

2-STORY OFFICE

8112 and 8131 W. Grandridge Blvd.
Kennewick, Washington 99336

APPRAISAL REPORT

Date of Report: January 16, 2025

Colliers File #: SEA240669

Client File #: 241218108



PREPARED FOR

Community First Bank
6401 West Clearwater Avenue
Kennewick, WA 99336

PREPARED BY
COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

LETTER OF TRANSMITTAL

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January 16, 2025

Community First Bank

6401 West Clearwater Avenue
Kennewick, WA 99336

RE: 2-Story Office

8112 and 8131 W. Grandridge Blvd.
Kennewick, Washington 99336

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This appraisal report satisfies the scope of work and requirements agreed upon by Community First Bank and Colliers International Valuation & Advisory Services. At the request of the client, this appraisal is presented in an Appraisal Report format as defined by *USPAP* Standards Rule 2-2(a). Our appraisal format provides a summary description of the appraisal process, subject and market data and valuation analyses.

The purpose of this appraisal is to develop opinions of the As-Is Market Value and Prospective Value Upon Stabilization of the subject property's fee simple interest. The following table conveys the final opinions of market value of the subject property that are developed within this appraisal report:

VALUE TYPE	COMPONENT	INTEREST	DATE OF VALUE	VALUE
As-Is Market Value	Bldg on Econ. Site (8131)	Fee Simple	January 2, 2025	\$3,750,000
Prospective Value Upon Stabilization	Bldg on Econ. Site (8131)	Fee Simple	February 1, 2026	\$4,090,000
OTHER CONCLUSIONS				
As-Is Market Value	Excess Land (8112)	Fee Simple	January 2, 2025	\$210,000
TOTAL VALUE				
As-Is Market Value	Bldg on Econ. Site + Excess Land	Fee Simple	January 2, 2025	\$3,960,000
Prospective Value Upon Stabilization	Bldg on Econ. Site + Excess Land	Fee Simple	February 1, 2026	\$4,300,000

The subject includes a 2-story professional office building totaling 17,818 SF of NRA located on a 1.5 acre site at 8131 W. Grandridge Blvd. in Kennewick, Washington. The improvements were built in 2002, are in good condition and have a remaining economic life of 35 years based on our estimate. This improved portion of the subject is referred to as the Building on the Economic Site parcel.

The property also includes a second parcel with 0.35 acres, which is contiguous and unimproved. This parcel has an address of 8112 W. Grandridge Blvd. and is valued as Excess Land. As requested by the client, the Excess Land value is shown separately above, and the total As Is and Prospective Values are shown at the bottom of the above chart. The Excess Land is independently marketable and could be sold with or without the Building on the Economic Site parcel.

The office building is currently owner/occupied by related parties, HFG Trust and Community First Bank. The latter is being acquired by another financial institution. When this larger transaction closes in mid-2025, Community First will vacate and transfer ownership of the property to HFG. At that time, it is assumed that HFG will occupy about 75% of the building. Thus, the As Is Value includes discounts for the future costs to re-stabilize the property to 95% occupancy.

The analyses, opinions and conclusions communicated within this appraisal report were developed based upon the requirements and guidelines of the current Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. The report is intended to conform to the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) standards and the appraisal guidelines of Community First Bank.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. *USPAP* defines an Extraordinary Assumption as, "an assignment specific-assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions". *USPAP* defines a Hypothetical Condition as, "that which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis".

The Extraordinary Assumptions and/or Hypothetical Conditions that were made during the appraisal process to arrive at our opinions of value are fully discussed below. We advise the client to consider these issues carefully given the intended use of this appraisal, as their use might have affected the assignment results.

EXTRAORDINARY ASSUMPTIONS

It is an Extraordinary Assumption that as of August 1, 2025, Community First Bank will vacate their spaces, and HFG Trust will occupy 75% of the building, including all of the 2nd floor and half of the 1st floor. The remaining half of the 1st floor (25% of the NRA) will then be available for lease. This scenario was described by Mr. Pearson, the CEO of Community First Bank and property contact. It is an Extraordinary Assumption that with some basic demising, the 1st floor could again accommodate multi-tenant occupancy, as it has in the past. It is an Extraordinary Assumption that the costs modeled in the Lease Up Discount are reasonable to accomplish this.

HYPOTHETICAL CONDITIONS

No Hypothetical Conditions were incorporated into this assignment.

RELIANCE LANGUAGE

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

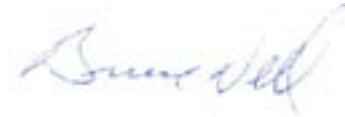
The signatures below indicate our assurance to the client that the development process and extent of analysis for this assignment adhere to the scope requirements and intended use of the appraisal. If you have any specific questions or concerns regarding the attached appraisal report, or if Colliers International Valuation & Advisory Services can be of additional assistance, please contact the individuals listed below.

Sincerely,

**COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES**



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REPORT ORGANIZATION**PROPERTY AND ASSIGNMENT OVERVIEW**

Executive Summary	1
Aerial Photograph	3
Area Analysis	12
Exhibits	25
Site Description	33
Improvement Description	35
Assessment & Taxation	37
Zoning Analysis	38
Market Analysis	39
Highest & Best Use	43

VALUATION 44

Valuation Methods	44
Income Approach	45
Direct Capitalization Conclusion	59
Sales Approach	61
Sales Comparison Approach Conclusion	71
Excess Land Valuation	72
Land Sales Summation Table	73
Land Sales Location Map	75
Calculation of Excess Land Value	78
Reconciliation of Value Conclusions	79

CERTIFICATION OF APPRAISAL**ASSUMPTIONS & LIMITING CONDITIONS****ADDENDA**

Engagement Letter
Reciprocal Parking and Access Easement Agreement
Assessor Records
Valuation Glossary
Qualifications of Appraisers
Qualifications of Colliers International Valuation & Advisory Services

GENERAL INFORMATION

Property Name	2-Story Office
Property Type	Office - Low-Rise Office
Address	8131 W. Grandridge Blvd.
City	Kennewick
State	Washington
Zip Code	99336
County	Benton
Core Based Statistical Area (CBSA)	Kennewick-Richland, WA
Market	Tri Cities
Submarket	Kennewick
Latitude	46.219936
Longitude	-119.231657
Number Of Parcels	2
Assessor Parcels	1-3199-4BP-4552-001 and 1-3199-4BP-4552-003
Total Taxable Value	\$3,223,880
Census Tract Number	0108.09

SITE INFORMATION

Land Area	Acres	Square Feet
Economic Site Improved with the Office Building	1.50	65,141
Unusable	0.00	0
Excess Land (adjacent unimproved parcel)	0.35	15,185
<u>Surplus</u>	<u>0.00</u>	<u>0</u>
Total	1.84	80,326
Topography	Level at street grade	
Shape	Generally Rectangular	
Access	Good	
Exposure	Good	
Current Zoning	Commercial, Regional District (C R - L)	
Flood Zone	Zone C	
Seismic Zone	Moderate Risk	

IMPROVEMENT INFORMATION

Gross Building Area SF (GBA)	20,963 SF
Net Rentable Area (NRA)	17,818 SF
Total Number Of Stories	2
Year Built	2002
Quality	Good
Condition	Good
Type Of Construction	Wood frame
Site Coverage Ratio (excluding excess land)	14%
Parking Type	Surface
Number of Parking Spaces	98
Parking Ratio (Spaces/1,000SF NRA)	5.5/1,000 SF NRA

HIGHEST & BEST USE

As Vacant	Development Of An Office Property As Market Conditions Warrant
As Improved	Continued Use As An Office Property

EXPOSURE TIME & MARKETING PERIOD

Exposure Time	12 Months or Less
Marketing Period	12 Months or Less

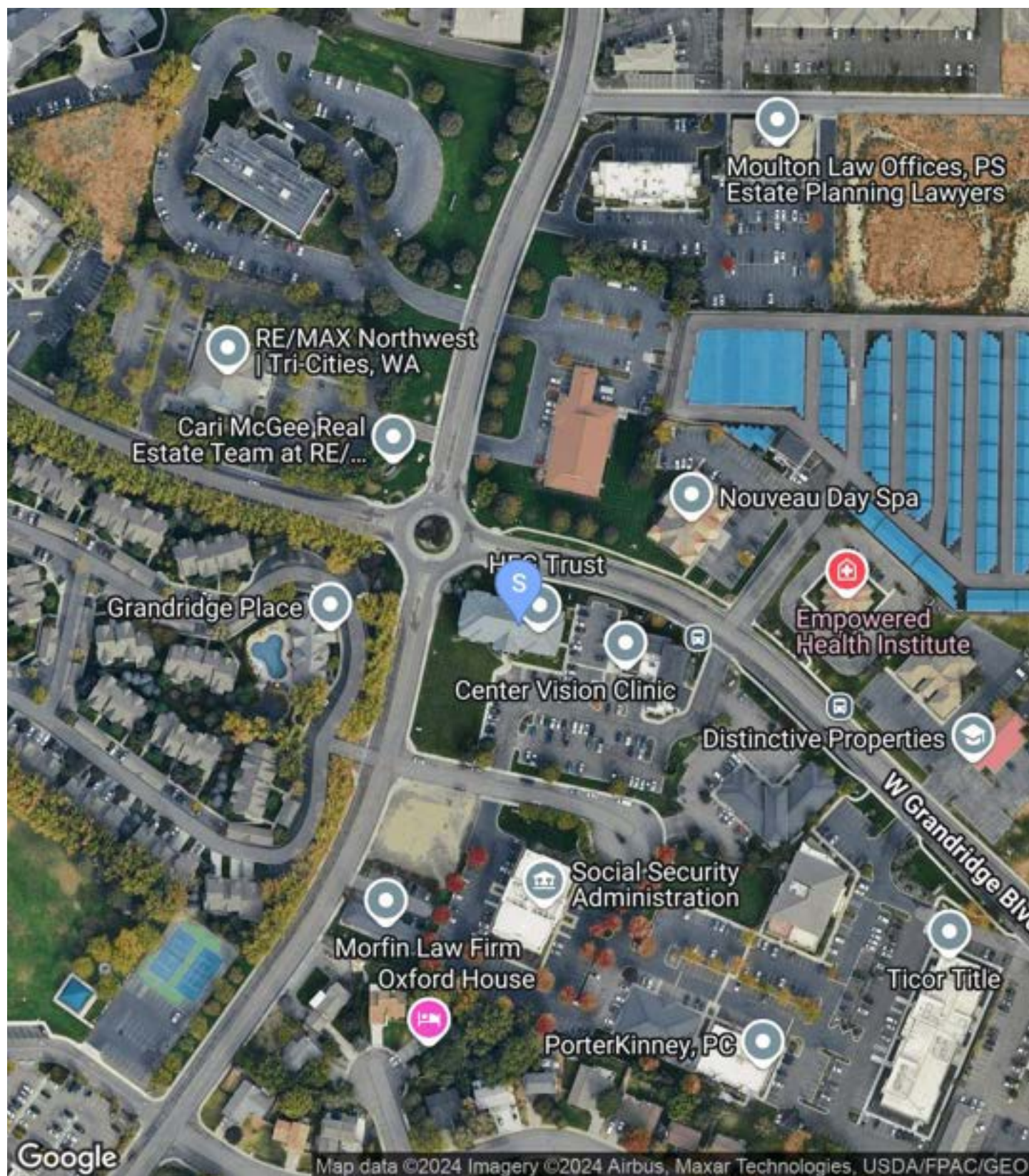
TENANCY INFORMATION

Direct Capitalization NOI	\$295,550
Contract Rent	N/ap. Property is owner/occupied
Market Rent	\$19.00/SF

VALUATION SUMMARY

VALUATION INDICES	AS-IS MARKET VALUE	PROSPECTIVE VALUE UPON STABILIZATION
INTEREST APPRAISED	FEE SIMPLE	FEE SIMPLE
DATE OF VALUE	JANUARY 2, 2025	FEBRUARY 1, 2026
INCOME CAPITALIZATION APPROACH - BUILDING ON ECONOMIC SITE PARCEL		
Direct Capitalization	\$3,740,000	\$4,080,000
Direct Capitalization \$/SF	\$210/SF	\$229/SF
NOI Proforma		\$295,550
NOI \$/SF		\$16.59/SF
Capitalization Rate		7.25%
SALES COMPARISON APPROACH - BUILDING ON ECONOMIC SITE PARCEL		
SALES CONCLUSION	\$3,760,000	\$4,100,000
Sales Conclusion \$/SF	\$211/SF	\$230/SF
FINAL VALUE CONCLUSION - BUILDING ON ECONOMIC SITE PARCEL		
FINAL VALUE	\$3,750,000	\$4,090,000
\$/SF	\$210/SF	\$230/SF
Implied Capitalization Rate		7.23%
LAND VALUATION - EXCESS LAND		
EXCESS LAND	\$210,000	
Value/SF	\$14.00	
TOTAL VALUE: BUILDING ON ECON. SITE PARCEL + EXCESS LAND PARCEL		
Total Value	\$3,960,000	\$4,300,000

AERIAL PHOTOGRAPH



SUBJECT PHOTOGRAPHS



SOUTH SIDE WITH MAIN ENTRY



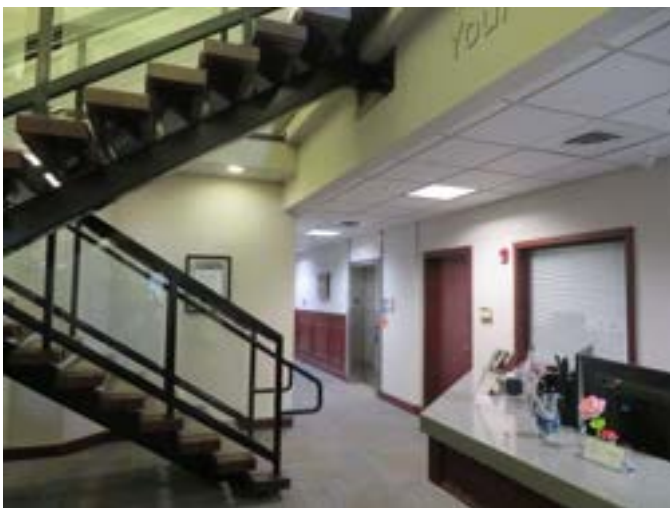
WEST SIDE



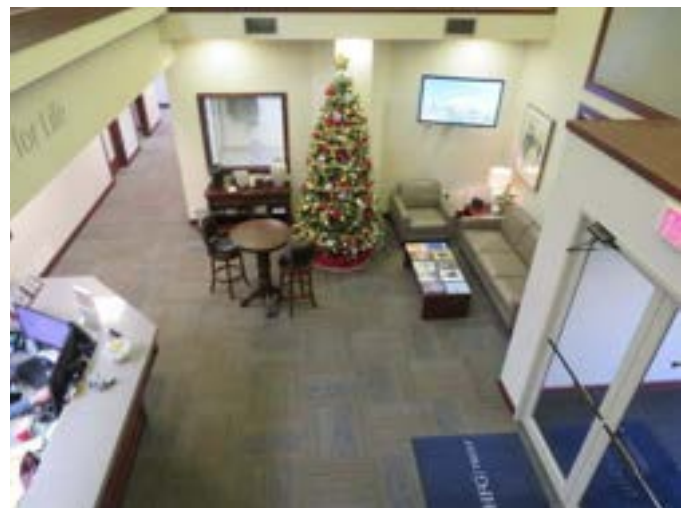
NORTH SIDE



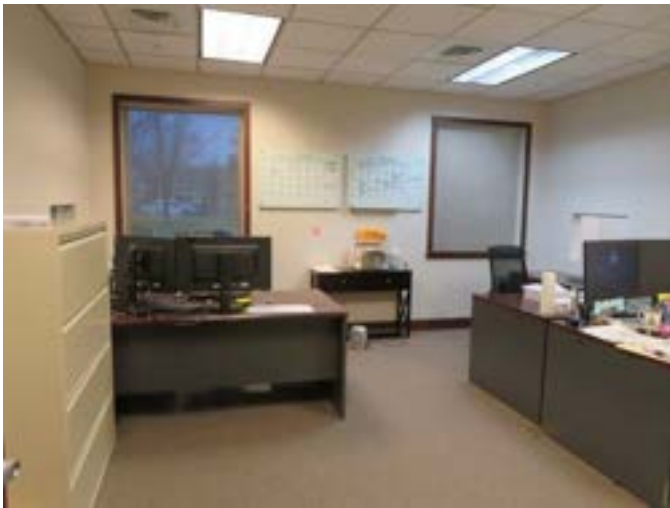
EAST SIDE: NOTE THERE IS A DOOR JUST TO THE LEFT OF THE RED CAR



1ST FLOOR LOBBY



1ST FLOOR LOBBY AS SEEN FROM ABOVE



TYPICAL 1ST FLOOR OFFICE



1ST FLOOR CUBICLES



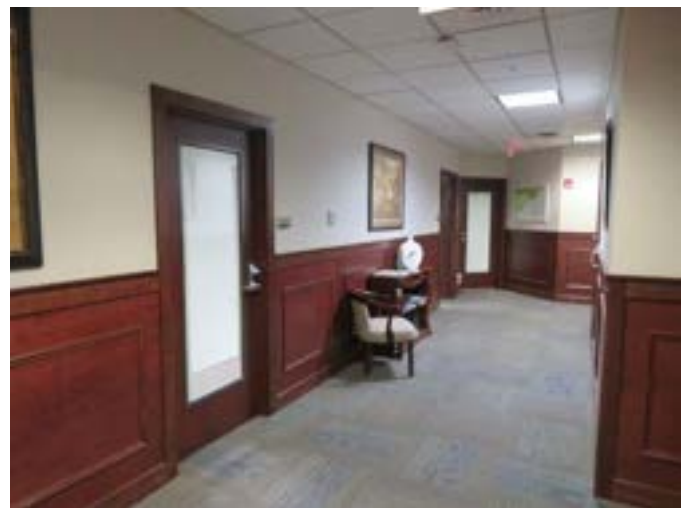
1ST FLOOR COPY ROOM



1ST FLOOR BREAK ROOM



TYPICAL 1ST FLOOR FINISHES



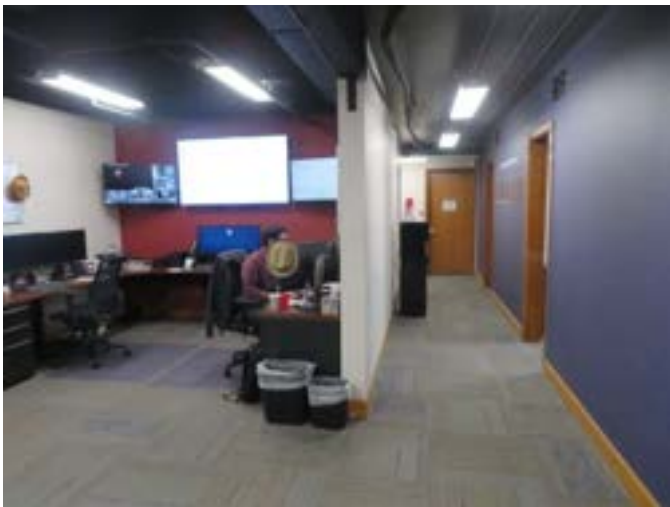
2ND FLOOR HAS SIMILAR FINISHES



LARGE CONFERENCE ROOM ON 2ND FLOOR



2ND FLOOR BREAKROOM



TECH TEAM OFFICES IN BASEMENT



TECH TEAM OFFICES IN BASEMENT



ELECTRICAL ROOM IN BASEMENT



BACK UP GENERATOR BEHIND BUILDING



SPRINKLER STACK IN BASEMENT



SERVER ROOM IN BASEMENT



**VIEW OF NORTH ACROSS EXCESS LAND
PARCEL**



**VIEW WEST ON KLAMATH COURT, SUBJECT
AT RIGHT**



**VIEW OF NORTH ON CENTER PARKWAY,
SUBJECT AT RIGHT**



**VIEW OF EAST GRANDRIDGE, SUBJECT AT
RIGHT**

PROPERTY IDENTIFICATION

The subject is a low-rise office property totaling 17,818 SF NRA located on a 1.84-acre site at 8131 W. Grandridge Blvd. in Kennewick, Benton County, Washington. The assessor's parcel numbers are: 1-3199-4BP-4552-001 and 1-3199-4BP-4552-003.

The legal description of the subject property is as follows:

**LOTS 1 AND 3, BINDING SITE PLAN NO. 4552, ACCORDING TO THE SURVEY THEREOF
RECORDED UNDER AUDITOR'S FILE NO. 2014-032854 AND RE-RECORDED UNDER
AUDITOR'S FILE NO. 2015-003893, RECORDS OF BENTON COUNTY, WASHINGTON.**

SCOPE OF WORK

The scope of work for this appraisal assignment is outlined below:

- The appraisers analyzed the regional and local area economic profiles including employment, population, household income, and real estate trends.
- The appraisers confirmed and analyzed legal and physical features of the subject, and how they impact the functionality and overall competitive position of the property.
- The appraisers completed a retail and retail supply/demand market analysis of the Tri Cities market and Kennewick sub-market. Conclusions were drawn regarding the subject property's competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.
- The appraisers conducted Highest and Best Use analysis and conclusions were drawn for the highest and best use of the subject property As-Vacant and As-Improved.
- The appraisers confirmed and analyzed financial features of the subject property. This information, as well as trends established by confirmed market indicators, was used to forecast performance of the subject property.
- Selection of the valuation methods was based on the identifications required in USPAP relating to the intended use, intended users, definition and date of value, relevant property characteristics and assignment conditions. This appraisal developed the Income (Direct Capitalization) and Sales Comparison approaches to value, which were adjusted and reconciled as appropriate.
- Reporting of this appraisal is in an Appraisal Report format as required in USPAP Standard 2. The appraiser's analysis and conclusions are summarized within this document.
- We understand the Competency Rule of USPAP and the authors of this report meet the standards.

SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

SOURCES OF INFORMATION	
ITEM	SOURCE
Tax Information	Benton County Tax Records
Zoning Information	City of Kennewick Zoning Code
Site Size Information	Benton County Property Records
Building Size Information	County records and plans from client
Flood Map	InterFlood
Demographics	Pitney Bowes/Gadberry Group - GroundView®
Comparable Information	See Comparable Datasheets for details
Legal Description	Benton County Property Records
Other Property Data	Mr. Eric Pearson (CEO Community 1st Bank)

SUBJECT PROPERTY INSPECTION

The following table illustrates the Colliers International professionals involved with this appraisal report and their status related to the property inspection.

SUBJECT PROPERTY INSPECTION			
APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
Reid Erickson, MAI	Yes	Interior/Exterior	January 2, 2025
Bruce Nell, MAI, AI-GRS, MRICS	No		

CLIENT IDENTIFICATION

The client of this specific assignment is Community First Bank.

PURPOSE

The purpose of this appraisal is to develop opinions of the As-Is Market Value and Prospective Value Upon Stabilization of the subject property's fee simple interest.

INTENDED USE

The intended use of this appraisal is for establish value for internal decision making purposes regarding valuation of this asset as part of a larger sale of Community First Bank.

INTENDED USERS

Community First Bank is the only intended user of this report. Use of this report by third parties and other unintended users is not permitted. This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.

ASSIGNMENT DATES

Date of Report	January 16, 2025
Date of Inspection	January 2, 2025
Valuation Date - As-Is	January 2, 2025
Valuation Date - Prospective At Stabilization	February 1, 2026

PERSONAL AND INTANGIBLE PROPERTY

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

PROPERTY AND SALES HISTORY

Current Owner

The subject title is currently recorded in the name of Community 1st Bank, who acquired title to the property on June 30, 2017 as improved for \$2,800,000, as recorded in document number 2017-018104 of the Benton County Deed Records.

Three-Year Sales History

The subject has not sold in the last three years.

Subject Sale Status

The subject is not currently listed for sale. As mentioned in the Letter of Transmittal, Community First Bank is being acquired in a transaction expected to close in mid-2025. As part of this, Community First Bank will vacate and transfer ownership of the building to their affiliate HFG Trust, which also occupies the building at present and will continue to after the sale closes. Details of this future internal transfer were not provided, due to some confidentiality surrounding the larger transaction (the acquisition of Community First by another financial institution).

DEFINITIONS OF VALUE

Given the scope and intended use of this assignment, the definition of Market Value is applicable. The definition of Market Value, along with all other applicable definitions for this assignment, is located in the Valuation Glossary section of the Addenda.

PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the fee simple interest.

VALUE SCENARIOS

The valuation scenarios developed in this appraisal report include the As-Is Market Value and Prospective Value Upon Stabilization of the subject property's fee simple interest.

REGIONAL MAP



REGIONAL ANALYSIS

In the southeastern portion of Washington State at the confluence of the Columbia, Snake, and Yakima Rivers is an area commonly known as the “Tri-Cities”. The Tri-Cities are comprised of the cities of Richland, Kennewick, both in Benton County, and Pasco in Franklin County across the Columbia River. The two counties, Benton and Franklin, also make up the Kennewick-Pasco-Richland MSA. The subject is located in the city of Kennewick, in Benton County.



DEMOGRAPHIC ANALYSIS

The following is a demographic study of the region sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of geographical areas.

Population

The following is a demographic study of the region sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of geographical areas.

REGIONAL AREA DEMOGRAPHICS							
DESCRIPTION	US	WA	CBSA	DESCRIPTION	US	WA	CBSA
POPULATION				HOUSING UNITS			
2020 Population	331,839,624	7,725,813	304,746	Owner Occupied	84,133,084	1,991,199	78,852
2024 Population	338,440,954	8,023,688	322,554	Renter Occupied	46,583,487	1,115,880	33,375
2029 Population	344,873,411	8,312,929	339,795	HOME VALUES			
2020-2024 CAGR	0.49%	0.95%	1.43%	Average	\$459,105	\$733,306	\$467,492
2024-2029 CAGR	0.38%	0.71%	1.05%	Median	\$355,577	\$632,296	\$431,908
POPULATION DENSITY				AVERAGE HOUSEHOLD INCOME			
2024 Per Square Mile	95.8	120.7	109.6	2024	\$113,185	\$136,115	\$116,911
2029 Per Square Mile	97.6	125.1	115.5	2029	\$130,581	\$159,737	\$138,107
NUMBER OF HOUSEHOLDS				2024-2029 CAGR	2.90%	3.25%	3.39%
2024 Households	130,716,571	3,107,079	112,227	MEDIAN HOUSEHOLD INCOME			
2029 Households	134,930,577	3,227,456	118,973	2024	\$79,068	\$97,013	\$87,523
2024-2029 CAGR	0.64%	0.76%	1.17%	2029	\$91,442	\$112,273	\$102,167
AVERAGE HOUSEHOLD SIZE				2024-2029 CAGR	2.95%	2.96%	3.14%
2024	2.53	2.53	2.83	PER CAPITA INCOME			
2029	2.50	2.53	2.82	2024	\$43,829	\$52,812	\$40,700
2024-2029 CAGR	(0.24%)	0.00%	(0.07%)	2029	\$51,203	\$62,117	\$48,377
				2024-2029 CAGR	3.16%	3.30%	3.52%

Source: Esri ArcGIS®

Population

According to Esri ArcGIS®, a Geographic Information System (GIS) Company, the Kennewick-Richland metropolitan area had a 2024 population of 322,554 and experienced an annual growth rate of 1.4%, which was higher than the Washington annual growth rate of 1.0%. The metropolitan area accounted for 4.0% of the total Washington population (8,023,688). Within the metropolitan area the population density was 109.6 people per square mile compared to the higher Washington population density of 120.7 people per square mile and the lower United States population density of 95.8 people per square mile.

Education

The Kennewick-Richland, WA MSA is home to Washington State University Tri-Cities (WSU). The university consists of six campuses. Washington State University Tri-Cities has an annual enrollment of approximately

1,900 students, and an endowment of nearly \$650 million. WSU Tri-Cities offers 20 baccalaureate, 17 master's, and 14 doctoral degree programs.

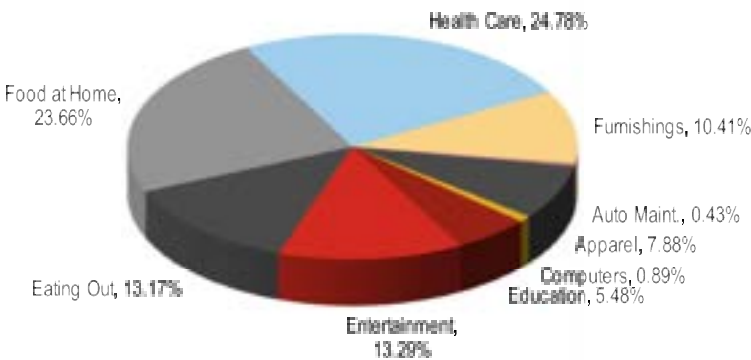
Household Trends

The 2024 Households number of households in the metropolitan area was 112,227. The number of households in the metropolitan area is projected to grow by 1.2% annually, increasing the number of households to 118,973 by 2029 Households. The 2024 average household size for the metropolitan area was 2.83, which was 11.86% larger than the United States average household size of 2.53 for 2024. The average household size in the metropolitan area is anticipated to decrease by 0.07% annually, reducing the average household size to 2.82 by 2029. The Kennewick-Richland metropolitan area had 29.74% renter occupied units, compared to the higher 35.91% in Washington and the higher 35.64% in the United States.

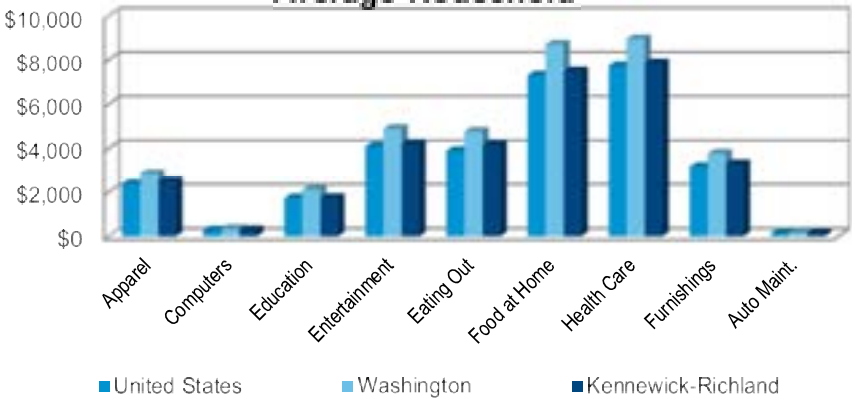
Income Trends

The 2024 median household income for the metropolitan area was \$87,523, which was 10.69% higher than the United States median household income of \$79,068. The median household income for the metropolitan area is projected to grow by 3.14% annually, increasing the median household income to \$102,167 by 2029. According to the American Chamber of Commerce Researchers Association (ACCRA) Cost of Living Index, the Kennewick-Richland, WA MSA's cost of living is 98.2 compared to the national average score of 100. The ACCRA Cost of Living Index compares groceries, housing, utilities, transportation, health care and miscellaneous goods and services for over 300 urban areas.

Consumer Spending Kennewick-Richland



Consumer Spending Comparison
Average Household

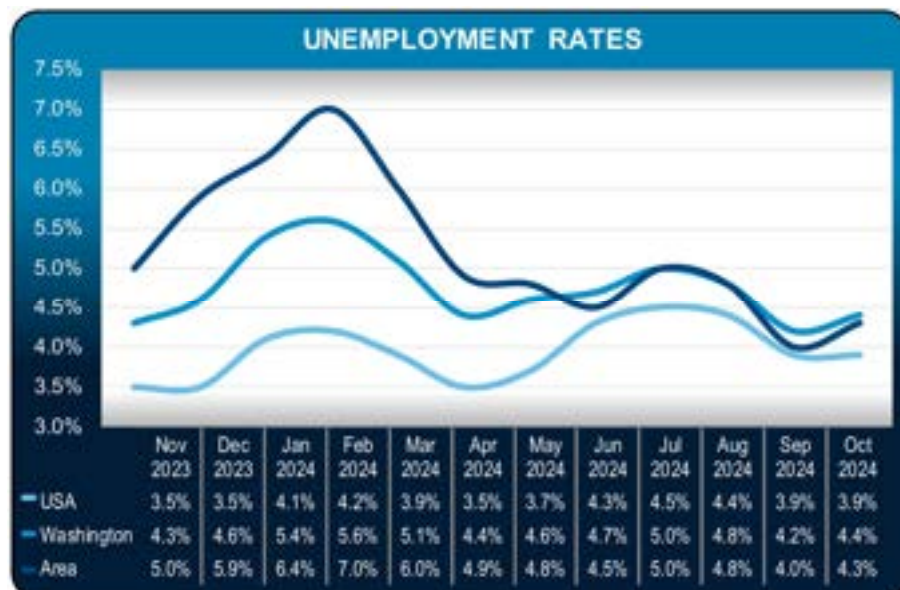


EMPLOYMENT

Total employment has increased annually over the past decade in the state of Washington by 1.8% and increased annually by 2.1% in the area. From 2022 to 2023 unemployment decreased in Washington and decreased by 0.2% in the area. In the state of Washington unemployment has increased over the previous month by 0.2% and increased by 0.3% in the area.

EMPLOYMENT & UNEMPLOYMENT STATISTICS 2014 - 2023							
TOTAL EMPLOYMENT					UNEMPLOYMENT RATE		
Washington		Kennewick-Richland, WA Metropolitan Statistical Area			United States*	Washington	Kennewick-Richland, WA Metropolitan Statistical Area
Year	Total	% Δ Yr Ago	Total	% Δ Yr Ago			
2014	3,287,904	1.8%	118,121	0.9%	6.2%	5.9%	7.5%
2015	3,361,249	2.2%	121,884	3.2%	5.3%	5.4%	6.7%
2016	3,459,527	2.9%	125,456	2.9%	4.9%	5.2%	6.5%
2017	3,554,754	2.8%	130,439	4.0%	4.4%	4.6%	5.7%
2018	3,645,992	2.6%	133,607	2.4%	3.9%	4.4%	5.5%
2019	3,794,004	4.1%	139,990	4.8%	3.7%	4.2%	5.6%
2020	3,560,168	(6.2%)	133,250	(4.8%)	8.1%	8.5%	8.4%
2021	3,667,123	3.0%	137,475	3.2%	5.3%	5.2%	5.9%
2022	3,806,848	3.8%	141,981	3.3%	3.6%	4.1%	5.1%
2023	3,860,883	1.4%	142,558	0.4%	3.6%	4.1%	4.9%
CAGR	1.8%	-	2.1%	-	-	-	-

Source: U.S. Bureau of Labor Statistics *Unadjusted Non-Seasonal Rate



The preceding chart depicts unemployment trends in the region, Washington, and the U.S. Overall levels of unemployment in the region experienced minor fluctuations throughout the past three months. By the end of October 2024, unemployment in the region was 0.1% lower than Washington's and 0.4% higher than the national average.

