

HARDING APPRAISAL CO. GARY FULBRIGHT, MAI
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December 27, 2012

Caspar Community Corporation
15051 Caspar Road
Caspar, CA 95420-0132
Dear Community Members:

In accordance with the request of Judy Tarbell, the 135 1 acre Caspar Cattle Co. property located on both sides of Highway 1, in Caspar has been appraised. The property is understood to include five separately saleable ("legal") lots, improved with five dwellings, and is identified as 11 Mendocino County assessor's parcels which collectively have four zoning designations, all within the California Coastal Zone.

The purpose of this appraisal is to provide my opinion of the market value for the fee simple interest in each of the property's legal lots, and the market value for whole property. The appraisal's intended use is as a basis for your local group in making an offer to purchase the property or portions of it.

The property was visited on December 4, 2012, which is the date of value. The accompanying summary report contains a description of the property appraised and the analyses of data leading to the estimated values. As a conclusion of the investigation and analysis, the estimated market values of the property appraised are:

AP Numbers	Description	Estimated Values
118-050-29	White House	\$625,000
118-050-15	Small lot zoned RV	186,000
118-050-18 & 30	Frontage on both sides of	
118-050-01	Hwy. 1, and Duck Pond	684,000
118-080-10, 12, 14, & 17	Rental houses, pasture, and water wells	161,000
118-090-12 & 13	South of Fern Creek Road	947,000
Entire Property		\$2,603,000

It is noted that the appraiser has not included in these figures any special reserve or value reduction for water system defects, for hazardous materials that may be hidden in the property, or for any other unforeseen condition that could reduce market value. The client is urged to investigate and confirm the water system, water availability, and soil percolation before buying any of this property or portion of it.

I hereby certify that I have personally inspected (visited) the property appraised, that I have no present or contemplated interest in the property, and that to the best of my knowledge and belief all statements of fact contained herein are true and correct.

Respectfully submitted,

/s/

Gary Fulbright

NOTE: this is an unedited Optical Character Recognition document
scanned from the original paper document
on file at the Caspar Community Center office.

FACTUAL DATA

GENERAL AREA & NEIGHBORHOOD

Caspar is a small coastal community in Mendocino County with a 2010 Census population of 509 inhabitants within about three square miles. Caspar is located on the northern California coast about four hours of driving time northward of San Francisco, which is the region's historic and financial center. From 1864 to 1955, Caspar was a significant logging community with a population near 800. Old mill pilings are reported still to be visible on Caspar Beach, to the south.

The town has an actively used community center, a shul, and an inn with a nightclub, it offers no visible shopping or professional services, and has no local (formal) administration. It is reported informally that most of the dwellings are occupied by their owners, and the corollary is there are not too many absentee owners. A significant geographic feature is that both sides of Highway 1 in central Caspar are owned by the Caspar Cattle Company, and constitute the subject property of this appraisal.

Caspar has publicly-available electric power from Pacific Gas & Electric Company, which has offices in Ft. Bragg. Fire protection is provided by a volunteer fire station located on Little River Road, in Mendocino. Police protection in the area is provided by the county sheriff's department, out of Ft. Bragg, augmented with patrols along Highway 1 by the California Highway Patrol.

Caspar has no publicly-available water or sewer services; thus each dwelling unit or inhabited structure must have water and a sanitary waste disposal system: usually a private well and a septic and leach field system. Difficulties exist in Caspar as when well production becomes marginal during dry months each year or when land does not percolate sufficiently to meet minimum county standards for approval.

There are extensive services available in the City of Ft. Bragg (pop. 7,300 i), four miles northward, and in the town of Mendocino (pop. 9001), about four miles to the south. Ukiah, the county seat (pop. 17,0001), is located about two hours away to the east. Santa Rosa, county seat of adjacent Sonoma County, which is located about three hours to the south and east, has a population of about 170,000, and provides a fairly wide range of shopping and professional, medical, and governmental services.

Property Appraised — cont.

Utilities include publicly available electric power and propane as delivered in trucks. The dwelling units that are on the subject lots have connected electricity.

Access to improved lots within the property is available either from county roads or from a frontage road to the highway, although best access for development of the unimproved lands will likely need vehicle encroachment permits from the county.

Topography of the subject property includes mostly flat to gently sloping terrain. Maximum elevation appears to be 243 feet above sea level near the north west corner of APNo. 118-090-13, about where the water storage tanks are situated. The minimum elevation is about 75 to 80 feet, on Caspar Road, and near the old Community Store. Average land slope is about five percent from east to west.

Much of the property is free of trees, and the ground cover on open lands is native grass. There are stands of cypress trees near the property's north west corner and south of Pacifica Drive; and there are native oaks and eucalyptus trees and brushy undergrowth on all larger subject lands to the east of Highway 1, particularly on APNo. 118-090-13.

There is a duck pond with a surface area of about three acres located on APNo. 118-050- 18, and Fern Creek crosses APNo. 118-090-13.

Zoning for all lots is within a Rural Coastal Zone and is shown in the following table.

AP Numbers	Zoning
1) 118-050-29	RMR 20 acre min. lot size; (legal, non-conforming lot)
2) 118-050-15	RV 40; 40,000 sq.ft. min.
3) 118-050-18 & 30	RMR 20 acre min. lot size 118-O60-O1
4) 118-080-10 & 12	RR 5(2) 5 or 2 acre min.** 14 & 17 RR 10 acre min. lot size (legal, non-conforming)
5) 118-090-12 & 13	RR 10 acre min. lot size

** The coastal zoning for APNos. 118-080-10 & 12 means that the nominal five acre minimum lot size might be reduced to a two acre minimum in the event that it can be demonstrated that water to be taken for created parcels does not endanger the water supply for neighboring properties.

