

ABC Appraisals, LC

Independent Fee Appraising

A. Bruce Christensen

Commercial and Residential

Utah State

Certified General Appraiser

**COMPLETE APPRAISAL
in a
SUMMARY REPORT**

of the

"Tooele" Vacant 264.36 Acres
Parcel #03-014-0-0002.... 109.36 Acres
#03-024-0-0003 75.94 Acres
#03-024-0-0005 40.06 Acres
#03-024-0-0007 39.00 Acres
approx. 2000 North Droubay Road (900 East)
in the Tooele City area, Utah 84074
Castle Arch Real Estates Investments Co. - Owners

for:

Barnes Banking Co. of Layton
Attn: Stephanie L. Wallace
849 West Hillfield Road
Layton, Utah 84041
(Client & Intended User)

by: **ABC Appraisals**
A. Bruce Christensen
1559 West Phillips St.
Kaysville, Utah 84037
544-9377
3 January 2006
ABC File #3574

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Barnes Banking Co. of Layton
ATTN: Stephanie Wallace
846 West Hillfield Road
Layton, Utah 84041

RE: "Tooele" vacant 264.36 acres
approx 2000 North Droubay Road (900 East)
in the Tooele City area, Utah 84074

Dear Stephanie,

At your request, I have made an examination of the subject property and have appraised it for the purpose of estimating it's market value (most probable price) as of the effective date of value of 23 December 2005 and a "prospective" date of value of 1 July 2006. As agreed, this is a complete appraisal in a summary report; relying mostly on the sales comparison approach.

Market value is defined as being the most probable price, estimated in terms of money, that a willing buyer would pay a willing seller, both parties being familiar with the property and all the uses to which it might be put, and allowing for a reasonable time for exposure in the market.

As my client it is my understanding you will use this appraisal and my opinions and conclusions to review the subject's market value and to help you in a possible loan for the subject property.

Please note that this appraisal is for the real property only at the subject site, and that the interest is "Fee Simple".

Based upon my analysis of all the information considered pertinent to this appraisal, it is my opinion that the value of the described subject property, as of the effective date of value of 23 December 2005 is:

A. "As Is" Land Value

Eight Million Four Hundred Eighteen Four Thousand Dollars

\$8,418,000 - "As Is" (Includes "banked" culinary water)

B. "Future/Prospective" Land Value (projected to be 1 July 2006)

Ten Million Eight Hundred Thousand Dollars

\$10,800,000*

*Contingent upon: A. Culinary water issue resolved - B. Sewer availability issue resolved

C. Annexed into Tooele City with zoning approved as per "concept plan"

Note: This "prospective Value" includes the value of the "banked water" which will make this "prospective value" possible.

The report containing my summary analysis and conclusions follows.

Respectfully submitted,



A. Bruce Christensen
ABC Appraisals
ABC File #3574

Utah State Certified General Appraiser
Certificate 5475631-CG00 Expires 6-30-07

1559 West Phillips Street, Kaysville, Utah 84037
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**** EXECUTIVE SUMMARY ****
Complete Appraisal in a Summary Report

Client Barnes Banking Company of Layton

Property Titles Tooele Vacant 264.36 Acres

Address approx. 2000 North Droubay Road (900 East)
Tooele City area, Utah (subject is in county)

Property Type Residential developable land

Property Rights Appraised "Fee Simple" subject to easements of record, if any.

Date Property Visited 23 December 2005

Report Signed 3 January 2006

Effective Date of Value 23 December 2005

"Prospective" Date of Value 1 July 2006

Purpose of Appraisal To appraise market value, and for a possible loan.

Regional Data Tooele City and Tooele County have been growing steadily.

Neighborhood Data Subject property is located in a good location, ready for development after annexation.

Site:

Size: 264.36 Acres

Utilities: Electricity but no culinary water nor sewer (for now)

Zoning: RR-5 (in county) but will be different when annexed

Flood Zone: No hazard; Panel #490140 C; dated 16 November 1990

Property Taxes:

<i>Parcel Numbers</i>	<i>Acres</i>	<i>2005 Taxes</i>
03-014-0-0002	109.36	\$ 6.02
03-024-0-0003	75.94	\$ 5.52
03-024-0-0005	40.06	\$ 5.52
<u>03-024-0-0007</u>	<u>39.00</u>	<u>\$ 5.52</u>
<i>Totals</i>	<i>264.36</i>	<i>\$22.58</i>

Note: Property is currently assessed under "Greenbelt".

