

BOARD OF REGENTS
BRIEFING PAPER

Agenda Item Title: University of Nevada, Reno Purchase of Real Property at
830 N Center Street Reno, NV

Meeting Date: December 3 - 4, 2015

1. BACKGROUND & POLICY CONTEXT OF ISSUE:

Summary

For well over a decade the University of Nevada, Reno has been focused on the creation of a University Gateway District for future expansion at the south of the main campus. Private properties in the area have been acquired on an opportunistic basis with funds from University property sales primarily located in the Stead area.

During much of this past decade the University was faced with unprecedented budget reductions and no funds were available for the outright purchase of even select properties that came on the market. However, as a way to control one such property the University did successfully lease 830 N Center Street from Grand Slam LLC (four years), who purchased the property in 2007 for \$1.6M. The lease included an option to purchase during a four year period 2008-2012. Still in the midst of the “Great Recession” in 2012, a new Lease Agreement was agreed to in November of 2012, again including an option to purchase for \$1.6M by December 31, 2016 (Exhibits 1 & 2).

Since 2008, the University has subleased the property’s residential units to students and faculty through the Real Estate Department, generating a positive net return for the University.

Location of the Property: Adjacent to the southern border of the University of Nevada, Reno’s Main Campus and within the University Gateway project area, containing several University-owned properties. (Exhibit 3)

Property Description: A three story multi-family residential structure containing 12 separate, 2 bedroom, 2 bath units plus a basement totaling 10,836 Sqft on a .161 acre lot. Parcel # 007-222-13 (Exhibit 4).

Zoning: Currently Multi-Family 30 zoning. Upon close of escrow the zoning will automatically, without application, convert to the University of Nevada Regional Center Plan.

Purchase Price: The purchase price is \$1,600,000.

Appraisal: An appraisal conducted by Johnson Perkins & Associates who valued the property at \$ 1.5M (Exhibit 5).

Source of Funds for Purchase: Donor funds specifically earmarked for property acquisition in the Gateway area and currently held in the University of Nevada, Reno Foundation.

Other: No additional mineral or water rights, other than those dedicated to the servicing of the property, are associated with this transaction.

Phase 1 Environmental Report: This assessment has revealed no evidence of recognized environmental conditions in connection with the property and no further assessments are warranted at this time. (Exhibit 6)

Note: A Phase 1 Environmental Report was completed at the time the University leased the property in 2008. The University has remained in control of the property since then without incident.

Asbestos Report: Though some minor Asbestos was identified in the report (Exhibit 7), no action is currently required, except in the case of an extensive remodel or demolition.

Note: A Phase 1 Asbestos Report was completed at the time the University leased the property in 2008. The University has remained in control of the property since then without incident.

Title Report: Preliminary title report reviewed and approved by University of Nevada, Reno Real Estate. Title report and insurance to be provided by Ticor Title at time of closing. (Exhibit 8)

Intended Use: Like the other University-owned properties in the University Gateway project area, this property will be managed as a residential rental until needed for campus programs or future development.

Resolution: The University of Nevada, Reno seeks Board approval of a resolution approving the purchase and authorizing the Chancellor, or his assignee, to execute the sale and all associated documents. (Exhibit 9)

Purchase and Sale Agreement: Included is a Purchase and Sale Agreement with Grand Slam Enterprises, LLC for the sale of real property at 830 N Center Street to the Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada, Reno. The University of Nevada, Reno's General Counsel and NSHE's System Counsel/Director of Real Estate Planning have reviewed and approved this agreement. (Exhibit 10)

2. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

University of Nevada, Reno President Marc Johnson requests Board of Regents' approval of a resolution to purchase 830 North Center Street, Reno, NV for the University's option price of \$1,600,000.

3. IMPETUS (WHY NOW?):

- Option to Purchase rights can currently be exercised and will expire at the end of next calendar year.
- Donor funding is available now.
- Acquisition is consistent with the University's Board of Regents approved Campus Master Plan.
- This acquisition would complete a half city block of contiguous properties owned by the University and represent a major future building site.

4. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

- Property is within the main campus boundaries and within the Campus Master Plan.
- It is the last property on the east side of N. Center Street between 8th and 9th Streets needed by the University.
- Property is adjacent to University-owned residential properties and parking lots.
- Property can continue to be leased for residential use until needed for future development.

5. POTENTIAL ARGUMENTS AGAINST THE REQUEST RECOMMENDATION:

None.

6. ALTERNATIVE(S) TO WHAT IS BEING REQUESTED/RECOMMENDED:

Pass on the opportunity to exercise option to purchase at this time and continue leasing the property through December 31, 2016, at which time the University could potentially lose its purchase option entirely.

7. COMPLIANCE WITH BOARD POLICY:

Consistent With Current Board Policy: Title #4 Chapter #10 Section #1.9
 Amends Current Board Policy: Title # _____ Chapter # _____ Section # _____
Other: _
 Fiscal Impact: Yes No _____
Explain: Expense of \$1,600,000, paid for by donor funds specifically earmarked for property acquisition in the Campus Gateway.

_____ Reviewed by Chancellor

_____ Reviewed by General Counsel as to form

LEASE AGREEMENT

This LEASE AGREEMENT is entered into on this 30 day of December, 2008, by and between Grand Slam Enterprise LLC, hereinafter referred to as "Lessor," and the Board of Regents of the **Nevada System of Higher Education**, on behalf of the University of Nevada, Reno, hereinafter referred to as "Lessee."

WHEREAS, Lessor is the owner of the Premises described below; and

WHEREAS, Lessee desires to lease the Premises described below for the purposes contained herein;

NOW, THEREFORE, Lessor and Lessee agree as follows:

1.0 LEASE OF PREMISES: The Lessor hereby leases to Lessee that certain Property, Assessor's Parcel Number 007-222-13, commonly known as **830 N. Center Street, Reno**, Washoe County, Nevada, hereinafter referred to as Premises.

2.0 TERM: The term of this lease shall be **Forty Eight Months**, commencing on **January 1, 2009**, and terminating on **December 31, 2012** at 12:00 midnight.

3.0 RENT: Rent shall be due and payable monthly in the amount of **\$4,000.00** on or before the first (1st) day of each calendar month. Rent shall be paid by check or Purchase Order. In the event rent is not received by Lessor on or before the third (3rd) day of each month, Lessee agrees to pay a late charge of \$50.00. The late charge period is not a grace period. Lessor is entitled to make demand for any unpaid rent on the second day of the rental period. **Rent Defined: In addition to the \$4,000 monthly rent**, Rent shall include all monies owing to Lessor by Lessee including, but not limited to, deposits, utility charges, damages, cleaning and other charges, if any.

4.0 USE OF PREMISES: Lessee will use the Premises for a multi-unit residential rental property. Use for any other purpose is prohibited without first obtaining the written consent of Lessor, which consent shall not be unreasonably withheld. Lessee will conform to and comply with all applicable municipal, state and federal laws in using the Premises, and will not use or suffer to be used the Premises in any manner in contravention of any applicable municipal, state or federal law.

5.0 OPTION TO PURCHASE: Lessee shall have two Options to Purchase this property throughout the term of this lease as described in A. and B. below.

A. a non-assignable, conditional Option to Purchase that allows the university to purchase the property during the term of the lease for an amount to be determined by a mutually agreed upon appraisal by Lessee and Lessor or as agreed upon by the parties and approved by the Board of Regents of the Nevada System of Higher Education (NSHE) as long as said appraised value is not less than the Lessor's acquisition price, increased at 2% per annum after execution of the lease, plus any capital repairs/improvements made during the term of the lease. The Purchase by Lessee will be subject to the approval of the Board of Regents of the NSHE. If the Board of Regents, in its sole and absolute discretion, does not approve the terms of the purchase, the purchase offer shall be deemed null and void without the necessity of further documentation and shall be deemed to be of no binding effect whatsoever.

B. an assignable Option to Purchase that allows the assignee to purchase the property at a price which is equal to the Lessor's acquisition price,

increased at 2% per annum beginning upon execution of the lease plus any capital repairs/improvements made during the term of the lease.

In either case, A. or B. above, in no event shall the purchase price be less than the amount paid by Lessor to acquire the property plus Lessor's capital repairs/improvements. If Lessee employs the services of a Broker, Lessee shall be responsible for the payment of any real estate or brokerage commissions to such Broker. Such commissions would have to be preapproved by the Chancellor. Real estate transfer taxes shall be equally split between the parties. All appraisal fees, escrow fees, and closing costs shall be equally split between the parties. Payment of any other fees associated with the purchase will be negotiated by the parties.

6.0 CONDITION OF PREMISES AND REPAIRS: Lessee has examined the Premises prior to the execution hereof, knows the condition thereof, and accepts the Premises "as is" for the purposes of this Lease. Lessee acknowledges that Lessee has received the Premises in good order and conditions, and that no representation or warranty as to the condition or repair of the Premises has been made by Lessor. At the expiration of the term of this Lease, or any renewal or extension thereof, Lessee will yield the Premises to Lessor in as good order and conditions as when the same were entered upon by Lessee, loss by fire or inevitable accident, damage by the elements and reasonable use and wear excepted.

7.0 ALTERATIONS, ADDITIONS AND IMPROVEMENTS: Lessee shall not make, suffer or permit to be made any alterations, additions, or improvements whatsoever in or about the Premises without first obtaining the written consent of Lessor therefore, which consent shall not be unreasonably withheld; provided, however that such consent, if given, will be subject to the express conditions that any and all alterations, additions, and improvements shall be done at Lessee's own expense, and that no liens of mechanics, materialmen, laborers, architects, artisans, contractors, subcontractors, or any other lien of any kind shall be created against or imposed upon the Premises or any part thereof. Should any lien be filed upon the Premises during the term of this Lease on account of work ordered or performed by Lessee, Lessee shall cause the same to be removed within twenty (20) days.

7.1 Alterations, additions, or improvements on or in the Premises at the commencement of the lease term, and that may be thereafter erected or installed therein, shall become part of the Premises and the sole property of Lessor, except that all moveable nonfixtures installed by Lessee shall be and remain Lessee's property and shall not become the property of Lessor. Lessor reserves the right to remove any alterations, additions or improvements upon the expiration of the term of the Lease at the Lessee's expense.

8.0 SERVICES TO THE PREMISES: Where a check mark is placed in the box of the column below, it is that party's responsibility to pay for those services to the Premises during the term of the Lease.

8.1	<u>Lessor</u>	<u>Lessee</u>	
	()	(X)	Water
	()	(X)	Sewer
	()	(X)	Gas
	()	(X)	Electricity
	()	(X)	Heating and Cooling Systems

<input type="checkbox"/>	<input checked="" type="checkbox"/>	Roof Repair and Maintenance
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Maintenance and Upkeep
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Flooring
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Lighting Fixtures
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Provide Fixtures and Equipment Necessary for the Conduct of Lessee's Business
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Redecorating and Painting
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Parking Lot Maintenance
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Landscape Maintenance
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Exterior Building Maintenance
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Windows
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Signage
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Pest Control
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Taxes
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Insurance
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Owner's Liability Ins. not to exceed \$100.00 monthly

9.0 ASSIGNMENT AND SUBLETTING: This Lease may be subleased in whole or in part **without** the consent of Lessor. The sublease to be used with sublessor(s) shall be similar to the Sublease attached hereto as Exhibit A.

10.0 HOLDING OVER: Lessee's holding or continued use or occupancy beyond the term of this Lease shall be construed as holdover at which time Rent will increase in the amount of 25% over the existing rental rate.

11.0 INSPECTION AND ENTRY: Lessor shall have the right, with 48 hour notice, to enter upon the Premises to inspect the Premises.

12.0 DANGEROUS MATERIALS: Lessee shall not keep or have on the Premises any article or thing of a dangerous inflammable, flammable, or explosive character that might increase the danger of fire on the Premises or that might be considered hazardous or extra-hazardous by any responsible insurance company. Lessee shall not use, store, or manufacture any illegal substances on the Premises.

13.0 NUISANCE: Lessee shall not create a nuisance on the Premises.

14.0 TERMINATION: In the event Lessee fails to pay Rent as required herein, Lessee shall be in default of this Lease, which default must be cured or removed within 30 days from the written notice to Lessee of such default, or else Lessor may terminate this Lease forthwith in accordance with applicable law.

15.0 DEFAULT: Lessor shall, on default with respect to any of the provisions of this Lease by Lessee except for the payment of Rent, provide Lessee with a written notice of any breach of the Lease terms or conditions and Lessee shall then have 30 days either to correct the conditions or commence corrective action if the conditions cannot be corrected in 30 days. If the conditions cannot be corrected in 30 days, Lessee shall have a reasonable time to complete the correction. Lessor may elect to enforce the terms and conditions of the Lease by any other method available under the law.

16.0 WAIVERS: The failure of either party to exercise any of its rights under this Lease for a breach thereof shall not be deemed to be a waiver of such rights, nor shall the same be deemed to be a waiver of any subsequent breach, either of the same provision or otherwise.

17.0 INDEMNIFICATION:

Lessee should obtain a policy of insurance at Lessee's expense to insure and protect loss of personal property belonging to Lessee.

(A) Lessee agrees to indemnify, hold harmless and defend Lessor and its members, managers, agents and employees, successors and assigns (except to the extent of the losses described below are caused by the sole active negligence or willful misconduct of Lessor, its agents and employees), from and against:

(i) any and all loss, cost, damage, liability or expense as incurred (including but not limited to reasonable attorneys' fees and legal costs) arising out of or related to any claim, suit or judgment brought by or in favor of any person or persons for damage, loss or expense due to, but not limited to, bodily injury, including death, or property damage sustained by such person or persons which arises out of, is occasioned by or is in any way attributable to the use or occupancy of the Premises by Lessee or the acts or omissions of Lessee or its agents, employees, contractors, clients, invitees or sublessees except that caused by the sole active negligence or willful misconduct of Lessor or its agents or employees. Such loss or damage shall include, but not be limited to, any injury or damage to, or death of, Lessor's employees or agents or damage to the Premises.

ii) any and all environmental damages which arise from: (i) the handling of any hazardous materials by Lessee or (ii) the breach of any of the provisions of this Lease. For the purpose of this Lease, "environmental damage" shall mean (a) all claims, judgments, damages, penalties, fines, costs, liabilities, and losses; (b) all reasonable sums paid for settlement of claims, attorneys' fees, consultants' fees and experts' fees; and (c) all costs incurred by Lessor in connection with investigation or remediation relating to the handling of hazardous materials, whether or not required by environmental laws, necessary for Lessor to make full economic use of the Premises, or otherwise required under this Lease. To the extent that Lessor is held strictly liable by a court or other governmental agency of competent jurisdiction under any environmental laws, Lessee's obligation to Lessor and the other indemnities under the foregoing indemnification shall likewise be without regard to fault on Lessee's part with respect to the violation of any environmental law which results in liability to the indemnitee. Lessee's obligations and liabilities pursuant to this section shall survive the expiration or earlier termination of this Lease.

(B) Notwithstanding anything to the contrary contained herein, nothing shall be interpreted or used to in any way affect, limit, reduce or abrogate any insurance coverage provided by any insurers to either Lessee or Lessor.

(C) Notwithstanding anything to the contrary contained in this Lease, nothing herein shall be construed to infer or imply that Lessee is a partner, joint venturer, agent, employee, or otherwise acting by or at the direction of Lessor.

The failure by Lessor to observe or perform any covenants, conditions or provisions of this Lease required to be made, observed or performed by Lessor, after thirty (30) days written notice of such default shall constitute a default of this Agreement by Lessor; provided, however, that if the nature of the default (other than the payment of money) is such that more than thirty (30) days are reasonably required for its cure, then the Lessor shall not be deemed to be in default if such party commences such cure within the thirty (30) day period and thereafter diligently prosecutes such cure to completion. Upon default, Lessee may pursue all remedies available under Nevada law, including termination of this Agreement and recovery of all damages caused by such default.

18.0: INSURANCE:

(A) Property Insurance. At all times during the lease term, Lessee shall procure and maintain, at its sole expense, "all-risk" property insurance, for damage or other loss caused by fire or other casualty or cause including, but not limited to, vandalism and malicious mischief, theft, water damage of any type, including sprinkler leakage, bursting of pipes, explosion, in an amount not less than one hundred percent (100%) of the replacement cost covering (a) the building and improvements occupying the premises at 830 N. Center St. (b) all alterations made by or for Lessee in the Premises, (c) Lessee's trade fixtures, equipment and other personal property from time to time situated in the Premises; and (d) loss of rental income arising from a covered loss whether such loss extends beyond the term of the lease for the monthly rental fee as described in section 3.0. The proceeds of such insurance shall be used for the repair or replacement of the property so insured and shall apply to the lessee or lessor as their insurable interests may appear. Given the nature of this lease agreement, lessor shall be named as an additional insured on the property insurance policy.

Lessor, at its option, shall have the right during the lease term, to procure and maintain property insurance for the Premises.

(B) Liability Insurance. At all times during the lease term, Lessee shall procure and maintain, at its sole expense, commercial general liability insurance applying to the use and occupancy of the Premises and the business operated by Lessee. Such insurance shall have a minimum combined single limit of liability of at least Two Million Dollars (\$2,000,000) per occurrence and a general aggregate limit of at least Two Million Dollars (\$2,000,000). All such policies shall be written to apply to all bodily injury, property damage, personal injury losses and shall be endorsed to include Lessor and its agents, members, managers, beneficiaries, partners, and employees as additional insureds. Such liability insurance shall be written as primary policies, not excess or contributing with or secondary to any other insurance as may be available to the additional insureds. Lessee shall name Lessor as additional insured for this liability insurance policy.

Lessor, at its option, shall have the right during the lease term, to procure and maintain commercial general liability insurance for the Premises.

(C) Policy Requirements. All insurance required to be maintained by Lessee shall be issued by insurance companies authorized to do insurance business in the State of Nevada and rated not less than A-VIII in Best's Insurance Guide. A certificate of insurance (or, at Lessor's option, copies of the applicable policies) evidencing the insurance required under this section shall be delivered to Lessor not less than thirty (30) days prior to the commencement date of the lease term. No such policy shall be subject to cancellation or modification without thirty (30) days prior written notice to Lessor. Lessee shall furnish Lessor with a replacement certificate with respect to any insurance not less than thirty (30) days prior to the expiration of the current policy.

Lessee shall have the right to provide the insurance required by this section pursuant to blanket policies, but only if such blanket policies expressly provide coverage to the Premises and Lessor as required by this lease.

(D) Waiver of Subrogation. Each party hereby waives any right of recovery against the other for injury or loss due to hazards covered by insurance or required to be covered, to the extent of the injury or loss covered thereby. Any policy of insurance to be provided by Lessee or Lessor pursuant to this section shall contain a clause denying the applicable insurer any right of subrogation against the other party.

(E) Failure to Insure. If Lessee fails to maintain any insurance which Lessee is required to maintain pursuant to this section, Lessee shall be liable to Lessor for any loss or cost resulting from such failure to maintain. Lessee may not self-insure against any risks required to be covered by insurance without Lessor's prior written consent.

19.0 AMENDMENT: This Lease may be amended at any time only upon the mutual agreement in writing of the parties.

20.0 NOTICE: Any notice to either party hereunder must be in writing signed by the party giving it, and shall be served either personally or by certified mail addressed as follows:

TO THE LESSEE:
Rental Properties
Real Estate Office
MS 243
Reno, NV 89557

TO THE LESSOR:

21.0 DISCRIMINATION: In the use or occupancy of the Premises Lessee will not discriminate unlawfully against any person on the basis of race, color, national origin, sex, or handicap.

22.0 ENTIRE AGREEMENT: The foregoing constitutes the entire agreement between the parties, and may only be amended by proper notice from Lessor to Lessee as stated in Section 19.0 "Amendment."

LESSEE:

LESSOR:

AGENT FOR THE BOARD OF
REGENTS OF THE NEVADA
SYSTEM OF HIGHER EDUCATION

Grand Slam Enterprise LLC

By: 

By: 

Dated: 12/30/08

Dated: 12-30-08

Ronald M. Zurck
(Printed Name) *V.P. Admin / Finance*

Norman L. Dandy - Manager
(Printed Name)

LEASE AGREEMENT

This LEASE AGREEMENT is entered into on this 20 day of November 2012, by and between Grand Slam Enterprise LLC, hereinafter referred to as "Lessor," and the Board of Regents of the **Nevada System of Higher Education**, on behalf of the University of Nevada, Reno, hereinafter referred to as "Lessee."

WHEREAS, Lessor is the owner of the Premises described below; and

WHEREAS, Lessee desires to lease the Premises described below for the purposes contained herein;

NOW, THEREFORE, Lessor and Lessee agree as follows:

1.0 LEASE OF PREMISES: The Lessor hereby leases to Lessee that certain Property, Assessor's Parcel Number 007-222-13, commonly known as **830 N. Center Street, Reno, Washoe County, Nevada**, hereinafter referred to as Premises.

2.0 TERM: The term of this lease shall be **48 months**, commencing on January 1, **2013**, and terminating on December **31, 2016** at 12:00 midnight.

3.0 RENT: Rent shall be due and payable monthly in the amount of **\$4,667.00** on or before the first (1st) day of each calendar month. Rent shall be paid by check or Purchase Order. In the event rent is not received by Lessor on or before the third (3rd) day of each month, Lessee agrees to pay a late charge of \$50.00. The late charge period is not a grace period. Lessor is entitled to make demand for any unpaid rent on the second day of the rental period. **Rent Defined: In addition to the \$4,667.00 monthly rent**, Rent shall include all monies owing to Lessor by Lessee including, but not limited to, deposits, utility charges, damages, cleaning and other charges, if any.

4.0 USE OF PREMISES: Lessee will use the Premises for a multi-unit residential rental property. Use for any other purpose is prohibited without first obtaining the written consent of Lessor, which consent shall not be unreasonably withheld. Lessee will conform to and comply with all applicable municipal, state and federal laws in using the Premises, and will not use or suffer to be used the Premises in any manner in contravention of any applicable municipal, state or federal law.

5.0 OPTION TO PURCHASE: Lessee shall have two Options to Purchase this property throughout the term of this lease as described in A. and B. below.

A. a non-assignable, conditional Option to Purchase that allows the university to purchase the property during the term of the lease for the amount of **\$1,600,000 (One Million Six Hundred Thousand)**. The Purchase by Lessee will be subject to the approval of the Board of Regents of the NSHE. If the Board of Regents, in its sole and absolute discretion, does not approve the terms of the purchase, the purchase offer shall be deemed null and void without the necessity of further documentation and shall be deemed to be of no binding effect whatsoever.

B. an assignable Option to Purchase that allows the assignee to purchase the property at the amount of **\$1,600,000 (One Million Six Hundred Thousand)**.

In either case, A. or B. above, if Lessee employs the services of a Broker, Lessee shall be responsible for the payment of any real estate or brokerage commissions to such Broker. Such commissions would have to be preapproved by the Chancellor. Real

estate transfer taxes shall be equally split between the parties. Appraisal fees, escrow fees, and closing costs shall be equally split between the parties. Payment of any other fees associated with the purchase will be negotiated by the parties.

6.0 CONDITION OF PREMISES AND REPAIRS: Lessee has examined the Premises prior to the execution hereof, knows the condition thereof, and accepts the Premises "as is" for the purposes of this Lease. Lessee acknowledges that Lessee has received the Premises in good order and conditions, and that no representation or warranty as to the condition or repair of the Premises has been made by Lessor. At the expiration of the term of this Lease, or any renewal or extension thereof, Lessee will yield the Premises to Lessor in as good order and conditions as when the same were entered upon by Lessee, loss by fire or inevitable accident, damage by the elements and reasonable use and wear excepted.

7.0 ALTERATIONS, ADDITIONS AND IMPROVEMENTS: Lessee shall not make, suffer or permit to be made any alterations, additions, or improvements whatsoever in or about the Premises without first obtaining the written consent of Lessor therefore, which consent shall not be unreasonably withheld; provided, however that such consent, if given, will be subject to the express conditions that any and all alterations, additions, and improvements shall be done at Lessee's own expense, and that no liens of mechanics, materialmen, laborers, architects, artisans, contractors, subcontractors, or any other lien of any kind shall be created against or imposed upon the Premises or any part thereof. Should any lien be filed upon the Premises during the term of this Lease on account of work ordered or performed by Lessee, Lessee shall cause the same to be removed within twenty (20) days.

7.1 Alterations, additions, or improvements on or in the Premises at the commencement of the lease term, and that may be thereafter erected or installed therein, shall become part of the Premises and the sole property of Lessor, except that all moveable nonfixtures installed by Lessee shall be and remain Lessee's property and shall not become the property of Lessor. Lessor reserves the right to remove any alterations, additions or improvements upon the expiration of the term of the Lease at the Lessee's expense.

8.0 SERVICES TO THE PREMISES: Where a check mark is placed in the box of the column below, it is that party's responsibility to pay for those services to the Premises during the term of the Lease.

8.1	<u>Lessor</u>	<u>Lessee</u>	
	()	(X)	Water
	()	(X)	Sewer
	()	(X)	Gas
	()	(X)	Electricity
	()	(X)	Heating and Cooling Systems
	()	(X)	Roof Repair and Maintenance
	()	(X)	Maintenance and Upkeep
	()	(X)	Flooring
	()	(X)	Lighting Fixtures
	()	(X)	Provide Fixtures and Equipment

	<input type="checkbox"/>	Necessary for the Conduct of Lessee's Business
	()	(X) Redecorating and Painting
	()	(X) Parking Lot Maintenance
	()	(X) Landscape Maintenance
	()	(X) Exterior Building Maintenance
	()	(X) Windows
	()	(X) Signage
	()	(X) Pest Control
	()	(X) Taxes
	()	(X) Insurance
month	()	(X) Owner's Liability Ins. not to exceed \$100.00

9.0 ASSIGNMENT AND SUBLETTING: This Lease may be subleased in whole or in part **without** the consent of Lessor. The sublease to be used with sublessor(s) shall be similar to the Sublease attached hereto as Exhibit A.

10.0 HOLDING OVER: Lessee's holding or continued use or occupancy beyond the term of this Lease shall be construed as holdover at which time Rent will increase in the amount of 25% over the existing rental rate.

11.0 INSPECTION AND ENTRY: Lessor shall have the right, with 48 hour notice, to enter upon the Premises to inspect the Premises.

12.0 DANGEROUS MATERIALS: Lessee shall not keep or have on the Premises any article or thing of a dangerous inflammable, flammable, or explosive character that might increase the danger of fire on the Premises or that might be considered hazardous or extra-hazardous by any responsible insurance company. Lessee shall not use, store, or manufacture any illegal substances on the Premises.

13.0 NUISANCE: Lessee shall not create a nuisance on the Premises.

14.0 TERMINATION: In the event Lessee fails to pay Rent as required herein, Lessee shall be in default of this Lease, which default must be cured or removed within 30 days from the written notice to Lessee of such default, or else Lessor may terminate this Lease forthwith in accordance with applicable law.

15.0 DEFAULT: Lessor shall, on default with respect to any of the provisions of this Lease by Lessee except for the payment of Rent, provide Lessee with a written notice of any breach of the Lease terms or conditions and Lessee shall then have 30 days either to correct the conditions or commence corrective action if the conditions cannot be corrected in 30 days. If the conditions cannot be corrected in 30 days, Lessee shall have a reasonable time to complete the correction. Lessor may elect to enforce the terms and conditions of the Lease by any other method available under the law.

16.0 WAIVERS: The failure of either party to exercise any of its rights under this Lease for a breach thereof shall not be deemed to be a waiver of such rights, nor shall the same be deemed to be a waiver of any subsequent breach, either of the same provision or otherwise.

17.0 INDEMNIFICATION:

Lessee should obtain a policy of insurance at Lessee's expense to insure and protect loss of personal property belonging to Lessee.

(A) Lessee agrees to indemnify, hold harmless and defend Lessor and its members, managers, agents and employees, successors and assigns (except to the extent of the losses described below are caused by the sole active negligence or willful misconduct of Lessor, its agents and employees), from and against:

(i) any and all loss, cost, damage, liability or expense as incurred (including but not limited to reasonable attorneys' fees and legal costs) arising out of or related to any claim, suit or judgment brought by or in favor of any person or persons for damage, loss or expense due to, but not limited to, bodily injury, including death, or property damage sustained by such person or persons which arises out of, is occasioned by or is in any way attributable to the use or occupancy of the Premises by Lessee or the acts or omissions of Lessee or its agents, employees, contractors, clients, invitees or sublessees except that caused by the sole active negligence or willful misconduct of Lessor or its agents or employees. Such loss or damage shall include, but not be limited to, any injury or damage to, or death of, Lessor's employees or agents or damage to the Premises.

ii) Any and all environmental damages which arise from: (i) the handling of any hazardous materials By Lessee or (ii) the breach of any of the provisions of this Lease. For the purpose of this Lease, "environmental damage" shall mean (a) all claims, judgments, damages, penalties, fines, costs, liabilities, and losses; (b) all reasonable sums paid for settlement of claims, attorneys' fees, consultants' fees and experts' fees; and (c) all costs incurred by Lessor in connection with investigation or remediation relating to the handling of hazardous materials, whether or not required by environmental laws, necessary for Lessor to make full economic use of the Premises, or otherwise required under this Lease. To the extent that Lessor is held strictly liable by a court or other governmental agency of competent jurisdiction under any environmental laws, Lessee's obligation to Lessor and the other indemnities under the foregoing indemnification shall likewise be without regard to fault on Lessee's part with respect to the violation of any environmental law which results in liability to the indemnitee. Lessee's obligations and liabilities pursuant to this section shall survive the expiration or earlier termination of this Lease.

(B) Notwithstanding anything to the contrary contained herein, nothing shall be interpreted or used to in any way affect, limit, reduce or abrogate any insurance coverage provided by any insurers to either Lessee or Lessor.

(C) Notwithstanding anything to the contrary contained in this Lease, nothing herein shall be construed to infer or imply that Lessee is a partner, joint venturer, agent, employee, or otherwise acting by or at the direction of Lessor.

The failure by Lessor to observe or perform any covenants, conditions or provisions of this Lease required to be made, observed or performed by Lessor, after thirty (30) days written notice of such default shall constitute a default of this Agreement by Lessor; provided, however, that if the nature of the default (other than the payment of money) is such that more than thirty (30) days are reasonably required for its cure, then the Lessor shall not be deemed to be in default if such party commences such cure within the thirty

(30) day period and then after diligently prosecutes such cure to completion. Upon default, Lessee may pursue all remedies available under Nevada law, including termination of this Agreement and recovery of all damages caused by such default.

18.0: INSURANCE:

(A) Property Insurance. At all times during the lease term, Lessee shall procure and maintain, at its sole expense, "all-risk" property insurance, for damage or other loss caused by fire or other casualty or cause including, but not limited to, vandalism and malicious mischief, theft, water damage of any type, including sprinkler leakage, bursting of pipes, explosion, in an amount not less than one hundred percent (100%) of the replacement cost covering (a) the building and improvements occupying the premises at 830 N. Center St. (b) all alterations made by or for Lessee in the Premises, (c) Lessee's trade fixtures, equipment and other personal property from time to time situated in the Premises; and (d) loss of rental income arising from a covered loss whether such loss extends beyond the term of the lease for the monthly rental fee as described in section 3.0. The proceeds of such insurance shall be used for the repair or replacement of the property so insured and shall apply to the lessee or lessor as their insurable interests may appear. Given the nature of this lease agreement, lessor shall be named as an additional insured on the property insurance policy.

Lessor, at its option, shall have the right during the lease term, to procure and maintain property insurance for the Premises.

(B) Liability Insurance. At all times during the lease term, Lessee shall procure and maintain, at its sole expense, commercial general liability insurance applying to the use and occupancy of the Premises and the business operated by Lessee. Such insurance shall have a minimum combined single limit of liability of at least Two Million Dollars (\$2,000,000) per occurrence and a general aggregate limit of at least Two Million Dollars (\$2,000,000). All such policies shall be written to apply to all bodily injury, property damage, personal injury losses and shall be endorsed to include Lessor and its agents, members, managers, beneficiaries, partners, and employees as additional insureds. Such liability insurance shall be written as primary policies, not excess or contributing with or secondary to any other insurance as may be available to the additional insureds. Lessee shall name Lessor as additional insured for this liability insurance policy.

Lessor, at its option, shall have the right during the lease term, to procure and maintain commercial general liability insurance for the Premises.

(C) Policy Requirements. All insurance required to be maintained by Lessee shall be issued by insurance companies authorized to do insurance business in the State of Nevada and rated not less than A-VIII in Best's Insurance Guide. A certificate of insurance (or, at Lessor's option, copies of the applicable policies) evidencing the insurance required under this section shall be delivered to Lessor not less than thirty (30) days prior to the commencement date of the lease term. No such policy shall be subject to cancellation or modification without thirty (30) days prior written notice to Lessor. Lessee shall furnish Lessor with a replacement certificate with respect to any insurance not less than thirty (30) days prior to the expiration of the current policy. Lessee shall have the right to provide the insurance required by this section pursuant to blanket policies, but only if such blanket policies expressly provide coverage to the Premises and Lessor as required by this lease.

(D) Waiver of Subrogation. Each party hereby waives any right of recovery against the other for injury or loss due to hazards covered by insurance or required to be covered, to the extent of the injury or loss covered thereby. Any policy of

insurance to be provided by Lessee or Lessor pursuant to this section shall contain a clause denying the applicable insurer any right of subrogation against the other party.

(E) Failure to Insure. If Lessee fails to maintain any insurance which Lessee is required to maintain pursuant to this section, Lessee shall be liable to Lessor for any loss or cost resulting from such failure to maintain. Lessee may not self-insure against any risks required to be covered by insurance without Lessor's prior written consent.

19.0 AMENDMENT: This Lease may be amended at any time only upon the mutual agreement in writing of the parties.

20.0 NOTICE: Any notice to either party hereunder must be in writing signed by the party giving it, and shall be served either personally or by certified mail addressed as follows:

TO THE LESSEE:
Rental Properties
Real Estate Office
MS 243
Reno, NV 89557

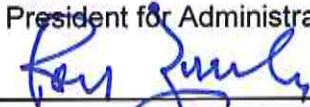
TO THE LESSOR:
Grand Slam Enterprise, LLC
1050 S 21st Street
Sparks, NV 89431

21.0 DISCRIMINATION: In the use or occupancy of the Premises Lessee will not discriminate unlawfully against any person on the basis of race, color, national origin, sex, or handicap.

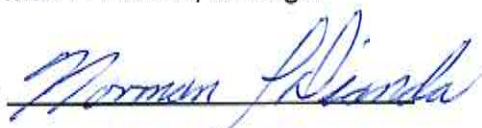
22.0 ENTIRE AGREEMENT: The foregoing constitutes the entire agreement between the parties, and may only be amended by proper notice from Lessor to Lessee as stated in Section 19.0 "Amendment."

LESSEE:
AGENT FOR THE BOARD OF
REGENTS OF THE NEVADA
SYSTEM OF HIGHER EDUCATION
On Behalf of the University of Nevada, Reno

Ron Zurek
Vice President for Administration and Finance

By: 
Dated: 11-20-12

LESSOR:
Grand Slam Enterprise, LLC
Norman L. Dianda, Manager

By: 
Dated: 11-15-12

EZJ RDK 3

830 N Center Street Location



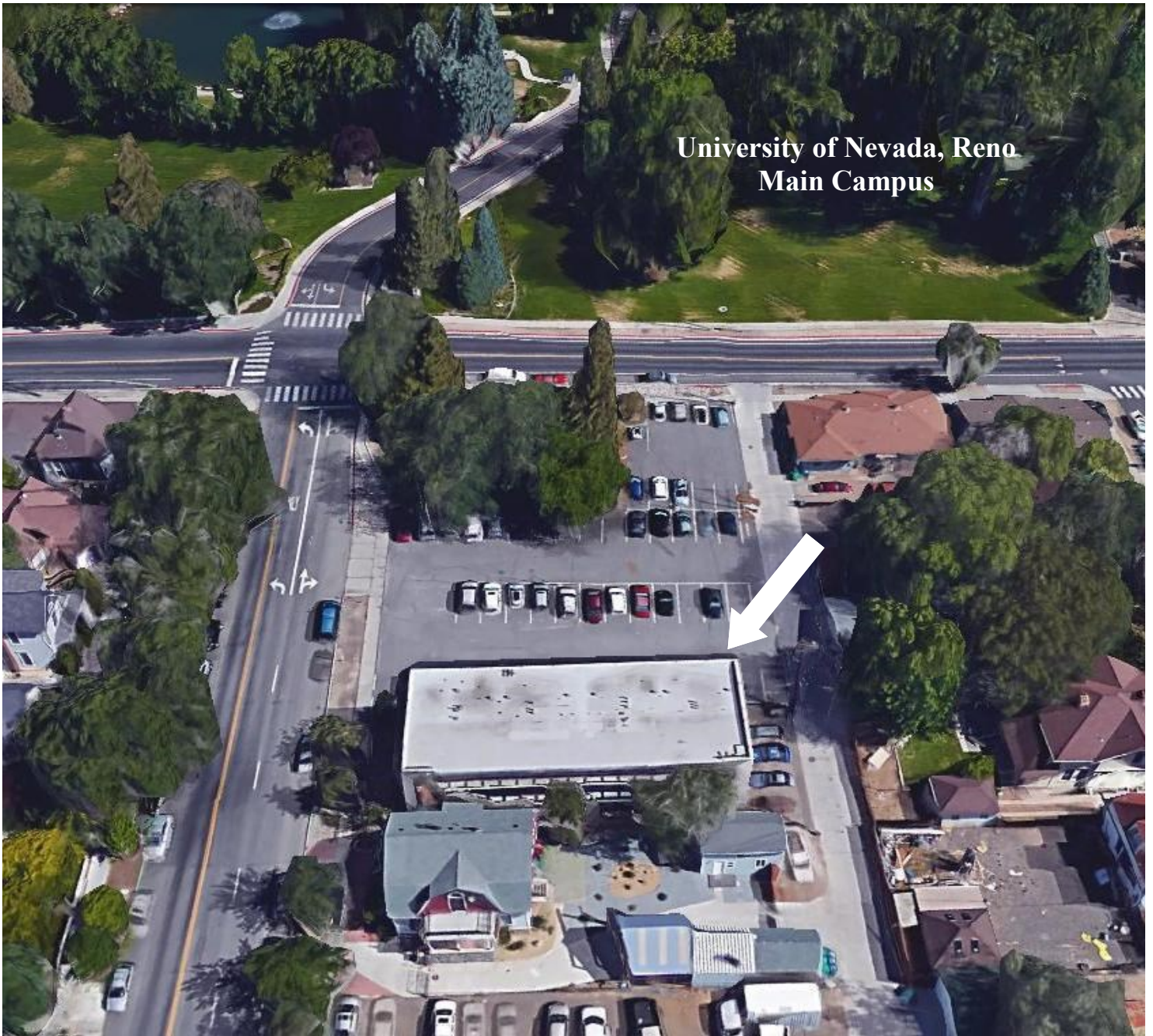
White arrow indicates location of 830 N Center Street, south of the University of Nevada, Reno Campus



Designates University of Nevada, Reno Owned Property

EZJ 10KV 4

830 N Center Street Property Description



White arrow indicates location of 830 N Center Street



JOHNSON | PERKINS | GRIFFIN
REAL ESTATE APPRAISERS & CONSULTANTS

AN APPRAISAL
OF

A TWELVE UNIT APARTMENT PROJECT

LOCATED AT

830 NORTH CENTER STREET,
RENO, WASHOE COUNTY, NEVADA

OWNED BY

GRAND SLAM ENTERPRISES, LLC

PREPARED FOR

THE UNIVERSITY OF NEVADA, RENO



An Appraisal
Of

A Twelve Unit Apartment Project

Located At

830 North Center Street,
Reno, Washoe County, Nevada

Owned By

Grand Slam Enterprises, LLC

Prepared For

The University of Nevada, Reno

For the Purpose of
Estimating Market Value
As Of
October 1, 2015



October 13, 2015

Mr. Troy Miller, Director of Real Estate
Business Center North
University of Nevada, Reno/239
895 North Center Street
Reno, Nevada 89557-0329

Re: 830 North Center Street, Reno, Washoe County, Nevada

Dear Mr. Miller:

This is in response to your request for an appraisal of a 12-unit apartment project located at 830 North Center Street, Reno, Washoe County, Nevada. The subject property is identified as Washoe County Assessor's Parcel Number 007-222-13.

The subject property is located on the east side of North Center Street, 170± feet south of Ninth Street. The subject property includes a three-story 10,836± square foot apartment building and contains a total land area of 7,000± square feet. A detailed description of the subject property is set forth within this appraisal report.

