

BOARD OF REGENTS BRIEFING PAPER

1. AGENDA ITEM TITLE: University of Nevada, Reno- Purchase of Real Property located at 58 E 9th Street, Reno, NV – APN 007-183-04

MEETING DATE: December 5 & 6, 2019

2. BACKGROUND & POLICY CONTEXT OF ISSUE:

Location of the Property: At the southern end of the University of Nevada, Reno’s main campus, strategically located in the “Gateway Precinct” which is the site of planned major campus development. (Exhibit 1). The property is currently a Jimmy John’s Sandwich Shop.

Property Description: A 2,350 Square feet commercial building on a .08-acre lot. Parcel # 007-183-04. (Exhibit 2)

Purchase Price: The purchase price is \$1,350,000.00.

Appraisals: An April 22, 2019 appraisal conducted for the University by James Hutchinson MAI of Hutchinson Valuation Inc. valued the property at \$1,050,000. (Exhibit 4a)

A Review and Analysis of the appraisal was ordered by Seller at Seller’s expense. William G. Kimmel MAI of William G. Kimmel and Associates report concluded on July 12, 2019, “that the market evidence in the discussion of Mr. Hutchinson’s report is below what a typical buyer would pay for an owner/lessor position.” No specific valuation was offered in the Review and Analysis Report. (Exhibit 4b)

Justification of Purchase Price

After University’s review of James Hutchinson MAI appraisal and counter conclusions by William G Kimmel MAI, the following adjustments to James Hutchinson’s MAI appraisal where accepted as reasonable by University:

- Adjusted the Hutchinson appraised value removing the 2% vacancy loss and 2% management fee as expenses. Justification based on triple net lease contract and long term single occupancy.
- Adjust estimated cap rate to a 4.25% based upon William G. Kimmel’s comments and strong Seller’s market conditions (down from 5% as used by James Hutchinson). Internal research also further solidified a strong Tenant position, based on franchise strength as top 11 Franchises in the Entrepreneur.com top 500 franchise rankings over the last 5 years. Number one franchise in the nation in 2016, specific Jimmy John’s franchise at 58 E. 9th Street being one of the highest producing stores (which supports the lower cap rate.)

Based upon these two revised assumptions, and adjusted for CY 2020 gross income due to a 12/31/19 close date, value would equal approximately \$1,271,271 based on updated market information.

Other factors supporting the negotiated purchase price:

- This property was not for sale and Seller had no intent of selling the property. University approached Seller with request to sell (i.e. not a typical willing Buyer and Seller negotiation.)
- Assemblage Value: This is the last property needed for the University to assemble all property between the west side of N. Center Street and the Center/No. Virginia alley in the Gateway. Assemblage value not easily defined, but the need to complete the purchase of all

properties in the Gateway justifies some increase considerations in price.

- Obtaining this property also completes eastern assemblage adjacent to the alley that may have future potential of abandonment (i.e. overall potential parcel growth if all properties owned by University).

Offer and Acceptance Agreement: Both University of Nevada, Reno General Counsel and NSHE Counsel/Director of Real Estate Planning have reviewed and approved the attached Purchase and Sale Agreement. (Exhibit 3)

Phase I Environmental Report: A Phase I survey was completed, there were no documented issues reported. (Exhibit 5)

Asbestos Testing: There were no recommendations made for the current use. Abatement would only be required for any renovation in those areas or demolition, and pose no health hazard in its current undisturbed state. (Exhibit 6)

Title Report: Preliminary title report reviewed and approved by UNR Real Estate. Title report and insurance to be provided by Ticor Title at time of close. (Exhibit 7)

Assumption of Lease: University will assume a triple net lease on the property whereby the tenant promises to pay all the expenses of the property including real estate taxes, building insurance, and maintenance. Remaining term on lease is through December 31, 2023. Tenant does have an option to renew the lease for an additional 5 years. Lease currently provides an approximate 4.5% return annually, based upon the purchase price, and increases annually by 3%. University is currently in discussions with Tenant, Fast Foodies/Jimmy Johns to relocate to accommodate the Gateway development timeline. (Exhibit 8)

Source of Funds for Purchase: The University Property Acquisitions Account

Resolution: The University of Nevada, Reno seeks Board of Regents approval of a resolution approving the purchase of the real property located at 58 E 9th Street in Reno, Nevada, and authorizing the Chancellor or his designee to approve and sign the escrow and title documents associated with the purchase of the real property, after consultation with the Business, Finance, and Facilities Committee Chair and review by the NSHE Chief General Counsel. (Exhibit 9)

3. SPECIFIC ACTIONS BEING RECOMMENDED OR REQUESTED:

University of Nevada, Reno President Marc Johnson requests Board of Regents' approval to Purchase 58 E 9th Street, Reno, NV for the purchase price of \$1,350,000.00 and approval of a resolution authorizing the Chancellor or his designee to approve and sign the escrow and title documents associated with the purchase of the real property, after consultation with the Business, Finance, and Facilities Committee chair and review by the NSHE Chief General Counsel.

4. IMPETUS (WHY NOW?):

- This acquisition would complete an assemblage of properties owned by the University in a key area of future growth in the Gateway

5. CHECK THE NSHE STRATEGIC PLAN GOAL THAT IS SUPPORTED BY THIS REQUEST:

- Access (Increase participation in post-secondary education)**
- Success (Increase student success)**
- Close the Achievement Gap (Close the achievement gap among underserved student populations)**
- Workforce (Collaboratively address the challenges of the workforce and industry education needs of Nevada)**
- Research (Co-develop solutions to the critical issues facing 21st century Nevada and raise the overall research profile)**
- Not Applicable to NSHE Strategic Plan Goals**

INDICATE HOW THE PROPOSAL SUPPORTS THE SPECIFIC STRATEGIC PLAN GOAL

Development of the Gateway Precinct will contribute to NSHE’s strategic goals. Notably, it will enhance student success by providing learning spaces that make use of best practices in pedagogy. It will enhance workforce development by giving students the opportunity to learn through direct use of current technology that is relevant to their discipline. The planned buildings will facilitate advancement of the University’s research mission by being a compelling draw for outstanding faculty and graduate students. Finally, the facilities will contribute toward closing achievement gaps by providing a planned and coordinated space for delivering academic advising and career counseling. The new facilities will provide a cohesive sense of community, identity, and pride that will inspire all students to excel.