TOP EMPLOYERS		
EMPLOYER NAME	EMPLOYEES	INDUSTRY
Battelle Pacific Northwest National Laboratory	5,300	Professional/Scientific/Technical Services
Kadlec Regional Medical Center	3,800	Healthcare/Social Assistance
Kennewick School District	3,043	Education
ConAgra/Lamb-Weston, Inc.	3,000	Manufacturing
Pasco School District	2,700	Education
Washington River Protection Solutions	2,336	Professional/Scientific/Technical Services
First Fruit Farms	2,200	Agriculture/Forestry
Richland School District	2,200	Education
Central Plateau Cleanup Company	2,100	Manufacturing
Bechtel National, Inc.	2,000	Construction

Source: <https://www.bentoncountywa.gov>

The preceding chart depicts the top employers in Benton County. Principal employers are spread throughout diverse sectors, including professional/scientific/technical services, healthcare/social assistance, and education. The largest employer is Battelle Pacific Northwest National Laboratory. This laboratory investigates through two research wings: the Biological Science Facility (BSF) and the Computational Science Facility (CSF). The second largest employer is Kadlec Regional Medical Center, a 278-bed hospital with the only Level III Neonatal Intensive Care Unit in the region and a world-class digital outpatient imaging center, as well as an exponentially growing open heart surgery and interventional cardiology program. Kennewick School District is the third largest employer. The school district contains 33 schools and serves approximately 19,300 students.

VITICULTURE

The wine industry is significant in the Tri Cities, as it is in the rich agricultural valley extending from Yakima to the north to Walla Walla to the southeast. In addition to growing grapes, related sectors are wine making, wine storage, and tourism. Local colleges also have viticulture programs. Harvest estimates for the 2019 harvest show that about 201,000 tons of grapes were harvested statewide (with most being in the wine region described above). The harvest dropped 23% from the previous year due to the frost conditions during the year. This is approximately 60% higher than the harvest from just 13 years ago (127,000 tons in 2007). Washington is the nation's 2nd largest wine-producing state, behind California.

TRI CITIES AIRPORT

The Tri Cities Airport, located in Pasco, underwent a major renovation and expansion beginning in 2014. The new main concourse opened in February 2017. The \$36 million project doubled the size of the airport terminal, in anticipation of continued long-term growth. Views of the new terminal are shown below. The airport is owned by the Port of Pasco.

**NEW TERMINAL****NEW TERMINAL**

The expansion of the airport has resulted in additional flights being added. In 2019, enplanements at the airport were up about 11% over 2018. The data for 2020, reflect a large decline due to Covid. Travel rebounded in 2021 and 2022, and enplanements were back to pre-Covid years as of 2023. This may be a reflection of the expanded number of gates at the airport and more flight service to west coast cities.

TRI-CITIES AIRPORT (PSC)		
YEAR	ENPLANED PASSENGERS	% CHG
2013	327,419	-
2014	329,087	0.5%
2015	348,988	6.0%
2016	374,301	7.3%
2017	376,044	0.5%
2018	395,348	5.1%
2019	438,015	10.8%
2020	190,322	(56.5%)
2021	347,438	82.6%
2022	390,762	12.5%
2023	438,076	12.1%

Source: U.S. Department of Transportation

The Tri-Cities Airport is part of a thriving port system. The Columbia River facilitates trade by highway, rail, and barge. Burlington Northern Santa Fe railroad offers service to Tacoma and Seattle.

HANFORD NUCLEAR RESERVATION

The United States Department of Energy's Hanford Site is located on 586-square-miles outside of the Tri-City area in the desert of southeastern Washington State where the community of Hanford once stood. The area is home to nine former nuclear reactors and their associated processing facilities that were built starting in 1943. The reactors were used to produce plutonium, a man-made, radioactive, chemical element which was needed for atomic weapons associated with America's defense program during World War II and throughout the Cold War. A photo of some of the buildings and tanks on the Hanford site is shown below.



In 1987 the weapons production reactors were decommissioned, but the manufacturing process left behind 53 million U.S. gallons (204,000 m³) of high-level radioactive waste that remains at the site. This represents two-thirds of the nation's high-level radioactive waste by volume and today, Hanford is the most contaminated nuclear site in the United States and is the focus of the nation's largest environmental cleanup.

In response to this in 1989, the "Tri-Party Agreement" (DOE, EPA, and Washington State Department of Ecology) was executed, and it began the movement towards environmental restoration at the Hanford site and provided a stimulus to the economy with environmental restoration and waste management/clean-up technology. This agreement was updated in 1993 after a lengthy public process.

A solution to the cleanup effort was created by an entrepreneur and former Hanford Battelle employee, Jeff Surma. He created the technology for a Plasma-Enhanced Melter that burns various waste products including household garbage, hazardous chemicals, and nuclear waste in a 60,000-pound stainless steel cooker. The melter heats the waste to 10,000 degrees to create environmentally safe and usable byproducts, including iron, glass, and clean-burning hydrogen gas. The process is known as **vitrification**, and its glass byproduct can be used to tile sidewalks and streets or ground into sand to sandblast ship hulls and building exteriors. In the case of the Hanford wastes, the materials would be turned into glass rods and stored elsewhere for thousands of years. The process is also commonly referred to as "glassification".

In December 12, 2000, Bechtel National, Inc. was awarded the contract to move forward with construction of the Hanford Tank Waste Treatment and Immobilization Plant (WTP), also known as the Vit Plant. The cost estimate at the time was \$5.8-billion. After years of delays and design changes, the project cost is now estimated at about \$15 billion. Combined with the cost to actually operate the plant and clean up the waste it is now estimated that the cost to clean up the Hanford site fully will be \$50 billion and will not be completed until at least 2035.

The "vit plant" is really a 65-acre complex which includes three major nuclear facilities and a laboratory for analyzing, sorting and treating waste, plus 21 smaller support buildings and onsite power and water treatment plants. Once completed, the largest building will stand 12 stories tall with the length and width of two football fields. About 1,500 construction workers work at the site and another 1,600 people work on the project in offices in nearby Richland. The goal of the vit plant is to eliminate the environmental threat posed by 56 million gallons of radioactive and chemical waste currently stored at the Hanford Site. A photo of the massive project is shown below.



While most of the current activity at the site is related to the cleanup project, Hanford also hosts a commercial nuclear power plant (the Columbia Generation Station) and various centers for scientific research and development, such as the Pacific Northwest National Laboratory and the LIGO Hanford Observatory.

Decades of federal investment created a community of highly skilled scientists and engineers. As a result of this concentration of specialized skills, the Hanford site was able to diversify its operations to include scientific research, test facilities, and commercial nuclear power production.

Though there are less than 500 federal government employees who staff the three Department of Energy offices at Hanford, there are thousands of other workers at the site who are employed by contractors or subcontractors of the three offices. Overall, Hanford's \$2.2 billion budget is more than one-third of the \$5.3 billion total budget for nuclear waste cleanup nationally.

In closing, while delays have pushed back the timeline for completion of the "Vit plant" and remediation of the overall site, the DOE is legally obligated to clean up the Hanford site. The vitrification plant and related Hanford contracts are clearly important to local economy, given the dollars that funnel through the Tri Cities and the number of associated jobs. The existence of Hanford has also made the area a hub for nuclear research, thanks in part to the large presence the Battelle National Laboratory has at its campus in north Richland. This nuclear research has attracted a number of scientists to the area for the associated high wage jobs.

RETAIL SALES TRENDS

This data below is from Year End 2023. As shown, taxable retail sales were slightly higher in Kennewick and Benton County in 2023, than in 2022.

LOCATION NAME	CAL2022 TAXABLE	CAL2023 TAXABLE	PERC CHANGE
KENNEWICK	\$ 2,856,020,830	\$ 2,925,042,164	2.417%
RICHLAND	\$ 1,895,317,969	\$ 1,924,565,407	1.543%
WEST RICHLAND	\$ 225,374,765	\$ 209,421,416	-7.079%
BENTON COUNTY	\$ 5,766,343,266	\$ 5,951,828,099	3.217%
PASCO	\$ 2,359,849,268	\$ 2,279,899,423	-3.388%
FRANKLIN COUNTY	\$ 2,688,247,599	\$ 2,615,292,353	-2.714%

Data is now available for Q1 2024. Kennewick showed a slight decrease in retail sales.

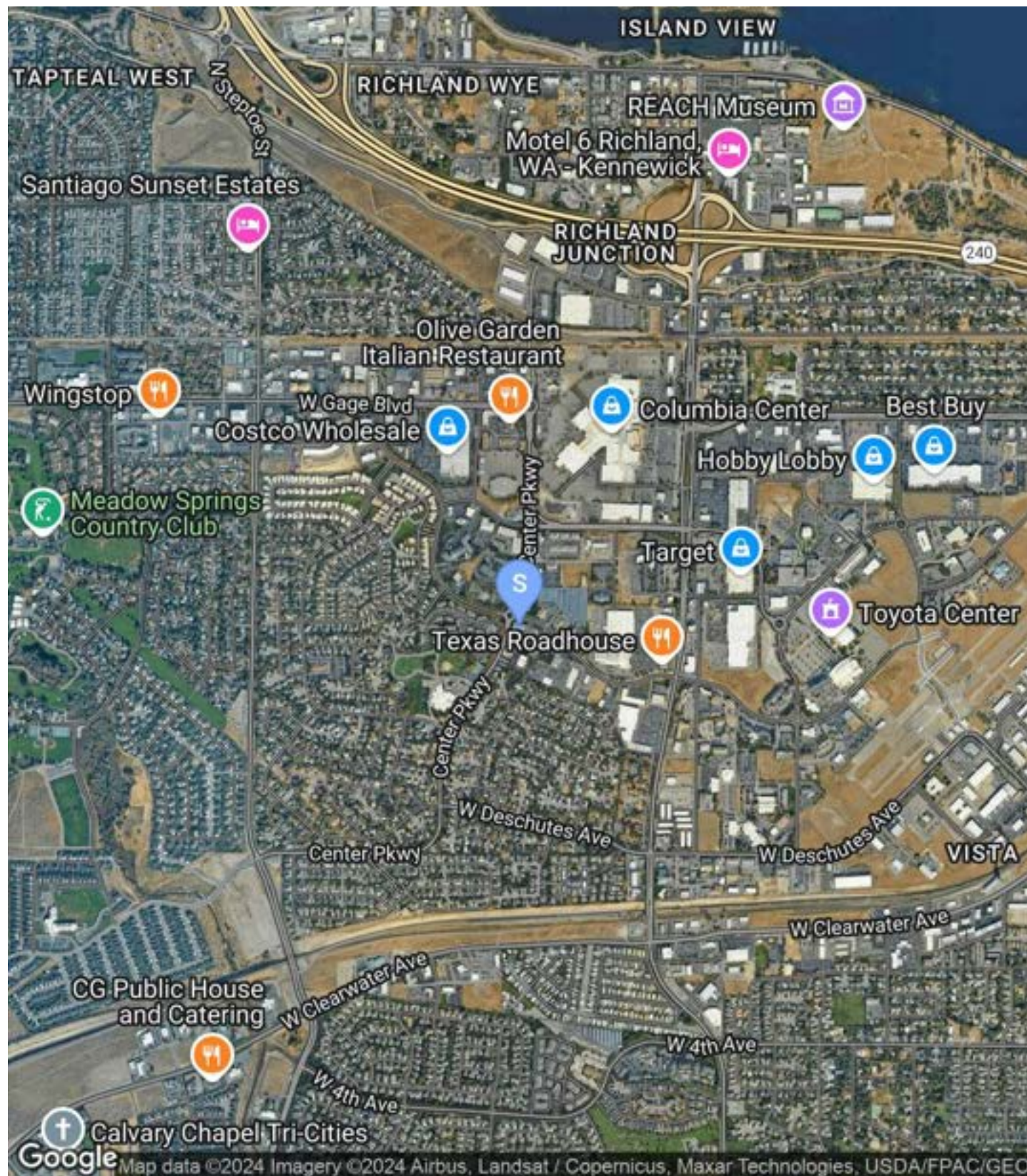
LOCATION NAME	Q1/2023 TAXABLE	Q10/2024 TAXABLE	PERC
KENNEWICK	\$ 668,965,016	\$ 666,471,913	-0.373%
RICHLAND	\$ 430,890,457	\$ 453,741,635	5.303%
WEST RICHLAND	\$ 48,135,029	\$ 44,999,201	-6.515%
BENTON COUNTY	\$ 1,347,051,252	\$ 1,352,938,577	0.437%
PASCO	\$ 515,441,696	\$ 583,462,061	13.197%
FRANKLIN COUNTY	\$ 590,387,714	\$ 671,414,941	13.724%

SUMMARY

The importance of the Hanford Nuclear Reservation has and will continue to fuel employment, population, and household income for the next few decades as the federal government continues its research and toxic waste cleanup at this historic site.

Increases in interest rates beginning in mid-2022 slowed the housing market and transaction and development activity in commercial real estate. As of January 2025, and looking ahead further into the new year, there are expectations that the Federal Reserve will continue a series of interest rate reductions. These have been viewed favorably by the commercial real estate sector, especially after a relatively quiet year for market participants in 2023 and 2024. Generally, there is cautious optimism about the regional economy in the Tri Cities.

LOCAL AREA MAP



LOCAL AREA ANALYSIS

The subject property is in Kennewick, Washington, within Benton County. The city is in the southeastern portion of the state and is part of the Tri-Cities region, on the western bank of the Columbia River. According to the Washington State Office of Financial Management, the 2024 population of Kennewick was 87,120, an increase of about 3.8% since the 2020 US Census.

The subject is located in the northwest part of Kennewick, near Vista Field and the Columbia Center Mall. The subject's immediate area is characterized as a commercial pocket with residential uses located to the north and west. Vista Field has been decommissioned, and the Port of Kennewick and City of Kennewick have ambitious plans for mixed use development, with the goal of creating a central downtown area for the Tri Cities.

DEMOGRAPHIC PROFILE

Below is a demographic study of the area, sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of properties and geographical areas.

LOCAL AREA DEMOGRAPHICS							
DESCRIPTION	1 MILE	3 MILES	5 MILES	DESCRIPTION	1 MILE	3 MILES	5 MILES
POPULATION				AVERAGE HOUSEHOLD INCOME			
2010 Population	8,589	47,748	117,508	2024	\$108,969	\$122,336	\$122,759
2020 Population	9,643	58,653	146,185	2029	\$127,015	\$143,002	\$144,421
2024 Population	9,986	61,862	155,585	Change 2024-2029	16.56%	16.89%	17.65%
2029 Population	10,455	64,909	164,178	MEDIAN HOUSEHOLD INCOME			
Change 2010-2020	12.27%	22.84%	24.40%	2024	\$88,724	\$89,143	\$89,294
Change 2020-2024	3.56%	5.47%	6.43%	2029	\$100,149	\$101,619	\$103,917
Change 2024-2029	4.70%	4.93%	5.52%	Change 2024-2029	12.88%	14.00%	16.38%
NUMBER OF HOUSEHOLDS				PER CAPITA INCOME			
2010 Households	3,611	18,617	43,580	2024	\$45,568	\$47,155	\$44,813
2020 Households	4,019	22,470	52,972	2029	\$53,294	\$55,351	\$53,005
2024 Households	4,194	23,868	56,857	Change 2024-2029	16.95%	17.38%	18.28%
2029 Households	4,407	25,150	60,319	HOUSEHOLDS BY INCOME (2022)			
Change 2010-2020	11.30%	20.70%	21.55%	Less than \$15,000	4.66%	6.55%	6.06%
Change 2020-2024	4.35%	6.22%	7.33%	\$15,000 - \$24,999	2.69%	5.18%	5.59%
Change 2024-2029	5.08%	5.37%	6.09%	\$25,000 - \$34,999	7.85%	5.77%	6.27%
HOUSING UNITS				\$35,000 - \$49,999	12.98%	9.75%	10.85%
Owner Occupied	2,491	15,923	39,175	\$50,000 - \$74,999	14.14%	16.54%	16.87%
Renter Occupied	1,703	7,945	17,682	\$75,000 - \$99,999	17.83%	15.36%	13.72%
HOUSING UNITS BY YEAR BUILT				\$100,000 - \$149,999	19.02%	17.29%	17.58%
Built 2020 or Later	0	186	536	\$150,000 - \$199,999	12.80%	9.95%	10.31%
Built 2010 to 2019	595	3,759	8,892	\$200,000 or More	8.11%	13.61%	12.75%
Built 2000 to 2009	1,002	5,540	12,676	HOUSING BY UNITS IN STRUCTURE			
Built 1990 to 1999	1,037	4,078	8,790	1, Detached	2,358	14,770	36,217
Built 1980 to 1989	656	1,690	2,982	1, Attached	62	593	2,034
Built 1970 to 1979	877	5,073	10,387	2	267	674	1,868
Built 1960 to 1969	161	1,743	4,209	3 or 4	238	808	2,230
Built 1950 to 1959	59	1,216	3,579	5 to 9	554	1,807	3,131
Built 1940 to 1949	8	246	2,783	10 to 19	220	1,234	2,570
Built 1939 or Earlier	14	200	690	20 to 49	38	758	1,589
HOME VALUES				50 or More	419	2,168	3,395
Average	\$450,120	\$515,787	\$481,479	Mobile Home	253	866	2,353
Median	\$408,092	\$467,397	\$443,127	Boat, RV, Van, etc.	3	56	137

Source: Esri ArcGIS®

As shown, the area within 1 mile of the subject has historically experienced a slower rate of growth, and has slightly lower income levels than the broader market. However, the population growth forecast for 2023 to 2028

in fairly similar across the 1, 3 and 5 mile study areas. This increased rate of growth in the 1-mile radius may reflect an expectation of housing development as part of the nearby Vista Field project. An article in the Tri Cities Journal of Business described a proposal by Blue Chart Homes for 300 new homes.

The map below shows the 1-mile radius and the subject's proximity to Columbia Center Mall (#1) and Vista Field (#2). Columbia Center Mall anchors the largest assemblage of retail in south-central Washington. The mall includes about 800,000+ SF and is anchored by Macy's, JC Penney, and Dicks Sporting Goods. This mall serves a very large region in south-central Washington. There is a substantial amount of other retail in this area along with an 8-screen Carmike Theatre.



Transportation Routes

The subject fronts Grandridge and Center Parkway, which are major arterials, providing nearby connections with other arterials such as Columbia Center Boulevard, Gage Boulevard, and SR 240.

Public transportation is available near the subject property. The immediate area is served by Ben Franklin Transit, with bus stops on West Clear Avenue.

Economic Factors

Kennewick is considered a retail and manufacturing hub for the Tri-Cities area. The local economy is supported by the agriculture, manufacturing, retail, and tourism industries. The agriculture sector is well positioned due to

good climate conditions and good transportation linkage. The area has experienced significant growth within the food processing and wine industries. Large employers in Kennewick include ConAgra, Trios Health Services, Amazon Customer Service Center, and Apollo Inc. The city is also a wine tourist attraction. In the Washington wine country, Kennewick has over 160 wineries within a 50-mile radius. Kennewick continues to be a regional shopping hub, drawing customers from several neighboring communities. A large retail district in the northwestern portion of the city includes the Columbia Center Mall.

In April 2013, the Port of Kennewick commissioners decided to close the 90-acre airport and will make approximately 75 acres of development land available to create a town center for new business and housing. The closure happened in 2013. According to the City's vision, the closed airport will be redeveloped with commercial and residential property over time.

The map at right shows the existing footprint of Vista Field (at the center) and one vision for its mixed-use redevelopment. As of 2024, new roads have been installed but not much else has been built so far. The subject is located slightly beyond the west edge this view.



Community Services

Community services and facilities are readily available in the surrounding area. These include public services such as fire stations, hospitals, police stations, and schools (all ages). The subject property is located in the Kennewick School District.

There are a variety of riverfront parks, smaller city parks, and school playfields in the Richland/Kennewick area.

The area is served by three hospitals, Trios Health in Kennewick, Kadlec Regional Medical Center in Richland, and Our Lady of Lourdes in Pasco. Higher education opportunities include Columbia Basin College and a branch of Washington State University.

IMMEDIATE AREA PROFILE

The immediate includes a mix of professional and medical office, retail, assisted living, self-storage, and single family residential uses.

The uses adjacent to the property are noted below:

- › **North** - West Grandbridge Boulevard (#2 in map at right), Office and Assisted Living Development,
- › **South** - West Klamath Court, Vacant Land, Office Development
- › **East** - Office Development
- › **West** - North Center Parkway (#1), Residential Neighborhood



Access

The subject site is accessed via curb cuts in Klamath Court and Grandridge. It is noted that the parcel immediately to the east has easements for reciprocal access and parking on the subject's economic site parcel. Based on our field work, the subject's access is rated good compared to other properties with which it competes.

Visibility

The subject has good visibility from all three abutting streets. In comparison to competitive properties, the subject property has good visibility, which also considers the high traffic counts in Canal.

Subject Conclusion

Trends in the local and immediate areas, adjacent uses and the property's specific location features indicate an overall typical external influence for the subject, which is concluded to have a good position in context of competing properties. This is a good location overall.

SUMMARY

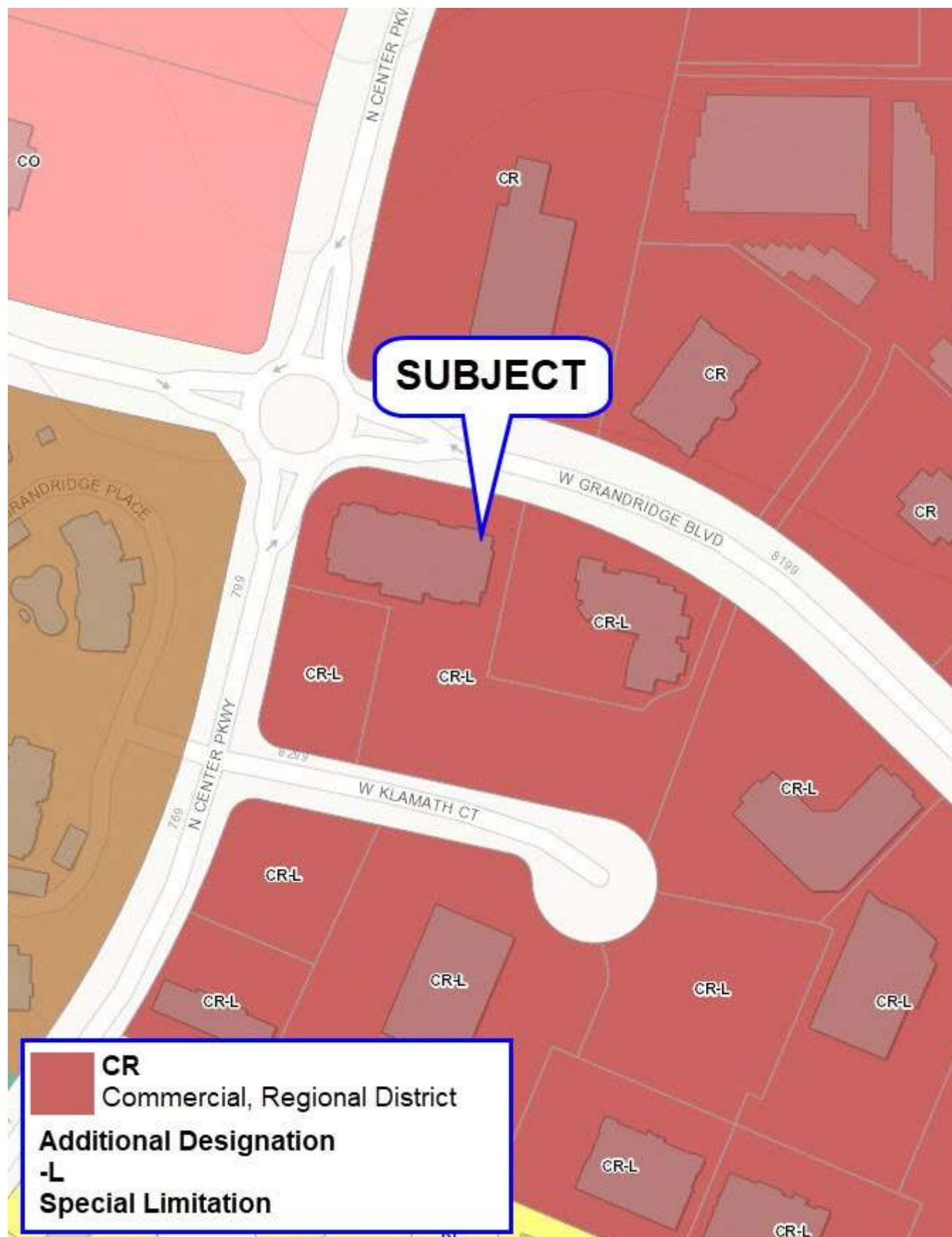
The subject occupies a stable commercial area, which is readily identifiable thanks to the proximity to the Columbia Center Mall. There will be continued development focus on this area with the Vista Field land now available for future development. Over the long term this will be an area of long-term stability and viability for commercial real estate. This is a very good location within Tri Cities.

PLAT MAP

#1 is the Economic Site; #2 is the Excess Land



ZONING MAP

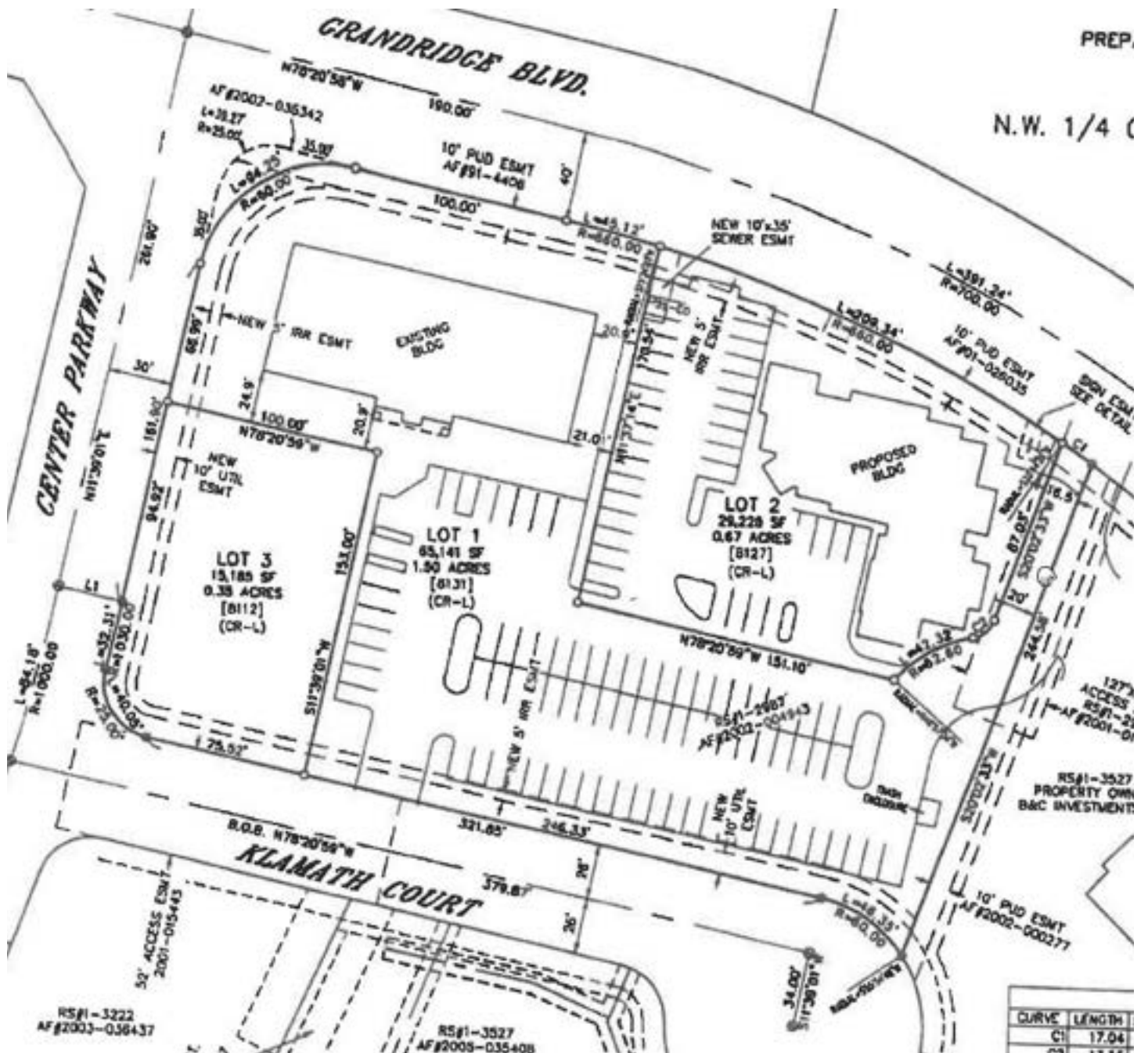


FLOOD MAP



SURVEY MAP

The subject's Economic Site is Lot 1 at 8131 W. Grandridge Blvd.; the Excess Land is Lot 3 at 8112 W. Grandridge Blvd. These two parcels, and Lot 2 are all part of the Reciprocal Parking and Access Easement Agreement.



SITE PLAN

1 = Subject; 2 = Excess Land; 3 = Center Parkway; 4 = Grandridge Boulevard; 5 = Klamath Court

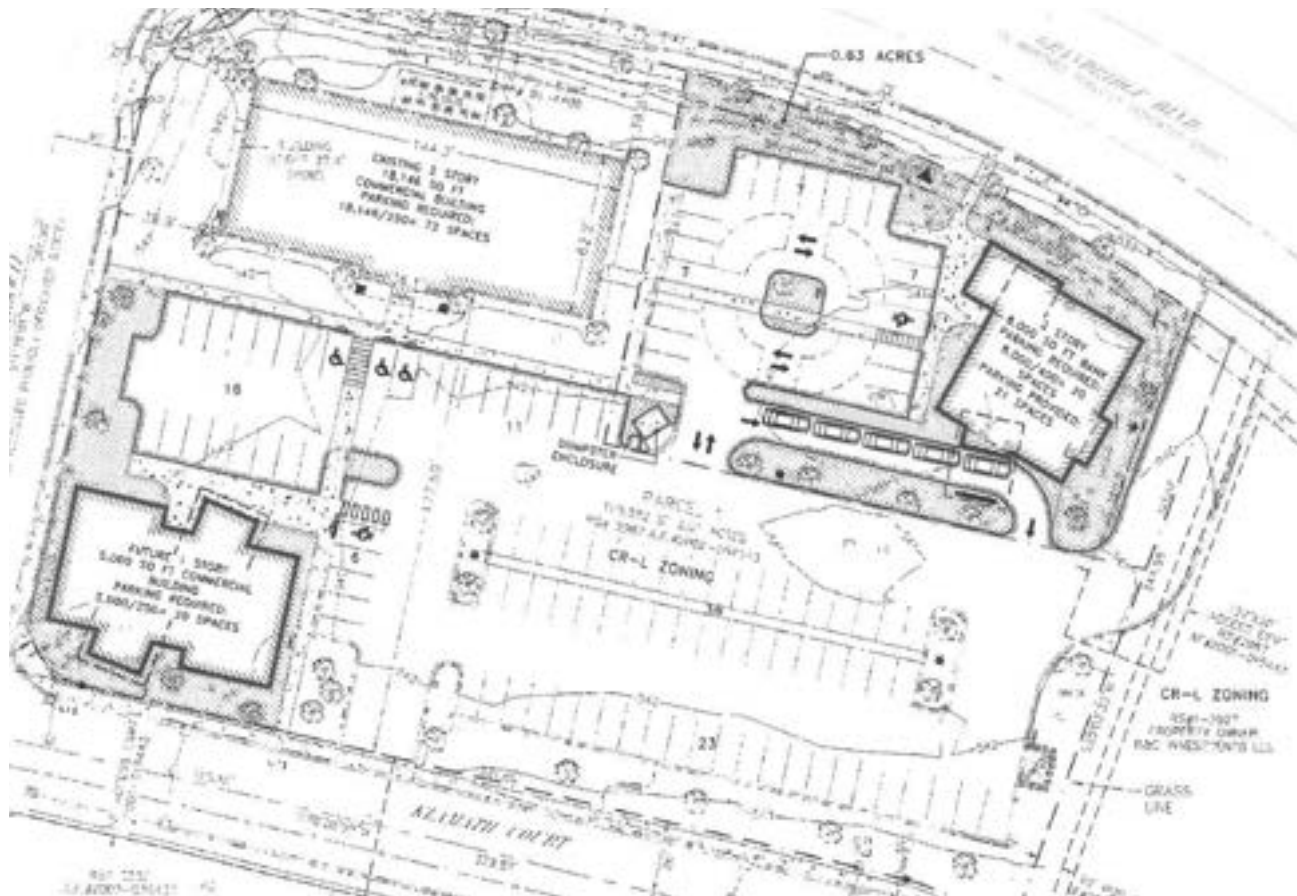
According to the property contact – Mr. Pearson – the area outlined in yellow is the portion of the subject's economic site that is the designated reciprocal parking area benefiting the property immediately to the north. The Reciprocal Parking and Easement Agreement is included in the Addenda. The building on Lot 2, which is just north of the parking area is shown at the bottom of the page. This is multi-tenant office with a vision clinic and First Interstate Bank.



SITE PLAN

This site plan and parking summary was attached to the Reciprocal Parking and Access Easement Agreement. The survey map on shown earlier was part of that Agreement as well.

It is noted, the version provided to Colliers was somewhat vague in regards to a designated parking area (as outlined in yellow in the prior page). Also, the parking area just east of the subject and that building was built differently than shown below.