This appraisal is being prepared for the purpose of estimating the fair market value of the subject property as of a current date of value. The intended use of the appraisal is for gift tax and internal management purposes. The intended users of the appraisal report include Grand Slam Enterprises, LLC, the University of Nevada, Reno, the University of Nevada Board of Regents and The Internal Revenue Service. The client in this appraisal assignment is the University of Nevada, Reno.

This is an appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. This report sets forth pertinent data, statistics, and other information considered necessary to establish the Fair Market Value of the subject property as of the effective date of valuation.



This report sets forth pertinent data, statistics and other information considered necessary to establish the Fair Market Value of the subject property as of a current date of valuation. No one other than the undersigned prepared the analysis, conclusions and opinions concerning real estate that are set forth in the accompanying appraisal report.

After careful consideration of all data available, and upon thorough personal investigation of the subject property and the comparable properties analyzed, it is my opinion that the Fair Market Value of the subject property, as of October 1, 2015, is:

FAIR MARKET VALUE CONCLUSION

\$1,500,000

Respectfully Submitted,

Reese Perkins, MAI, SRA
Nevada Certified General Appraiser
License Number A.0000120-CG



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SUMMARY OF SALIENT FACTS AND IMPORTANT CONCLUSIONS

Property Type	Twelve Unit Apartment Project
Assessor's Parcel Number	007-222-13
Address	830 North Center Street, Reno, Washoe County, Nevada
Location	East Side of North Center Street, 170± Feet South of Ninth Street, Reno, Washoe County, Nevada
Owner of Record	Grand Slam Enterprises, LLC
Land Area	0.161± Acres (7,000± Square Feet)
City of Reno Zoning	Mixed Use—Commercial
Master Plan	Special Planning Area—University of Nevada Regional Center (UNRC)
Flood Zone	Flood Zone “X”
Improvements	
Type of Improvements	Twelve Unit Apartment Project
Year Built	1963
Rentable Building Area	10,836± Square Feet
Quality/Condition	Average/Average
Highest and Best Use	Current Improvements
Date of Inspection	October 1, 2015
Completion Date of Appraisal Report	October 13, 2015
Ownership Interest Appraised	Fee Simple Estate Subject to Short-Term Rents

FINAL MARKET VALUE CONCLUSION
(As Of October 1, 2015)

\$1,500,000



PURPOSE OF APPRAISAL

This appraisal is being prepared for the purpose of estimating the market value of the subject property as of October 1, 2015.

PROPERTY RIGHTS APPRAISED

The appraisal report will address the fee simple market value of the subject property, subject to the current rents within the project, in its “as-is” condition.

FEE SIMPLE ESTATE DEFINED

The subject property is appraised as held in fee simple ownership, affected by typical encumbrances such as mortgages, easements and zoning ordinances. Fee simple estate is defined as “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”¹

CLIENT AND INTENDED USER OF APPRAISAL

The client is The University of Nevada, Reno. The intended users of the appraisal report include Grand Slam Enterprises, LLC, the University of Nevada, Reno, the University of Nevada Board of Regents and The Internal Revenue Service.

INTENDED USE OF APPRAISAL

The intended use of this appraisal report is for gift tax and internal management purposes.

¹ Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010, page 78.



MARKET VALUE DEFINED

Market Value means 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 interest;
- 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.²

DATE OF INSPECTION

The subject property was inspected on October 1, 2015. The inspection included an inspection of the exterior of the entire project, as well as an inspection of the interior of a representative sample of apartment units within the project.

EFFECTIVE DATE OF VALUATION

This appraisal addresses the market value of the subject property as of October 1, 2015, which is the date of inspection.

COMPLETION DATE OF REPORT

This appraisal report was completed on October 13, 2015.

² Rules and Regulations, Federal Register, Vol. 55, No. 165, Page 34696, 12CFR Part 34.42(f)



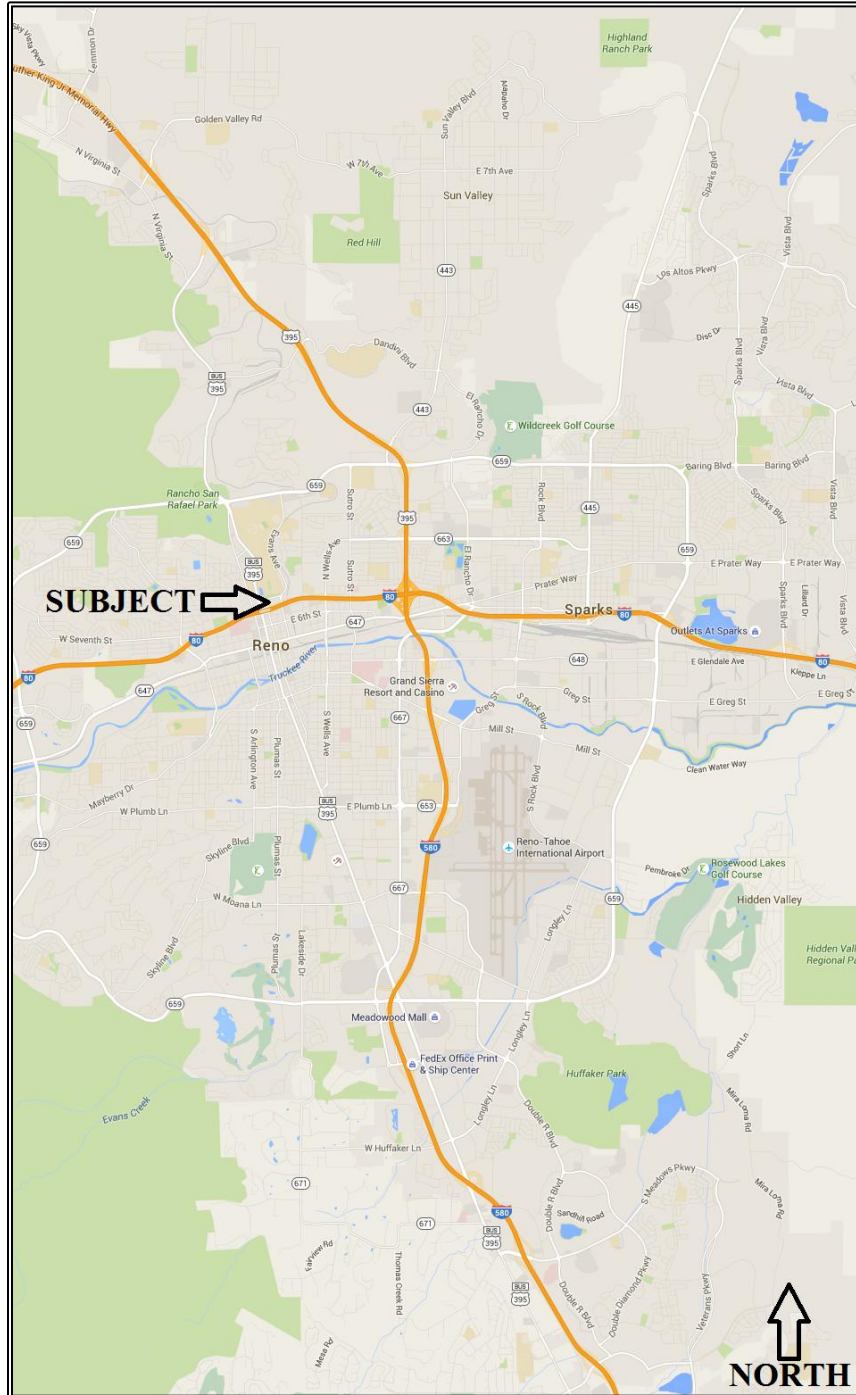
SCOPE OF APPRAISAL

The preparation of this appraisal included:

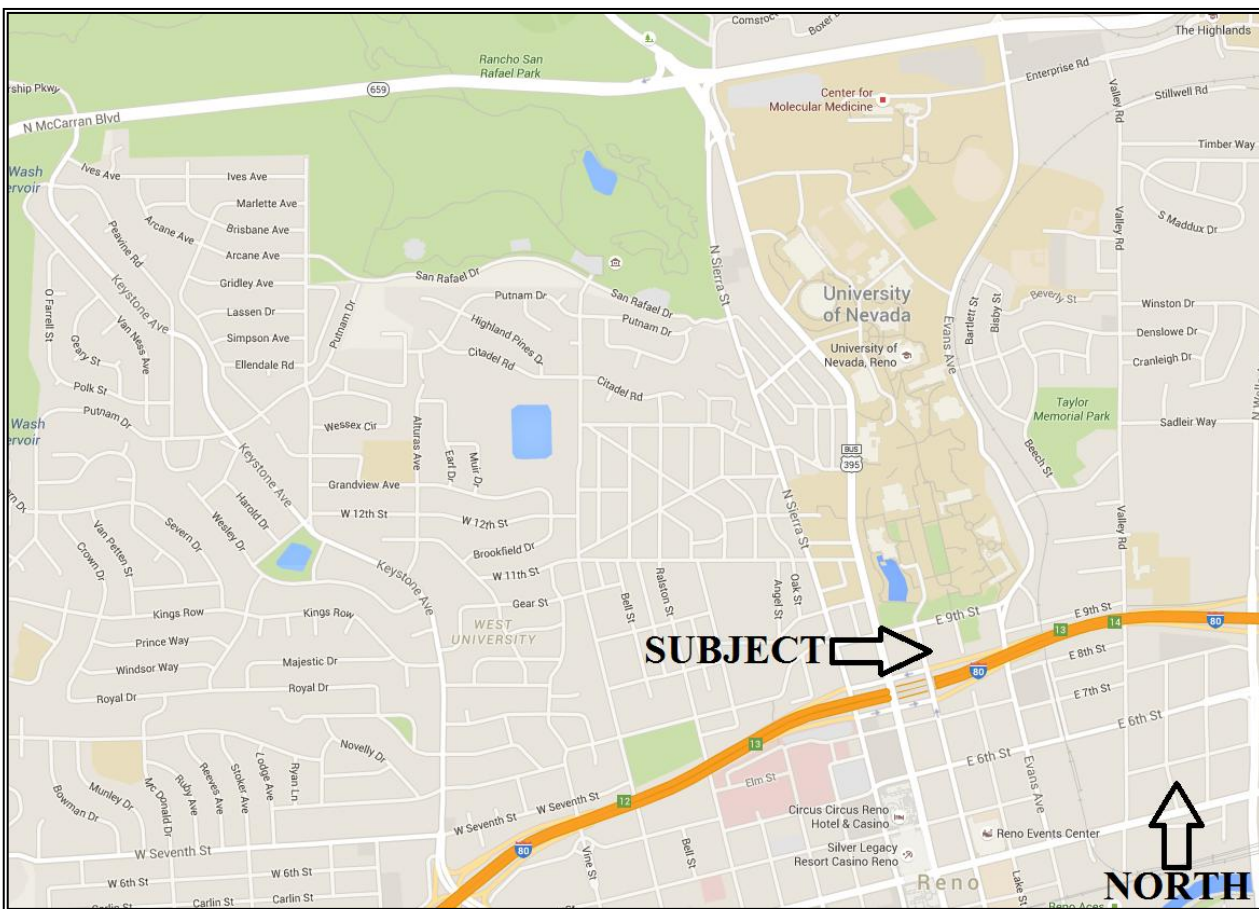
- An inspection of the subject property;
- Identification and analysis of the subject neighborhood;
- Interviews with the subject property owners;
- Review of information provided to me by the current ownership, including a current rent roll, current asking rental rate data and the subject's operating history;
- Interviews with people considered knowledgeable with the apartment market within the Reno market;
- Analysis of competitive properties within the market;
- Completion of a Highest and Best Use Analysis;
- Research and analysis of comparable apartment rental and sales data;
- Verification of comparable apartment rental and sales data;
- Analysis of the subject's income and expense history, as well as an analysis of operating income and expense data in competitive apartment projects;
- Completion of a Direct Capitalization Analysis, to arrive at an indication of the Market Value of the subject property;
- Completion of a Sales Comparison Approach to Value to arrive at an indication of the Market Value of the subject property;
- Correlation of the approaches to value to arrive at the Market Value of the subject property;
- Analysis of an appropriate exposure and marketing time for the subject.
- Preparation of the appraisal report in accordance with the requirements of Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice.



RENO-SPARKS AREA MAP



Neighborhood Map



NEIGHBORHOOD MAP

NEIGHBORHOOD DESCRIPTION

The subject property is located directly across the street from the University of Nevada, Reno campus. The subject neighborhood is encompassed by North McCarran Boulevard to the north, Valley Road to the east, Interstate 80 to the south, and Keystone Avenue to the west. The major roadways servicing the subject neighborhood include Interstate 80, North Virginia Street, North Sierra Street, North Center Street, Evans Avenue and McCarran Boulevard.

The principal development in the subject neighborhood is the University of Nevada, Reno campus. The campus comprises approximately 200 acres of land and is located between McCarran Boulevard to the north, East Ninth Street to the south, Valley Road to the east and North Sierra Street to the west. The enrollment on campus is approximately 18,000 students.

In addition to classrooms and research buildings, the university includes nine residence halls and various support facilities. The northern portion of the Nevada campus includes Mackey Stadium, which is utilized for University of Nevada football games and seats approximately 32,000 people. Other major sporting structures on the University of Nevada campus include Lawlor Events Center and the Bill Peccole Baseball Complex.

The Joe Crowley Student Union Building is located in the northeast-central portion of the campus. This four-story, 167,000± square foot building is home to a variety of uses, including one of the largest Starbucks Coffee shops west of the Mississippi River. Additional uses in the building include the ASUN Bookstore, Tahoe Creamery, Port of Subs, Baja Fresh, Keva Juice, JC&C Wireless, Kaplan Test Preparation Center, Silver State Schools Credit Union, a Clinique make-up counter, a Convenience Store, a 220 seat surround-sound movie theater, and a sports grill. The building is an environmentally sustainable building with several green aspects.

Adjacent to the new student union building, is the newer library facility, known as the Mathewson-IGT Knowledge Center. The library, which is a five-story, 295,000± square foot structure, is one of the most technically advanced libraries in the country. This project houses over a million volumes of books and journals, with 15,000± electronic journals and a growing collection of electronic books. A robotic storage and retrieval system houses older books and journals.

While the university dominates the central portion of the subject neighborhood, the periphery of the neighborhood is primarily developed with support facilities for the campus

including apartments, fraternity houses, sorority houses and older single family residences which have been converted to rentals and support commercial facilities.

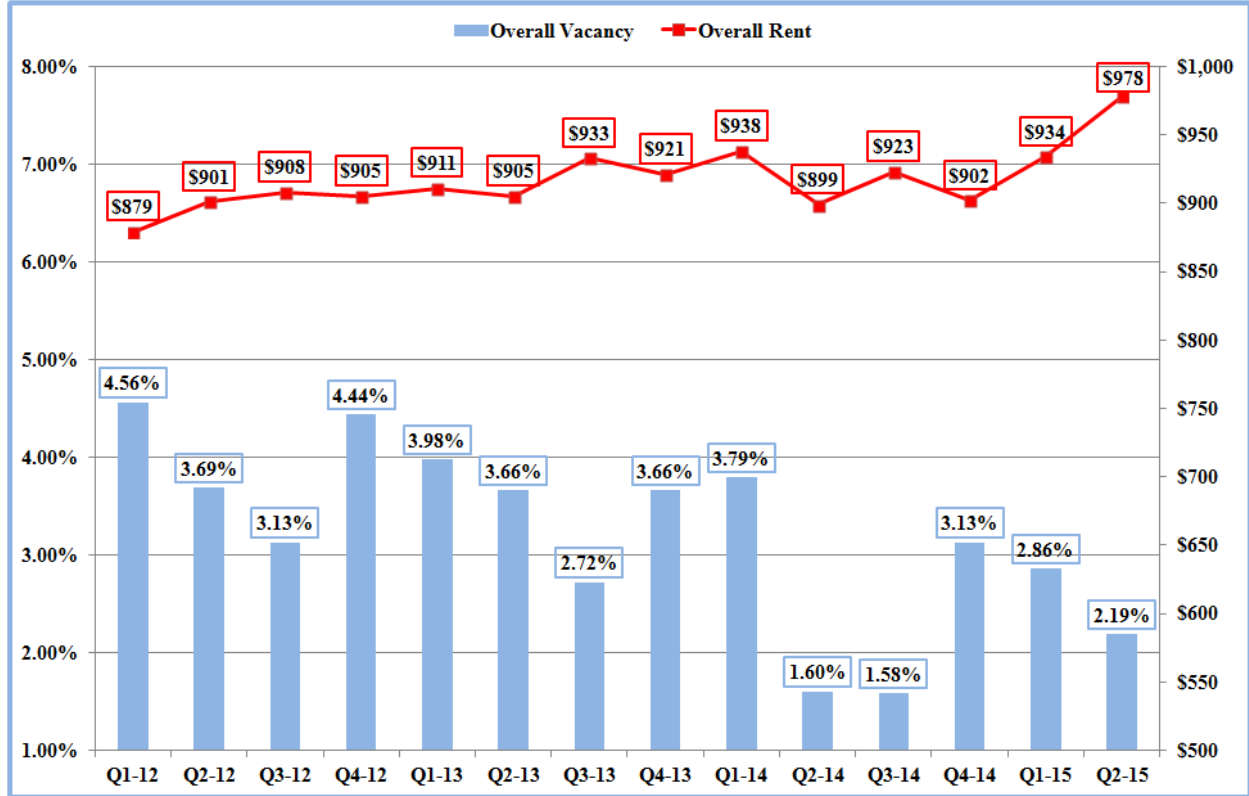
Valley Road, which forms the easterly boundary of the subject neighborhood, extends in a north-south direction from near West Fourth Street to McCarran Boulevard. The northern portion of Valley Road is developed with retail commercial and light industrial uses. Sierra Vista Elementary School is located along Valley Road in the northeastern portion of the subject neighborhood. Development along the southern portion of Valley Road includes several older single family residences as well as the University of Nevada, Reno Agricultural Experimental Farm and Equestrian Center. Valley Road is a two-lane, two-way, asphalt-paved roadway that is improved with concrete curbs, gutters, sidewalks and light standards.

The easterly portion of the subject neighborhood is developed with older single family and multi-family residential uses. It is estimated that the majority of the residential developments within the subject neighborhood are in excess of 50 years of age. The majority of the residential development in the subject neighborhood provides housing for students, faculty and employees at the University of Nevada, Reno campus. Much of the student housing is older and in fair to average condition at the present time. Many of the older homes include brick construction and are on concrete or stone and mortar foundations having composition shingle gabled roofs. These residences are felt to be typical for older average quality homes in the Reno-Sparks area.

The Northwest Reno area is also home to several large apartment complexes. Johnson, Perkins, Griffin LLC conducts a quarterly apartment survey which encompasses the entire Reno-Sparks Market. The subject neighborhood falls within Area 1 (Northwest Reno) of the subject survey. The chart below summarizes average apartment rents and vacancies with the Northwest Reno Submarket. This data is from the *Apartment Survey, July 2015*.



Northwest Reno Apartment Rents & Vacancies-July 2015



The southern boundary of the subject neighborhood is formed by Interstate 80. Interstate 80 is a limited access all weather freeway connecting the San Francisco and Sacramento area to the west with Salt Lake City to the east. Interstate 80 passes in an east-west direction through the Reno-Sparks area. In the subject neighborhood, North Virginia Street enjoys full access to Interstate 80. Overall, the subject neighborhood is considered to have good access to Interstate 80.

Virginia Street is the major north-south commercial thoroughfare in the city of Reno. This street divides the subject neighborhood and provides access to the downtown Reno casino core area. Within the subject neighborhood, development along North Virginia Street includes a mixture of residential and university utilizations with some retail-commercial uses. South of the subject neighborhood is the downtown Reno area, which has a heavy concentration of hotel-casinos, older hotel-motel buildings, and retail commercial uses. North Virginia Street, in the vicinity of the subject neighborhood, is a four-lane, two-way, asphalt-paved roadway that is improved with a left center turn lane as well as concrete curbs, gutters, and sidewalks.

Additional major north-south streets servicing the subject neighborhood are Sierra Street and Center Street. In the north portion of the subject neighborhood, Sierra Street is a two-lane, two-way, asphalt-paved roadway. In the south portion of the subject neighborhood, Sierra Street turns to a three-lane, one-way, asphalt paved roadway providing access for southbound traffic. Center Street is a three-lane, one-way roadway that provides access for northbound traffic. Center Street terminates at the south end of the University of Nevada, Reno campus. Center Street and Sierra Street parallel North Virginia Street, with Center Street located one block east of Virginia Street and Sierra Street located one block west of Virginia Street.

A number of secondary streets cross the subject neighborhood and provide access to the residential developments on the east and west sides of the University of Nevada, Reno campus. Basically, these streets are two-lane, two-way, asphalt-paved roadways and are improved with concrete curbs, gutters, and sidewalks.

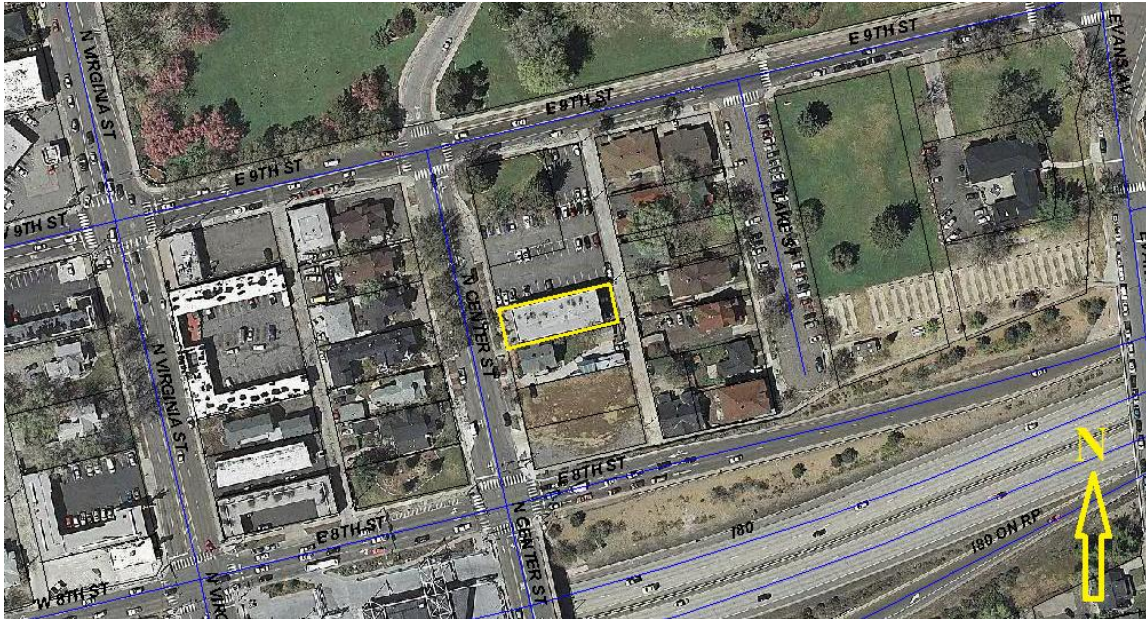
The subject neighborhood is located within the Reno City limits and has access to all city facilities. Police and fire protection are provided by the City of Reno. Schools and busing are provided by the Washoe County School District. Public transportation in the subject neighborhood is provided by the RTC Ride bus service. The University of Nevada, Reno campus has numerous bus routes, which travel the periphery of the campus. As a result, the subject neighborhood is considered to have excellent access to the public transportation system.

All utilities are immediately available within the subject neighborhood. NV Energy provides electricity and gas service. Water service is provided by the Truckee Meadows Water Authority. The City of Reno provides sewer service and telephone service is provided by various carriers. Waste Management provides solid waste disposal and cable television is provided by Charter Communications.

In summary, the subject neighborhood primarily involves the University of Nevada, Reno campus as well as the areas surrounding the university. The central portion of the neighborhood is comprised of the campus, while the eastern, southern and western edges of the neighborhood involve support residential and commercial facilities. Although many of the residential and commercial facilities are older and in fair to average condition at the present time, demand is strong for both utilizations due to the University of Nevada, Reno campus.



SUBJECT AERIAL PHOTOGRAPHS



Overhead Aerial-Subject Property Outlined In Yellow



North Looking Aerial-Subject Property Outlined In Yellow



EXTERIOR SUBJECT PHOTOGRAPHS



**OVERALL VIEW OF SUBJECT PROPERTY FACING NORTHEASTERLY FROM
NORTH CENTER STREET**



**VIEW OF VIEW OF NORTH CENTER STREET FACING NORTHERLY TOWARDS
EAST 9TH STREET**



EXTERIOR SUBJECT PHOTOGRAPHS



OVERALL VIEW OF SUBJECT PROPERTY FACING IN A SOUTHEASTERLY DIRECTION FROM NORTH CENTER STREET



VIEW OF NORTH CENTER STREET FACING IN A SOUTHERLY DIRECTION



EXTERIOR SUBJECT PHOTOGRAPHS



OVERALL VIEW OF SUBJECT PROPERTY FACING IN A SOUTHWESTERLY DIRECTION FROM THE ADJACENT ALLEY WAY



VIEW OF ALLEY WAY ABUTTING SUBJECT'S EASTERLY PROPERTY LINE, FACING SOUTHERLY



EXTERIOR SUBJECT PHOTOGRAPHS



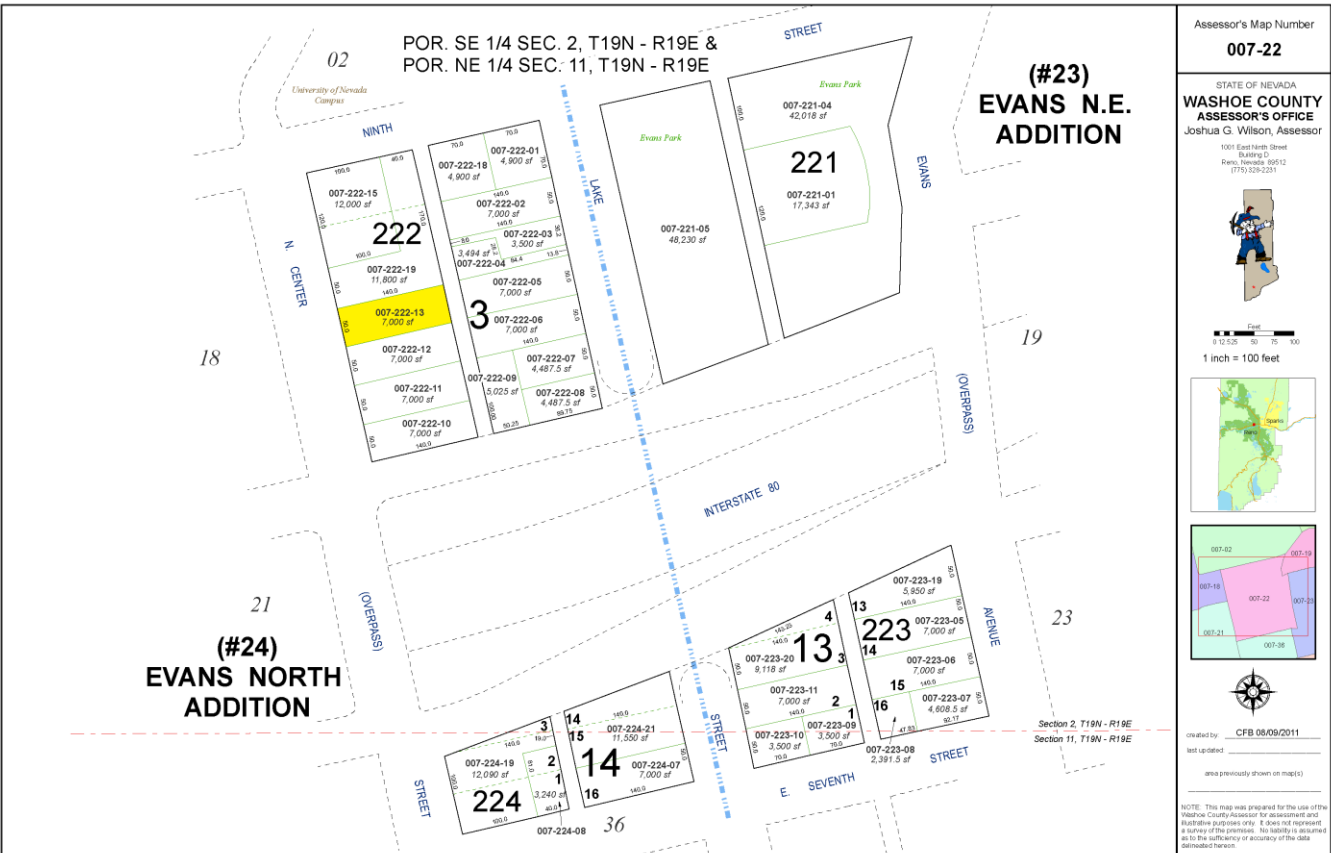
OVERALL VIEW OF SUBJECT PROPERTY FACING IN A NORTHWESTERLY DIRECTION FROM THE ADJACENT ALLEY WAY



VIEW OF ALLEY WAY ABUTTING SUBJECT'S EASTERLY PROPERTY LINE, FACING NORTHERLY



SUBJECT PROPERTY PLOT MAP

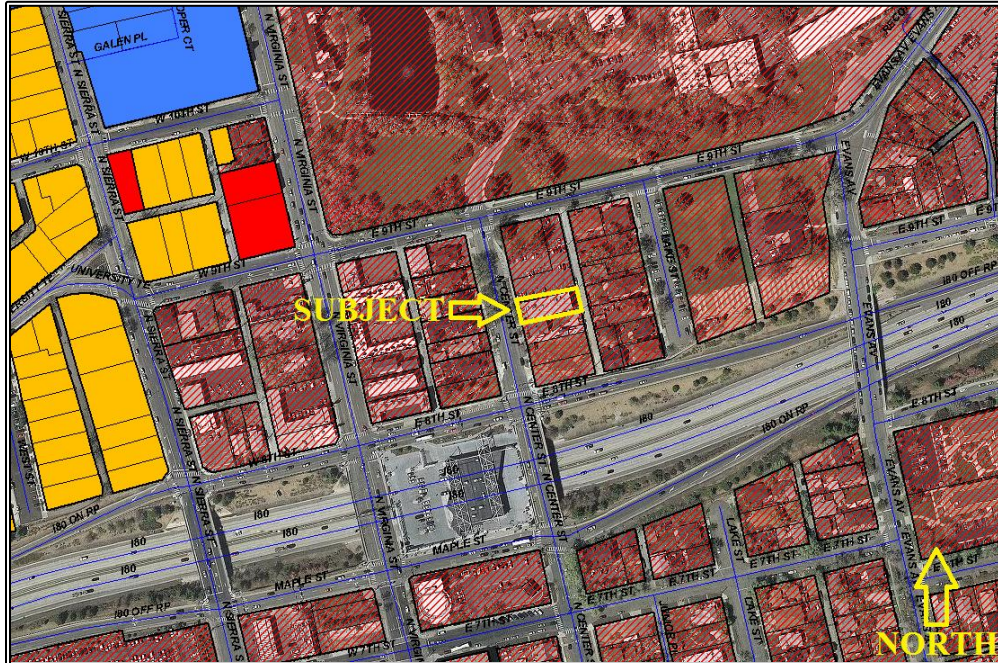


Subject Highlighted In Yellow
Washoe County Assessor's Parcel Number 007-222-13
Total Land Area: 0.161± Acres (7,000± Square Feet)

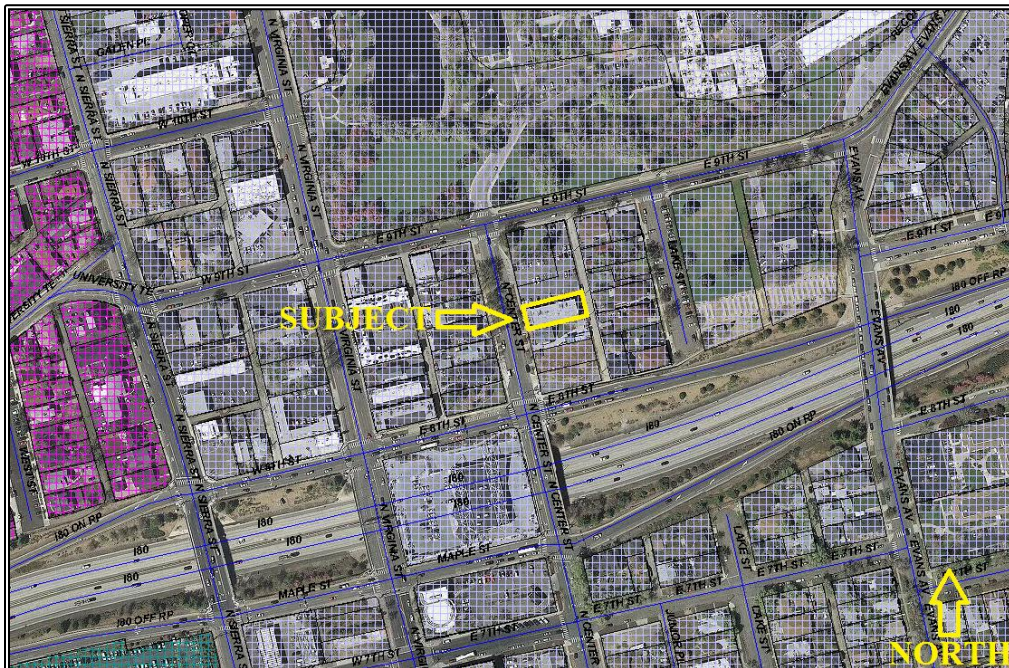
Subject Highlighted In Yellow
Washoe County Assessor's Parcel Number 007-222-13
Total Land Area: 0.161± Acres (7,000± Square Fee)



SUBJECT ZONING MAP
City of Reno Zoning Designation: Mixed Use (Commercial)

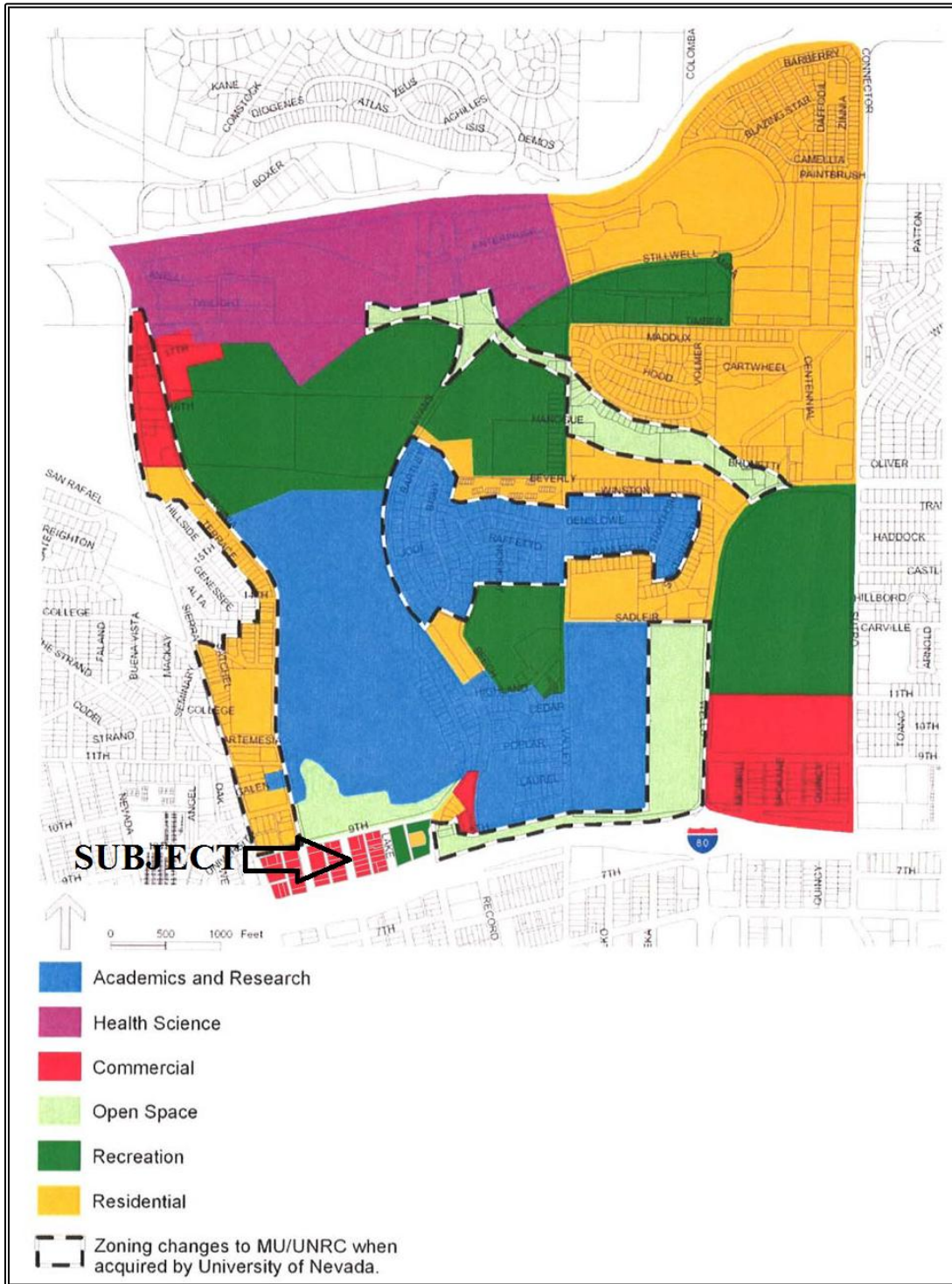


SUBJECT MASTER PLAN MAP
City of Reno Master Plan Designation: Special Planning Area
University of Nevada Regional Center (UNRC)





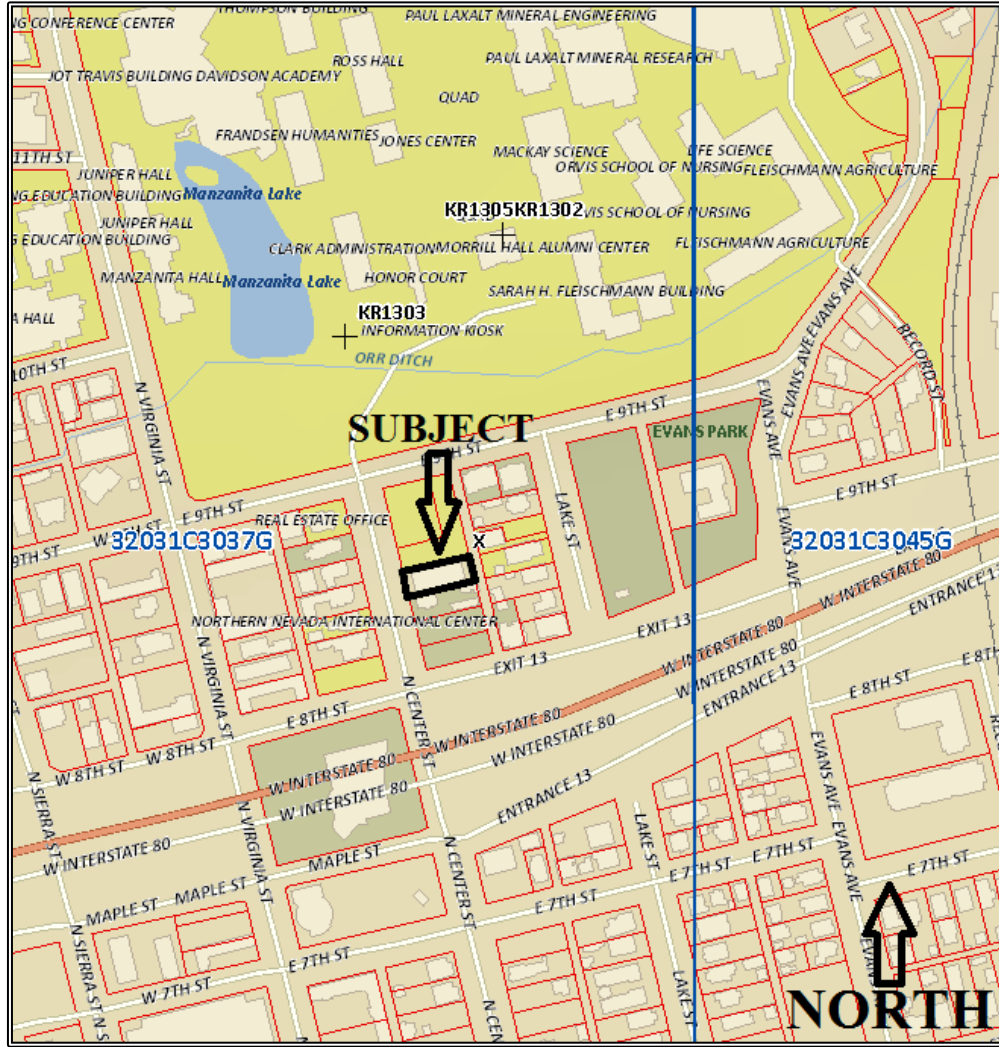
UNIVERSITY OF NEVADA REGIONAL CENTER LAND USE MAP



Subject Land Use Designation--Commercial



SUBJECT FLOOD ZONE MAP



Federal Emergency Management Agency’s Flood Insurance Rate Map

Community Panel Number: 32031C3037G

Panel Not Printed, No Special Flood Hazard Area

Effective Date: June 18, 2013

FEMA Flood Zone: ‘X’

ZONE	DESCRIPTION
C and X (unshaded)	Area of minimal flood hazard, usually depicted on FIRMs as above the 500-year flood level. Zone C may have ponding and local drainage problems that don't warrant a detailed study or designation as base floodplain. Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood.



