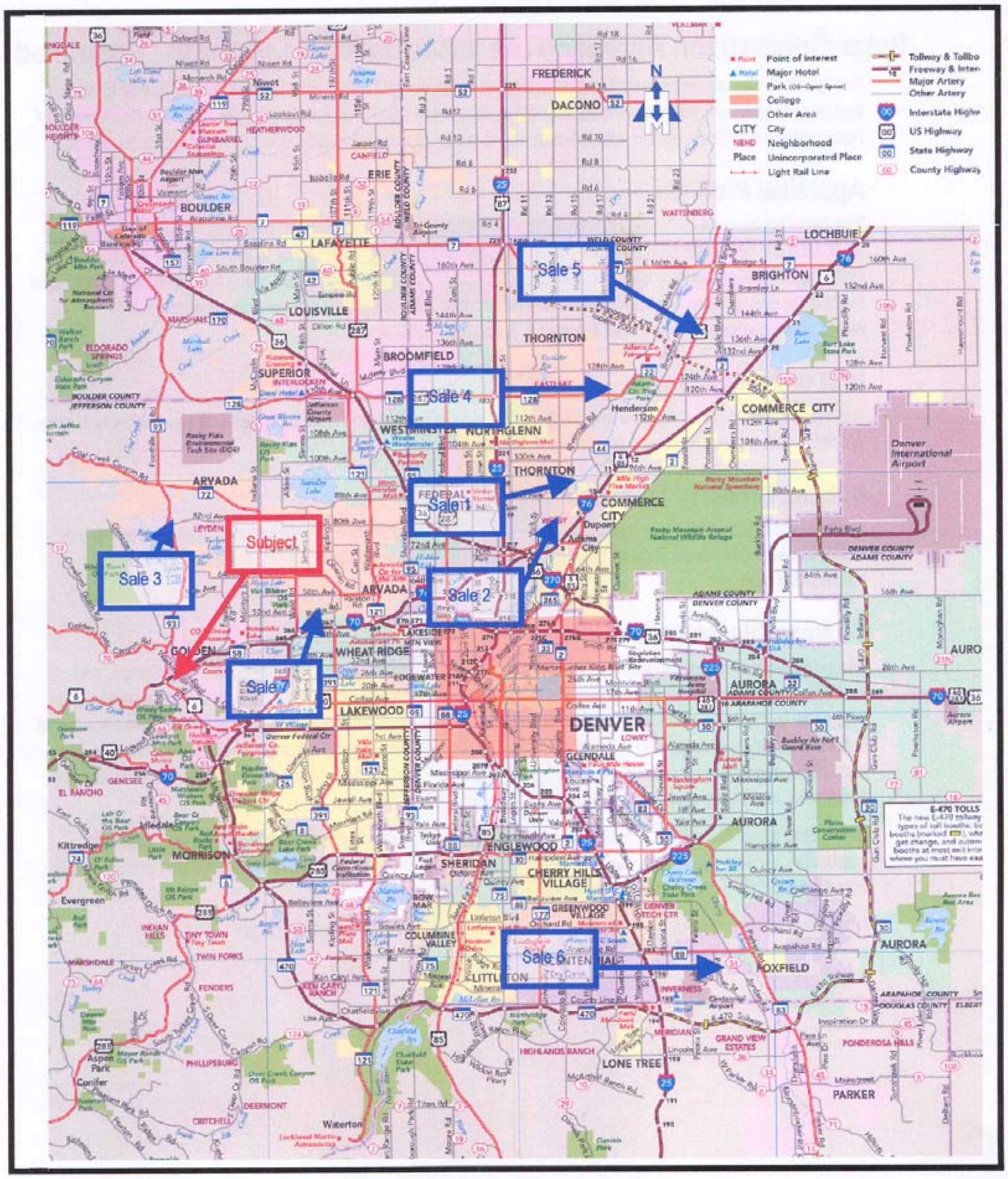
Comparable Sales Analysis

The subject site is a non-developable site. Using third party data sources of COMPS Inc., RealComps, and DMCAR, and a visual inspection of the neighborhood for listings, we searched for the most recent comparable land sales in the Parker area which at the time of sale were effectively non-developable, unbuildable sites due to factors including but not limited to location in a floodplain/floodway, topographic constraints, deed/zoning restrictions and/or lack of access. No sales were found in the immediate Golden area, so we broadened our geographic search parameters to the Denver metro area.