6. BULLET POINTS TO SUPPORT REQUEST/RECOMMENDATION:

- Property is located in the University Gateway Precinct, which is planned for major development by the University of Nevada, Reno, this site is specifically identified for the footprint for a future Business Building.
- Property is part of the Master Plan Amendment approved by the Board of Regents June 2019.

7. POTENTIAL ARGUMENTS AGAINST THE REQUEST/RECOMMENDATION:

None noted.

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

None noted – acquisition consistent with University Master Plan.

9. RECOMMENDATION FROM THE CHANCELLOR’S OFFICE:

10. COMPLIANCE WITH BOARD POLICY:

- Consistent With Current Board Policy: Title # 4 Chapter # 10 Section # 1
- Amends Current Board Policy: Title # _____ Chapter # _____ Section # _____
- Amends Current Procedures & Guidelines Manual: Chapter # _____ Section # _____
- Other: _____
- Fiscal Impact: Yes No _____
 Explain: Purchase price of \$1,350,000.00 from the Property Acquisitions Fund

Exhibit 1

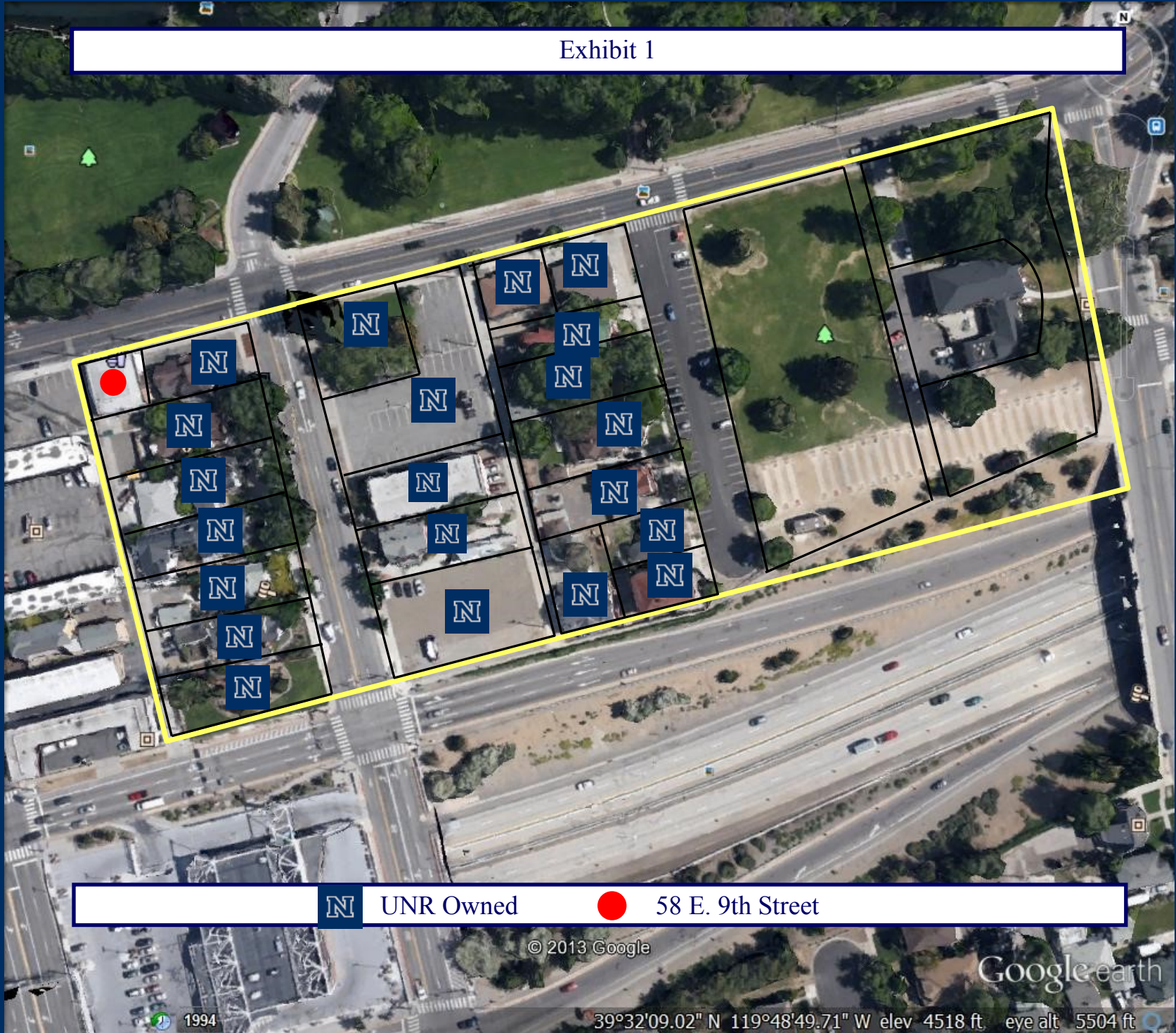


Exhibit 2



Exhibit 3

**Purchase and Sale Agreement
58 E 9th Street**

1. The Board of Regents of the Nevada System of Higher Education on Behalf of the University of Nevada, Reno, or Assignee (hereinafter “Buyer”)¹, agrees to purchase, and MAAP, LLC, (hereinafter called “Seller”), agrees to sell, the real property described in Section 2 (hereinafter referred to as the “Real Property”). This Purchase and Sale Agreement may be referred to herein as the “Agreement.”
2. REAL PROPERTY ADDRESS AND LEGAL DESCRIPTION. The Real Property is located at 58 E 9th Street, Reno NV 89501, County of Washoe, State of Nevada, having APN 007-183-03 and being improved with a 2,350± square foot free standing retail building situated on 0.08± acres of land and is legally described as set forth in the attached Exhibit A.
3. EARNEST MONEY.
 - (i) Within three (3) business days of the date the last party signs this Agreement, Buyer shall deposit funds in the amount of Fifty Thousand Dollars, (\$50,000.00), (the “Earnest Money Deposit”) as earnest money to the Title Company (further defined in Section 7 below). The Earnest Money Deposit shall become nonrefundable according to the schedule outlined in Section 6 of this Agreement, subject to the other terms and conditions of this Agreement.
 - (ii) The entire Earnest Money Deposit and the accumulated interest thereon shall be applied against the Purchase Price (as defined below) at Closing (as defined below). In the event this Agreement is terminated as a result of the Seller’s breach hereunder, or Seller’s inability to perform, or as further set forth in Sections 6, 8, 12, 14, and 15 hereof, all of the Earnest Money Deposit, including any accumulated interest, shall be immediately returned to the Buyer by the Title Company. Except as otherwise set forth in this Agreement, and as outlined in Section 30, in the event this Agreement is terminated after the Satisfaction Date, as defined in Section 6, or after Buyer’s conditions precedent set forth in Section 6 of this Agreement have been waived or satisfied, or the sale fails to close by reason of a breach by Buyer, the Earnest Money Deposit shall be paid to or retained by Seller.
 - (iii) The Earnest Money Deposit shall be deposited with the Title Company and shall be held in trust in accordance with the terms and conditions of this Agreement.
4. PRICE/TERMS. The total purchase price (the “Purchase Price”) is One Million, Three Hundred Fifty Thousand and 00/100 Dollars (\$1,350,000.00), payable as follows:
 - (i) \$50,000.00 Earnest Money Deposit as set forth in this Agreement, plus interest thereon;
 - (ii) Balance of the Purchase Price to be paid in cash at Closing (defined below in Section 9).
5. INCLUDED ITEMS. All of Seller’s rights and interests in the Real Property (including all easement and appurtenant rights), all of Seller’s interest in the “Space Leases”², all of Seller’s interest in personal property, including plans, specifications, licenses, permits, warranties and other intangibles, if any, owned

¹ Terms defined in this Agreement are summarized in Attachment 1 “Index of Defined Terms”.