PROPERTY IDENTIFICATION AND SITE DESCRIPTION

Property Type	Twelve Unit Apartment Project
Assessor's Parcel Number	007-222-13
Address	830 North Center Street, Reno, Washoe County, Nevada
Location	East Side of North Center Street, 170± Feet South of Ninth Street, Reno, Washoe County, Nevada
Owner of Record	Grand Slam Enterprises, LLC

Land Area 0.161± Acres (7,000± Square Feet)

The land area above is based upon data provided by the Washoe County Assessor's Office, and is assumed to be correct.

Land Dimensions

- 50.00± feet along the west property line, abutting North Center Street;
- 140.00± feet along the south property line, abutting an adjacent parcel;
- 50.00± feet along the east property line, abutting an alleyway;
- 140.00± feet along the north property line, abutting an adjacent parcel.

The above land area and dimensions are based upon maps provided by the Washoe County Assessor's Office, and are assumed to be correct.

Legal Description

According to a Grant, Bargain and Sale Deed prepared by Stewart Title of Nevada, Reno as Order Number 3739651, dated March, 17, 2009 the legal description of the subject property is:



All that certain piece or parcel of land situate in the City of Reno, County of Washoe, State of Nevada, described as follows:

Commencing at a point on the East line of University Avenue (formerly North Center Street), 150 feet North of the intersection of the North line of Eighth Street with the East line of said University Avenue; thence Northerly along the East line of University Avenue, 49 feet 6 inches; thence Easterly, parallel with the North line of Eighth Street, 140 feet to an alley; thence Southerly along the West line of said alley 49 feet 6 inches; thence Westerly, parallel with the North line of Eighth Street, 140 feet to the place of beginning.

The above metes and bounds description appeared previously in that certain document recorded May 29, 1987 as Document No. 1166689 of Official Records.

Zoning/Master Plan

According to the City of Reno Community Development Department, the subject property is zoned MU (Mixed Use) and is located within the University of Nevada Regional Special Planning Area (UNRC). This district modifies the underlying mixed use zoning land uses, development standards, and development review procedures with the University of Nevada Regional Center Planning Area and is intended to maintain and enhance the University of Nevada and promote compatible land uses in the immediate vicinity.

The subject is located within the commercial land use area.

Master Plan Discussion

The Special Planning Area designation allows any individual land use, or land uses in combination which are compatible and complementary within the project boundaries and with adjoining properties; gaming may be appropriate within the Regional Centers and transit corridors. The SPA designation is appropriate for large holdings which could be developed with a mix of land uses (e.g., planned unit developments, regional centers, and transit corridors). The Special Planning Area designation is also appropriate for areas undergoing a transition in land use to more intense development, areas that would become more stable with development of mixed uses that complement each other, or areas where the City of Reno wants to encourage investment.

The University of Nevada Regional Center was designated as Special Planning Area in the Reno Land Use Plan at the time this Regional Center Plan was adopted. The Special Planning Area designation recognizes that customized land use and zoning provisions are

appropriate in designated regional centers. Map 1: Development Concept-Land Use serves as the detailed land use plan. Provisions of this Regional Center Plan govern land use and development within the University Regional Center. When this Regional Center Plan does not specifically address an issue, provisions of other parts of the Reno Master Plan apply.

The majority of the Regional Center was rezoned to the Mixed Use base zoning district and University Regional Center Planning Area Overlay at the time this Regional Center Plan was adopted. The properties within the University Regional Center Plan boundary not owned by the University of Nevada that are between Sierra and Virginia Street and in the neighborhood east of Evans, as well those properties designated as Open Space, will be automatically rezoned if and when they are acquired by the University of Nevada. These properties are identified on Map 1: Development Concept-Land Use. Prior to acquisition the existing zoning regulations and designations apply to these properties. Mixed use development (i.e., combinations of uses) is permitted by the underlying Mixed Use base zoning district. Specific modifications to allowed land uses, development standards and processing requirements are identified in the University Regional Center Planning Area Overlay. This Planning Area Overlay designation permits continuation of existing uses when a currently established use is going to be maintained or expanded. In other words, as long as the use remains the same it is considered a conforming use. Any change in the use must be to a use included in the list of uses allowed by the University Regional Center Planning Area Overlay. To help encourage new development, most projects internal to the Regional Center Plan are allowed to proceed without discretionary review by the City of Reno. A special use permit is not required for uses which operate between the hours of 11 p.m. and 6 a.m. if not directly adjacent to existing single family residential development, skyways except on Virginia Street and over City of Reno rights-of-way, and grading consistent with Map 5: University of Nevada Regional Center Grading.

Roadway Frontages/Access

The subject site has 50.00± feet of frontage along North Center Street. In the vicinity of the subject, North Center Street is a north-south, two-way, three-lane asphalt paved roadway and is improved with concrete curbs, gutters and sidewalks. North Center Street provides access to the Interstate-80 Freeway, which runs in an east-west direction adjacent to East Eighth Street. North Center Street is the main north-south arterial through downtown Reno, where it is a north heading one way roadway. North Center Street becomes a two-way road at the Interstate 80 overpass.

Access to the subject site is also available from an alleyway that runs along the eastern property line. Access to the alleyway is available from Ninth Street only.

Ninth Street is an east-west, two-way, two-lane asphalt paved roadway. In the vicinity of the subject site, Ninth Street runs from North Sierra Street west of the subject site, to Evans Avenue east of the subject site. Evans Park is located at the east terminus of Ninth Street.

Eighth Street is a one-way, three-lane asphalt paved roadway which travels in an east to west direction in the vicinity of the subject site. Eighth Street runs from North Center Street at the Interstate 80 off-ramp and terminates at the Sierra Street interchange with the Interstate 80 freeway, to the west of the subject.

Overall, the subject property has adequate roadway frontage and adequate visibility due to its location on North Center Street. For a clearer depiction of the subject's street frontage, reference is made to the Subject Plot Map, Subject Aerial Photograph, and Subject Photographs located in the prior section of this appraisal report.

Topography

The subject site has generally level topography that is slightly above street grade with North Center Street. The subject's topography and soils appear to provide adequate drainage.

Environmental and Soils Data

An environmental site assessment was not provided to this appraiser. However, based upon the surrounding improvements, and with consideration given to the current improvements on the subject property, it is my opinion that the subject property does have adequate soil features for development. This appraisal report assumes that the subject soils are sufficient for development with uses compatible with the highest and best use of the property.

Hazardous Substances

My standard on-site inspection of the subject property did not reveal any readily apparent evidence suggesting the presence of contaminants or hazardous wastes on the subject property. For the purposes of this appraisal, it is assumed that the value of the subject property is not negatively impacted by the existence of toxic materials or hazardous waste.



Flood Zone

According to the Federal Emergency Management Agency’s Flood Insurance Map Community Panel Number 32031C3037G, with an effective date of June 18, 2013, the subject property is located in a Flood Zone “X”, which is identified as areas determined to be within the 500-year floodplain. It should be noted, that Community Panel Number 32031C3037G was not printed because no special flood hazard areas are present.

Earthquake Zone

In 2005, the City of Reno adopted the *International Building Code*. The International Building Code does not directly address earthquake hazards by geologic reasons. However, it requires that all building plans be reviewed by a structural engineer to assess earthquake issues. Prior to 2005, the City of Reno utilized the *Uniform Building Code*. According to the 1997 edition of the *Uniform Building Code*, the Reno-Sparks area is located in a Seismic Risk Zone 3. This zone encompasses areas which have a number of local faults and where there is a relatively strong probability of moderate to strong seismic activity. The *Uniform Building Code* does require special construction techniques as a result of earthquake hazards. Additionally, a structural engineer typically reviews plans for residential and commercial buildings in order to assess earthquake hazards.

As a result, for the purposes of this analysis, it is being assumed that the subject property is not impacted by earthquake hazards to a greater degree than is typical for the Reno-Sparks area.

Utility Providers

Utility Service	Provider	Availability to Subject
Electricity	NV Energy	On-Site
Natural Gas	NV Energy	On-Site
Telephone	Various Carriers	On-Site
Water	Truckee Meadows Water Authority (TMWA)	On-Site
Sewer	City of Reno	On-Site
Waste Disposal	Waste Management	On-Site
Cable	Various Carriers	On-Site
Internet	Various Carriers	On-Site

The subject property has immediate access to all utility services, including electricity, water service, natural gas service, cable and phone service, and sewer and waste removal services.

Public Services

The subject property has adequate access to all typical public services including fire protection, police protection and public transportation. The City of Reno Fire Department provides fire protection to the subject neighborhood, while the City of Reno Police Department and the University of Nevada Police Department provide police service to the area. Public transportation is available in the immediate vicinity of the subject property from RTC Ride.

Easements and Encumbrances

A current preliminary title report was not available in the preparation of this appraisal report. For the purposes of this appraisal, it has been assumed that there are no easements, encumbrances or restrictions encumbering the subject property that would adversely impact its market value.

Subject Sales History

There have been no arms length transactions of record with respect to the subject property in the past 3 years prior to the effective date of valuation.

Assessment & Taxable Value Data

Roll Year	Land Taxable Value	Buildings Taxable Value	Total Taxable Value	Land Assessed	Building Assessed	Secured Total Assessed
A.P.N. 007-222-13						
2015/2016 FV	\$102,000	\$190,393	\$292,393	\$35,700	\$66,638	\$102,338

According to the Washoe County Assessor’s Office, the subject property’s taxable value for the 2015/2016 tax year is \$292,393.

The assessment of real property in Nevada is governed by the Nevada Revised Statutes, which requires the County Assessor to assess at 35% of the taxable value of the property. The taxable value of the property is based upon the Assessor’s estimate of the full cash value of the site. The taxable value of the improvements is based upon the replacement cost new of the improvements which the Assessor estimates utilizing *Marshall Valuation Service* a nationally



recognized and accepted cost estimating publication. Straight line depreciation of 1.5% per year is deducted from the replacement cost new of the improvements.

Tax Data

According to information provided by the Washoe County Treasurer’s Office, the subject’s 2015 total taxes are \$4,335.20. The subject’s taxes are summarized below.

Subject Property Tax Summary

Washoe County Parcel Information		
Parcel ID	Status	Last Update
00722213	Active	9/29/2015 2:11:32 AM
Current Owner: GRAND SLAM ENTERPRISES LLC 1050 S 21ST ST SPARKS, NV 89434		SITUS: 830 N CENTER ST RENO NV
Taxing District 1025		Geo CD:
Legal Description		
Section 2 Township 19 Range 19 SubdivisionName EVANS NORTH ADDITION		

Installments						
Period	Due Date	Tax Year	Tax	Penalty/Fee	Interest	Total Due
INST 1	8/17/2015	2015	\$0.00	\$0.00	\$0.00	\$0.00
INST 2	10/5/2015	2015	\$0.00	\$0.00	\$0.00	\$0.00
INST 3	1/4/2016	2015	\$0.00	\$0.00	\$0.00	\$0.00
INST 4	3/7/2016	2015	\$0.00	\$0.00	\$0.00	\$0.00
Total Due:			\$0.00	\$0.00	\$0.00	\$0.00

Tax Detail			
	Gross Tax	Credit	Net Tax
▼ City of Reno	\$982.24	\$0.00	\$982.24
▼ Remediation	\$36.29	\$0.00	\$36.29
▼ Reno Police SPAS	\$552.69	\$0.00	\$552.69
▼ State of Nevada	\$173.97	\$0.00	\$173.97
▼ Washoe County	\$1,424.24	\$0.00	\$1,424.24
▼ Washoe County Sc	\$1,165.12	\$0.00	\$1,165.12
▼ Truckee Mdw Ungr Water	\$0.65	\$0.00	\$0.65
Total Tax	\$4,335.20	\$0.00	\$4,335.20

In the 2005 Legislative session, a new law regulating increases in real property taxes was signed into law. The Governor signed AB 489 into law on April 6, 2005. This bill provides for

a partial abatement of property taxes. The level of abatement is based on the type and use of the property.

For primary residences, the abatement equals the amount of taxes that exceed last year's tax bill plus 3%. If the property contains rental units and the rent on all units within the property are at or below the fair market rent for the county in which the dwelling is located, as most recently published by the United States Department of Housing and Urban Development (HUD), the abatement equals the amount of taxes which exceed last year's tax bill plus 3%.

Most other properties (rental units where the rent exceeds the HUD guidelines, commercial, industrial, vacant land, mixed use, etc.) are subject to abatement at a higher level, which is calculated by comparing the lesser of;

1. The average percentage of change in the assessed valuation of all taxable property in the county as determined by the Department of Taxation, over the fiscal year in which the levy is made and the nine immediately preceding fiscal years; or
2. Eight percent; or
3. Twice the percentage of increase in the Consumer Price Index (All Items) for the immediately preceding calendar year, whichever is greater.

Special Assessments

A review of Special Assessments was conducted utilizing Assessment Management Group, which is utilized by the Washoe County Treasurer's Office to manage Special Assessments. According to Assessment Management Group, there are no special assessments currently owing against the subject property.

Summary

The subject property is located on the east side of North Center Street, 170± feet south of Ninth Street, directly across the street from the University of Nevada, Reno in north-central Reno. The subject is identified as Washoe County Assessor's Parcel Number 007-222-13 and contains a total land area of 7,000± square feet. The subject property is currently improved with a twelve unit apartment project.



INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF TYPICAL LIVING ROOM



VIEW OF TYPICAL KITCHEN



INTERIOR SUBJECT PHOTOGRAPHS



VIEW OF TYPICAL BEDROOM



VIEW OF TYPICAL HALL BATHROOM

DESCRIPTION OF SUBJECT IMPROVEMENTS

The subject property is a twelve unit apartment project located in north-central Reno. The subject project contains one, three-story apartment building, containing a total of 10,836± square feet of leasable area. In addition to the leasable building area, the property has an unfinished basement containing 816± square feet. According to the Washoe County Assessor’s Office, the apartment building was constructed in 1963.

The subject apartment complex contains 12-2 bedroom, 2 bathroom apartment units, indicating an average living area of 903± square feet per apartment unit. The unit sizes and total living areas are based upon my physical inspection of the subject property, as well as data provided by the Washoe County Assessor’s office.

The following information describes the subject’s improvements, and is based upon the inspection of the property on October 1, 2015.

Project Type	Twelve Unit Apartment Project
Total Living Area	10,836± Square Feet
Year Built/Age	1963/52 Years (As Of Effective Date of Value)
Address	830 North Center Street, Reno, Washoe County, Nevada
Quality/Condition	Average/Average
Construction and Exterior Finish	
Foundation	Reinforced Concrete Slab on Grade and Concrete Block
Structural System	Concrete Block
Roof	The subject has a flat, built-up roof.
Windows	Windows throughout the subject property are dual pane set in aluminum frames.



Exterior Doors

The subject's exterior doors are solid wood construction set in wood frames.

Exterior Finish

The exterior finish is painted concrete block with wood trim.

Interior Finish

Overall Interior Finish

The interiors of the apartment units are finished with average quality wall-to-wall carpeting in the living areas and bedrooms, and sheet vinyl flooring in kitchens and bathrooms. Walls and ceilings are painted and textured sheetrock, with exterior walls painted concrete block.

Interior Walls

Interior walls are wood frame which have been covered with taped and textured sheetrock.

Kitchens

Kitchens include an electric slide-in range and oven, double stainless steel sink and dishwasher. The kitchens are finished with Formica counter tops and average quality cabinetry.

Bathrooms

The master bath is finished with a standard residential water closet, imitation marble sink installed in wood cabinetry, and a fiberglass stall shower.

The hall bathroom, which has access from both the second bedroom as well as the hallway is finished with an imitation marble sink, average quality cabinetry, standard residential water closet and fiberglass tub/shower combination.

Heating/Air-Conditioning

Each apartment unit is equipped with a wall mounted, gas-fired, gas paneled heating unit. In addition, each kitchen is equipped with an electric, thru-the-wall air-conditioner.

Amenities

The subject property includes a laundry room which is located in the basement. The laundry room contains a total of two washers and two dryers which are coin operated.



Parking

The subject property contains four on-street parking spaces located along the east side of the building. Additional on-street parking is available along Center Street. The subject property is located in a City of Reno Zone 3 resident parking district in which each resident can obtain two parking permits from the city.

Deferred Maintenance

Generally, the subject improvements are in average to good condition. No overt signs of deferred maintenance were noted.

Summary

The subject property is an average quality concrete block apartment complex located on the east side of North Center Street, 170' south of 9th Street. The subject is located across the University of Nevada, Reno, in north-central Reno. The twelve unit apartment complex consists of one, 3-story apartment building. The subject apartment complex contains 12, 2 bedroom, 2 bathroom apartment units with an average living area of 903± square feet. The complex contains approximately 10,836± square feet of leasable building area, which was constructed in 1963. Generally, the complex is in above average condition for its age.

For a clearer depiction of the subject improvements, the reader is referred to photographs located within the appraisal report.

HIGHEST AND BEST USE ANALYSIS

Highest and best use is defined in the 5th Edition of *The Dictionary of Real Estate Appraisal* (Appraisal Institute, Chicago, 2010) as “The most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.”

Highest and best use is typically a three-step process. The first step is to determine the highest and best use of the subject site as vacant and available to be developed to its highest and best use. The determination must be made to leave the site vacant or to improve it. If the conclusion is to improve the site, the second step is to determine the ideal improvement.

The final step is a comparison between the ideal improvement on the site and the existing improvement. A determination is then made to maintain the property in its present form, or to modify the improvements with a more ideal development.

Highest and Best Use As Though Vacant

Physically Possible

The subject site is a parcel of land containing a total land area of 0.161± acres or 7,000± square feet. The subject site is located on the east side of North Center Street, 170± feet south of Ninth Street. The site is located directly across the street from the University of Nevada, Reno in north-central Reno. The property contains approximately 50± feet of frontage on North Center Street along its west property line. Access is provided from North Center Street and alleyway that runs along the eastern property line. Access to the alleyway is available from Ninth Street only.

The subject parcel is rectangular in shape and all utility services are installed to the site. The subject site has generally level topography that is slightly above street grade with North Center Street. Overall, the subject property is considered to have adequate topography for development, and appears to provide adequate drainage. I am unaware of any easements, earthquake hazards or soils conditions that impact the subject to a greater degree than would be typical for the subject neighborhood.

Due to the subject’s location on North Center Street, it has good roadway frontage and visibility. Additionally, North Center Street provides access to Interstate 80 via a full

interchange a short distance to the south of the subject site. Overall, the subject has good accessibility to main arterial roadways.

The subject property has access to all utilities and is of sufficient size to support a variety of utilizations. Overall, the subject property’s size, shape, topography, access and availability of utilities are not considered to be physically limiting to the development potential of the site.

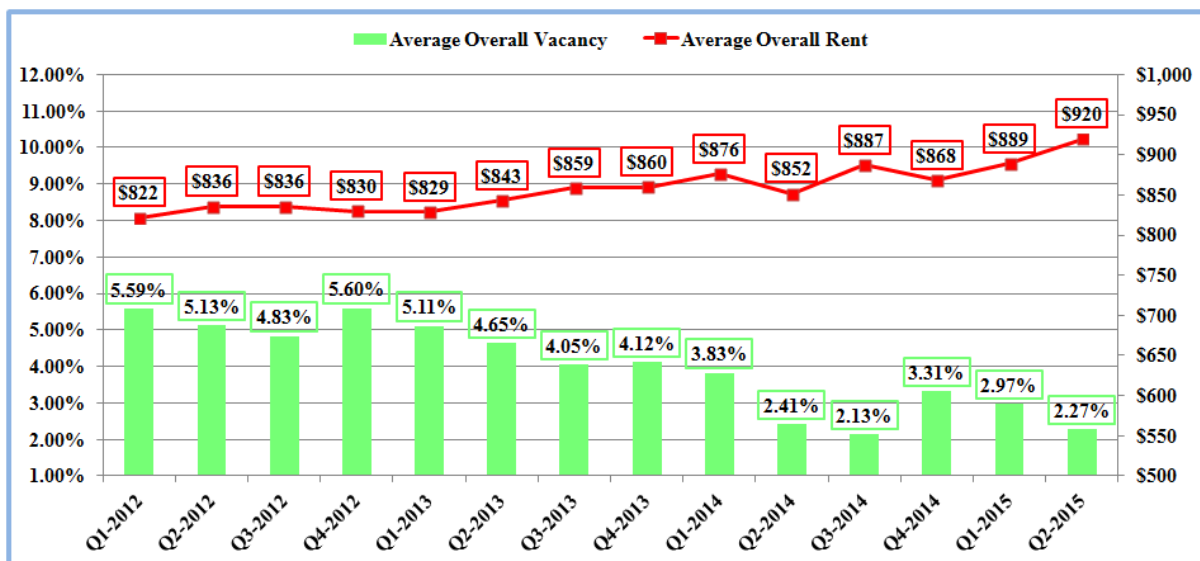
Legally Permissible

According to the City of Reno Community Development Department, the subject property is zoned MU (Mixed-Use) and is located within the University of Nevada Regional Plan. According to the land use plan map, the subject property is located in a district that is designated for commercial utilizations. Overall, the subject’s legally permissible uses include a variety of multi-residential retail and commercial uses.

Financially Feasible

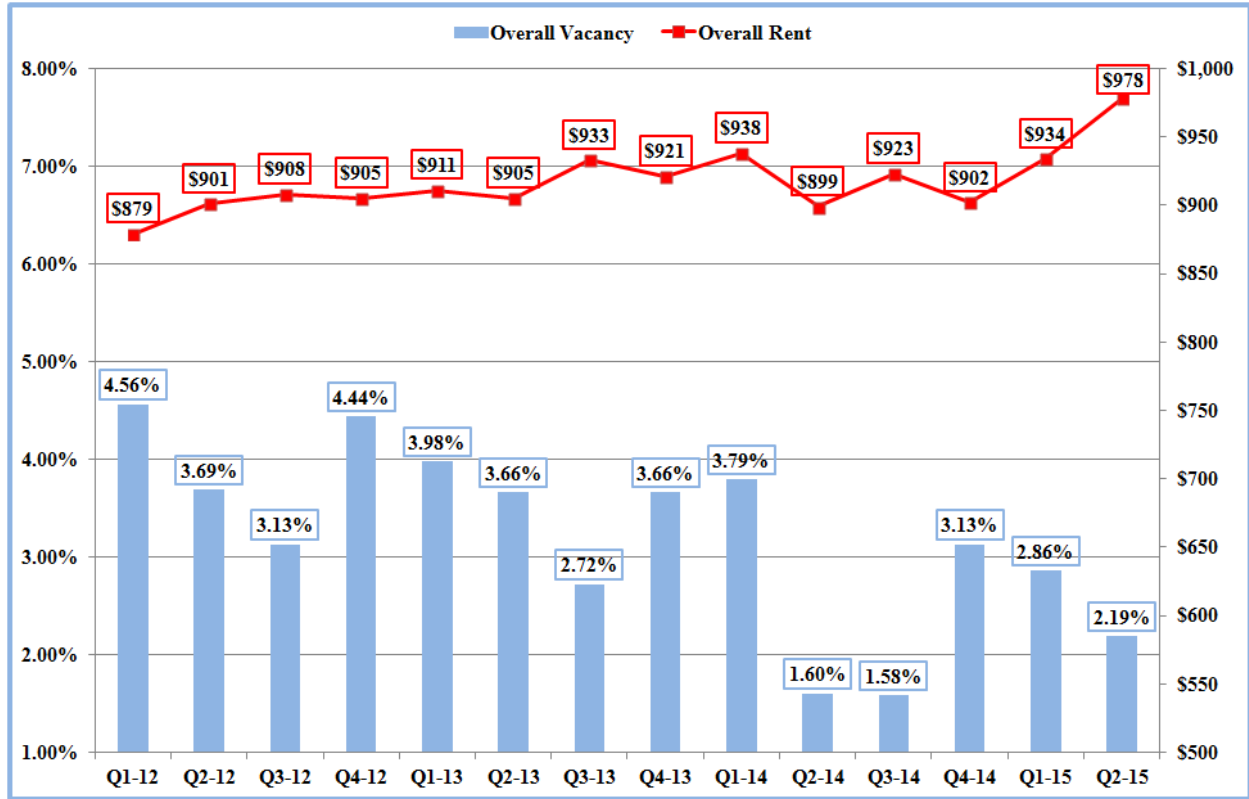
The highest and best use of the subject site must be financially feasible. To be financially feasible, there must be adequate demand to support the highest and best use of the subject property. The following charts summarize average vacancy rates and rental rates for the overall Reno-Sparks market and the Northwest Reno market, in which the subject property is located, as of the 2nd Quarter of 2015 (most recent available). It is noted that the data on the graphs represents data reported in the 2nd Quarter of 2015.

2nd Quarter 2015 Apartment Data - Overall Reno-Sparks Market





2nd Quarter 2015 Apartment Data - Northwest Submarket



2nd Quarter 2015 Rental And Vacancy Rates By Submarket Area

Area	Sub-Market	AVERAGE RENT			AVERAGE VACANCY		
		1st Qtr. 2015	2nd Qtr. 2015	Result	1st Qtr. 2015	2nd Qtr. 2015	Result
1	Northwest Reno	\$934	\$978	+\$44	2.86%	2.19%	-0.67%
2	Northeast Reno	\$830	\$854	+\$24	2.89%	2.81%	-0.08%
3	W. Sparks/N. Valley	\$778	\$795	+\$17	1.26%	2.60%	+1.34%
4	East Sparks	\$993	\$1,019	+\$26	5.32%	2.69%	-2.63%
5	West Reno	\$801	\$818	+\$17	1.33%	0.44%	-0.89%
6	Southwest Reno	\$786	\$806	+\$20	3.83%	3.72%	-0.11%
7	Brinkby/Grove	\$686	\$686	=	3.64%	4.02%	+0.38%
8	Airport	\$752	\$788	+\$36	1.25%	1.43%	+0.18%
9	Lakeridge	\$942	\$1,020	+\$78	1.92%	1.28%	-0.64%
10	Southeast Reno	\$931	\$963	+\$32	2.64%	1.46%	-1.18%
Overall Reno-Sparks		\$889	\$920	+\$31	2.97%	2.27%	-0.70%

The subject property is located in the northwest portion of the City of Reno. The northwest Reno area is home to a number of major apartment complexes.



Vacancy rates for apartment complexes in the Reno-Sparks area have generally decreased since 2010, while rents have slightly increased over the past year. The economic downward spiral that began in 2007 is believed to have hit bottom within the multi-family market in 2009. The subject's Northwest Reno submarket has historically shown slightly lower vacancy rates and higher average rental rates for multi-residential uses than the overall Reno-Sparks market. The Northwest Reno submarket remains one of the stronger apartment submarkets in the Reno area; this is due to the areas location near retail development, and its proximity to downtown Reno and the University of Nevada.

The economic recession had a negative impact on most sectors of the local economy. The State of Nevada had the highest rate of foreclosures in the country. However, signs point to a recovery in most sectors of the market, with for-sale and for-rent residential market recoveries, and recoveries in the commercial and industrial sectors of the marketplace. Unemployment has begun to drop, and construction activity has begun to increase. Although the recovery is expected to be slow, positive signs are apparent in the local and regional economy.

Current economic conditions would limit the financial feasibility of development of the subject parcel, if vacant, in the short-term, although it is likely that the parcel would be attractive to investors and developers for a future high-density development upon a recovery in the market. In the short-term, it is likely that the most financially feasible use of the property, if vacant, would be for speculative holding.

In current economic conditions, private development of the subject parcel may not yet be feasible. However, the subject's location within the north-central Reno area and in close proximity to single-family and multi-family residential uses, retail development and the University of Nevada, would most likely generate interest from private developers upon a change in market conditions.

With consideration given to surrounding development, and with consideration given to the physically possible and legally permissible uses for the subject site, the most likely development of the site, as if vacant, would be with a high density multi-family use similar to surrounding utilizations. The subject property does provide a desirable location for an apartment use. The subject property, as presently improved, has met with adequate market acceptance, consistent with competitive properties.



Maximally Productive

To be maximally productive, the highest and best use of the subject must be the most intense use to which the site could be developed and remain financially feasible.

Based upon the above analysis, and with consideration given to the subject property's physical characteristics, zoning, surrounding uses and current economic conditions in the market, it is my opinion that the most likely use of the site, if vacant, would be for a future apartment project. Due to the site's smaller land area, a higher density project would be likely on the site, with the possibility of assemblage with other parcels on the block.

Description of the Ideal Improvement

The highest and best use of the subject property, assuming it to be vacant, is for development of the site with an apartment use upon a change in market conditions when demand warrants development. Therefore, the ideal improvement on the site is a high density apartment project. Due to the site's smaller land area, a higher density project would be likely on the site, with the possibility of assemblage with other parcels on the block.

Highest and Best Use As Improved

The next step in the highest and best use analysis is to consider the subject property as improved with the current apartment complex on the subject site. The subject property is improved with a twelve unit average quality apartment complex. The market value of the subject property, as currently improved, greatly exceeds the market value of the underlying land. Based upon the highest and best use analysis set forth above, the subject's current use represents the highest and best use of the subject property. Therefore, it is my opinion that the subject's current apartment complex is the highest and best use of the subject property.



INTRODUCTION TO VALUATION ANALYSIS

There are typically three approaches to value an appraiser generally considers in estimating the market value of a property. These approaches include the Cost Approach, the Income Approach and the Sales Comparison Approach. In this appraisal report, we have been asked to estimate the market value of subject property as of a current date of value. The following explains the three different approaches to value utilized in estimating the market value of the subject property under the different scenarios discussed above.

Methodology & Approaches to Value

To estimate the Market Value of the subject property, we have utilized an Income Approach to Value and a Direct Sales Comparison Approach to Value. Due to the age of the subject improvements, and as buyers and sellers within the local and regional market typically do not rely on a Cost Approach for a project of the subject's age, a Cost Approach was not completed.

The Income Approach to Value is based upon the principal that value is created by the anticipation of future benefits. In this appraisal, the Income Approach to Value, utilizing a Direct Capitalization technique, will be utilized. Direct Capitalization is a method used to convert a single year's net operating income the subject property is capable of generating into an indication of value.

The Sales Comparison Approach is based upon the principal of substitution, which holds that the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability. In this approach, the Sales Comparison Approach will be completed utilizing a price per square foot analysis.

In the final property value correlation and conclusion, the indications of value from the various approaches utilized are then correlated to arrive at the appraiser's final estimate of the Market Value of the subject property.



INCOME APPROACH TO VALUE

The Income Approach to Value is based upon the principal that value is created by the anticipation of future benefits. In this appraisal, the Income Approach to Value, utilizing a Direct Capitalization Analysis, will be used. Direct Capitalization is a method used to convert a single year's net operating income the subject property is capable of generating into an indication of value.

DIRECT CAPITALIZATION APPROACH

The first step in the Direct Capitalization Analysis is to project the potential gross annual income that the subject property could reasonably be expected to produce as of the effective date of valuation. The potential gross annual income will be established through an analysis of the income currently being generated by the subject property as an apartment project, as well as by an analysis of similar apartment complexes in the north-central Reno area.

The next step in the Direct Capitalization Approach is to establish a realistic estimate of the vacancy and credit loss that the subject will most likely incur over a normal holding period. An appropriate vacancy and credit loss will be established through an analysis of the subject property and competing properties in the Reno-Sparks area.

The total effective gross annual income that the subject property can produce will be estimated by subtracting the vacancy and credit loss allowance from the potential gross annual income estimate.

The next step in this analysis is to establish a realistic estimate of the operating expenses that will most likely be incurred in order to generate the effective gross income. The operating expenses will be projected through an analysis of the subject's operating history, as well as by comparisons to similar apartment complexes. The total operating expenses will then be deducted from the total effective gross income in order to arrive at an estimate of the net operating income which the subject property could reasonably be expected to generate as of the effective date of valuation.

An overall capitalization rate, developed through direct extraction from sales of competing apartment complexes, will then be applied to the net operating income to arrive at an indication of the market value by the Direct Capitalization Approach to Value.



SUBJECT RENTAL SUMMARY

According to the subject's current rent roll, the subject property is 100% occupied. Current rental rates range from \$850 per month to \$900 per month. According to the Real Estate Department at the University of Nevada, which is the property manager, the current rental rates have been in place for some time. The following summarizes the subject's scheduled rents.

Subject Property Rent Roll Summary 830 N. Center Street

Unit #	Rent
1	\$900
2	\$900
3	\$900
4	\$900
5	\$900
6	\$900
7	\$900
8	\$850
9	\$850
10	\$900
11	\$900
12	\$900

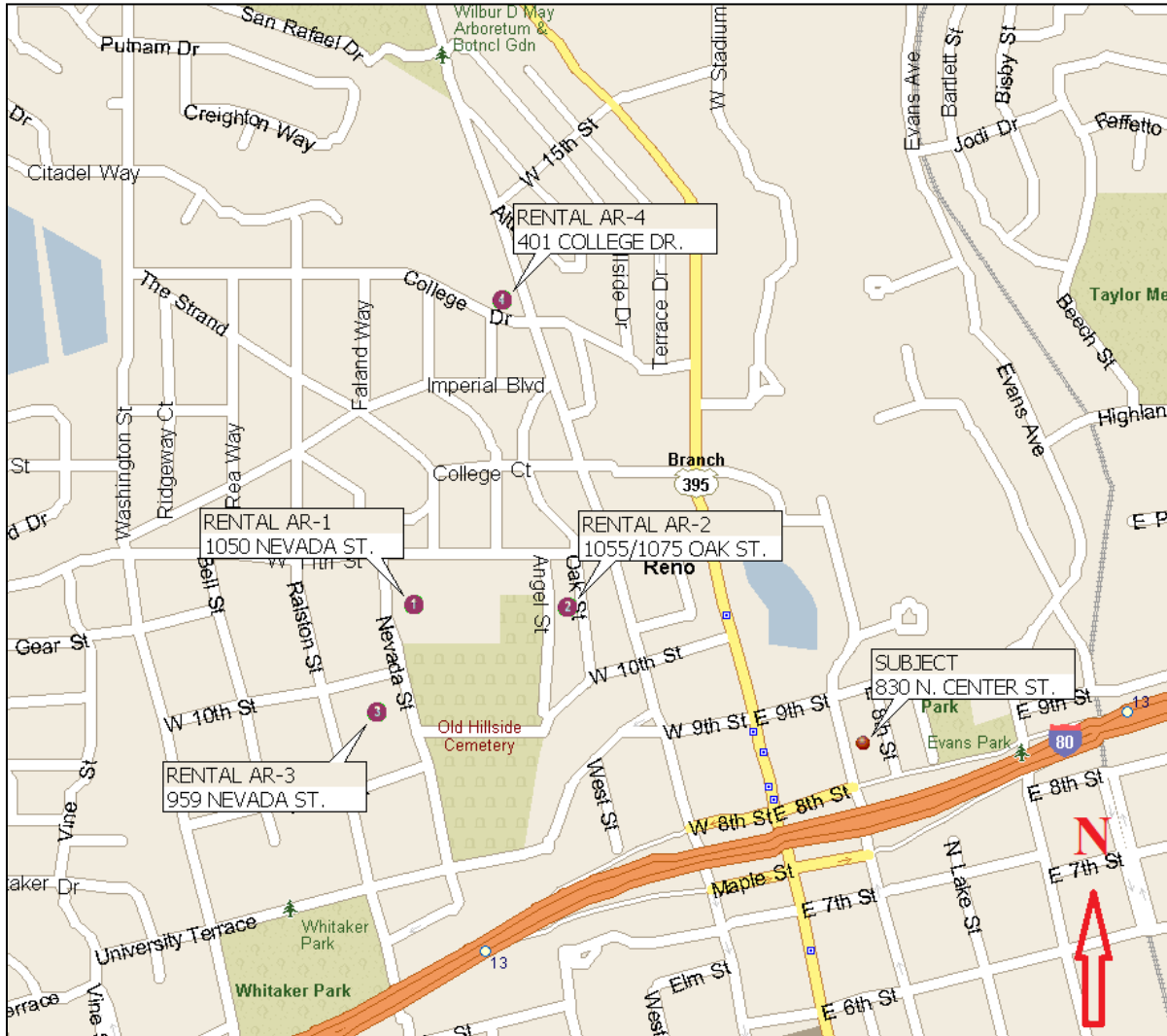


COMPARABLE APARTMENT RENTAL CHART

Rental Number	Complex Name	Year Built	Distribution of Units		Asking	Unit Sizes	Rent Per	#	Overall
	Address	Quality	Total Units		Monthly Rent	(Sq. Ft.)	Square Foot	Vacant	Vacancy Rate
AR-1	Nevada Hills Apts.	1980	32	1 Bedroom	\$645	600	\$1.16	1	3.13%
	1050 Nevada Street	Average	32	<u>2 Bedroom</u>	\$850	800	\$1.06	<u>1</u>	
	Reno, NV	Fair/Average	64	Total Units				2	
AR-2	Oak Manor Apts.	1981	10	Studio	\$625	468	\$1.34	0	0%
	1055/1075 Oak Street	Average	12	1 Bedroom	\$625	468 to 634	\$1.34-\$.99	0	
	Reno, NV	Average/Good	21	<u>2 Bedroom</u>	\$829 to \$979	\$850 to \$979	\$.98- \$.75	<u>0</u>	
			43	Total Units				0	
AR-3	Apartment Complex	1982	2	1 Bedroom	\$510	500	\$1.02	0	0.00%
	959 Nevada Street	Average	<u>5</u>	<u>2 Bedroom</u>	\$600	750	\$0.80	<u>0</u>	
	Reno, NV	Average	7	Total Units				0	
AR-4	Westwood Apts.	1976	44	1 Bedroom	\$650	760	\$0.86	1	1%
	401 College Drive	Average	<u>45</u>	<u>2 Bedroom</u>	\$850	1,200	\$0.71	<u>2</u>	
	Reno, NV	Average	89	Total Units				3	
Subject	Apartment Project	1963	12	2 Bedroom	\$850 to	903	\$.94 to	0	0
	830 N. Center St.	Average			\$900		\$1.00		
	Reno, NV	Average/Good							



COMPARABLE APARTMENT RENTAL MAP



**COMPARABLE APARTMENT RENTAL PHOTO AND DISCUSSION
 (Rental AR-1)**



Project Description			
Project Name:	Nevada Hills Apartments	Construction Type:	Concrete Block
Address:	1050 Nevada Street	Quality/Condition:	Average/Fair to Average
City:	Reno	Year Built:	1980
Submarket:	Northwest Reno (University)	Number of Units:	64
County:	Washoe	Land Area:	1.68± Acres (Multiple Parcels)
State:	Nevada	Parking:	On-Site & On-Street

Unit Mix		Current Rent	
Type of Unit	Unit Square Footage	Asking Rent	Rent/SF
1 Bedroom	600± square feet	\$695	\$1.16
2 Bedroom	800± square feet	\$850	\$1.06
Rents Includes: Sewer, Water & Trash		3.13% Vacancy	

Rental AR-1 is a multi-building apartment complex located at 1050 Nevada Street, approximately three blocks west of the University of Nevada. This complex is situated on the east side of Nevada Street, just south of West Eleventh Street. Buildings within this complex have concrete block construction, were built in 1980 and are in fair to average condition.

This complex contains 32 one bedroom units which contain 600± square feet and 32 two bedroom units which contain 800± square feet. Amenities within this project include on-site parking, laundry facility and balconies for second floor units. In addition, sewer, water and trash are included in the rent. Tenants are only responsible for paying gas and electricity.