SITE INFORMATION

ENTIRE PROPERTY: 2.51 ACRES
 TOTAL PARKING REQUIRED:
 112 SPACES (5 ACCESSIBLE)
 TOTAL PARKING PROVIDED:
 113 SPACES (5 ACCESSIBLE)

EXISTING BUILDING

FOOTPRINT:
 9,152 SQ FT (18,146 SQ FT TOTAL)
 PARKING REQUIRED:
 72 SPACES (3 ACCESSIBLE)

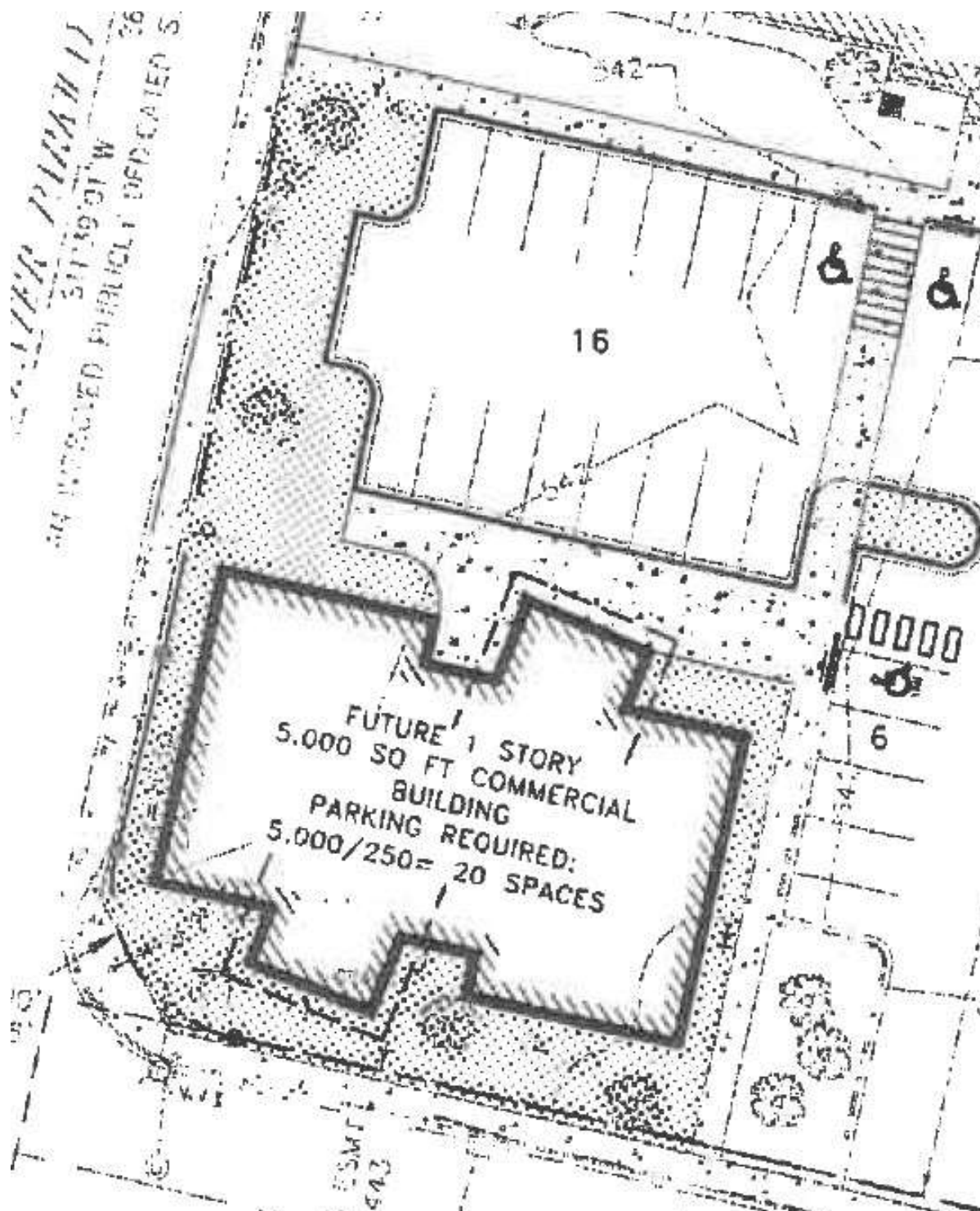
FUTURE BANK BUILDING

FOOTPRINT:
 4,000 SQ FT (8,000 SQ FT TOTAL)
 PARKING REQUIRED:
 20 SPACES (1 ACCESSIBLE)

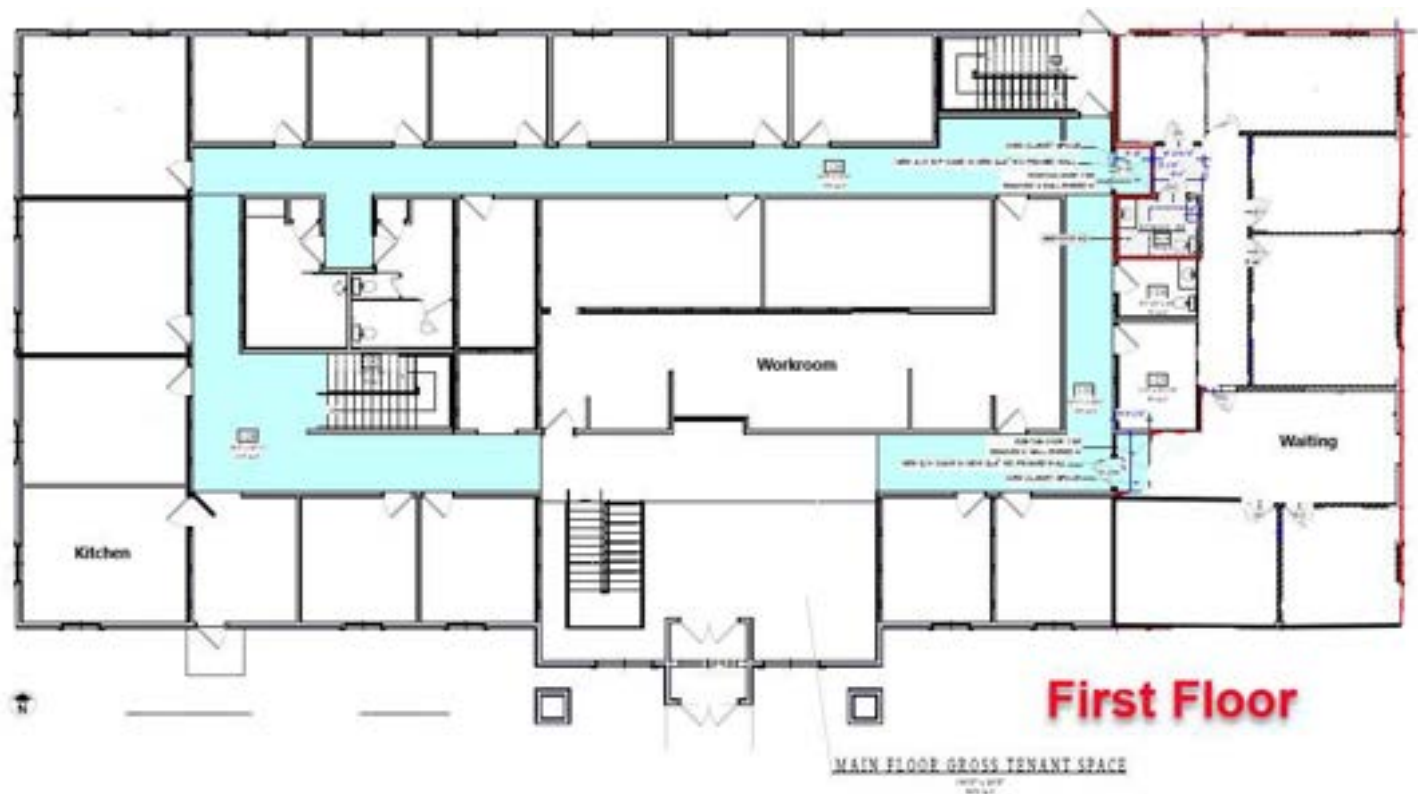
FUTURE COMMERCIAL BUILDING

FOOTPRINT:
 5,000 SQ FT (5,000 SQ FT TOTAL)
 PARKING REQUIRED:
 20 SPACES (1 ACCESSIBLE)

This shows that a 5,000 SF office building and 16 parking stalls could be built on the Excess Land Parcel. It is noted this size building would require 20 stalls; it is assumed the 4 other stalls would be part of the Access and Parking Easement, and would be located on the subject's Economic Site.



FLOOR PLANS



The area highlighted in yellow is currently built out as a large conference room.



SITE DESCRIPTION

The subject site consists of 1 parcel. The site size shown below is based on the assessor's parcel map, and may change if a professional survey determines more precise measurements. The following discussion summarizes the subject site size and characteristics.

Assessor Parcels See Multiple Parcel Chart For Breakdown

Number Of Parcels 2

Land Area	Acres	Square Feet	
Primary Parcel	1.50	65,141	This is the Economic Site with the office bldg.
Unusable Land	0.00	0	
Excess Land	0.35	15,185	This is the adjacent unimproved parcel.
<u>Surplus Land</u>	<u>0.00</u>	<u>0</u>	
Total Land Area	1.84	80,326	

Shape See Multiple Parcel Chart For Breakdown

Topography Level at street grade

Drainage Assumed Adequate

Utilities All available to the site

Street Improvements	Street	Direction	No. Lanes	Street Type	Curbs	Sidewalks	Streetlights	Center Lane	Gutters
W. Grandridge Blvd.	Primary Street	two-way	two-lane	minor arterial	✓	✓	✓	✓	✓
Center Parkway	Primary Street	two-way	two-lane	minor arterial	✓	✓	✓	✓	✓
West Klamath Court	Secondary Street	two-way	two-lane	connector street	✓	✓	✓		✓
Frontage	The subject has approximately 160 feet of frontage on West Grandridge Boulevard.								

MULTIPLE PARCEL SITE DESCRIPTION GRID

PARCEL	USE	USABLE		EXCESS		TOTAL		FRONTING STREET	ACCESS	EXPOSURE
		SF	AC	SF	AC	SF	AC			
1-3199-4BP-4552-001	Econ. Site with Bldg	65,141	1.50	0	0.00	65,141	1.50	Grandridge, Ctr. Pkw y., Klamath Ct.	Good	Good
1-3199-4BP-4552-003	Excess Land	0	0.00	15,185	0.35	15,185	0.35	Grandridge, Ctr. Pkw y.	Good	Good
TOTAL		65,141	1.50	15,185	0.35	80,326	1.84			

Accessibility **Good** - The subject has shared accessed from two streets: West Grandridge Boulevard and Klamath Court. Major transportation arterials within proximity to the subject include State Route 240, Interstate 82 and Interstate 182, providing linkage to the surrounding area.

Exposure **Good** - The subject is at a non-signalized corner. The building has good visibility from the adjacent streets.

Seismic Moderate Risk

Flood Zone Zone C. This is referenced by Community Number 530011, Panel Number 530011-0002D, dated June 15, 1994. Zone C is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local

stormwater drainage systems are not normally considered in a community's flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25-percent of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1-percent and .2-percent-annual-chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)

Easements

A preliminary title report was not available for review. During the on-site inspection, it was apparent that the building immediately to the east has the rights to cross the subject's economic site for access. The Reciprocal Parking and Access Easement Agreement was described previously and is included in the Addenda. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.

Soils

A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.

Hazardous Waste

We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

Site Rating

Overall, the subject site is considered a good office site in terms of its location, exposure, and access. The site plan for the Excess Land shows it has the capacity to accommodate a 5,000 SF office building could also be used to expand the existing building or it could be used to expand the parking lot.

IMPROVEMENT DESCRIPTION

Property Type	Office - Low-Rise Office
Design	The subject is currently occupied by two related entities. In past the building has had up to four tenants at the same time. With some interior demising the Upon Stabilization premise of occupancy by the owner and a 3rd party tenant is reasonable. The property contact said they did some interior remodeling after purchasing the property in 2017.
Number of Buildings	1
Number of Stories	2
Site Coverage Ratio	14.0%
Parking	98 (Surface) 5.5/1,000 SF NRA
Year Built	2002
Age/Life Analysis	
Actual Age	23 Years
Effective Age	15 Years
Economic Life	50 Years
Remaining Life	35 Years
Quality	Good
Condition	Good

BLDG SIZE SUMMARY

Size Sources: Assessor (GBA) and Floorplans (NRA)

FLOOR	GBA	NRA	COMMON AREA	USABLE
1st	9,108	9,072	0	9,072
2nd	9,035	8,746	0	8,746
Basement	2,820	0	0	0
TOTAL	20,963	17,818	0	17,818

Size Comments The basement is a below grade, non-daylight area. Space such as this is typically difficult to lease and usually are excluded from the NRA calculation. It noted that Community First Bank has their server room and tech team in this area. However, it was stated that it is unclear that HFG would want this space. Further, this 2,820 SF area appears to have been excluded from the parking calculations shown on the prior Site Plan map. The subject was highlighted in yellow, and the parking calculation is based on a building size of 18,146 SF, which is very similar to the GBA, excluding the basement. This suggests the basement was not viewed as occupiable space when the parking calculations were done. For these reasons, the basement has been excluded from the NRA.

Basic Construction	Wood frame
Foundation	Poured concrete slab
Framing	Wood post and beam
Exterior Walls	Stucco

Roof	Standing seam metal roof
Insulation	Assumed to be standard and to code for both walls and ceilings
Heating	Gas fired, forced air Trane furnaces
Lighting	Fluorescent
Interior Walls	Painted drywall with wood wainscoting in hallways
Electrical	Panels in basement indicate service and capacity is as follows: 208Y/120V, 3 phase, 4 wire, 400 amps; there is also a backup generator with an enclosed diesel tank located on the north side of the building
Ceilings	2 x 2 acoustical tile
Windows	Standard windows; glass in aluminum frames
Doors	Automatic double door system, glass in metal frame
Flooring	Commercial grade carpet
Plumbing	Standard plumbing for a low-rise office building
Fire Protection	The subject has a fire sprinkler system and smoke alarms.
Elevators	Yes; there are also 3 interior stairwells
Landscaping	Asphalt paving, concrete sidewalks, concrete curbing, pole mounted lights and low maintenance sprinklered landscaping
Signage	Monument signs along streets, see prior photos.
Parking	There are a total of 98 spaces. About 25 of these are reportedly designated for use by the tenants in the building just east of the subject. Excluding these, the remaining 73 spaces result in a parking ratio of 4.1 spaces per 1,000 SF of NRA SF. This is a fairly typical parking ratio for an office building.
Deferred Maintenance	Based on our interview with the property owner and the onsite inspection by the field appraiser, no observable deferred maintenance exists.
Functional Design	<p>The subject improvements offer average utility to office tenants. As noted, the property was previously occupied by multiple tenants and with some interior demising, it appears it would be possible to use it as such again. Mr. Pearson suggested the areas shaded in yellow below could be leased to a 3rd party tenant. The arrow points to a waiting area which has a door to the parking lot. Portions of that were at one time leased to a law firm who used this separate entry (this door was shown in the subject photos, to the left of the red car).</p> <p>Overall, the subject has a functional design considering the site and building configurations.</p>



ASSESSMENT & TAXATION

The subject property is located within Benton County. The assessed value and property tax for the current year are summarized in the following table.

ASSESSMENT & TAXES							
	Tax Year	2023 Payable 2024			Levy Rate	\$7.874	
	Tax Area	K1 - K1			Taxes Current	Yes	
	Taxes SF Basis	Net Rentable Area					
APN	USE	LAND	IMPV	TOTAL	EXEMPTIONS	TAXABLE	BASE TAX
1-3199-4BP-4552-001	Econ. Site with Bldg	\$603,740	\$2,513,810	\$3,117,550	\$0	\$3,117,550	\$24,548
1-3199-4BP-4552-003	Excess Land	\$106,330	\$0	\$106,330	\$0	\$106,330	\$837
Totals		\$710,070	\$2,513,810	\$3,223,880	\$0	\$3,223,880	\$25,385
Total/SF		\$39.85	\$141.08	\$180.93	\$0.00	\$180.93	\$1.42
Additional Tax Charges							
1-3199-4BP-4552-001							
Horticultural Pest and Disease Control							\$2
Mosquito							\$40
Noxious Weed Control Board							\$5
1-3199-4BP-4552-003							
Horticultural Pest and Disease Control							\$2
Mosquito							\$8
Noxious Weed Control Board							\$5
Total Additional Tax Charges							\$61
Total Additional Tax Charges Per SF							\$0.00
Total Base Tax & Additional Tax Charges							\$25,446
Total Base Tax & Additional Tax Charges Per SF							\$1.43

Source: Benton County Assessment & Taxation

Taxes in Washington State are based on assessments that are established through the County Assessor in each individual County. By law, properties are assessed at 100% of Market Value. However, actual assessments are typically found to be in the range of 70% to 100% of current market value. This is due to the Assessor's Office typically being on the conservative side. Spokane County revalues properties on an annual basis, but the Assessor's staff is only able to physically inspect properties about once every three years. Values are established via mass appraisal methods and sales data by neighborhood.

According to the Benton County Assessor's office website, real estate taxes for the subject property are current as of the date of this report.

The assessment for the Economic Site parcel, is about 90% of the concluded value for that portion of the subject. The assessment for the Excess Land parcel, is about 60% of the concluded value for that unimproved parcel. These are reasonable ratios.

ZONING ANALYSIS

The zoning characteristics for the subject property are summarized below.

ZONING SUMMARY	
Municipality Governing Zoning	City of Kennewick Planning & Zoning Department
Current Zoning	Commercial, Regional District (C R - L)
"L" Designation	Per the zoning code: <i>Any zoning classification to which has been added any special condition or limitation not generally applicable to property within the same zone, will be designated by the suffix "L" to indicate that a special limitation or condition is applicable to that property.</i> It was unclear what this pertains to at the subject; it may be the parking and access easement. If questions arise further research is advised.
Permitted Uses	Uses including but not limited to: banks and financial institutions, retail sales and services, hospitality uses, offices, restaurants, and civic uses.
Current Use	Office
Is Current Use Legally Permitted?	Yes

ZONING REQUIREMENTS	
Conforming Use	The existing improvements represent a legal conforming use.
Minimum Lot Area (SF)	None
Minimum Yard Setbacks	
Front (Feet)	0
Rear (Feet)	0
Side (Feet)	0
Maximum Building Height (Feet)	No limit
Parking Requirement	
Spaces Per 1,000 SF	4.00
Spaces Required	71
Spaces Provided	98

Source: City of Kennewick Planning & Zoning Department

ZONING CONCLUSIONS

Based on the interpretation of the zoning ordinance, the subject property is an outright permitted use that could be rebuilt if unintentionally destroyed.

OFFICE MARKET ANALYSIS

This section provides a study of retail supply/demand conditions for the Tri Cities Office Market and Kennewick Office Submarket, competitive dataset analysis, market participant interviews and transaction trends. These findings are used to support our conclusions for the competitive position, general vacancy and exposure period for the subject property.

Market Area Identification

The subject is located in the West Kennewick submarket. The competitive market area also includes south Richland, as the municipal boundary at Steptoe Street does not constitute a market boundary. The “West Kennewick/South Richland” submarket is anchored by the Columbia Center Mall, and includes a wide range of retail and office space. Local and national tenants are located here. The Mall and its surrounding area comprise the largest assemblage of retail in South-Central Washington. West of the subject there is a substantial amount of office along the Gage Boulevard corridor.

TRI CITIES OFFICE MARKET

The following is an analysis of supply/demand trends for the Tri Cities Office Market using information provided by CoStar. In larger markets, Costar is generally recognized as a credible source for tracking market statistics. However, in secondary and tertiary markets, their data has sometimes found to be less reliable. The table below presents historical Costar data for key market indicators.

TRI CITIES OFFICE HISTORICAL STATISTICS (LAST TEN YEARS)					
PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2014	7,512,691 SF	28,678 SF	7,537 SF	9.4%	\$18.21/SF
2015	7,717,520 SF	204,829 SF	250,932 SF	8.4%	\$18.09/SF
2016	7,766,897 SF	49,377 SF	227,971 SF	6.4%	\$17.61/SF
2017	7,802,932 SF	36,035 SF	58,017 SF	5.2%	\$16.11/SF
2018	7,900,434 SF	97,502 SF	26,626 SF	5.6%	\$15.63/SF
2019	7,950,534 SF	50,100 SF	159,608 SF	5.5%	\$16.25/SF
2020	7,995,022 SF	44,488 SF	(8,965) SF	6.0%	\$17.85/SF
2021	8,031,884 SF	36,862 SF	16,535 SF	5.9%	\$19.72/SF
2022	8,056,303 SF	24,419 SF	12,711 SF	5.7%	\$19.92/SF
2023	8,075,998 SF	19,695 SF	131,067 SF	5.9%	\$18.50/SF
CAGR	0.7%	-	-	-	0.2%

*Supply numbers based on information which is amended/updated on an on-going basis by Costar.

Source: Costar®

Over the past ten years the Tri Cities Office market was stable and there was generally balance in supply/demand conditions. Over this time period the market inventory significantly increased however, vacancy has remained fairly close to 6%. Rents have also generally trended up over time.

The following table summarizes the trailing four quarter performance of the Tri Cities Office market. Vacancy has trended down over the last year.

TRI CITIES OFFICE TRAILING FOUR QUARTER PERFORMANCE					
PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2023 Q4	8,075,998 SF	3,815 SF	123,014 SF	4.5%	\$17.52/SF
2024 Q1	8,099,998 SF	24,000 SF	32,648 SF	4.4%	\$15.97/SF
2024 Q2	8,099,998 SF	0 SF	(3,093) SF	4.4%	\$17.59/SF
2024 Q3	8,099,998 SF	0 SF	(80,151) SF	5.4%	\$17.11/SF

Source: Costar®

Key supply/demand statistics for the most recent quarter, last year and historical averages are summarized below.

TRI CITIES OFFICE MARKET TREND ANALYSIS			
	Q3 2024	2023	Last 10
Total SF	8,099,998	8,075,998	7,881,022
Vacant SF	438,875	478,907	502,967
Market Vacancy	5.4%	5.9%	6.4%
Construction Growth Rate	0.0%	0.2%	0.7%
Absorption Rate	(1.0%)	1.6%	1.1%
Average Asking Rent/SF	\$17.11	\$18.50	\$17.79

Source: Costar®

Tri Cities Office Market Conclusion

Based on the preceding analysis, the Tri Cities Office market demonstrates sound fundamentals. Analysis of supply and demand factors indicate the market is currently stable with Q3 2024 vacancy lower than the 10 year average.

KENNEWICK OFFICE SUBMARKET OVERVIEW

As mentioned, there is a substantial amount of office space near the subject, mostly located along Grandridge, Center Parkway, and Gage Boulevard. Comparing the supply totals shown below to the charts above, it is evident that about 1/3rd of the total office supply in Tri Cities is located in Kennewick.

The following is an analysis of supply/demand trends in the Kennewick Office Submarket using information provided by CoStar.

KENNEWICK OFFICE HISTORICAL STATISTICS (LAST TEN YEARS)					
PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2014	2,363,855 SF	28,678 SF	43,192 SF	8.7%	\$16.78/SF
2015	2,549,684 SF	185,829 SF	180,861 SF	7.7%	\$17.05/SF
2016	2,567,563 SF	17,879 SF	65,889 SF	6.7%	\$17.28/SF
2017	2,570,063 SF	2,500 SF	16,098 SF	4.8%	\$16.73/SF
2018	2,613,345 SF	43,282 SF	9,951 SF	6.1%	\$15.61/SF
2019	2,655,389 SF	42,044 SF	82,830 SF	5.5%	\$16.26/SF
2020	2,655,389 SF	0 SF	(36,435) SF	6.8%	\$17.55/SF
2021	2,678,811 SF	23,422 SF	47,895 SF	6.1%	\$18.62/SF
2022	2,680,960 SF	2,149 SF	4,947 SF	5.3%	\$18.95/SF
2023	2,684,775 SF	3,815 SF	(62,971) SF	6.7%	\$17.33/SF
CAGR	1.3%	-	-	-	0.3%

*Supply numbers based on information which is amended/updated on an on-going basis by Costar.

Source: Costar®

As shown, vacancy increased from 5.5 to 6.85 in 2020, perhaps due to a shift to work-from-home mandates because of Covid 19. In 2021, vacancy decreased and rents increased. In 2023, these trends were reversed.

The following table summarizes the trailing four quarter performance of the Kennewick Office submarket. Vacancy increased over the last 12 months and rents have continued to soften somewhat.

KENNEWICK OFFICE TRAILING FOUR QUARTER PERFORMANCE					
PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2023 Q4	2,684,775 SF	3,815 SF	(11,188) SF	7.6%	\$16.36/SF
2024 Q1	2,699,775 SF	15,000 SF	37,457 SF	6.8%	\$15.35/SF
2024 Q2	2,699,775 SF	0 SF	(8,097) SF	7.1%	\$17.12/SF
2024 Q3	2,699,775 SF	0 SF	(40,440) SF	8.6%	\$16.20/SF

Source: Costar®

A summary of the data is shown below.

KENNEWICK OFFICE MARKET TREND ANALYSIS			
	Q3 2024	2023	Last 10
Total SF	2,699,775	2,684,775	2,601,983
Vacant SF	231,392	180,685	167,177
Market Vacancy	8.6%	6.7%	6.4%
Construction Growth Rate	0.0%	0.1%	1.3%
Absorption Rate	(1.5%)	(2.3%)	1.3%
Average Asking Rent/SF	\$16.20	\$17.33	\$17.22

Source: Costar®

Kennewick Office Submarket Conclusion

Based on the preceding analysis, the Kennewick submarket demonstrates relatively sound fundamentals, although Costar's data indicates some softening in the last 12 months. Only a couple of for lease signs were noted in the office buildings near the subject. Colliers spoke with one of the leasing agents, Kurt Shaffer of Tippet Co. He only has small spaces available (about 1,200 SF), and described the market as being fairly tight. Only one other availability was noted in the immediate area; about 3,500 SF in the Quinalt Point buildings to the northwest listed by Scott Sautell of SVN Retter. Asking rents for these small vacant spaces are about \$22 to \$28/SF NNN.

Tenant Profiles

The subject's location within a pocket of office buildings with good access, and its proximity to Columbia Center Mall and the surrounding restaurants and retail, make it attractive for local and regional office tenants. Office tenant profiles include medical and professional tenants, including law firms, finance, real estate and insurance companies, and others. Lamb Weston, a large agricultural company also occupies a number of buildings in this same area. This is notable because they have announced cutbacks of 4% of their workforce and the closure of an older, higher-cost processing facility in nearby Connell, in Franklin County.

Buyer Profiles

The subject is currently owner/occupied. In August 2025, HFG Trust is expected to become the owner of the property. If marketed for sale, an owner/occupant or partial owner/occupant would be potential buyer profiles. If marketed on a sale/leaseback basis, local and regional investors would be interested. These active buyer profiles in the local market, as evidenced by recent sales. Both owner/users and investors are potential buyer profiles.

MARKETABILITY CONCLUSION

The subject represents good quality office space at a good location. The building is in good condition with good overall quality. The Excess Land presents an opportunity to expand or add more parking. Overall, the subject's competitive position is rated good, and the subject has good marketability at the tenant level and relatively good marketability at the investor level.

EXPOSURE TIME & MARKETING PERIOD

Exposure time is best established based the recent history of marketing periods for comparable sales, discussions with market participants and information from published surveys. The following table summarizes the information that was taken into consideration to develop an estimate of exposure time and marketing period for the subject property.

EXPOSURE TIME & MARKETING PERIOD						
SOURCE	QUARTER	RANGE		AVG	LAST Q	LAST YR
PriceWaterhouse Coopers						
Pacific Northw est Office	4Q 24	3.0	to 12.0	6.1	6.7	6.2
National Net Lease	4Q 24	3.0	to 18.0	7.6	8.5	8.2
Market Participant	1Q 25	1.0	to 12.0	6.0		
Comparable Sales Dataset		0.0	to 36.0	8.7		
AVERAGE		1.8	to 19.5	7.1	7.6	7.2

The preceding information generally supports an exposure time range from 3 to 36 months. The availability of acquisition financing also factors into exposure time and marketing period. Our review of the local capital market indicates that adequate financing options would have been available to consummate a sale of the subject on the date of value.

This subject is an appealing office building at a good location. The Excess Land could be sold separately or used for expansion of the building or parking lot. The conclusions below apply to both subjects, either marketed together, or separately.

Exposure Time and Marketing Period Conclusions

12 Months Or Less

HIGHEST AND BEST USE ANALYSIS

As-Vacant Analysis

The subject's Commercial, Regional District (C R - L) zoning district was described in the Zoning Analysis section. This zone permits a variety of retail, office and commercial uses. Regarding physical characteristics, the subject site is generally rectangular in shape and has level topography with good access and good exposure. The site benefits from its location in Kennewick.

Based on our observations of land development trends for sites with similar zoning and physical characteristics as the subject, and analysis of current supply/demand trends, the highest and best use of the subject site as-vacant is development of an office property as market conditions warrant. This is the highest conclusion for the Excess Land, and the Economic Site parcel (if it were vacant).

As-Improved Analysis

The current professional office use is permitted outright by the C R - L zoning. The legal factors influencing the highest and best use of the subject property support the existing use. The building features good quality construction and is in overall good condition. In the past, the building has accommodated multi-tenant occupancy which suggests with some demising this would again work in the future. Overall, legal, physical, locational and marketability factors support the existing and proposed use as the highest and best use of the subject site.

Alternative Uses & Feasibility Factors

In addition to legal and physical considerations, analysis of the subject property as-improved requires the treatment of two important issues: 1) consideration of alternative uses for the property; and 2) the marketability of the most probable use. The five possible alternative treatments of the property are demolition, expansion, renovation, conversion, and the subject's use as-improved.

- **Demolition** Based on a review of land sales, the concluded As Vacant land value is \$12/SF. The assessed land value is \$10/SF. At \$12/SF, the land value of the Economic Site is \$960,000. The As Is Value is greater, indicating that demolition and redevelopment is not applicable at present.
- **Expansion** The Excess Land would accommodate expansion, but it does not appear the Economic Site could.
- **Renovation** The building has been well-maintained and is in good condition.
- **Conversion** to multi-tenant space after Community First Bank vacates in August 2025 will require some additional demising. However, the building has had up to 4 tenants in the past, so it would seem reasonable to expect this could be accomplished again, without unreasonable costs.
- **Continued Use "As-Is"** The final option is the continued use of the property "As-Is." Among the five alternative uses, the subject's current use as professional office is supported to be its Highest and Best Use.

Marketability Factors

Marketability factors were addressed in the Market Analysis. Overall, the marketability of the subject is rated good.

As-Improved Conclusion

Among the five alternative uses, the highest and best use as improved is for continued use as an office property.

VALUATION METHODS

The following presentation of the appraisal process deals directly with the valuation of the subject property. The paragraphs below describe the standard approaches to value that were considered for this analysis.

Income Approach

The two fundamental methods of this valuation technique include Discounted Cash Flow and Direct Capitalization.

Characteristics specific to the subject property warrant that this valuation technique is developed. Development of the Income Approach is a specific scope requirement of this assignment. The subject is an investment property; therefore, the Income Approach represents the decision making process of knowledgeable buyers and sellers of this property type. The Direct Capitalization method is used in this analysis. Discounted Cash Flow analysis does not contribute substantially to estimating value beyond the direct capitalization method and is not used in this analysis.

Sales Comparison Approach

Characteristics specific to the subject property warrant that this valuation technique to be developed. Development of the Sales Comparison Approach is a specific scope requirement of this assignment. Sufficient sales data is available to provide a credible value estimate by the Sales Comparison Approach. Based on this reasoning, the Sales Comparison Approach is presented within this appraisal.

Land Valuation

Characteristics specific to the subject property warrant that a site value is developed. Development of the subject site value is a specific scope requirement of this assignment. The subject site has excess land that is separately marketable from the economic site that requires valuation. Within the Site Valuation section, only the subject's excess land is valued.

Cost Approach

Characteristics specific to the subject property do not warrant that this valuation technique is developed. Development of the Cost Approach is not a specific scope requirement of this assignment. The Cost Approach has limited applicability due to the age of the improvements and lack of market based data to support an estimate of accrued depreciation. Based on the preceding information, the Cost Approach will not be presented.

Reconciliation of Value Conclusions

The Income (Direct Capitalization) and Sales Comparison approaches are used to value the subject property will be reconciled into the final opinions of market value in the Analysis of Value Conclusions section.

INCOME APPROACH

Direct Capitalization

The first step in the direct capitalization method is to estimate the subject's durable rental income through reconciliation of the subject's in-place lease terms and market rent analysis. Next, we analyze other income items including reimbursements and miscellaneous revenue. Then, vacancy allowance and operating expenses are estimated based on analysis of the subject and market indicators. Finally, the resulting net operating income is capitalized at an appropriate supported rate. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

Rental Income Analysis

In this section, we developed an opinion of the subject's rental income through examination of subject lease terms and market rent analysis. The rental income conclusion was reconciled taking into account such items as durability of in-place contract rents, lease escalations and market terms as measured by rent comparables.

Subject Occupancy

The subject is currently owner/occupied by Community First Bank and their affiliate, HFG Trust. These are related companies, and it was not completely clear how much space each entity occupies.

During the site inspection, Mr. Pearson, the CEO of Community First Bank and property contact, said when the acquisition of Community First Bank closes on August 1, 2025, the bank will move out and ownership of the building will transfer to HFG Trust. He said HFG will occupy all of the upper floor (although they may not fully utilize all if it initially), and half of the 1st floor. He did not think they would need the basement. The Rent Roll chart below models this occupancy as of August 1, 2025.

Mr. Pearson expected that with some basic demising, the 1st floor could again accommodate multi-tenant occupancy. An assumption of multi-tenant occupancy is the basis for the Income Approach analysis which follows.

RENT ROLL SUMMARY								As of AUGUST 2025	
BLDG AREA	TOTAL NRA (SF)	% OF NRA	BLDG AREA	LEASE TERMS			EXPENSE STRUCTURE	CURRENT BASE RENT	
				START	END	YEARS		\$/SF(YR.)	ANNUAL
HFG Trust (ow ner)	4,536	25%	1st Fl.			-	Triple Net		N/ap (ow ner)
HFG Trust (ow ner)	8,746	49%	2nd Fl.			-	Triple Net		N/ap (ow ner)
OCCUPIED SUBTOTALS	13,282	75%						\$0.00	\$0
Vacant 1st Floor	4,536	25%	1st Fl.				Triple Net		
VACANT SUBTOTALS	4,536	25%							
TOTAL NRA	17,818	100.0%						\$0.00	\$0

Market Rent Analysis

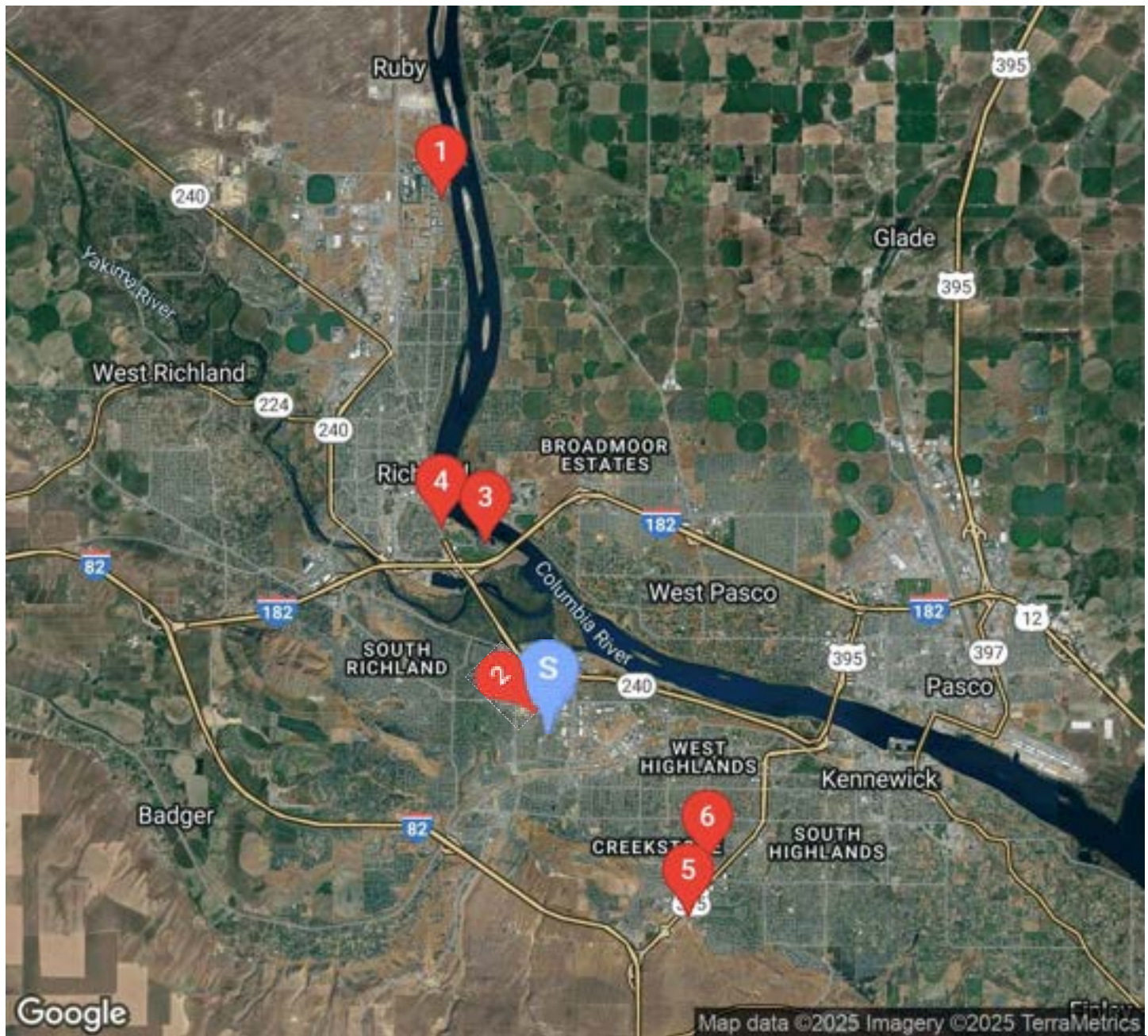
This section examines competitive comparable properties within the marketplace to establish our opinion of market rent for the subject property.