Improvements None

Personal Property: None

Highest & Best Use: Planned commercial & Residential Development

CERTIFICATION OF APPRAISER
(Complete Appraisal - Summary Report)

RE: An appraisal of the vacant 264.36 acres located at the approx. 2000 North Droubay Road (900 East), near Tooele City, Utah.

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

1. The statements of fact contained in this report are true and correct.
2. The reported analysis, opinion and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, unbiased professional analysis, opinions and conclusions.
3. 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.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. 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.
7. My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. I have made a personal inspection of the property that is the subject of this report.
9. No one provided significant professional assistance to the person signing this report.
10. The analysis, opinions and conclusions as well as the preparation of this report has been in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute. It is in conformity with Title XI of the Federal Financial Institutions Recovery Act (FIRREA), and its regulations. Also, the value of the property has been determined in accordance with requirements of the current uniform standards of professional appraisal

practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation.

- 11. The use of this report is subject to the requirements of the appraisal Institute relating to review by its duly authorized representatives.
- 12. Additionally, A. Bruce Christensen is licensed by the State of Utah, Department of Commerce, Division of Real Estate. Under the state's licensing regulations, he is a Certified General Appraiser.

Date Property

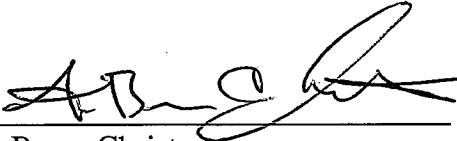
Inspected: 23 December 2005

Date Report

Signed: 3 January 2006

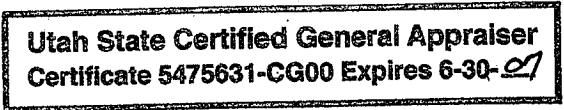
Signed: _____

A. Bruce Christensen



Effective

Date of Value 23 December 2005



"Prospective"

Date of Value 1 July 2006

**"COMPLETE SUMMARY APPRAISAL REPORT" SPECIFIC
ASSUMPTIONS AND LIMITING CONDITIONS**

1. As agreed upon with the client prior to the preparation of this appraisal, this is a Complete Appraisal - Summary Report and is in compliance with the Uniform Standards of Professional Appraisal Practice.
2. This is a Complete Appraisal - Summary Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analysis that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analysis is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
3. No responsibility is assumed for the legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
4. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated in report.
5. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
6. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
7. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
8. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
9. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
10. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
11. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based.

12. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. no survey has been made for the purpose of this report.
13. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless stated in the report.
14. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous wastes and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
15. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
16. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
17. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
18. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with property written qualification and only in its entirety.
19. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without the prior written consent and approval of the appraiser.

APPRAISAL REPORT

PURPOSE OF APPRAISAL

The purpose of this complete summary appraisal is to estimate the market value for the property located at approx. 2000 North Droubay Road (900 East) near Tooele City, Utah. The appraisal will establish the most probable selling price for the subject property.

As my client it is my understanding you will use this appraisal and my opinions and conclusions to review the subject's market value and to help you in a possible loan for the subject property.

Definition of Market Value:

The Uniform Standards of Professional Appraisal Practice (USPAP) of The Appraisal Foundation require that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:

1. *Identification of the specific property rights to be appraised.*
2. *Statement of the effective date of the value opinion.*
3. *Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.*
4. *If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below or above market interest rates and/or contain unusual conditions or incentives. The terms of above- or below-market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.*

As quoted in The Appraisal of Real Estate, Twelfth Edition, page 22)

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:

- A. buyer and seller are typically motivated;
- B. both parties are well advised, and each acting in what he considers his own best interest;
- C. a reasonable time is allowed for exposure in the open market;
- D. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto;
- E. 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.

Property Rights Appraised:

This property is appraised in terms of "Fee Simple Ownership", which provides the owner with the greatest possible legal rights to the use of the property.

Fee simple ownership also reflects all rights associated with fee simple title which is regarded as an estate without limitation or restriction but subject to the four powers of governments: taxation, eminent domain, escheat and police power.