**COMPARABLE APARTMENT RENTAL PHOTO AND DISCUSSION
(Rental AR-2)**



Project Description			
Project Name:	Oak Manor Apartments	Construction Type:	Concrete Block/Wood Frame
Address:	1055 & 1075 Oak Street	Quality/Condition:	Average/Average to Good
City:	Reno	Year Built:	1981
Submarket:	Northwest Reno (University)	Number of Units:	43
County:	Washoe	Land Area:	1.09± Acres
State:	Nevada	Parking:	On-Site & On-Street

Unit Mix		Current Rent	
Type of Unit	Unit Square Footage	Asking Rent	Rent/SF
Studio	468± Square Feet	\$625	\$1.34
1 Bedroom	468 to 634± square feet	\$625	\$1.34 - \$.90
2 Bedroom	850 to 1,310± square feet	\$829 - \$979	\$.98 - \$.75
Rents Includes: Sewer, Water, Trash, Gas & Cable		0% Vacancy	

Rental AR-2 is the Oak Manor apartment complex located at 1055/1075 Oak Street, approximately one block west of the University of Nevada. This complex is situated between Oak Street and Angel Street, just south of Eleventh Street. Buildings within this complex have a combination of concrete block and wood frame construction, were built in 1981 and are in average to good condition.

This complex contains 10 studio apartments which contain 468± square feet, 12 one bedroom units which range in size between 468± and 634± square feet and 21 two bedroom units which range in size between 850± and 1,310± square feet. Amenities within this project include reserved parking and laundry facility. In addition, sewer, water, trash, gas and cable are included in the rent. Tenants are only responsible for paying electricity.

**COMPARABLE APARTMENT RENTAL PHOTO AND DISCUSSION
 (Rental AR-3)**



Project Description			
Project Name:	Apartment Complex	Construction Type:	Wood Frame
Address:	959 Nevada Street	Quality/Condition:	Average/Average
City:	Reno	Year Built:	1982
Submarket:	Northwest Reno (University)	Number of Units:	7
County:	Washoe	Land Area:	0.161± Acres (Multiple Parcels)
State:	Nevada	Parking:	On-Site & On-Street

Unit Mix		Current Rent	
Type of Unit	Unit Square Footage	Asking Rent	Rent/SF
1 Bedroom	500± square feet	\$510	\$1.02
2 Bedroom	750± square feet	\$600	\$0.80
Rents Includes: Sewer, Water, Trash & Gas		0.00% Vacancy	

Rental AR-3 is an apartment complex located at 959 Nevada Street, approximately five blocks west of the University of Nevada. This complex is situated on the southwest corner of Nevada Street and West 10th Street. This building has wood frame construction, was built in 1982 and is in average condition.

This complex contains 2 one bedroom units which contain 500± square feet and 5 two bedroom units which contain 750± square feet. This property does not include any amenities. Sewer, water, trash and gas are included in the rent. Tenants are only responsible for paying electricity.

COMPARABLE APARTMENT RENTAL PHOTO AND DISCUSSION
(Rental AR-4)



Project Description			
Project Name:	Westwood Apartments	Construction Type:	Wood Frame
Address:	401 College Drive	Quality/Condition:	Average/Average
City:	Reno	Year Built:	1976
Submarket:	Northwest Reno (University)	Number of Units:	89
County:	Washoe	Land Area:	5.32± Acre
State:	Nevada	Parking:	Covered On-Site (Reserved) & On-Street

Unit Mix		Current Rent	
Type of Unit	Unit Square Footage	Asking Rent	Rent/SF
1 Bedroom	760± square feet	\$650	\$0.86
2 Bedroom	1,200± square feet	\$850	\$.71
Rents Includes: Sewer, Water & Trash		1% Vacancy	

Rental AR-4 is Westwood Apartments located at 401 College Drive, approximately one block west of the University of Nevada. This complex is situated on the northwest corner of Sierra Street and College Drive. Buildings within this complex have wood frame construction, were built in 1976 and are in average condition.

This complex contains 44 one bedroom units which contain 760± square feet and 45 two bedroom units which contain 1,200± square feet. Amenities within this complex include laundry facility, covered parking, on-site management and seasonal pool. Sewer, water and trash are included in the rent. Tenants are only responsible for paying gas and electricity.

MARKET RENT ANALYSIS

In projecting an appropriate market rental rate for the subject units, I have considered the subject's quality, condition, location and age. I have considered the total rental rates offered by the comparable properties as well as the rent per square foot computed on a monthly basis. In addition, consideration has been given the subject's current rental rates. A subjective comparison based upon the quality, condition and amenities has been completed.

The subject's apartment units are separately metered for gas and electricity, and tenants are responsible for paying these direction. The owner is responsible for paying water, sewer and garbage for the subject property.

The comparable rental rates for two bedroom apartment units range from \$600 to \$850, or \$.71 per square foot to \$1.06 per square foot.

Currently, the subject units are rented for \$850 per month to \$900 per month, although the subject property manager indicates these rental rates have been in place for some time. As a result, the subject's current rental rates are considered to be below market.

Based upon a review of the available data, and with consideration given to the size and number of bathrooms in the subject units, it is my opinion that the subject's current market rental rate is \$950 per month, or \$1.05 per square foot, which is bracketed by the comparable rentals analyzed.

Market Rent Conclusion

\$950/Month

Potential Gross Annual Rental Income

\$136,800

(12 units x \$950 per month x 12 months)

Miscellaneous Income

In addition to the monthly rental rates, the subject property generates miscellaneous income, primarily laundry income. The manager of the subject apartment complex indicates that the average monthly miscellaneous income is \$50 per month.



Miscellaneous Income (\$50/month x 12 months)		\$600
Gross Annual Income		
Potential Gross Rental Income	\$136,000	
Miscellaneous Income	<u> \$600</u>	
Gross Annual Income		\$136,600

VACANCY AND CREDIT LOSS ANALYSIS

In analyzing the income of the apartment complex, it is not reasonable to expect the subject to generate 100% of its gross income potential over a typical holding period. Therefore, an allowance must be made for future vacancy and credit losses. In order to estimate an appropriate vacancy and credit loss percentage applicable to the subject property, we have analyzed vacancy rates of competing properties. This appraisal office conducts a quarterly apartment survey for the Reno-Sparks service area. This survey will also be referenced in regards to current vacancy rates for the subject market.

The most current apartment survey, which was completed in July 2015, shows the vacancy rate histories for individual markets, as well as the overall Reno-Sparks area apartment market. The following chart summarizes the historical vacancy rates for apartment complexes in the overall Reno-Sparks market, as well as the subject's Northwest submarket.

**Historical Apartment Vacancy Data
Overall Reno-Sparks Area & Northwest Submarket**

Quarter/ Year	Overall Reno-Sparks Vacancy Rate	Northwest Reno Vacancy Rate
Q1-2012	5.59%	4.56%
Q2-2012	5.13%	3.69%
Q3-2012	4.83%	3.13%
Q4-2012	5.60%	4.44%
Q1-2013	5.11%	3.98%
Q2-2013	4.65%	3.66%
Q3-2013	4.05%	2.72%
Q4-2013	4.12%	3.66%
Q1-2014	3.83%	3.79%
Q2-2014	2.41%	1.60%
Q3-2014	2.13%	1.58%
Q4-2014	3.31%	3.13%
Q1-2015	2.97%	2.86%
Q2-2015	2.27%	2.19%
Average	4.00%	3.21%
Median	4.09%	3.40%

Over the past three and a half years, the average vacancy rate for the overall Reno-Sparks apartment market is 4.00%, while the average vacancy rate for the subject's Northwest Reno submarket is 3.21%.



Consideration is also given to the apartment complexes utilized in the Income Approach to Value. The chart on the following page summarizes the vacancy rates of the comparable apartment complex rentals utilized in this appraisal report.

Comparable Apartment Rental Vacancy Rates

Rental Number	Complex Name Address Submarket	Year Built Quality Condition	Distribution of Units Total Units		Overall Vacancy Rate
AR-1	Nevada Hills Apts. 1050 Nevada Street Reno, NV	1980 Average Fair/Average	32 <u>32</u> 64	1 Bedroom <u>2 Bedroom</u> Total Units	3.13%
AR-2	Oak Manor Apts. 1055/1075 Oak Street Reno, NV	1981 Average Average/Good	10 12 <u>21</u>	Studio 1 Bedroom <u>2 Bedroom</u>	0%
AR-3	Apartment Complex 959 Nevada Street Reno, NV	1982 Average Average	2 <u>5</u> 7	1 Bedroom <u>2 Bedroom</u> Total Units	0.00%
AR-4	Westwood Apts. 401 College Drive Reno, NV	1976 Average Average	44 <u>45</u> 89	1 Bedroom <u>2 Bedroom</u> Total Units	1%
Subject Property	Apartment Project 830 North Center Street Reno, NV	1963 Average Fair/Average	12 2 Bedroom		0.00%

The subject property currently is 100% occupied.

The July 2015 survey data illustrates vacancy rates for the Reno-Sparks area and the Northwest Reno sub-market of 2.27% and 2.19% respectively. It is my opinion that a vacancy and credit loss allowance of 5% of the projected gross annual income would be applicable.

GROSS ANNUAL INCOME	\$137,400
VACANCY AND CREDIT LOSS ANALYSIS (5%)	<u>\$6,870</u>
EFFECTIVE GROSS INCOME	\$130,530

OPERATING EXPENSE ANALYSIS

The next step in the Income Approach is to project the operating expenses that would be incurred by the subject property in generating the effective gross income. In order to generate the effective gross income, the subject complex incurs expenses including real estate taxes, insurance, utility costs, repairs and maintenance and management fees.

To establish an indication of the operating expenses applicable to the subject property, I have contacted the various suppliers of services, as well as reviewing the subject's operating income and expense history.

The following chart sets forth a summary of the subject's projected, stabilized operating expenses.

Operating Expenses

Real Estate Taxes	\$4,335	
Insurance	\$4,800	
Utilities	\$8,400	
Repairs and Maintenance	\$10,440	
Management	\$6,530	
Miscellaneous	<u>\$2,610</u>	
Total Operating Expense		<u>\$37,115</u>

To assess the reasonableness of the subject's projected operating expenses, I have reviewed the operating expense ratios and operating expenses of the comparable apartment complexes utilized in the Direct Sales Comparison Approach to Value.

The comparable apartment complexes surveyed indicate a range in operating expense ratios from 13.51% to 50.22% in comparison to the subject property which has a projected operating expense ratio of 28.43%. The majority of the operating expense ratios range from 25.64% to 37.97%, and as a result, the subject's projected operating expense ratio is considered reasonable.

In addition, I have reviewed the operating expenses per apartment unit of the comparable sales analyzed. The comparable apartment sales indicate a range in operating expenses per unit



from \$900 per unit to \$4,273 per unit. Comparable Sales AS-3, AS-4, and AS-6 indicate a range from \$1,964 per unit to \$2,402 per unit.

The subject's operating expenses are indicated to be \$37,115, or \$3,093 per apartment unit, which is bracketed by the comparable apartment sales utilized in this analysis.

EFFECTIVE GROSS INCOME	\$130,530
OPERATING EXPENSES	<u>(\$37,115)</u>
NET OPERATING INCOME	\$93,415

OVERALL CAPITALIZATION RATE ANALYSIS

The next step in the Direct Capitalization Approach is to establish an estimate of an appropriate overall capitalization rate for the subject property. Capitalization is the process in the Income Approach that translates an income projection into an indication of value. The connecting link is a rate that reflects the return necessary to attract investment capital. To project an appropriate overall capitalization rate applicable to the subject, we have analyzed apartment project sales in the Reno-Sparks area, as well as analyzed national indicators.

Comparable Apartment Sales

We analyzed comparable apartment sales to establish an indication of an appropriate capitalization rate applicable to the subject property. The following chart sets forth a summary of the overall rates for the comparable sales.

Comparable Apartment Capitalization Rates

Sale No.	A.P.N. Address	Sale Date Sale Price	Net Operating Income O.A.R
AS-1	007-015-12 1413 N. Virginia St.	04/04/2014 \$449,000	\$24,717 5.50%
AS-2	011-024-09 124 Ralston St.	11/18/2014 \$700,000	\$46,595* 6.66%
AS-3	007-181-08 925 N. Virginia St.	12/30/2014 \$1,200,000	\$95,348 7.95%
AS-4	032-142-01 1095 E Street	09/27/2015 \$438,500	\$25,699 5.86%
AS-5	007-011-04 1535 N. Virginia St.	06/30/2015 \$880,000	\$46,080 5.24%
AL-6	013-116-03 444 Cheney St.	Listing \$1,325,000	\$68,352 5.16%
Subject	007-222-13 830 N. Center St.	Date of Appraisal 10/01/2015	---

*Proforma Income and Expenses



The above sales indicate a range of capitalization rates from 5.16% to 7.95%. Comparable Sales AS-1, at 5.50%, AS-3 at 7.95%, and AS-5 at 5.24%, are located within the subject's sub-market and reflect the demand for multi-residential housing in the vicinity of the University of Nevada.

The balance of the comparable sales utilized indicate a range in overall capitalization rates from 5.86% to 6.66%, while a current listing indicates an overall capitalization rate of 5.16%, based upon its current asking price.

In arriving at an indication of the overall capitalization rate applicable to the subject property, consideration is given to a number of factors, including its age, quality, condition and location in proximity to the University of Nevada.

Based upon a review of the available data and with consideration given to the analysis as set forth above, it is my opinion that an overall capitalization rate applicable to the subject property, as of the effective date of valuation, is 6.25%.

OVERALL CAPITALIZATION RATE CONCLUSION **6.25%**

The following page summarizes the Income Approach to Value.



INCOME APPROACH TO VALUE SUMMARY AND CONCLUSION

Potential Gross Annual Income

12 Units @ \$950/Month x 12 Months	\$136,800
Miscellaneous Income	
Laundry - \$50/Month x 12 months	<u>\$600</u>
Gross Annual Income	\$137,400
Vacancy and Credit Loss (5%)	<u>(\$6,870)</u>
Effective Gross Income	\$130,530

Operating Expenses

Real Estate Taxes	\$4,335	
Insurance	\$4,800	
Utilities	\$8,400	
Repairs and Maintenance	\$10,440	
Management	\$6,530	
Miscellaneous	<u>\$2,610</u>	
Total Expenses		<u>\$37,115</u>
Net Operating Income		93,415
Capitalization Rate		<u>6.25%</u>
Capitalized Value		\$1,494,640

INDICATED VALUE BY INCOME APPROACH

(Rounded) **\$1,500,000**



SALES COMPARISON APPROACH TO VALUE

To establish an estimate of the Market Value of the subject property by the Sales Comparison Approach, the Official Records of Washoe County were searched for recent sales of apartment projects in the Reno-Sparks area. In this analysis, the Sales Comparison Approach to Value includes a Price per Square Foot Analysis. The comparable apartment sales analyzed in this report are set out on the following comparable apartment sales chart.

Comparable Apartment Sales Chart

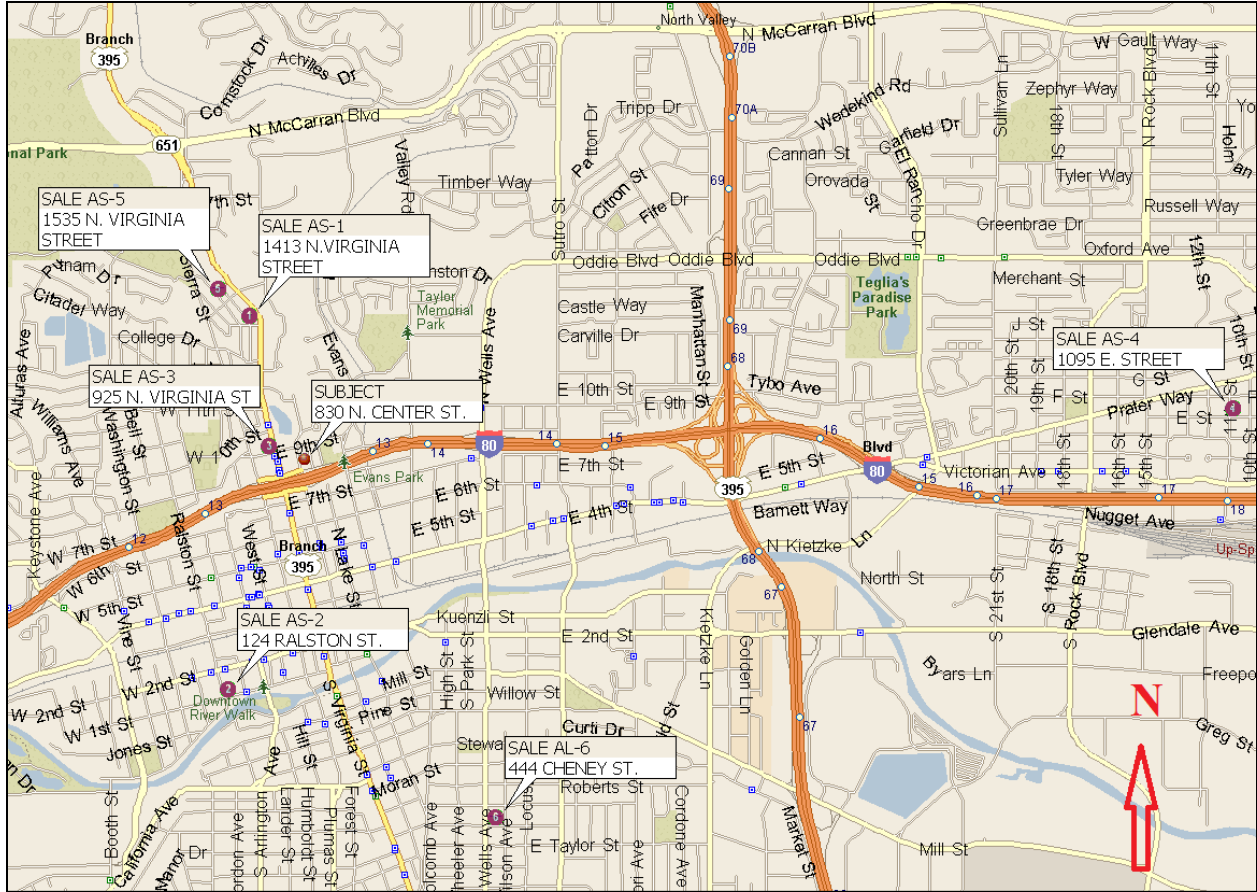
Sale No.	A.P.N. Address	Sale Date Sale Price	Age Construction Quality	Number of Units Gross Bldg. Area	Effective Gross Income E.G.L.M.	Operating Expenses \$/ %	Net Operating Income O.A.R	SP/Unit SP/Sq. Ft.	Expense/ Unit	Avg. Area/ Unit
AS-1	007-015-12 1413 N. Virginia St.	04/04/2014 \$449,000	1975 Frame Average	8 3,758 Sq. Ft.	\$42,761 10.50	\$18,044 42.20%	\$24,717 5.50%	\$56,125 \$119.48	\$2,256	470 Sq. Ft.
AS-2	011-024-09 124 Ralston St.	11/18/2014 \$700,000	1967 Masonry Fair	11 6,274 Sq. Ft.	\$93,000* 7.48	47,005* 50.22%	\$46,595* 6.66%	\$63,636 \$111.57	\$4,273	570 Sq. Ft.
AS-3	007-181-08 925 N. Virginia St.	12/30/2014 \$1,200,000	1964 Masonry Fair to Average	25 13,697 Sq. Ft.	\$153,714 7.81	\$58,366 37.97%	\$95,348 7.95%	\$48,000 \$87.61	\$2,335	548 Sq. Ft.
AS-4	032-142-01 1095 E Street	09/27/2015 \$438,500	1968 Frame Average	6 4,992 Sq. Ft.	\$40,608 10.80	\$14,909 36.71%	\$25,699 5.86%	\$73,083 \$87.84	\$2,402	832 Sq. Ft.
AS-5	007-011-04 1535 N. Virginia St.	06/30/2015 \$880,000	1980 Frame Average	8 4,688 Sq. Ft.	\$53,280 16.52	\$7,200 13.515	\$46,080 5.24%	\$110,000 \$200.55	\$900	586 Sq. Ft.
AL-6	013-116-03 444 Cheney St.	Listing \$1,325,000	1972 Masonry Average	12 7,280 Sq. Ft.	\$91,920 14.41	\$23,568 25.64%	\$68,352 5.16%	\$110,416 \$182.01	\$1,964	607 Sq. Ft.
Subject	007-222-13 830 N. Center St.	Date of Appraisal 10/01/2015	1963 Masonry Average	12 10,836 Sq. Ft.	---	---	---	---	---	903 Sq. Ft.

* Proforma Income and Expenses

COMPARABLE APARTMENT SALES CHART



COMPARABLE APARTMENT SALES MAP





COMPARABLE APARTMENT SALE PHOTOGRAPHS



SALE AS-1: 1413 N. VIRGINIA STREET



SALE AS-2: 124 RALSTON STREET, RENO



COMPARABLE APARTMENT SALE PHOTOGRAPHS



SALE AS-3: 925 N. VIRGINIA STREET



SALE AS-4: 1095 E STREET, SPARKS



COMPARABLE APARTMENT SALE PHOTOGRAPHS



SALE AS-5: 1535 N. VIRGINIA STREET, RENO



LISTING AL-6: 444 CHENEY STREET, RENO

MULTIFAMILY SALES DISCUSSION, COMPARISON AND CORRELATION

In this analysis, five comparable sales and a current listing are utilized. The comparable sales range in date of sale from April 2014 to June 2015, in comparison to the subject's effective date of valuation of October 1, 2015. In addition, a comparable listing is utilized.

The comparable sales indicate a range in sale price per apartment unit from \$48,000 to \$110,416, while the comparable sales indicate a range in sale price per square foot from \$87.61 per square foot to \$200.55 per square foot. It is noted that the comparable sales range in average area per unit from 548 square feet to 832 square feet in comparison to the subject property which has an average living area of 903 square feet.

Sale AS-1, in comparison to the subject property, would require an upward adjustment for date of sale. The sale property is located on North Virginia Street across the street from the University of Nevada. The average living area per unit is 470 square feet in comparison to the subject property which has an average living area of 903 square feet.

Sale AS-2 is located at 124 Ralston Street, at the northeast corner of Ralston Street and West First Street in downtown Reno. The sale property, in comparison to the subject property, would require an upward adjustment for inferior and condition of improvements. The average living area per unit is 570 square feet, in comparison to the subject property which has an average living area of 903± square feet.

Sale AS-3, 925 N. Virginia Street, is located near the intersection of 9th Street and North Virginia Street, across the main campus of the University of Nevada. In comparison to the subject property, the sale property would require upward adjustment for inferior condition and smaller living area.

Sale AS-4, 1095 E Street, Sparks, requires an upward adjustment in comparison to the subject property for inferior location. On the other hand, the average living area is most similar to the subject property at 832 square feet, in comparison to the subject which contains an average living area of 903 square feet.

Sale AS-5, in comparison to the subject property, is considered similar with respect to quality and condition of improvements. It has an average living area of 586 square feet in



comparison to the subject property at 903± square feet. The sale property is located across from the main campus of the University of Nevada.

Listing AL-6, 444 Cheney Street, in comparison to the subject property, would require an upward adjustment for inferior location. On the other hand, the listing involves an asking price rather than an actual sale.

In arriving at an indication of the per square foot value applicable to the subject property, consideration is given to its age, quality, condition and average living area per unit.

Based upon a review of the available data, and with consideration given to the subject's age, quality, location and average living area per apartment unit, it is my opinion that a per square foot value range of \$135 per square foot to \$140 per square foot would be applicable to the subject's gross leasable area. Applying the indicated per unit value range to the subject's 10,836± square feet results in an indicated value range of \$1,462,860 to \$1,517,040, which is correlated to \$1,490,000.

It is my opinion that the indicated value of the subject property by the Sales Comparison Approach, as of October 1, 2015, is \$1,490,000.

INDICATED VALUE – SALES COMPARISON APPROACH **\$1,490,000**

FINAL PROPERTY VALUE CORRELATION AND CONCLUSION

In this portion of the appraisal, the appraiser weighs the relative significance, applicability and defensibility of each of the indications of value derived from each of the approaches to value. The appraiser then places the most weight and reliance upon the method which, in his professional judgment, best approximates the value being sought in the appraisal. In this section, the As-Is Market Value of the subject property is being addressed.

Market value is that value which most nearly represents what a typical, informed, rational purchaser would pay for the subject property, if it were available for sale on the open market, as of the date of appraisal, given all data analyzed in this report. The values indicated by each of the approaches are summarized as follows:

Indicated Values

Value Approach	Date of Value	Value Conclusion
Cost Approach to Value	N/A	Not Applicable
Income Approach to Value	October 1, 2015	\$1,500,000
Sales Comparison Approach to Value	October 1, 2015	\$1,490,000

The Income Approach to Value is considered a very reliable indication of value. Investors in apartment projects typically view the income producing capabilities of an apartment project as the most important factor when purchasing a project. The Income Approach to Value is felt to be well supported by the operating history of the subject, as well as through comparisons with similar and competing apartment projects. Overall capitalization rates indicated by apartment sales, national indicators, interviews and other techniques, were felt to support a reliable indication of value.

In the Sales Comparison Approach to Value, a number of recent sales and current listings of several comparable apartment buildings, including several in the immediate neighborhood, were compared with the subject property using a Price Per Square Foot Analysis. This analysis is felt to have been well documented and to have resulted in a reasonable indication of the Market Value of the subject.



Based upon a review of the available data, and with consideration given to the analysis as set forth above, it is my opinion that the Market Value of the property as of October 1, 2015 is \$1,500,000.

FINAL MARKET VALUE CONCLUSION
(As Of October 1, 2015)

\$1,500,000



EXPOSURE AND MARKETING TIME

Exposure time is defined as the length of time that would have been necessary to expose the property on the open market, in order to have consummated the sale at the effective date of valuation. This analysis assumes the property was marketed at the value conclusion contained in this report.

Marketing time, on the other hand, is the time necessary to consummate a sale of the subject property assuming that a marketing effort is begun as of the effective date of valuation and that the property is marketed at the final property value conclusion contained in this report.

In arriving at an estimate of an appropriate exposure and marketing time for the subject property, consideration is given the subject property's physical characteristics. Consideration is also given to the exposure and marketing times of other apartment complexes in the Reno-Sparks area, and interviews with brokers and property managers familiar with similar properties.

Based upon a review of the available data, it is my opinion that an appropriate exposure and marketing time for the subject property, assuming it is marketed at its final property value conclusions, would be approximately six months to one year.

EXPOSURE AND MARKETING TIME

6 MONTHS TO ONE YEAR



APPRAISER'S CERTIFICATION

The undersigned does hereby certify that, unless otherwise noted in this appraisal report, that they do certify to the best of their belief:

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



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

The subject of this appraisal report was valued as of October 1, 2015, as follows:

FAIR MARKET VALUE CONCLUSION

\$1,500,000

(As Of October 1, 2015)

Respectfully submitted,

Reese Perkins, MAI, SRA
Nevada Certified General Appraiser
License Number A.0000120-CG

STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are contingent upon the following assumptions and limiting conditions.

LIMITS OF LIABILITY

This report was prepared by Johnson Perkins Griffin, LLC. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of Johnson-Perkins Griffin, LLC, as employees, not as individuals. The liability of Johnson Perkins Griffin, LLC and its employees and associates is limited to the client only and to the fee actually received by the appraisal firm. There is no accountability, obligation, or liability to any third party. If the appraisal report is disseminated to anyone other than the client, the client shall make such party or parties aware of all limiting conditions and assumptions affecting the appraisal assignment. Neither the appraisers nor the appraisal firm is in any way to be responsible for any costs incurred to discover or correct any physical, financial and/or legal deficiencies of any type present in the subject property. In the case of limited partnerships or syndication offerings or stock offerings in real estate, the client agrees that in the event of a lawsuit brought by a lender, a partner or part owner in any form of ownership, a tenant or any other party, the client will hold the appraiser(s) and the appraisal firm completely harmless in such action with respect to any and all awards or settlements of any type in such lawsuits.

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Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for any purpose or any function other than its intended use, as stated in the body of the report. The appraisal fee represents compensation only for the analytical services provided by the appraiser(s). The appraisal report remains the property of the appraisal firm, though it may be used by the client in accord with these assumptions and limiting conditions.

This appraisal is to be used only in its entirety, and no part is to be used without the whole report. All conclusions and opinions concerning the analysis as set forth in the report were prepared by the appraiser(s) whose signature(s) appears on the appraisal report, unless it is indicated that one or more of the appraisers was acting as "Review Appraiser." No change of any item in the report shall be made by anyone other than the appraiser(s). The appraiser(s) and the appraisal firm shall bear no responsibility for any such unauthorized changes.

CONFIDENTIALITY

Except as provided for subsequently, neither the appraiser(s) nor the appraisal firm may divulge the analyses, opinions or conclusions developed in the appraisal report, nor may they give a copy of the report to anyone other than the client or his designee as specified in writing. However, this condition does not apply to any requests made by the Appraisal Institute for purposes of confidential ethics enforcement. Also, this condition does not apply to any order or request issued by a court of law or any other body with the power of subpoena.



INFORMATION SUPPLIED BY OTHERS

Information (including projections of income and expenses) provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, sellers, property owners, bookkeepers, accountants, attorneys, and others is assumed to be true, correct and reliable. No responsibility for the accuracy of such information is assumed by the appraiser(s). Neither the appraiser(s) nor the appraisal firm is liable for any information or the work product provided by subcontractors. The client and others utilizing the appraisal report are advised that some of the individuals associated with Johnson Perkins Griffin, LLC are independent contractors and may sign the appraisal report in that capacity. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit or other sources thought reasonable. To the best of our judgment and knowledge, all such information is considered appropriate for inclusion. In some instances, an impractical and uneconomic expenditure of time would be required in attempting to furnish absolutely unimpeachable verification. The value conclusions set forth in the appraisal report are subject to the accuracy of said data. It is suggested that the client consider independent verification as a prerequisite to any transaction involving a sale, a lease or any other commitment of funds with respect to the subject property.

TESTIMONY, CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICE

The contract for each appraisal, consultation or analytical service is fulfilled and the total fee is payable upon completion of the report. The appraisers(s) or those assisting in the preparation of the report will not be asked or required to give testimony in court or in any other hearing as a result of having prepared the appraisal, either in full or in part, except under separate and special arrangements at an additional fee. If testimony or a deposition is required, the client shall be responsible for any additional time, fees and charges, regardless of the issuing party. Neither the appraiser(s) nor those assisting in the preparation of the report is required to engage in post- appraisal consultation with the client or other third parties, except under a separate and special arrangement and at an additional fee.

EXHIBITS AND PHYSICAL DESCRIPTIONS

It is assumed that the improvements and the utilization of the land are within the boundaries of the property lines of the property described in the report and that there is no encroachment or trespass unless noted otherwise within the report. No survey of the property has been made by the appraiser(s) and no responsibility is assumed in connection with such matters. Any maps, plats, or drawings reproduced and included in the report are there to assist the reader in visualizing the property and are not necessarily drawn to scale. They should not be considered as surveys or relied upon for any other purpose, nor should they be removed from, reproduced or used apart from the report.

TITLE, LEGAL DESCRIPTIONS, AND OTHER LEGAL MATTERS

No responsibility is assumed by the appraiser(s) or the appraisal firm for matters legal in character or nature. No opinion is rendered as to the status of title to any property. The title is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in the appraisal report. The legal description, as furnished by the client, his designee or as derived by the appraiser(s), is assumed to be correct as reported. The appraisal is not to be construed as giving advice concerning liens, title status, or legal marketability of the subject property.

ENGINEERING, STRUCTURAL, MECHANICAL, ARCHITECTURAL CONDITIONS

This appraisal should not be construed as a report on the physical items that are a part of any property described in the appraisal report. Although the appraisal may contain information about these physical items (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed report on these physical items. The appraiser(s) is not a construction, engineering, or architectural expert, and any opinion given on these matters in this report should be considered tentative in nature and is subject to modification upon receipt of additional information from appropriate experts. The client is advised to seek appropriate expert opinion before committing any funds to the property described in the appraisal report.

Any statement in the appraisal regarding the observed condition of the foundation, roof, exterior walls, interior walls, floors, heating system, plumbing, insulation, electrical service, all mechanicals, and all matters relating to construction is based on a casual inspection only. Unless otherwise noted in the appraisal report, no detailed inspection was made. For instance, the appraiser is not an expert on heating systems, and no attempt was made to inspect the interior of the furnace. The structures were not investigated for building code violations, and it is assumed that all buildings meet the applicable building code requirements unless stated otherwise in the report.

Such items as conditions behind walls, above ceilings, behind locked doors, under the floor, or under the ground are not exposed to casual view and, therefore, were not inspected, unless specifically so stated in the appraisal. The existence of insulation, if any is mentioned, was discovered through conversations with others and/or circumstantial evidence. Since it is not exposed to view, the accuracy of any statements regarding insulation cannot be guaranteed.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any comments on observed conditions given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is given as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating systems, air conditioning systems, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a mechanical and/or structural inspection be made by a qualified and licensed contractor, a civil or structural engineer, an architect or other experts. This appraisal report is based on the assumption that there are no hidden, unapparent or apparent conditions on the property or improvements which would materially alter the value as reported. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them. All mechanical components are assumed to be in operable condition and standard for the properties of the subject type. Conditions of heating, cooling, ventilating, electrical and plumbing equipment are considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made in the appraisal as to the adequacy of insulation, the type of insulation, or the energy efficiency of the improvements or equipment which is assumed to be standard for the subject's age, type and condition.

TOXIC MATERIALS AND HAZARDS

Unless otherwise stated in the appraisal report, no attempt has been made to identify or report the presence of any potentially toxic materials and/or condition such as asbestos, urea formaldehyde foam insulation, PCBs, any form of toxic waste, polychlorinated biphenyl, pesticides, lead-based paints or soils or ground water contamination on any land or improvements described in the appraisal report. Before committing funds to any property, it is strongly advised that appropriate experts be employed to inspect both land and improvements for the existence of such potentially toxic materials and/or conditions. If any potentially toxic materials and/or conditions are present on the property, the value of the property may be

adversely affected and a re-appraisal at an additional cost may be necessary to estimate the effects of such circumstances.

SOILS, SUB-SOILS, AND POTENTIAL HAZARDS

It is assumed that there are no hidden or unapparent conditions of the soils or sub-soil which would render the subject property more or less valuable than reported in the appraisal. No engineering or percolation tests were made and no liability is assumed for soil conditions. Unless otherwise noted, the land and the soil in the area being appraised appeared to be firm, but no investigation has been made to determine whether or not any detrimental sub-soil conditions exist. Neither the appraiser(s) nor the appraisal firm is liable for any problems arising from soil conditions. These appraisers strongly advise that, before any funds are committed to a property, the advice of appropriate experts be sought.

If the appraiser(s) has not been supplied with a termite inspection report, survey or occupancy permit, no responsibility is assumed and no representation is made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained.

Neither the appraiser(s) nor the appraisal firm assumes responsibility for any costs or for any consequences arising from the need or lack of need for flood hazard insurance. An Agent for the Federal Flood Insurance Program should be contacted to determine the actual need for flood hazard insurance.

ARCHEOLOGICAL SIGNIFICANCE

No investigation has been made by the appraiser and no information has been provided to the appraiser regarding potential archeological significance of the subject property or any portion thereof. This report assumes no portion of the subject property has archeological significance.

LEGALITY OF USE

This appraisal report assumes that there is full compliance with all applicable federal, state and local environmental regulations and laws, unless non-compliance is stated, defined and considered in the appraisal report. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the appraisal report. It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state or national government, private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

COMPONENT VALUES

Any distribution of the total value between the land and improvements, between partial ownership interests or any other partition of total value applies only under the stated use. Moreover, separate allocations between components are not valid if this report is used in conjunction with any other analysis.

COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. It is assumed that the property is in direct compliance with the various detailed requirements of the ADA.



AUXILIARY AND RELATED STUDIES

No environmental or impact studies, special market studies or analyses, special highest and best use studies or feasibility studies have been requested or made by the appraiser(s) unless otherwise specified in an agreement for services and so stated in the appraisal report.

DOLLAR VALUES AND PURCHASING POWER

The estimated market value set forth in the appraisal report and any cost figures utilized are applicable only as of the date of valuation of the appraisal report. All dollar amounts are based on the purchasing power and price of the dollar as of the date of value estimates.

ROUNDING

Some figures presented in this report were generated using computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded. Thus, these figures may be subject to small rounding errors.

QUANTITATIVE ANALYSIS

Although this analysis employs various mathematical calculations to provide value indications, the final estimate is subjective and may be influenced by our experience and other factors not specifically set forth in this report.

VALUE CHANGE, DYNAMIC MARKET, ALTERATION OF ESTIMATE BY APPRAISER

All values shown in the appraisal report are projections based on our analysis as of the date of valuation of the appraisal. These values may not be valid in other time periods or as conditions change. Projected mathematical models set forth in the appraisal are based on estimates and assumptions which are inherently subject to uncertainty and variations related to exposure, time, promotional effort, terms, motivation, and other conditions. The appraiser(s) does not represent these models as indicative of results that will actually be achieved. The value estimates consider the productivity and relative attractiveness of a property only as of the date of valuation set forth in the report.

In cases of appraisals involving the capitalization of income benefits, the estimate of market value, investment value or value in use is a reflection of such benefits and of the appraiser's interpretation of income, yields and other factors derived from general and specific client and market information. Such estimates are as of the date of valuation of the report, and are subject to change as market conditions change.

This appraisal is an estimate of value based on analysis of information known to us at the time the appraisal was made. The appraiser(s) does not assume any responsibility for incorrect analysis because of incorrect or incomplete information. If new information of significance comes to light, the value given in this report is subject to change without notice. The appraisal report itself and the value estimates set forth therein are subject to change if either the physical or legal entity or the terms of financing are different from what is set forth in the report.



ECONOMIC AND SOCIAL TRENDS

The appraiser assumes no responsibility for economic, physical or demographic factors which may affect or alter the opinions in this report if said economic, physical or demographic factors were not present as of the date of value of this appraisal. The appraiser is not obligated to predict future political, economic or social trends.

EXCLUSIONS

Furnishings, equipment, other personal property and value associated with a specific business operation are excluded from the value estimate set forth in the report unless otherwise indicated. Only the real estate is included in the value estimates set forth in the report unless otherwise stated.

SUBSURFACE RIGHTS

No opinion is expressed as to the value of subsurface oil, gas or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials, except as is expressly stated.

PROPOSED IMPROVEMENTS, CONDITIONED VALUE

It is assumed in the appraisal report that all proposed improvements and/or repairs, either on-site or off-site, are completed in an excellent workmanlike manner in accord with plans, specifications or other information supplied to these appraisers and set forth in the appraisal report, unless otherwise explicitly stated in the appraisal. In the case of proposed construction, the appraisal is subject to change upon inspection of the property after construction is completed. The estimate of market value is as of the date specified in the report. Unless otherwise stated, the assumption is made that all improvements and/or repairs have been completed according to the plans and that the property is operating at levels projected in the report.

MANAGEMENT OF PROPERTY

It is assumed that the property which is the subject of the appraisal report will be under typically prudent and competent management which is neither inefficient nor superefficient.

FEE

The fee for any appraisal report, consultation, feasibility or other study is for services rendered and, unless otherwise stated in the service agreement, is not solely based upon the time spent on any assignment.

LEGAL EXPENSES

Any legal expenses incurred in defending or representing ourselves concerning this assignment will be the responsibility of the client.



CHANGES AND MODIFICATIONS

The appraiser(s) reserves the right, at the cost of the client, to alter statements, analyses, conclusions, or any value estimates in the appraisal if any new facts pertinent to the appraisal process are discovered which were unknown on the date of valuation of this report.

DISSEMINATION OF MATERIAL

Neither all nor any part of the contents of this report shall be disseminated to the general public through advertising or sales media, public relations media, new media or other public means of communication without the prior written consent and approval of the appraiser(s).

The acceptance and/or use of the Appraisal Report by the client or any third party constitutes acceptance of the Assumptions and Limiting Conditions set forth in the preceding paragraphs. The appraiser's liability extends only to the specified client, not to subsequent parties or users. The appraiser's liability is limited to the amount of the fee received for the services rendered.