Valuation - Small RV Zoned Lot - cont.

Sales Summary

The values indicated from comparison and adjustment are close for two of the comparables and wide apart for the other property. The two properties that indicated close agreement after adjustment are Sale No. 2 (\$6.04/sq.ft.) and Sale No. 6 (\$5.80/sq.ft.). Sale No.4, which was a property located on Pacifica Drive, on a wooded lot for which there was no record of soil perc or well development, indicated \$4.17/sq.ft, and was useful as a lower limit to value.

A Sales Summary is set forth as follows.

Properties	Unadjusted	
	Per Sq.Ft.	Indicated Value
Sale No.4	\$1.67	\$4.17
Sale No. 6	2.30	5.80
Subject	NM	6.00
Sale No. 2	4.19	6.03

As indicated in the Sales Summary, the \$6.00 estimated value is very close to, and is between the values indicated from Sale Nos. 4 and 2. Sale No. 2 is judged to be the best value indicator. **The \$6.00/sq.ft. estimated market value for the Small RV Zoned Lot, as though enlarged to one acre by through lot line adjustment with APNo. 118-050-30, is \$6.00 x 43,560, or \$261,360, then rounded to \$260,000 — before consideration for tests to prove that the soil is suitable and that water can be developed for the lot. The likely buyer will discount the "retail" value for time, risk, and costs for development and sales commissions.**

My comment for the adjustment for Sale No. 4 is that the buyers got either a very good price, or that the parties to the sale knew the dwelling shell was worth little, and would need substantial money for renovation. The lack of an approved soil test and the absence of a well test raise serious questions.

Valuation – cont.

South Pasture, Rental Houses, and Wells

This 19± acre lot (APNos. 118-080-10, 12, 14, and 17) includes both five acre and ten acre minimum lot sizes, but is estimated to have limited potential for additional development, owing to a combination of high ground water and likely soil percolation issues. Views are pleasant westward where the ocean is not blocked by trees and structures. There is value related to the three water wells located on the well site, which have a reported production of about 30 gallons per minute, according to Eric Miller. Such production, in combination with the storage tanks on APNo. 118-090-13, could provide water to more users than now have water delivered through the system.

As none of the lands in this lot has any potential for further development, the principal market value is in the four rental houses and the water wells. Addenda Exhibit C is the Caspar Cattle Company rental rates. The schedule indicates that rents for the four houses is \$2,700 per month and that \$25 per month is received from Caspar Community for service. Annual revenue is then \$2,725 x 12, or \$32,700.

The house rents are acknowledged by all to be under the market rates for Caspar. However, the offset is that the tenants, all said to be long-timers, know that they are responsible to maintain their dwellings, doing their own repairs and maintenance work. It is said to be understood that tenants may do their own repairs if they can pay the landlord to perform that work. All tenants do their own maintenance and small repairs, such as broken windows, painting, and plumbing, etc. It is assumed that the landlord would pay for replacing a major item such as a roof or an exterior wall. The landlord is believed to be a savvy business person; it is assumed that raising rents would not much improve profitability or value.

Addenda Exhibit D sets forth a schedule of water system costs for the past five years, provided by Anne Smith. The costs are re-shown below on an annualized basis.

	Monthly	Annualized
Technician	\$135	\$1,620
Chlorination		60
Electricity		300
Pump	\$2,000/5 years	400
Total		\$2,380

SUMMARY AND CONCLUSIONS

The Caspar Cattle Company property includes about 135 acres within five separately saleable ("legal") lots, which in turn have a 11 county assessor's parcels.

The appraiser has estimated that the likely buyer for the whole property would likely keep the White House lot for his or her personal use, and sell all the other lots. The best use for the other four legal lots is estimated to be for lot-line adjustment of the Small Lot Zoned RV, to enlarge the size to more than one acre, taking almost an acre from the North Pasture, which doesn't need it, and thereby creating a potentially buildable lot. The created lot would be buildable with an approved soil/ground water test and a well or other water source.

Both the North Pasture and the western 30+ acres south of Fern Creek Road should be divided, the North Pasture into two 10+ acre lots and the Fern Creek Road lot into three 10 acre lots.

The remaining legal lot, comprised of the South Pasture, the Rental Houses, and the Water Wells is understood to be in its best use condition, as high ground water and/or difficult soil percolation would make new development unlikely.

After further consideration, my opinion is that the most probable market values for the subject property, as of the appraisal date and after estimated exposure time of up to 12 months, and subject to all the assumptions and limiting conditions in the appraisal, are in the final amounts of:

White House	Small Lot Zoned RV	North Pasture	South of Fern Creek	South Pasture +	Whole Property
\$625,000	\$186,000	\$684,000	\$947,000	\$161,000	\$2,603,000

It is noted that the appraiser has not included in these figures any special reserve or value reduction for water system defects, for hazardous materials that may be hidden in the property, or for any other unforeseen condition that could reduce market value. The client is urged to investigate and confirm the water system, water availability, and soil percolation before buying any of this property or portion of it.

This appraisal report has been prepared for Caspar Community for its intended use in making an offer to purchase the subject property or a portion or portions of it. The report is intended for no other reason.