Seven land sales that exhibit a degree of comparability to the subject property were located and pertinent information verified. The sales range in size between 2.47 and 162.0 acres, and the unadjusted price range is from $0.11 to $0.70 per square foot of land area.

A spreadsheet and map of the comparable sales can be found on the following pages.

COMPARABLE NON-BUILABLE LAND SALES MAP



Non-Buildable Land Sales Summary

Denver Metro Area

	Physical Data				Transaction Data				Comments
	Location	Assessor's Parcel No.	Size (Acres)	Zoning	Grantor/Grantee Reception #	Sale Date	Sale Price	Price PSF	
Subject	**Non-Developable Tract** Northwest of the intersection at 12th Street and Birch Street Golden, CO	30-331-00-002 (por) Jefferson County	291,852 SF 6.7 Acres	R-3, City of Golden	N/A	N/A	N/A	N/A	Subject site. This analysis of the subject site is based on the hypothetical condition that all contaminants are contained on the site and the property is put to non-economic use as either open space/park or recreational fields.
1	**Floodplain/ Open Space** Near the Southeast corner of Riverdale Road at East 94th Avenue Unincorporated Adams County, CO	1721-19-2-00-008	1,206,070 SF 27.69 Acres	A-1, Adams County	William C. Reffel/ Adams County C1026270	Sep-02	$435,000	$0.36	Property encumbered by a retention pond that services a housing development across the street, a gas line easement, and a sewer pump station owned by the City of Thornton. The remainder of the land is 60% floodplain. The only buildable land is along the road frontage and building a road into the parcel of land for subdivision is not justifiable due to the terrain and wetlands. According to the buyers, the property's highest and best use is as open space.
2	**Non-Buildable Site/ Open Space** Near southwest corner of West 82nd Avenue and Leyden Road Unincorporated Jefferson County, CO	50-152-00-006	7,056,720 SF 162.0 Acres	A-1, Jefferson County	Plaza, LLC/ The Trust for Public Land, LLC 1549200	Aug-02	$777,600	$0.11	This property was a non-developable site. There are multiple abandoned mines located below the site and notable soil instabilities. Prior to the sale, the seller inquired with Jefferson County about developing the site, including development of at least one single-family residence. However, Jefferson County prohibited any development of the site. The site was purchased by the non-profit, Trust for Public Land, for use as open space land. The property was reportedly marketed and listed for sale for approximately one year.
3	**No Access/ Water Storage Site** West Side of State Highway 93 Approximately 750 feet North of West 82nd Avenue Unincorporated Jefferson County, CO	20-282-00-001	2,602,710 SF 59.75 Acres	A-2, Jefferson County	Lorraine Lindsay Hogg & Bruce Hepp, Trustees/ City and County of Denver F1275557	Jun-01	$657,349	$0.25	This site was zoned A-2 in Jefferson County. However, this site was land locked and had no access or an easement for access and was therefore non-developable at the time of sale. This site was purchased for future water storage/reservoir for Denver Water.
4	**Floodplain/ Water Storage** Approximately 5/8 mile east of Quebec Street and Riverdale Road Intersection Unincorporated Adams County, CO	1721-04-0-00-027	432,769 SF 9.94 Acres	A-1, Adams County	Camas Colorado Inc./City and County of Denver C0815085	Jun-01	$90,000	$0.21	Parcel is 100% floodplain with no access. Grantee bought this property to secure the banks of a water storage pit. However, this parcel was not purchased for use as a water storage pit.