The comparables below reflect different lease structures. For analysis purposes, Lease 1 is adjusted to triple net, which is a fairly typical lease structure for professional office.

OFFICE LEASE SUMMATION TABLE

COMPARABLE	SUBJECT	LEASE 1	LEASE 2	LEASE 3	LEASE 4	LEASE 5	LEASE 6
Name	2-Story Office	Dep't. of Ecology	Multi-Tenant Office	Columbia Point Towers	Pratt Office Building	JUB Office	Multi-Tenant Office
Address	8131 W. Grandridge Blvd.	3100 Port of Benton Blvd	1009 North Center Parkway	400 Columbia Pt Dr	295 Bradley Blvd	3611 S. Zintel Way	4304 W 24th Ave
City	Kennewick	Richland	Kennewick	Richland	Richland	Kennewick	Kennewick
State	WA	WA	WA	WA	WA	WA	WA
Zip	99336	99354	99336	99352	99352	99337	99338
PHYSICAL INFORMATION							
NRA	17,818	21,958	29,100	16,728	23,128	15,140	19,700
Location	Good	Good	Good	Excellent	Excellent	Good	Good
Quality	Good	Good	Average	Good	Good	Good	Good
Condition	Good	Good	Good	Good	Average	Excellent	Good
Exposure	Good	Good	Good	Average	Good	Good	Average
Access	Good	Good	Good	Good	Good	Good	Good
Parking Spaces	98	84	189	55	100	58	81
Parking Ratio	5.5	3.8	6.5	3.3	4.3	4.0	4.1
Year Built	2002	2004	1998	2006	2005	2021	2007
Site Coverage	14%	19%	0%	25%	-	15%	0%
LEASE INFORMATION							
Tenant Name	Dep't. of Ecology (renewal)	Confidential	Rabo Bank	New York Life	JUB Engineering	Confidential	
Commencement Date	5/1/2024	2/1/2023	4/1/2022	3/1/2022	7/1/2021	2/1/2025	
Rate Type	MG	NNN	NNN	NNN	NNN	NNN	
Size (SF)	21,958	7,159	6,120	4,841	15,140	5,090	
Term (Yrs)	5	8	3	3	10	10.0	
Rent (\$/SF/Yr.)	\$19.50	\$19.00	\$18.95	\$18.00	\$23.00	\$20.00	
Adj. To NNN	-\$3.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
NNN Equivalent Rent/SF	\$16.50	\$19.00	\$18.95	\$18.00	\$23.00	\$20.00	
Avg. Escalation/Yr	0.0%	2.5%	2.0%	2.5%	2.0%	2.0%	
TI's (\$/SF)	-	\$45	-	\$8	\$50	\$23	

OFFICE RENT COMPARABLE LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	ADDRESS	LEASE DATE	SF	\$/SF
SUBJECT		8131 W. Grandridge Blvd., Richland, WA			
No. 1	8.8 Miles	3100 Port of Benton Blvd, Richland, WA	5/1/2024	21,958	\$19.50
No. 2	0.1 Miles	1009 North Center Parkway, Kennewick, WA	2/1/2023	7,159	\$19.00
No. 3	3.2 Miles	400 Columbia Pt Dr, Richland, WA	4/1/2022	6,120	\$18.95
No. 4	3.7 Miles	295 Bradley Blvd, Richland, WA	3/1/2022	4,841	\$18.00
No. 5	3.8 Miles	3611 S. Zintel Way, Kennewick, WA	7/1/2021	15,140	\$23.00
No. 6	3.4 Miles	4304 W 24th Ave, Kennewick, WA	2/1/2025	5,090	\$20.00

RENT COMPARABLE PHOTOS



COMPARABLE 1



COMPARABLE 2



COMPARABLE 3



COMPARABLE 4



COMPARABLE 5



COMPARABLE 6

MARKET RENT CONCLUSIONS

The Office Lease Comparables range from \$16.50 to \$23.00/SF, after adjustments to NNN, as necessary. Excluding Leases 1 and 5 (the low and high indicators) the range is fairly narrow at \$18 to \$20/SF. Lease 1 is a renewal executed as the building as to be marketed for sale, and likely the landlord was motivated to get the lease done, making this a low indicator. Lease 5 is a new building which was built-to-suit. The \$23/SF rent here is higher than would be expected for the subject.

Most emphasis is allocated to Lease 2, which is a building just to the northwest of the subject. This 2 story building was built-to-suit for Group Health, and when they vacated, the building was divided for multi-tenant occupancy. Colliers appraised this property in 2023, when it was in the process of re-stabilizing with three tenants. The confidential lease shown on the prior Office Lease Comparable table is one of those. The rents for the other tenants are \$19 and \$21/SF (NNN). The largest tenant occupies the 1st floor at \$19/SF, and the 2nd floor is occupied by two tenants paying \$19 and \$21/SF. As of January 2025, there are two small spaces available (1,000 and 1,200 SF) marketed at \$22/SF (NNN); the NNN expenses are quoted at \$7.30/SF.

Emphasis is also given to Lease 6, because it is a current pending deal. The broker said the LOI has been accepted, and a lease is being drafted. This is a newer building, suggesting it is a slightly high indicator at \$20/SF.

For the subject, a reasonable conclusion is \$19/SF. This is supported by Lease 2 and is within the range of \$18 to \$20/SF indicated by Leases 2, 3, 4 and 6. One of the brokers interviewed in the course of this assignment said he would suggest an asking rent of \$22 to \$23/SF NNN, expecting lease deals would be slightly less.

POTENTIAL GROSS RENT

The chart below shows the market rent conclusion. The 2nd floor has elevator access and a similar number of windows, so the same rent is applied to both floors.

POTENTIAL GROSS RENT SUMMARY							As Of FEBRUARY 2026		
OCCUPIED SPACE									
TENANT	TOTAL NRA (SF)	% OF NRA	TENANT CATEGORY	CONTRACT RENT	MARKET RENT	EXPENSE STRUCTURE	BASIS FOR PROFORMA	RENT FORECAST	
								\$/SF(YR.)	ANNUAL
HFG	4,536	25%	1st Fl.	N/ap.	\$19.00	Triple Net	Market	\$19.00	\$86,184
HFG	8,746	49%	2nd Fl.	N/ap.	\$19.00	Triple Net	Market	\$19.00	\$166,174
OCCUPIED SF	13,282	75%			\$19.00			\$19.00	\$252,358
VACANT SPACE									
Vacant 1st Floor	4,536	25%	1st Fl.		\$19.00	Triple Net	Market	\$19.00	\$86,184
VACANT SUBTOTAL	4,536	25%						\$19.00	\$86,184
TOTAL	17,818	100%						\$19.00	\$338,542

(1) Potential rent at current market levels, reflected on an annual basis.

POTENTIAL GROSS INCOME (PGI)

This includes the potential base rent income, plus expense reimbursements which are described below.

INCOME ANALYSIS & CONCLUSIONS

EXP. REIMB.

ANALYSIS

YEAR	SUBJECT		
	TOTAL	\$/SF	%EGI

The total at left is the sum of the reimbursable expenses, times the rentable area.

CONCLUSION	\$129,682	\$7.28	29%
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The chart below shows the total Potential Gross Income from the property. This is the sum of base rent and expense reimbursements. There are no other income sources, such as parking or storage.

INCOME ITEMS	%PGI	%EGI	\$/SF(MO.)	\$/SF(YR.)	TOTAL
Base Contract Income			\$1.58	\$19.00	\$252,358
Market Rent Vacant Space			\$1.58	\$19.00	\$86,184
TOTAL RENTAL INCOME			\$1.58	\$19.00	\$338,542
REIMBURSEMENTS					
Exp. Reimb.			\$0.61	\$7.28	\$129,682
TOTAL REIMBURSEMENTS			\$0.61	\$7.28	\$129,682
POTENTIAL GROSS INCOME (PGI)	100.0%	105.3%	\$2.19	\$26.28	\$468,224

VACANCY AND CREDIT LOSS

This category accounts for the time period between occupants, as well as possible prolonged vacancies under slow market conditions. Market participants typically expect a vacancy and credit loss of 5% for similar property types. This assignment reflects the probable stabilized vacancy during the economic life of the property and not necessarily the current or short-term vacancy. Regarding credit loss, non-sophisticated investors often lump this allocation within the general vacancy loss factor when using direct capitalization.

As shown in the Market Analysis, vacancy for office in Kennewick has increased in the last year and the more current indication is 8.6%. Regional office vacancy is 5.4%, according to Costar. The subject offers good quality space at a good location. On balance, a conclusion below a typical 5% equilibrium point is reasonable. The vacancy conclusion is 5%.

VACANCY & CREDIT LOSS	
General Vacancy Rate	5.0%
Credit Loss Conclusion	0.0%
Total	5.0%

CONCLUSION OF OPERATING EXPENSES

The following chart summarizes expense comparables used in this analysis. Four of the buildings are located in Tri Cities.

EXPENSE COMPARABLES									
COMPARABLE	COMP 1	COMP 2	COMP 3	COMP 4	COMP 5	COMP 6	LOW	HIGH	AVG
City	Spokane	Richland	Kennewick	Spokane	Richland	Kennewick			
State	WA	WA	WA	WA	WA	WA			
Expense Year	2023	2022	2023	2021	2024	2022	2021	2024	2023
Actual/Budget	Actual	Actual	Actual	Actual	Actual	Actual			
Net Rentable Area	67,554	21,958	50,036	43,160	15,395	29,100	15,395	67,554	37,867
Year Built	1988	2004	1980	2009	1979	1998	1979	2009	1993
EFFECTIVE GROSS INCOME	\$22.37	\$19.00	\$19.28	\$25.33	\$28.90	\$20.02	\$19.00	\$28.90	\$22.48
EXPENSE ITEMS	\$/SF	\$/SF	\$/SF	\$/SF	\$/SF	\$/SF	LOW	HIGH	AVG
Real Estate Taxes	\$1.04	\$1.30	\$1.23	\$1.54	\$1.39	\$2.02	\$1.04	\$2.02	\$1.42
Property Insurance	\$0.15	\$0.09	\$0.15	\$0.22	\$0.84	\$0.11	\$0.09	\$0.84	\$0.26
Repairs and Maintenance	\$1.63	\$1.12	\$0.45	\$2.05	\$2.13	\$1.13	\$0.45	\$2.13	\$1.42
Cleaning and Janitorial	\$1.80	-	-	\$1.30	\$2.28	\$0.74	\$0.74	\$2.28	\$1.53
Roads and Grounds	\$0.55	\$1.05	\$0.46	\$0.45	\$1.13	\$0.94	\$0.45	\$1.13	\$0.76
Security	\$0.43	-	\$0.03	\$0.26	\$0.14	\$0.17	\$0.03	\$0.43	\$0.21
Utilities	\$2.65	\$0.16	\$0.17	\$1.92	\$4.24	\$2.76	\$0.16	\$4.24	\$1.98
Management Fees	\$0.47	\$0.47	\$1.38	\$0.52	-	\$1.80	\$0.47	\$1.80	\$0.93
%EGI	2.1%	2.5%	7.2%	2.1%	-	9.0%	2.1%	9.0%	4.6%
Other Operating Expenses	\$0.07	\$0.09	\$0.08	\$0.58	\$0.01	\$0.00	\$0.00	\$0.58	\$0.14
Reserves	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	-	\$0.00	\$0.00	\$0.00
TOTAL EXPENSES (\$/SF)	\$8.79	\$4.28	\$3.95	\$8.84	\$12.16	\$9.68	\$3.95	\$12.16	\$7.95

EXPENSE ANALYSIS & CONCLUSIONS

REAL ESTATE TAXES

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
				1	\$1.04	4.6%
				2	\$1.30	6.8%
				3	\$1.23	6.4%
				4	\$1.54	6.1%
				5	\$1.39	4.8%
				6	\$2.02	10.1%
CONCLUSION	\$25,446	\$1.43	5.7%	AVG	\$1.42	6.5%

ANALYSIS

This is based on current taxes. See prior Tax section.

PROPERTY INSURANCE

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
				1	\$0.15	0.7%
				2	\$0.09	0.5%
				3	\$0.15	0.8%
				4	\$0.22	0.9%
				5	\$0.84	2.9%
				6	\$0.11	0.6%
CONCLUSION	\$8,909	\$0.50	2.0%	AVG	\$0.26	1.0%

ANALYSIS

Insurance costs have been increasing nationally. A conclusion above the expense comparable average is appropriate.

REPAIRS AND MAINTENANCE

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
				1	\$1.63	7.3%
				2	\$1.12	5.9%
				3	\$0.45	2.3%
				4	\$2.05	8.1%
				5	\$2.13	7.4%
				6	\$1.13	5.6%
CONCLUSION	\$25,836	\$1.45	5.8%	AVG	\$1.42	6.1%

ANALYSIS

This includes building maintenance. Grounds are addressed separately. The average of the expense comparables is reasonable.

CLEANING AND JANITORIAL

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
				1	\$1.80	8.0%
				2	\$0.00	0.0%
				3	\$0.00	0.0%
				4	\$1.30	5.1%
				5	\$2.28	7.9%
				6	\$0.74	3.7%
CONCLUSION	\$17,818	\$1.00	4.0%	AVG	\$1.02	4.1%

ANALYSIS

This includes building janitorial and supplies. Grounds are addressed separately. The average of the expense comparables is reasonable.

ROADS AND GROUNDS

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
				1	\$0.55	2.5%
				2	\$1.05	5.5%
				3	\$0.46	2.4%
				4	\$0.45	1.8%
				5	\$1.13	3.9%
				6	\$0.94	4.7%
CONCLUSION	\$13,364	\$0.75	3.0%	AVG	\$0.76	3.5%

ANALYSIS

This includes snow removal, landscape maintenance, and parking lot maintenance. The average of the expense comparables is reasonable.

SECURITY

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
				1	\$0.43	1.9%
				2	\$0.00	0.0%
				3	\$0.03	0.2%
				4	\$0.26	1.0%
				5	\$0.14	0.5%
				6	\$0.17	0.8%
CONCLUSION	\$2,673	\$0.15	0.6%	AVG	\$0.17	0.7%

ANALYSIS

This is mainly for the phone in the elevator.

UTILITIES

YEAR	SUBJECT			EXPENSE COMPS		
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI
				1	\$2.65	11.8%
				2	\$0.16	0.8%
				3	\$0.17	0.9%
				4	\$1.92	7.6%
				5	\$4.24	14.7%
				6	\$2.76	13.8%
CONCLUSION	\$35,636	\$2.00	8.0%	AVG	\$1.98	8.3%

ANALYSIS

This includes all utilities. The average of the expense comparables is reasonable.

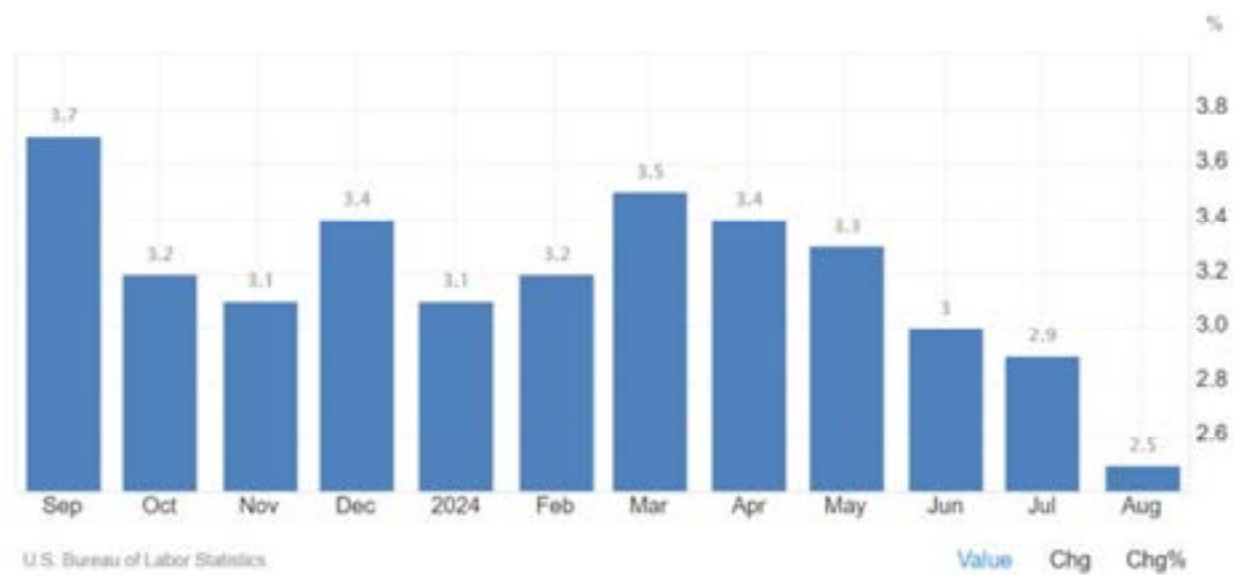
MANAGEMENT FEES							ANALYSIS
YEAR	SUBJECT			EXPENSE COMPS			For 3rd party professional management for a 2-tenant building, a fee of about 3% of EGI would be reasonable.
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI	
				1	\$0.47	2.1%	
				2	\$0.47	2.5%	
				3	\$1.38	7.2%	
				4	\$0.52	2.1%	
				5	\$0.00	0.0%	
				6	\$1.80	9.0%	
CONCLUSION	\$13,344	\$0.75	3.0%	AVG	\$0.77	3.8%	
OTHER OPERATING EXPENSES							ANALYSIS
YEAR	SUBJECT			EXPENSE COMPS			This is a small category for licenses, fees, dues and miscellaneous expenses.
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI	
				1	\$0.07	0.3%	
				2	\$0.09	0.5%	
				3	\$0.08	0.4%	
				4	\$0.58	2.3%	
				5	\$0.01	0.0%	
				6	\$0.00	0.0%	
CONCLUSION	\$891	\$0.05	0.2%	AVG	\$0.14	0.6%	
RESERVES							ANALYSIS
YEAR	SUBJECT			EXPENSE COMPS			Allocations for reserves for replacements typically range from about \$0.10 to \$0.50/SF. A mid-range figure is reasonable for the subject.
	TOTAL	\$/SF	%EGI	COMP	\$/SF	%EGI	
				1	-	-	
				2	-	-	
				3	-	-	
				4	-	-	
				5	-	-	
				6	-	-	
CONCLUSION	\$5,345	\$0.30	1.2%	AVG	-	-	
TOTAL EXPENSES				LOW			CONCLUSION
EXPENSE COMPARABLES \$/SF		\$3.95	\$12.16				
EXPENSE COMPARABLES %EGI		20.5%	48.4%				
TOTAL EXPENSES \$/SF		\$8.38					
TOTAL EXPENSES %EGI		41.6%					
TOTAL EXPENSES		\$149,262					

DEVELOPMENT OF CAPITALIZATION RATE

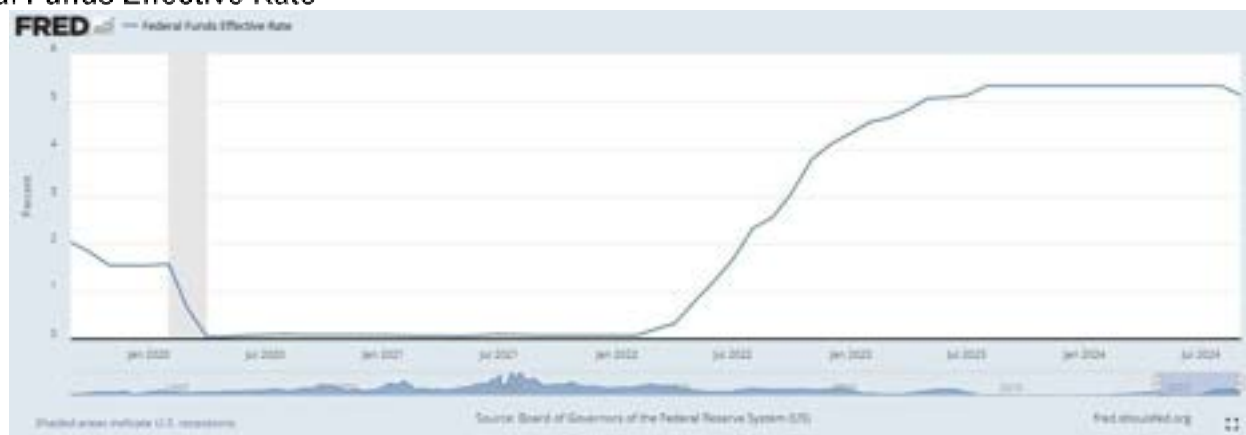
In developing our opinion of the capitalization rate, also known as overall anticipated rate (OAR), the following techniques were used: Comparable Sales, Investor Surveys and Band of Investment Technique. As an introduction to this section, a more in-depth look at current economic conditions is presented.

Inflation Impact / Macroeconomy Overview

Over the past two years, macroeconomic conditions have slowed commercial real estate activity and tightened debt markets. GDP growth has moderated. CPI trends indicate a continued but slower pace of inflation, reflecting the impact of tighter monetary policy. Inflation reached a high of 9.1% in June 2022 and declined to 2.5% in August 2024. Although above the goal of 2.0% targeted as normal for a healthy economy, the inflation break has paved the way for a shift in interest rates. With employment growth slowing, the unemployment rate reached 4.2% in August 2024. Macroeconomic changes of this nature suggest a softening economy or the potential for recession. In July 2024, bond markets began pricing in anticipation of forthcoming federal funds rate cuts. Likewise, many economists believe the certainty of multiple rate cuts in 2024 has increased. The following charts summarize the current inflation rates in the United States.



Federal Funds Effective Rate



In the September 2024 meeting, the Federal Reserve announced a rate reduction of 50 basis points to 4.75% to 5.0%. Statements from the Chair suggest future 2024 rate cuts were being considered with a continued goal to reach 2% inflation objective. Forecasts project another 50-basis points in rate cuts by year end with the majority of traders expecting 75, with meeting dates on November 7th and December 18th. Messaging thus far has been centered on measured cuts going forward unless economic conditions warrant a more significant rate reduction.

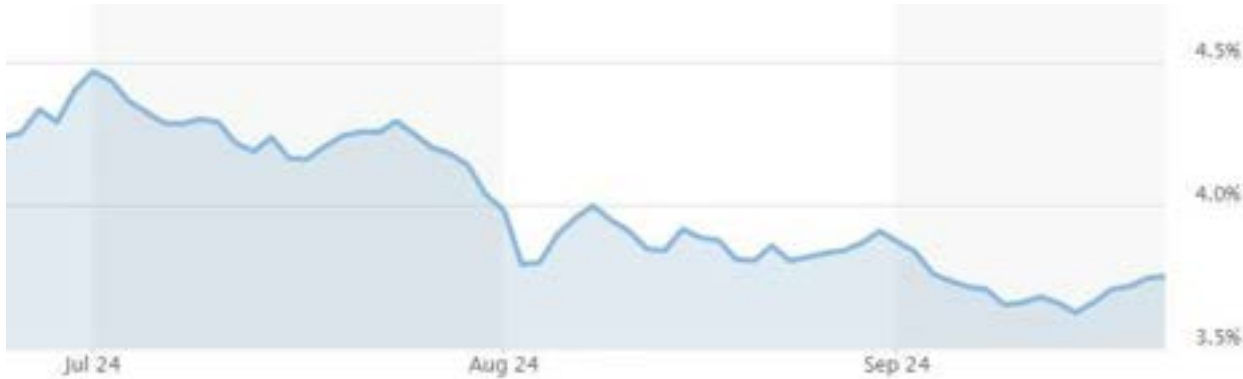
The higher cost of capital and future uncertainty of rising rates weighed on investment decisions in the real estate market from mid-year 2022 through mid-year 2024 and was reflected in transactions that closed through much of the 3Q24. As rates leveled in summer 2024 and began contracting with market participants anticipating further rate contractions and more favorable capital markets conditions looking forward, transaction activity in the form of recapitalizations, refinancing, and outright sales transactions, began to improve in August 2024, along with general market sentiment. The market for commercial real estate is still adjusting to these changes and their impact is likely to lag and not likely to be fully reflected in transaction activity until late 4Q24 and into 2025.

Impact of Treasury Rate Changes

As of late September 2024, the 10-Year Treasury was near 3.75%. This marks a decrease from a high of 5% in the 4th Quarter of 2023 and a trend in the 4.25 to 4.5% range through the first half of 2024. The rapid decline of the 10-year treasury in late July reflects the lowest level since June 2023.



The following table reflects changes in the US Treasury note over the past 90 days, illustrating the significant decline.



While it remains unclear as to how the market will react overall, the expectation is that the drop will be a catalyst for increased transaction volume. Initial feedback from investors conveys that the lower 10-year treasury reflects the market’s anticipation of what the Federal Reserve will continue to do relative to the Federal Funds Rate. Nonetheless, the 10-year Treasury is a benchmark for lending and has resulted in lower lending rates along with more favorable LTV levels, which is anticipated to have an influence on buyer/seller actions, as has been conveyed in general by active investment sales brokers and investors.

The outcome of those actions remains to be seen along with how the economic factors driving the rate adjustments may impact investor demand going forward, but generally speaking, these favorable capital markets adjustments have narrowed the timeframe by which an asset can conceivably achieve positive leverage. We have interviewed market participants to obtain specific feedback on how rate changes have impacted sales of similar assets and weighed the adjustment in our capitalization rate analysis and conclusion, recognizing more clarity on the market’s adjustment will take more time to fully manifest.

Comparable Sales

The following table presents a summary of the comparable sales used ahead in the Sales Comparison Approach. We have included additional sales to further support capitalization rate trends for the subject property. These additional sales are all investment sales from the Tri Cities market.

CAPITALIZATION RATE COMPARABLES (OAR)

	NAME	CITY	ST	DATE	YR BLT	NRA	\$/SF	SALE PRICE	NOI	NOI/SF	CAP RATE
1	2-Tenant Office	Richland	WA	12/12/24	2019	8,056	\$251	\$2,020,000	\$145,440	\$18.05	7.20%
2	Office Building	Kennewick	WA	09/26/24	1993	6,000	\$208	\$1,250,000			
3	Keller Wms Office	Richland	WA	07/24/24	1944	7,280	\$220	\$1,600,000			
4	Office Bldg.	Richland	WA	06/23/23	2004	7,461	\$259	\$1,930,000			
5	Col. Ctr. Hts. Office	Kennewick	WA	06/21/21	2005	21,319	\$176	\$3,744,550	\$263,655	\$12.37	7.04%
6	2-Tenant Office	Kennewick	WA	01/21/21	2007	11,750	\$177	\$2,077,500	\$173,471	\$14.76	8.35%
7	TC Endoscopy Ctr.	Kennewick	WA	11/01/23	2000	7,477	\$308	\$2,300,000	\$155,863	\$20.85	6.78%
8	Dep't. of Ecology	Richland	WA	10/01/23	2004	21,958	\$191	\$4,200,000	\$303,600	\$13.83	7.23%
9	FE&C Bldg	Richland	WA	05/09/23	2010	21,793	\$271	\$5,900,000	\$398,250	\$18.27	6.75%
10	Plaza 1 Office	Kennewick	WA	12/15/22	1977	14,256	\$86	\$1,225,000	\$92,000	\$6.45	7.51%
11	Quinalt Prof. Ctr.	Kennewick	WA	11/14/22	2003	14,084	\$188	\$2,650,000	\$165,625	\$11.76	6.25%
12	Ben-Frank PT	Kennewick	WA	10/28/22	1989	3,977	\$327	\$1,300,000	\$92,800	\$23.33	7.14%
	LOW										6.25%
	HIGH										8.35%
	AVERAGE										7.14%
	MEDIAN										7.14%
	SUBJECT	Richland	WA		2002	17,818				\$16.59	7.25%

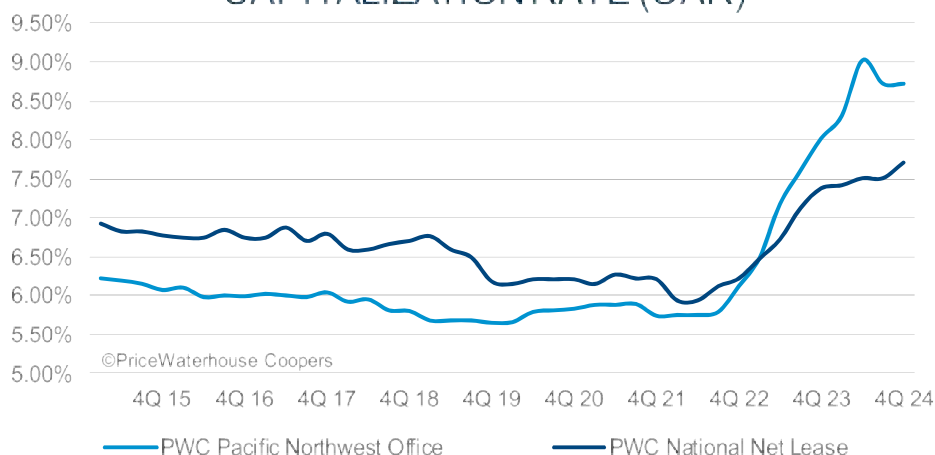
The capitalization rate comparables reflect a range of 6.25 to 8.35%. The high indicator is an older sale which had vacancy risk. This is somewhat of an outlier. The remaining sales are in a more narrow range of 6.25 to 7.5%. Sale 1 and Sales 7-12 all transacted since interest rates increased in mid-2022. Sale 1 closed in December 2024; the significance of this is that is the only sale since the Federal Reserve started lowering interest rates started in August and September of 2024. It is expected these rate reductions will likely place downward pressure on capitalization rates.

Sale 1 is a 2-tenant building purchased by an investor. This is a good quality building at a good location. With primary emphasis on this sale, a reasonable conclusion is 7.25%. The balances the fact the subject is also a good quality building at a good location, but there is some uncertainty regarding the future occupancy of the 25% of the building that will not be occupied by HFG once Community First Bank moves out in mid-2025.

Investor Surveys

Capitalization rates had been increasing, as the market reacted to the increases in interest rates in 2022 and 2023. The most recent Q4 2024 data suggests that rates may now have leveled off. The Pacific NW Office and the National Net Lease survey results are shown below.

CAPITALIZATION RATE (OAR)



The subject would likely be positioned towards the middle of the 6.25 to 10.50% range, for the reasons mentioned in the middle of the prior page. The Pacific NW office data is somewhat skewed by challenging market conditions in the region's primary markets of Portland and Seattle, where office vacancies are high and return to work trends have been slow.

CAPITALIZATION RATE SURVEYS (OAR)						
SOURCE	QUARTER	RANGE		AVG	LAST Q	LAST YR
PriceWaterhouse Coopers						
Pacific Northw est Office	4Q 24	6.25%	to 12.00%	8.72%	8.72%	8.02%
National Net Lease	4Q 24	6.25%	to 9.00%	7.71%	7.51%	7.38%
AVERAGE		6.25%	to 10.50%	8.22%	8.12%	7.70%

Band of Investment Technique

Most properties are purchased with debt and equity capital; therefore, the overall capitalization rate must satisfy the market return requirements of both investment positions. Available financing information from lenders and the sales comparables indicates the following terms:

BAND OF INVESTMENT ASSUMPTIONS	
Loan Amortization Period	25 Years
Interest Rate	6.00%
Loan-to-Value (LTV) Ratio	70%
Mortgage Constant	7.73%

Equity dividend rates vary depending upon motivations of buyers and financing terms. The previous terms and an appropriate equity dividend rate are used in the Band of Investments calculations, which are presented on the following chart.

BAND OF INVESTMENT CALCULATION					
Mortgage Component	70%	x	7.73%	=	5.412%
Equity Component	30%	x	6.00%	=	1.800%
Indicated Capitalization Rate					7.212%
INDICATED CAPITALIZATION RATE					7.21%

Capitalization Rate Conclusion

Most emphasis is allocated to the rates indicated by comparable sales. National survey data has limited direct application for the subject property; however, it helps establish general macro trends for this type of investment property. The Band of Investments Technique has limitations, but is given some emphasis because it employs reasonable inputs for debt and equity rates. A conclusion of 7.25% is supported for the subject.

CAPITALIZATION RATE CONCLUSION (OAR)						
SOURCE	QUARTER	RANGE		AVG	LAST Q	LAST YR
Comparable Sales		6.25%	to 8.35%	7.14%		
Investor Surveys	4Q 24	6.25%	to 10.50%	8.22%	8.12%	7.70%
Band of Investment Technique				7.21%		
AVERAGE		6.25%	to 9.43%	7.52%	8.12%	7.70%
CAPITALIZATION CONCLUSION (FEE SIMPLE)				7.25%		

DIRECT CAPITALIZATION CONCLUSION

The table below summarizes the direct capitalization method and the Income Approach Value conclusion.

DIRECT CAPITALIZATION SUMMATION TABLE					
INCOME ITEMS	%PGI	%EGI	\$/SF(MO.)	\$/SF(YR.)	TOTAL
Base Contract Income			\$1.58	\$19.00	\$252,358
Market Rent Vacant Space			\$1.58	\$19.00	\$86,184
TOTAL RENTAL INCOME			\$1.58	\$19.00	\$338,542
REIMBURSEMENTS					
Exp. Reimb.			\$0.61	\$7.28	\$129,682
TOTAL REIMBURSEMENTS			\$0.61	\$7.28	\$129,682
POTENTIAL GROSS INCOME (PGI)	100.0%	105.3%	\$2.19	\$26.28	\$468,224
VACANCY & CREDIT LOSS					
General Vacancy	(5.0%)		(\$0.11)	(\$1.31)	(\$23,411)
Credit & Collection Loss	0.0%		-	-	\$0
TOTAL VACANCY & CREDIT LOSS	(5.0%)		(\$0.11)	(\$1.31)	(\$23,411)
EFFECTIVE GROSS INCOME (EGI)	95.0%	100.0%	\$2.08	\$24.96	\$444,812
EXPENSE ITEMS					
Real Estate Taxes	(5.4%)	(5.7%)	(\$0.12)	(\$1.43)	(\$25,446)
Property Insurance	(1.9%)	(2.0%)	(\$0.04)	(\$0.50)	(\$8,909)
Repairs and Maintenance	(5.5%)	(5.8%)	(\$0.12)	(\$1.45)	(\$25,836)
Cleaning and Janitorial	(3.8%)	(4.0%)	(\$0.08)	(\$1.00)	(\$17,818)
Roads and Grounds	(2.9%)	(3.0%)	(\$0.06)	(\$0.75)	(\$13,364)
Security	(0.6%)	(0.6%)	(\$0.01)	(\$0.15)	(\$2,673)
Utilities	(7.6%)	(8.0%)	(\$0.17)	(\$2.00)	(\$35,636)
Management Fees	(2.9%)	(3.0%)	(\$0.06)	(\$0.75)	(\$13,344)
Other Operating Expenses	(0.2%)	(0.2%)	(\$0.00)	(\$0.05)	(\$891)
Reserves	(1.1%)	(1.2%)	(\$0.03)	(\$0.30)	(\$5,345)
TOTAL EXPENSES	(31.9%)	(33.6%)	(\$0.70)	(\$8.38)	(\$149,262)
NET OPERATING INCOME (NOI)	63.1%	66.4%	\$1.38	\$16.59	\$295,550
Capitalization Rate					7.25%
Capitalized Value					\$4,076,554
PROSPECTIVE VALUE UPON STABILIZATION				\$229/SF	\$4,080,000
Lease-Up Costs				From Lease-Up Analysis	
Rent Loss	(9.2%)	(9.7%)	(\$0.20)	(\$2.42)	(\$43,092)
Expense Carry	(3.5%)	(3.7%)	(\$0.08)	(\$0.93)	(\$16,507)
Tenant Improvements / Demising	(43.6%)	(45.9%)	(\$0.95)	(\$11.46)	(\$204,120)
Leasing Commissions	(4.6%)	(4.8%)	(\$0.10)	(\$1.21)	(\$21,546)
Free Rent	0.0%	0.0%	-	-	\$0
Total Lease-Up Costs	(60.9%)	(64.1%)	(\$1.33)	(\$16.01)	(\$285,265)
Entrepreneurial Profit	(12.2%)	(12.8%)	(\$0.27)	(\$3.20)	(\$57,053)
TOTAL LEASE-UP COSTS	(73.1%)	(77.0%)	(\$1.60)	(\$19.21)	(\$342,318)
AS-IS MARKET VALUE				\$210/SF	\$3,740,000

Rounded to nearest \$10,000

AS IS VALUE DISCOUNTS

These reflect the costs associated backfilling half of the 1st floor after Community First Bank departs on August 1, 2025. A 6-month period is model to find a tenant and do the necessary conversion work to create functional multi-tenant occupancy. As shown previously, there is an entry on the east side off the parking lot that was used previously by a law firm that occupied the eastern part of the main floor. Some new demising would need to be added for security purposes, and to separate the space from the areas HFG will be occupying. A TI allowance of \$45/SF is modeled to account for some demising and tenant improvements. This is the same allowance for the Lease Comparable 2 tenant described earlier, and higher than in the pending deal described as Lease Comparable 6 (\$23/SF).