**QUALIFICATIONS OF APPRAISER
 REESE PERKINS**

Professional Designations

MAI - Member of the Appraisal Institute
 SRA - Senior Residential Appraiser

MAI - Member American Institute of Real Estate Appraisers 1983
 SRPA - Senior Real Property Appraiser; Society of Real Estate Appraisers 1982

License

State of Nevada, Certified General Real Estate Appraiser, #A.0000120-CG,
 Expiration date 4/30/17

Membership

Member, Nevada State Board of Equalization 1992 - 1999
 Chairman 1999
 Member, Nevada Commission of Real Estate Appraisers 1995 - 2001
 President 2000

Offices Held

President - Reno/Carson/Tahoe Chapter No. 189,
 Society of Real Estate Appraisers 1983 - 1984
 Admissions Committee - Sierra Nevada Chapter #60, AIRE 1984 - 1988
 Vice-Chairman 1987 - 1988
 Southwest Region Review and Counseling Panel, AIREA
 Admissions Chairman - Sierra Nevada Chapter No. 60,
 American Institute of Real Estate Appraisers 1989 - 1990
 Admissions Chairman - Reno/Carson/Tahoe Chapter of the Appraisal Institute 1991
 Board of Directors - Sacramento-Sierra Chapter of the Appraisal Institute 1991 - 1995
 President – Sacramento – Sierra Chapter of The Appraisal Institute, 1996

Appraisal Experience

Appraiser – Johnson Perkins Griffin, LLC 03/2015 - present
 Principal Appraiser - Johnson-Perkins & Associates 2006 - 02/2015
 Vice President - Johnson-Perkins & Associates 1994 - 2006
 Owner - Real Estate Appraisal and Consulting Firm 1987 - 1994
 President and Chief Operating Officer - Eagle Service Corporation;
 Senior Vice President - First Federal Savings and Loan Association 1985 - 1987
 Vice President-Chief Appraiser - Eagle Service Corporation 1983
 Independent Fee Appraiser 1980 - 1983
 Assistant Vice President - First Western Service Corporation;
 Northern Division Manager, Master Appraisals 1977 - 1980
 Staff Appraiser - Eagle Service Corporation, First Federal Savings and Loan 1975 - 1977
 Associate Appraiser - Washoe County Assessor's Office 1972 - 1975



QUALIFICATIONS OF APPRAISER REESE PERKINS

Appraisal Education

Society of Real Estate Appraisers:

Course 101	
Introduction to Appraising Real Property, Santa Clara, California	1973
Course 201	
Principles of Income Property Appraising, Santa Clara, California	1974

American Institute of Real Estate Appraisers:

Course 2	
Urban Properties, San Francisco, California	1978
Exam 1B	
Capitalization Theory and Techniques	1979
Course 6	
Introduction to Real Estate Investment Analysis, Oakland, California	1982
Course 2-3	
Standards of Professional Practice, Sacramento, California	1985
Course 10	
Market Analysis, Boulder, Colorado	1987

Appraisal Institute:

Standards of Professional Appraisal Practice,	
Parts A and B, Reno, Nevada	1992
Part C, Reno, Nevada	1997
National USPAP Update Course	2003
National USPAP Update Course	2004
National USPAP Update Course	2006
National USPAP Update Course	2007
National USPAP Update Course	2008
National USPAP Update Course	2010
National USPAP Update Course	2013
National USPAP Update Course	2014

Appraisal Foundation

1999 USPAP Review	1998
-------------------	------

Appraisal Seminars

Various Appraisal and Continuing Education Seminars	1974 - 2015
---	-------------

Formal Education

Tonopah High School Graduate	1967
Bachelor of Arts Degree in Political Science - University of Nevada, Reno,	1972



**REESE PERKINS
QUALIFICATIONS OF APPRAISER**

Types of Property Appraised

Single Family Residences
Condominiums
Vacant Residential Lots
Professional Office Buildings
Warehouses and Industrial Buildings
Shopping Centers
Communication Sites
Motels
Residential Subdivisions
Vacant Land
Commercial Buildings
Apartment Complexes
Subdivisions
Hotels
Hotel/Casinos
Aggregate Quarries
Mortuaries and Cemeteries
Water Companies
Open Pit Mines
Fire Science Academies

Admitted as Expert Witness

United States District Court, District of Nevada
United States Bankruptcy Court, District of Nevada
United States Bankruptcy Court, District of Northern California
Washoe County District Court
Washoe County Board of Equalization
Douglas County Board of Equalization
Clark County Board of Equalization
White Pine County Board of Equalization
Nevada State Board of Equalization



**QUALIFICATIONS OF APPRAISER
REESE PERKINS**

Representative Appraisal Clients

AEGON USA Realty Advisors, Inc.
Airport Authority of Washoe County
Alliance Bank of Arizona
AMB Institutional Realty Advisors
American Federal Savings Bank
ARCS Commercial Mortgage Corp.
AT&T Communications
Bank of America
Bank of the West
BHP Copper
California Department of Justice
Carson City
Caughlin Ranch Partnership
Centex Real Estate Corporation
CitiBank
City of Reno
City of Sparks
Coates Field Services, Inc.
Colonial Bank
Department of the Navy
Dermody Properties
Douglas County
Douglas County Assessor's Office
Federal Deposit Insurance Corporation
First Federal Lincoln
First Independent Bank of Nevada
First Merit Bank, N.A.
GMAC Commercial Mortgage Co.
Great Western Bank
Granite Construction Co.
Guardian Life Insurance Co.
Home Federal Savings Bank
Internal Revenue Service
KeyBank
McDonald's
Nevada Department of Transportation
Nevada Mining Association
Nevada State Bank
P.W. Funding
Redevelopment Agency of the
City of Reno
Regional Transportation Commission
Reno Housing Authority
Shelter Properties
Shelter Properties
Sierra Pacific Power Company
St Mary's Regional Medical Center
Summit Engineering Corporation
Texaco, Inc.
The CIT Group
The Howard Hughes Corporation
The Rouse Company
Truckee Meadows Community College
Umpqua Bank
U.S. Bank
U.S. Department of Commerce
U.S. Forest Service
U.S. Postal Service
Union Oil Company
University Of Nevada
Various Private Clients, Law and
Accounting Firms
Washoe County
Washoe County School District
Washoe Medical Center
Wells Fargo Bank
Williams Communications, Inc.

RECEIVED

NOV 14 2008

Q & D CONSTRUCTION

Phase 1 Environmental Site Assessment

**12-UNIT APARTMENT BUILDING
810 NORTH SIERRA STREET**

Washoe County Parcel Number 007-222-13

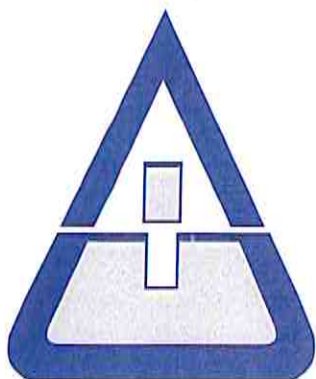
RENO, NEVADA

Prepared for:

Mr. Joel Anderson
Q&D Construction Inc.
1050 South 21st Street
Sparks, Nevada 89431

Job No. 867.125K

November 13, 2008



**Pezonella
Associates, Inc.**

Consulting Engineers and Geologists

520 EDISON WAY • RENO, NEVADA 89502 • (775) 856-5566



**Pezonella
Associates, Inc.**

Geotechnical & Environmental Engineers & Geologists

520 EDISON WAY • RENO, NEVADA 89502 • (775) 856-5566
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www.pezonella.com

November 13, 2008
Job No. 867.125K

Q&D Construction Inc.
1050 South 21st Street
Sparks, Nevada 89431

Attn: Mr. Joel Anderson

Re: Phase 1 Environmental Assessment, 830 North Center Street, Reno, Nevada

Dear Mr. Anderson:

Please find attached the report entitled *Phase 1 Environmental Site Assessment, 12-Unit Apartment Building, 830 North Center Street, Washoe County Parcel Number 007-222-13, Reno, Nevada*. The report provides information on historical and present land uses, and represents a due diligence evaluation of the environmental status of the property.

We appreciate having been selected to perform this investigation and trust the results fulfill your requirements at this time. If you have any questions, please do not hesitate to contact us.

I, John H. Johnson, (EM - 1507, expires 3/8/10), hereby certify that I am responsible for the services described in this document and for the preparation of this document. The services described in this document have been provided in a manner consistent with the current standards of the profession and to the best of my knowledge comply with applicable federal, state, and local statutes, regulations and ordinances.

Respectfully,

PEZONELLA ASSOCIATES, INC.

John H. Johnson, P.E.
Senior Geologist, EM- 1507

Raymond M. Pezonella, P.E.
President

Phase 1 Environmental Site Assessment

**12-UNIT APARTMENT BUILDING
810 NORTH SIERRA STREET**

Washoe County Parcel Number 007-222-13

RENO, NEVADA

Prepared for:

Mr. Joel Anderson
Q&D Construction Inc.
1050 South 21st Street
Sparks, Nevada 89431

Job No. 867.125K

November 13, 2008

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- Appendix A: Vicinity and Parcel Maps
- Appendix B: Phase 1 ESA *Owner/Occupant Site History and User Questionnaires*
- Appendix C: *Track Info Services* Environmental Report
- Appendix D: Site Photographs

EXECUTIVE SUMMARY

Pezonella Associates has performed a Phase 1 Environmental Site Assessment in accordance with the requirements of ASTM *Standard Practice for Environmental Site Assessments: Phase 1 Environmental Site Assessments Process*, E 1527-05. Any exceptions to or deletions from standard practice are described in the report.

The investigation was performed on a single parcel of residentially-developed land at 830 North Center Street in Reno, Nevada (Property). The Washoe County Assessor's Office parcel number for the Property is 007-222-13. The Assessor's Office *Appraisal Record* and parcel map indicate the parcel has an area of 7,000 square feet (0.161 acres). The parcel is developed with a three-story multi-family residential structure of 10,836 square feet. The groundwater gradient is assumed to be to the southeast towards the Truckee River.

Findings

The Property appears to have been originally developed between 1904 and 1933 as a fraternity house. The structure was removed from the Property between 1959 and 1962, and replaced in 1963 by the current structure. Pole-mounted electrical equipment is present near the eastern Property boundary. Dielectric fluid in equipment such as this can contain PCBs.

Thirty-nine sites on the State and Tribal Leaking Underground Storage Tank list are within ½-mile of the Property. Thirteen sites within the same radius are on the Washoe County Underground Storage Tank list. One site on the State and Tribal Brownfields list is within ½-mile of the Property. Twenty-one sites within one mile of the Property are on the State and Tribal Corrective Actions Sites list.

Opinion

This assessment has revealed no evidence of recognized environmental conditions in connection with the Property.

This executive summary is not to be used alone. The report should be read in its entirety.

1.0 INTRODUCTION

1.1 Purpose

The term *recognized environmental conditions* is defined by ASTM in *Standard Practice for Environmental Site Assessments: Phase 1 Environmental Site Assessment Process* (E 1527-05) as:

the presence or likely presence of any hazardous substances or petroleum products on a property under conditions that indicate an existing release, a past release, or a material threat of a release of any hazardous substances or petroleum products into structures on the property or into the ground, ground water, or surface water of the property. The term includes hazardous substances or petroleum products even under conditions in compliance with laws. The term is not intended to include de minimis conditions that generally do not present a threat to human health or the environment and that generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies. Conditions determined to be de minimis are not recognized environmental conditions.

The purpose of a Phase 1 Environmental Site Assessment is to identify existing or potential recognized environmental conditions on a parcel of commercial real estate with respect to the range of contaminants within the scope of the *Comprehensive Environmental Response, Compensation and Liability Act* (CERCLA, 42 U.S.C. §9601) and petroleum products. Recognized environmental conditions may constitute or result in a violation of applicable environmental laws; impose constraints on operations at the property; require remediation of hazardous substances or petroleum products; affect the value of the property; and/or require action with respect to such conditions. Information contained in the Phase 1 Environmental Site Assessment may be used to evaluate legal and financial assets and liabilities for transaction related potential development; evaluate the development potential, market value, and impact of environmental laws that may impose restrictions on future development of the property; and/or determine whether specific actions are required to be performed prior to transactions concerning the property. A Phase 1 Environmental Site Assessment is intended to permit a user to satisfy one of the requirements to qualify for the innocent landowner, contiguous property owner, or bona fide prospective purchaser limitations on CERCLA liability. The assessment is intended to constitute all appropriate inquiry into the previous ownership and uses of the property consistent with good commercial or customary practice.

The report *User* is defined as "the party seeking to use Practice E 1527 to complete an environmental site assessment of the property. A *User* may include, without limitation, a potential purchaser of property, a potential tenant of property, an owner of property, a lender, or a property manager."

This report presents the results of a Phase 1 Environmental Site Assessment recently performed at 830 North Center Street in Reno, Nevada (the Property) for

Mr. Joel Anderson of *Q&D Construction Inc.* (Client). The Washoe County Assessor's Office parcel number (APN) for the Property is 007-222-13. Mr. Daryl E. Drake, President of *Daryl E. Drake Commercial Real Estate Services*, representing an undisclosed potential buyer, was identified as the report *User* for the purposes of this investigation. A site vicinity map, current Washoe County Assessor's Office parcel map, and recent aerial photograph are attached as Appendix A.

1.2 Detailed Scope of Services

The scope of services for this Phase 1 Environmental Site Assessment included:

- An *Owner/Occupant Site History Questionnaire* submitted to the Property owner (Appendix B)
- A *User Questionnaire* submitted to the report *User* (Appendix B)
- A visual on-site inspection of the Property and periphery, noting past and current use, and evidence of spills or leaks from hazardous substances or petroleum products
- A visual reconnaissance of adjoining properties and surrounding land, identifying past and current recognized environmental conditions
- Evaluation of topographic, geologic and hydrologic features of the Property and surrounding land that may influence hazardous substance or petroleum product migration
- A search of records concerning known or reported leaks or spills using federal, state, and county data bases (Appendix C)
- Identification of current and past uses of the Property and adjoining properties that indicate recognized environmental conditions
- Review of aerial photographs taken between 1939 and 2007 to determine past Property and neighboring land use
- Review of Polk's City Directories published between 1933 and 2008 to determine past Property and neighboring land use, and
- Preparation of this report summarizing the results of the assessment

1.3 Significant Assumptions

Significant assumptions made during the preparation of this document include:

- The Property was vacant or held only residential development prior to the earliest available photograph (1939), which shows residential development on the Property.
- The groundwater gradient at the Property is to the southeast towards the Truckee River.
- The record sources reviewed as part of this investigation were valid and complete.
- The responses from individuals interviewed as part of this investigation were honest and complete.

1.4 Limitations & Exceptions

This site assessment was non-invasive in nature. Sampling of air, water, soil, or construction material was not part of the scope of this assessment. Consequently, opinions and conclusions concerning the possible presence of hydrocarbons, polychlorinated biphenyls (PCBs), or other hazardous substances at the subject property are based on published information, interviews, and site reconnaissance.

No environmental site assessment can wholly eliminate uncertainty regarding the potential for recognized environmental concerns in connection with a property. This assessment is intended to reduce, but not eliminate, uncertainty regarding the potential for recognized environmental conditions in connection with the Property, recognizing reasonable limits of time and cost.

The Property holds 12 separate apartment units. The public spaces and exterior of the Property were inspected as part of this investigation. The individual residential units were neither entered nor inspected. In addition, no attempt was made to identify or interview the occupants during this investigation.

1.5 Special Terms and Conditions

As a result of evolving knowledge in the field of environmental engineering and changing laws and regulations governing hazardous substances, conclusions herein may be invalidated, partially or in whole, by changes outside our control and by subsequent acts occurring on the site after the assessment. Consequently, this report may be subject to review and revision at any time. Opinions about the condition of the Property do not constitute a warranty of any kind.

Property boundaries for this investigation are shown on the Assessor's Office parcel map and the aerial photograph in Appendix A. Boundaries are determined in the field using the best available information such as the locations of roads, fences, buildings, etc. Pezonella Associates is not responsible for boundary discrepancies, or surveying to verify Property boundaries.

The environmental professional is not required to verify the accuracy of information provided unless he or she has actual knowledge that certain information is incorrect based on other information gathered during the investigation or another source.

1.6 User Reliance

This investigation and report are designed to be in general accordance with the requirements of ASTM *Standard Practice for Environmental Site Assessments: Phase 1 Environmental Site Assessments Process*, E 1527-05 (the Standard). Environmental assessments are subject to limitations and are, by nature, non-comprehensive. Judgments rendered herein are therefore generally made with incomplete knowledge of subsurface and/or historic conditions associated with the Property. This report is not comprehensive in nature and may not identify all potential

environmental concerns associated with the Property and surrounding properties. The user or his representative may read and rely upon the information contained in the report for loan underwriting purposes, subject to the conditions and limitations identified in the report.

2.0 SITE DESCRIPTION

2.1 Location and Legal Description

The Property is located on the east side of North Center Street between the intersections at East 8th Street and East 9th Street near downtown Reno, Nevada. East 8th Street forms a portion of the westbound frontage road of Interstate 80 in this area, and is a one-way thoroughfare. North Center Street allows two-way travel from East 9th Street south to Maple Street (now part of the frontage road for eastbound Interstate 80). Washoe County Assessor's Office records indicate the Property has an area of 7,000 square feet (0.161 acres). The Property is slightly less than one mile north-northwest of downtown Reno, in the southwest quarter of the southeast quarter of Section 2, Township 19 North, Range 19 East, Mt. Diablo Base Line & Meridian. Site photographs are included as Appendix D.

2.2 Site and Vicinity General Characteristics

The *University of Nevada, Reno* (UNR) is one block north of the Property, on the north side of East 9th Street between Virginia and Evans Street. The vicinity is an area with a mixture of residential and commercial development. The Property is rectangular in shape, with the long axis perpendicular to North Center Street. The lot has 50 feet of frontage on North Center Street, and extends 140 feet to the east, ending at an alley that connects the westbound Interstate 80 frontage road with East 9th Street between Center and Lake Streets. Single- and multi-family residential development are present in the area around the Property and west of North Sierra Street north of the Property. Commercial development and development associated with UNR are present in the vicinity east of North Sierra Street. Commercial and casino development are present south of Interstate 80 along Center, Virginia, and Sierra Streets.

2.3 Current Use of Property

The Property is currently in use as a 12-unit apartment building. Some sources indicate the building to be *College Manor* or the *College Manor Apartments*, but no signs to that effect were observed during the site walk. No uses were apparent during the investigation.

2.4 Description of Improvements

The Property is developed with a single three-story structure with a small amount of parking in the alley on the east side. According to the Washoe County Assessor's Office *Appraisal Record*, the building has an area of 10,836 square feet, and was

built in 1963. Foot access is available to the Property through a gate fronting North Center Street. Curb and gutter are present. Utilities such as power, water, sewer and telephone are also present. The Property is fenced on the north, south, and east sides. Access to the Property is also available from the alley to the east. No other significant improvements were noted during this investigation.

2.5 Current Use of Adjoining Properties

Current uses of adjacent properties follow:

- *North* - Adjacent to and north of the Property is a paved parking lot between North Center Street and the alley west of the Property. The address of the parcel is 836 North Center Street. It is on APN 007-222-19.
- *South* - Adjacent to and south of the Property is a single-family residential structure at 820 North Center Street on APN 007-222-12.
- *East* - Adjacent to and east of the Property is an alley. East of the alley are two residential structures at 829 and 829½ Lake Street on APN 007-222-05.
- *West* - Adjacent to and west of the Property is North Center Street. Across the street is single-family residential development at 829 North Center Street on APN 007-183-07.

3.0 USER PROVIDED INFORMATION

Section 6.0 of the Standard describes the *User's* responsibilities in a Phase 1 Environmental Site Assessment. In general, the *User's* tasks do not require technical expertise, and are intended to help identify the possibility of recognized environmental conditions in connection with the Property. A summary of *User-provided* information follows:

3.1 Title Records

The *User* did not provide a title report for the Property as part of this investigation.

3.2 Environmental Liens or Activity and Use Limitations

The *User* was not aware of environmental liens or activity and use limitations concerning the Property.

3.3 Specialized Knowledge

The *User* did not provide specialized knowledge concerning the Property as part of this investigation.

3.4 Commonly Known or Reasonably Ascertainable Information

The *User* was not aware of additional commonly known or reasonably ascertainable information concerning the Property during this investigation.

3.5 Valuation Reduction for Environmental Issues

The *User* was not aware of a reduction in Property value due to environmental issues concerning the Property.

3.6 Owner, Property Manager, and Occupant Information

The Washoe County Assessor's Office *Appraisal Record* indicates the Property is owned by the *Sano Investment Group LLC* of Reno, Nevada. Mr. Allan Zane of *Remcor Real Estate* was identified as the representative of the Property owner and the Property Manager for the purposes of this investigation. No attempt was made to identify the individual occupants of the apartments at the Property.

3.7 Reason for Performing Phase 1

It is our understanding the Phase 1 ESA is being requested in order to fulfill due diligence requirements for a potential transaction concerning the Property.

3.8 Other

No other *User*-provided information is included herein.

4.0 RECORDS REVIEW

4.1 Standard Environmental Records Sources

Federal, state, and county agency records were reviewed to identify known or reported spills and leaks, or generation of hazardous substances associated with the Property within ASTM-specified search distances. The environmental record sources and standard search distances are included in the following table:

Table 1: Standard Environmental Record Sources and Approximate Search Distances

Environmental Record Source	Search Radius (miles)
Federal National Priority List (NPL) Sites List	1.00
Federal NPL Delisted Sites List	0.50
Federal CERCLIS list of CERCLA and Potential CERCLA Sites	0.50
Federal CERCLIS NFRAP Sites List	0.50
Federal RCRA CORRACTS Facilities List	1.00
Federal RCRA non-CORRACTS TSD Facilities List	0.50
Federal RCRA Generators List	Site and adjacent sites
Federal RCRA NLR List	Site and adjacent sites
Federal Institutional Controls/Engineering Controls (IC/EC) List	Site only
Federal ERNS List	Site only
Tribal Lands	1.00
State and Tribal Corrective Actions Sites List	1.00

Table 1: Environmental Record Sources and Search Distances (continued)

Environmental Record Source	Search Radius (miles)
State and Tribal Solid Waste Landfills List	0.50
State and Tribal Leaking UST List	0.50
State and Tribal Registered UST/AST List	Site and adjacent sites
State and Tribal IC/EC List	Site only
State and Tribal Brownfields List	0.50

The search was performed using *Track Info Services*, a private organization specializing in environmental records databases. The *Track Info Services* report is attached as Appendix C.

Federal National Priority List (NPL) Sites

The National Priority List is the EPA database of contaminated sites identified for priority remedial action under the Federal Superfund Program. No sites on this list are located within one mile of the Property.

Federal NPL Delisted Sites

The NPL Delisted sites are those investigated for potential action under the Federal Superfund Program that have been delisted. No sites on this list are located within ½-mile of the Property.

Federal CERCLIS List

The Federal Comprehensive Emergency Response, Compensation and Liability Information System (CERCLIS) list contains sites that the EPA has investigated or is currently investigating for a release of hazardous substances. No sites on this list are located within ½-mile of the Property.

Federal CERCLIS NFRAP List

The CERCLIS No Further Remedial Action Planned (NFRAP) list contains sites at which assessment has been completed and EPA has determined no further steps will be taken to put the site on the NPL list. No sites on this list are located within ½-mile of the Property.

Federal RCRA CORRACTS Facilities List

The EPA maintains a list of hazardous waste treatment storage or disposal facilities and other RCRIS facilities that have been notified under the Resource Conservation and Recovery Act (RCRA) to undertake corrective action. No sites on this list are located within one mile of the Property.

Federal RCRA TSD Facilities List

The EPA Resource Conservation and Recovery Act (RCRA) provides for the identification and tracking of hazardous wastes from the point of generation to the point of disposal. Facilities that may treat, store, or dispose (TSD) of hazardous wastes are compiled on the RCRA TSD list. No sites on this list are located within ½-mile of the Property.

Federal RCRA Generator List

The EPA maintains a list of all facilities that have been permitted to generate hazardous wastes under RCRA. The presence of a site on the list does not mean the site has had a release. No sites on this list are located on or adjacent to the Property.

Federal RCRA NLR List

The RCRA No Longer Regulated (NLR) list contains the EPA database of RCRIS sites that create less than 100 kilograms of hazardous waste per month or do not meet other RCRA requirements. The presence of a site on the list does not mean the site has had a release. No sites on this list are located on or adjacent to the Property.

Federal Institutional Controls/Engineering Controls (IC/EC) List

The IC/EC List is a federal list of Superfund sites that have either an engineering or institutional control. The list includes the contaminated media and the control. No sites on this list are located at the Property.

Federal ERNS List

The Emergency Response Notification System (ERNS) is a national computer database used to collect reports regarding the release of oil and hazardous substances. Information is recorded in the ERNS database when a release is reported to the Federal EPA. The initial notifications are preliminary and may not contain up-to-date or completely accurate information. No sites on this list are located at the Property.

Tribal Lands

The Tribal Lands List is a database of areas with boundaries established by treaty, statute, and (or) executive or court order, recognized by the federal government as territory in which American Indian tribes have primary governmental authority. No sites on this list are located within one mile of the Property.

State and Tribal Corrective Actions Sites List

The Nevada Division of Environmental Protection (NDEP) Bureau of Corrective Actions maintains a list of sites with reported releases of hazardous and/or regulated

waste. Twenty-one sites on this list are located within one mile of the Property. Details follow:

Site Name and Address	Distance/Location
Bank of America 700 North Virginia Street Reno, Nevada 89501	0.16 mi. southwest (crossgradient) Case closed 6/6/94

Site Name and Address	Distance/Location
Project C Pump Test Dewater System Virginia and 4 th Streets Reno, Nevada 89501	0.42 mi. southwest (crossgradient) Case closed 2/23/95

Site Name and Address	Distance/Location
Eldorado Hotel & Casino 345 North Virginia Street Reno, Nevada	0.43 mi. southwest (crossgradient) Case closed 11/12/99

Site Name and Address	Distance/Location
Union Pacific Railroad NEC East 4 th St and Record St. Reno, Nevada 89512	0.44 mi. southeast (downgradient) Case closed 3/20/00

Site Name and Address	Distance/Location
Vacant Hotel Site 320 Evans Avenue Reno, Nevada	0.48 mi. southeast (downgradient)

Site Name and Address	Distance/Location
Sierra Pacific Power Company 6 th Street and Wells Avenue Reno, Nevada	0.55 mi. southeast (downgradient) Case closed 10/10/97

Site Name and Address	Distance/Location
Hampton Towers Lake and 2 nd Streets Reno, Nevada 89501	0.55 mi. southeast (downgradient) Case closed 1/9/95

Site Name and Address	Distance/Location
Elmwood Prop LLC APN 007-281-14 435 West 4 th Street Reno, Nevada 89503	0.57 mi. southwest (downgradient) Case closed 11/2/07

Site Name and Address	Distance/Location
City of Reno Redevelopment Agency 270 Evans Avenue Reno, Nevada 89501	0.59 mi. southeast (downgradient)

Site Name and Address	Distance/Location
Nevada Club Casino 224 North Virginia Street Reno, Nevada 89501	0.59 mi. southeast (downgradient)

Site Name and Address	Distance/Location
Cal-Neva East 2 nd Street Reno, Nevada	0.63 mi. southeast (downgradient) Case closed 8/21/84

Site Name and Address	Distance/Location
Fourth Street Partners 801 East 4 th Street Reno, Nevada 89512	0.65 mi. southeast (downgradient) Case closed 10/12/01

Site Name and Address	Distance/Location
Desert Glass/Nevada Forklift/Retrac 310 North Park Street Reno, Nevada	0.65 mi. southeast (downgradient) Case closed 3/9/06

Site Name and Address	Distance/Location
Donner Inn Motel 720 West 4 th Street Reno, Nevada	0.76 mi. southwest (crossgradient) Case closed 4/11/00

Site Name and Address	Distance/Location
Reno Ground Water VOC Downtown Reno Reno, Nevada	0.77 mi. southwest (crossgradient) Case closed 3/8/94

Site Name and Address	Distance/Location
Retrac Project 4 th Street and Keystone Reno, Nevada	0.90 mi. southwest (crossgradient) Case closed 3/20/06

Site Name and Address	Distance/Location
Reno Iron Works 290 Keystone Avenue Reno, Nevada	0.92 mi. southwest (crossgradient) Case closed 7/21/06

Site Name and Address	Distance/Location
Federal Savings and Loan 1 West Liberty Street Reno, Nevada 89501	0.98 mi. southeast (downgradient) Case closed 1/26/96

Site Name and Address	Distance/Location
Keystone Square Shopping Center 475 Keystone Avenue Reno, Nevada 89501	0.98 mi. southwest (crossgradient) Case closed 12/19/96

Site Name and Address	Distance/Location
Glacier Mountain Ice and Oil 1345 4 th Street Reno, Nevada 89512	0.99 mi. southeast (downgradient) Case closed 9/17/87

Site Name and Address	Distance/Location
A-1 Radiator 875 East 2 nd Street Reno, Nevada 89502	1.00 mi. southeast (downgradient) Case closed 5/9/94

State and Tribal Solid Waste Landfills List

The NDEP maintains a list of registered landfill and solid waste disposal sites in the state. The presence of a site on the list does not mean the site is problematic. No sites on this list are located within ½-mile of the Property.

State and Tribal Leaking UST List

The leaking underground storage tank (LUST) list contains sites at which there has been a confirmed release of regulated material from a registered underground storage tank system. Thirty-nine sites on this list are located within ½-mile of the Property. Details follow:

Site Name and Address	Distance/Location
UNR Housing 819-821 North Center Street Reno, Nevada 89501	0.03 mi. southwest (crossgradient) Case closed 3/20/90

Site Name and Address	Distance/Location
Silver Dollar Motor Lodge 817 North Virginia Street Reno, Nevada 89501	0.09 mi. southwest (crossgradient) Case closed 12/3/91

Site Name and Address	Distance/Location
UNR Hartman Hall Building #43 ROTC 900 North Virginia Street Reno, Nevada	0.10 mi. northwest (upgradient) Case closed 4/2/96

Site Name and Address	Distance/Location
University of Nevada, Reno Ag. Building Evans and 9 th Street Reno, Nevada 89512	0.14 mi. northeast (crossgradient) Case closed 2/27/95

Site Name and Address	Distance/Location
Savoy Motor Lodge 705 North Virginia Street Reno, Nevada 89501	0.16 mi. southwest (crossgradient) Case closed 2/13/07

Site Name and Address	Distance/Location
Steve Moran Property 646 North Lake Street Reno, Nevada 89501	0.19 mi. southeast (downgradient) Case closed 5/14/91

Site Name and Address	Distance/Location
Roberta Ross Residence 1001 North Sierra Street Reno, Nevada	0.23 mi. northwest (upgradient) Case closed 8/2/04

Site Name and Address	Distance/Location
UNR Modular Post Office 1059 North Sierra Street Reno, Nevada 89503	0.25 mi. northwest (upgradient) Case closed 6/18/02

Site Name and Address	Distance/Location
Saint Mary's Regional Medical Center 688 West Street Reno, Nevada 89503	0.26 mi. southwest (crossgradient) Case closed 4/10/92

Site Name and Address	Distance/Location
Saint Mary's Regional Medical Center 190 Maple Street Reno, Nevada	0.27 mi. southwest (crossgradient) Case closed 6/10/03

Site Name and Address	Distance/Location
Mark Ryan Development 1115-1130 North Sierra Street Reno, Nevada 89503	0.28 mi. northwest (upgradient) Case closed 10/22/92

Site Name and Address	Distance/Location
St. Mary's Regional Medical Center 656 West Street Reno, Nevada 89503	0.28 mi. southwest (crossgradient) Case closed 5/1/91

Site Name and Address	Distance/Location
Albert Fragione Property 1125 Evans Avenue Reno, Nevada 89512	0.30 mi. northeast (crossgradient) Case closed 8/11/92

Site Name and Address	Distance/Location
University of Nevada, Reno 1147 Evans Avenue Reno, Nevada 89512	0.31 mi. northeast (crossgradient) Case closed 11/8/95

Site Name and Address	Distance/Location
St. Mary's Regional Medical Center 235 West 6 th Street Reno, Nevada 89520	0.33 mi. southwest (crossgradient) Case closed 8/29/96

Site Name and Address	Distance/Location
Washoe County School District 467 Laurel Street Reno, Nevada 89512	0.35 mi. northeast (crossgradient) Case closed 1/30/07

Site Name and Address	Distance/Location
John Utter Residence 1305 North Virginia Reno, Nevada 89509	0.36 mi. northwest (upgradient) Case closed 11/1/96

Site Name and Address	Distance/Location
Brad Preitauer Property 420 Highland Avenue Reno, Nevada 89512	0.36 mi. northeast (crossgradient) Case closed 4/5/94

Site Name and Address	Distance/Location
Oldfellow Sierra Homes 1155 Beech Street Reno, Nevada 89512	0.38 mi. northeast (crossgradient) Case closed 12/21/94

Site Name and Address	Distance/Location
Washoe County School District 490 Poplar Street Reno, Nevada 89512	0.39 mi. northeast (crossgradient) Case closed 3/5/96

Site Name and Address	Distance/Location
Union 76 Station 0077 103 East Fourth Street Reno, Nevada	0.40 mi. southeast (downgradient) Cases closed 2/9/00, 1/7/05

Site Name and Address	Distance/Location
Saint Mary's Regional Medical Center 345 West 6 th Street Reno, Nevada	0.41 mi. southwest (crossgradient) Case closed 6/10/03

Site Name and Address	Distance/Location
Chevron 90537 11 West 4 th Street Reno, Nevada 89501	0.42 mi. southwest (crossgradient) Case closed 2/12/90

Site Name and Address	Distance/Location
St. Mary's Regional Medical Center 405 Elm Street Reno, Nevada 89503	0.42 mi. southwest (crossgradient) Case closed 6/7/89

Site Name and Address	Distance/Location
St. Mary's Regional Medical Center 425 Elm Street Reno, Nevada 89503	0.43 mi. southwest (crossgradient) Case closed 2/24/92

Site Name and Address	Distance/Location
Saint Mary's Regional Medical Center 443 West Street Reno, Nevada 89503	0.43 mi. southwest (crossgradient) Case closed 8/23/93

Site Name and Address	Distance/Location
Jack Darnell Property 1165 Buena Vista Avenue Reno, Nevada 89503	0.44 mi. northwest (upgradient) Case closed 8/21/91

Site Name and Address	Distance/Location
Warner Griswold Property 643 Elko Avenue Reno, Nevada 89512	0.44 mi. southeast (downgradient) Case closed 8/4/93

Site Name and Address	Distance/Location
Maren Teilman Residence 1361 Hillside Drive Reno, Nevada 89503	0.45 mi. northwest (upgradient) Case closed 8/6/97

Site Name and Address	Distance/Location
National Bowling Center 350 North Center Street Reno, Nevada 89501	0.45 mi. southeast (downgradient) Case closed 3/26/02

Site Name and Address	Distance/Location
St. Mary's Hospital 440 Elm Street Reno, Nevada 89503	0.46 mi. southwest (crossgradient) Case closed 11/5/97

Site Name and Address	Distance/Location
Saint Mary's Regional Medical Center 420 West 6 th Street Reno, Nevada	0.46 mi. southwest (crossgradient) Case closed 6/10/03

Site Name and Address	Distance/Location
U.S. Bureau of Mines 1605 Evans Avenue Reno, Nevada 89512	0.46 mi. northeast (downgradient) Case closed 10/22/92

Site Name and Address	Distance/Location
Saint Mary's Regional Medical Center 435 West 6 th Street Reno, Nevada 89503	0.47 mi. southwest (crossgradient) Case closed 10/20/92

Site Name and Address	Distance/Location
Saint Mary's Regional Medical Center 428 West 6 th Street Reno, Nevada	0.47 mi. southwest (crossgradient) Case closed 6/10/03

Site Name and Address	Distance/Location
Elko Avenue Properties 550 Elko Street Reno, Nevada	0.47 mi. southeast (downgradient) Case closed 7/19/00

Site Name and Address	Distance/Location
A.B.B. Investments LLC 1032 Ralston Street Reno, Nevada 89503	0.48 mi. northwest (upgradient) Case closed 6/29/06

Site Name and Address	Distance/Location
Butters Property 937 Ralston Street Reno, Nevada	0.49 mi. northwest (upgradient) Case closed 8/7/00

Site Name and Address	Distance/Location
Saint Mary's Regional Medical Center 535 Nevada Street Reno, Nevada 89502	0.50 mi. southwest (crossgradient) Case closed 6/18/03

State and Tribal Registered UST/AST List

NDEP and EPA Region 9 maintain lists of registered underground storage tank (UST) and above ground storage tank (AST) systems in Nevada. Inclusion on this list does not mean there has been a release or that the site is problematic. No sites on this list are located on or adjacent to the Property.

State and Tribal IC/EC List

The State and Tribal IC/EC list is a list of institutional or engineering controls on contaminated sites in Nevada. No sites on this list are located within ¼-mile of the Property.

State and Tribal Brownfields List

The NDEP maintains a list of registered brownfields sites in Nevada. One site on this list is located within ½-mile of the Property. Details follow:

Site Name and Address	Distance/Location
Union 76 Station 0077 103 East 4 th Street Reno, Nevada	0.40 mi. southeast (downgradient) Case closed 6/19/03

4.2 Additional Environmental Records Sources

The additional environmental record sources and search distances are included in the table below.

Table 2: Additional Environmental Record Sources and Approximate Search Distances

Environmental Record Source	Search Radius (miles)
Washoe County UST List	0.50

Washoe County UST List

Washoe County District Health Department Environmental Health Division maintains a record of USTs in Washoe County. Thirteen sites on this list are located within ½-mile of the Property. Details follow:

Site Name and Address	Distance/Location
Jackson Food Stores 901 North Virginia Street Reno, Nevada 89503	0.12 mi. west (crossgradient) Case open

Site Name and Address	Distance/Location
UNR Motor Pool (Old) Evans/Ninth St. Reno, Nevada	0.14 mi. northeast (crossgradient) Case closed

Site Name and Address	Distance/Location
7-Eleven 2204-15099 810 North Sierra Street Reno, Nevada 89503	0.16 mi. southwest (crossgradient) Case closed

Site Name and Address	Distance/Location
Chevron #0735 700 North Sierra Street Reno, Nevada 89503	0.18 mi. southwest (crossgradient) Case closed

Site Name and Address	Distance/Location
North Sierra Bonus #11 707 North Sierra Street Reno, Nevada 89503	0.22 mi. southwest (crossgradient) Case closed

Site Name and Address	Distance/Location
Shell Oil Co. 1 West 6 th Street Reno, Nevada 89501	0.25 mi. southwest (crossgradient) Case closed

Site Name and Address	Distance/Location
Unocal #5984 601 North Sierra Street Reno, Nevada 89503	0.30 mi. southwest (crossgradient) Case closed

Site Name and Address	Distance/Location
Estate-Forest Lovelock 90 East 5 th Street Reno, Nevada 89501	0.32 mi. southeast (downgradient) Case closed

Site Name and Address	Distance/Location
Washoe Fuel Co. 321 East 5 th Street Reno, Nevada 89512	0.34 mi. southeast (downgradient) Case closed

Site Name and Address	Distance/Location
James F. Mayne – Mobile 208 East 4 th Street Reno, Nevada 89501	0.41 mi. southeast (downgradient) Case closed

Site Name and Address	Distance/Location
Exxon-Burnie Oglesby 11 West 4 th Street Reno, Nevada 89503	0.42 mi. southwest (crossgradient) Case closed

Site Name and Address	Distance/Location
Century Spas 415 East 4 th Street Reno, Nevada 89512	0.45 mi. southeast (downgradient) Case closed

Site Name and Address	Distance/Location
Day's Inn 701 East 7 th Street Reno, Nevada 89512	0.46 mi. southeast (downgradient) Case closed

Neither the city fire authority nor the building department maintain environmental records in Reno, Nevada. No additional environmental record sources were available to, or used by, Pezonella Associates during this investigation.

4.3 Physical Setting Sources

Physical setting sources referenced for this investigation were the *Reno, Nev.*, United States Geological Survey 7.5-minute series (topographic) map (1967, photorevised 1982); the *Reno Folio* published by the Nevada Bureau of Mines and Geology; the *Soil Survey of Washoe County, Nevada, South Part* published by the United States Department of Agriculture, Soil Conservation Service (1983), and *Geology and Mineral Deposits of Washoe and Storey Counties, Nevada*, Bulletin 70, published by the Nevada Bureau of Mines & Geology (1969).

4.4 Historical Use Information on the Property and Adjoining Properties

Information concerning the historical use of the Property and adjoining properties was pursued as part of this investigation. Summaries of the sources and information follow.

4.4.1 Aerial Photograph Review

To determine past land use and potential environmental hazards present on the site and surrounding properties, our investigation included a review of historical aerial photographs on file with the Nevada Bureau of Mines and Geology at the University of Nevada Reno. Photographs examined for this study were taken in the years 1939, 1946, 1956, 1959, 1962, 1963, 1966, 1972, 1980, 1988, 1994 and 1999. Aerial photographs taken in 2004, 2006, and 2007 with ½-foot resolution were also reviewed at the City of Reno website (<http://maps.cityofreno.net/public/>). Availability of aerial photographs was the predominant consideration in order to help establish historical uses. Known and reasonably ascertainable aerial photographs were obtained to the earliest date available.