Non-Buildable Land Sales Summary

Denver Metro Area

	Physical Data				Transaction Data				Comments
	Location	Assessor's Parcel No.	Size (Acres)	Zoning	Grantor/Grantee Reception #	Sale Date	Sale Price	Price PSF	
5	**Non-Buildable Site/ Open Space** South side of East 140th Avenue Approx. one mile east of Sable Boulevard Unincorporated Adams, CO	1569-20-0-00-031	435,600 SF 10.00 Acres	A-3, Adams County	Robert I. Hunt/ MRFR III, LLP C0670919	May-00	$229,400	$0.53	According to the FEMA map this site is not located in floodplain. However, the site is undevelopable at this time since it is entirely covered by Huggins Lake (the owner reports that this lake fills through run-off). There is no direct access to the site, although the owner reports that there is an easement which provides access to the site through an adjacent property. The owner reports that they purchased the site speculatively to sell as open space to one of several adjacent property owners/developers who may wish to use the lake for open space as part of a larger development.
6	**Non-Buildable Site/ Storage** South side of East Arapahoe Road Approx. 1/4 mile east of South Jordan Road Unincorporated Arapahoe County, CO	2073-30-1-02-010	564,537 SF 12.96 Acres	MU-FP (Mixed-use, floodplain) Arapahoe County	Eaglecreek Associates II/ Magnum Ventures, Inc. B0016727	Feb-00	$280,000	$0.50	This entire site is located in floodplain and floodway. The seller reports that approximately three acres of the site could be filled and elevated out of the floodplain. The buyer reportedly purchased the site to grow trees and shrubs for a nursery facility.
7	**Non-Buildable Site** 5810 Miller Street Arvada, CO	39-094-09-003	107,419 SF 2.47 Acres	P-1 (Professional Office) City of Arvada	Stanley and Ruth Lassak/ Galen and Doris Callender F0808958	Feb-99	$75,000	$0.70	According to the most current FEMA map, nearly 100% of this parcel is located in floodplain and floodway. Approximately 25% of the site could be filled and the floodplain mitigated.

Quantitative Analysis-

None of the properties discussed are similar to the subject property in every respect. The sales used are considered similar in general characteristics and each offers a reliable indicator of market value. All transactions were arms-length sales, meaning the buyers and sellers were unrelated parties. The following discussion compares and analyzes the sales on a quantitative basis. All other analysis will be comparative in nature

Property Rights Conveyed

All sales involved conveyance of the fee simple interest, indicating no adjustments were necessary.

Financing Terms

The comparable sales all involved cash to the seller. Separate bank financing was obtained for each sale. No adjustments for financing are necessary.

Terms and Conditions of Sale

Sale prices are influenced by the terms and conditions of a transaction. Higher sale prices are the result of a motivated buyer such as an adjacent property owner. Conversely, lower sale prices are influenced by a motivated seller such as a bank seeking to liquidate real estate they own. None of the comparable sales required an adjustment for terms or conditions of sale.

Expenditures Immediately After Sale

A property buyer will typically recognize necessary expenses in a sale's price to make the property fully useable, thereby maximizing its development potential and value. Costs to correct these deficiencies are incurred immediately after the purchase. Such items may include:

- Unpaid or outstanding real estate taxes
- Curing title issues
- Resolution of any litigation
- Resolution of environmental issues

No comparable sale required an adjustment.

Market Conditions

Data sources often considered for estimation of a market conditions adjustment are broker and investor interviews, county assessment division personnel interviews, regional inflation, paired sales and rental rate growth. Since none of the comparable sales was a resale, we are not able to derive a time adjustment from paired sale analysis. Normally, any market conditions adjustment recognizes the combination of real and nominal (inflationary) growth in prices. Real growth in prices results from an imbalance between supply and demand, while nominal or inflationary growth reflects only the declining value of the currency, as measured by increases in the implicit price deflator or other widely published indices. In this case, because the comparable land sales are undevelopable sites at the time of sale, they have little to no commercial value. As a result, there is little or no real growth in the value of these sites because there are relatively few sellers at these prices and normally very few potential buyers. Therefore, we recognize only nominal or inflationary growth, which has been about 3% per year or 0.25% per month for the last several years.