A lease commission is added, but free rent is not modeled as this was not needed for Lease 2, or Lease 6, the 2025 comparable.

Profit/contingency of 20% is added. The total of \$340,000 is deducted from both the Income and Sales Comparison Approaches

LEASE-UP COSTS														
VACANT SUITE	MARKET RENT			RENT LOSS		EXPENSE	DEMISING AND TIA		LEASING COMMISSION			FREE RENT		TOTAL
	SF	\$/MO	\$/YR MONTH		COST	CARRY	\$/SF	COST	TERM	FEE	COST	MOS.	COST	COST
Vacant 1st Fl	4,536	\$1.58	\$19.00	6	\$43,092	\$16,507	\$45	\$204,120	5	5%	\$21,546	0	\$0	\$285,265
SUBTOTAL					\$43,092	\$16,507		\$204,120			\$21,546		\$0	\$285,265
Entrepreneurial Profit @ 20.0%														
TOTAL LEASE UP COSTS														
														\$340,000

Rounded to nearest \$10,000

SALES APPROACH

Sales Comparison Approach analyzes comparable sales by applying transactional and property adjustments to bracket the subject property within an appropriate unit value comparison. The most relevant unit of comparison is the price per square foot of NRA, as it best reflects the analysis used by buyers and sellers in this market for improved properties with similar design and utility.

We completed a thorough search for similar improved sales in terms of property type, location, physical characteristics, and date of sale. Overall, the sales selected represent the best comparables available for this analysis.

Subject Sales

As mentioned previously, the subject was purchased by the current owner in 2017 for \$2,800,000 (\$157/SF). Community First Bank did interior renovations after the sale.

In August of 2025, ownership of the building will transfer to HFG Trust. This will be an internal sale and the price to be allocated was not available.

Adjustment Process

The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments including property rights transferred, financing terms, conditions of sale, expenditures after purchase and market conditions. The following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT		
Per Year As Of	February 2026 (Prospective)	2%

The analysis applies an upward market conditions adjustment of 2% annually reflecting the conditions between the oldest comparable sale date up through the effective valuation date.

Property Adjustments

Quantitative percentage adjustments are also made for location and physical characteristics such as size, age, site and parking ratios, access, exposure, quality and condition, as well as other applicable elements of comparison. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site.

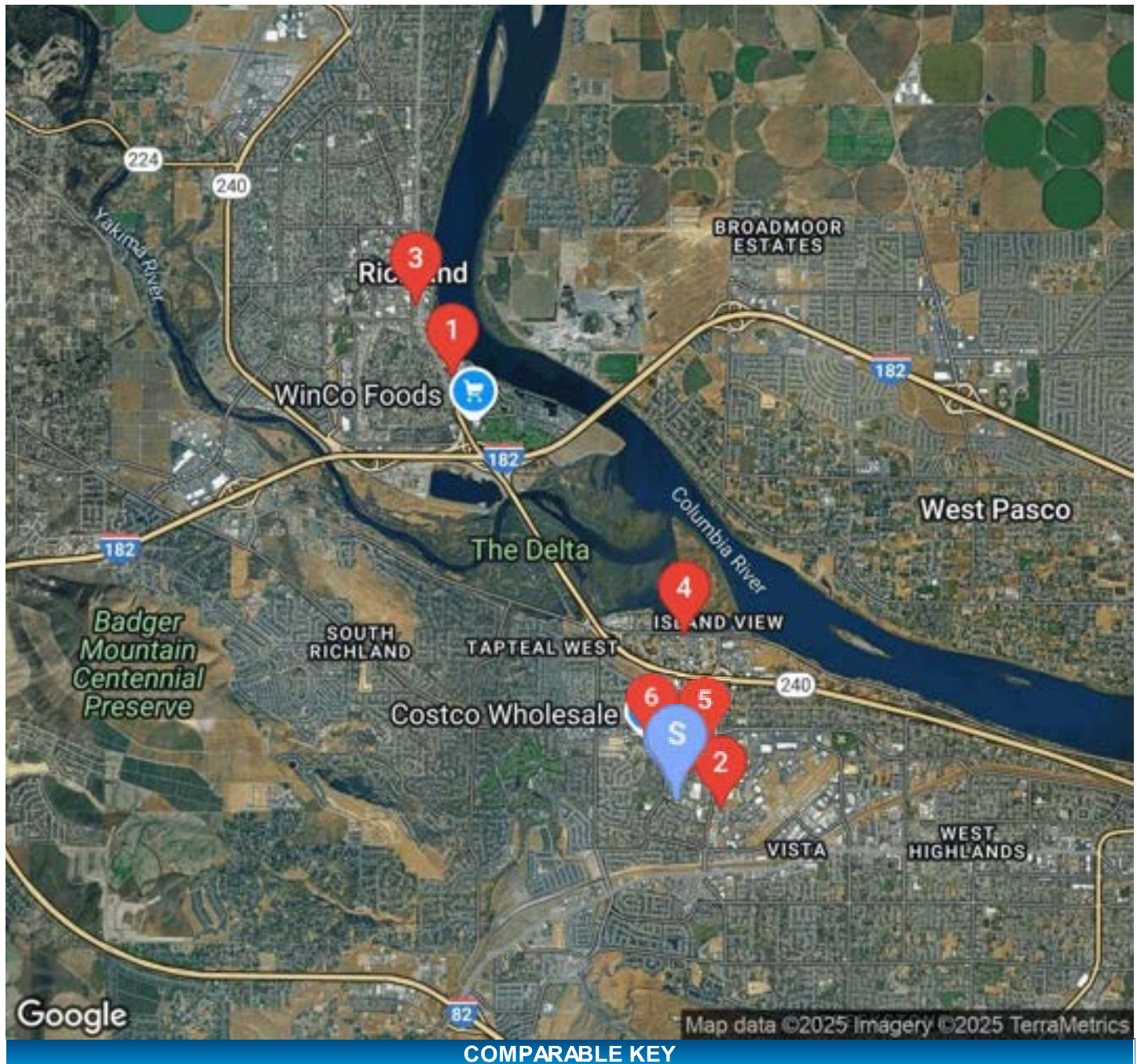
Presentation

The following Sales Summation Table, Location Map and Data Sheets summarize the improved sales data. Following these items, the comparable sales are adjusted for applicable elements of comparison and the opinion of value by the Sales Comparison Approach is concluded.

IMPROVED SALES SUMMATION TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	2-Story Office	2-Tenant Office	Office Building	Keller Wms Office	Office Bldg.	Col. Ctr. Hts. Office	2-Tenant Office
Address	8131 W. Grandridge Blvd.	299 Bradley Blvd.	636 N Colorado St	507 Knight Street	1455 Columbia Park Trail	1030 N. Center Pkwy.	8121 W. Grandridge Blvd.
City	Kennewick	Richland	Kennewick	Richland	Richland	Kennewick	Kennewick
State	WA	WA	WA	WA	WA	WA	WA
Zip	99336	99352	99336	99352	99352	99336	99336
County	Benton	Benton	Benton	Benton	Benton	Benton	Benton
APN	1-3199-4BP-4552-001 and 1-3199-4BP-4552-003	283401	1-3299-300-0003-004	1-1198-302-0627-010	2, on file	288625	1-3199-4BP-3599-001
PHYSICAL INFORMATION							
Property Type	Office	Office	Office	Office	Office	Office	Office
NRA (SF)	17,818	8,056	6,000	7,280	7,461	21,319	11,750
Land Area (AC)	1.5	0.8	0.7	0.2	1.1	1.3	1.1
Land Area (SF)	65,141	33,106	30,927	9,862	47,443	57,939	48,780
L:B Ratio	3.1	4.1	5.2	1.4	6.4	2.7	4.2
Location	Good	Excellent	Good	Good	Good	Good	Good
Quality	Good	Good	Average	Good	Good	Average	Average
Condition	Good	Good	Average	Good	Good	Average	Good
Exposure	Good	Good	Good	Good	Good	Good	Good
Access	Good	Good	Good	Good	Good	Good	Good
Parking Ratio	5.5	4.5	7.1	-	4.4	3.8	4.4
Year Built	2002	2019	1993	1944	2004	2005	2007
SALE INFORMATION							
Date		12/12/2024	9/26/2024	7/24/2024	6/23/2023	6/21/2021	1/21/2021
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Recording Number		185987	184610	183408	176838	161005	157113
Marketing Period		6 Mos.	-	0 Mos.	-	-	4 Mos.
Rights Transferred		Leased Fee	Fee Simple	Fee Simple	Fee Simple	Leased Fee	Leased Fee
Transaction Price		\$2,020,000	\$1,250,000	\$1,600,000	\$1,930,000	\$3,744,550	\$2,077,500
Analysis Price		\$2,020,000	\$1,250,000	\$1,600,000	\$1,930,000	\$3,744,550	\$2,077,500
\$/SF NRA		\$251	\$208	\$220	\$259	\$176	\$177
NOI/SF NRA	\$16.59	\$18.05	-	-	-	\$12.37	\$14.76
Capitalization Rate		7.20%	-	-	-	7.04%	8.35%

SALES LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	ADDRESS	SALE DATE	OAR	\$/SF
SUBJECT		8131 W. Grandridge Blvd., Richland, WA			
No. 1	3.8 Miles	299 Bradley Blvd., Richland, WA	12/12/2024	7.20%	\$251
No. 2	0.5 Miles	636 N Colorado St, Kennewick, WA	9/26/2024		\$208
No. 3	4.4 Miles	507 Knight Street, Richland, WA	7/24/2024		\$220
No. 4	1.2 Miles	1455 Columbia Park Trail, Richland, WA	6/23/2023		\$259
No. 5	0.2 Miles	1030 N. Center Pkwy., Kennewick, WA	6/21/2021	7.04%	\$176
No. 6	0.1 Miles	8121 W. Grandridge Blvd., Kennewick, WA	1/21/2021	8.35%	\$177

COMPARABLE SALES DATASHEETS

COMPARABLE 1**LOCATION INFORMATION**

Name	2-Tenant Office
Address	299 Bradley Blvd.
City, State, Zip Code	Richland, WA, 99352
County	Benton
APN	283401

SALE INFORMATION

Buyer	Columbia River Investing LLC
Seller	DP Management Ent. LLC
Transaction Date	12/12/2024
Transaction Status	Recorded
Transaction Price	\$2,020,000
Analysis Price	\$2,020,000
Recording Number	185987
Rights Transferred	Leased Fee
Financing	All Cash
Conditions of Sale	Arms-Length
Marketing Time	6 Months

PHYSICAL INFORMATION

Leasable Area (NRA)	8,056
Number of Buildings	1
Year Built	2019
No. of Floors	1
Parking Spaces / Ratio	36 (4.5/1,000 SF NRA)
Quality	Good
Condition	Good
Building Structure	Wood
Site Size	0.8 Acres (33,106 SF)
Zoning	C-2
Access	Good
Exposure	Good
Site Coverage	24%

**2-TENANT OFFICE****OPERATING INCOME**

	TOTAL	PER SF
Rent Income	N/Av	N/Av
Other Income	N/Av	N/Av
Gross Income	N/Av	N/Av
Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Effective Gross Income	N/Av	N/Av
Expenses	N/Av	N/Av
Net Operating Income	\$145,440	\$18.05
Occupancy at Sale	100.0%	
Expense % of GI / EGI	N/Av	N/Av

ANALYSIS INFORMATION

Price per SF	\$251
Adjusted Price per SF	\$231
Capitalization Rate	7.20%

CONFIRMATION

Name	Lance Bacon
Company	Kiemle Hagood
Source	Seller's Broker
Date / Phone Number	01/2/2025 +1 509 430 6547

REMARKS

The seller broker said: the w as purchased by an investor, the building has two tenants with 3 to 5 years remaining on their Leases, the cap rate was 7.2%. The asking price was based on \$2,330,000.

COMPARABLE 2**LOCATION INFORMATION**

Name	Office Building
Address	636 N Colorado St
City, State, Zip Code	Kennewick, WA, 99336
County	Benton
MSA	Kennewick-Pasco-Richland, WA Metropolita
APN	1-3299-300-0003-004

SALE INFORMATION

Buyer	RIC Whitley Commercial LLC
Seller	John D. Palmer Trustee
Transaction Date	09/26/2024
Transaction Status	Recorded
Transaction Price	\$1,250,000
Analysis Price	\$1,250,000
Recording Number	184610
Rights Transferred	Fee Simple
Financing	All Cash
Conditions of Sale	Arms-Length

PHYSICAL INFORMATION

Leasable Area (NRA)	6,000
Number of Buildings	1
Year Built	1993
No. of Floors	1
Parking Spaces / Ratio	43 (7.1/1,000 SF NRA)
Quality	Average
Condition	Average
Building Structure	Wood
Site Size	0.7 Acres (30,927 SF)
Zoning	Commercial
Access	Good
Exposure	Good
Site Coverage	19%

**OFFICE BUILDING****OPERATING INCOME**

	<u>TOTAL</u>	<u>PER SF</u>
Rent Income	N/Av	N/Av
Other Income	N/Av	N/Av
Gross Income	N/Av	N/Av
Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Effective Gross Income	N/Av	N/Av
Expenses	N/Av	N/Av
Net Operating Income	N/Av	N/Av
Occupancy at Sale	100.0%	
Expense % of GI / EGI	N/Av	N/Av

ANALYSIS INFORMATION

Price per SF	\$208
Adjusted Price per SF	\$235
Capitalization Rate	

CONFIRMATION

Name	
Company	
Source	Assessor
Date / Phone Number	01/1/2025

REMARKS

The 6,000 SF size shown above is for the main floor and does not include a 1,900 SF basement. Colliers attempted to reach the broker involved with the sale but he did not return a call or email.

COMPARABLE 3**LOCATION INFORMATION**

Name	Keller Wms Office
Address	507 Knight Street
City, State, Zip Code	Richland, WA, 99352
County	Benton
MSA	Kennewick-Pasco-Richland, WA Metropolita
APN	1-1198-302-0627-010

SALE INFORMATION

Buyer	Damion Lalka
Seller	507 Knight
Transaction Date	07/24/2024
Transaction Status	Recorded
Transaction Price	\$1,600,000
Analysis Price	\$1,600,000
Recording Number	183408
Rights Transferred	Fee Simple
Financing	All Cash
Conditions of Sale	Arms-Length
Marketing Time	0 Months

PHYSICAL INFORMATION

Leasable Area (NRA)	7,280
Number of Buildings	1
Year Built	1944
No. of Floors	2
Parking Spaces / Ratio	0 (/1,000 SF NRA)
Quality	Good
Condition	Good
Site Size	0.2 Acres (9,862 SF)
Zoning	CBD
Access	Good
Exposure	Good
Site Coverage	74%

**KELLER WMS OFFICE****OPERATING INCOME**

	<u>TOTAL</u>	<u>PER SF</u>
Rent Income	N/Av	N/Av
Other Income	N/Av	N/Av
Gross Income	N/Av	N/Av
Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Effective Gross Income	N/Av	N/Av
Expenses	N/Av	N/Av
Net Operating Income	N/Av	N/Av
Occupancy at Sale	0.0%	
Expense % of GI / EGI	N/Av	N/Av

ANALYSIS INFORMATION

Price per SF	\$220
Adjusted Price per SF	\$227
Capitalization Rate	

CONFIRMATION

Name	Damion Lalka
Company	Keller Williams
Source	Buyer
Date / Phone Number	10/8/2024 +1 509 430 3384

REMARKS

The size shown above is just the main floor. A partially finished basement with 1,910 SF is excluded. This area is below grade. Parking is in the common area lots on the east and west sides of the building in a large planned development known as The Parkway. The buyer said there is adequate parking. The property was originally occupied by a bank and the buyer said the vault is still there. The property was being marketed for lease, and the buyer inquired about purchasing and a sale was negotiated which both sides felt was at market. The buyers own the Keller Williams Real Estate franchise and will be moving their business into this property. The sellers were the prior occupant of this professional office building. The buyer said the building is in "fine shape" but they are doing some light remodeling for their business and branding. The work is not associated with curing deferred maintenance and the remodel costs are not added.

COMPARABLE 4**LOCATION INFORMATION**

Name	Office Bldg.
Address	1455 Columbia Park Trail
City, State, Zip Code	Richland, WA, 99352
County	Benton
MSA	Richland-Kennewick-Pasco, WA MSA
APN	2, on file

SALE INFORMATION

Buyer	1455 CPT LLC
Seller	Jogami LLC
Transaction Date	06/23/2023
Transaction Status	Recorded
Transaction Price	\$1,930,000
Analysis Price	\$1,930,000
Recording Number	176838
Rights Transferred	Fee Simple
Financing	All Cash
Conditions of Sale	Arms-Length

PHYSICAL INFORMATION

Leasable Area (NRA)	7,461
Number of Buildings	1
Year Built	2004
No. of Floors	2
Parking Spaces / Ratio	33 (4.4/1,000 SF NRA)
Quality	Good
Condition	Good
Building Structure	Wood
Site Size	1.1 Acres (47,443 SF)
Zoning	Commercial
Access	Good
Exposure	Good
Site Coverage	9%

**OFFICE BLDG.****OPERATING INCOME**

	<u>TOTAL</u>	<u>PER SF</u>
Rent Income	N/Av	N/Av
Other Income	N/Av	N/Av
Gross Income	N/Av	N/Av
Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Effective Gross Income	N/Av	N/Av
Expenses	N/Av	N/Av
Net Operating Income	N/Av	N/Av
Occupancy at Sale	100.0%	
Expense % of GI / EGI	N/Av	N/Av

ANALYSIS INFORMATION

Price per SF	\$259
Adjusted Price per SF	\$259
Capitalization Rate	

CONFIRMATION

Name	Brenton Griffin
Company	Rogers Surveying
Source	Buyer
Date / Phone Number	01/13/2025 +1 509 783 4141

REMARKS

Office building located in Columbia Trail Business Park. The property was purchased by the principals of Rogers Surveying, who had purchased the business from Gary Wagner previously. They then purchased the real estate the business occupied from Mr. Wagner. The price was based on an appraisal with some negotiation.

The building includes daylight basement with 3,220 SF of office. The upper floor office is 4,241 SF. These sizes and the total NRA shown at left do not include an unfinished basement with 877 SF or a garage with 1,200 SF. These sizes are from the Assessor and were confirmed by the buyer.

COMPARABLE 5**LOCATION INFORMATION**

Name	Col. Ctr. Hts. Office
Address	1030 N. Center Pkwy.
City, State, Zip Code	Kennewick, WA, 99336
County	Benton
MSA	Kennewick-Pasco-Richland, WA Metropolita
APN	288625

SALE INFORMATION

Buyer	Epstein Family Trust
Seller	CCH Exec. Suites LLC
Transaction Date	06/21/2021
Transaction Status	Recorded
Transaction Price	\$3,744,550
Analysis Price	\$3,744,550
Recording Number	161005
Rights Transferred	Leased Fee
Financing	All Cash
Conditions of Sale	Arms-Length

PHYSICAL INFORMATION

Leasable Area (NRA)	21,319
Number of Buildings	1
Year Built	2005
No. of Floors	3
Parking Spaces / Ratio	81 (3.8/1,000 SF NRA)
Class	A
Quality	Average
Condition	Average
Building Structure	Wood
Site Size	1.3 Acres (57,939 SF)
Zoning	C-R
Access	Good
Exposure	Good
Site Coverage	12%

**COL. CTR. HTS. OFFICE****OPERATING INCOME**

	<u>TOTAL</u>	<u>PER SF</u>
Rent Income	\$576,997	\$27.06
Other Income	\$0	\$0.00
Gross Income	\$576,997	\$27.06
Vacancy & Credit Loss @ 3.0%	(\$17,310)	(\$0.81)
Effective Gross Income	\$559,687	\$26.25
Expenses	(\$296,032)	(\$13.89)
Net Operating Income	\$263,655	\$12.37
Occupancy at Sale	100.0%	
Expense % of GI / EGI	51%	53%

ANALYSIS INFORMATION

Price per SF	\$176
Adjusted Price per SF	\$231
Capitalization Rate	7.04%

CONFIRMATION

Name	Tyler Nicholes
Company	Marcus & Millichap
Source	Seller's Broker
Date / Phone Number	09/19/2022 +1 206 826 5700

REMARKS

The property is operated as an executive suites office with 40 tenants.

COMPARABLE 6**LOCATION INFORMATION**

Name	2-Tenant Office
Address	8121 W. Grandridge Blvd.
City, State, Zip Code	Kennewick, WA, 99336
County	Benton
MSA	Kennewick-Pasco-Richland, WA Metropolita
APN	1-3199-4BP-3599-001

SALE INFORMATION

Buyer	3 Wicks LLC
Seller	BRC Investments LLC
Transaction Date	01/21/2021
Transaction Status	Recorded
Transaction Price	\$2,077,500
Analysis Price	\$2,077,500
Recording Number	157113
Rights Transferred	Leased Fee
Financing	All Cash
Conditions of Sale	Arms-Length
Marketing Time	4 Months

PHYSICAL INFORMATION

Leasable Area (NRA)	11,750
Number of Buildings	1
Year Built	2007
No. of Floors	2
Parking Spaces / Ratio	52 (4.43/1,000 SF NRA)
Class	A
Quality	Average
Condition	Good
Building Structure	Wood
Site Size	1.1 Acres (48,780 SF)
Zoning	CR
Access	Good
Exposure	Good
Site Coverage	20%

**2-TENANT OFFICE****OPERATING INCOME**

	<u>TOTAL</u>	<u>PER SF</u>
Rent Income	N/Av	N/Av
Other Income	N/Av	N/Av
Gross Income	N/Av	N/Av
Vacancy & Credit Loss @ N/Av	N/Av	N/Av
Effective Gross Income	N/Av	N/Av
Expenses	N/Av	N/Av
Net Operating Income	\$173,471	\$14.76
Occupancy at Sale	100.0%	
Expense % of GI / EGI	N/Av	N/Av

ANALYSIS INFORMATION

Price per SF	\$177
Adjusted Price per SF	\$205
Capitalization Rate	8.35%

CONFIRMATION

Name	Derrick Stricker
Company	NAI Tri Cities
Source	Seller's Broker
Date / Phone Number	03/25/2021 +1 509 430 8533

REMARKS

Colliers has appraised this property in the past. At the time of sale it was occupied by a telecom company and Umpqua Bank's loan center. The building has a second level with about 2,000 SF (15% of the NRA) accessed by a stairwell which previously was occupied by Umpqua but was vacant at the time of sale. This space has been difficult to lease. Umpqua's lease rate is \$19/SF and their lease expires in 2022. There is risk that they may leave, downsize, or want a lower rent because of Covid. This placed upward pressure on the cap rate of 8.35% (applied to current income). The broker said there were 5 interested buyers, and the buyer is an investor from California. The seller was a partnership that was dissolving, and this was their last jointly-owned asset, suggesting there may have been some seller motivation.

IMPROVED SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4	COMPARABLE 5	COMPARABLE 6
Name	2-Story Office	2-Tenant Office	Office Building	Keller Wms Office	Office Bldg.	Col. Ctr. Hts. Office	2-Tenant Office
Address	8131 W. Grandridge Blvd.	299 Bradley Blvd.	636 N Colorado St	507 Knight Street	1455 Columbia Park Trail	1030 N. Center Pkwy.	8121 W. Grandridge Blvd.
City, State	Kennewick, WA	Richland, WA	Kennewick, WA	Richland, WA	Richland, WA	Kennewick, WA	Kennewick, WA
NRA (SF)	17,818	8,056	6,000	7,280	7,461	21,319	11,750
Land Area (SF)	65,141	33,106	30,927	9,862	47,443	57,939	48,780
Year Built	2002	2019	1993	1944	2004	2005	2007
SALE INFORMATION							
Date		12/12/2024	9/26/2024	7/24/2024	6/23/2023	6/21/2021	1/21/2021
Status		Recorded	Recorded	Recorded	Recorded	Recorded	Recorded
Rights Transferred		Leased Fee	Fee Simple	Fee Simple	Fee Simple	Leased Fee	Leased Fee
Analysis Price		\$2,020,000	\$1,250,000	\$1,600,000	\$1,930,000	\$3,744,550	\$2,077,500
\$/SF NRA		\$251	\$208	\$220	\$259	\$176	\$177
TRANSACTIONAL ADJUSTMENTS							
Property Rights		0%	0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%	0%
Conditions of Sale		0%	0%	0%	0%	0%	0%
Expenditures After the Sale		0%	0%	0%	0%	0%	0%
Market Conditions ¹		2%	3%	3%	5%	10%	10%
Subtotal Transactional Adj Price		\$256	\$214	\$227	\$272	\$192	\$195
PROPERTY ADJUSTMENTS							
Location	Good	Excellent	Good	Good	Good	Good	Good
Adjustment		-5%	0%	0%	0%	0%	0%
Size	17,818	8,056	6,000	7,280	7,461	21,319	11,750
Adjustment		-5%	-5%	-5%	-5%	0%	-5%
Quality	Good	Good	Average	Good	Good	Average	Average
Adjustment		0%	10%	0%	0%	10%	10%
Condition	Good	Good	Average	Good	Good	Average	Good
Adjustment		0%	10%	0%	0%	10%	0%
Exposure	Good	Good	Good	Good	Good	Good	Good
Adjustment		0%	0%	0%	0%	0%	0%
Access	Good	Good	Good	Good	Good	Good	Good
Adjustment		0%	0%	0%	0%	0%	0%
Parking Ratio	5.5	4.5	7.1	-	4.4	3.8	4.4
Adjustment	4.1 w/ Esmt	0%	-5%	5%	0%	0%	0%
Subtotal Property Adjustment		-10%	10%	0%	-5%	20%	5%
TOTAL ADJUSTED PRICE		\$231	\$235	\$227	\$259	\$231	\$205
STATISTICS	UNADJUSTED	ADJUSTED					
LOW	\$176	\$205					
HIGH	\$259	\$259					
MEDIAN	\$214	\$231					
AVERAGE	\$215	\$231					

¹ Market Conditions Adjustment: 2%

Date of Value (for adjustment calculations): 2/1/26

COMPARABLE SUMMARY

The sales include six sales from the local market. Prior to adjustments, the comparables range from \$176 to \$259/SF. Adjustments were applied as follows:

- **Location** – Sale 1 is at a slightly superior location, in the Columbia Point area which has an 18-hole golf course, marina, restaurants, and waterfront condominiums.
- **Size** – The comparables range in size from about 6,000 to 21,300 SF, bracketing the adjusted NRA at the subject. Adjustments (for economies of scale) are applied for differences in excess of 5,000 SF.
- **Quality and Condition** – Adjustments are applied for perceived differences. Sales 2 and 5 were considered to be inferior.
- **Access and Exposure** – No significant differences were noted.
- **Parking Ratio** – The subject has a parking ratio of about 4.1 per 1,000 SF of NRA, excluding the stalls used by the building to the east. Sale 2 has a higher ratio, and Sale 3 has no on-site parking. Adjustments are applied accordingly.

SALES COMPARISON APPROACH CONCLUSION

After adjustments, the indicated range narrows to \$205 to \$259/SF. The average and median are both \$231/SF. The level of gross adjustment ranged from 10% to 33%. Most emphasis is placed on Comparables 1, 3, and 4 (\$231, \$227, and \$259/SF). These required lower overall gross adjustment than the other three sales. The concluded unit value is \$230/SF, which is bracketed by these three sales, and is supported by the average and median of all six sales. The chart below summarizes the analysis and is applied to the subject's NRA in the estimate of the Upon Stabilization and As Is Values.

SALES COMPARISON APPROACH CONCLUSION (NRA)								
COMP	ANALYSIS	ADJUSTMENT				NET GROSS		OVERALL
	PRICE	TRANSACTIONAL ¹	ADJUSTED	PROPERTY	FINAL	ADJ %	ADJ %	
1	\$251	2%	\$256	-10%	\$231	-8%	12%	PRIMARY
2	\$208	3%	\$214	10%	\$235	13%	33%	SECONDARY
3	\$220	3%	\$227	0%	\$227	3%	13%	PRIMARY
4	\$259	5%	\$272	-5%	\$259	0%	10%	PRIMARY
5	\$176	10%	\$192	20%	\$231	31%	30%	SECONDARY
6	\$177	10%	\$195	5%	\$205	16%	25%	SECONDARY
LOW	\$205					AVERAGE		\$231
HIGH	\$259					MEDIAN		\$231
		SUBJECT SF		\$/SF CONCLUSION		VALUE		
PROSPECTIVE VALUE UPON STABILIZATION		17,818	x	\$230/SF	=	\$4,100,000		
Lease-Up Costs						From Lease-Up Analysis		
Rent Loss						(\$43,092)		
Expense Carry						(\$16,507)		
Tenant Improvements / Demising						(\$204,120)		
Leasing Commissions						(\$21,546)		
Free Rent						\$0		
Total Lease-Up Costs						(\$285,265)		
Entrepreneurial Profit						(\$57,053)		
TOTAL LEASE-UP COSTS						(\$342,318)		
AS-IS MARKET VALUE					\$211/SF	\$3,760,000		

¹Cumulative ²Additive

Rounded to nearest \$10,000

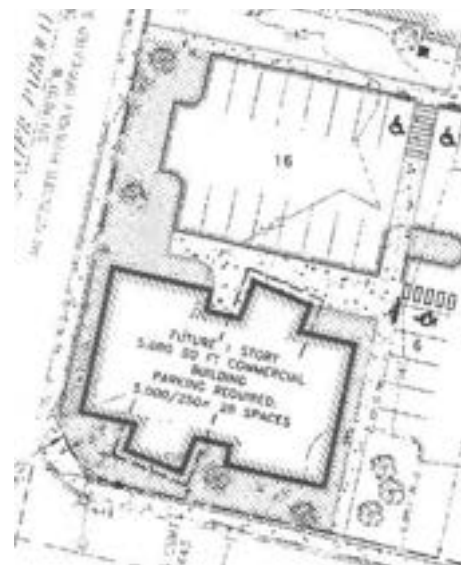
INTRODUCTION

The following presentation of the appraisal process deals directly with the valuation of the Excess Land, which is the tax parcel to the south of the building. The old site plan for this parcel shows a 5,000 SF building. This also reveals that the parking for this building would be access across the other parcel, as there are no curb cuts to either abutting street. This parcel is one of the three that are part of the Reciprocal Parking and Access Easement described previously.

The Survey Map showed a 10' utility easement along the south and west sides of this parcel, suggesting utilities are at the perimeter of this site.

Zoning is Commercial Regional, as is it for the Economic Site Parcel.

The As Is Value is estimated using the Sales Comparison Approach, which is recognized as the standard appraisal technique for commercial land.



SALES COMPARISON APPROACH

The Sales Comparison Approach is based on the principle of substitution, which asserts that no one would pay more for a property than the value of similar properties in the market. This approach analyzes comparable sales by applying transactional and property adjustments in order to bracket the subject property on an appropriate unit value comparison. The Sales Comparison Approach is applicable when sufficient data on recent market transactions is available, as is the case with the analysis which follows.

LAND VALUATION

Land value is influenced by a number of factors; the most prominent of which is development and use potential, which is dictated by factors such as location, size, zoning, access, exposure, topography, and availability of utilities. These factors, as well as others such as competitive supply, are considered in the following analysis.

UNIT OF COMPARISON

The most relevant unit of comparison is the price per square foot. This indicator best reflects the analysis used by buyers and sellers in this market for land with similar utility and zoning in this marketplace.

COMPARABLE SELECTION

A thorough search was made for similar land sales in terms of proximity to the subject, size, location, development potential, and date of sale. In selecting comparables, emphasis was placed on confirming recent sales of commercial sites that are similar to the subject property in terms of location and physical characteristics. Overall, the sales selected represent the best comparables available for this analysis.

ADJUSTMENT PROCESS

The following adjustments or general market trends were considered for the basis of valuation.

Transactional Adjustments

Dollar adjustments to the comparable sales were considered and made when warranted for transactional adjustments in the sequence shown below:

Property Rights Transferred	The valuation of the subject site was completed on a fee simple basis. If warranted, leased fee, leasehold and/or partial interest land sales were adjusted accordingly.
-----------------------------	--

Financing Terms	The subject site was valued on a cash equivalent basis. Adjustments were made to the comparables involving financing terms atypical of the marketplace.
Conditions of Sale	This adjustment accounts for extraordinary motivation on the part of the buyer or seller often associated with distressed sales and/or assemblages.
Expenditures After Purchase	Adjustments were applied if site conditions warranted expenditures on the part of the buyer to create a buildable site. Examples include costs for razing pre-existing structures, general site clearing and/or mitigation of environmental issues.
Market Conditions	Market conditions adjustments were based on a review of historical sale data, market participant interviews and review of current versus historical pricing. Based on our research, the following table summarizes the market conditions adjustment applied in this analysis.

MARKET CONDITIONS ADJUSTMENT			
Per Year As Of	January 2025	(As-Is)	2%

The analysis applies an upward market conditions adjustment of 2% annually reflecting the conditions between the oldest comparable sale date up through the effective valuation date.

Property Adjustments

Quantitative percentage adjustments are also made for location and physical characteristics such as size, shape, access, exposure, topography, zoning, and availability of utilities. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site.