² “Space Leases” means all leases, licenses, or other occupancy or use agreements (other than subleases, licenses or concession agreements, made by tenants who lease space at the Real Property), including all modifications, addenda, and supplements thereto and guarantees thereof, applicable to any part of the Real Property.

by Seller as well as personal property located on the Real Property, and all appurtenances and hereditaments appertaining to the Real Property. Notwithstanding the foregoing, Buyer shall not assume any obligations of Seller other than those that are appurtenant to the Real Property, and the Space Leases, and shall have no duties under the same including but not limited to maintenance and service agreements, ("Service Contracts") unless Buyer elects in writing to assume one or more Service Contracts in Buyer's sole and absolute discretion. Seller shall indemnify, defend and hold harmless, Buyer from any claims, costs, damages or judgements against Buyer arising from or related to any Service Contracts which are not assumed by Buyer. The obligation of Seller to indemnify Buyer as set forth in this Section shall survive Closing.

6. ADDITIONAL TERMS, CONDITIONS, AND CONTINGENCIES.

(i) The date upon which all of Buyer's due diligence conditions and contingencies, excluding Section 30, must either be satisfied or waived, is Thirty (30) days from the date the last party signs this Agreement (the "Satisfaction Date"). The Closing of this transaction is contingent upon satisfaction or waiver by Buyer of the conditions set forth in this Section 6 on or before the Satisfaction Date. Upon mutual execution of this Agreement, Seller shall cooperate in Buyer's efforts related to such inspection and due diligence. Buyer shall provide a minimum notice of at least (2) Business Days prior to any on-site inspections of the Property. Within five (5) business days of execution Seller shall provide to Buyer legible copies of the following, if any: Service Contracts, and any other contracts and/or agreements which Buyer will assume or may choose to assume at the Closing. Seller shall also provide to Buyer all documentation regarding the Real Property including, without limitation, soil reports, permits, construction documents and other reports and documents related to any construction on the Real Property.

(ii) In the event that on or prior to the Satisfaction Date, Buyer, in its sole discretion, is not satisfied with the condition of the Property for any reason, including, but not limited to, the state of title to the Real Property, the condition of the Real Property, or the Space Leases, then, on or prior to the Satisfaction Date, Buyer shall have the right by giving written notice to Seller and Title Company to cancel and terminate this Agreement without liability. In such event the Earnest Money Deposit, including any accumulated interest, shall be returned to Buyer by Title Company. The failure of Buyer to give written notice of such cancellation and termination by the Satisfaction Date shall be deemed to be waiver by Buyer of all such conditions and an election to proceed to Closing, subject to Section 30 of this Agreement. If Buyer elects or is deemed to have elected to proceed with this transaction beyond the Satisfaction Date, the Earnest Money Deposit shall become non-refundable, and applied to the Purchase Price at Closing, except as otherwise expressly provided in this Agreement.

(iii) Seller agrees up and until either Closing or this Agreement is terminated, that Seller will not enter into or modify any Leases or renew or change the terms of any existing Space Leases, without the prior written approval of Buyer. Buyer is in possession of the Lease delivered by Seller on 4-22-19. By signing this agreement, Seller agrees that such lease delivered to Buyer in its entirety, and has not been modified from such version provided on 4-22-19.

7. TITLE COMPANY/ESCROW AGENT. The parties agree that the Title Company shall be Ticor Title Company, Attn: Rebecca Rich, ("Title Company"). Title Company shall provide any required title policy and preliminary report or commitment and shall act as the escrow agent relating to the sale of the Real Property pursuant to this Agreement. Each party agrees to pay one-half of the Title Company's escrow fee.