We correlate to an inflation rate of 0.25% per month.

The following tables illustrate the adjustment.

Sale #	Sale Date	Inflation End Date	Change Months	% Adjustment per Month	% Adjustment
1	9/02	12/03	15	0.25%	3.75%
2	8/02	12/03	16	0.25%	4.00%
3	6/01	12/03	30	0.25%	7.50%
4	6/01	12/03	30	0.25%	7.50%
5	5/00	12/03	43	0.25%	10.75%
6	2/00	12/03	46	0.25%	11.50%
7	2/99	12/03	58	0.25%	14.50%

*Note: Month count is to the end of the month

Sale #	Sale Price (A)	Time of Sale Adjustment (B)	Time Adjusted Sale Price (A + B)
1	$0.36	3.75% ($0.01)	$0.37
2	$0.11	4.00% ($0.00)	$0.11
3	$0.25	7.50% ($0.02)	$0.27
4	$0.21	7.50% ($0.02)	$0.23
5	$0.53	10.75% ($0.06)	$0.59
6	$0.50	11.50% ($0.06)	$0.56
7	$0.70	14.50% ($0.10)	$0.80

Quantitative Adjustment Summary

The quantitatively derived adjustments are applied to the comparable sales as either percentage or dollar amounts. Where no quantitative adjustment is required the cell remains blank.

Adjustments	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
Original Price (PSF)	$0.36	$0.11	$0.25	$0.21	$0.53	$0.50	$0.70
Property Right Conveyed							
Financing							
Terms & Conditions of Sale							
Expenditures After Sale							
Market Conditions	$0.01	$0.00	$0.02	$0.02	$0.06	$0.06	$0.10
Quantitatively Adjusted Price (PSF)	**$0.37**	**$0.11**	**$0.27**	**$0.23**	**$0.59**	**$0.56**	**$0.80**

Qualitative Analysis-

While there are numerous physical features that can ultimately affect the market value for land, we have addressed those non-quantifiable features that we concluded have the largest impact on value in this specific market. Each is noted in the following analysis of each sale.

It is our opinion that physical features such as location and off-site improvements, which would normally warrant a qualitative adjustment when valuing comparable land sales, are essentially irrelevant when valuing sites which are non-developable and offer little site utility at the time of sale. Nonetheless, since several of the comparable sales do offer some limited utility and/or offer the potential for future development through mitigation of floodplain area. We do consider the overall development and use potential of the comparable sales versus the subject as a qualitative element of comparison.

Sale 1 is located near the southeast corner of Riverdale Road and East 94th Avenue in Unincorporated Adams County. This 27.69-acre site is similar to the subject in development and use potential since, like the subject, it is effectively a non-developable site. Sale 1 is similar to the subject in surrounding development since, like the subject, it is located in an area with predominantly residential development. However, this comparable is larger than the subject indicating an inferior property characteristic. This sale is also inferior to the subject in its topographic appeal as open space since it is a vacant parcel with no notable topographic features comparable to the subject's frontage along the Clear Creek. Overall, this comparable's inferior size and topographic appeal indicate the quantitatively adjusted price of $0.37 per square foot is lower than what is warranted at the subject site.

Sale 2 is located near the southwest corner of West 82nd Avenue and Leyden Road in Unincorporated Jefferson County. This 162.0-acre site is similar to the subject in development and use potential since, like the subject, it is effectively a non-developable site. However, Sale 2 is larger than the subject indicating an inferior property characteristic. This comparable is inferior to the subject in surrounding development since it is located in an area of limited development. Sale 2 is also inferior to the subject in its topographic appeal as open space since it is a vacant parcel with no notable topographic features comparable to the subject's frontage along Clear Creek. Overall, this comparable's inferior size, surrounding development and topographic appeal indicate the quantitatively adjusted price of $0.11 per square foot is lower than what is warranted at the subject site.