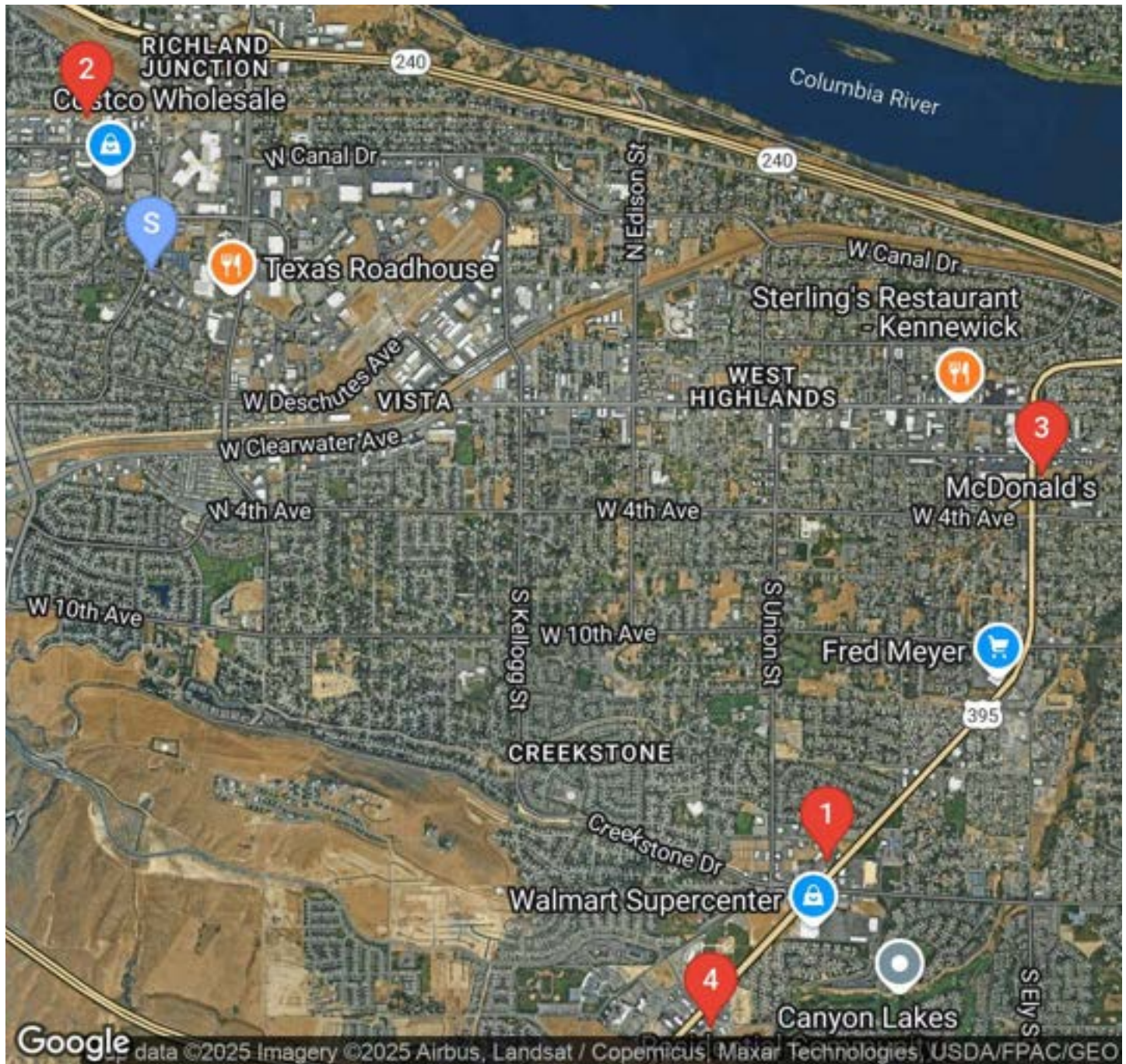
LAND VALUATION PRESENTATION

The following Land Sales Summation Table, Location Map and datasheets summarize the sales data used in this analysis. Following these items, the comparable land sales are adjusted for applicable elements of comparison and the opinion of site value is concluded.

LAND SALES SUMMATION TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4
Name	2-Story Office	C C Land	CG Land	C C Land	Bank Site
Address	8131 W. Grandridge Blvd.	2583 South Quillan Place	8516 West Gage Boulevard	115 South Ely Street	3720 South Zintel Way
City	Kennewick	Kennewick	Richland	Kennewick	Kennewick
State	WA	WA	WA	WA	WA
Zip	99336	99338	99352	99336	99337
County	Benton	Benton	Benton	Benton	Benton
APN	1-3199-4BP- 4552-001 and 1- 3199-4BP-4552- 003	308156	1-3099-3BP-5184- 002	13874	1-1689-401-3188- 003
PHYSICAL INFORMATION					
SF	15,185	15,246	50,865	27,800	65,344
Location	Good	Good	Good	Good	Good
Exposure	Good	Excellent	Average	Excellent	Good
Access	Good	Average	Average	Average	Good
Shape	Generally	Rectangular	Rectangular	Rectangular	Generally
Site Utility Rating	Good	Average	Average	Average	Average
Zoning	C R - L	C C	C G	C C	C C
Topography	Level	Level	Level	Level	Level
Utilities	Yes	Yes	Yes	Yes	Yes
SALE INFORMATION					
Date		4/24/2024	2/1/2024	9/25/2023	2/13/2023
Status		Recorded	Pending	Recorded	Recorded
Rights Transferred		Fee Simple	Fee Simple	Fee Simple	Fee Simple
Transaction Price		\$230,000	\$620,000	\$335,000	\$784,080
Analysis Price		\$230,000	\$620,000	\$365,000	\$784,080
/SF Land		\$15.09	\$12.19	\$13.13	\$12.00

LAND SALES LOCATION MAP



COMPARABLE KEY

COMP	DISTANCE	ADDRESS	SALE DATE	ACRES	SF	\$/SF
SUBJECT		8131 W. Grandridge Blvd., Richland, WA		1.8	80,326	
No. 1	3.6 Miles	2583 South Quillan Place, Kennewick, WA	4/24/2024	0.4	15,246	\$15.09
No. 2	0.7 Miles	8516 West Gage Boulevard, Richland, WA	2/1/2024	1.2	50,865	\$12.19
No. 3	3.6 Miles	115 South Ely Street, Kennewick, WA	9/25/2023	0.6	27,800	\$13.13
No. 4	3.7 Miles	3720 South Zintel Way, Kennewick, WA	2/13/2023	1.5	65,344	\$12.00

LAND SALES EXHIBITS



COMPARABLE 1



COMPARABLE 2



COMPARABLE 3



COMPARABLE 4

LAND SALES ADJUSTMENT TABLE

COMPARABLE	SUBJECT	COMPARABLE 1	COMPARABLE 2	COMPARABLE 3	COMPARABLE 4
Name	2-Story Office	C C Land	CG Land	C C Land	Bank Site
Address	8131 W. Grandridge Blvd.	2583 South Quillan Place	8516 West Gage Boulevard	115 South Ely Street	3720 South Zintel Way
City	Kennewick	Kennewick	Richland	Kennewick	Kennewick
APN	1-3199-4BP-4552-001 and 1-3199-4BP-4552-003	308156	1-3099-3BP-5184-002	13874	1-1689-401-3188-003
SF	15,185	15,246	50,865	27,800	65,344

SALE INFORMATION

Date	4/24/2024	2/1/2024	9/25/2023	2/13/2023
Status	Recorded	Pending	Recorded	Recorded
Rights Transferred	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Analysis Price	\$230,000	\$620,000	\$365,000	\$784,080
Price/SF	\$15.09	\$12.19	\$13.13	\$12.00

TRANSACTIONAL ADJUSTMENTS

Property Rights	0%	0%	0%	0%
Financing	0%	0%	0%	0%
Conditions of Sale	0%	0%	0%	0%
Expenditures After the Sale	0%	0%	0%	0%
Market Conditions ¹	1%	2%	3%	4%
Subtotal Transactional Adj Price	\$15.29	\$12.41	\$13.46	\$12.46

PROPERTY ADJUSTMENTS

Location	Good	Good	Good	Good	Good
Adjustment		0%	0%	0%	0%
Size	15,185	15,246	50,865	27,800	65,344
Adjustment		0%	5%	3%	5%
Exposure	Good	Excellent	Average	Excellent	Good
Adjustment		-5%	5%	-5%	0%
Access	Good	Average	Average	Average	Good
Adjustment		5%	5%	5%	0%
Shape	Generally Rectangular	Rectangular	Rectangular	Rectangular	Generally Rectangular
Adjustment		0%	0%	0%	0%
Zoning	C R - L	C C	C G	C C	C C
Adjustment		0%	0%	0%	0%
Topography	Level	Level	Level	Level	Level
Adjustment		0%	0%	0%	0%
Utilities	Yes	Yes	Yes	Yes	Yes
Adjustment		0%	0%	0%	0%
Subtotal Property Adjustment		0%	15%	3%	5%
TOTAL ADJUSTED PRICE		\$15.29	\$14.28	\$13.80	\$13.08

STATISTICS UNADJUSTED ADJUSTED

LOW	\$12.00	\$13.08
HIGH	\$15.09	\$15.29
MEDIAN	\$12.66	\$14.04
AVERAGE	\$13.10	\$14.11

¹ Market Conditions Adjustment: 2%

Date of Value (for adjustment calculations): 1/2/25

CONCLUSION OF EXCESS LAND VALUE

Prior to adjustments, the sales indicate a value range of \$12 to \$15/SF. After adjustments, the range is about \$13 to \$15. Sales 1 and 4 have lower levels of gross adjustment, but there are also the high and low indicator. Sales 2 and 3 required only 15% and 17% adjustment and are also given emphasis. A mid-range conclusion of \$14/SF is reasonable. This is also supported by the average and median.

The following table summarizes the analysis of the comparables, reports the reconciled price per square foot value conclusion, and presents the concluded value of Excess Land parcel.

CALCULATION OF LAND VALUE								
COMP	ANALYSIS PRICE	ADJUSTMENT				NET GROSS		OVERALL COMPARISON
		TRANSACTIONAL ¹	ADJUSTED	PROPERTY	FINAL	ADJ %	ADJ %	
1	\$15.09	1%	\$15.29	0%	\$15.29	1%	11%	PRIMARY
2	\$12.19	2%	\$12.41	15%	\$14.28	17%	17%	PRIMARY
3	\$13.13	3%	\$13.46	3%	\$13.80	5%	15%	PRIMARY
4	\$12.00	4%	\$12.46	5%	\$13.08	9%	9%	PRIMARY
LOW	\$13.08					AVERAGE		\$14.11
HIGH	\$15.29					MEDIAN		\$14.04
COMPONENT		SUBJECT SF		\$/SF CONCLUSION		VALUE		
Excess		15,185	x	\$14.00	=	\$210,000		

¹Cumulative ²Additive

Rounded to nearest \$10,000

RECONCILIATION OF VALUE CONCLUSIONS

The Analysis of Value Conclusions is the final step in the appraisal process and involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property. The following table summarizes the opinions of the As-Is Market Value and Prospective Value Upon Stabilization of the subject property's fee simple interest.

The Income Approach mirrors the analysis of an investor, which would be a potential buyer if the subject were marketed on a sale/leaseback basis. The Sales Comparison Approach models a sale to an owner/user or partial owner/user which are also potential buyer scenarios. It is noted that both approaches point to similar values. A mid-range conclusion is reasonable.

ANALYSIS OF VALUE CONCLUSIONS		
VALUATION INDICES	AS-IS MARKET VALUE	PROSPECTIVE VALUE UPON STABILIZATION
INTEREST APPRAISED	FEE SIMPLE	FEE SIMPLE
DATE OF VALUE	JANUARY 2, 2025	FEBRUARY 1, 2026
Sales Comparison Approach - Bldg on Econ. Site Parcel	\$3,760,000	\$4,100,000
Income Approach - Bldg on Econ. Site Parcel	\$3,740,000	\$4,080,000
FINAL VALUE CONCLUSION - BUILDING ON ECONOMIC SITE	\$3,750,000	\$4,090,000
\$/SF	\$210/SF	\$230/SF
Implied Capitalization Rate		7.23%
Exposure Time	12 Months or Less	12 Months or Less
Marketing Period	12 Months or Less	12 Months or Less
OTHER CONCLUSIONS	JANUARY 2, 2025	
Excess Land	\$210,000	
Total Value: Building on Econ. Site Parcel + Excess Land	\$3,960,000	\$4,300,000

FINAL COMMENTS

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject's value.

I 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 of the signers are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The signers of this report 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.
- Reid Erickson, MAI has performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Bruce Nell, MAI, AI-GRS, MRICS has performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- The signers are not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The 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.
- The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute.
- Reid Erickson, MAI inspected the property that is the subject of this report. Bruce Nell, MAI, AI-GRS, MRICS did not inspect the property that is the subject of this report.
- No one provided significant real property appraisal assistance to appraisers signing this certification.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of this report Reid Erickson, MAI and Bruce Nell, MAI, AI-GRS, MRICS completed the continuing education program for Designated Members of the Appraisal Institute.



Reid Erickson, MAI
Executive Managing Director
Certified General Real Estate Appraiser
State of Washington License #1100150
+1 206 965 1106
reid.erickson@colliers.com

January 16, 2025

Date



Bruce Nell, MAI, AI-GRS, MRICS
Executive Managing Director | Advisory Services
Certified General Real Estate Appraiser
State of Washington License #22026079
+1 614 437 4687
bruce.nell@colliers.com

January 16, 2025

Date

This appraisal is subject to the following assumptions and limiting conditions:

- The appraisers may or may not have been provided with a survey of the subject property. If further verification is required, a survey by a registered surveyor is advised.
- We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
- Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- The appraisers may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.
- The statements of value and all conclusions shall apply as of the dates shown herein.
- There is no present or contemplated future interest in the property by the appraisers which is not specifically disclosed in this report.
- Without the written consent or approval of the authors neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraisers and the firm with which the appraisers are connected.
- This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.
- The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- The liability of Colliers International Valuation & Advisory Services, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiency in the property.
- The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Colliers International Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal

injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

- The appraisers assume no responsibility for determining if the subject property complies with the *Americans with Disabilities Act (ADA)*. Colliers International Valuation & Advisory Services, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment was not provided for this analysis. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- A detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.
- This analysis assumes that the financial information provided for this appraisal accurately reflect the current and historical operations of the subject property.



MountainSeed Appraisal Management, LLC
2100 Powers Ferry Road SE, Suite 410
Atlanta, GA 30339
404-973-2568

REQUEST FORM
COMPANY: Community First Bank – Kennewick, WA

State Registration Number: 3000177

File Information

File ID: 241218108
Loan Number: NA

Due Date: 1/8/2025

Vendor Information

Loan Type: Extension/Modification

Vendor: (NBP) Nell, Bruce
(Appraiser Mgr)

Form: Appraisal Report (Narrative format)

Service Fee: \$5000.00

Real Estate Valued: Land and Improvements

Interest Valued: Fee Simple
Effective Date of Value As Is Valuation:

Other Intended Users:

USDA: No
SBA: No

Client Information

Client: Community First Bank – Kennewick,
WA
Address: 6401 W Clearwater Ave
Kennewick, WA 99336

Borrower: Community First
Bancorporation Inc
Co-Borrower:
Company Name: Community First
Bancorporation Inc

Subject Property

Address: 8131 W Grandridge Blvd
Kennewick, WA 99336

County: Benton

Property Type: OO Office

Property Tax ID: 8131 W Grandridge Blvd parcel 131994BP4552001
8112 W Grandridge Blvd parcel 131994BP4552003

Description: APPRAISERS: PLEASE PROVIDE FEES FOR BOTH STANDARD AND RUSH
TURNAROUND TIMES. YOUR FEE AND TURNAROUND TIME FOR A RUSH BID CAN
BE PLACED IN THE APPRAISERS BID NOTES. THANK YOU.

Intended Use: Establish Value
Product Category: OREO/Foreclosure
Map: [Map Link](#)

****ASSIGNMENT CONDITION:** This order is for ONE report only. Multiple reports for this order are not permitted. Contact MountainSeed immediately if you determine multiple reports are needed or have questions on how to complete this as one report.**

FFAny allocation of the FFEand real property values must be listed separately within the report.

Please provide an aggregate combined value for the parcels.

Are there issues that the financial institution knows about that could impact value? No

Property Contact Information

Contact Person: Eric Pearson
Cell Phone: 509-222-2258
Contact Email Address: epearson@community1st.com

Work Phone:
Home Phone:

Note: This request form is not transferable to another vendor and/or appraiser. If the vendor and/or appraiser named on this request is unable to complete this assignment, please contact MountainSeed AMC at 404-973-2568. All vendors and/or appraiser are approved on an individual basis and if this assignment is completed by another vendor and/or appraiser, MountainSeed AMC will not be liable for any related service fees.



Date: 12/23/2024

Appraisal Company: (NBP) Colliers International (Comm Apprls)
Appraisal Co Address: 8800 Lyra Dr, Ste 650
COLUMBUS, OH 00001

Regarding: 8131 W Grandridge Blvd Kennewick, WA 99336

Dear: Bruce (Appraiser Mgr) (NBP) Nell

This letter (this **Engagement Letter**) confirms your engagement to prepare an appraisal of the property described below in compliance with the terms and conditions set forth below.

Basic Information

Property to Be Appraised: 8131 W Grandridge Blvd Kennewick, WA 99336

Property Description: APPRAISERS: PLEASE PROVIDE FEES FOR BOTH STANDARD AND RUSH TURNAROUND TIMES. YOUR FEE AND TURNAROUND TIME FOR A RUSH BID CAN BE PLACED IN THE APPRAISERS BID NOTES. THANK YOU.

****ASSIGNMENT CONDITION:** This order is for ONE report only. Multiple reports for this order are not permitted. Contact MountainSeed immediately if you determine multiple reports are needed or have questions on how to complete this as one report.**

FFAny allocation of the FFEand real property values must be listed separately within the report.

Please provide an aggregate combined value for the parcels.

Interest in the Property to be Appraised: Fee Simple

Client: Community First Bank – Kennewick, WA

Intended User: Financial Institution

Borrower (if Applicable): Community First Bancorporation Inc

Property Owner Contact Name: Eric Pearson

Property Owner
Phone:

Appraisal
Management MountainSeed Appraisal Management, LLC
Company:

Valuation
Methodology to Be **Value As Is**
Used:

Appraisal Form to Be Appraisal Report (Narrative format)
Used:

Fee: \$5000.00

Due Date: 1/8/2025

Addressee: Your Appraisal Report should be addressed to the Financial Institution.

Revised 5.6.24

I. INSTRUCTIONS

a. Purpose of the Assignment

The purpose of the assignment is to develop and report an informed and independent opinion of the Market Value of the Subject Property.

b. Intended Use

The report you prepare is intended to be used by the Financial Institution as an aid in underwriting a loan, loan modification or loan extension; classification or monitoring of a loan; and/or the disposition or monitoring of REO or loan collateral, which may constitute a federally-related real estate transaction for purposes of applicable federal appraisal regulations. The Financial Institution may, without your prior authorization or a notice to you, provide your report to other parties for their use, including without limitation in lending-related activities.

c. Acceptance of the Assignment

You must accept or decline this assignment ***within one (1) business day.***

d. Web Portal

The Financial Institution (Client) has engaged MountainSeed Appraisal Management, LLC (MountainSeed) to provide certain appraisal management company services to the Financial Institution. The Client has appointed MountainSeed as the Client's agent for purposes of engaging you on behalf of the Client in accordance with this Engagement Letter. Accordingly, you must direct communications about this appraisal assignment to MountainSeed through the web-based software system with which you registered prior to receiving this assignment (the **Web Portal**). If you have an issue with the Web Portal, please contact MountainSeed by phone (404) 973-2568 or email (info@mountainseed.com).

You agree to consistently monitor the Web Portal for updates and correspondence from MountainSeed.

You agree to respond to all communications from MountainSeed within one (1) business day, and you agree to comply with the other timing and delivery requirements set forth below. Failure to respond to communications from MountainSeed regarding this appraisal assignment, or failure to meet any of the other timing and delivery requirements, may result in the work being reassigned to another appraiser. You understand that the Financial Institution reserves the right to withhold payment in the event the assignment is reassigned due to your failure to meet timing and delivery requirements.

e. Requirement to Decline the Assignment or Stop Work

You must decline this assignment if you are not geographically competent, the assignment falls outside of your scope of practice restrictions, or you know of any reason you would not be able to provide an unbiased and independent professional judgment as to the Market Value of the Subject Property. Furthermore, you must stop work and immediately notify MountainSeed if you later determine that you are not qualified to complete the assignment. You acknowledge that you have received a copy of MountainSeeds Appraiser Independence Policy (AP0001) (the **Appraiser Independence Policy**), which is incorporated into this Engagement Letter by this reference. **If you believe that a violation of the Appraiser Independence Policy has occurred, or any applicable conflict of interest or independence requirements (such as attempts by others to influence or coerce) have been compromised in any way, you will immediately stop work and contact MountainSeeds compliance hotline at 1-877-848-4914.**

f. Requirements for Completion of the Assignment

i. *Inspection*

Immediately, but in no event less than **two (2) business days**, following your acceptance of this assignment, you should contact the property contact to schedule an inspection. If you are unable to reach the property contact, please notify MountainSeed immediately. As soon as the inspection date has been set, you should change the order status in the Web Portal to **"Appt. Set"** and add the date and time of the appointment in the appropriate section of the order.

ii. *Property Information*

The description of the Subject Property and any other information provided to you by MountainSeed or Financial Institution is provided on an **As-Is, Where-Is** basis with no representation or warranty whatsoever.

If at any time you discover a material discrepancy or insufficiency in the description of the Subject Property or other information provided to you that necessitates a change in the scope of the work, your fee or the Due Date, you must notify MountainSeed within **one (1) business day** of such discovery (and in any event prior to the Due Date and your delivery of the Appraisal) and the parties will work together to agree upon a mutually satisfactory amendment to this Engagement Letter to memorialize any such necessary changes.

iii. *Uniform Standard*

In performing the assignment, you and your work product must conform to generally accepted appraisal standards as evidenced by the Uniform Standards of Professional Appraisal Practice (**USPAP**) promulgated by the Appraisal Standards Board of the Appraisal Foundation.

iv. *Additional Requirements*

You and your work product must comply with the regulations, guidelines, and standards specified in the MountainSeed General Guidelines for Financial Institutions, Commercial Appraisal Services (herein referred to as the **Additional Requirements**). You can access these guidelines via the following link:

<https://mountainseed.com/mountainseed-commercial-guidelines>

By signing this engagement letter, you acknowledge that you have received a copy of these Guidelines.

While you must comply, and must ensure that your work product complies, with those provisions in the respective federal laws and regulations that are applicable to you and your performance of this assignment,

this Engagement Letter does not require you to guaranty compliance with portions of those federal laws and regulations that do not apply to your performance of this assignment or over which you have no control whatsoever. However, you must be knowledgeable about and comply with any provisions of the laws, regulations, and guidelines discussed above that apply to your work. For example, you must comply with the requirement to provide an As Is Market Value for assignments involving federally related transactions. This requirement applies to all assignments, including those involving new construction or for properties undergoing renovation. Please remember that under USPAPs Scope of Work Rule, assignment conditions include laws and regulations. You may also wish to refer to USPAP Advisory Opinion 30, *Appraisals for Use by a Federally Regulated Financial Institution*.

v. Nondiscrimination

The Fair Housing Act, Equal Credit Opportunity Act, and other federal, state, and local laws and regulations broadly prohibit discrimination in real estate, appraisal and lending services based on legally protected characteristics. These protected characteristics, depending on the applicable law or regulation, may include race, color, religion, sex, sexual orientation, gender identity, age, marital status, disability, familial status, exercise of any federally protected civil right, receipt of income derived from any public assistance program, birthplaces of residents of the property or in the neighborhood, national origin of the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property.

In accepting this assignment, you acknowledge the importance of these protections against discrimination and agree that your performance of the assignment, including without limitation your development and reporting of the appraisal and your interactions with all persons, will not be based in part or in whole on information involving any legally protected characteristics, regardless of your intention, unless expressly permitted by law. You agree that you and persons acting under your direction or control are knowledgeable of and will abide by all applicable federal, state, and local laws and regulations governing nondiscrimination.

1. Specifically Prohibited/Unacceptable Practices

To avoid discrimination, or a suggestion of discrimination, by you or by other parties who may utilize or rely on your appraisal, you agree that you will not:

- a) Act with bias or otherwise discriminate against or treat differently any individual or group based on a protected characteristic.
- b) Consider, discuss, or refer to any protected characteristic of any party or with regard to the neighborhood or community within which the subject property is located in your appraisal development and/or report or in communications with other parties, including MountainSeed, unless expressly permitted by law or regulation.
- c) Use, rely on, consider, or discuss in any analysis, opinion or conclusion, any assumptions, stereotypes, or generalizations related to protected characteristics (or nonprotected characteristics intentionally used as a substitute for a protected characteristic).

d) Employ terminology or veiled language as code words that may signal underlying bias, including but not limited to desirable location/neighborhood, diverse, gentrified, pride of ownership, predominantly White or Black or Hispanic neighborhood, services or amenities geared toward a protected class or using generational descriptors such as Gen X, Millennial, or Boomer.

These specific unacceptable practices do not limit your responsibility to comply with all other discrimination prohibitions in the applicable laws and regulations.

2. Exceptions

In limited circumstances, applicable nondiscrimination laws and regulations may permit the consideration of protected characteristics in the performance of an appraisal (e.g., the prohibition against discrimination based on family may not be applicable to an appraisal of housing legally designated for older persons). If a protected characteristic is considered under such a limited exception, that such consideration is required or expressly permitted by law or regulation, the appraiser must conspicuously state in the report the protected characteristic(s) considered and cite the law or regulation that requires or expressly permits consideration.

3. Reporting of Concerns and Accusations

In the event that any party expresses a concern or makes any accusation regarding discrimination, you agree that you will immediately notify MountainSeed and cooperate with MountainSeed in its investigation and resolution of the matter.

vi. State-Specific Requirements

1. AMC Registration/License Number & Fee Disclosure

Appraisals are expected to comply with any state-specific requirements regarding the disclosure of: (a) MountainSeed's AMC registration or license number, as applicable; and/or (b) the fee paid for your services. Pursuant to state law, MountainSeed cannot prohibit the appraiser from disclosing the appraisal fee within the appraisal report. Furthermore, MountainSeed does not require the appraiser to disclose the AMC registration/license number or appraisal fee within the appraisal report, however in the following states, you should disclose the AMC registration and/or your fee within the body of the appraisal report. (Note: This list is provided for informational purposes only. It is your responsibility to verify disclosure requirements with the licensing board in the state where the subject property is located.)

State	<i>Appraiser to Disclose in Report (AMC #, Fee, or Both)</i>	<i>Special Instructions</i>
Alabama	AMC #	Appraiser shall state fee paid to appraiser in certification of report.
Arizona	Fee	Appraiser shall state their fee in scope of work section of report.
Colorado	Fee	None

Georgia	Both	None
Illinois	Both	See Assignments Involving Illinois Property
Kentucky	Both	Appraiser to place AMC name, registration number and fee paid to appraiser in report.
Louisiana	Fee	None
Montana	AMC #	None
Nevada	Fee	Appraiser to state total paid to appraiser and total fee retained by AMC.
New Jersey	Both	None
New Mexico	Fee	Appraiser to state total paid to appraiser and total fee retained by AMC.
Ohio	Fee	Appraiser to state actual fees paid to the appraiser within the body of the appraisal report.
Utah	Fee	Appraiser to state total paid to appraiser and total fee retained by AMC.
Vermont	Fee	Appraiser to state fee paid to appraiser in report.

2. **Assignments Involving Illinois Property**

For appraisal assignments involving property located in the state of Illinois, you must comply with the requirements of Illinois law and the Illinois Administrative Code. Illinois has established state law governing appraisal assignments in which an AMC is involved. You must comply with Illinois law, including the provisions of Illinois Administrative Code Section 1455.250.

a. Client(s) & Intended User(s)

MountainSeed is an appraisal management company (AMC) and is engaging you on the Financial Institutions behalf, acting as the Financial Institutions agent. As the Financial Institution is engaging you through MountainSeed (an agent), the Financial Institution is also a client. Accordingly, notwithstanding any provision to the contrary contained in this Engagement Letter, ***you must identify MountainSeed as the client and the Financial Institution as the intended user in the appraisal report.***

b. AMC Illinois Registration Number

The appraiser shall prominently display the appraisal management company's Illinois registration number (see top of this engagement letter) and expiration date as follows: "The appraisal management company's Illinois registration number is 558.xxxxxx and it expires on (month/day/year)."

Verify current license number and expiration date

at: <https://online-dfpr.micropact.com/Lookup/LicenseLookup.aspx>

c. Fee Payment Statement

Per Illinois Administrative Code Section 1455.250, the appraiser shall prominently display the appropriate statement as follows:

1) An independent appraiser by employment or contract for a specific assignment, the appraiser shall prominently display the appraisal fee received from the appraisal management company in the certification as follows: "The compensation for this appraisal assignment is \$_____."

2) An employee appraiser for a specific assignment, the appraiser shall prominently display the appraisal fee received from the appraisal management company in the certification as follows: "The

compensation for this appraisal assignment is \$_____.

3) An employee appraiser who receives a salary and does not receive a fee for the assignment, the employee appraiser shall prominently display the following language: "The appraiser is a salaried employee and received no appraisal fee for the assignment."

4) An appraiser for a specific assignment, the appraiser shall prominently display the appraisal management company's Illinois registration number and expiration date as follows: "The appraisal management company's Illinois registration number is _____ and it expires on (month/day/year)."

d. To our knowledge, the owner of the property under appraisal has not been advised that interior images may be required under the assignment criteria. It is advised that upon contact with the owner, you notify them of any interior images that may be required.

vii. Form-Specific Requirements

1. FHLMC Form 71A

If Form 71A is used, the appraiser must conspicuously state in an addendum that the pre-printed definition of market value, contingent & limiting conditions, certification, and FHLMC Form 461 (lease analysis) referenced on Form 71A are outdated and are not incorporated in the report. (See 71A Addendum Example below).

At a minimum, the report must contain a current definition of market value, assumptions and limiting conditions, and certifications that comply with the current USPAP.

71A Addendum Example:

FORM 71A CONTAINS THE FOLLOWING PRE-PRINTED ELEMENTS THAT ARE OUTDATED AND COMPROMISE COMPLIANCE WITH CURRENT STANDARDS AND GUIDELINES. THESE PRE-PRINTED ELEMENTS ARE NOT INCORPORATED IN THE REPORT.

- 1. Definition of Market Value Not current (c.1975) as printed on Form 71A and not consistent with the current FIRREA definition. (See FIRREA Title XI § 323.2 Definitions. (h) Market value)*
- 2. Contingent & Limiting Conditions Not current with USPAP as they contain assumptions that appear to require explicit identification as Extraordinary Assumptions (e.g. assumptions regarding condition). [See USPAP Standard 2-2 (a)(xiii)]*
- 3. Certification Not current or consistent with the current minimum certification required by USPAP. (See USPAP Standard 2-3)*
- 4. FHMLC Form 461 (Lease Analysis) Inadequate to meet current standards and requirements for development and reporting.*

THE APPRAISER HAS REPLACED THESE WITH ADDENDA AND ATTACHMENTS THAT COMPLY WITH CURRENT STANDARDS AND GUIDELINES.

2. FHLMC Form 71B

If a 71B is ordered, the appraiser must conspicuously state in an addendum that FHLMC 239 (certification and statement of limiting conditions, including definition of market value) and FHLMC

Form 461 (Lease Analysis) referenced on form 71B are outdated and are not incorporated in the report. (See 71B Addendum Example below)

At a minimum, the report must contain a current definition of market value, assumptions and limiting conditions, and certifications that comply with the current USPAP.

71B Addendum Example:

FORM 71B CONTAINS PRE-PRINTED REFERENCES TO THE FOLLOWING FORMS THAT ARE OUTDATED AND COMPROMISE COMPLIANCE WITH CURRENT STANDARDS AND GUIDELINES. THESE ELEMENTS ARE NOT INCORPORATED IN THE REPORT.

1. *FHLMC 239* Outdated due to:

a. *Definition of Market Value*) Not current (c.1975) and not consistent with the current FIRREA definition. (See FIRREA Title XI § 323.2 Definitions. (h) Market value)

b. *Contingent & Limiting Conditions* Not current with USPAP as they contain assumptions that appear to require explicit identification as Extraordinary Assumptions (e.g. assumptions regarding condition). [See USPAP Standard 2-2 (a)(xiii)]

c. *Certification* Not current or consistent with the current minimum certification required by USPAP. (See USPAP Standard 2-3)

2. *FHMLC Form 461 (Lease Analysis)* Inadequate to meet current standards and requirements for development and reporting.

THE APPRAISER HAS REPLACED THESE WITH ADDENDA AND ATTACHMENTS THAT COMPLY WITH CURRENT STANDARDS AND GUIDELINES.

viii. Special Requirements

Your Appraisal must comply with USPAP, the Additional Requirements stated above, and all the terms and conditions and any Special Requirements set forth in this Engagement Letter.

g. Requirements for Delivery of the Appraisal

i. Delivery to MountainSeed

You must upload the Appraisal, including all exhibits and addendums, in a color PDF format to the Web Portal. You must upload a separate PDF of your invoice for the report in accordance with the Invoicing and Payment section below. The invoice should comply with the requirements of Section II(b) of this Engagement Letter.

ii. Due Date

You must deliver all work product required under the terms of this Engagement Letter by 5pm (local time of the subject property) on the Due Date. You must promptly notify MountainSeed in writing, and in no event less than two (2) business days prior to the Due Date, in the event that you anticipate any delay in meeting the Due Date. MountainSeed shall be under no obligation to extend the Due Date.

iii. Effective Date of the Appraisal

The effective date of your valuation opinion must be within thirty (30) days of the date of your delivery of the Appraisal, unless instructed otherwise.

II. POST-DELIVERY

a. Review of the Appraisal and Response to Related Inquiries

You acknowledge that MountainSeed may, for the benefit of MountainSeed and the Financial Institution, conduct or cause to be conducted a review of your completed appraisal. In connection with that review, MountainSeed may contact you to discuss your appraisal, to ask questions, or to request revisions in connection with MountainSeeds Appraisal Independence Policy. You agree to respond: (i) **within one (1) business day** to acknowledge your receipt of any such communication, and (ii) **within two (2) business days** to address any requests for revisions or additional information. You acknowledge that the resolution of such requests may in some cases require further analysis or written response from you and you agree that such analysis or response is part of the scope of work agreed to in connection with this assignment and will be provided at no additional charge.

Furthermore, you acknowledge that MountainSeed may use the results of any reviews or other quality control processes to establish an appraiser scorecard or other methodology or process for determining the quality of your work product (a **Scorecard**), and you agree that MountainSeed may share the results of any such Scorecard with the Financial Institution and other Financial Institution clients and third parties. You have the right to request a copy of your Scorecard and to dispute any information contained in it.

MountainSeed agrees to use good faith efforts to cooperate with you in resolving any such disputes regarding information contained on your Scorecard.

b. Invoicing and Payment

i. *Generally*

You must address your invoice to the Financial Institution (Client) at its address and submit it with your completed Appraisal. **The fee for this engagement set forth above includes all expenses, including travel and any technical assistance that you feel is necessary or appropriate.** Your invoice at a minimum should include your contact information, the property address and MountainSeed File ID Number, the fee, an invoice date and payment terms, and shall be accompanied by a completed IRS W-9 Form (unless you have already provided a copy of your W-9 to MountainSeed).

Provided you have delivered the appraisal and otherwise fully satisfied your obligations hereunder, the Financial Institution (Client) will pay your fee as set forth above within forty-five (45) days following the later to occur of (1) the Clients receipt of your invoice and all required supplemental information (e.g., W-9) or (2) the Clients receipt of completed report or work product meeting all requirements of this Engagement Letter.