8. TITLE INSURANCE. Seller shall provide and pay for an ALTA Owner's Standard Coverage Title Policy (containing all of the standard printed title exceptions) insuring the Buyer for the amount of the Purchase Price. Any additional premiums ordered by Buyer for extended coverage and any survey required by the Title Company shall be paid by Buyer. Seller shall cause the Title Company to provide Buyer with a

preliminary title report or commitment together with copies of all underlying documents giving rise to any exceptions listed therein within five (5) business days after mutual execution and delivery of this Agreement. Buyer shall have until the Satisfaction Date to object, by written notice to Seller, to the condition of title as set forth in the report. In the event the Buyer makes written objection to any exception to title, Seller shall have a reasonable time, not to exceed Ten (10) days, to satisfy any such objection to exception or provide affirmative title insurance coverage, and in the event the Seller cannot remove, or is unwilling to remove, such objected to exceptions or provide affirmative title insurance coverage, the Buyer may elect, as its sole remedy, to (a) either terminate this Agreement and receive back the Earnest Money Deposit and any accrued interest or (b) proceed to Closing, taking title subject to such exceptions. If the Buyer does not object within the time frame set out above, the Buyer shall be deemed to have accepted the condition of the title, except for monetary liens caused or suffered by through or under Seller, which, in all instances, shall be paid at Closing in full by Seller. In the event Buyer elects to terminate this Agreement as provided herein, the Buyer shall be entitled to the return of the Earnest Money Deposit and any accrued interest. The final title insurance policy shall be delivered to the Buyer by the Title Company as soon as possible after Closing.

9. CLOSING DATE. "Closing" shall be deemed to be the date on which the deed is recorded and the sales proceeds are available for disbursement to Seller and as otherwise directed by the parties. Buyer and Seller shall deposit with the Title Company all funds and instruments necessary to complete the sale. Closing shall occur no later than thirty (30) Calendar Days following the satisfactory approval of the terms of the purchase and sale of the Real Property by the Board of Regents of the Nevada System of Higher Education pursuant to Section 30 of this Agreement.
10. DOCUMENTS TO BE DELIVERED AT OR PRIOR TO CLOSING. On the date of Closing or such earlier date set forth below, Seller shall have executed, or caused to be executed, and delivered to the Title Company the following documents in a form reasonably acceptable to Buyer and Seller:
 - (i) Grant Bargain Sale Deed
 - (ii) An Assignment and Assumption of all Space Leases, warranties, contracts (including Service Contracts, as set forth on Exhibit C).
 - (iii) Bill of Sale
 - (iv) At least thirty days prior to Closing or such later time as specified by Buyer, Estoppel Certificates fully executed by all tenants, guarantors, or others having rights under the Space Leases (in the form attached hereto as Exhibit D), and by Closing under the Agreement, Seller shall be deemed to make a representation and warranty that all of matters set forth in the Estoppel Certificates are true and remain accurate as of Closing, and such representation and warranty shall survive Closing.
 - (v) Any other instruments or documents reasonably requested by Buyer
11. POSSESSION/PRORATION/CLOSING COSTS. Buyer shall be entitled to possession of the Real Property on the day of Closing subject to the Lease. Taxes and water assessments (using the last available assessment as a basis) shall be prorated as of Closing. Utilities shall be paid by Seller through Closing. Any tenant security deposits held by Seller shall be credited to Buyer at Closing. Recording costs shall be paid by Buyer. Seller shall be entitled to all income produced by the Real Property that is allocable to the period prior to the Closing and shall be responsible for all expenses allocable to the period prior to the Closing. Buyer shall be entitled to all income and responsible for all expenses allocable up to and including 12:01 A.M on the date of Closing. All prepaid rentals, other prepaid payments (other than monthly real estate tax or CAM estimates or installments), security deposits, electric, gas, sewer and water deposits deposited with Seller by tenants under any Space Leases, license agreements or concession agreements relating to the Real Property, if any, shall all belong to Buyer, in the event Buyer elects to assume the same in its sole and absolute discretion and all shall be assigned and delivered to Buyer at Closing, whereupon Seller shall be released from all liability with respect thereto. Buyer shall not be responsible for any

charges, salaries, vacation pay, or fringe benefits of employees of Seller prior to or following the Closing and those shall not be prorated. Seller shall be responsible for any obligations to perform any alterations, reimburse any tenant for improvements done on or before the time of Closing, and/ or pay any incentives or commissions arising out of or related to the Space Leases. The obligations in the preceding sentence shall survive Closing for 12 months. All accounts receivable under the Space Leases which are past due by thirty days prior to closing shall be the property of Buyer. The parties agree that the pro-rations at Closing shall be based upon estimates and the parties agree to adjust the same post-Closing in the event they determine the same are inaccurate.

12. **DEFAULT.** If the Closing does not take place because of Buyer's default, the Earnest Money Deposit including any accrued interest shall be retained by Seller as agreed-upon liquidated damages as Seller's sole remedy for such default, and thereupon this Agreement shall be null and void and of no further force or effect whatsoever. The parties hereto expressly agree that Seller's actual damages in the event of a default by Buyer would be extremely difficult or impractical to ascertain and that the amount of the Earnest Money Deposit represents the parties' reasonable estimate of such damages. If the Closing does not take place because of Seller's default and refusal to close despite Buyer's willingness to do so (such willingness includes waiver by Buyer of any uncured title objection properly made by Buyer or material breach of representation or warranty by Seller) (such willful default and refusal being hereinafter referred to as a "Seller Default"), then Buyer, as its sole and exclusive right and remedy as a result of such Seller Default, may elect, in its sole discretion, to either (i) cancel this Agreement, in which event the Earnest Money Deposit, including any accrued interest, shall be immediately returned to Buyer by Title Company, or (ii) Buyer may enforce specific performance of this Agreement without any reduction or abatement of the Purchase Price. Notwithstanding the foregoing, Seller shall have the right to abate or reduce the Purchase Price in the amount of any monetary liens caused or suffered by through or under Seller. In the event of default by either of the parties in their performance of the terms or conditions of this Agreement, the defaulting party agrees to pay all attorneys' fees and costs incurred by the non-defaulting party and in the event of suit the prevailing party shall be entitled to its reasonable attorneys' fees and costs.