Sale 3 is located on the west side of Highway 93, approximately 750 feet north of West 82nd Avenue in Unincorporated Jefferson County. This 59.75-acre site had no access to the site at the time of sale. However, Sale 3 is superior to the subject in development and use potential since this site does offer the potential for future development should an access easement be obtained from an adjacent property owner at a future time. However, this sale is larger than the subject indicating an inferior property characteristic. Sale 3 is inferior to the subject in surrounding development since it is located in an area of limited development. This comparable is also inferior to the subject in its topographic appeal as open space since it is a vacant parcel with no notable topographic features comparable to the subject's frontage along Clear Creek. Overall, this comparable's inferior size, surrounding development and topographic appeal have a greater impact on value than it's superior development and use potential, indicating the quantitatively adjusted price of $0.27 per square foot is lower than what is warranted for the subject site.

Sale 4 is located east of Quebec Street and Riverdale Road in Unincorporated Adams County. This 9.94-acre site is similar to subject in development and use potential since, like the subject, it is effectively a non-developable site. However, Sale 4 is larger than the subject indicating an inferior property characteristic. This comparable is inferior to the subject in surrounding development since it is located in an area of limited development. Sale 4 is also inferior to the subject in its topographic appeal as open space since it is a vacant parcel with no notable topographic features comparable to the subject's frontage along Clear Creek. Overall, this comparable's inferior size, surrounding development and topographic appeal indicate the quantitatively adjusted price of $0.23 per square foot is lower than what is warranted at the subject site.

Sale 5 is located on the south side of East 104th Avenue, approximately one mile east of Sable Boulevard in Unincorporated Adams County. According to the FEMA map the site is not located in floodplain. However, the site is undevelopable since it is entirely covered by Huggins Lake. Therefore, Sale 5 is similar to the subject in development and use potential. Sale 5 is also similar to the subject in its topographic appeal as open space since it is a lake property, which is considered comparable to the subject's frontage along Clear Creek. However, Sale 5 is larger than the subject indicating an inferior property characteristic. This comparable is also inferior to the subject in surrounding development since it is located in an area of limited development. Overall, this comparable's inferior size and surrounding development indicate the quantitatively adjusted price of $0.59 per square foot is lower than what is warranted at the subject site.

Sale 6 is located on the south side of East Arapahoe Road, approximately ¼ mile east of South Jordan Road in Unincorporated Arapahoe County. This 12.96-acre site is similar to the subject in surrounding development since, like the subject, it is located in an area predominantly residential development. However, Sale 6 is larger than the subject property indicating an inferior property characteristic. This sale is also inferior to the subject in its topographic appeal as open space since it is a vacant parcel with no notable topographic features comparable to the subject's frontage along Clear Creek. Sale 6 is superior to the subject property in development and use potential since this site has three acres of floodplain, which can be filled and elevated out of the floodplain. In this manner, Sale 6 offers the potential for future development should the floodplain be mitigated. Overall, this comparable's inferior size and topographical appeal have a greater impact on value than its superior development and use potential, indicating the quantitatively adjusted price of $0.56 per square foot is lower than what is warranted for the subject site.

Sale 7 is located at 5810 Miller Street in Arvada. This 2.47-acre site is similar to the subject in surrounding development since, like the subject, it is located in a growing area in proximity to newer development. However, Sale 7 is smaller than the subject indicating a superior property characteristic. This comparable is also superior to the subject property in development and use potential since approximately 25% of this site could be filled and elevated out of the floodplain. In this manner, Sale 7 offers the potential for future development should the floodplain be mitigated. This sale is inferior to the subject in its topographic appeal as open space since it is a vacant parcel with no notable topographic features comparable to the subject's frontage along Clear Creek. Overall, this comparable's superior size and development and use potential have a greater impact on value than its inferior topographic appeal, indicating the quantitatively adjusted price of $0.80 per square foot is higher than what is warranted for the subject site.