You acknowledge and agree that your fee may be withheld in the event that your work product, in the Clients reasonable discretion, does not comply with any requirement of this Engagement Letter.

Please note that MountainSeed does not charge the Client an all-inclusive flat fee (your appraiser fee and the AMC fee combined). Instead, MountainSeed's arrangement with the Client requires you to invoice the Financial Institution directly for your agreed-upon fee. MountainSeed's fee is invoiced separately from yours. We believe this model provides transparency for you. We believe that asking you to bill the Financial Institution directly for your appraisal fee eliminates delay.

While it is our belief that this is the best payment model, we also understand that it is possible that from time to time a Client may be delinquent in timely payment. We do not want to be a deterrent in your receiving timely payment. If you have outstanding invoices that are excessively delinquent and would like to inquire directly to the Financial Institution on the status of your payment, please feel free to place a message in the Web Portal and request the contact information for the accounts payable department at the Financial Institution.

ii. *Payment Requests*

If you believe that the Financial Institution has failed to pay your fee for an appraisal within 40 days of the date you transmitted to us your completed appraisal, except where you have been notified of any

non-compliance with the conditions of the engagement, in addition to placing a message in the Web Portal please contact MountainSeed immediately at accounting@mountainseed.com so that we can work with you and the Financial Institution to ensure that you receive timely payment. Please note that while we believe that our payment policy is mutually beneficial, it does require that we rely on you to notify us when you have not been timely paid. To assist us in prioritizing your request for payment, please include the phrase PAYMENT REQUEST in all caps in the subject line of your email.

Please note that except as specifically provided elsewhere in this agreement (or as required by law/regulation), MountainSeed does not assume liability for your fee in the event that the Financial Institution fails to pay or is in delinquent in paying your invoice.

iii. State-Specific Requirements

1. Timing of Payment

a) In states that require payment be made within less than 45 days (LA, NC, NY, VA, WI), payment shall be made within the allowed time period (30 days).

b) In states with an allowed time period for payment greater than 45 days, client may reserve the right to exceed 45 days without notice and shall make payment within the time period allowed by state law/rule/regulation.

2. Payment Requests

a) For assignments involving properties located in states with laws and/or regulations requiring an appraisal management company to assume all responsibility for payment of the appraisal fee (e.g. Illinois, North Carolina): After notifying MountainSeed as set forth in Payment Requests, if you have not been paid by the Financial Institution, and you have not been notified of any non-compliance with the conditions of the engagement, MountainSeed will pay any outstanding portion of your fee within the time allowed by law/regulation after you transmitted a completed report compliant with the terms of this Engagement Letter. In states with an allowed time period for payment greater than 45 days, client may reserve the right to exceed 45 days without notice and shall make payment within the time period allowed by state law/rule/regulation.

b) In states that require payment be made within 30 days (LA, NC, NY, VA, WI), if an appraiser believes the Client has not paid a fee within 25 days, calculated from the date a completed report was transmitted to MountainSeed, except where the appraiser has been notified of any non-compliance with the conditions of the engagement, the appraiser shall place a message in the Web Portal AND contact MountainSeed immediately at accounting@mountainseed.com so that MountainSeed can ensure timely payment.

c. Disputes

MountainSeed has established a policy and a process for handling dispute requests from the Client following the Clients receipt of the completed appraisal, in accordance with the Appraiser Independence Policy and Client Dispute Policy. If you receive a completed dispute request form through the Web Portal, you agree to respond: (i) ***within one (1) business day*** to acknowledge your receipt of any such communication, and (ii) ***within three (3) business days*** to address any requests for revisions or additional information utilizing the Web Portal. You acknowledge that the resolution of such dispute requests may in some cases require further analysis or written response from you and you agree that such analysis or response is part of the scope of work agreed to in connection with this assignment and will be provided at no additional charge.

III. REPRESENTATIONS AND WARRANTIES

a. Licensure/Certification

You represent and warrant that you hold the appraisal license or certification necessary to perform the appraisal assignment. Furthermore, you represent and warrant that all professional qualifications, licenses,

and other information provided to MountainSeed or Financial Institution were and remain valid, true, correct, and complete in every respect, except to the extent you have notified MountainSeed and Financial Institution in writing of any change.

b. Appraisal Standards and Competency

By executing this Engagement Letter you acknowledge, declare, represent and warrant that you:

- (i) Understand the competency requirements of the pertinent version of USPAP and can satisfy each provision of the competency rule;
- (ii) Meet the competency requirements for this appraisal assignment;
- (iii) Are competent in the property type of the assignment;
- (iv) Are competent in the geographical area of the assignment;
- (v) Have access to appropriate data sources for the assignment;
- (vi) Are aware that misrepresentation of competency may be subject to the mandatory reporting requirement in the most current version of USPAP;
- (vii) Are familiar with the laws, rules, regulations, guidelines and other materials described in USPAP and the Additional Requirements;
- (viii) Are not aware of any reason why you or the Appraisal you prepare in connection with this assignment would fail to comply with USPAP and Additional Requirements, including without limitation the independence provisions and prohibitions on conflicts of interest;
- (ix) Have specific experience with the Subject Property type;
- (x) Hold all licenses, registrations, permits, certifications and governmental or other authorizations required to perform the appraisal in accordance with USPAP and the Additional Requirements, and in compliance with all applicable federal, state and local laws, ordinances, rules, regulations and guidelines;
- (xi) Have not performed any prior services regarding the Subject Property, as an appraiser, or in any other capacity, within the three-year period ending with the date of this Engagement Letter, or if you have you have performed such services, have disclosed those services in writing in compliance with USPAP prior to accepting this assignment;
- (xii) To your actual knowledge, are not listed on an exclusionary list or any similar list maintained by any governmental or quasi-governmental entity;
- (xiii) To your actual knowledge, have not had any registration, certificate or license to act as an appraiser refused, denied, canceled, surrendered in lieu of a pending revocation, suspended or revoked by any state or appraisal board prior to or as of the date of this Engagement Letter; and
- (xiv) Have no interest, direct or indirect, financial or otherwise in the Subject Property or the underlying transaction. ***(Although USPAP may allow an appraiser to appraise a property in which the appraiser has an interest with appropriate disclosures, the Additional Requirements do not permit such activity. If you have an interest in the Subject Property, you must decline this assignment.)***

c. Compliance with Applicable Law

You represent and warrant that you perform services as covered by this Engagement Letter in compliance with all applicable federal and state laws, regulations, and guidance, including, but not limited to, the laws, regulations, and guidance identified in the Additional Requirements section of this Engagement Letter.

d. Errors & Omissions Insurance

You represent and warrant that you maintain, and covenant that you shall continue to maintain (either by continuation of similar coverage with the same or a different insurance carrier or by the purchase of extended reporting period coverage or tail coverage) for a period of three years after the date of completion of this assignment, professional liability insurance (***E&O Insurance***) covering damages arising from the professional appraisal services delivered by you under this Engagement Letter. Your E&O Insurance shall:

- (i) have a minimum liability limit of \$500,000 per claim and \$1,000,000 in aggregate for all claims, (ii) be issued by an insurance carrier having a Bests Financial Strength rating of A- or better and Financial Size Category of at least Class IX, and (iii) be issued on an insurance policy form and by an insurance program acceptable to MountainSeed and Financial Institution. The policy shall not contain an exclusion for defense or damages relating to claims arising out of failed financial institutions or claims made by the FDIC or any other state or federal regulator or insurer of Financial Institutions, mortgage lenders, or other financial institutions.

You represent and warrant that you have provided MountainSeed (or other persons or entities as directed by MountainSeed) with true, correct and complete insurance declarations page or certificate of coverage evidencing your current E&O Insurance together with any other insurance documentation relating to such coverage requested by MountainSeed.

You agree to supply evidence of E&O Insurance whenever your E&O Insurance is renewed or replaced and shall immediately inform MountainSeed (or other persons or entities as directed by MountainSeed) of any nonrenewal, cancellation, termination or change of prior acts date/retroactive date of Appraisers E&O Insurance. During the period that you are required to carry E&O Insurance under this Engagement Letter, you shall not make any change or alteration to your E&O Insurance which results in the loss of prior acts or retroactive date coverage covering the date on which the assignment was performed under this Agreement. You consent to MountainSeed confirming E&O Insurance coverage directly with the insurance carriers or insurance program administrators.

IV. INTELLECTUAL PROPERTY

As between you and the Financial Institution, the Financial Institution will be deemed to own your appraisal and any reports or other information provided by you to Financial Institution in connection with this Engagement Letter, and neither Financial Institution nor MountainSeed will be restricted in any way with respect to redistribution of such information. You shall not claim any copyrights or other ownership interests in that work product. You, however, shall have the right to retain copies of reports, documents or other information produced or utilized by you for the purpose of your work file under USPAP or as may be required under any law or regulation.

Notwithstanding the foregoing, you acknowledge and agree that, in connection with its review of your Appraisal or otherwise, MountainSeed may extract and compile market data, including without limitation, information relating to comparable sales, rents, operating expenses, income, leases, and leasing activity; neighborhood descriptions; economic trends; and similar information, including, without limitation, for purposes of populating databases to be used by MountainSeed and its affiliates in future performance of services for, and product offerings to Financial Institution and other clients. Any such databases or other compilation of data extracted and compiled by MountainSeed shall be owned solely by MountainSeed, and you specifically disclaim, transfer, and assign to MountainSeed any right, title or interest in and to such databases and compilations and the information contained in them; provided, however, that this sentence shall not limit the Financial Institutions rights to use the appraisal in accordance with the terms of this Engagement Letter. For the absence of doubt, any such information extracted from your Appraisal and compiled by MountainSeed solely in accordance with the rights granted to MountainSeed under this paragraph shall not include your opinion of the value of the Subject Property as stated in the Appraisal, or any other confidential information relating to the Subject Property or the loan or transaction underlying the appraisal (including the identity of the lender and the identity of the borrower), or any confidential information with respect to the Financial Institution, the borrower, or the Financial Institutions or borrowers business operations, to the extent not already publicly available.

V. OTHER PROVISIONS

a. Relationship between the Parties

In the performance of services under the terms of this Engagement Letter, you shall act solely as an independent contractor, and nothing herein contained or implied shall at any time be construed so as to create the relationship of employer and employee, master and servant, partner, principal and agent or joint venture partner between you and Financial Institution or MountainSeed. Specifically, you acknowledge and agree that (i) neither Financial Institution nor MountainSeed will withhold any taxes, income or otherwise, from payments to you and that you will be required to file corporate, partnership, and/or individual tax returns and to pay taxes in accordance with applicable federal, state and local laws, (ii) this Engagement Letter is not an employment agreement, (iii) you are not an employee of MountainSeed or Financial Institution for any purpose, including, but not limited to, application of the Federal Insurance Contribution Act, Social Security Act, Federal Unemployment Tax Act, Internal Revenue Code, state and federal income tax withholding requirements, workers compensation insurance, and third-party liability claims, (iv) neither

MountainSeed nor Financial Institution shall be liable for any obligations incurred by you unless specifically authorized in writing, (v) you shall not act as an agent of MountainSeed or Financial Institution, nor bind MountainSeed or Financial Institution in any manner, (vi) you shall not represent or communicate to any party that you are an employee or an agent of MountainSeed or Financial Institution, and (vii) you are free to perform services for any and all other clients or management companies and you are free to set your own hours with respect to the performance of the assignment under this Engagement Letter.

b. Subcontracting Performance of Services

i. *Generally*

No subcontracting or outsourcing is permitted under this Engagement Letter. You, as the person signing this Engagement Letter, shall be the person who performs and signs the Appraisal requested herein. In general, the Financial Institution expects that you shall be the person that personally inspects the Property in connection with your Appraisal. Requests to have another employee in your firm inspect the Property must be approved and accepted by MountainSeed prior to engagement. Unless specifically instructed otherwise by MountainSeed or the Financial Institution, you may receive assistance in completing the Appraisal, so long as: (1) you at all times comply with USPAP, the Additional Requirements and the other provisions of this Engagement Letter, including without limitation in documenting the assistance you received, (2) the person providing the assistance is employed directly by you or by your appraisal firm and is characterized as an employee (and not an independent contractor) for federal income tax purposes; (3) the person providing the assistance is competent and qualified to provide the assistance and holds all necessary state, federal or local licenses, certificates or other authorizations required by any applicable authority; (4) you continuously supervise the person providing the assistance at all times in any work related to this Appraisal assignment, and (5) you sign the Appraisal and certification and accept full responsibility for the work. Specifically, and without limitation, you acknowledge and agree that you are familiar with applicable state laws, rules and appraisal board regulations, if any, regarding receiving professional assistance in connection with an appraisal assignment and that you shall at all times comply with those laws, rules and regulations in receiving any assistance in performing the Appraisal. You shall not assign this Engagement Letter to any other party, and any attempt by you to assign shall be void.

ii. *State-Specific Requirements*

For appraisal assignments involving property located in the state of Montana, subject to being permissible under the policies of the Financial Institution, Subsection V(b)(i), above, does not preclude you from: (i) utilizing the assistance of a licensed real estate trainee (under your supervision) or (ii) transferring the assignment to your employee who is Montana-licensed or -certified real estate appraiser who is a member of the Financial Institutions panel, provided that such individual can complete the work in accordance with USPAP and pursuant to the requirements of the Montana Board of Real Estate Appraisers.

c. No Disclaimers

The Financial Institution reserves the right not to accept the report and neither Financial Institution nor MountainSeed will be responsible for any fees or expenses incurred hereunder if your report includes disclaimers limiting your professional liability for services typically performed by an appraiser. This section shall not prohibit you from including standard disclaimers that may limit your liability for services typically performed by a third-party and that an appraiser is not qualified to perform, such as environmental site assessments.

d. No Third-Party Beneficiaries

All requirements and standards for you and your work product are imposed solely and exclusively for the benefit of MountainSeed and Financial Institution and their respective successors and assigns, and no other person shall be deemed a third-party beneficiary of this Engagement Letter. You are solely responsible for ensuring that you and your work product comply with all such requirements and standards. Specifically, you are not entitled to rely on any review that MountainSeed may perform to evaluate your work products compliance with any such requirements and standards. You should not assume that MountainSeed will refuse to accept your work product in absence of strict compliance with any or all such requirements and standards.

e. No Promise of Future Assignments

You acknowledge that neither MountainSeed nor Financial Institution has made any guarantee of future assignments. Neither Financial Institution nor MountainSeed makes any promise or guarantee as to any minimum number of assignments or minimum level of revenue.

f. Indemnity

You agree to indemnify MountainSeed for any and all loss, damage, liability, claim or expense incurred by an Indemnified Party arising out of or related to (i) any death, bodily injury or damage to property resulting from your acts or omissions, (ii) your negligence, gross negligence or willful misconduct in performing this assignment; or (iii) any breach of your representations, warranties and covenants contained in this Engagement Letter. Notwithstanding the foregoing, nothing in subpart (iii) above will be deemed to require you to defend, indemnify or hold harmless MountainSeed or any MountainSeed-related Indemnified Party with respect to any liability, damage, loss, claim or expense that arises out of the services performed by MountainSeed, its agents, employees, or independent contractors, and not the services you performed.

Furthermore, this indemnification provision in this paragraph shall not apply to appraisals performed in Vermont; for other states, in the event that the indemnification provision in this paragraph is broader than permitted by any applicable law or regulation, this section shall be limited to the extent of the indemnification permitted by such law or regulation in that state.

g. Termination

Notwithstanding anything contained herein to the contrary, either Financial Institution or MountainSeed may, at its option and for any reason, terminate this agreement without responsibility for payment of the appraiser's fees or costs, except for any actual staff time and out-of-pocket costs only, not to exceed the fee amount stated above, incurred by the appraiser in connection with the appraiser's performance of this agreement as of the date of termination.

h. Amendment

This Engagement Letter may only be amended in writing, signed by the parties hereto.

i. Confidentiality

You will take all reasonable steps to ensure that neither you nor any organization with which you are affiliated (including any employees, agents, appraisers, or officers of any such organization) will divulge any Confidential Information concerning your Appraisal to any person other than Financial Institution or MountainSeed. For purposes of this engagement letter, the term **Confidential Information** shall mean all non-public data or information that is submitted directly or indirectly to you by MountainSeed or Financial Institution or obtained or learned by you as a result of the engagement described in this Letter, including without limitation, information related to Financial Institutions or MountainSeeds customers, technology, operations facilities, consumer markets, products, capabilities, systems procedures, security practices, research, development, business affairs, ideas, concepts, innovations, inventions, designs, business methodologies, improvements, trade secrets, copyrightable subject matter and other proprietary information.

All Confidential Information shall remain the property of Financial Institution or MountainSeed, as applicable, and shall be protected as described below.

Except may be required by applicable law or lawful order or requirement of a court or other governmental authority having jurisdiction over you, you shall take reasonable means to hold all Confidential Information in confidence, and you shall not use (except for purposes set forth herein and authorized by Financial Institution or MountainSeed), disclose, duplicate, publish, release, transfer or otherwise make available Confidential Information in any form to, or for the use and benefit of, any person or entity without the express written consent of MountainSeed. You represent and warrant to Financial Institution and MountainSeed that you have established commercially reasonable controls to ensure the confidentiality of Confidential Information and to insure that Confidential Information is not disclosed in violation of the provisions of this Engagement Letter or the Gramm-Leach-Bliley Act of 1999 (15 U.S.C. § 6801, et seq.), as it may be amended, supplemented or replaced from time to time (the **GLB Act**) and the regulations promulgated thereunder. If the GLB Act, the regulations promulgated thereunder or other applicable law

now or hereafter in effect imposes a higher standard of confidentiality, such standard shall prevail over the standard set forth in this Engagement Letter.

You also agree that you will at any time during your engagement, at MountainSeeds or Financial Institutions request, and in any event, at the termination of this engagement, regardless of the reason, surrender to MountainSeed and/or Financial Institution (as is appropriate) all Confidential Information and any copies or abstracts thereof, to the extent surrendering the information is not prohibited under USPAP or other applicable federal, state and local laws, ordinances, rules, regulations and guidelines that may require you to maintain certain records.

You have caused this Engagement Letter to be executed as of the date set forth below.

Colliers International Valuation & Advisory Services (COMPANY)

By: 

Name: Bruce Nell, MAI, AI-GRS, MRICS

Title: Executive Managing Director | National Practices



Ty Haberling <ty@hfginvest.com>

Parking Meeting Notes

2 messages

Rob Ellsworth <rob@robellsworth.com>

Fri, Apr 28, 2017 at 9:41 AM

To: Eric Pearson <epearson@community1st.com>, Ty Haberling <ty@hfginvest.com>, Aaron Banta <drbanta@centervisionclinic.org>, Aaron Qunell <drqunell@centervisionclinic.org>
Cc: Rob Ellsworth <Rob@robellsworth.com>, Will Wang <will@hfginvest.com>

I'm attaching the following for today's discussion on parking:

- Current Parking Info
- Current Parking Agreement
- Reference Map
- Handicap Parking Requirements

The additional information that should be covered are:

- Actual Parking Needs For Center Vision Clinic Building (Staff, Patients, Tenants)
- We estimated the bank's maximum parking need at this time would be 77 spaces

Rob Ellsworth | CCIM
Senior Advisor | Managing Broker
SVN | Retter & Company
329 N. Kellogg | Kennewick, WA 99336
Phone 509.430.2378 | Fax 509.783.4924
Rob@RobEllsworth.com | www.SVN.com

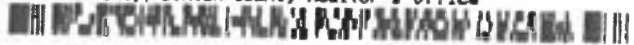
All SVN® Offices Independently Owned and Operated

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5 attachments

Screen Shot 2017-04-19 at 10.28.52 AM.png
138K

Screen Shot 2017-04-25 at 10.35.16 AM.png
3629K



WHEN RECORDED RETURN TO:
WALKER HEYE MEEHAN & EISINGER, PLLC
1333 Columbia Park Trail, Suite 220
Richland, WA 99352

EXCISE TAX NOT REQUIRED
BENTON COUNTY EXCISE TAX DIVISION

BY

DEPUTY

TAX PARCEL NO.: 131994000013000
ABBREVIATED LEGAL: Ptn NW ¼ of SE ¼ of SW ¼ of NE ¼, Sec. 31, T9N, R29E
FULL LEGAL ON PAGE: Exhibit "A"

**RECIPROCAL PARKING AND ACCESS EASEMENT
(With Landscaping and Irrigation Agreements)**

This **RECIPROCAL PARKING AND ACCESS EASEMENT** is hereby made and declared on this 28th day of December, 2014, by KEVIN BACON INVESTMENTS, LLC, a Washington limited liability company, as the owner of the following described real property situated in the City of Kennewick, County of Benton, State of Washington:

Lots 1-3, of Binding Site Plan shown and legally described on **Exhibit "A"** hereto.

In planning for the orderly development of the above described property it has been determined to be necessary and desirable to establish a **RECIPROCAL PARKING AND ACCESS EASEMENT** (hereinafter referred to as the "Easement"), over and across that portion of the above described property shown and described as parking and access on **Exhibit "A"** hereto. Said Easement shall be subject to the following terms and conditions:

1. **Beneficiaries.** The Easement area is as shown on **Exhibit "A"** is granted for the sole use and benefit of the current and future owners within the area of the contemplated Binding Site Plan.
2. **Parking.** The parking area as shown on **Exhibit "A"** shall not be increased or decreased without consent of all benefited members.
3. **Irrigation/Landscaping.** Benefitted property owners shall coordinate maintenance of their respective landscaping and related irrigation systems so as to maintain a common appearance throughout the Binding Site Plan area. It is understood and agreed that the water meter serving the joint irrigation system is located currently as shown on **Exhibit "A"** and that an easement to and from said location is specifically granted to all other benefitted property owners as may be necessary to maintain lines and service.

4. **Signage.** A signage easement is also created by this instrument. The benefitted property owners shall share equitably in the cost of maintenance, replacement and future construction of joint signage at the signage location shown generally on **Exhibit "A"**. All benefitted owners shall have reasonable access to said sign.

5. **Trash Receptacle.** The benefitted property owners shall have reasonable access to the trash receptacle at the location shown on **Exhibit "A"**, and shall share equitably in cost of service.

6. **No Structures or Barricades.** No structure, barricades, fence or other like obstruction shall be erected or maintained within the Easement which would have the effect of materially interfering with the easements created hereby.

7. **Non-Interference.** The from time to time owner of a lot within the Binding Site Plan area described on **Exhibit "A"** shall not do anything so as to interfere with the reasonable use of the easements herein granted, and shall pay or cause to be paid, prior to delinquency, directly to the appropriate taxing authorities, all real property taxes and assessments which are levied against said their respective parcels, and any other encumbrances which may now or hereafter exist.

8. **Maintenance.** Maintenance responsibilities with regard to the Easement shall be shared among the lot owners as follows:

Lot 1	59%
Lot 2	26%
Lot 3	15%

Any property owner may suggest maintenance as may be deemed necessary from time to time. If the parties are unable to agree as to whether or not a maintenance item is "necessary", the matter may be resolved pursuant to Paragraph 9 below.

9. **Disputes.** Any claims or disputes arising out of this grant of easement shall be submitted to binding arbitration pursuant to RCW Chapter 7.04A, at a location to be mutually agreed upon in Benton County, Washington. In the event the parties in dispute are unable to promptly agree upon an arbitrator, or location, the same shall be selected by the presiding judge for the Benton County Superior Court at the request of any party, after seven (7) days written notice to all other affected parties. The mandatory arbitration rules (MAR), as implemented in Benton County Superior Court, shall be binding as to procedure. The substantially prevailing party in any such dispute shall be entitled to recover a reasonable attorney fee.

10. **Rights of Successors.** The easements, restrictions, benefits and obligations hereunder shall create mutual benefits and servitudes running with the land. This Agreement shall bind and inure to the benefit of the from time to time owners of the properties herein described, and their respective successors and assigns.

11. **Hold Harmless/Insurance.** Each benefitted property owner shall indemnify and hold the other owners harmless from all claims, suits or causes of action for personal injury, death or property damage by their respective tenants, business invitees, customers and guests arising out of their activities by this Easement and howsoever caused, including, but not limited to the negligence of the indemnitee. The duty to indemnify includes the duty to pay for all attorney fees and costs of litigation incurred in the defense of all such claims or suits. Each owner, and their assigns and successors, shall carry a minimum of \$2,000,000.00 combined policy limits on their respective property liability insurance coverage.

IN WITNESS WHEREOF, KEVIN BACON INVESTMENTS, LLC has executed this instrument by and through its authorized representatives this 18th day of December, 2014.

KEVIN BACON INVESTMENTS, LLC

By: [Signature]
Lance Bacon, Authorized Member

Date: 12/18/24

STATE OF WASHINGTON)
) ss.
County of Benton)

I certify that I know or have satisfactory evidence that LANCE BACON, is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Authorized Member of Kevin Bacon Investments, LLC, to be the free and voluntary act of such party for the uses and purposes mentioned in this instrument.

DATED this 18th day of December, 2014.



Karol A. Melde
Notary Public in and for the State of
Washington, residing at Kenneth
My Commission Expires: 1-29-18

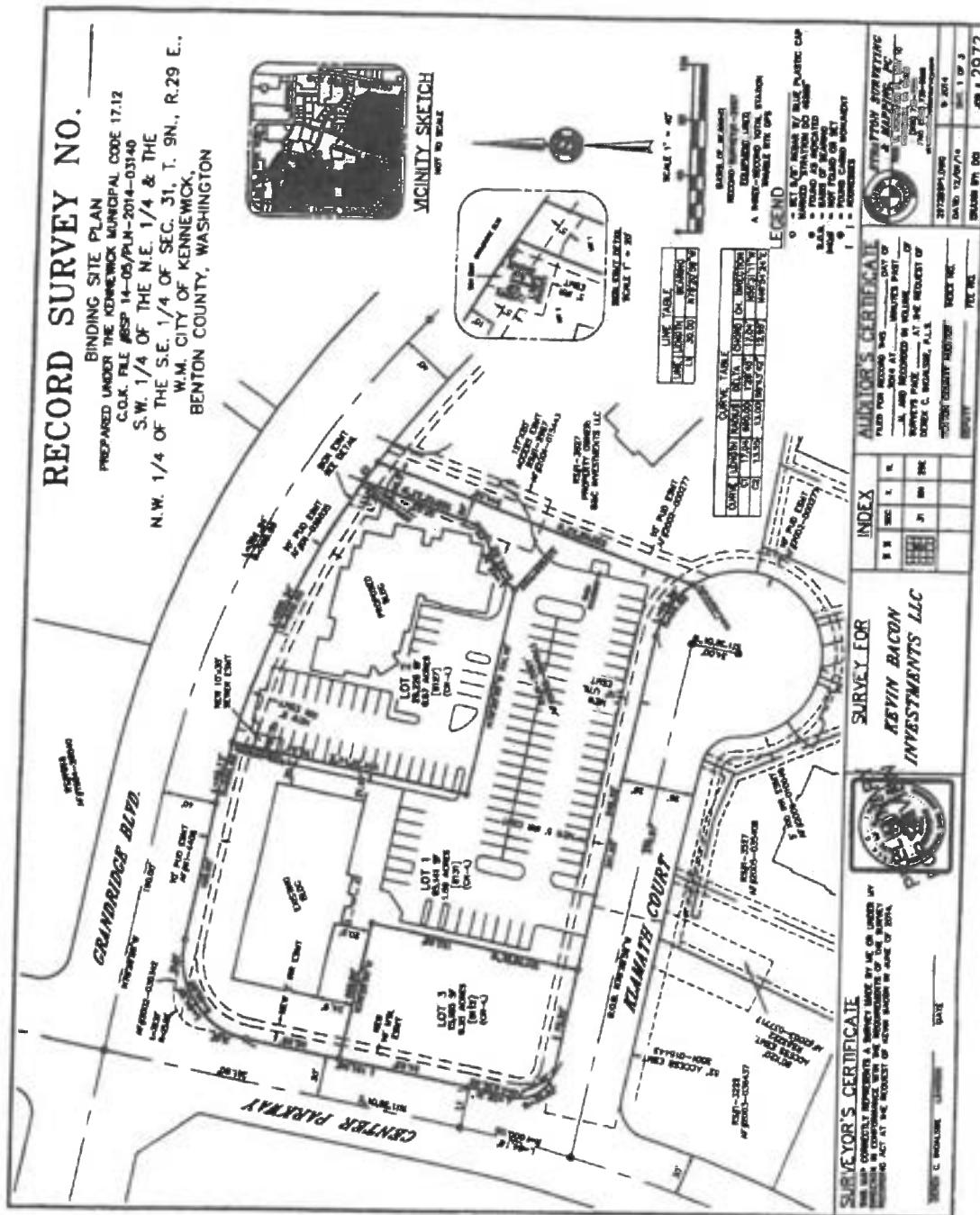
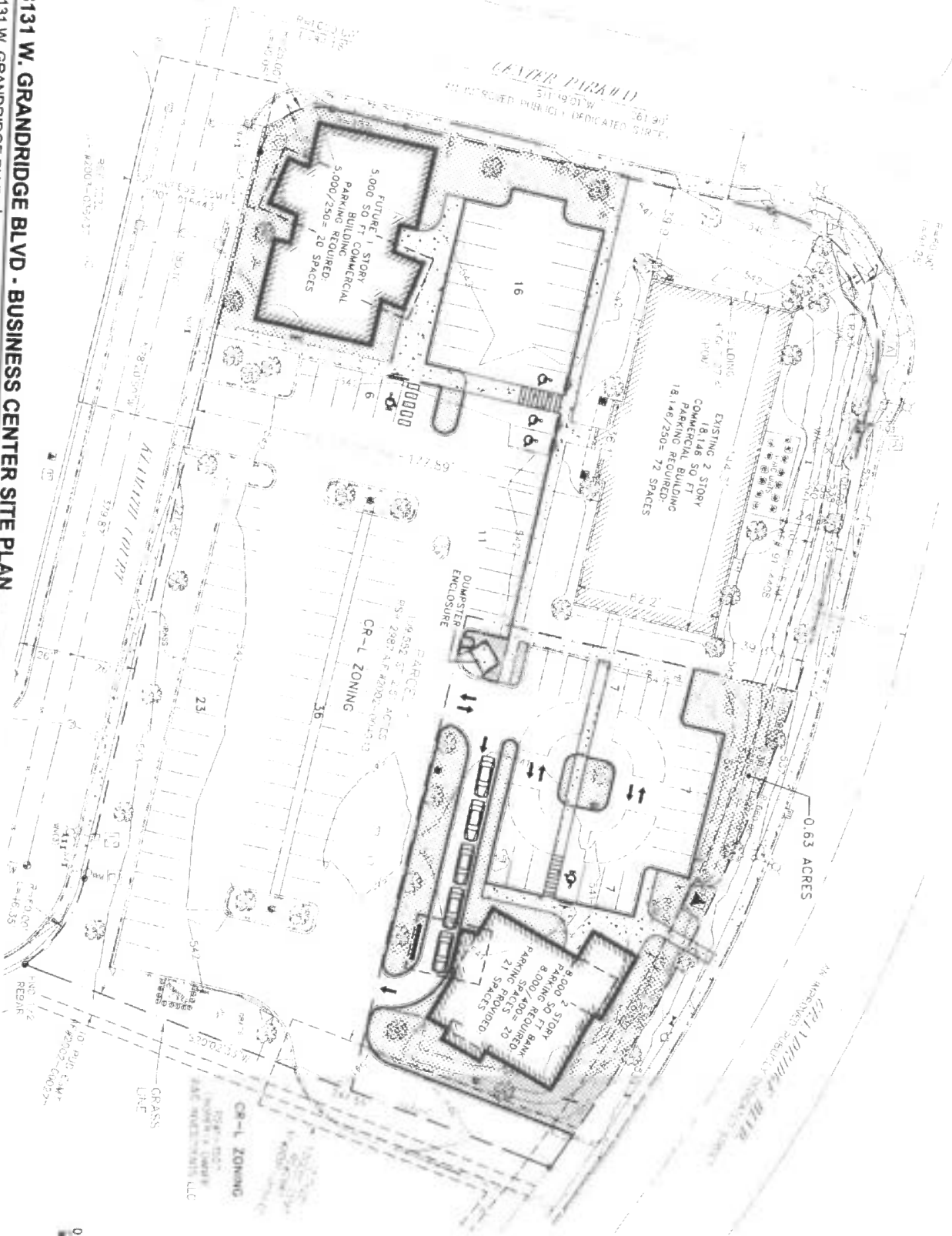


Exhibit "A", Page 1 of 2

8131 W. GRANDRIDGE BLVD - BUSINESS CENTER SITE PLAN
 8131 W. GRANDRIDGE BLVD. | KENNEWICK, WA



SITE INFORMATION

ENTIRE PROPERTY:	2.51 ACRES
TOTAL PARKING REQUIRED:	112 SPACES (3 ACCESSIBLE)
TOTAL PARKING PROVIDED:	113 SPACES (3 ACCESSIBLE)
EXISTING BUILDING	
FOOTPRINT:	9,152 SQ FT (18,146 SQ FT TOTAL)
PARKING REQUIRED:	72 SPACES (3 ACCESSIBLE)
FUTURE BANK BUILDING	
FOOTPRINT:	4,000 SQ FT (8,000 SQ FT TOTAL)
PARKING REQUIRED:	20 SPACES (1 ACCESSIBLE)
FUTURE COMMERCIAL BUILDING	
FOOTPRINT:	5,000 SQ FT (5,000 SQ FT TOTAL)
PARKING REQUIRED:	20 SPACES (1 ACCESSIBLE)

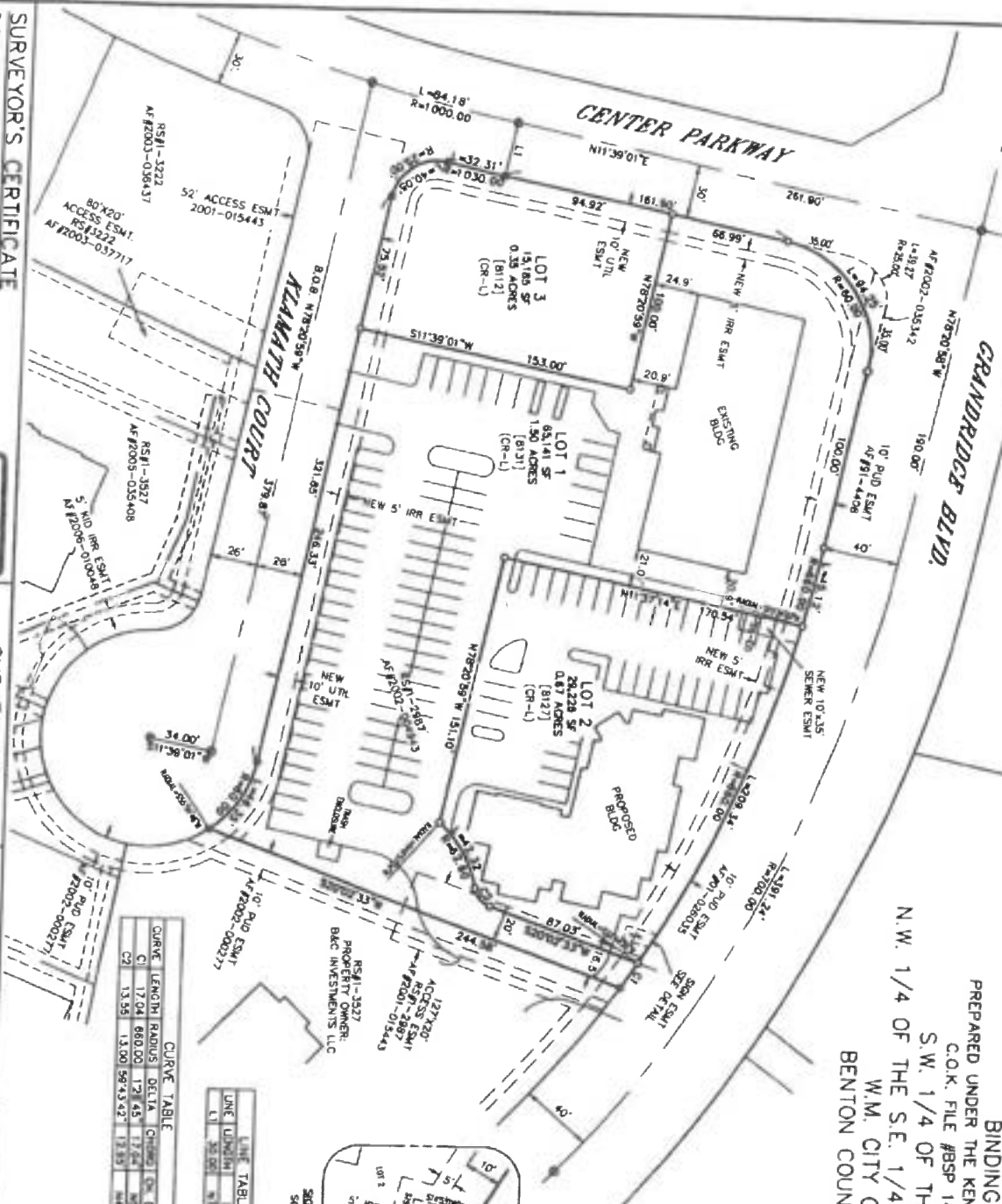


RECORD SURVEY NO.