1939 - Photo CDJ 18-23, taken 6/29/39, 20" x 28" black and white photograph, scale approximately 1:8,500. North Virginia Street, North Center Street, and the *University of Nevada* are present. Most development in this part of Reno is south of the university east of Washington Street. Bridges at Arlington, Sierra, Virginia, Center, and Lake Streets are present, as well as the *Virginia & Truckee Railroad* bridge north of Holcomb Avenue. The block between Sierra and Virginia Streets north of 8th Street and south of 9th Street

is developed with what appear to be residences. There is a structure on the western portion of the Property, with what appear to be a yard and parking area to the east, fronting the alley. Interstate 80 does not yet exist. Manzanita Lake is present to the northwest.

1946 - Photo 287 GS-CV, taken 7/10/46, 40" x 40" black and white photograph, scale approximately 1:13,700. The Property and surrounding blocks remain residentially developed. There has been little change from the previous photograph. Reno has expanded to the north and west toward Highland Reservoir, and to Kirman Avenue in the east. Land east of Kirman Avenue to the south is under agricultural use.

1956 - Photo 230 AMS, taken 11/21/56, 40" x 40" black and white photograph, scale approximately 1:15,500. The Property and surrounding parcels remain residentially developed as in the previous photographs. Construction of the agriculture building east of the main quadrangle at UNR is now underway.

1959 - Photo NDOT #1 34/2, taken 6/16/59, 6" x 6" black and white photograph, scale approximately 1:12,000. The Property remains developed with a residential structure on the western portion, and landscaping and parking to the east. Surrounding parcels also contain residential development.

1962 - Photo NHD 207 3-1, taken 3/13/62, 7" x 7" black and white photograph, scale approximately 1:3,650. The building at the Property has been removed. Residential development remains in place on adjacent parcels to the north, south, east, and west.

1963 - Photo NHD 331 19-1, taken 7/15/63, 7" x 7" black and white photograph, scale approximately 1:12,000. The print quality is poor, but it appears that the current structure is in place. Surrounding parcels remain developed as in the previous photographs.

1966 - Photo 1-139 GS-VBMQ, taken 5/21/66, 40" x 40" black and white photograph, scale approximately 1:10,400. Many of the lots between 7th and 8th Streets south of the Property have been cleared, most likely in anticipation of Interstate 80 construction. The current structure is in place at the Property, and residential development remains present on each of the four adjacent lots.

1972 - Slemmons Photo 324 (Reno), taken June, 1972, 10" x 10" black and white photograph, scale approximately 1:12,000. Interstate 80 is under construction through Reno. Crossings are present at Washington, Ralston, Sierra, Virginia, and Center Streets, as well as Valley Road, Wells Avenue and Sutro Street. The highway itself is not yet present. The Property remains

developed with the current structure. Adjacent lots to the north, south, east, and west hold residential development.

1980 - Photo 151-155 HAP 80F, taken 9/4/80, 28" x 28" false color photograph, scale approximately 1:21,000. Current development remains in place on the Property, and on adjacent land. Interstate 80 is complete to the south. McCarran Boulevard is in place from Highway 395 north of Reno to the west and south, and ends at West 4th Street.

1988 - Photo NDOT 1906 28-4, taken 2/5/88, 10" x 10" black and white photograph, scale approximately 1:3,000. The Property remains developed with the current building. The single-family residence formerly adjacent to and north of the Property has been removed, and a parking lot is present. Current structures remain in place to the south, east, and west. A single-family residence and garage remain in place on the southwest corner of the alley east of the Property and East 9th Street, in an area now used for parking.

1994 - Photo NAPP 7385-226, taken 6/21/94, 40" x 40" black and white photograph, scale approximately 1:10,200. The residence and garage on East 9th Street north of the Property have been removed. The Property and surrounding land are in the current configuration.

1999 - Photo NAPP 11553-117, taken 9/11/99, 40" x 40" black and white photograph, scale approximately 1:10,200. The Property and vicinity are in the current configuration.

2004 - USGS Orthophoto, variable scale, ½-foot resolution. The Property and vicinity are in the current configuration.

2006 - USGS Orthophoto, variable scale, ½-foot resolution. The Property and vicinity are in the current configuration.

2007 - USGS Orthophoto, variable scale, ½-foot resolution. The Property and vicinity are in the current configuration.

4.4.2 Nevada Historical Society

An investigation into past uses of the Property and adjoining properties was conducted at the Nevada Historical Society office in Reno, Nevada. Aerial photography, Polk's City Directories, and Sanborn Fire Insurance Maps were the primary sources of information on former uses of the Property. Polk's City Directories reviewed as part of this investigation included those for the years 1933, 1937, 1939, 1941, 1944, 1948, 1952, 1956, 1960, 1964, 1968, 1972, 1976, 1980, 1984, 1987-1988, 1991, 1994, 1997, 2000, 2003, 2006, and 2008. Sanborn Fire Insurance Maps reviewed as part of this investigation were dated 1904, 1918-1933, 1918-1953, and 1955-1972.

4.5 Historical Use of the Property

The 1904 Sanborn Fire Insurance Map (Sanborn Map) shows the west side of North Center Street to be developed with single-family residences at 801, 805, 807, 809, 811, 813, and 815 North Center Street. On the east side, the lot on the northeast corner of North Center Street and East 8th Street was developed, and held a residence at 802 North Center Street. The southeast corner of North Center Street and East 9th Street was also developed, and held a residence at 100 East 9th Street. The Property and adjacent lots were vacant and undeveloped. The lots adjacent to and east of the Property on the west side of Lake Street were also vacant and undeveloped.

Both the 1918-1933 and the 1918-1953 Sanborn Maps show a structure on the Property, which at that time had the address of 826 North Center Street. The Sanborn Maps both label the structure "Frat Ho", presumably short for "fraternity house." Polk's City Directories from 1933 through 1948 indicate the Property was at that time occupied by the Sigma Nu fraternity. It should also be noted that although the 1904 Sanborn Map indicates the Property to be on Center Street, Polk's City Directories dated 1933 through 1956 and the later Sanborn Maps indicate the street was named University Avenue for some time before reverting to Center Street.

The fraternity house was visible on the Property in the 1959 aerial photograph, but had been removed by March, 1962. The current structure was erected in 1963, and the address of the parcel changed to 830 North Center Street. Listings at the Property from 1964 through 1994 are for the *College Manor Apartments*. The name is not retained in subsequent Polk's City Directories.

4.6 Historical Use of Adjoining Properties

Former uses of adjacent properties follow:

- *North* - Adjacent to and north of the Property is a paved parking lot between North Center Street and the alley west of the Property. The address of the parcel is 836 North Center Street. It is on APN 007-222-19. The lot was developed with a residential structure sometime between 1904 and 1933, originally at 834 North Center Street. The 1918-1933 Sanborn Map indicates the parcel held "furn rms" – most likely "furnished rooms." The building remained on the Property until sometime between 1980 and 1988, when it was removed and replaced by the current parking lot.
- *South* - Adjacent to and south of the Property is a single-family residential structure at 820 North Center Street on APN 007-222-12. The lot was vacant and undeveloped in 1904. County records indicate the current structure was built in 1928.
- *East* - Adjacent to and east of the Property is an alley. East of the alley are two residential structures at 829 and 829½ Lake Street on APN 007-222-05. The lot appears to have been developed around the same time as the surrounding land, in the late 1920's.

- *West* - Adjacent to and west of the Property is North Center Street. Across the street is single-family residential development at 829 North Center Street on APN 007-183-07. The 1904 Sanborn Map indicates the address of the building at that time was 809 North Center Street. County records indicate the structure was originally constructed in 1895.

5.0 SITE RECONNAISSANCE

5.1 Methodology and Limiting Conditions

A representative of Pezonella Associates visited the Property on October 27, 2008 to conduct a site walk and search for visible unreported conditions that might represent an environmental concern. The inspection included examination of the Property and surrounding properties.

5.2 General Site Setting

The site is located in the Truckee Meadows, slightly northwest of downtown Reno. The vicinity is a mixture of residential and commercial development.

5.3 Site Observations

5.3.1 Physical Setting

The Truckee Meadows is a structural basin bound by Peavine Mountain, Steamboat Hills, the Virginia Range and the Sierra Nevada to the north, south, east and west, respectively. The basin is transitional between the Basin and Range physiographic province to the east and the Sierra Nevada to the west. The geologic structure of the area is characterized by high-angle extensional normal faults trending in a north-northeast direction. The Truckee Meadows is a down-dropped graben with neighboring horsts to the east and west.

The *Reno Folio Geologic Map* (Bonham and Bingler 1973) indicates the primary geologic material at the Property to be Quaternary-age *Tahoe outwash* (Qto). The material is described as "boulder to cobble gravel, sandy gravel, and gravely sand. Contains giant boulders. Rock clasts are rounded to subrounded and, in decreasing order of abundance, are granitic, volcanic, and metamorphic."

The *Reno Folio Hydrologic Map* (Cooley, Spane, and Scheibach, 1974) indicates depth to water at the Property is 40 to 60 feet below ground surface.

5.3.2 Solid Waste Disposal

Solid waste disposal at the Property is provided through normal, municipal processes. No other provisions for solid waste disposal were observed during the site walk.

5.3.3 Sewage Discharge & Disposal

Washoe County Assessor's Office records indicate the Property is connected to the municipal sewer and water systems. No other provisions for sewage discharge or disposal were observed during the site walk.

5.3.4 Surface Water Drainage

The *Reno Folio Slope Map* (USGS 1973) indicates native grade at the Property is in the range of zero to five percent. No surface water was observed on the Property during the site walk.

5.3.5 Heating & Cooling

The individual units at the Property are heated using ⁶⁰²⁻electricity. There are separate, wall-mounted air conditioners in each unit. No other provisions for heating or cooling were observed during the site walk.

5.3.6 Wells & Cisterns

No water wells or evidence of water wells were observed on the Property during the site walk.

5.3.7 Wastewater

No discharges of wastewater were observed from or onto the Property during the site walk.

5.3.8 Hazardous Materials & Petroleum Products

No hazardous materials or petroleum products were observed on the Property during the site walk.

5.3.9 Labeled Containers & Drums

No labeled containers or drums greater than five gallons in volume were observed on the Property during the site walk.

5.3.10 Unlabeled Containers & Drums

No unlabeled containers or drums greater than five gallons in volume were observed on the Property during the site walk.

5.3.11 Disposal of Regulated and/or Hazardous Wastes

No disposal of regulated or hazardous wastes was observed on the Property during the site walk.

5.3.12 Evidence of Releases

No evidence of releases was observed on the Property during the site walk.

5.3.13 Polychlorinated Biphenyls (PCBs)

Pole-mounted electrical equipment is present near the eastern Property boundary. Dielectric fluid in such equipment can contain PCBs. No other potential sources of PCBs were observed on the Property during the site walk.

5.3.14 Landfills

Review of the state and tribal list of registered landfill and solid waste disposal sites indicates no landfills are located within ½-mile of the Property. There does not appear to be unauthorized or uncontrolled waste disposal on the Property.

5.3.15 Pits, Sumps, Drywells, & Catchbasins

A sump is present in a storage space in the basement of the Property. The Property owner indicated it was plumbed to the municipal sewer system. No other pits, sumps, drywells or catchbasins were observed on the Property during the site walk.

5.3.16 On-site USTs & ASTs

No underground storage tanks, fill pipes or vent pipes were observed on the Property during the site walk.

5.3.17 Radiological Hazards

No radiological equipment or devices were reported or observed on the Property during the site walk.

5.3.18 Additional Assessment Concerns

During the site reconnaissance and interview process, various miscellaneous assessment concerns were addressed. These concerns included strong odors, interior pools of liquid, stains or corrosion on floors, walls, or ceilings, floor drains, stained soil or pavement, and stressed vegetation. None were noted.

6.0 INTERVIEWS

6.1 Interview with Owner

Washoe County Assessor's Office records indicate the Property is owned by the *Sano Investment Group LLC* of Reno, Nevada. Mr. Allan Zane of *Remcor Real Estate* was identified as the representative of the Property owner. A Phase 1 ESA *Owner/Occupant Site History Questionnaire* was submitted to Mr. Zane, who completed and returned it, raising no additional concerns about the Property. A copy of the completed *Questionnaire* is included in Appendix B.

6.2 Interview with Site Manager

The Owner was also identified as the site manager for the purposes of this investigation. No interviews with other site managers were conducted.

6.3 Interviews with Occupants

The Property holds an apartment building. There was no attempt to identify or interview the apartment occupants as part of this investigation.

6.4 Interviews with Local Government Officials

A file review was conducted at the Washoe County District Health Department office in Reno as part of this investigation. No records of releases or environmental issues at the Property were encountered. In addition, no records of releases or environmental issues at the Property were encountered through contact with representatives of the Nevada Bureau of Environmental Protection or the Nevada Bureau of Mines & Geology during this investigation.

6.5 Interviews with Others

A Phase 1 ESA *User Questionnaire* was submitted to and returned by Mr. Daryl Drake as representative of the *User* of this document. The *Questionnaire* raised no additional concerns about the Property. A copy of the completed *Questionnaire* is attached in Appendix B. No additional interviews were conducted as part of this investigation.

7.0 FINDINGS

The Property appears to have been originally developed between 1904 and 1933 as a fraternity house. The structure was removed from the Property between 1959 and 1962, and replaced in 1963 by the current structure. Pole-mounted electrical equipment is present near the eastern Property boundary. Dielectric fluid in equipment such as this can contain PCBs.

Thirty-nine sites on the State and Tribal Leaking Underground Storage Tank list are within ½-mile of the Property. Thirteen sites within the same radius are on the Washoe County Underground Storage Tank list. One site on the State and Tribal Brownfields list is within ½-mile of the Property. Twenty-one sites within one mile of the Property are on the State and Tribal Corrective Actions Sites list.

8.0 OPINION

A *recognized environmental condition* means the presence or likely presence of any hazardous substances or petroleum products under conditions that indicate an existing release, a past release, or a material threat of a release of any hazardous substances or petroleum products into structures on the Property or into the ground, ground water, or surface water of the Property. The term includes hazardous substances or petroleum products even under conditions in compliance with laws. The term is not intended to include *de minimis* conditions that generally do not present a threat to human health or the environment and that generally would not be the subject of an enforcement action if brought to the attention of appropriate governmental agencies. Conditions determined to be *de minimis* are not recognized environmental conditions.

Pole-mounted electrical equipment is present on the Property. The equipment appears to be owned by *Sierra Pacific Power Company* (now *NV Energy*). It is their policy to accept responsibility for remediation and disposal of PCB materials that may be released from their equipment. No evidence of releases from the equipment was observed during the site walk. It is consequently our opinion the electrical equipment does not constitute a recognized environmental condition in connection with the Property.

Thirty-nine sites on the State and Tribal Leaking Underground Storage Tanks list, and thirteen sites on the Washoe County Underground Storage Tanks list are within ½-mile of the Property. All of the cases on the State and Tribal Leaking Underground Storage Tanks list, and all but one of the cases on the Washoe County Underground Storage Tanks list are closed. The open case, *Jackson Food Stores*, is located on North Virginia Street at 9th Street, west of and hydraulically crossgradient from the Property. Based on case closures and the favorable groundwater gradient, it is our opinion concerns at sites on the State and Tribal Leaking Underground Storage Tanks list and the Washoe County Underground Storage Tanks list are not recognized environmental conditions in connection with the Property.

One site on the State and Tribal Brownfields list is within ½-mile of the Property. The site, a former *Unocal* station, is approximately four-tenths of a mile southeast of the Property, in the hydraulically downgradient direction. Based on the distance to the site and the favorable groundwater gradient, it is our opinion concerns at the Brownfields site are not recognized environmental conditions in connection with the Property.

Twenty-one sites on the State and Tribal Corrective Actions Sites list are located within one mile of the Property. Eighteen of the cases have been closed by the applicable regulatory authority, and each of the three remaining cases is approximately ½-mile away and hydraulically downgradient from the Property. Based on case closures, distances from the

open sites, and the favorable groundwater gradient, it is our opinion concerns at sites on the State and Tribal Corrective Actions Sites list are not recognized environmental conditions in connection with the Property.

9.0 CONCLUSIONS

Pezonella Associates, Inc. has performed a Phase 1 Environmental Site Assessment in general conformance with the scope and limitations of ASTM Practice E 1527-05 at 830 North Center Street in Reno, Nevada. The current Washoe County Assessor's Office parcel number for the Property is 007-222-13. Any exceptions to, or deletions from, this practice are described in Section 10.0 of this report.

This assessment has revealed no evidence of recognized environmental conditions in connection with the Property.

10.0 DEVIATIONS

Pezonella Associates, Inc. has performed a Phase 1 Environmental Site Assessment without any exceptions to, or deletions from the *Standard Practice for Environmental Site Assessments: Phase 1 Environmental Site Assessment Process*, ASTM Designation E 1527-05. Limitations of the investigation are indicated in Section 1.4 of this report.

11.0 ADDITIONAL SERVICES

No additional services were requested or performed during this investigation.

12.0 REFERENCES

Bonham, H.F. Jr. and E.C. Bingler. *Reno Folio Geologic Map*. 1:24,000. Reno: Nevada Bureau of Mines & Geology, University of Nevada, Reno, 1973.

Bonham, Harold F. *Geology and Mineral Deposits of Washoe and Storey Counties, Nevada*. Reno: Nevada Bureau of Mines & Geology, Bulletin 70, University of Nevada, Reno, 1969.

Cooley, R.L., F.A. Spane Jr., and R.B. Scheibach. *Reno Folio Hydrologic Map*. 1:24,000. Reno: Nevada Bureau of Mines & Geology, University of Nevada, Reno, 1974.

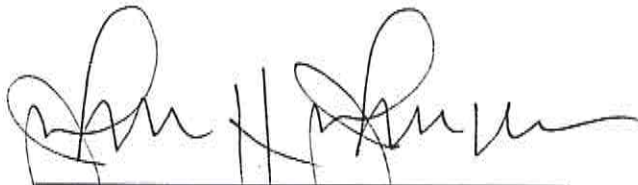
United States Department of Agriculture, Soil Conservation Service. *Soil Survey of Washoe County, Nevada, South Part*. Washington: U.S. Government Printing Office, 1983.

United States Geological Survey. *Reno Folio Slope Map*. 1:24,000. Denver: USGS, 1973.


———. *Reno Quadrangle*. 7.5-minute series map (topographic). 1:24,000. Denver: USGS, 1994.

13.0 SIGNATURES OF ENVIRONMENTAL PROFESSIONALS

The work performed for this Phase 1 Environmental Site Assessment was performed by the following personnel:



 John H. Johnson, P.E.
 Senior Geologist, EM-1507



 Raymond M. Pezonella, P.E.
 President

14.0 QUALIFICATIONS OF ENVIRONMENTAL PROFESSIONALS

	Professional Registrations
John H. Johnson	<i>Certified Environmental Manager: Nevada (EM-1507)</i> <i>Registered Geologist: Arizona (31007), Oregon (G1803)</i> <i>Professional Geologist: California (6969), Idaho (988), Wyoming (PG-2557)</i> <i>Professional Engineer: Nevada (15271)</i> <i>Asbestos Abatement Consultant: Nevada (10454)</i>
Raymond M. Pezonella	<i>Professional Engineer: Nevada (4186), California (26014), Idaho (3499), Oregon (9977), Utah (4896), Wyoming (3797), Georgia (20806)</i> <i>Professional Geotechnical Engineer: California (685)</i> <i>Environmental Engineer: Oregon</i>

We declare that, to the best of our professional knowledge and belief, we meet the definition of *environmental professional* as defined in §312.10 of 40 CFR 312.

We have the specific qualifications based on education, training, and experience to assess a property of the nature, history, and setting of the Property. We have developed and performed the *all appropriate inquiries* in conformance with the standards and practices set forth in 40 CFR Part 312.

Q&D Construction – 867-125K
Phase 1 ESA, 830 North Center Street
November 13, 2008

Pezonella Associates, Inc.

15.0 DISTRIBUTION

Mr. Joel Anderson
Q&D Construction Inc.
1050 South 21st Street
Sparks, Nevada 89431

VOICE (775) 786-2677
FAX (775) 786-5136

1 bound original
1 unbound original
1 bound copy

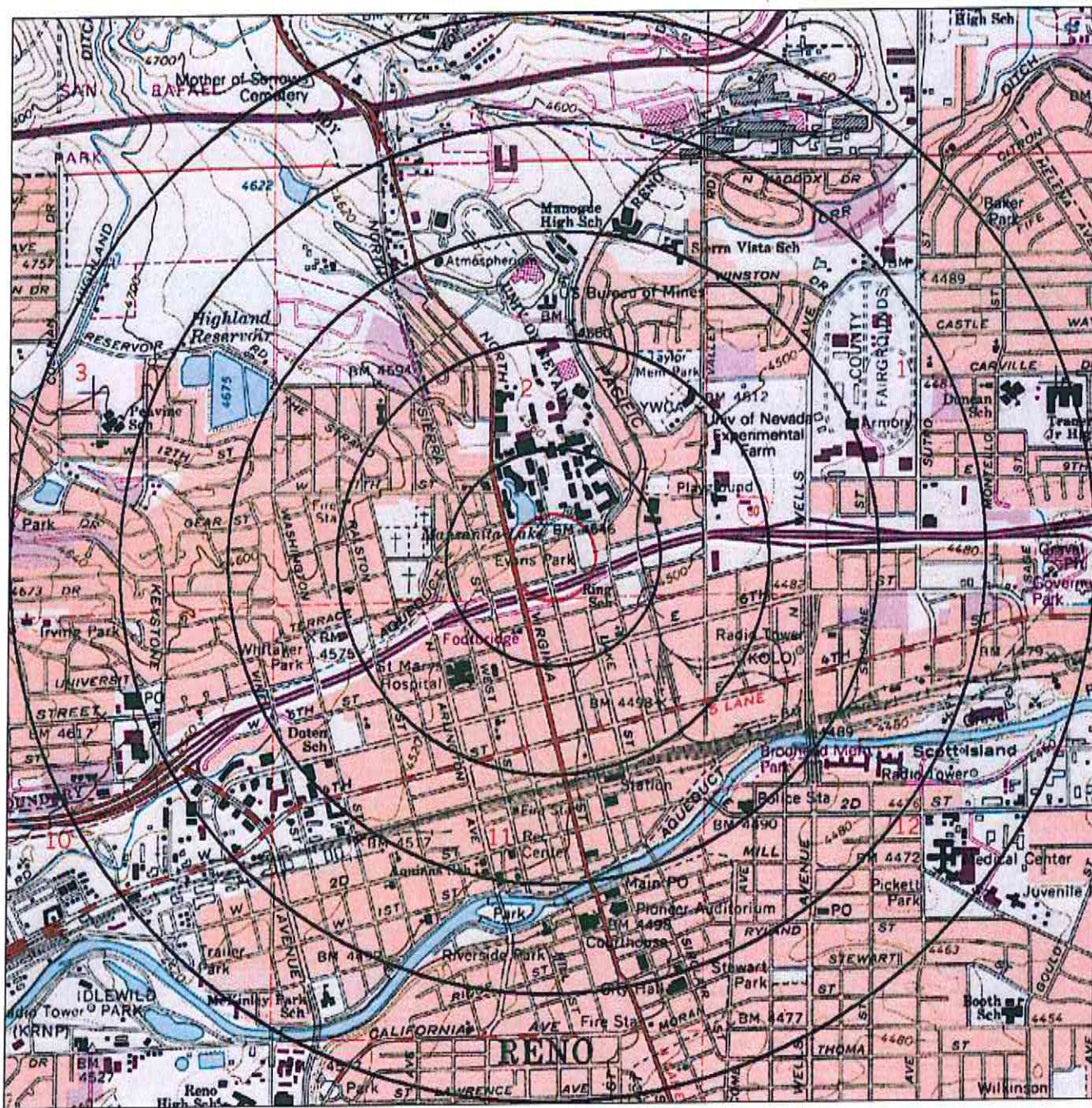
APPENDIX A

Vicinity and Parcel Maps

Site Location Map

Topo : 1.25 Mile Radius

830 NORTH CENTER ST, RENO NV 89501



SOURCE: SCANNED USGS TOPOGRAPHIC QUADRANGLES
 SCANNED BY MAPTECH AND USGS
 DISTRIBUTED AUGUST, 2005.

Black Rings Represent 1/4 Mile Radii; Red Ring Represents 500 ft. Radius



Data Supplied by:

Prepared by FirstSearch Technology Corporation 10-27-08

JOB NO.
867.124K



Map Name: RENO
 Main Reference Code: 39119-E7-TF-024

Date Created: 1967

Date Revised: 1982

INVESTMENT AND FACILITIES COMMITTEE 12/03/15 Ref. IF-2f, Page 140 of 191

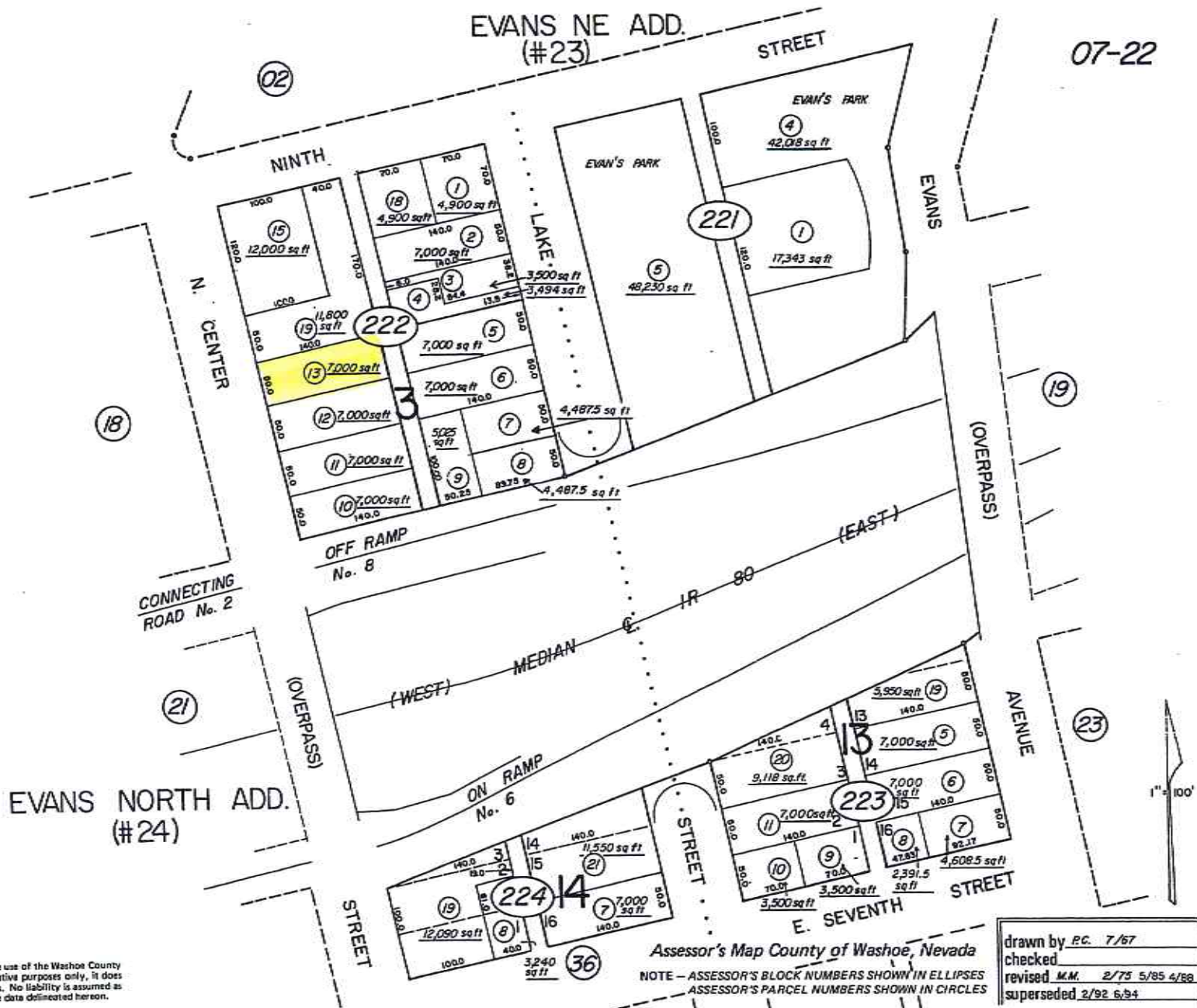
Contour Interval: 20 feet

FIGURE NO.

1

EVANS NE ADD.
 (#23)

07-22



NOTE: This Map is prepared for the use of the Washoe County Assessor for Assessment and illustrative purposes only, it does not represent survey of the premises. No liability is assumed as to the sufficiency or accuracy of the data delineated herein.

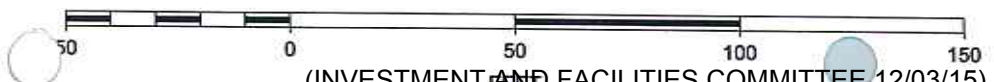
Assessor's Map County of Washoe, Nevada

NOTE - ASSESSOR'S BLOCK NUMBERS SHOWN IN ELLIPSES
 ASSESSOR'S PARCEL NUMBERS SHOWN IN CIRCLES

drawn by P.C. 7/67
checked
revised M.M. 2/75 5/85 4/88
superseded 2/92 6/94



SCALE 1 : 512



APPENDIX B

Phase 1 ESA *Owner/Occupant Site History Questionnaire*
Phase 1 ESA *User Questionnaire*

Phase 1 ESA Owner/Occupant Site History Questionnaire
 Please comment on any "Yes" answers on the attached sheet

Property: 830 North Center Street, Washoe County APN 007-222-13, Reno, Nevada

- | | | | |
|--|-----|-------------------------------------|--|
| 1. Is the Property or any adjoining property used for an industrial or manufacturing use? | Yes | <input checked="" type="radio"/> No | Unknown |
| 2. Has the Property or any adjoining property been used for an industrial or manufacturing use in the past? | Yes | <input checked="" type="radio"/> No | <input checked="" type="radio"/> Unknown |
| 3. Are there now or have there been pesticides, automotive or industrial batteries, paints, or other chemicals used at the Property or stored in containers over 5 gallons in size? | Yes | <input checked="" type="radio"/> No | Unknown |
| 4. Are there now, or have there been drums or sacks of chemicals used or stored at the Property? | Yes | <input checked="" type="radio"/> No | Unknown |
| 5. Has fill dirt been brought onto the Property which originated from a contaminated site or is of unknown origin? | Yes | <input checked="" type="radio"/> No | Unknown |
| 6. Are there now, or have there been pits, ponds, or lagoons located on the Property used in connection with waste disposal? | Yes | <input checked="" type="radio"/> No | Unknown |
| 7. Is there or has there been stained soil on the Property? | Yes | <input checked="" type="radio"/> No | Unknown |
| 8. Are there now or have there been any registered or unregistered storage tanks (above or below ground) on the Property? | Yes | <input checked="" type="radio"/> No | Unknown |
| 9. Are there now or have there been any vent pipes, fill pipes, or access ways indicating a fill pipe protruding from the ground on the Property or adjacent to any structure on the Property? | Yes | <input checked="" type="radio"/> No | Unknown |
| 10. Are there now or have there been any flooring, drains, or walls located on the Property that are stained by substances other than water or are emitting foul odors? | Yes | <input checked="" type="radio"/> No | Unknown |
| 11. If the Property is served by a private well or non-public water system, has the well or system ever been designated as contaminated by any government or health agency? | Yes | <input checked="" type="radio"/> No | Unknown |
| 12. Are there now or have there been transformers, capacitors, or hydraulic equipment at the Property for which there are any records indicating the presence of PCBs? | Yes | <input checked="" type="radio"/> No | Unknown |
| 13. Do you have any knowledge of environmental liens or governmental notification relating to past or recurrent violations of environmental laws with respect to the Property? | Yes | <input checked="" type="radio"/> No | |
| 14. Do you have any knowledge of the existence of past or current hazardous substances or environmental violations with respect to the Property? | Yes | <input checked="" type="radio"/> No | |
| 15. Do you have any knowledge of a previous environmental assessment of the Property that indicated the presence of hazardous substances on the site or recommended further assessment of the Property? | Yes | <input checked="" type="radio"/> No | |
| 16. Do you have any knowledge of past, threatened or pending lawsuits or administrative proceedings concerning a release or threatened release of a hazard substance or petroleum product involving the Property by the owner or occupant of the Property? | Yes | <input checked="" type="radio"/> No | |
| 17. Do you have any knowledge of any hazardous substances, waste materials, tires, automotive or industrial batteries or other refuse dumped above grade, buried, or burned at the Property? | Yes | <input checked="" type="radio"/> No | |

COMPLETED BY:

Name: Allen Zane

Title: President

Date: 10/26/2008

Company: SAND Investment Group, LLC

Signature: [Handwritten Signature]

Years as Owner/Occupant: 3+

Pezonella Associates, Inc.

Property: 830 North Center Street, Washoe County APN 007-222-13, Reno, Nevada

COMMENTS on "YES" answers from previous sheet:

Please complete and return to Pezonella Associates at your earliest convenience. Thank you.

Pezonella Associates
Attn: John H. Johnson
VOICE: (775) 856-5566
FAX: (775) 856-6042

Phase 1 ESA User Questionnaire

In order to qualify for one of the *Landowner Liability Protections* offered by the Small Business Liability Relief and Brownfields Revitalization Act of 2001, the *user* must provide the following information (if available) to the *environmental professional*. Failure to provide this information could result in a determination that "all appropriate inquiry" is not complete.

Property: 830 North Center Street, Washoe County APN 007-222-13, Reno, Nevada

1. **Environmental cleanup liens that are filed or recorded against the site (40 CFR 312.25).**
Are you aware of any environmental cleanup liens against the Property that are filed or recorded under federal, tribal, state or local law? YES or NO. (If "yes", please comment on following page.) *Not aware of any. (No)*

2. **Activity and land use limitations that are in place on the site or that have been filed or recorded in a registry (40 CFR 312.26).**
Are you aware of any activity and land use limitations, such as engineering controls, land use restrictions or institutional controls that are in place at the Property and/or have been filed or recorded in a registry under federal, tribal, state or local law? YES or NO. (If "yes", please comment on following page.) *No*

3. **Relationship of the purchase price to the fair market value of the Property if it were not contaminated (40 CFR 312.29).**
Does the purchase price being paid for this Property reasonable reflect the fair market value of the Property? YES or NO. If you conclude that there is a difference, have you considered whether the lower purchase price is because contamination is known or believed to be present at the Property? *YES*

4. **Commonly known or reasonably ascertainable information about the Property (40 CFR 312.30).**
Are you aware of commonly known or reasonably ascertainable information about the Property that would help the environmental professional to identify conditions indicative of releases or threatened releases? For example, as user,
(a.) Do you know the past use of the Property? *Only the existing use.*
(b.) Do you know of specific chemical releases that are present or once were present at the Property? *No.*
(c.) Do you know of spills or other chemical releases that have taken place at the Property? *No.*
(d.) Do you know of any environmental cleanups that have taken place at the Property? *No.*
(If any of the above are "yes", please comment on following page.)

5. **The degree of obviousness of the presence or likely presence of contamination at the Property, and the ability to detect the contamination by appropriate investigation (40 CFR 312.31).**
As the user of this ESA, based on your knowledge and experience related to the Property are there any obvious indicators that point to the presence or likely presence of contamination at the Property? YES or NO. (If "yes", please comment on following page.) *No.*

COMPLETED BY:

Name: Daryl E. Drake

Title: Agent for an undisclosed buyer

Date: 10/27/08

Signature: Daryl E. Drake

Pezonella Associates, Inc.

Property: 830 North Center Street, Washoe County APN 007-222-13, Reno, Nevada

COMMENTS on answers from previous sheet:

Please complete and return to Pezonella Associates at your earliest convenience. Thank you.

**Pezonella Associates
Attn: John H. Johnson
VOICE: (775) 856-5566
FAX: (775) 856-6042**

NOV - 3 2008

Bulk Sample Short Report

Date of Report: 10-30-08

Date of Inspection: 10-28-08

Company/Client: Q & D Construction

Address: P.O. Box 10865

City, State & Zip: Reno, NV 89510

Building Name:

Building Address: 830 North Center Street, Reno, NV

Area of Building Inspected: Random Sample Collections

A survey was performed at 830 North Center Street on October 28, 2008. The inspection involved the random collection of 21 bulk samples from within three apartments at the complex. The suspect asbestos containing materials that were sampled include wall texture, ceiling texture, joint compound and linoleum flooring. The laboratory analysis shows that samples of the wall/ceiling texture and the joint compound within all three apartments contain 1-5% Chrysotile asbestos. The wall/ceiling texture and joint compound are regulated asbestos containing materials and must be removed by an asbestos abatement contractor prior to any disturbance by renovation or demolition activities.

It must also be noted that this inspection was performed in a random and limited manner, and if future plans for the building will involve complete demolition, additional inspections and bulk sample collections will be required in the areas not previously inspected.

Asbestos Overview

Environmental regulatory agencies and health professionals consider any substance with an asbestos content of one percent or greater to pose a significant health hazard in the event of disturbance.

Asbestos was used in a wide variety of building materials, such as thermal or acoustical insulators or as a binder for tensile strength. Some examples of where asbestos can be found include spray acoustic on ceilings, wall textures, joint compounds, floor tiles, linoleum flooring and the mastic used to adhere the flooring. Because asbestos containing building materials are still being manufactured, mainly in other countries, all building materials that will be disturbed by renovation or demolition activities should be tested for asbestos content.

The inspection that was performed involved only the areas that the client requested and the delivery of this report does not guarantee that all asbestos was identified or that all suspect asbestos containing materials were sampled within the building.

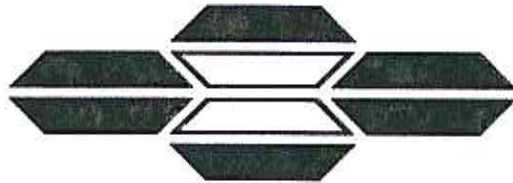
Submitted by:



Lisa D. Monroe, Owner

Lisa Monroe & Associates

NV DIROSHES: IJPM0061



ASBESTOS TEM LABORATORIES, INC.

**EPA Method 600/R-93/116
Polarized Light Microscopy
Analytical Report**

Report No. 110954

1350 Freeport Blvd., Unit 104
Sparks, NV 89431
(775) 359-3377
FAX (775) 359-2798

With Main Office Located At:
630 Bancroft Way, Berkeley, CA 94710
Ph. (510) 704-8930 Fax (510) 704-8929



ASBESTOS TEM LABORATORIES, INC

Accredited by
U.S. Dept. of Commerce
NVLAP
NVLAP Lab Code 200104-0

Oct-30-08

Ms. Lisa Monroe
Lisa Monroe & Associates
P.O. Box 2252
Sparks, NV 89432

RE: LABORATORY JOB # 913-###
Polarized light microscopy analytical results for 20 bulk sample(s) with 1 sample split(s)
Job Site: 830 North Center Street
Job No.: 08-NV-7337
Report No.: 110954

Enclosed please find the bulk material analytical results for one or more samples submitted for asbestos analysis. The analyses were performed in accordance with EPA Method 600/R-93/116 or 600/M4-82-020 for the determination of asbestos in bulk building materials by polarized light microscopy (PLM). Please note that while PLM analysis is commonly performed on non-friable and fine grained materials such as floor tiles and dust, the EPA method recognizes that PLM is subject to limitations. In these situations, accurate results may only be obtainable through the use of more sophisticated and accurate techniques such as transmission electron microscopy (TEM) or X-ray diffraction (XRD).

Prior to analysis, samples are logged-in and all data pertinent to the sample recorded. The samples are checked for damage or disruption of any chain-of-custody seals. A unique laboratory ID number is assigned to each sample. A hard copy log-in sheet containing all pertinent information concerning the sample is generated. This and all other relevant paper work are kept with the sample throughout the analytical procedures to assure proper analysis.

Each sample is opened in a class 100 HEPA negative air hood. A representative sampling of the material is selected and placed onto a glass microscope slide containing a drop of refractive index oil. The glass slide is placed under a polarizing light microscope where standard mineralogical techniques are used to analyze and quantify the various materials present, including asbestos. The data is then compiled into standard report format and subjected to a thorough quality assurance check before the information is released to the client.

For possible future reference, samples are normally kept on file for one year.

Sincerely Yours,

Lab Manager
ASBESTOS TEM LABORATORIES, INC.