"As Is" Date of Value 23 December 2005
"Prospective"/Effective Date: 1 July 2006

SCOPE OF APPRAISAL

In order to complete this appraisal, I inspected the site and talked with the owners. I also visited the county courthouse for information on ownership, current and previous taxes, and property description. Conversations and interviews also took place with various government staff employees regarding zoning, flood plain, ownership, etc.

I then researched the local market for good comparable land sales and leases, speaking with other owners and tenants.

I also looked at the entire parcels from corner to corner. The size of the land appears to be correct. The property was visited on 23 December 2005. Photos of subject were taken on 23 December 2005.

The appraisal report is a complete appraisal - summary report, per the Uniform Standards of Professional Appraisal Practice (USPAP). I have completed several other appraisal assignments in this area for the past years. I have appraised property since 1979.

In estimating the highest and best use of the property an analysis affecting the physical, legal, economical, and highest value for this type of property was studied.

All three (3) approaches - Cost, Sales Comparison, and Income were used in appraising the subject. if possible, the appraiser has contacted major brokers in the area for current information, data and evidence for market sales, trends, proposed transactions, and future development plans. This has helped in the analysis in arriving at value and an estimate of typical marketing time for this type of property.

One should remember that Utah is a non-disclosure state. Information used in this report is as reliable and complete as practical. Data used in this report was personally verified with buyers, sellers, brokers, or other reliable persons.

Intended Use of Appraisal

This appraisal has been prepared exclusively for my client, Barnes Banking Company for a possible loan.

REGIONAL AND AREA DATA**Geographic Location**

The subject property is located in a region known as the Intermountain West. It includes all of Utah, as well as Nevada, Idaho, Wyoming, Colorado, and Arizona. Utah is geographically located in a central location, approximately equidistant from most of the major west coast cities.

The "Wasatch Front" is the most populated area in the state and is the financial center. This area is located in the valleys at the base of the western slopes of the Wasatch Mountain Range, between Springville on the south and Brigham City on the north. There are a few strategically located towns and small cities, the balance of the state is sparsely populated.

Population

As of July 1, 2000, the population for the State of Utah was 2,246,553. 76% of the residents of Utah are located in the Wasatch Front area. Utah has the highest birth rate in the nation. In 2003 and 2004, population growth was 2% and 2005 is expected to match that rate. It is about twice the national rate.

Wasatch Front Population 2000 Census Counts			
County	1990 Census	2000 Census	1990-2000 Growth Rate
Davis	187,941	238,994	27.2%
Salt Lake	725,956	898,387	23.8%
Utah	263,590	368,536	39.8%
Weber	158,330	196,533	24.1%
Total	1,335,817	1,702,450	27.5%
State Total	1,722,850	2,233,169	29.6%

Utah's death rate is the second lowest in the nation and Utahns rank number three in the longest lifetime category at 77.7 years. The state's population is younger than the national average, 26.7 years compared to 35.5 years. Utahns have the largest average household size in the country. (3.13 persons per household).

Immigration to the U.S. as a whole has been at historic levels for the past 30 years. In Utah, the foreign-born population increased from 58,600 in 1990 to 158,664 in 2000. However, Utah's minority population is much lower than the national average- 10.8% compared to 24.9%.

Current expectations are that the Wasatch Front area will add at least 1 million residents by 2030, giving the area a population of 3 million.

Education

Utah's young population is well educated. 94% of residents age 18-64 are classified as literate, which classifies Utah as having the highest literacy rate in the nation. Utah ranks 4th in the nation for those who have completed high school--91% of the population. It also ranks 11th in the nation in the percent of persons 25-years and older who have attained bachelor degrees.

The Economy

Nationally, the U.S. economy expanded explosively for a number of years, led by technology stock increases. The stock market was hit by plunging prices early in 2000. A recession which began early in 2001, was fueled by the terrorist attacks in New York and Washington D.C. on September 11, 2001. Corporate accounting scandals added to the problem. The war with Iraq and uncertainty about the length of our involvement there has kept the nation in a conservative mode.

Job creation has been at the lowest rate since the post W.W.II period. The hardest hit sectors have been manufacturing, construction and industrial.

Consumers have been bargain focused. Auto sales have been strong when incentives are in place. Sales of new and existing homes have been at record levels, tied to low mortgage interest rates.

The 2004 Economic Report to the Governor reports that Utah's economy improved only slightly in 2003 due to the lingering effects of the national slowdown, and the failure of many dot.com companies. In Utah specifically, the completion of the 2002 Olympic Winter Games slowed the economy.