In the event of a dispute between the parties as to the Earnest Money Deposit deposited hereunder by Buyer, the Title Company holding the Earnest Money Deposit may file an interpleader action in a court of competent jurisdiction located in Washoe County, Nevada to resolve any dispute between the parties.

The Buyer and Seller authorize the Title Company holding the Earnest Money Deposit to utilize as much of the Earnest Money Deposit as may be necessary to advance the costs and fees required for filing of any such action. The cost of such action shall be paid by the party which is not the prevailing party.

13. **TITLE CONVEYANCE.** Title to the Real Property is to be conveyed by Grant Bargain Sale deed is to be marketable and insurable except for rights reserved in federal patents, building or use restriction, building and zoning regulations and ordinances of any governmental unit, rights of way and easements established or of record, and any other liens, encumbrances or defects (except for monetary liens caused or suffered by Seller by through or under Seller) approved or deemed approved by Buyer as of the Satisfaction Date. In the event any personal property is included as part of the contemplated sale, it shall be conveyed by bill of sale and shall be free and clear of all liens, claims and encumbrances.
14. **RISK OF LOSS.** Seller shall keep the Real Property insured against loss by fire and other casualty usually insured against in the market area of the Real Property until the Closing. In the event the Property has suffered any damage, destruction or casualty loss over \$5,000 prior to Closing, which Seller has refused to repair, whether or not covered by insurance, then this Agreement shall be voidable, in the sole discretion of the Buyer (with the Earnest Money Deposit, including any accumulated interest, being returned to Buyer by Title Company) by written notice to Seller within ten (10) calendar days from the date Buyer receives notice of such damage. Alternatively, Buyer may elect to proceed with Closing without adjustment to the

Purchase Price (only by written notice of such election) and, in such event, Seller shall pay or assign the proceeds of the insurance to Buyer (and pay to Buyer the amount of any deductible in cash) at Closing.

15. CONDEMNATION. In the event any eminent domain or condemnation proceedings are commenced prior to Closing affecting any portion of, or interest in, the Real Property Buyer in Buyer's sole discretion may either (a) elect to terminate Buyer's obligation to purchase the Real Property by giving written notice to Seller at any time prior to Closing (with the Earnest Money Deposit, including any accumulated interest, being returned to Buyer by Title Company) or (b) elect to complete the purchase of Real Property and require Seller to immediately appoint Buyer as its attorney-in-fact to negotiate with the condemning entity, and, in such event, Buyer shall receive all sums awarded in such condemnation proceeding of the Real Property, excluding any amounts attributable to adverse impacts on other property owned by Seller. Seller hereby agrees to immediately give notice to Buyer of any condemnation or contemplated condemnation of the Real Property and Buyer hereby agrees to, within ten (10) days of such notice, give written notice to Seller of Buyer's election with respect thereto.
16. CONDITION OF REAL PROPERTY AT CLOSING. Except as set forth elsewhere in this Agreement, Buyer agrees to purchase the Real Property in "as-is" (existing) condition, where is, with all faults but Seller shall maintain the Real Property until the Closing in its present condition, ordinary wear and tear excepted; shall fully perform its obligation under the Space Leases, subject to the provisions of Sections 14 and 15 on casualty and condemnation; shall continue to conduct business in the ordinary course consistent with past practice; and shall not enter into any new or additional agreement, whether oral or written, related to the Real Property and the Space Leases. In addition, subject to NRS 41.032, et. seq., Buyer releases Seller from any obligation, claim, liability, action, cost or expense (including, without limitation, attorneys' fees) related to any Hazardous Material (as defined below) at any time used, deposited, stored, disposed of, placed or otherwise located in or on, or released from, the Real Property or any facility operated on the Real Property in violation of environmental laws, unless actually used, deposited, stored, disposed of, placed or released by Seller and except as set forth in Section 28(vi) hereof.
17. ENTIRE AGREEMENT/AMENDMENT. This Agreement supersedes all previous written or oral agreements, representations, statements, negotiations, and understandings, and constitutes the entire agreement of whatsoever kind or nature existing between or among the parties respecting the within subject matter and no party shall be entitled to benefits or subject to obligations other than those specified herein. This Agreement may not be amended, supplemented, canceled or discharged except by written instrument executed by all parties hereto. This Agreement may be executed in two or more counterparts, each and all of which shall be deemed an original and all of which together shall constitute one instrument; it shall be sufficient that the signature of each party appear on one or more counterparts.
18. BROKER REPRESENTATION. Neither party has had any contact or dealings regarding the purchase and sale of the Property, or any communication in connection with the subject matter of this transaction, through any licensed broker, entity, agent, commission salesperson, or other person who will claim a right to compensation or a commission or finder's fee as a procuring cause of the sale contemplated herein. In the event that any company, firm, broker, agent, commission salesperson or finder perfects a claim for a commission or finder's fee based upon any such contract, dealings or communication, the party through whom the company, firm, broker, agent, commission salesperson or finder makes his claim shall be responsible for said commission or fee and all costs and expenses (including reasonable attorneys' fees) incurred by the other party in defending against the same.
19. ESCROW INSTRUCTIONS. The Title Company is instructed to, in a manner consistent with the terms hereof: receive and hold deposits and other funds; disburse such funds in accordance with this Agreement; prepare closing statements for execution by Buyer and Seller; receive documents, secure their execution and acknowledgement, record them in the proper sequence, deliver originals to the appropriate parties,

and deliver copies of all documents signed by either party to both parties. If a dispute arises regarding any funds held by the closing agent, such agent shall have no obligation to resolve such dispute but shall hold the same pending resolution of such dispute, and may at its option bring an action in interpleader.