--- These results relate only to the samples tested and must not be reproduced, except in full, with the approval of the laboratory. This report must not be used to claim product endorsement by NVLAP or any other agency of the U.S. Government. ---



POLARIZED LIGHT MICROSCOPY ANALYTICAL REPORT

Contact: Ms. Lisa Monroe	Samples Indicated: 20	Report No. 110954
Address: Lisa Monroe & Associates	Reg. Samples Analyzed: 20	Date Submitted: Oct-28-08
P.O. Box 2252	Split Layers Analyzed: 1	Date Reported: Oct-30-08
Sparks, NV 89432	Job Site / No. 830 North Center Street	
	08-NV -7337	

SAMPLE ID	% ASBESTOS TYPE	OTHER DATA		DESCRIPTION
		1) Non-Asbestos Fibers 2) Matrix Materials 3) Date/Time Collected 4) Date Analyzed		FIELD LAB
NV-7337-1. Lab ID # 913-01910-001	None Detected	1)None Detected 2)99-100% Calc, Mica, Other m.p.	3) 4) Oct-30-08	Basement - Laundry, Texture Texture-Off-White
NV-7337-2. Lab ID # 913-01910-002	None Detected	1)None Detected 2)99-100% Calc, Mica, Other m.p.	3) 4) Oct-30-08	Basement - Laundry, Texture Texture-Off-White
NV-7337-3. Lab ID # 913-01910-003	1-5% Chrysotile	1)None Detected 2)95-99% Calc, Mica, Other m.p.	3) 4) Oct-30-08	#1 - Ceiling, Texture Texture-Off-White
NV-7337-4. Lab ID # 913-01910-004	1-5% Chrysotile	1)None Detected 2)95-99% Calc, Mica, Other m.p.	3) 4) Oct-30-08	#1 - Hall, Texture Texture-Off-White
NV-7337-5. Lab ID # 913-01910-005	1-5% Chrysotile	1)None Detected 2)95-99% Calc, Mica, Other m.p.	3) 4) Oct-30-08	#1 - Closet, Texture Texture-Off-White
NV-7337-6. Lab ID # 913-01910-006	1-5% Chrysotile	1)None Detected 2)95-99% Calc, Mica, Other m.p.	3) 4) Oct-30-08	#1 - Hall, Joint Compound Mud-Off-White
NV-7337-7. Lab ID # 913-01910-007	None Detected	1)None Detected 2)99-100% Calc, Gyp, Other m.p.	3) 4) Oct-30-08	#1 - Southeast Room, Joint Compound Mud-Off-White
NV-7337-8. Lab ID # 913-01910-008	None Detected	1)None Detected 2)99-100% Calc, Gyp, Other m.p.	3) 4) Oct-30-08	#1 - Southwest Room, Joint Compound Mud-Off-White
NV-7337-9. Lab ID # 913-01910-009	1-5% Chrysotile	1)None Detected 2)95-99% Calc, Mica, Other m.p.	3) 4) Oct-30-08	#2 - Ceiling, Texture Texture-Off-White
NV-7337-10. Lab ID # 913-01910-010	None Detected	1)None Detected 2)99-100% Calc, Gyp, Other m.p.	3) 4) Oct-30-08	#2 - Storage, Texture Texture-Off-White

Detection Limit of Method is Estimated to be 1% Asbestos Using a Visual Area Estimation Technique

Lab Manager C. Neil Upchurch Analyst C. Neil Upchurch
 ASBESTOS TEM LABORATORIES, INC. 1350 Freeport Blvd., Unit 104, Sparks, NV 89431 (775) 359-3377
 With Main Office in Berkley, CA (510) 704-8930



POLARIZED LIGHT MICROSCOPY ANALYTICAL REPORT

Contact: Ms. Lisa Monroe	Samples Indicated: 20	Report No. 110954
Address: Lisa Monroe & Associates	Reg. Samples Analyzed: 20	Date Submitted: Oct-28-08
P.O. Box 2252	Split Layers Analyzed: 1	Date Reported: Oct-30-08
Sparks, NV 89432	Job Site / No. 830 North Center Street	
	08-NV -7337	

SAMPLE ID	% ASBESTOS TYPE	OTHER DATA		DESCRIPTION
		1) Non-Asbestos Fibers	2) Matrix Materials	FIELD
		3) Date/Time Collected	4) Date Analyzed	LAB
NV-7337-11. Lab ID # 913-01910-011	None Detected	1)None Detected 2)99-100% Calc, Mica, Other m.p.	3) 4)Oct-30-08	#2 - Northwest Closet, Texture Texture-Off-White
NV-7337-12. Lab ID # 913-01910-012	1-5% Chrysotile	1)None Detected 2)95-99% Calc, Mica, Other m.p.	3) 4)Oct-30-08	#2 - Northeast Closet, Texture Texture-Off-White
NV-7337-13. Lab ID # 913-01910-013	None Detected	1)None Detected 2)99-100% Calc, Gyp, Other m.p.	3) 4)Oct-30-08	#2 - Northwest Closet, Joint Compound Mud-Off-White
NV-7337-14. Lab ID # 913-01910-014	None Detected	1)None Detected 2)99-100% Calc, Other m.p.	3) 4)Oct-30-08	#2 - Living Room, Joint Compound Mud-Off-White
NV-7337-15. Lab ID # 913-01910-015A	None Detected	1)70-90% Cellulose, Synthetics 2)10-30% Bndr, Other m.p.	3) 4)Oct-30-08	#2 - Floors, Tan Linoleum & Glue Sheet Floor Backing-Grey
NV-7337-15. Lab ID # 913-01910-015B	None Detected	1)None Detected 2)99-100% Bndr, Calc, Other m.p.	3) 4)Oct-30-08	#2 - Floors, Tan Linoleum & Glue Glue-Yellow
NV-7337-16. Lab ID # 913-01910-016	None Detected	1)None Detected 2)99-100% Calc, Mica, Other m.p.	3) 4)Oct-30-08	#5 - Living Room, Texture Texture-Off-White
NV-7337-17. Lab ID # 913-01910-017	None Detected	1)None Detected 2)99-100% Calc, Mica, Other m.p.	3) 4)Oct-30-08	#5 - Northeast Room, Texture Texture-Off-White
NV-7337-18. Lab ID # 913-01910-018	None Detected	1)None Detected 2)99-100% Calc, Mica, Other m.p.	3) 4)Oct-30-08	#5 - Southeast Closet, Texture Texture-Off-White
NV-7337-19. Lab ID # 913-01910-019	None Detected	1)None Detected 2)99-100% Calc, Gyp, Other m.p.	3) 4)Oct-30-08	#5 - Southeast Room, Joint Compound Mud-Off-White

Detection Limit of Method is Estimated to be 1% Asbestos Using a Visual Area Estimation Technique

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 With Main Office in Berkley, CA (510) 704-8930

**POLARIZED LIGHT MICROSCOPY
ANALYTICAL REPORT**

EPA Method 600/R-93/116 or 600/M4-82-020

Contact: Ms. Lisa Monroe	Samples Indicated: 20	Report No. 110954
Address: Lisa Monroe & Associates P.O. Box 2252 Sparks, NV 89432	Reg. Samples Analyzed: 20	Date Submitted: Oct-28-08
	Split Layers Analyzed: 1	Date Reported: Oct-30-08
	Job Site / No. 830 North Center Street 08-NV -7337	

SAMPLE ID	ASBESTOS TYPE	OTHER DATA		DESCRIPTION
		1) Non-Asbestos Fibers	2) Matrix Materials	
%		3) Date/Time Collected	4) Date Analyzed	LAB
NV-7337-20.	1-5% Chrysotile	1) None Detected	2) 95-99% Calc, Mica, Other m.p.	#5 - Northeast Room, Joint Compound
Lab ID # 913-01910-020		3)	4) Oct-30-08	Mud-Off-White
Lab ID #		1)	2)	
Lab ID #		3)	4)	
Lab ID #		1)	2)	
Lab ID #		3)	4)	
Lab ID #		1)	2)	
Lab ID #		3)	4)	
Lab ID #		1)	2)	
Lab ID #		3)	4)	
Lab ID #		1)	2)	
Lab ID #		3)	4)	
Lab ID #		1)	2)	
Lab ID #		3)	4)	
Lab ID #		1)	2)	
Lab ID #		3)	4)	

Detection Limit of Method is Estimated to be 1% Asbestos Using a Visual Area Estimation Technique

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 With Main Office in Berkley, CA (510) 704-8930



PRELIMINARY REPORT

PROPOSED BUYER:

PROPOSED LENDER:

PROPERTY ADDRESS: 830 North Center Street, Reno, Nevada

Escrow Office:

**Ticor Title of Nevada, Inc.
5441 Kietzke Lane, Suite 100
Reno, Nevada 89511**

Phone: (775) 824-3232 Fax: (775) 824-3233

Escrow Officer: Commercial Division

Customer No.: /

Title Office:

**Ticor Title of Nevada, Inc.
5441 Kietzke Lane, Suite 100
Reno, Nevada 89511**

Phone: (775) 324-7400 Fax: (775) 324-7402

Order No.: 01504476-CD

**The information contained in this report is through the date of
October 6, 2015 at 7:30 a.m.**

In response to the application for a policy of title insurance referenced herein, Chicago Title Insurance Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a policy or policies of title insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an exception herein or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations or Conditions of said policy forms.

The printed Exceptions and Exclusions from the coverage and Limitations on Covered Risks of said policy or policies are set forth in Attachment One. The policy to be issued may contain an arbitration clause. When the Amount of Insurance is less than that set forth in the arbitration clause, all arbitrable matters shall be arbitrated at the option of either the Company or the Insured as the exclusive remedy of the parties. Limitations on Covered Risks applicable to the CLTA and ALTA Homeowner's Policies of Title Insurance which establish a Deductible Amount and a Maximum Dollar Limit of Liability for certain coverages are also set forth in Attachment One. Copies of the policy forms should be read. They are available from the office which issued this report.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

The policy(s) of title insurance to be issued hereunder will be policy(s) of Chicago Title Insurance Company.

Please read the exceptions shown or referred to herein and the exceptions and exclusions set forth in Attachment One of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered.

It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects and encumbrances affecting title to the land.

This report (and any supplements or amendments thereof) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby.

Countersigned

A handwritten signature in cursive script that reads 'Shelly Saltz'.

Shelly Saltz, Title Officer

THE FOLLOWING REQUIREMENTS MUST BE MET PRIOR TO CLOSE OF ESCROW:

1. The Company will require the following documents for review prior to the issuance of any title insurance predicated upon a conveyance or encumbrance from the entity named below:

Limited Liability Company: Grand Slam Enterprises LLC, a Nevada limited liability company

- a) A copy of its operating agreement, if any, and any and all amendments, supplements and/or modifications thereto, certified by the appropriate manager or member
- b) If a domestic Limited Liability Company, a copy of its Articles of Organization and all amendments thereto with the appropriate filing stamps
- c) If the Limited Liability Company is member-managed, a full and complete current list of members certified by the appropriate manager or member
- d) If the Limited Liability Company was formed in a foreign jurisdiction, evidence, satisfactory to the Company, that it was validly formed, is in good standing and authorized to do business in the state of origin
- e) If less than all members, or managers, as appropriate, will be executing the closing documents, furnish evidence of the authority of those signing.

The Company reserves the right to add additional items or make further requirements after review of the requested documentation.

2. Please be advised that our search did not disclose any open Deeds of Trust of record. If you should have knowledge of any outstanding obligation, please contact the Title Department immediately for further review prior to closing.

SCHEDULE A

The estate or interest in the land hereinafter described or referred to covered by this report is:

FEE

Title to said estate or interest at the date hereof is vested in:

Grand Slam Enterprises LLC, a Nevada limited liability company

The land referred to in this Report is situate in the State of Nevada, County of Washoe and described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF.

SCHEDULE B

At the date hereof Exceptions to coverage in addition to the printed exceptions and exclusions in said policy form would be as follows:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof, (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the Public Records.
6. Any lien or right to lien for services, labor or material not shown in the Public Records.
7. The lien of supplemental taxes, if any, assessed pursuant to the provisions of Nevada Revised Statutes.
8. Any unpaid sewer service charges plus interest and penalties, which would create a lien and attach to said Land, pursuant to Reno Municipal Code. Specific amounts may be obtained by calling (775) 334-2095.
9. Any unpaid charges for Waste Management, plus any interest and/or penalties, which would create a lien and attach to said Land, pursuant to Nevada Revised Statutes.
10. Rights of way for any existing roads and alleys, trails, canals, ditches, flumes, conduits, pipes, poles or transmission lines on, under, over, through or across the Land.
11. The Land lies with the boundaries of the City of Reno "Downtown Redevelopment Project Area No. 2" pursuant to Ordinance No. 5726, as set forth below:
Recording Date: September 23, 2005
Recording No.: Document No. 3281548, Official Records
Re-Recording Date: November 18, 2005
Re-Recording No.: Document No. 3309643, Official Records

An amendment to Redevelopment Area No. 2 by Ordinance No. 5842, recorded June 28, 2006, as Document No. 3407019, Official Records.
12. Rights and claims of parties in possession by reason of unrecorded leases, if any, that would be disclosed by an inquiry of the parties or by an inspection of said Land.

INFORMATIONAL NOTES

Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts are:

Assessor's Parcel No.: 007-222-13

Fiscal Year: 2015-2016

Total Taxes: \$4,335.20

Note: The charge for a policy of title insurance, when issued through this title order, will be based on the Basic Title Insurance Rate.

Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.

Note: The following information is provided strictly as an accommodation. According to the Assessor, the address of the Land is as follows:

Type of Dwelling: Multi Family Residential

Address: 830 North Center Street, Reno, Nevada

Order No.: 01504476-CD

EXHIBIT A

All that certain real property situate in the County of Washoe, State of Nevada, described as follows:

All that certain piece or parcel of land situate in the City of Reno, County of Washoe, State of Nevada, described as follows:

Commencing at a point on the East line of University Avenue (formerly North Center Street), 150 feet North of the intersection of the North line of Eighth Street with the East line of said University Avenue;

Thence Northerly along the East line of University Avenue, 49 feet 6 inches;

Thence Easterly, parallel with the North line of Eighth Street, 140 feet to an alley;

Thence Southerly along the West line of said alley 49 feet 6 inches;

Thence Westerly, parallel with the North line of Eighth Street, 140 feet to the place of beginning.

APN: 007-222-13

Document No. 3739651 is provided pursuant to the requirements of Section 6.NRS 111.312.

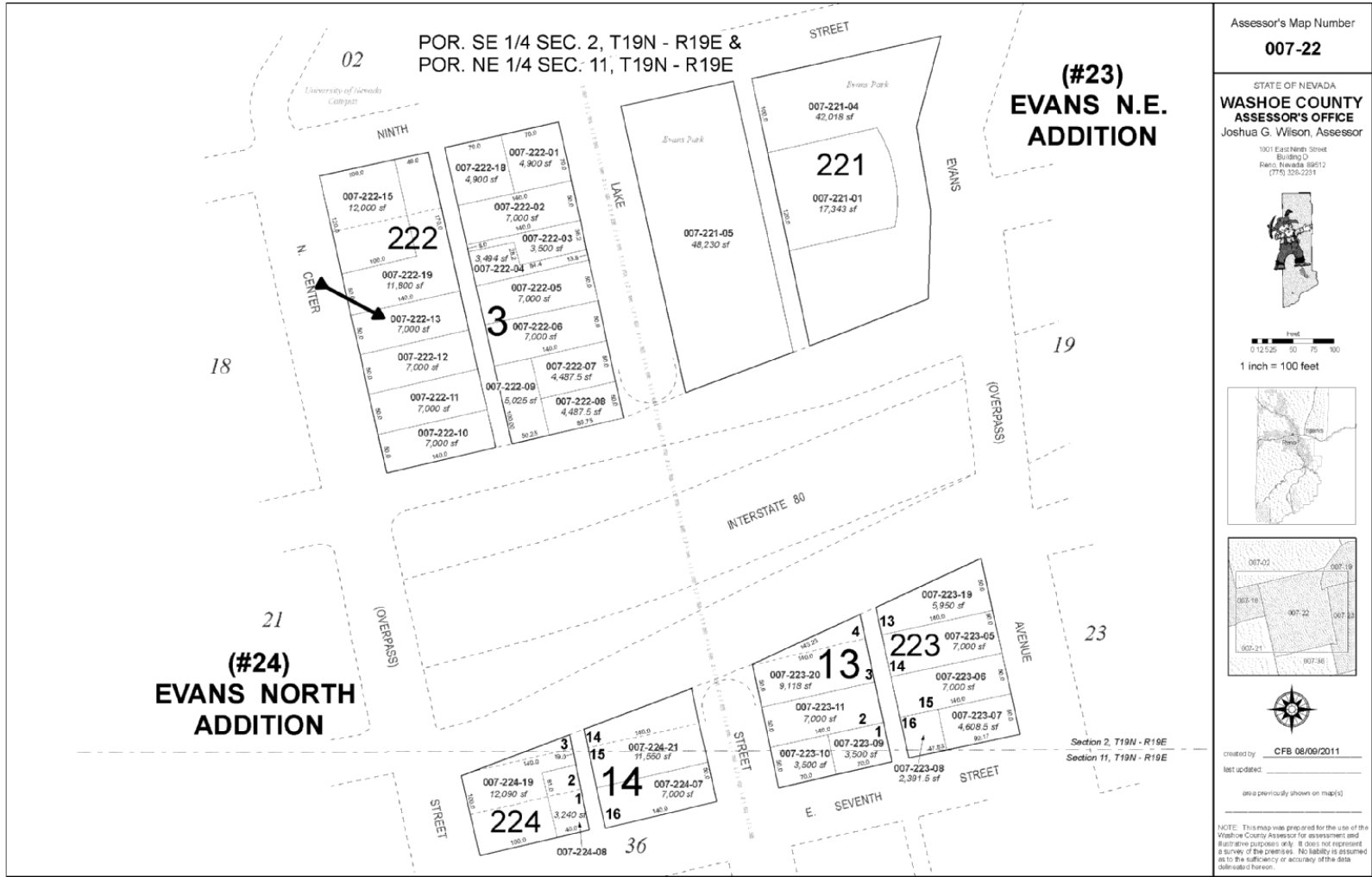


Exhibit A (Revised 06-05-14)

**CALIFORNIA LAND TITLE ASSOCIATION
STANDARD COVERAGE POLICY – 1990 (04-08-14)**

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
- (b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

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Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.
6. Any lien or right to a lien for services, labor or material not shown by the public records.

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (12-02-13)
ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of those portions of any law or government regulation concerning:
 - a. building;
 - b. zoning;
 - c. land use;
 - d. improvements on the Land;
 - e. land division; and
 - f. environmental protection.

This Exclusion does not limit the coverage described in Covered Risk 8.a., 14, 15, 16, 18, 19, 20, 23 or 27.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not limit the coverage described in Covered Risk 14 or 15.
3. The right to take the Land by condemning it. This Exclusion does not limit the coverage described in Covered Risk 17.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they are recorded in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they are recorded in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.e., 25, 26, 27 or 28.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 21.

7. The transfer of the Title to You is invalid as a preferential transfer or as a fraudulent transfer or conveyance under federal bankruptcy, state insolvency, or similar creditors' rights laws.

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8. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
9. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

LIMITATIONS ON COVERED RISKS

Your insurance for the following Covered Risks is limited on the Owner’s Coverage Statement as follows:

- For Covered Risk 16, 18, 19, and 21 Your Deductible Amount and Our Maximum Dollar Limit of Liability shown in Schedule A.

The deductible amounts and maximum dollar limits shown on Schedule A are as follows:

	<u>Your Deductible Amount</u>	<u>Our Maximum Dollar Limit of Liability</u>
Covered Risk 16:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$10,000.00
Covered Risk 18:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 19:	1.00% of Policy Amount Shown in Schedule A or \$5,000.00 (whichever is less)	\$25,000.00
Covered Risk 21:	1.00% of Policy Amount Shown in Schedule A or \$2,500.00 (whichever is less)	\$5,000.00

2006 ALTA LOAN POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;

or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 13 or 14); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.

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4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury or any consumer credit protection or truth-in-lending law.
6. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 13(b) of this policy.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the Insured Mortgage in the Public Records. This Exclusion does not modify or limit the coverage provided under Covered Risk 11(b).

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

Except as provided in Schedule B - Part II, this policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

PART I

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown by the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.
4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.

PART II

In addition to the matters set forth in Part I of this Schedule, the Title is subject to the following matters, and the Company insures against loss or damage sustained in the event that they are not subordinate to the lien of the Insured Mortgage:

2006 ALTA OWNER'S POLICY (06-17-06)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

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1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
- (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
 - (a) a fraudulent conveyance or fraudulent transfer; or
 - (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees or expenses, that arise by reason of:

The above policy form may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following Exceptions from Coverage:

1. (a) Taxes or assessments that are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the Public Records; (b) proceedings by a public agency that may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the Public Records.
2. Any facts, rights, interests, or claims that are not shown in the Public Records but that could be ascertained by an inspection of the Land or that may be asserted by persons in possession of the Land.
3. Easements, liens or encumbrances, or claims thereof, not shown by the Public Records.

4. Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land and that are not shown by the Public Records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by the Public Records.
6. Any lien or right to a lien for services, labor or material not shown by the Public Records.
7. Variable exceptions such as taxes, easements, CC&R's, etc. shown here.

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (12-02-13)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
 - (i) the occupancy, use, or enjoyment of the Land;
 - (ii) the character, dimensions, or location of any improvement erected on the Land;
 - (iii) the subdivision of land; or
 - (iv) environmental protection;
 or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
 - (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 5, 6, 13(c), 13(d), 14 or 16.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters
 - (a) created, suffered, assumed, or agreed to by the Insured Claimant;
 - (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
 - (c) resulting in no loss or damage to the Insured Claimant;
 - (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 11, 16, 17, 18, 19, 20, 21, 22, 23, 24, 27 or 28); or
 - (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Insured Mortgage.
4. Unenforceability of the lien of the Insured Mortgage because of the inability or failure of an Insured to comply with applicable doing-business laws of the state where the Land is situated.
5. Invalidity or unenforceability in whole or in part of the lien of the Insured Mortgage that arises out of the transaction evidenced by the Insured Mortgage and is based upon usury, or any consumer credit protection or truth-in-lending law. This Exclusion does not modify or limit the coverage provided in Covered Risk 26.
6. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to Advances or modifications made after the Insured has Knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11.
7. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching subsequent to Date of Policy. This Exclusion does not modify or limit the coverage provided in Covered Risk 11(b) or 25.
8. The failure of the residential structure, or any portion of it, to have been constructed before, on or after Date of Policy in

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accordance with applicable building codes. This Exclusion does not modify or limit the coverage provided in Covered Risk 5 or 6.

9. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction creating the lien of the Insured Mortgage, is
 - (a) a fraudulent conveyance or fraudulent transfer, or
 - (b) a preferential transfer for any reason not stated in Covered Risk 27(b) of this policy.
10. Contamination, explosion, fire, flooding, vibration, fracturing, earthquake, or subsidence.
11. Negligence by a person or an Entity exercising a right to extract or develop minerals, water, or any other substances.

Note: Notice of Available Title Insurance and Escrow Discounts

Your transaction may qualify for one of the discounts shown below. In order to receive these discounts, you will need to contact your escrow officer or a company representative to determine if you qualify and to request the discount. Your escrow officer or company representative will provide a full description of the terms, conditions and requirements associated with each discount.

Available Title Insurance Discounts (These discounts will apply to all transactions where the company is issuing a policy of title insurance, including such transactions where the company is not providing escrow closing services.)

CREDIT FOR PRELIMINARY TITLE REPORTS AND/OR COMMITMENT CANCELLATION CHARGES ON SUBSEQUENT POLICIES

Where an order was cancelled and no major change in the title has occurred since the issuance of the original report or commitment, and the order is reopened within 24 - 36 months, all or a portion of the charge previously paid upon the cancellation of the report or commitment may be credited on a subsequent policy charge.

SHORT TERM RATE

The Short Term Rate is a reduction of the applicable insurance rate which is allowable only when the current order is placed within 60 months from the date of issuance of a prior policy of title insurance to the vested owner or an assignee of the interest insured. The short term rate is 80% of the Basic Rate. Unless otherwise stated, the reduction only applies to policies priced at 80% or greater of the basic rate. This reduction does not apply to Short Sale transactions or to any surcharge calculated on the basic rate.

PRIOR POLICY DISCOUNT (APPLICABLE TO ZONE 2, DIRECT OPERATIONS ONLY)

The Prior Policy Discount will apply when a seller or borrower provides a copy of their owner's policy upon opening escrow. The prior policy rate is 70% of the applicable owner's title premium. This discount may not be used in combination with any other discount and can only be used in transactions involving property located in Zone 2 (Zone 2 includes all Nevada counties except Clark, Lincoln and Nye) that are handled by a direct operation of the FNF Family of Companies.

CHURCHES OR CHARITABLE NON-PROFIT ORGANIZATIONS

On properties used as a church or for charitable purposes within the scope of the normal activities of such entities the charge for a policy shall be 50% to 70% of the appropriate title insurance rate, depending on the type of coverage selected. This discount shall not apply to charges for loan policies issued concurrently with an owner's policy.

EMPLOYEE RATE

No charge shall be made to employees of the Company, its subsidiary or affiliated companies (including employees on approved retirement) for policies issued in connection with financing, refinancing, sale or purchase of the employee's bonafide home property. Waiver of such charges is authorized only in connection with those costs which the employee would be obligated to pay, by established custom, as a party to the transaction.

INVESTOR RATE

This rate is available for individuals, groups of individuals or entities customarily engaged in real estate investments. The parties must provide reasonable proof that they currently hold title to or have transferred title to three (3) or more investment properties in the State of Nevada within the past twelve (12) months to qualify for this rate. On a sale transaction, the investor rate is 70% of the basic rate. This reduction does not apply to any surcharge calculated on the basic rate. On a refinance transaction or where the investor is obtaining a loan subsequent to a purchase, the rate shall be 85% of the applicable rate with a minimum charge of \$385.00. The loan discount shall only apply to transactions priced under Section 5.1 B (1b) of the title insurance rate manual. This rate is available upon request only.

Available Escrow Discounts These discounts will apply only to the escrow fee portion of your settlement charges, and the discounts will apply only if the company is issuing a policy of title insurance in conjunction with providing escrow services.

SENIOR CITIZEN RATE

If a valid identification is provided, principals to a given transaction who qualify as Senior Citizens (55 year of age and over) shall be charged 70% of their portion of the escrow fee wherein a valid identification is provided. This discount shall only apply on residential resale transactions wherein the principal resides in the subject property. This discount may not be used in combination with any other escrow rate discount. This rate is available upon request only.

MILITARY DISCOUNT

Any person on active military duty or a Veteran of the U.S. Armed Forces shall be charged 80% of their portion of the escrow fee. A copy of a current military identification card or a copy of the DD-214 (Certificate of Release or Discharge from Active Duty) must be provided. This discount may not be used in combination with any other discount. This rate is for sale transaction and it is available upon request only.

FIRST TIME HOMEBUYER RATE (APPLICABLE TO ZONE 2 ONLY)

A first time homebuyer of an owner-occupied residential property shall be charged 75% of their portion of the escrow fee, provided reasonable evidence is presented that this is their first home. Applies to all counties **except** Clark, Lincoln and Nye. This discount may not be used in combination with any other discount. This rate is for sale transactions and it is available upon request only.

EMPLOYEE RATES

An employee will not be charged an escrow fee for the purchase, sale or refinance of the employee's primary residence. The employee must be a principal to the transaction and the request for waiver of fees must be submitted to Management prior to approval.

INVESTOR RATE

This rate is available for individuals, groups of individuals or entities customarily engaged in real estate transactions. The parties must provide reasonable proof that they currently hold title to or have transferred title to three (3) or more investment properties within the State of Nevada within the past twelve (12) months to qualify for this rate. The charge is 70% of their portion of the escrow fee. This discount may not be used in combination with any other discount. This rate is for sale transactions and it is available upon request, only.

**FIDELITY NATIONAL FINANCIAL
PRIVACY NOTICE**

Fidelity National Financial, Inc. and its majority-owned subsidiary companies providing real estate- and loan-related services (collectively, “FNF”, “our” or “we”) respect and are committed to protecting your privacy. This Privacy Notice lets you know how and for what purposes your Personal Information (as defined herein) is being collected, processed and used by FNF. We pledge that we will take reasonable steps to ensure that your Personal Information will only be used in ways that are in compliance with this Privacy Notice. The provision of this Privacy Notice to you does not create any express or implied relationship, or create any express or implied duty or other obligation, between Fidelity National Financial, Inc. and you. See also **No Representations or Warranties** below.

This Privacy Notice is only in effect for any generic information and Personal Information collected and/or owned by FNF, including collection through any FNF website and any online features, services and/or programs offered by FNF (collectively, the “Website”). This Privacy Notice is not applicable to any other web pages, mobile applications, social media sites, email lists, generic information or Personal Information collected and/or owned by any entity other than FNF.

How Information is Collected

The types of personal information FNF collects may include, among other things (collectively, “Personal Information”): (1) contact information (e.g., name, address, phone number, email address); (2) demographic information (e.g., date of birth, gender marital status); (3) Internet protocol (or IP) address or device ID/UDID; (4) social security number (SSN), student ID (SIN), driver’s license, passport, and other government ID numbers; (5) financial account information; and (6) information related to offenses or criminal convictions.

In the course of our business, we may collect Personal Information about you from the following sources:

- Applications or other forms we receive from you or your authorized representative;
- Information we receive from you through the Website;
- Information about your transactions with or services performed by us, our affiliates, or others; and
- From consumer or other reporting agencies and public records maintained by governmental entities that we either obtain directly from those entities, or from our affiliates or others.

Additional Ways Information is Collected Through the Website

Browser Log Files. Our servers automatically log each visitor to the Website and collect and record certain information about each visitor. This information may include IP address, browser language, browser type, operating system, domain names, browsing history (including time spent at a domain, time and date of your visit), referring/exit web pages and URLs, and number of clicks. The domain name and IP address reveal nothing personal about the user other than the IP address from which the user has accessed the Website.

Cookies. From time to time, FNF or other third parties may send a “cookie” to your computer. A cookie is a small piece of data that is sent to your Internet browser from a web server and stored on your computer’s hard drive and that can be re-sent to the serving website on subsequent visits. A cookie, by itself, cannot read other data from your hard disk or read other cookie files already on your computer. A cookie, by itself, does not damage your system. We, our advertisers and other third parties may use cookies to identify and keep track of, among other things, those areas of the Website and third party websites that you have visited in the past in order to enhance your next visit to the Website. You can choose whether or not to accept cookies by changing the settings of your Internet browser, but some functionality of the Website may be impaired or not function as intended. See the **Third Party Opt Out** section below.

Web Beacons. Some of our web pages and electronic communications may contain images, which may or may not be visible to you, known as Web Beacons (sometimes referred to as “clear gifs”). Web Beacons collect only limited information that includes a cookie number; time and date of a page view; and a description of the page on which the Web Beacon resides. We may also carry Web Beacons placed by third party advertisers. These Web Beacons do not carry any Personal Information and are only used to track usage of the Website and activities associated with the Website. See the **Third Party Opt Out** section below.

Unique Identifier. We may assign you a unique internal identifier to help keep track of your future visits. We may use this information to gather aggregate demographic information about our visitors, and we may use it to personalize the information you see on the Website and some of the electronic communications you receive from us. We keep this information for our internal use, and this information is not shared with others.

Third Party Opt Out. Although we do not presently, in the future we may allow third-party companies to serve advertisements and/or collect certain anonymous information when you visit the Website. These companies may use non-personally identifiable information (e.g., click stream information, browser type, time and date, subject of advertisements clicked or scrolled over) during your visits to the Website in order to provide advertisements about products and services likely to be of greater interest to you. These companies typically use a cookie or third party Web Beacon to collect this information, as further described above. Through these technologies, the third party may have access to and use non-personalized information about your online usage activity.

You can opt-out of certain online behavioral services through any one of the ways described below. After you opt-out, you may continue to receive advertisements, but those advertisements will no longer be as relevant to you.

- You can opt-out via the Network Advertising Initiative industry opt-out at <http://www.networkadvertising.org/>.
- You can opt-out via the Consumer Choice Page at <http://www.aboutads.info>.
- For those in the U.K., you can opt-out via the IAB UK’s industry opt-out at <http://www.youonlinechoices.com>.
- You can configure your web browser (Chrome, Firefox, Internet Explorer, Safari, etc.) to delete and/or control the use of cookies.

More information can be found in the Help system of your browser. Note: If you opt-out as described above, you should not delete your cookies. If you delete your cookies, you will need to opt-out again.

Use of Personal Information

Information collected by FNF is used for three main purposes:

- To provide products and services to you or one or more third party service providers (collectively, “Third Parties”) who are obtaining services on your behalf or in connection with a transaction involving you.
- To improve our products and services that we perform for you or for Third Parties.
- To communicate with you and to inform you about FNF’s, FNF’s affiliates and third parties’ products and services.

When Information Is Disclosed By FNF

We may provide your Personal Information (excluding information we receive from consumer or other credit reporting agencies) to various individuals and companies, as permitted by law, without obtaining your prior authorization. Such laws do not allow consumers to restrict these disclosures. Disclosures may include, without limitation, the following:

- To agents, brokers, representatives, or others to provide you with services you have requested, and to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure in connection with an insurance transaction;
- To third-party contractors or service providers who provide services or perform marketing services or other functions on our behalf;
- To law enforcement or other governmental authority in connection with an investigation, or civil or criminal subpoenas or court orders; and/or
- To lenders, lien holders, judgment creditors, or other parties claiming an encumbrance or an interest in title whose claim or interest must be determined, settled, paid or released prior to a title or escrow closing.

In addition to the other times when we might disclose information about you, we might also disclose information when required by law or in the good-faith belief that such disclosure is necessary to: (1) comply with a legal process or applicable laws; (2) enforce this Privacy Notice; (3) respond to claims that any materials, documents, images, graphics, logos, designs, audio, video and any other information provided by you violates the rights of third parties; or (4) protect the rights, property or personal safety of FNF, its users or the public.

We maintain reasonable safeguards to keep the Personal Information that is disclosed to us secure. We provide Personal Information and non-Personal Information to our subsidiaries, affiliated companies, and other businesses or persons for the purposes of processing such information on our behalf and promoting the services of our trusted business partners, some or all of which may store your information on servers outside of the United States. We require that these parties agree to process such information in compliance with our Privacy Notice or in a similar, industry-standard manner, and we use reasonable efforts to limit their use of such information and to use other appropriate confidentiality and security measures. The use of your information by one of our trusted business partners may be subject to that party's own Privacy Notice. We do not, however, disclose information we collect from consumer or credit reporting agencies with our affiliates or others without your consent, in conformity with applicable law, unless such disclosure is otherwise permitted by law.

We also reserve the right to disclose Personal Information and/or non-Personal Information to take precautions against liability, investigate and defend against any third-party claims or allegations, assist government enforcement agencies, protect the security or integrity of the Website, and protect the rights, property, or personal safety of FNF, our users or others.

We reserve the right to transfer your Personal Information, as well as any other information, in connection with the sale or other disposition of all or part of the FNF business and/or assets. We also cannot make any representations regarding the use or transfer of your Personal Information or other information that we may have in the event of our bankruptcy, reorganization, insolvency, receivership or an assignment for the benefit of creditors, and you expressly agree and consent to the use and/or transfer of your Personal Information or other information in connection with a sale or transfer of some or all of our assets in any of the above described proceedings. Furthermore, we cannot and will not be responsible for any breach of security by any third parties or for any actions of any third parties that receive any of the information that is disclosed to us.

Information From Children

We do not collect Personal Information from any person that we know to be under the age of thirteen (13). Specifically, the Website is not intended or designed to attract children under the age of thirteen (13). You affirm that you are either more than 18 years of age, or an emancipated minor, or possess legal parental or guardian consent, and are fully able and competent to enter into the terms, conditions, obligations, affirmations, representations, and warranties set forth in this

Privacy Notice, and to abide by and comply with this Privacy Notice. In any case, you affirm that you are over the age of 13, as **THE WEBSITE IS NOT INTENDED FOR CHILDREN UNDER 13 THAT ARE UNACCOMPANIED BY HIS OR HER PARENT OR LEGAL GUARDIAN.**

Parents should be aware that FNF's Privacy Notice will govern our use of Personal Information, but also that information that is voluntarily given by children – or others – in email exchanges, bulletin boards or the like may be used by other parties to generate unsolicited communications. FNF encourages all parents to instruct their children in the safe and responsible use of their Personal Information while using the Internet.

Privacy Outside the Website

The Website may contain various links to other websites, including links to various third party service providers. FNF is not and cannot be responsible for the privacy practices or the content of any of those other websites. Other than under agreements with certain reputable organizations and companies, and except for third party service providers whose services either we use or you voluntarily elect to utilize, we do not share any of the Personal Information that you provide to us with any of the websites to which the Website links, although we may share aggregate, non-Personal Information with those other third parties. Please check with those websites in order to determine their privacy policies and your rights under them.

European Union Users

If you are a citizen of the European Union, please note that we may transfer your Personal Information outside the European Union for use for any of the purposes described in this Privacy Notice. By providing FNF with your Personal Information, you consent to both our collection and such transfer of your Personal Information in accordance with this Privacy Notice.

Choices With Your Personal Information

Whether you submit Personal Information to FNF is entirely up to you. You may decide not to submit Personal Information, in which case FNF may not be able to provide certain services or products to you.

You may choose to prevent FNF from disclosing or using your Personal Information under certain circumstances (“opt out”). You may opt out of any disclosure or use of your Personal Information for purposes that are incompatible with the purpose(s) for which it was originally collected or for which you subsequently gave authorization by notifying us by one of the methods at the end of this Privacy Notice. Furthermore, even where your Personal Information is to be disclosed and used in accordance with the stated purposes in this Privacy Notice, you may elect to opt out of such disclosure to and use by a third party that is not acting as an agent of FNF. As described above, there are some uses from which you cannot opt-out.

Please note that opting out of the disclosure and use of your Personal Information as a prospective employee may prevent you from being hired as an employee by FNF to the extent that provision of your Personal Information is required to apply for an open position.

If FNF collects Personal Information from you, such information will not be disclosed or used by FNF for purposes that are incompatible with the purpose(s) for which it was originally collected or for which you subsequently gave authorization unless you affirmatively consent to such disclosure and use.

You may opt out of online behavioral advertising by following the instructions set forth above under the above section “Additional Ways That Information Is Collected Through the Website,” subsection “Third Party Opt Out.”

Access and Correction

To access your Personal Information in the possession of FNF and correct inaccuracies of that information in our records, please contact us in the manner specified at the end of this Privacy Notice. We ask

individuals to identify themselves and the information requested to be accessed and amended before processing such requests, and we may decline to process requests in limited circumstances as permitted by applicable privacy legislation.

Your California Privacy Rights

Under California's "Shine the Light" law, California residents who provide certain personally identifiable information in connection with obtaining products or services for personal, family or household use are entitled to request and obtain from us once a calendar year information about the customer information we shared, if any, with other businesses for their own direct marketing uses. If applicable, this information would include the categories of customer information and the names and addresses of those businesses with which we shared customer information for the immediately prior calendar year (e.g., requests made in 2015 will receive information regarding 2014 sharing activities).

To obtain this information on behalf of FNF, please send an email message to privacy@fnf.com with "Request for California Privacy Information" in the subject line and in the body of your message. We will provide the requested information to you at your email address in response.

Please be aware that not all information sharing is covered by the "Shine the Light" requirements and only information on covered sharing will be included in our response.

Additionally, because we may collect your Personal Information from time to time, California's Online Privacy Protection Act requires us to disclose how we respond to "do not track" requests and other similar mechanisms. Currently, our policy is that we do not recognize "do not track" requests from Internet browsers and similar devices.

FNF Compliance with California Online Privacy Protection Act

For some websites which FNF or one of its companies owns, such as the Customer CareNet ("CCN"), FNF is acting as a third party service provider to a mortgage loan servicer. In those instances, we may collect certain information on behalf of that mortgage loan servicer for fulfilling a service to that mortgage loan servicer. For example, you may access CCN to complete a transaction with your mortgage loan servicer. During this transaction, the information which we may collect on behalf of the mortgage loan servicer is as follows:

- First and Last Name
- Property Address
- User Name
- Password
- Loan Number
- Social Security Number - masked upon entry
- Email Address
- Three Security Questions and Answers
- IP Address

The information you submit is then transferred to your mortgage loan servicer by way of CCN.

The mortgage loan servicer is responsible for taking action or making changes to any consumer information submitted through this website. For example, if you believe that your payment or user information is incorrect, you must contact your mortgage loan servicer.

CCN does not share consumer information with third parties, other than those with which the mortgage loan servicer has contracted to interface with the CCN application.

All sections of the FNF Privacy Notice apply to your interaction with CCN, except for the sections titled Choices with Your Personal Information and Access and Correction. If you have questions regarding the choices you have with regard to your personal information or how to access or correct your personal information, you should contact your mortgage loan servicer.