Utah's personal income growth of 2% in 2003, was the weakest since 1954, and two years of consecutive job losses were the worst in 57 years, but in the past year Utah has seen a larger personal income growth.

Some positive help to the state came from record high defense spending. New housing starts helped steady the economy with the lowest mortgage rates in 50 years. Utah's economy continued to outperform the nation and registered positive year-over job growth in the last quarter.

Utah's economic growth turned positive at the end of 2004 and is expected to continue in 2005. The economic outlook for 2005 is the most promising in the last four years. There was an increase of 6,700 jobs, which is the highest in the last 12 months. Net job growth is expected to increase by 2.0% in 2005.

The "2003 Development Report Card for the States", conducted by the Corporation for Enterprise Development, ranked Utah among the top eight states in terms of economic performance, business vitality, and development capacity.

Jobs and Wages

During the last two months of 2003, Utah's economy began to recover from the worst slump since 1954. The employment level fell for two years, 2002 and 2003, which is the only time since World War II that has occurred. There was a job gain the last two months of 2003 and there is a modest 2% growth expected in 2005. The unemployment rate was 5.8% in 2003 and is expected to improve to 5.0% in 2005.

The most heavily impacted sectors were mining, manufacturing and construction. Growth occurred in service professions of education, health, finance, and government.

Utah's average nonagricultural pay was \$30,500 in 2003, up 1.4% from 2002. Wages are expected to increase faster than inflation during 2005.

Real Estate Market

Commercial

Office

2004 was another banner year for commercial real estate. Net absorption showed and impressive gain in the suburban markets. The central business district showed negative absorption. The majority of absorption is in newer Class A space. There was minimal completion of new buildings and that is expected to continue in 2004. Lease rates continue to decline. The forecast is that the market has bottomed out and there will be modest increases in 2005 in both lease rates and vacancy rates.

Industrial

2004 saw an increase in the number of sale and lease transactions and also an increase in the year-end vacancy rate. The market saw its first positive net absorption since 2000. With interest rates low, there is a shift to leasing better office space at or below the renewal clauses in inferior space. Sales also increased as investors seek to reposition capital or liquidate non-performing assets.

Retail

Retail vacancy in 2004 stayed the same as in 2003, just over 7.3%. Absorption was 30% better than the year before. There has been new construction and lease rates have increased. The outlook is for an upward trend, based on the fact that retail has been one of the strong factors in the economic recovery during the last few years.

Major Projections

In the addendum of this appraisal is a copy of the 2005 Commercial Real Estate Symposium Report. The projections and growth expectations are discussed in this report (see addendum for a partial copy of this report.).

Transportation

The Salt Lake International Airport is among the 50 busiest in the nation and is served by major airlines. It is also served by U.S. Customs, which allows cargoes that have arrived at other ports of entry to be bonded and transported to Salt lake, where they can be cleared through customs.

The area is served by three major railroads, including rail freight and Amtrack passenger trains.

Interstate Highways 15 and 80 run through the state and intersect at 2100 South in Salt Lake. They provide good transportation for commuters, as well as inter and intrastate travelers. The completion of the I-15 Freeway reconstruction in 2001 greatly improved the flow of traffic. In addition, Interstate 215 is a belt route that circles three-fourths of metropolitan Salt Lake City. Utah Transit Authority buses provide convenient transportation from Ogden to Provo. Within the last few years, TRAX - a light rail passenger train, has been added. It services Salt Lake City from 10600 South to Downtown. A section also goes to the University of Utah. Plans are in process to expand the service to various other routes.

Approximately 35 large interstate motor freight carriers operate in Utah, maintaining either national headquarters or local terminals. These provide daily direct service from Salt Lake City and link directly into coast-to-coast routes.

Utah Transit Authority buses provide convenient transportation from Ogden to Provo. Within the last few years, TRAX - a light rail passenger train, has been added. It services Salt Lake City from 10600 South to Downtown. A section also goes to the University of Utah. Plans are in process to expand the service to various other routes.

Recreation and Tourism

Salt Lake City hosted the 2002 Winter Olympics, which provided a stimulus to the tourism industry. It is expected to increase tourism and the ski industry in the future as well.

There are several world-renowned ski resorts with 45 minutes of downtown Salt Lake City.

Utah has 44 state and five (5) national parks. Visiting these parks is one of the state's top tourist attraction.