20. **GOVERNING LAW.** This Agreement has been executed and delivered in and shall be interpreted, construed, enforced and governed by and in accordance with the laws of Nevada. Any case or claim arising from or related in any way to this Agreement shall be brought in a court of competent jurisdiction in Washoe County, Nevada
21. **TIME.** Time is of the essence of this Agreement, and each party hereto agrees to promptly perform such acts as are reasonably required in connection herewith.
22. **NOTICES.** All notices required hereunder shall be given in writing and shall be deemed effective upon delivery, whether delivered in person, by electronic transmission with receipt acknowledged by the recipient thereof, by overnight delivery with any reputable overnight courier service, or by the US Postal Service registered or certified mail and addressed to the parties at the addresses set forth below.

If to Buyer: University of Nevada, Reno
1664 N. Virginia St.
Real Estate (239)
Reno, NV 89557-0550
Phone (775)784-4180

With Copy to: University of Nevada, Reno
Senior Associate Dean for Legal Affairs (1332)
1664 N. Virginia St.
Reno Nevada 89557-0550
Phone: (775) 784-6005
Fax: (775) 784-7741

If to Seller: MAAP, LLC
Attn: Linda Wulf
PO Box 361
Zephyr Cove, NV 89448
Phone: 775-530-1399
Email linda@jjunr.com

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

23. **GENERAL PROVISIONS.** The following general provisions apply to this Agreement:

- (i) Severability. In the event any provision of this Agreement is held to be invalid, illegal, or unenforceable for any reason and, in any respect, if the extent of such invalidity, illegality, or unenforceability does not destroy the basis of the bargain herein such invalidity, illegality, or unenforceability shall in no event affect, prejudice, or disturb the validity of the remainder of this Agreement, which shall be in full force and effect, and enforceable in accordance with its terms as if such provisions had not been included, or had been modified as provided below, as the case may be. To carry out the intent of the parties hereto as fully as possible, the invalid, illegal or unenforceable provisions(s), if possible, shall be deemed modified to the minimum extent necessary and possible to render such provisions(s) valid and enforceable.
- (ii) Gender and Number. Whenever the context to this Agreement requires, the gender of all words herein shall include the masculine, feminine, and neuter, and the number of all words herein shall include the singular and plural. The term “person” when used herein shall mean an individual, partnership, joint venture, corporation, trust, government entity, and association.
- (iii) Sovereign Immunity. The parties agree that Buyer and its employees are subject to sovereign immunity and the corresponding limitations of liability set forth in NRS 41.031 et. seq. (including NRS 41.0135). Nothing in this Agreement should be construed as a waiver of sovereign immunity and/or the protections of NRS 41.031 et. seq., by Buyer.
- (iv) Independent Relationship. It is mutually understood and agreed that Seller and Buyer, in performing their respective duties and obligations under this Agreement, are at all times acting and performing as independent contractors with respect to each other. Each party shall be solely responsible for and shall comply with all state and federal laws pertaining to employment taxes, income withholding, unemployment compensation contributions and other employment related statutes applicable to that party.
- (v) Waiver of Breach. The waiver by either party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to constitute, a waiver of any subsequent breach of the same or another provision hereof.
- (vi) Public Records. Pursuant to NRS 239.010, information or documents received by Buyer under this Agreement may be open to public inspection and copying. Buyer may have the duty to disclose unless a particular record is made confidential by law or a common law balancing of interests.
- (vii) Third Parties. None of the provisions of this Agreement shall be for the benefit of third parties or enforceable by any third party. Any agreement to pay an amount and any assumption of a liability herein contained, expressed or implied, shall only be for the benefit of the parties hereto and such agreement or assumption shall not inure to the benefit of any third party.

24. **BUSINESS DAY**. A business day is herein defined as Monday through Friday, 8:00 am to 5:00 pm in Reno, Nevada. A business day shall not include any Saturday, Sunday, or legal holiday recognized by the State of Nevada in NRS 236.015. If the day for performance of an obligation under this agreement is a Saturday, Sunday or legal holiday, the time for performance shall be the next subsequent business day.

25. **CALENDAR DAY**. A calendar day is herein defined as Monday through Sunday, midnight to midnight, in Reno, Nevada. A calendar day shall include any legal holiday. Any reference to “day” or “days” in this Agreement means the same as a calendar day, unless specifically enumerated as a “business day.” However, if the day for performance of an obligation under this agreement is a Saturday, Sunday or legal holiday, the time for performance shall be the next subsequent business day.

26. **BINDING EFFECT – ASSIGNMENT**. This Agreement shall be binding upon the successors and assigns of the parties hereto. Buyer may assign this Agreement without further Seller’s consent. Notwithstanding the foregoing, following prior written notice given by Buyer to Seller, Buyer may assign this Agreement to an entity affiliated with Buyer without the prior written consent of Seller, provided that Buyer concurrently

provides to Seller a fully executed copy of the assignment and assumption agreement entered into between Buyer and such assignee, in form and substance reasonably satisfactory to Seller.