No Representations or Warranties

By providing this Privacy Notice, Fidelity National Financial, Inc. does not make any representations or warranties whatsoever concerning any products or services provided to you by its majority-owned subsidiaries. In addition, you also expressly agree that your use of the Website is at your own risk. Any services provided to you by Fidelity National Financial, Inc. and/or the Website are provided "as is" and "as available" for your use, without representations or warranties of any kind, either express or implied, unless such warranties are legally incapable of exclusion. Fidelity National Financial, Inc. makes no representations or warranties that any services provided to you by it or the Website, or any services offered in connection with the Website are or will remain uninterrupted or error-free, that defects will be corrected, or that the web pages on or accessed through the Website, or the servers used in connection with the Website, are or will remain free from any viruses, worms, time bombs, drop dead devices, Trojan horses or other harmful components. Any liability of Fidelity National Financial, Inc. and your exclusive remedy with respect to the use of any product or service provided by Fidelity National Financial, Inc. including on or accessed through the Website, will be the re-performance of such service found to be inadequate.

Your Consent To This Privacy Notice

By submitting Personal Information to FNF, you consent to the collection and use of information by us as specified above or as we otherwise see fit, in compliance with this Privacy Notice, unless you inform us otherwise by means of the procedure identified below. If we decide to change this Privacy Notice, we will make an effort to post those changes on the Website. Each time we collect information from you following any amendment of this Privacy Notice will signify your assent to and acceptance of its revised terms for all previously collected information and information collected from you in the future. We may use comments, information or feedback that you may submit in any manner that we may choose without notice or compensation to you.

If you have additional questions or comments, please let us know by sending your comments or requests to:

Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attn: Chief Privacy Officer
(888) 934-3354
privacy@fnf.com

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EFFECTIVE AS OF: MAY 1, 2015

EXHIBIT 9

RESOLUTION NO. _____

A RESOLUTION PERTAINING TO THE APPROVAL OF THE PURCHASE OF REAL PROPERTY, LOCATED AT 830 N CENTER STREET, RENO NEVADA, WASHOE COUNTY ASSESOR # 007-222-13 FROM GRAND SLAM LLC BY THE NEVADA SYSTEM OF HIGHER EDUCATION ON BEHALF OF THE UNIVERSITY OF NEVADA, RENO, AND TO THE AUTHORIZATION OF CHANCELLOR DANIEL J. KLAICH, OR HIS DESIGNEE, TO APPROVE AND SIGN THE CORRESPONDING ESCROW AND TITLE DOCUMENTS ASSOCIATED WITH THE PURCHASE OF THE PROPERTY DEED.

BE IT RESOLVED that the Board of Regents approves the request to purchase the real property located at 830 N Center Street from Grand Slam LLC by the Nevada System of Higher Education on behalf of the University of Nevada, Reno.

BE IT FURTHER RESOLVED that the Board of Regents hereby authorizes Chancellor Daniel J. Klaich, or his Designee, to approve and sign the corresponding escrow and title documents associated with the transfer of the property deed.

PASSED AND ADOPTED on _____, 2015.

Chairman
Board of Regents of the
Nevada System of Higher Education

(SEAL)
Attest:

Chief Executive Officer to the
Board of Regents

PURCHASE AND SALE AGREEMENT
(830 North Center Street)

THIS PURCHASE AND SALE AGREEMENT (this "**Agreement**"), effective as of the date this Agreement is last executed by Seller or Purchaser (the "**Effective Date**"), is made by and between **Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada, Reno** ("**Purchaser**") and **Grand Slam Enterprises, LLC** ("**Seller**").

RECITALS:

R-1. Seller desires to sell certain improved real property located at 830 North Center Street (APN: 007-222-13), Reno, Nevada and Purchaser desires to purchase such real property from Seller.

R-2. Seller and Purchaser, intending to be bound by this Agreement, desire to set forth herein the terms, conditions and agreements under and by which Seller shall sell and Purchaser shall purchase the property described below.

AGREEMENTS:

NOW, THEREFORE, in consideration of the mutual agreements and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller and Purchaser agree that (i) the Recitals are true and correct and by this reference incorporated herein as if fully set forth and (ii) as follows:

1. THE PROPERTY.

1.1 **Description**. Subject to the terms and conditions of this Agreement, and for the consideration set forth herein, Seller hereby agrees to sell, assign and convey, and Purchaser hereby agrees to purchase and acquire, all of Seller's right, title and interest, if any, in and to that certain parcel of land located in Washoe County, Nevada having a street address of 830 North Center Street, Reno, Nevada and being more specifically described on **Exhibit A**, attached hereto (the "**Land**") along with all buildings (the "**Building**") together with all other improvements, parking facilities and fixtures located on the land (the Building and any and all other improvements located on the Land are hereinafter referred to collectively as the "**Improvements**") and all easements, hereditaments, appurtenances, development rights, and other benefits, if any, pertaining to or affecting the Land (collectively, the "**Easements**"). The Land, Building, Improvements and Easements are hereinafter collectively referred to as the "**Real Property**".

1.2 **Agreement to Convey**. Seller agrees to sell and convey, and Purchaser agrees to purchase and accept, on the Date of Closing (defined in **Section 2.4**, below) fee title to the Real Property by way of a grant bargain and sale deed, to be executed and delivered by Seller in respect to the Real Property, and which shall be subject to the Permitted Exceptions (defined in **Section 3.7**, below) affecting or encumbering the Real Property.

2. PURCHASE PRICE AND PAYMENT.

2.1 Purchase Price. The purchase price for the Real Property (the "Purchase Price") is One Million Six Hundred Thousand U.S. Dollars (\$1,600,000.00).

2.2 Deposit.

2.2.1 Initial Deposit. On or before three (3) calendar days after the Effective Date, Purchaser shall deposit the sum of Five Thousand and no 100ths U.S. Dollars (\$5,000.00) (the "Initial Deposit") into the escrow account of the Title Company (defined in Section 2.4, below). If Purchaser shall fail to make the Initial Deposit in accordance with the foregoing, by 5:00 p.m., Pacific Standard Time, on the third calendar day after the Effective Date, this Agreement shall automatically terminate and neither party shall thereafter have any further rights, obligations or liability hereunder, except as otherwise expressly set forth herein. Once posted, the Initial Deposit shall be refundable upon the demand of Purchaser, without any right by Seller to object or delay such refund, in the event that Purchaser terminates this Agreement in accordance with Section 3.6, below, on or before 5:00 p.m., Pacific Standard Time, on the last calendar day of the Due Diligence Period (defined in Section 3.2, below) or upon any other termination hereof other than by reason of Purchaser's default hereunder.

2.2.2 Maintenance of Deposit. The term "Deposit" as used herein shall mean the Initial Deposit and any additional deposits as are described herein, and all interest earned thereon. Interest earned on the Deposit shall be deemed earned by Purchaser. Provided that Purchaser has not terminated this Agreement pursuant to Section 3.6 below, the Deposit shall become non-refundable, subject to, among other provisions, Section 2.2.1, Section 3.5, Section 3.6, Section 6.5, Section 9, Section 10.1 and Section 10.4 hereof.

2.3 Payment. Purchaser shall pay to Seller the Purchase Price, on or before 3:00 p.m., Pacific Time, on the Date of Closing, by causing the Title Company to wire the Purchase Price in immediately available funds to such bank account(s) as Seller may designate. The Deposit shall be paid by the Title Company to Seller at Closing and credited against the Purchase Price. The Purchase Price shall also be subject to further adjustments for prorations and credits required to be made in accordance with Section 7, below.

2.4 Closing. The purchase and sale of the Real Property shall be consummated at closing (the "Closing") in escrow through the Title Company on the date (the "Date of Closing" or "Closing Date") which is mutually agreed to by the parties but not later than fifteen (15) Business Days after the satisfactory approval of terms of the purchase and sale of the Real Property by the Board of Regents, pursuant to Section 3.1, below. Closing shall occur on the Date of Closing at the offices of Ticor Title Company, Attn: Rabbecca Rich, (the "Title Company"), or at such other time and place as may be agreed to in writing by Seller and Purchaser.

3. INSPECTIONS AND APPROVALS.

3.1 Contingent Upon Board of Regents Approval. This Agreement is contingent upon the approval of the terms of the sale by the Board of Regents of the Nevada System of Higher Education. If the Board of Regents, in its sole and absolute discretion, does not approve the terms of this Agreement, the Agreement shall be deemed null and void without the necessity of further documentation and shall be deemed to be of no binding effect whatsoever. Further, if the terms of this Agreement are not approved by the Board of Regents, Purchaser's Deposit shall be refunded upon the demand.

3.2 Inspections. Purchaser shall have a period of time (the "Due Diligence Period"), commencing on the Effective Date, and expiring at 5:00 p.m., Pacific Standard Time, on that Business Day which is the Tenth (10th) day following the Effective Date, in which to conduct the inspections and studies described in this Section 3.

3.3 Access to the Property and Indemnification by Purchaser. During the Due Diligence Period, Seller shall permit Purchaser and Purchaser's agents and representatives access to the Land and Improvements for the purpose of conducting such physical and environmental inspections of the Land and Improvements (collectively, the "Inspections") as Purchaser shall deem necessary to determine the feasibility of the Land and Improvements for Purchaser's intended use. Purchaser shall indemnify, defend and hold Seller, its officers, directors and agents (collectively, "Indemnified Parties") harmless from any loss, injury, liability, damage or expense, including reasonable attorneys' fees and costs, caused by Purchaser, which an Indemnified Party may incur as a result of (a) any act or omission of Purchaser or its agents or representatives arising in connection with any Inspections, however, that Purchaser shall not be required to indemnify Seller if and to the extent that any such loss, injury, liability, damage or expense was solely caused by the negligence or misconduct of Seller, its employees or its agents. The foregoing shall survive termination of this Agreement. No indemnification provision herein waives the provisions of NRS 41.031 *et seq.*, and all liability of Purchaser is limited by the provisions thereof.

3.4 Inspection of Documents. Within Seven (7) calendar days after the Effective Date, Seller shall make available to Purchaser or its representative, for inspection and copying, at the Building or some other location mutually convenient to the parties, the Real Property information materials relating to the Land and Improvements reasonably requested by Purchaser such as service and maintenance records (the "Property Documents"), to the extent such Property Documents are within the possession or control of Seller or Seller's officers, employees or other agents ("Seller's Agents").

3.5 Title Commitment.

3.5.1 Within five (5) calendar days after the Effective Date, Seller shall order from Title Company, a commitment for an ALTA policy of title insurance, setting forth the status of title to the Land and all exceptions which would appear in an ALTA Owner's Policy of Title Insurance, specifying the Purchaser as the named insured and showing the Purchase Price as the policy amount together with copies of the documentation of record relating to all such exceptions (the "Title Commitment").

Purchaser shall, on or before the tenth (10th) calendar day after the receipt of the Title Commitment deliver to Seller, in writing any objections to matters shown in the Title Commitment (the "**Objection Letter**"). Purchaser's failure to timely object to any such matters shall be deemed to constitute Purchaser's approval of same, and such shall then become "Permitted Exceptions". If Purchaser timely objects to any item set forth in the Title Commitment, then Seller shall have the right, but not the obligation, to attempt to cure or cause to be cured before Closing such disapproved item. Seller shall have until 5:00 p.m. on the tenth (10th) calendar day after receipt of the Objection Letter to agree in writing to cure before Closing such disapproved item. If Seller elects not to cure, or fails to timely respond to Purchaser's objections, Seller shall be deemed to have elected not to cure, in which event Purchaser shall, on or before the expiration of the Due Diligence Period, either (i) terminate this Agreement by delivering to Seller and Title Company a written notice of termination, whereupon Title Company shall release and return the Deposit to Purchaser, or (ii) waive in writing its objection to the disapproved items, which shall then become Permitted Exceptions. Purchaser's failure to timely deliver to Seller and Title Company a written notice of termination or waiver of its objection to the disapproved items shall be deemed to constitute Purchaser's waiver of its objection to said items and such items shall become Permitted Exceptions. Notwithstanding the foregoing, Purchaser shall be deemed to have disapproved any exception which is a lien on the Real Property for a sum certain or a determinable sum and Seller shall be obligated to cure such exception prior to Closing. Further, Seller agrees that any title exception created by the Seller and placed on the Real Property after the date of the Title Commitment is likewise disapproved and Seller shall be obligated to cure the same prior to Closing.

3.5.2 Purchaser shall have five (5) calendar days after receipt of any updates to the Title Commitment (including receipt of any documents referenced in such update) to object to any material matters disclosed therein which were not disclosed in the original Title Commitment, and the procedure for objecting to such matters shall be as set forth in Section 3.5.1 above.

3.6 Purchaser's Acceptance or Rejection prior to the Expiration of the Due Diligence Period. On or before the expiration of the Due Diligence Period, if Purchaser, after conducting its Inspections, as described in this Section 3, does not desire to purchase the Real Property, Purchaser will give Seller written notice of its termination of this Agreement. If the Due Diligence Period expires without a notice of termination being received by Seller, then Purchaser will be deemed to have approved and accepted the Real Property and to have agreed to complete the transaction contemplated by this Agreement, and the Deposit will be nonrefundable, subject to the provisions of Section 3.1, Section 6.5, Section 9, Section 10.1 and Section 10.4 hereof. If Purchaser gives Seller a notice of termination on or before the expiration of the Due Diligence Period, then this Agreement will automatically terminate, subject to the immediate return of all copies of all Property Documents to Seller, the Deposit will be delivered to Purchaser, and thereupon neither party will have any further obligation or liability to the other party hereunder, except as otherwise expressly provided herein.

3.7 Permitted Exceptions. Purchaser shall accept title to the Real Property, subject to the following exceptions (the "**Permitted Exceptions**"):

3.7.1 Those matters affecting or relating to the title which are of record on the date of the Title Commitment and described therein and which were not included in an Objection Letter timely delivered by Purchaser; (b) which were included in an Objection Letter, but for which (i) Seller has completed the cure thereof; or (ii) Purchaser has waived or been deemed to have waived the cure thereof or (iii) Seller has elected to cure and which will be cured by the payment of money at Closing; or (c) which Purchaser has otherwise approved in writing.

3.7.2 The lien of non-delinquent taxes, assessments and other usual and customary charges assessed against the owners of real property in the state in which the Land is located.

3.7.3 All matters disclosed by the Property Documents.

3.7.4 All building and zoning laws, codes and regulations affecting the Real Property, including all proffers, special exceptions, conditions, site plan approvals, and other similar matters, if any, relating to the zoning of the Real Property.

3.7.5 All standard pre-printed exceptions set forth in the standard owners' policy of title insurance issued by the Title Company to Purchaser for the Real Property.

4. SELLER'S OBLIGATIONS PRIOR TO CLOSING. Prior to Closing, Seller and/or Seller's Agents or representatives shall:

4.1 Notices. Provide to Purchaser, immediately upon the receipt thereof, any and all written notices relating to the Real Property received by Seller or its agents or representatives from any governmental or quasi-governmental instrumentality, insurance company, vendor or other party, which notices are of a type not normally received in the ordinary course of Seller's business, or which may have a material effect upon the Real Property or result in a material change in a representation or warranty made by Seller hereunder.

4.2 Compliance with Agreements. Take all actions necessary to comply with all agreements, covenants, encumbrances and obligations affecting or relating to the Real Property and the ownership, operation and maintenance thereof. Seller shall pay all utility bills, tax bills and other invoices and expenses relating to the Real Property, as and when the same become due, provided that such bills, invoices, and expenses may be paid out of Escrow at Closing.

5. REPRESENTATIONS AND WARRANTIES.

5.1 By Seller. Seller represents and warrants to Purchaser, as of the Effective Date and as of the Closing, that:

5.1.1 Seller has the power, right and authority to enter into and perform all of the obligations required of Seller under this Agreement and the instruments and documents referenced herein, and to consummate the transaction contemplated hereby.

5.1.2 Seller is a legal entity of the State of Nevada, validly existing and in good standing under the laws of the State of Nevada and has taken all requisite action and obtained, or will obtain prior to the Closing, all requisite consents, releases and permissions in connection with entering into this Agreement and the instruments and documents referenced herein or required under any covenant, agreement, encumbrance, law or regulation with respect to the obligations required hereunder, and no consent of any other party is required for the performance by Seller of its obligations hereunder.

5.1.3 This Agreement is, and all agreements, instruments and documents to be executed and delivered by Seller pursuant to this Agreement shall be duly authorized, executed and delivered by Seller. This Agreement is, and all agreements, instruments and documents to be executed and delivered by Seller pursuant to this Agreement shall be valid and legally binding upon Seller and enforceable in accordance with their respective terms.

5.1.4 Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby does now constitute or shall result in a breach of, or a default under, any agreement, document, instrument or other obligation to which Seller is a party or by which Seller may be bound.

5.2 By Purchaser. Purchaser represents and warrants to Seller as of the Effective Date and as of the Closing, that:

5.2.1 This Agreement is, and all agreements, instruments and documents to be executed and delivered by Purchaser pursuant to this Agreement shall be, duly authorized, executed and delivered by Purchaser. This Agreement is, and all agreements, instruments and documents to be executed and delivered by Purchaser pursuant to this Agreement shall be, valid and legally binding upon Purchaser and enforceable in accordance with their respective terms.

5.2.2 Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby does now constitute or shall result in a breach of, or a default under, any agreement, document, instrument or other obligation to which Purchaser is a party or by which Purchaser may be bound, or any law, statute, ordinance, rule, governmental regulation or any writ, injunction, order or decree of any court or governmental body, applicable to Purchaser or to the Real Property.

5.2.3 No petition in bankruptcy (voluntary or otherwise), assignment for the benefit of creditors, or petition seeking reorganization or arrangement or other action under Federal or state bankruptcy law is pending against or, to the best of Purchaser's knowledge, contemplated by Purchaser.

5.2.4 There are no actions, suits, claims or other proceedings (collectively, "**Litigation**") pending or, to the best of the Purchaser's knowledge, contemplated or threatened against Purchaser that could affect the Purchaser's ability to perform its obligations when and as required under the terms of this Agreement.

5.3 Broker. Seller and Purchaser each represents to the other that it has had no dealings, negotiations, or consultations with any broker, representative, employee, agent or other intermediary in connection with the sale of the Real Property. Seller agrees that it will indemnify, defend and hold Purchaser free and harmless from the claims of any other broker(s), representative(s), employee(s), agent(s) or other intermediary(ies) claiming to have represented Seller or otherwise to be entitled to compensation in connection with this Agreement or in connection with the sale of the Real Property. This indemnity obligation shall survive Closing and any termination of this Agreement.

5.4 Property Condition.

5.4.1 The Real Property is being sold “As Is”, “Where Is” as of closing, without any representation or warranty whatsoever as to its condition.

5.4.2 Release of Claims. Without limiting the provisions of Section 5.4.1, Purchaser releases Seller from any and all claims, demands, costs, expenses, damages, and rights to compensation whatsoever (whether known or unknown, and whether contingent or liquidated) arising from or related to (a) any defects, errors or omissions in the design or construction of the Real Property, whether the same are a result of negligence or otherwise; or (b) other conditions (including environmental conditions) affecting the Real Property, whether the same are a result of negligence or otherwise. The release set forth in this Section specifically includes but is not limited to any claims under any Environmental Laws, under the Americans with Disabilities Act of 1990, 42 U.S.C. §§12101 et seq., or with respect to any environmental risk. “Environmental Laws” includes, but is not limited to, the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act (42 U.S.C. §§6901 et seq.), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §§9601 et seq.), the Emergency Planning and Community Right to Know Act (42 U.S.C. §§11001 et seq.), the Clean Air Act (42 U.S.C. §§7401 et seq.), the Clean Water Act (33 U.S.C. §§1251 et seq.), the Toxic Substances Control Act (15 U.S.C. §§2601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. §§1801 et seq.), the Occupational Safety and Health Act (29 U.S.C. §§651 et seq.), the Federal Insecticide, Fungicide and Rodenticide Act (7 U.S.C. §§136 et seq.), and the Safe Drinking Water Act (42 U.S.C. §§300f et seq.), as any of the same as may be amended from time to time, and any state or local law dealing with environmental matters, and any regulations, orders, rules, procedures, guidelines and the like promulgated in connection therewith, regardless of whether the same are in existence on the date of this Agreement.

5.4.3 Acknowledgment of Inspection. Purchaser acknowledges and agrees that (a) this Agreement gives Purchaser the opportunity to inspect the Real Property and its operation, (b) if this transaction is consummated, Purchaser will be purchasing the Real Property pursuant to Purchaser’s independent examination, study, inspection and knowledge of the Real Property, and (c) Purchaser is relying upon its own determination of the value and condition of the Real Property and not on any information provided or to be provided by Seller. Purchaser is relying solely upon its own inspections, investigations, research and analyses in entering into this Agreement and is not relying in any way upon any representations or warranties (except those expressly

provided in Section 5.1), statements, plans, specifications, cost estimates, studies, reports, descriptions, guidelines or other information or material furnished by Seller or its representatives to Purchaser or its representatives, whether oral or written, express or implied, of any nature whatsoever regarding any such matters.

6. CONDITIONS PRECEDENT TO CLOSING.

6.1 Conditions for the Benefit of Purchaser. The obligation of Purchaser to consummate the conveyance of the Real Property hereunder is subject to the full and complete satisfaction or waiver of each of the following conditions precedent:

6.1.1 The representations and warranties of Seller contained in this Agreement shall be true, complete and accurate in all material respects, on and as of the date hereof and the Date of Closing as if the same were made on and as of such date.

6.1.2 Seller shall have performed each and every material obligation and covenant of Seller to be performed hereunder unless performance thereof is waived by Purchaser.

6.1.3 There has been no material and adverse change to the condition of the Real Property since the last day of the Due Diligence Period, provided that any change in condition due to casualty or condemnation shall be controlled by the provisions of Section 9.

6.2 Waiver of Conditions. Purchaser shall have the right to waive some or all of the foregoing conditions in its sole and absolute discretion; provided, however, that no such waiver shall be effective or binding on Purchaser unless it is in writing and executed by the Chancellor of NSHE

6.3 Conditions for the Benefit of Seller. The obligation of Seller to consummate the conveyance of the Real Property hereunder is subject to the full and complete satisfaction or waiver of each of the following conditions precedent:

6.3.1 Receipt by Seller of all requisite approvals.

6.3.2 Purchaser shall have performed each and every material obligation and covenant of Purchaser to be performed hereunder unless performance thereof is waived by Seller.

6.4 Waiver of Conditions. Seller shall have the right to waive some or all of the conditions specified in Section 6.3 provided, however, that no such waiver shall be effective or binding on Seller unless it is in writing and executed by an authorized officer of Purchaser.

6.5 Failure of a Condition. In the event any of the conditions set forth in this Section 6 are not fulfilled or waived the respective party for whom such condition is a condition precedent, this Agreement shall terminate and all rights and obligations hereunder of each party shall be at an end and the Deposit shall be returned to the Purchaser, as the Purchaser's sole remedy and neither party shall have any obligations to the other.

7. CLOSING COSTS AND PRORATIONS.

7.1 Purchaser's Costs. Purchaser will pay the following costs of closing this transaction:

7.1.1 All recording fees and any and all state and county recordation, documentary or transfer taxes.

7.1.2 All premiums, fees and costs associated with the issuance of any Title Policy (except endorsements obtained by Seller to cure objections contained in Seller's Objection Letter as referred to in Section 3) as well as for all premiums, fees and costs associated with the issuance of a mortgagee title insurance policy, and one-half (1/2) of the settlement fees and other charges of the Title Company due in connection with the closing of this transaction; Seller to pay the ALTA Standard premium and Purchaser to pay for any extended coverage desired.

7.1.3 The fees and disbursements of Purchaser's counsel and any other expense(s) incurred by Purchaser or its representative(s) in inspecting or evaluating the Real Property or closing this transaction;

7.2 Seller's Costs. Seller will pay the following costs of closing this transaction:

7.2.1 One-half (1/2) of the settlement fees and charges of the Title Company due in connection with the closing of this transaction; and

7.2.2 All release fees and other charges required to be paid in order to release from the Real Property the lien of any mortgage or other security interest which Seller is obligated to remove pursuant to the terms of this Agreement.

7.3 Prorations. All revenues and expenses, personal property taxes, installment payments of special assessment liens, vault charges, sewer charges, utility charges, reimbursement of maintenance and repair expenses and normally prorated operating expenses billed or paid as of the Date of Closing shall be prorated as of 11:59 p.m., Pacific time (the "Adjustment Time"), on the day before the Date of Closing and shall be adjusted against the Purchase Price due at Closing. No post-closing re-prorations shall occur. Seller and Purchaser shall in good faith attempt to have all contracts that affect the Real Property and for which the charges are based upon usage (including utilities) billed or read as of a time as close to the Adjustment Time as is reasonable, provided that Seller shall not be liable for any charges which accrue or became payable prior to the date of Seller's ownership. If a precise billing or reading as of the Adjustment Time is not available at Closing with respect to such contract, then the foregoing adjustment shall be made, by payment or credit at Closing, by pro-rating to the Adjustment Time from the latest billing or reading then available. No post-closing re-prorations shall occur. Seller shall close out any accounts with utility companies and shall have the right to receive any and all deposits held on behalf of Seller by utility companies with respect to the Real Property.

7.4 Taxes. General real estate taxes and special assessments relating to the Real Property payable during the year in which Closing occurs shall be prorated with respect to the Real Property as of the Date of Closing, with Seller being responsible for any applicable taxes attributable to Seller's period of ownership and Purchaser being responsible for taxes attributable to the period from and after the Date of Closing. If Closing shall occur before the actual taxes and special assessments payable during such year are known, the apportionment of taxes shall be upon the latest available information. If, as the result of an appeal of the assessed valuation of the Real Property for any real estate tax year prior to (or including) the Closing, there is issued after Closing an administrative ruling, judicial decision or settlement by which the assessed value of the Real Property for such tax year is reduced, and a real estate tax refund issued, Seller shall be entitled to all such refunds relating to the period prior to Closing. No post-closing re-prorations shall occur.

7.5 In General. Any other costs or charges of closing this transaction not specifically mentioned in this Agreement shall be paid and adjusted in accordance with local custom or ordinance in the jurisdiction in which the Real Property is located.

7.6 Purpose and Intent. Except as expressly provided herein, the purpose and intent as to the provisions of prorations and apportionments set forth in this Section 7 and elsewhere in this Agreement is that Seller shall bear all expenses of ownership and operation of the Real Property during its period of ownership and shall receive all income therefrom accruing through midnight of the day preceding the Closing and Purchaser shall bear all such expenses and receive all such income accruing thereafter.

8. CLOSING AND ESCROW.

8.1 Seller's Deliveries. Seller shall deliver either at the Closing or by making available at the Real Property, as appropriate, the following original documents, each executed and, if required, acknowledged:

8.1.1 A grant bargain and sale deed conveying title to Purchaser of the Real Property, subject only to the Permitted Exceptions.

8.1.2 Originals (to the extent in Seller's or Seller's Agents possession or control) of all warranties then in effect, if any, with respect to the Real Property or to the Improvements or any repairs or renovations to such Improvements.

8.1.3 Appropriate evidence of authority, capacity and status of Seller as reasonably required by Title Company.

8.1.4 A settlement statement (the "Settlement Statement"), prepared by the Title Company.

8.1.5 A Declaration of Value as prepared by the Title Company.

8.1.6 Such other documents, certificates and other instruments as may be reasonably required to consummate the transaction contemplated hereby.

8.2 Purchaser's Deliveries. At the Closing, Purchaser shall (a) pay Seller the Purchase Price as required by, and in the manner described in, Section 2 hereof, and (b) execute and deliver the following documents:

8.2.1 Evidence of Purchaser's authority, and the authority of the person executing any documents at Closing on behalf of Purchaser, acceptable to Seller and the Title Company, to enter into the transactions contemplated by this Agreement.

8.2.2 A Declaration of Value as prepared by the Title Company.

8.2.3 Such other documents, certificates and other instruments as may be reasonably required to consummate the transaction contemplated hereby.

8.3 Possession. Purchaser shall be entitled to possession of the Real Property at the conclusion of the Closing.

8.4 Escrow Closing. Purchaser and Seller (or their respective counsel on behalf of Purchaser and Seller) shall execute letters of escrow closing instructions (the "Closing Instructions") which will provide that, on the Date of Closing: (a) Seller and Purchaser shall each deposit with the Title Company all of the documents and instruments described in Sections 8.1 and 8.2, above (the "Closing Documents"); and (b) Purchaser shall deposit with the Title Company the balance of the Purchase Price required to be paid after application of the Deposit thereto and all prorations, adjustments and credits required to be made under this Agreement, (the "Adjusted Purchase Price"), all of which shall be set forth on, and mutually agreeable pursuant to, a Settlement Statement executed by both Purchaser and Seller at Closing. Upon receipt of the Adjusted Purchase Price, and the satisfaction of all other conditions set forth in the Closing Instructions, the Title Company shall be authorized and directed to disburse the Adjusted Purchase Price to Seller or its designee(s), record the Deed in the official records of the County Recorder of Washoe County, Nevada, and release the remaining Closing Documents to the appropriate parties, all in strict accordance with the Closing Instructions.

9. DAMAGE, DESTRUCTION AND CONDEMNATION.

9.1 Casualty. Except as provided herein, Seller assumes all risk of loss or damage to the Real Property by fire or other casualty until control of the Real Property is delivered to Purchaser. If at any time on or prior to the Date of Closing any portion of the Real Property is destroyed or damaged as a result of fire or any other cause whatsoever, Seller or Purchaser shall promptly give written notice to the other of the nature and extent of the damage caused by such casualty. Seller shall then prepare a reasonable estimate of the cost to repair and the amount of insurance proceeds payable as a result thereof. If the estimated cost to repair the damage or destruction exceeds \$1,000.00 as reasonably estimated by Seller, Purchaser shall have the right to terminate this Agreement by written notice to Seller within ten (10) calendar days following the date upon which Purchaser receives Seller's written notice of the destruction or damage. If Purchaser does not elect to so terminate this Agreement within said ten (10) day period, or if the cost of repair is equal to or less than \$1,000.00, this Agreement shall remain in full force and effect and the parties shall proceed to Closing.

9.2 Condemnation. In the event, at any time on or prior to the Date of Closing, any action or proceeding is filed, under which the Real Property, or any portion thereof, may be taken pursuant to any law, ordinance or regulation or by condemnation or the right of eminent domain, Seller shall promptly give written notice thereof (which notice shall describe the type of action being taken against the Real Property, and which portions of the Real Property will be affected thereby) to Purchaser. If the taking would substantially prevent the Purchaser from continuing the existing use of the Real Property, then the Purchaser shall have the right to terminate this Agreement by written notice to Seller within ten (10) calendar days following the date upon which Purchaser receives Seller's written notice of such action or proceeding. If Purchaser does not elect to so terminate this Agreement within said ten (10) day period, this Agreement shall remain in full force and effect and the parties shall proceed to closing without any reduction or adjustment in the Purchase Price, except that all condemnation proceeds will be assigned to Purchaser.

10. FAILURE OF CONDITIONS PRECEDENT; DEFAULT AND REMEDIES.

10.1 Failure of Conditions Precedent. If any of the conditions precedent stated in Section 6 have not occurred or been satisfied or waived on or before the Closing Date, Purchaser or Seller whomever is the beneficiary of the condition precedent may: (a) terminate this Agreement by written notice to the appropriate party on or before the Closing Date, in which event the appropriate party shall be entitled to receive the Deposit, or (b) to waive such conditions precedent and proceed to Closing.

10.2 Purchaser Default. If Purchaser is in default of one or more of Purchaser's obligations under this Agreement other than a failure to timely close (for which there shall be no notice and cure period), then Seller may give notice to Purchaser (with a copy to Title Company) specifying the nature of the default. Purchaser shall have five (5) calendar days after receiving that notice, but in no event beyond the Closing Date, within which to cure that default. If Purchaser fails to cure that default within that period, then Seller's sole remedy for such default shall be to terminate this Agreement by giving notice of such termination to Purchaser (with a copy to Title Company) and receive the Deposit as liquidated damages. If Seller does so terminate this Agreement, then Title Company shall pay the Deposit to Seller. .

10.3 Seller Default. In the event Seller shall: (a) fail to sell, transfer and assign the Real Property to Purchaser in violation of the terms of this Agreement, (b) fail to perform any other material obligation of Seller hereunder, (c) intentionally breach any warranty made or granted by Seller under this Agreement, which breach is not cured by the Closing Date and/or (d) have intentionally misrepresented any fact, or any of the representations of Seller contained herein are not true, accurate or complete in any material respect, Purchaser shall be entitled to (i) waive such default and proceed to Closing; (ii) seek to specifically enforce its rights hereunder; or (iii) receive the return of the Deposit. If the Purchaser does not duly notify Seller of the default, or does not give Seller a notice of termination hereunder within a reasonable period of time after discovery of the default, then the default shall be treated as waived by the Purchaser.

10.4 Termination. Upon any termination of this Agreement pursuant to any right of a party to terminate set forth in this Agreement, (a) the Deposit shall be paid over to the party entitled to the same, (b) all documents deposited by Purchaser and Seller into escrow shall

be returned by the escrow agent to the party depositing the same, and (c) all copies of all Property Documents provided to Purchaser by Seller shall be returned to Seller, whereupon the parties will have no continuing liability to each other unless otherwise expressly stated in any provision of this Agreement.

11. NOTICES. Any notice required or permitted to be given hereunder may be served by a party or its attorney and must be in writing and shall be deemed to be given when (a) hand delivered, or (b) one (1) Business Day after pickup by Emery Air Freight, United Parcel Service (Overnight) or Federal Express, or another similar overnight express service, or (c) transmitted by telecopy, facsimile, or electronic mail provided that confirmation of the receipt of same is noted upon transmission of same by the sender's telecopy machine or by e-mail records, and a counterpart of such notice is also delivered pursuant to one of the two manners specified in Sections 11(a) or 11(b), above, in any case addressed to the parties at their respective addresses set forth below:

If to Purchaser: University of Nevada, Reno
General Counsel (0550)
Reno Nevada 89557-0550
Phone: 775.784-3493
Fax: 775.327.2202

If to Seller: Grand Slam Enterprises, LLC
1050 S 21st Street
Sparks, NV 89431

If to Title Company: Ticor Title Company
5441 Kietzke Lane, Suite 100
Reno Nevada 89511
Attn: Rabecca Rich
Phone: 775.824.3232
Fax: 775.824.3233
Email: rabecca.rich@ticortitle.com

or in each case to such other address as either party may from time to time designate by giving notice in writing pursuant to this Section 11 to the other party. Telephone numbers are for informational purposes only. Effective notice will be deemed given only as provided above, except as otherwise expressly provided in this Agreement.

12. MISCELLANEOUS.

12.1 Entire Agreement. This Agreement, together with the Exhibits and Schedules attached hereto, all of which are incorporated by reference as if fully set forth, is the entire agreement between the parties with respect to the subject matter hereof, and no alteration, modification or interpretation hereof shall be binding unless in an express writing and signed by both parties.

12.2 Severability. If any provision of this Agreement or its application to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to such person or circumstances, other than those as to which it is so determined invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law.

12.3 Applicable Law. This Agreement shall be construed and enforced in accordance with the internal laws of the State of Nevada. The exclusive venue for any action to interpret or enforce any rights under this agreement shall be in the courts located in Washoe County, Nevada and the parties agree that, the respective obligations of the parties pursuant to the provisions of this Section are consideration for the other party's obligations under this Section and shall be enforceable regardless of any claim as to the invalidity of any other provision of this Agreement or of the entirety of this Agreement.

12.4 Assignability. Purchaser may not assign or transfer any of Purchaser's rights, obligations and interests under this Agreement, to any person or entity without the prior written consent or approval of Seller. Upon any such assignment or other transfer, Purchaser and such assignee or transferee shall be jointly and severally liable for the obligations of Purchaser under this Agreement, which liability shall survive the assignment or transfer and the Closing.

12.5 Successors Bound. This Agreement shall be binding upon and inure to the benefit of Purchaser and Seller and their respective successors and permitted assigns.

12.6 Captions; Interpretation. The captions in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Agreement or the scope or content of any of its provisions. Whenever the context may require, words used in this Agreement shall include the corresponding feminine, masculine, or neuter forms, and the singular shall include the plural and vice versa. Unless the context expressly indicates otherwise, all references to "Section" are to sections of this Agreement. The parties acknowledge and agree that they have both participated in the negotiation of the terms and conditions of this Agreement and that both have been assisted by counsel in that process and that no provision hereof shall be interpreted against either party by virtue of its authorship.

12.7 No Partnership. Nothing contained in this Agreement shall be construed to create a partnership or joint venture between the parties or their successors in interest or permitted assigns.

12.8 Time of Essence. Time is of the essence with respect to the performance of the obligations of Seller and Purchaser under this Agreement.

12.9 Counterparts. This Agreement may be executed and delivered in any number of counterparts, each of which so executed and delivered shall be deemed to be an original and all of which shall constitute one and the same instrument.

12.10 Recordation. Purchaser and Seller agree not to record this Agreement.

12.11 Proper Execution. This Agreement shall have no binding force and effect on either party unless and until both Purchaser and Seller shall have executed and delivered this Agreement.

12.12 Waiver. No waiver of any breach of any agreement or provision contained herein shall be deemed a waiver of any preceding or succeeding breach of any other agreement or provision herein contained. No extension of time for the performance of any obligation or act shall be deemed an extension of time for the performance of any other obligation or act.

12.13 Business Days. If any date herein set forth for the performance of any obligations by Seller or Purchaser or for the delivery of any instrument or notice as herein provided should fall on a Saturday, Sunday or Legal Holiday (hereinafter defined), the compliance with such obligations or delivery shall be deemed acceptable on the next day (a "**Business Day**") following such Saturday, Sunday or Legal Holiday. As used herein, the term "**Legal Holiday**" shall mean any local or federal holiday on which the Courts of the Second Judicial District are closed in Reno, Nevada.

13. ESCROW AGREEMENT.

13.1 Deposit. Title Company agrees to deposit the Deposit in an interest bearing account, subject to the receipt from the Purchaser of a form W-9 for the purposes of investing said funds and to hold and disburse said funds, and any interest earned thereon, as hereinafter provided. Upon written notification from Seller or Purchaser in accordance with the terms of this Agreement, Title Company shall release the funds in accordance with and pursuant to the written instructions. In the event of a dispute between any of the parties hereto sufficient in the sole discretion of Title Company to justify its doing so, Title Company shall be entitled to tender unto the registry or custody of any court of competent jurisdiction all money or property in its hands held under the terms of this Agreement, together with such legal pleading as it deems appropriate, and thereupon be discharged.

13.2 Title Company. Seller and Purchaser covenant and agree that in performing any of its duties under this Agreement, Title Company shall not be liable for any loss, costs or damage which it may incur as a result of serving as Title Company hereunder, except for any loss, costs or damage arising out of its willful default or gross negligence. Accordingly, Title Company shall not incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of its counsel given with respect to any questions relating to its duties and responsibilities, or (ii) to any action taken or omitted to be taken in reliance upon any document, including any written notice of instruction provided for in this Agreement, not only as to its due execution and the validity and effectiveness of its provisions, but also to the truth and accuracy of any information contained therein, which Title Company shall in good faith believe to be genuine, to have been signed or presented by a proper person or persons and to conform with the provisions of this Agreement.

13.3 Indemnity. Seller and Purchaser hereby agree to indemnify and hold harmless Title Company against any and all losses, claims, damages, liabilities and expenses, including without limitation, reasonable costs of investigation and attorneys' fees and

IN WITNESS WHEREOF, Purchaser and Seller have executed this Agreement, effective as of the date first set forth above.

PURCHASER:

Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada, Reno

Name: _____

Title: _____

SELLER:

Grand Slam Enterprises

By: *Norman J. Diakke*

Name: *Norman J. Diakke*

Title: *MANAGER*

TICOR TITLE COMPANY hereby accepts the foregoing Purchase and Sale Agreement hereby agrees to act as the Title Company hereunder.

TITLE COMPANY:

By: _____

TICOR TITLE COMPANY

By: _____

Its: _____

Date: _____

EXHIBIT A

Real Property Description

The subject property is located at 830 North Center Street in Reno, Nevada and identified by Washoe County as Assessor's Parcel Number (APN) 007-222-13 and further known as:
All that certain real property situate in the County of Washoe, State of Nevada, described as follows:

All that certain piece or parcel of land situate in the City of Reno, County of Washoe, State of Nevada, described as follows:

Commencing at a point on the East line of University Avenue (formerly North Center Street),
150

feet North of the intersection of the North line of Eighth Street with the East line of said University Avenue;

Thence Northerly along the East line of University Avenue, 49 feet 6 inches;

Thence Easterly, parallel with the North line of Eighth Street, 140 feet to an alley;

Thence Southerly along the West line of said alley 49 feet 6 inches;

Thence Westerly, parallel with the North line of Eighth Street, 140 feet to the place of beginning.

APN: 007-222-13