Salt Lake is also home to professional sports teams for baseball, basketball, hockey, and soccer. There are also many cultural activities and centers available. These include the Hansen Planetarium, the Utah Symphony Orchestra, the Utah Opera Company, Ballet West, the Pioneer Memorial Theater, and numerous museums, as well as the internationally renowned Mormon Tabernacle Choir.

Salt Lake County operates the Salt Palace civic auditorium, sports complex, and convention center. Events held in the complex include rodeos, circuses, concerts, ice shows, etc. As a convention center, it is large enough and appropriately designed to provide for almost any type of gathering or display up to the mid-sized range.

Other Data

Salt Lake City is the headquarters of a worldwide religion. The rapidly growing Church of Jesus Christ of Latter-Day Saints ("Mormon" or "LDS"), now has over 12,000,000 members. Visitors to historic "Temple Square" are a boon to tourism in the city.

The Church is a major employer in the city and state, both directly and indirectly, and is a significant holder of downtown real estate. It is a large payer of property taxes in Salt Lake County, although a significant part of its real estate holdings are tax exempt. The Church has recently purchased Crossroads Mall and has announced some development plans for the CBD. It has been and will continue to be a major force in creating and maintaining a strong CBD.

Property Taxes

Local property taxes are the second largest source of government revenue in the state, behind state income tax. Property taxes are computed on the basis of a tax factor of percentage of the assessed valuation of a property. The property taxes in Tooele County has been gradually increasing. In addition to property taxes, there is a state sales tax of 5.375%, with a local option up to an addition 0.75%. There is also a corporate franchise tax of 5% on corporate net income.

Summary

In summary, this region and local Tooele City area has the necessary factors for continued growth and expansion. The economy is basically sound and has a relatively broad base. New job formation has increased substantially in the past five years, while basic industries have been re-established and are now growing. Current unemployment is around 5%.

NEIGHBORHOOD DATA

Jurisdiction

The subject property is under the jurisdiction of Tooele County, which provides a full range of services including water and sewer, police and fire protection, planning and zoning office, garbage pick-up.

Proximity

The subject is approximately 30 miles from downtown Salt Lake and 55 miles from Provo. It is close to Deseret Peak Recreational Complex, Tooele Arm Depot, Bingham Copper Mine and the Great Salt Lake.

Boundaries

The neighborhood boundaries are defined as follows:

North Boundary	3300 North	South Boundary	900 South
East Boundary	1400 East	West Boundary	1000 West

These boundaries include the main business district for Tooele. The city offices, county courthouse, fire and police stations, community parks, schools, and shopping areas are within these boundaries. The boundaries also include the older, well-established residential areas as well as several new subdivisions.

Tooele County is one of the moderate growing areas of Utah. The current trend is to bring more businesses to the area to support the many people who are locating here. Approximately 30% of the area is vacant and available for development.

SITE ANALYSIS

The subject site consists of a irregular shaped parcel of land comprising of 4 parcels totaling: 264.36 acres. Access is available from 2000 North, 2400 North and Droubay Road.

Address:	approx.2000 North Droubay Road (900 E), Tooele City, Utah
Street Orientation:	See plat
Shape:	Irregular
Frontage:	See Plat
Size:	264.36 Acres (all 4 parcels)

Topography: Level

Drainage: Toward west

Soil: Good, well drained farm ground (no soil study provided).

Street Improvements: 2000 North, 2400 North and Droubay Road are paved.

Utilities: Electricity is nearby. No culinary water available nearby, but as per the owners, they have purchased on 1 October 2005 237.5 acre feet of Tooele City approved culinary "Banked" water. As soon as a water study is finalized, it is expected that they will be able to drill a well on site for the "banked" water they own.

There is only septic tanks allowed in the county zoned RR-5 area, but as soon as this property is annexed into Tooele City it is expected the city would allow hookup to their sewer system. The city told me that their current sewer system is at capacity; so I was told by Mr. Richard Jorgensen of Tooele City that the owners of the subject property has offered the city \$1,000,000 towards a new sewer plant which the city wants to build soon.

Zoning: ***Current County Zoning:***
RR-5 (one house on a minimum of 5 acres)
Tooele City Zoning:
When annexed (which is expected to be approved soon) the zoning will most likely be:

- ▶ R1-7000 and R1-8000 (approximately 238.23 acres)
- ▶ Multi-Family Residential (approximately 20.0 acres near the railroad tracks.
- ▶ Commercial (approximately 6.13 acres of neighborhood commercial zoning on 2000 North and Droubay Road.)