Qualitative Adjustment Grid

The following table contains comparative analyses for the comparables' physical characteristics that differ from the subject. Qualitative analysis is shown as Superior when a sale property has a superior element to the subject, and Inferior when the element is inferior to the subject. Where no adjustment is required or the sale property is similar to the subject, the cell remains blank. A summary row indicates the comparable sales' overall rating to the subject.

Adjustments	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
Quantitatively Adjusted Price (Per SF)	**$0.37**	**$0.11**	**$0.27**	**$0.23**	**$0.59**	**$0.56**	**$0.80**
Land Size	Inferior	Inferior	Inferior	Inferior	Inferior	Inferior	Superior
Development and Use Potential			Superior			Superior	Superior
Surrounding Development		Inferior	Inferior	Inferior	Inferior		
Topographic Appeal as Open Space	Inferior	Inferior	Inferior	Inferior		Inferior	Inferior
Quantitatively Adjusted Price (Per SF)	**$0.37**	**$0.11**	**$0.27**	**$0.23**	**$0.59**	**$0.56**	**$0.80**
Overall Rating	**Inferior**	**Inferior**	**Inferior**	**Inferior**	**Inferior**	**Inferior**	**Superior**

Reconciliation of Sales

The quantitative analysis indicated a range of $0.11 per square foot, for an overall inferior property, to $0.80 per square foot, for an overall superior property. The following table ranks the comparables by adjusted price per square foot and overall qualitative rating.

Ranking of the Subject

Sale No.	Adjusted Price PSF	Overall Rating
7	$0.80	Superior
Subject Site		
5	$0.59	Inferior
6	$0.56	Inferior
1	$0.37	Inferior
3	$0.27	Inferior
4	$0.23	Inferior
2	$0.11	Inferior

The preceding table indicates the subject's unit value is between Sale 5 at $0.59 per square foot and Sale 7 at $0.80 per square. We conservatively correlate to a value for the subject site near the middle of the two sales at $0.70 per square foot of land area. If applied to the subject this would equate to a land value of $204,296 ($0.70 PSF x 291,852 SF), or $205,000 rounded. However, this value does not include additional expenses a potential purchaser would incur for an environmental insurance policy at the subject site.

Contamination Adjustment

The Colorado Department of Public Health and Environment regulates contamination clean up throughout the state. Once the mitigation reaches a point that the Colorado Department of Public Health and Environment considers the area no longer a general hazard, it designates the site for “Unrestricted Use” or “Restricted Use” depending on the remaining contamination at the site, as long as conditions remain essentially the same. In both instances no further mitigation is required at the site. This does not necessarily mean that the site is no longer contaminated, it simply indicates that contamination at the site is no longer a threat to the general public and is being managed appropriately.

The subject is being valued under the hypothetical condition that all contaminants are contained on-site and it is given a “Restricted Use” designation from the Colorado Department of Public Health and Environment. As a result, potential purchasers would be restricted from constructing any vertical improvements and could be liable for future contamination concerns at the site. As is discussed in the following example, prudent purchasers of a contaminated site require Pollution Legal Liability Insurance.

The City of Broomfield is currently experiencing a similar situation. Broomfield purchased a former landfill site at the northeast corner of Highway 287 and Miramonte Boulevard and now uses the site as open space. The city was only willing to acquire a contaminated site because they also had some responsibility for the contamination. More importantly, however, the city incurs a liability insurance premium to cover any residual environmental hazards that could potentially affect the site, surrounding land and community. Officials from Broomfield confirmed that insurance premiums for the former landfill site are approximately $40,000 to $50,000 for a five-year policy.

We interviewed officials from two environmental insurance companies that offer Pollution Legal Liability Insurance policies. Officials at the Twin Elms Environmental Insurance Agency indicated that radiation is one of the worst potential contaminants of a site. They further indicated that it was unlikely any insurance company would offer legal liability insurance for a site that has radiation contamination. When asked about potential premiums, they indicated as an example, that a $5,000,000 liability for soil and groundwater petroleum contamination would be approximately $75,000 for a ten-year policy. When asked about liability for a site with contamination similar to the subject, they indicated a premium (if an insurance carrier were located) would far exceed $75,000 for a ten-year policy.