27. **LEGAL REPRESENTATION.** The parties expressly acknowledge they have been represented by counsel of their own choice in connection with this Agreement and have discussed the terms of this Agreement with such counsel to the extent each party believes it to have been necessary to fully understand the terms hereof. In entering into this Agreement, the parties represent and declare that each of them fully understands the terms and effect of this Agreement.
28. **REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER.** Seller represents and warrants to, and covenants with, Buyer as follows:
- (i) Seller has the power and authority to execute, deliver, and perform this Agreement, and the transactions contemplated hereby have been fully authorized.
 - (ii) This Agreement has been duly and validly executed and delivered by Seller and constitutes a valid and legally binding obligation of Seller, enforceable against Seller in accordance with its terms.
 - (iii) No approval or consent of any person, firm, or other entity is required to be obtained by Seller to permit Seller to consummate the transactions contemplated by this Agreement.
 - (iv) The Space Leases described on Exhibit C comprise all the Space Leases presently existing, and have not been materially amended or modified except (if at all) as may be set forth on Exhibit C. Seller has neither given nor received any outstanding, uncured notice of default to or from any Space Lease tenant. Following that date which is two (2) business days prior to the Satisfaction Date (the "Cut Off Date") and prior to Closing, Seller will not, without the prior written consent of Buyer (which Buyer agrees not to unreasonably withhold or delay), cancel (except for default by a tenant) or materially amend any Space Lease or enter into any new Space Lease or any Service Contract affecting the Real Property not cancelable on thirty (30) days' notice. On or prior to the Cut Off Date, Seller may take any of the foregoing actions without Buyer's consent, provided Seller delivers a copy of any new documentation evidencing same to Buyer not less than one (1) business day prior to the Satisfaction Date.
 - (v) To Seller's current, actual knowledge, there is no equitable, legal, or administrative suit, action, arbitration, or other proceedings pending or threatened against or affecting Seller or the Real Property.
 - (vi) To Seller's current, actual knowledge, (a) no "Hazardous Material" is or has been transported to or from, or generated, placed, held, released, located, stored, or disposed of on, under, or at the Real Property in violation of environmental laws, (b) neither the Real Property nor any part of any improvements and equipment thereon contains any asbestos or polychlorinated biphenyls, (c) Seller has not received any notice of any action or proceeding relating to any Hazardous Material or notice of any release or threatened release thereof on, under or at the Real Property or any notice contrary to (a) and (b) above, and (d) no underground storage tanks are or have been located on the Real Property. In addition, Seller represents and warrants no Hazardous Materials have been transported to or from, or generated, placed, held, released, located, stored, or disposed of on, under, or at the Real Property by Seller.

"Hazardous Material" means, without limitation, any substance or material defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous waste", "acutely hazardous waste", "restricted hazardous waste", "toxic substances" (including toxic mold) or "known to cause cancer or reproductive toxicity", (or words

of similar import) petroleum products (including crude oil or any fraction thereof) or any other chemical, substance or material which is prohibited, limited or regulated under any federal, Nevada, or local (meaning the location where the Real Property is located) law, ordinance, regulation, order, permit, license, decree, common law, or treaty regulating, relating to or imposing liability or standards concerning materials or substances known or suspected to be toxic or hazardous to health and safety, the environment, or natural resources. For purposes of this Section, laws and regulations shall include, but not be limited to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601, *et seq.*; the Hazardous Materials Transportation Act, 49 U.S.C. §1901, *et seq.*; the Resource Conservation and Recovery Act, 42 U.S.C. §6901, *et seq.*, the Federal Water Pollution Control Act, 33 U.S.C. §1251, *et seq.*; the Clean Air Act, 42 U.S.C. §7401, *et seq.*; the Toxic Substances Control Act, 15 U.S.C. §2601, *et seq.*; the Oil Pollution Act of 1990, 33 U.S.C. §2701, *et seq.*; the Occupational Safety and Health Act, 29 U.S.C. §651, *et seq.*; the Emergency Planning and Community Right-To-Know Act, 42 U.S.C. §11001, *et seq.*; ; and in the regulations adopted pursuant to such laws; and any substance or material which has been determined by a state, federal or local governmental authority with jurisdiction over the Real Property to be capable of posing a risk of injury to health or safety in sufficient quantity to pose a meaningful risk.

29. 1031 EXCHANGE. If either party desires to structure this transaction as a tax-deferred exchange of like-kind property within the meaning of Section 1031 of the Code, the other party agrees to cooperate reasonably in effecting such exchange; provided, however, that (i) the cooperating party shall not, in connection with such exchange, be required to delay the date of Closing, or incur any additional obligation, liability, cost, expense or fee, enter into any additional agreement other than typical consents and related agreements or acquire or take title to any property other than the Real Property, and (ii) the effectuating party shall be responsible for making all determinations as to the legal sufficiency of, and all tax and other considerations relating to, such exchange and any exchange documentation, and the cooperating party shall in no event be responsible for, or in any way be deemed to warrant or represent, any tax or other consequences of such exchange.
30. FINAL 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 at their December 5 and 6, 2019 meeting, or earlier meeting if applicable. 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, the Earnest Money Deposit, including any accrued interest, shall be refunded immediately to Buyer by Title Company.

{SPACE INTENTIONALLY LEFT BLANK}

IN WITNESS WHEREOF, Buyer and Seller have executed this Agreement as of the last signature date below.

BUYER: Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada, Reno

SELLER: MAAP, LLC

By: [Signature]
Print Name: Thom Reilly
Its: Chancellor
Date: 9/25/19
Address: _____
Telephone: _____

By: [Signature] *Managing Partner*
Print Name: Linda K. Wulf
Date: 9/18/2019
Address: P.O. Box 341
Zephyr Cove NV 89448
Telephone: 775-530-1399

RECOMMENDED BY:

[Signature] 9-23-19
Date
Marc Johnson
President, University of Nevada, Reno

ATTACHMENT 1
Index of Defined Terms

“Agreement” means the Purchase and Sale Agreement between the Board of Regents of the Nevada System of Higher Education on Behalf of the University of Nevada, Reno and MAAP, LLC.

“Business Day” means Monday through Friday, 8:00 am to 5:00 pm in Reno, Nevada. A business day shall not include any Saturday, Sunday, or legal holiday recognized by the State of Nevada in NRS 236.015.

“Buyer” means the Board of Regents of the Nevada System of Higher Education on Behalf of the University of Nevada, Reno.

“Calendar Day” means Monday through Sunday, midnight to midnight, in Reno, Nevada. A calendar day shall include any legal holiday.

“Closing” means the date on which the deed is recorded and the sales proceeds are available for disbursement to Seller and as otherwise directed by the parties. Buyer and Seller shall deposit with the Title Company all funds and instruments necessary to complete the sale.