Flood Zone: No Hazzard. Zone C; 490140 A; dated 16 November 1990

Easements: No information has been supplied. Value is based on the assumption that only average utility easements exist.

Access: Good

Visibility: Good

Surrounding Land Uses:

South:	Residential
West:	Rural residential and vacant land
North:	Vacant land
East:	Vacant and rail road tracks (active)

On-Site Improvements None

Ownership (Three Years)

Subject has been owned by Castle Arch Real Estates Investments Co. Since September and October 2005. No change in ownership in past 3 months. (See copy of closing documents in the addendum.)

Prior Ownership:*Parcel 03-014-0-0002*

- ▶ Three M Development LLC deeded this parcel to Castle Arch R.E. Inv. on 7 September 2005.
- ▶ Hotowen Inc. Deeded this parcel to Three M Development on 2 September 2005.
- ▶ Hotowen Inc. has owned this parcel for at least 36 months prior to sale in September 2005.

Prior Ownership:*Parcel 03-024-0-0003*

- ▶ Highway One Group Inc. deeded this parcel to Castle Arch R.E. Inv. on 14 September 2005.
- ▶ Valora MacMillian deeded this parcel to Highway One Group Inc. on 2 September 2005.
- ▶ Valora MacMillian & Family owned this parcel for at least 36 months prior to sale in September 2005.

Prior Ownership:*Parcel 03-024-0-0005*

- ▶ Highway One Group Inc. deeded this parcel to Castle Arch R.E. Inv. on 21 September 2005.
- ▶ Wayne Shields Family LLC deeded this parcel to Highway One Group Inc. on 14 September 2005.
- ▶ Wayne Shields Family has owned this parcel for at least 36 months prior to sale in September 2005.

Prior Ownership:*Parcel 03-024-0-0007*

- ▶ Highway One Group Inc. deeded this parcel to Castle Arch R.E. Inv. on 21 October 2005.
- ▶ Wayne Shields Family LLC deeded this parcel to Highway One Group Inc. on 14 September 2005.

- ▶ Wayne Shields Family has owned this parcel for at least 36 months prior to sale in September 2005.

Note: See copy of abstract in the addendum.

Marketing (Three Years)

The only formal listing or public marketing (as per Steven Griffith of Prudential Utah Real Estate - Tooele) occurred in September of this year:

MLS #	Parcel	Sale Price	Buyer
542886	03-014-0-0002	\$1,130,138	Three M Development
552569	03-024-0-0003	\$ 759,600	Highway One Group
552661	03-024-0-0005 03-024-0-0007	\$1,000,000	Highway One Group

According to Steven Griffith, these buyers quickly sold these parcels to Castle Arch R.E. Investments Co. for an average of \$27,000 per acre (\$7,137,936 total purchase price). The new owners are developing the subject and will then market as buildable lots.

Property Taxes

Parcel Numbers	2005	2004	2003
03-014-0-0002	\$6.02	\$6.00	\$12.06
03-024-0-0003	\$5.52	\$4.19	\$8.37
03-024-0-0005	\$5.52	\$2.20	\$4.41
03-024-0-0007	\$5.52	\$2.15	\$4.30
Total Taxes	\$22.58	\$14.54	\$29.14

Note: These four (4) parcels are assessed under "Greenbelt".

Legal Description See Addendum

Improvements None - only a fence

Culinary Water The new owners purchased on 1 October 2005 from Darrell Nielsen (see copy in addendum) 237.5 acre feel of Tooele City approved

culinary "Banked" water for \$1,139,406. They can now when they get approval from the city and the Utah State Water Board drill a well on site to provide adequate water for this large residential development.

Environmental Comments

After visiting the site, the site does not appear to have any adverse environmental conditions. (No soil study provided.)

Easements

Typical easements on site. (Assumed)

Exposure Time

A brief definition of the tem "exposure time" (as defined in the Appraisal Institute's book "The Dictionary of Real Estate Appraisal, 3rd Edition Page 126) would be:

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

Based on the sales found within this report and conversations with local market participants, the subject's exposure time is estimated to be from **six (6) to twelve (12) months**. This exposure time assumes the sale to have been handled by a knowledgeable real estate broker familiar with the subject real estate market. The typical buyer would be a local investor.