In addition to Twin Elms Environmental Insurance Agency, we contacted officials at American International Group, Inc. (AIG), one of the largest environmental insurance carriers in the United States. Officials from AIG indicated that radiation contamination is difficult to insure; however, they have previously insured properties with radiation contamination. However, contaminated properties that have been capped would likely require an additional insurance policy called Cleanup Cost Cap (CCC). According to AIG’s website, this policy is “designed to address the risk and uncertainty associated with beginning or continuing an environmental remediation project.” Officials at AIG were unwilling to estimate premium costs or the likelihood that they would potentially insure a site with similar contamination concerns as the subject without inspecting the site and meeting with environmental engineers familiar with the site.

We believe that the added financial burden and liability for a site that contains or has previously contained radiation contamination causes the subject to have no marketability to public and private investors. Adjusting the $205,000 value at the subject site if non-contaminated and put to use as either open space/parks and recreational fields, we conclude the site has no value in excess of potential insurance costs and liability associated with owning a contaminated site. As a result, we conclude that under the hypothetical condition that all contaminants are contained on site with a “Restricted Use” designation from the Colorado Department of Public Health and Environment, and the property is put to use as either open space/park or recreational fields, the subject’s value is $0.

Value Indication – As If Recreational Land with "Restricted Use"

As previously indicated, the subject potential value as open space/parks or recreational-use land is not greater than the environmental insurance premiums associated with owning a contaminated site.

In our opinion, the value of the entire property under the hypothetical condition that all contaminants are contained on site with a "Restricted Use" designation from the Colorado Department of Public Health and Environment, and the property is put to a use as either open space/park or recreational fields, as indicated by the Sales Comparison Approach, as of December 8, 2003, is $0.

Land Value Indication As If Recreational Land with "Restricted Use" Sales Comparison Approach
Zero Dollars **$0** **($0.00 Per Square Foot of Land Area)**

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RECONCILIATION AND FINAL VALUE ESTIMATE

Value Indications

"As Is"		
Valuation Method	**Total**	**PDU/PSF**
Land Valuation – As If Not Contaminated	$2,400,000	$20,000 $8.22
Land Valuation – As If Recreational Land with "Restricted Use"	$0	$0.00

"As Is"

As If Not Contaminated

In our opinion, the value of the entire site "As Is" under the hypothetical condition that the site was never contaminated and is available for development to its highest and best use as of December 8, 2003, is $2,400,000.

Conclusion of Value As If Not Contaminated
Two Million Four Hundred Thousand Dollars **$2,400,000** **($20,000 Per Dwelling Unit)**

As If Recreational Land with "Restricted Use"

In our opinion, the value of the entire site "As Is" under the hypothetical condition that all contaminants are contained on site with a "Restricted Use" designation from Colorado Department of Public Health and Environment, and the property is put to a use as either open space/park or recreational fields as of December 8, 2003, is $0.

Conclusion of Value As If Recreational Land with "Restricted Use"
Zero Dollars **$0** **($0.00 Per Square Foot of Land Area)**

Reasonable Marketing and Exposure

Exposure time is always presumed to precede the effective date of the appraisal. Marketing time is how long a property will remain for sale subsequent to the effect date of the appraisal.

Exposure Time is defined as the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.

Under the hypothetical condition that the site was never contaminated and is available for development to its highest and best use, we estimate that the subject property would sell in 6 to 12 months at the appraised market value.

Under the hypothetical condition that all contaminants are contained on the site with a "Restricted Use" designation from the Colorado Department of Public Health and Environment, and the property is put to use as either open space/park or recreational fields, we estimate that the subject property would sell in 12 to 24 months at the appraised market value.

ADDENDA