BINDING SITE PLAN
PREPARED UNDER THE KENNEWICK MUNICIPAL CODE 17.12
C.O.K. FILE #BSP 14-05/PLN-2014-03140
S.W. 1/4 OF THE N.E. 1/4 & THE
N.W. 1/4 OF THE S.E. 1/4 OF SEC. 31, T. 9N., R. 29 E.,
W.M. CITY OF KENNEWICK,
BENTON COUNTY, WASHINGTON



VICINITY SKETCH
NOT TO SCALE



Sign Detail
SCALE 1" = 20'

LINE TABLE

LINE	LENGTH	BEARING
1	177.20'	N 78° 20' 59" W
2	177.20'	S 78° 20' 59" E
3	177.20'	N 78° 20' 59" W

CURVE TABLE

CURVE	LENGTH	RADIUS	DELTA	CHORD	CHORD BEARING
C1	17.04	680.00	179.45	17.04	N 78° 20' 59" W
C2	13.56	13.00	58° 43' 52"	13.56	N 78° 20' 59" W

LEGEND

- SET 5/8" REBAR W/ BLUE PLASTIC CAP
- MARKED "STATION NO. 4000"
- FOUND AS INDICATED
- 9/8" OF BEARING
- NOT FOUND OR SET
- FOUND CAPPED MONUMENT
- ADJUSTMENTS

SCALE 1" = 40'

0 40 80 120

SURVEYOR'S CERTIFICATE

THIS MAP CORRECTLY REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECTION IN CONFORMANCE WITH THE REQUIREMENTS OF THE SURVEY RECORDING ACT AT THE REQUEST OF KEVIN BACON IN JUNE OF 2014.

DEREK C. INCALISBE LS44886 DATE

SURVEY FOR

KEVIN BACON
INVESTMENTS LLC

INDEX

K	A	SEC	T	R
		31	9N	29E

AUDITOR'S CERTIFICATE

FILED FOR RECORD THIS _____ DAY OF _____ 2014 AT _____
I, _____ COUNTY CLERK,
DO HEREBY CERTIFY THAT THIS SURVEY WAS FILED IN THE PUBLIC RECORDS OF THIS COUNTY IN ACCORDANCE WITH THE REQUIREMENTS OF THE SURVEY RECORDING ACT, P.L.S.
BENTON COUNTY AUDITOR _____ INDEX NO. _____
FEE NO. _____



STATUTORY SURVEYING & MAPPING, PC
7205 W. DESHON BLVD., SUITE 100
KENNEWICK, WA 98543
PHONE: (360) 733-1200
FAX: (360) 733-0800
dcalisse@statutorysurveying.com

28728SP1.DWG © 2014
DATE: 12/01/14 SHT. 1 OF 3
DRAWN BY: DO JOB # 2972

ENTIRE PROPERTY: 2.31 ACRES
TOTAL PARKING REQUIRED:
112 SPACES (5 ACCESSIBLE)
TOTAL PARKING PROVIDED:
113 SPACES (5 ACCESSIBLE)

EXISTING BUILDING

FOOTPRINT:
9,152 SQ. FT. (18,146 SQ. FT. TOTAL)
PARKING REQUIRED:
72 SPACES (3 ACCESSIBLE)

FUTURE BANK BUILDING

FOOTPRINT:
4,000 SQ. FT. (8,000 SQ. FT. TOTAL)
PARKING REQUIRED:
20 SPACES (1 ACCESSIBLE)

FUTURE COMMERCIAL BUILDING

FOOTPRINT:
5,000 SQ. FT. (5,000 SQ. FT. TOTAL)
PARKING REQUIRED:
20 SPACES (1 ACCESSIBLE)



Benton County Property Search

Property Search Results > 304763 COMMUNITY FIRST BANK for Year 2024 - 2025

Property


Account			
Property ID:	304763	Abbreviated Legal Description:	SECTION 31, TOWNSHIP 9 NORTH, RANGE 29 EAST, QUARTER SE: BINDING SITE PLAN #4552, LOT1, RECORDED IN VOLUME 1 OF SURVEYS, PAGE 4552, RECORDS OF BENTON COUNTY, WASHINGTON. (AF#2015-003893, 2/11/2015).
Parcel # / Geo ID:	131994BP4552001	Agent Code:	
Type:	Real		
Tax Area:	K1 - K1	Land Use Code	59
Open Space:	N	DFL	N
Historic Property:	N	Remodel Property:	N
Multi-Family Redevelopment:	N		
Township:	09	Section:	31
Range:	29	Legal Acres:	1.4954
Location			
Address:	8131 W GRANDRIDGE BLVD KENNEWICK, WA 99336	Mapscot:	
Neighborhood:	KENNEWICK MALL OFFICE	Map ID:	
Neighborhood CD:	610101OFF		
Owner			
Name:	COMMUNITY FIRST BANK	Owner ID:	29801
Mailing Address:	6401 W CLEARWATER AVE KENNEWICK, WA 99336-1794	% Ownership:	100.0000000000%
		Exemptions:	

Pay Tax Due

There is currently No Amount Due on this property.

Taxes and Assessment Details

Property Tax Information as of 12/27/2024

Amount Due if Paid on:  NOTE: If you plan to submit payment on a future date, make sure you enter the date and click RECALCULATE to obtain the correct total amount due.

Click on "Statement Details" to expand or collapse a tax statement.

Year	Statement ID	First Half Base Amt.	Second Half Base Amt.	Penalty	Interest	Base Paid	Amount Due
▶ Statement Details							
2024	74433	\$12297.35	\$12297.25	\$0.00	\$0.00	\$24594.60	\$0.00
▶ Statement Details							
2023	74851	\$10905.41	\$10905.36	\$0.00	\$0.00	\$21810.77	\$0.00

Values

(+) Improvement Homesite Value:	+	\$0
(+) Improvement Non-Homesite Value:	+	\$2,513,810
(+) Land Homesite Value:	+	\$0
(+) Land Non-Homesite Value:	+	\$603,740
(+) Curr Use (HS):	+	\$0 \$0
(+) Curr Use (NHS):	+	\$0 \$0
(=) Market Value:	=	\$3,117,550
(-) Productivity Loss:	-	\$0
(=) Subtotal:	=	\$3,117,550
(+) Senior Appraised Value:	+	\$0
(+) Non-Senior Appraised Value:	+	\$3,117,550

(=) Total Appraised Value:	=	\$3,117,550
(-) Senior Exemption Loss:	-	\$0
(-) Exemption Loss:	-	\$0
<hr/>		
(=) Taxable Value:	=	\$3,117,550

Taxing Jurisdiction

Owner: COMMUNITY FIRST BANK
 % Ownership: 100.000000000000%
 Total Value: \$3,117,550
 Tax Area: K1 - K1

Levy Code	Description	Levy Rate	Appraised Value	Taxable Value	Estimated Tax
KENN	KENNEWICK GENERAL	1.3245570233	\$3,117,550	\$3,117,550	\$4,129.37
CNYHMNSVCS	COUNTY HUMAN SERVICES	0.0250000001	\$3,117,550	\$3,117,550	\$77.94
CNYVET	COUNTY VETERANS	0.0112499999	\$3,117,550	\$3,117,550	\$35.07
COUNTY	COUNTY	0.7773049553	\$3,117,550	\$3,117,550	\$2,423.29
KENNHOSP	KENNEWICK HOSPITAL	0.0809285688	\$3,117,550	\$3,117,550	\$252.30
MCLIB	MID-COLUMBIA LIBRARY	0.2255646276	\$3,117,550	\$3,117,550	\$703.21
PTKEN	PORT OF KENNEWICK	0.2043627038	\$3,117,550	\$3,117,550	\$637.11
SD17	SCHOOL DIST 17 DEBT SERVICE	1.2036534127	\$3,117,550	\$3,117,550	\$3,752.45
SD17CP	SCHOOL DIST 17 CAPITAL PROJECTS	0.2975768010	\$3,117,550	\$3,117,550	\$927.71
SD17MO	SCHOOL DIST 17 ENRICHMENT	1.5161487681	\$3,117,550	\$3,117,550	\$4,726.67
STATE	STATE SCHOOL	1.4343756927	\$3,117,550	\$3,117,550	\$4,471.74
STATE2	STATE SCHOOL PART 2	0.7733171175	\$3,117,550	\$3,117,550	\$2,410.85
Total Tax Rate:		7.8740396708			
Taxes w/Current Exemptions:					\$24,547.71
Taxes w/o Exemptions:					\$24,547.71

Improvement / Building

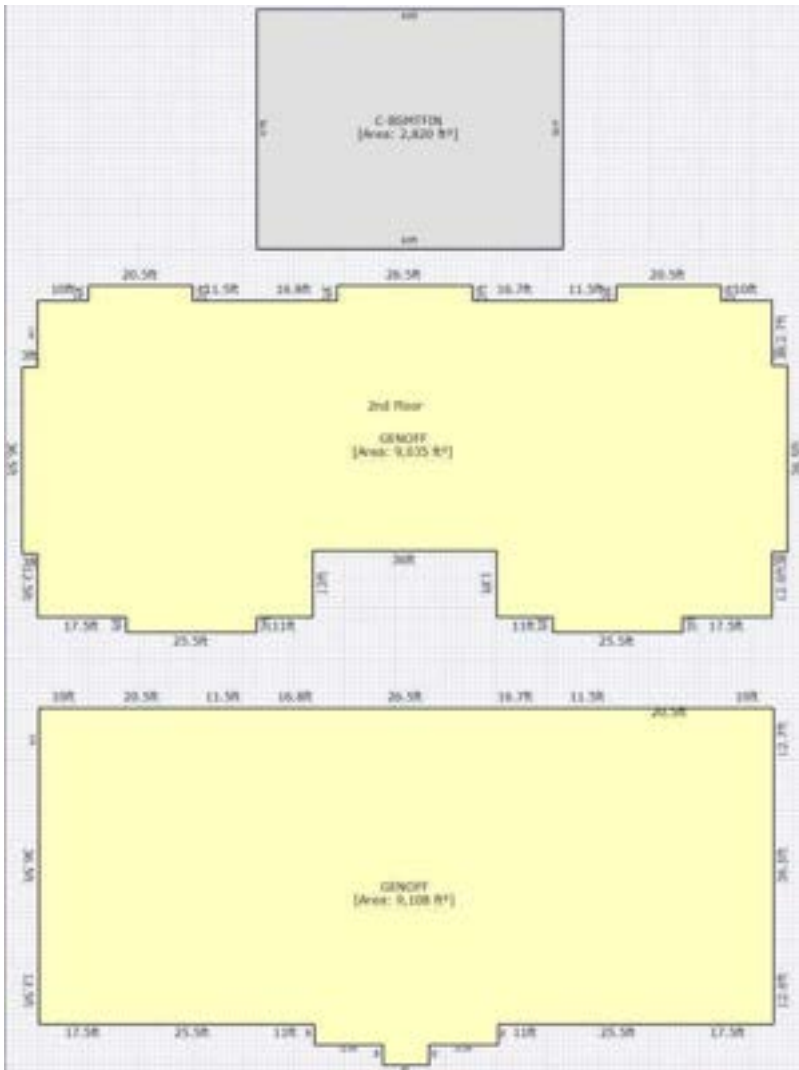
Improvement #1: Commercial **State Code:** 465 20962.5 sqft **Value:** \$2,447,800
 COMM Framing Class: Class D - Wood or Steel Frame COMM HVAC: Heat Pump
 COMM Shape: Rectangular COMM Sprinkler System: Y

Type	Description	Class CD	Sub Class CD	Year Built	Area
C-BSMTFIN	Comm Basement - Finished	Avg		2002	2820.0
GENOFF	General Office 344	Avg		2002	18142.5

Improvement #2: Commercial **State Code:** 465 0.0 sqft **Value:** \$66,010

Type	Description	Class CD	Sub Class CD	Year Built	Area
ASPH	Asphalt	Avg		2002	31206.0
CONC	Concrete	Avg		2002	1704.0
LGHTPOLE	Light Poles	Avg		2002	2.0

Property Image





Land

#	Type	Description	Acres	Sqft	Eff Front	Eff Depth	# Lots	Market Value	Prod. Value
1	11	Primary Commercial/Indust Land	1.4954	65141.00	0.00	0.00	1.00	\$603,740	\$0

Roll Value History

Year	Improvements	Land Market	Current Use	Total Appraised	Taxable Value
2025	N/A	N/A	N/A	N/A	N/A
2024	\$2,513,810	\$603,740	\$0	\$3,117,550	\$3,117,550
2023	\$2,513,810	\$603,740	\$0	\$3,117,550	\$3,117,550
2022	\$2,513,810	\$603,740	\$0	\$3,117,550	\$3,117,550
2021	\$2,233,690	\$603,740	\$0	\$2,837,430	\$2,837,430

Deed and Sales History

#	Deed Date	Type	Description	Grantor	Grantee
1	06/29/2017	SWD	Statutory Warranty Deed	KEVIN BACON INVESTMENTS LLC	COMMUNITY FIRE
304765 : 8112 W GRANDRIDGE BLVD KENNEWICK, WA 99336 : SECTION 31, TOWNSHIP 9 NORTH, RANGE 29 EAST, QUARTER SE: BINDING SITE P					

Payout Agreement

No payout information available..

Benton County Property Search

Property Search Results > 304765 COMMUNITY FIRST BANK for Year 2024 - 2025

Property

Account			
Property ID:	304765	Abbreviated Legal Description:	SECTION 31, TOWNSHIP 9 NORTH, RANGE 29 EAST, QUARTER SE: BINDING SITE PLAN #4552, LOT3, RECORDED IN VOLUME 1 OF SURVEYS, PAGE 4552, RECORDS OF BENTON COUNTY, WASHINGTON. (AF#2015-003893, 2/11/2015).
Parcel # / Geo ID:	131994BP4552003	Agent Code:	
Type:	Real		
Tax Area:	K1 - K1	Land Use Code	59
Open Space:	N	DFL	N
Historic Property:	N	Remodel Property:	N
Multi-Family Redevelopment:	N		
Township:	09	Section:	31
Range:	29	Legal Acres:	0.3486
Location			
Address:	8112 W GRANDRIDGE BLVD KENNEWICK, WA 99336	Mapscot:	
Neighborhood:	KENNEWICK MALL GEN COMM	Map ID:	
Neighborhood CD:	610101GC		
Owner			
Name:	COMMUNITY FIRST BANK	Owner ID:	29801
Mailing Address:	6401 W CLEARWATER AVE KENNEWICK, WA 99336-1794	% Ownership:	100.0000000000%
		Exemptions:	

Pay Tax Due

There is currently No Amount Due on this property.

Taxes and Assessment Details

Property Tax Information as of 12/27/2024

Amount Due if Paid on:  NOTE: If you plan to submit payment on a future date, make sure you enter the date and click RECALCULATE to obtain the correct total amount due.

Click on "Statement Details" to expand or collapse a tax statement.

Year	Statement ID	First Half Base Amt.	Second Half Base Amt.	Penalty	Interest	Base Paid	Amount Due
▶ Statement Details							
2024	74435	\$425.90	\$425.85	\$0.00	\$0.00	\$851.75	\$0.00
▶ Statement Details							
2023	74853	\$378.03	\$377.98	\$0.00	\$0.00	\$756.01	\$0.00

Values

(+) Improvement Homesite Value:	+	\$0
(+) Improvement Non-Homesite Value:	+	\$0
(+) Land Homesite Value:	+	\$0
(+) Land Non-Homesite Value:	+	\$106,330
(+) Curr Use (HS):	+	\$0 \$0
(+) Curr Use (NHS):	+	\$0 \$0
(=) Market Value:	=	\$106,330
(-) Productivity Loss:	-	\$0
(=) Subtotal:	=	\$106,330
(+) Senior Appraised Value:	+	\$0
(+) Non-Senior Appraised Value:	+	\$106,330

(=) Total Appraised Value:	=	\$106,330
(-) Senior Exemption Loss:	-	\$0
(-) Exemption Loss:	-	\$0
<hr/>		
(=) Taxable Value:	=	\$106,330

Taxing Jurisdiction

Owner: COMMUNITY FIRST BANK
 % Ownership: 100.000000000000%
 Total Value: \$106,330
 Tax Area: K1 - K1

Levy Code	Description	Levy Rate	Appraised Value	Taxable Value	Estimated Tax
KENN	KENNEWICK GENERAL	1.3245570233	\$106,330	\$106,330	\$140.84
CNYHMSVCS	COUNTY HUMAN SERVICES	0.0250000001	\$106,330	\$106,330	\$2.66
CNYVET	COUNTY VETERANS	0.0112499999	\$106,330	\$106,330	\$1.20
COUNTY	COUNTY	0.7773049553	\$106,330	\$106,330	\$82.65
KENNHOSP	KENNEWICK HOSPITAL	0.0809285688	\$106,330	\$106,330	\$8.61
MCLIB	MID-COLUMBIA LIBRARY	0.2255646276	\$106,330	\$106,330	\$23.98
PTKEN	PORT OF KENNEWICK	0.2043627038	\$106,330	\$106,330	\$21.73
SD17	SCHOOL DIST 17 DEBT SERVICE	1.2036534127	\$106,330	\$106,330	\$127.98
SD17CP	SCHOOL DIST 17 CAPITAL PROJECTS	0.2975768010	\$106,330	\$106,330	\$31.64
SD17MO	SCHOOL DIST 17 ENRICHMENT	1.5161487681	\$106,330	\$106,330	\$161.21
STATE	STATE SCHOOL	1.4343756927	\$106,330	\$106,330	\$152.52
STATE2	STATE SCHOOL PART 2	0.7733171175	\$106,330	\$106,330	\$82.23
Total Tax Rate:		7.8740396708			
Taxes w/Current Exemptions:					\$837.25
Taxes w/o Exemptions:					\$837.25

Improvement / Building

Property Image

No image available for this property.

Land

#	Type	Description	Acres	Sqft	Eff Front	Eff Depth	# Lots	Market Value	Prod. Value
1	11	Primary Commercial/Indust Land	0.3486	15185.00	0.00	0.00	1.00	\$106,330	\$0

Roll Value History

Year	Improvements	Land Market	Current Use	Total Appraised	Taxable Value
2025	N/A	N/A	N/A	N/A	N/A
2024	\$0	\$106,330	\$0	\$106,330	\$106,330
2023	\$0	\$106,330	\$0	\$106,330	\$106,330
2022	\$0	\$106,330	\$0	\$106,330	\$106,330
2021	\$0	\$106,330	\$0	\$106,330	\$106,330

Deed and Sales History

#	Deed Date	Type	Description	Grantor	Grantee
1	06/29/2017	SWD	Statutory Warranty Deed	KEVIN BACON INVESTMENTS LLC	COMMUNITY FIR
	304763	8131 W GRANDRIDGE BLVD KENNEWICK, WA 99336	SECTION 31, TOWNSHIP 9 NORTH, RANGE 29 EAST, QUARTER SE: BINDING SITE PI		

Payout Agreement

No payout information available..

[Assessor Website](#)

[Treasurer Website](#)

[Mapping Website](#)

Valuation Glossary 2024

Unless specified otherwise, these definitions were extracted or paraphrased from the following sources or publications:

- The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022 (Dictionary).
- Uniform Standards of Professional Appraisal Practice, 2024 Edition (USPAP).
- The Appraisal of Real Estate, Fifteenth Edition, Appraisal Institute, Chicago, Illinois, 2020 (15th Edition).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. *(Dictionary)*

Ad Valorem Tax

A real estate tax based on the assessed value of the property, which is not necessarily equivalent to its market value. *(15th Edition)*

Arm's-length Transaction

A transaction between unrelated parties who are each acting in his or her own best interest. *(Dictionary)*

As-Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. *(Dictionary)*

Assessed Value

The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. *(Dictionary)*

Average Daily Room Rate (ADR)

In the lodging industry, the net rooms revenue derived from the sale of guest rooms divided by the number of paid occupied rooms. *(Dictionary)*

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment. *(Dictionary)*

Cash-Equivalent Price

The sale price of a property that is equivalent to what a cash buyer would pay. *(Dictionary)*

Common Area

The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. *(Dictionary)*

Contract Rent

The actual rental income specified in a lease. *(15th Edition)*

Cost Approach

A set of procedures through which a value indication is derived for the fee simple estate by estimating the cost new as of the effective date of the appraisal to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. The contributory value of any site improvements that have not already been considered in the total cost can be added on a depreciated-cost basis. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property rights being appraised. *(Dictionary)*

Curable Functional Obsolescence

An element of depreciation; a curable defect caused by a flaw involving the structure, materials, or design, which can be practically and economically corrected. *(Dictionary)*

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service, which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. *(Dictionary)*

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of a property. *(Dictionary)*

Depreciation

In appraisal, a loss in the value of improvements from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the value of the improvement on the same date. *(Dictionary)*

Direct Costs

Expenditures for the labor and materials used in the construction of improvements; also called *hard costs*. *(Dictionary)*

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate. *(Dictionary)*

Discount Rate

A rate of return on capital used to convert future payments or receipts into present value. *(Dictionary)*

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

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

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Easement

The right to use another's land for a stated purpose. Access or right-of-way easements may be acquired by private parties or public utilities. Governments may be the beneficiaries of easements placed on privately owned land that is dedicated to conservation, open space, or preservation. *(15th Edition)*

Economic Life

The period over which improvements to real estate contribute to property value. *(Dictionary)*

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. *(Dictionary)*

Effective Date

The date on which the appraisal or review opinion applies (SVP) *(Dictionary)*

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. *(Dictionary)*

Effective Gross Income Multiplier (EGIM)

The ratio between the sale price (or value) of a property and its effective gross income. *(Dictionary)*

Effective Rent

The total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions - e.g. free rent, excessive tenant improvements, moving allowances, lease buyouts, cash allowances, and other lease incentives. *(15th Edition)*

Eminent Domain

The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the *takings clause*, guarantees payment of just compensation upon appropriation of private property. *(Dictionary)*

Entrepreneurial Incentive

The amount an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is the expectation of future reward as opposed to the profit actually earned on the project. *(Dictionary)*

Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur received for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. *(Dictionary)*

Excess Land

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. *(Dictionary)*

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the lessor and may reflect superior management, a lease execution in an earlier, stronger rental market, or an agreement of the parties. Due to the higher risk inherent in the receipt of excess rent, it may be calculated separately and capitalized or discounted at a higher rate in the income capitalization approach. *(15th Edition)*

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. (*Dictionary*)

Exposure Time

An opinion, based on supporting market data, of the length of time that 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. (*USPAP*)

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions. (*USPAP*)

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent. There are two forms of external obsolescence: economic and locational. (*Dictionary*)

Fair Market Value

In nontechnical usage, a term that is equivalent to the contemporary usage of *market value*.

As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency or interpreted differently by court precedent. (*Dictionary*)

Feasibility Analysis

A study of the cost-benefit relationship of an economic endeavor. (*USPAP*)

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. (*Dictionary*)

Floor Area Ratio (FAR)

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

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards. (*Dictionary*)

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (*Dictionary*)

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (*Dictionary*)

Going-concern

An established and operating business having an indefinite future life. (*Dictionary*)

Going-concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern or market value of the total assets of the business*. (*Dictionary*)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. (*Dictionary*)

Gross Leasable Area (GLA)

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. (*Dictionary*)

Gross Living Area (GLA)

Total area of finished, above-grade residential space area; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.) (*Dictionary*)

Highest & Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. The use of

an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid (IVS). *(Dictionary)*

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. *(USPAP)*

Income Capitalization Approach

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to this approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach. *(15th Edition)*

Incurable Functional Obsolescence

An element of depreciation; a defect caused by a deficiency or superadequacy involving the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal. *(Dictionary)*

Indirect Costs

Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs, professional fees, financing costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called *soft costs*. *(Dictionary)*

Interim Use

The use contemplated by the market participants that the subject real estate can be put to while waiting for certain subsequent factors to occur. *(Dictionary)*

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. *(Dictionary)*

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversion right when the lease expires. *(Dictionary)*

Leasehold Estate

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. *(Dictionary)*

Legal Nonconforming Use

A use that was lawfully established and maintained, but no longer conforms to the use regulations of its current zoning; sometimes known as a legally nonconforming use. *(Dictionary)*

Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Market Area

The geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area. *(Dictionary)*

Market Rent

The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. *(Dictionary)*

Market Study

An analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area. *(Dictionary)*

Market Value (Most Common Non-FRT)

The most probable price, as of a specific date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue distress. *(Dictionary)*

Market Value (Interagency Guidelines)

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

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (12 CFR, Part 34, Subpart C - Appraisals, 34.42(h)).

Marketability Analysis

The study of how a specific property is expected to perform in a specific market. A marketability analysis expands on a market analysis by addressing a specific property. *(Dictionary)*

Neighborhood Analysis

The objective analysis of observable or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. *(Dictionary)*

Net Net Net Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for

structural maintenance, building reserves, and management. Also called *NNN lease, triple net lease, or fully net lease*. *(Dictionary)*

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization). *(15th Edition)*

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. *(Dictionary)*

Off-site Costs

Costs incurred in the development of a project excluding on-site costs such as grading and construction of the building and other improvements; also called *common costs* or *off-site improvement costs*. *(Dictionary)*

On-site Costs

Costs incurred for the actual construction of buildings and improvements on a particular site. *(Dictionary)*

Overage Rent

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakeven sales volume. *(15th Edition)*

Overall Capitalization Rate (OAR)

The relationship between a single year's net operating income expectancy and the total property price or value. *(Dictionary)*

Parking Ratio

The ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios for various land uses are often stated in zoning ordinances. *(Dictionary)*

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. *(Dictionary)*

Potential Gross Income Multiplier (PGIM)

The ratio between the sale price (or value) of a property and its annual potential gross income. *(Dictionary)*

Present Value (PV)

The value of a future payment or series of future payments discounted to the current date or to time period zero. *(Dictionary)*

Prospective Opinion of Value

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

Qualitative Adjustment

An indication that one property is superior, inferior, or similar to another property. Note that the common usage of the term is a misnomer in that an adjustment to the sale price of a comparable property is not made. Rather, the indication of a property's superiority or inferiority to another is used in relative comparison analysis, bracketing, and other forms of qualitative analysis. *(Dictionary)*

Quantitative Adjustment

In the application of the sales comparison and income capitalization approaches, a numerical (dollar or percentage) adjustment to the sale price, rent, or expense amount of a comparable property to account for the effect on value of a difference between each comparable property and the subject property. *(Dictionary)*

Rentable Area

The amount of space on which the rent is based; calculated according to local practice. *(Dictionary)*

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. *(Dictionary)*

Replacement Cost for Insurance Purposes

The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design and layout for insurance coverage purposes guaranteeing that damaged property is replaced with a new property (i.e., depreciation is not deducted). *(Dictionary)*

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same or similar materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. *(Dictionary)*

Retrospective Value Opinion

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

Sales Comparison Approach

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

Scope of Work

The type and extent of research and analysis in an appraisal or appraisal review assignment. Scope of work includes, but is not limited to:

- The extent to which the property is identified;
- The extent to which tangible property is inspected;
- The type and extent of data researched; and
- The type and extent of analysis applied to arrive at opinions or conclusions. *(USPAP)*

Shopping Center Types

Neighborhood Shopping Center: The smallest type of shopping center, generally with a gross leasable area of between 30,000 and 100,000 square feet. Typical anchors include supermarkets. Neighborhood shopping centers offer convenience goods and personal services and usually depend on a market population support of 3,000 to 40,000 people.

Community Shopping Center: A shopping center of 100,000 to 400,000 square feet that usually contains one junior department store, a variety store, discount or department store. A community shopping center generally has between 20 and 70 retail tenants and a market population support of 40,000 to 150,000 people.

Regional Shopping Center: A shopping center of 300,000 to 900,000 square feet that is built around one or two full-line department stores of approximately 200,000 square feet each plus small tenant spaces. This type of center is typically supported by a minimum population of 150,000 people.

Super-Regional Center: A large center of 600,000 to 2.0 million square feet anchored by three or more full-line department stores. This type of center is typically supported by a population area of 300,000 people. *(15th Edition)*

Sum of the Retail Values

The sum of the separate and distinct market value opinions for each of the units in a condominium; subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as sold together in a single transaction; it is simply the total of the individual market value conclusions. An appraisal has an effective date, but summing the sales prices of multiple units over an extended period of time will not be the value on that one day unless the prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the *aggregate of the retail values* or *aggregate retail selling price*. (*Dictionary*)

Superadequacy

An excess in the capacity or quality of a structure or structural component; determined by market standards. (*Dictionary*)

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (*Dictionary*)

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. (*Dictionary*)

Usable Area

The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas. (*Dictionary*)

Useful Life

The period of time over which a structure or a component of a property may reasonably be expected to perform the function for which it was designed. (*Dictionary*)

Vacancy and Collection Loss

A deduction from potential gross income (*PGI*) made to reflect income deductions due to vacancies, tenant turnover, and nonpayment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss*. (*Dictionary*)

Yield Capitalization

A method used to convert future benefits into present value by (1) discounting each future benefit at an appropriate yield rate, or (2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate. (*Dictionary*)



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Property Types

Eastern Washington Real Estate

Retail

Industrial

Professional and Medical Office

Special Purpose Properties (incl. auto dealerships, self-storage)

Alaska Real Estate

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Managing Director and Team Leader, Colliers International Valuation & Advisory Services, Seattle, 1992-present

University of Washington Extension – Certificate Program of Commercial Real Estate

Analysis of Development Processes

Real Estate Investment Analysis

The Public Process

Property Management and Leasing

The Decision Making Process of
Commercial Real Estate

Education or Qualifications

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Washington, 1987

State Certifications

Alaska

Idaho

Oregon

Washington

Affiliations or Memberships

Member of Appraisal Institute,
designated August 2010



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REID C ERICKSON



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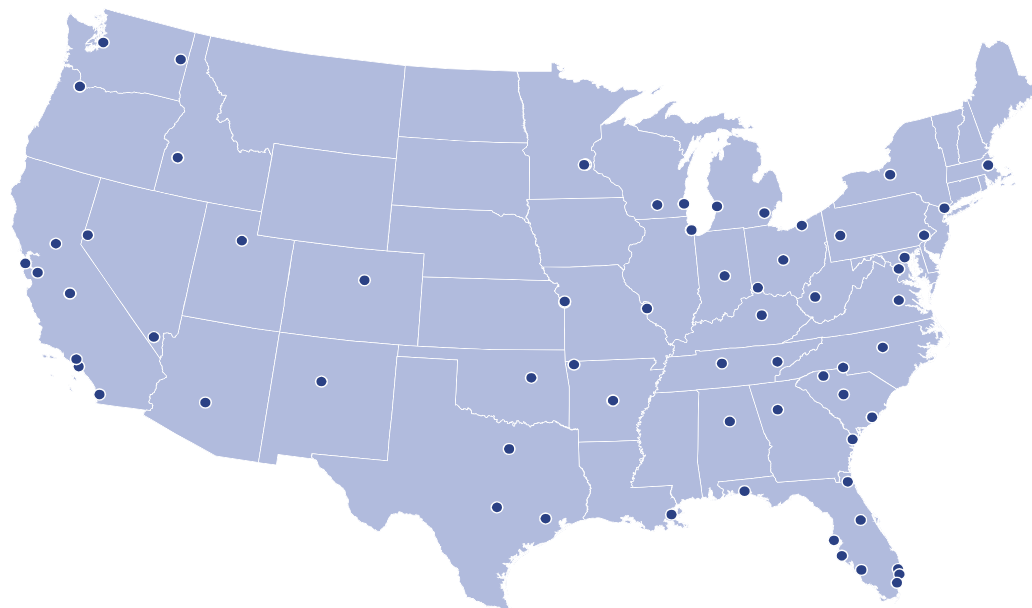
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COMPLIANCE CERTIFICATE

Client:	Community First Bank – Kennewick, WA
File ID:	241218108
Subject Property:	8112 and 8131 W. Grandridge Blvd, Kennewick, WA 99336
Appraisal Completion Date:	1/16/2025

MountainSeed Appraisal Management, LLC ("MountainSeed") certifies that, to the best of its knowledge, with respect to the above referenced appraisal report:

- The appraiser was licensed or certified by the state in which the subject property is located;
- MountainSeed did not present the appraiser with an anticipated, estimated, encouraged or desired value for the subject property or a suggested or target amount to be loaned to the borrower, other than a copy of the sales contract for the underlying purchase transaction, if applicable;
- MountainSeed did not condition the ordering of the appraisal report or the payment of the appraisal fee on a specific valuation to be reached, or on the appraiser's providing a preliminary value estimate;
- MountainSeed did not petition the appraiser to provide an estimated value or comparable sale at any time before the appraiser's providing to MountainSeed the initial completed appraisal report;
- MountainSeed did not influence or attempt to influence the development, reporting or result of the appraisal through extortion, collusion, intimidation, or bribery.
- MountainSeed has policies and procedures regarding appraiser independence;
- MountainSeed has an Appraisal Fraud Hotline. Appraisers, borrowers, and others that believe that they have been victims of appraisal fraud may contact MountainSeed Appraisal Management, LLC **877-848-4914** or email us at compliance@mountainseed.com



APPRAISAL SERVICES SUMMARY
COMPANY: Community First Bank – Kennewick, WA

DATE	FILE ID	COST CENTER	LOAN NUMBER
1/16/2025	241218108		NA

PROPERTY INFORMATION	
Borrower:	Community First Bancorporation Inc
Property Address:	8112 and 8131 W. Grandridge Blvd Kennewick, WA 99336

DESCRIPTION	AMOUNT
Appraiser Fee	\$5000.00
Appraisal Report (Narrative format)	\$950.00
Appraisal Data Package	\$395.00
Total Due:	\$6345.00

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