Marketing Time

A brief definition of the tem "exposure time" (as defined in the Appraisal Institute's book "The Dictionary of Real Estate Appraisal, 3rd Edition Page 126) would be:

"The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal."

Based on the sales found within this report, current listings and conversations with local market participants, the subject's marketing time is estimated to be from **six (6) to twelve (12) months**. This marketing time assumes the sale to be handled by a knowledgeable real estate broker familiar with the subject real estate market. It also assumes aggressive real estate sales tactics and readily available contacts active in the subject real estate market. The subject's marketing time is considered to be reflective of the exposure time as little change is expected in the market. The typical buyer would be a local investor.

HIGHEST & BEST USE

A market value estimate requires a highest and best use analysis of the subject site. The highest and best use analysis determines the basis on which the appraised property is valued.

The definition of highest and best use is listed in the Eleventh Edition 1987, page 269 of the Appraisal of Real Estate by the American Institute of Real Estate Appraiser:

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value."

We will first estimate the highest and best use if vacant, then if improved with residential or commercial buildings.

The use and uses must fit the following criteria of being 1) physically possible, 2) legally permissible, 3) financially feasible, and 4) maximally productive.

Physically Possible (as if vacant):

Whereas the site is functional and has good access makes this a good site for a commercial development, and residential development.

Considering the physical characteristics of the site, it is concluded that the land could accommodate many types of development.

Legally Permissible (as if vacant):

The site is zoned RR-5 (county) which allows for only one house for 5 acres.

Note: After annexation into Tooele City is approved, the zoning will most likely be R1-7000 & R1-8000 for 238.23 acres, with 20.0 acres for Multi-Family and with 6.13 acres as neighborhood commercial (see concept plan sketch).

Financial Feasibility (as if vacant):

The most financially feasible use is the one that can provide the highest return on an improvement over a prolonged period of time. The use concluded to be financially feasible is constrained by zoning restrictions and the physical characteristics of the land. Also considered are building and economic trends, plus the influence of the neighborhood, and existing demand/supply characteristics as they pertain to real estate.

The subject neighborhood is mostly residential and rural residential. The desirability of this area for development is confirmed by the build up of this commercial and residential area from both directions.

Maximally Productive Use and Conclusion (as if vacant):

Given the local characteristics of the subject property and its high visibility, the surrounding land use pattern, it appears reasonable to project that the subject should be used as it is proposed.

The subject site could be improved with a major residential subdivision development with some commercial use.

Physically Possible (as if improved):

The proposed development will conform with similar improvements in this neighborhood. The building-to-land ratio is not within market norms would conform with proposed development nearby.

Legally Permissible (as if improved):

The use of the property will be a legal use of the zoning ordinance that regulates the development of the subject site.

Financial Feasibility (as if improved):

The use will be capable of providing an adequate return to the land and improvements; therefore, it is a good decision to use it as it is proposed.

Maximally Productive Use and Conclusion (as improved):

Given the aforementioned considerations, the highest and best use, is to use the parcel as it is proposed (see concept plan in addendum).

VALUATION APPROACH THEORY
(Complete Summary)

There are traditionally three approaches to value in the appraisal of real property. They are as follows. (See note below)

1. The Cost Approach based on replacement cost, less depreciation, plus land value.
2. The Sales Comparison Approach based on analysis of recent sales of comparable properties.
3. The Income Approach based on the capitalization of the net operating income, and/or a discounted cash flow analysis which equates future cash flows with present value.

The subject is currently vacant.

Subject site was inspected on 23 December 2005.

This appraisal is intended to be a complete appraisal in a summary report. We have made a reasonably thorough search of the local market. We have interviewed brokers, agents, land owners, and county and city officials to discover the important influences on the proposed subject property and its value. We have also sought out helpful market information from the office files, from Wasatch County records, and from Board of Realtor's records.

Understanding that Utah is a non-disclosure state, information used in this report is as reliable and as complete as practical. Data used in this report was personally verified with buyers, sellers, buyers, or other persons deemed reliable, unless otherwise stated.

Note: As indicated previously, this is a Complete Appraisal in a Summary Report. It relies mostly on the Sales Comparison Approach. This Summary Appraisal Report only summarizes in this written report the analysis and conclusions.