“Earnest Money Deposit” means the Fifty Thousand Dollar deposit from Buyer, identified in Section 3(i) of the Purchase and Sale Agreement.

“Hazardous Materials” means any substance or material defined as or included in the definition of “hazardous substances”, “hazardous wastes”, “hazardous materials”, “extremely hazardous waste”, “acutely hazardous waste”, “restricted hazardous waste”, “toxic substances” (including toxic mold) or “known to cause cancer or reproductive toxicity”, (or words of similar import) petroleum products (including crude oil or any fraction thereof) or any other chemical, substance or material which is prohibited, limited or regulated under any federal, state or local law, ordinance, regulation, order, permit, license, decree, common law, or treaty regulating, relating to or imposing liability or standards concerning materials or substances known or suspected to be toxic or hazardous to health and safety, the environment, or natural resources

“Purchase Price” means the price paid by Buyer to Seller to purchase the Real Property (One Million Three Hundred Fifty Thousand and 00/100 Dollars (\$1,350,000.00)).

“Real Property” means the property and improvements at 58 E 9th, Reno NV 89501, County of Washoe, State of Nevada, having APN 007-183-03 and being improved with a 2,350± square foot free standing retail building situated on 0.08± acres of land and is legally described as set forth in the attached Exhibit A to the Purchase and Sale Agreement.

“Satisfaction Date” means the date upon which all of Buyer’s due diligence conditions and contingencies, excluding approval by the Board of Regents of the Nevada System of Higher Education, must either be satisfied or waived.

“Seller” means MAAP, LLC.

“Service Contracts” means any warranties, maintenance, service, supply, management or other agreements presently in effect, or which may come into effect, of whatsoever nature affecting the Real Property.

“Space Leases” means all leases, licenses, or other occupancy or use agreements (other than subleases, licenses or concession agreements) made by tenants who lease space at the Real Property, including all modifications, addenda, and supplements thereto and guarantees thereof, applicable to any part of the Real Property.

“Title Company” means Tigor Title Company, Attn: Rabecca Rich, which shall provide any required title policy and preliminary report or commitment and shall act as the escrow agent relating to the sale of the Real Property pursuant to this Agreement.

EXHIBIT A
DESCRIPTION OF PREMISES

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

Commencing at a point on the South line of Ninth Street in said City of Reno, distant thereon 90 feet Westerly from the point of intersection of said South line of Ninth Street, with the West line of University Avenue;

Thence Westerly along said South line of Ninth Street 50 feet to the intersection thereof with the Easterly line of an alley running parallel with said Westerly line of University Avenue;

Thence Southerly along the Easterly line of said alley 70 feet;

Thence Easterly and parallel with said Southerly line of Ninth Street 50 feet;

Thence Northerly and parallel to said Westerly line of University Avenue (University Avenue now known as Center Street) 70 feet to the Point of Beginning.

APN: 007-183-03

EXHIBIT B
DUE DILIGENCE MATERIALS

1. Any existing ALTA Survey.
2. Plans and specifications of the project “as built” including floor and site plans.
3. Copy of any warranties, maintenance, service, supply, management or other agreements presently in effect, or which may come into effect, of whatsoever nature affecting the Real Property (defined as “Service Contracts” in the Agreement).
4. Current commitment for title insurance from the Title Company, together with the copies of all documents referred to therein and all documents giving rise to exceptions to title for the Real Property.
5. Any and all soils, asbestos, hazardous waste, and Phase I environmental assessment reports related to the Real Property.
6. Licenses, permits, and certificates of occupancy related to the Real Property.
7. Copy of all Space Leases and any subsequent amendments or addenda encumbering the property. Said Space Leases include those set forth on the “Exhibit C”.
8. An accounting of all Tenant deposits, prepaid rents, and other funds held resulting from the Space Leases for the Real Property.

EXHIBIT C

Form of Assignment and Assumption of Space Leases

THIS ASSIGNMENT AND ASSUMPTION OF LEASES (this "Assignment") dated as of _____, _____, is between MAAP, LLC ("Assignor") and The Board of Regents of the Nevada System of Higher Education on Behalf of the University of Nevada, Reno. ("Assignee").

WHEREAS, Assignor is the lessor under certain leases executed with respect to the Property (as defined below), which leases are described in Schedule I attached hereto (the "Leases");

WHEREAS, Assignor and Assignee have entered into that certain Purchase and Sale Agreement and Joint Escrow Instructions dated effective as of _____, _____ (the "Agreement"), pursuant to which Assignee agreed to purchase the real property and improvements described therein (the "Property") from Assignor and Assignor agreed to sell the Property to Assignee, on the terms and conditions contained therein.

WHEREAS, Pursuant to the Agreement, Assignor desires to assign its interest as landlord under the Leases to Assignee, and Assignee desires to accept the assignment thereof, on the terms and conditions set forth below.

Now therefore, the parties hereto agree as follows:

1. As of the date on which the Property is conveyed to Assignee pursuant to the Agreement (the "Conveyance Date"), Assignor hereby assigns to Assignee all of its right, title and interest in and to the Leases;
2. Assignor hereby agrees to indemnify Assignee against and hold Assignee harmless from any and all liabilities, losses, claims, damages, costs or expenses, including, without limitation, reasonable attorneys' fees and costs (collectively, the "Claims"), originating prior to the Conveyance Date and arising out of the Assignor's obligations under the Leases;
3. As of the Conveyance Date, Assignee hereby assumes all of Assignor's obligations under the Leases and agrees to indemnify Assignor against and hold Assignor harmless from any and all Claims originating on or subsequent to the Conveyance Date and arising out of the Assignee's obligations under the Leases as assumed by Assignee pursuant to this Assignment;
4. In the event of any dispute between Assignor and Assignee arising out of the obligations of the parties under this Assignment or concerning the meaning or interpretation of any provision contained herein, the losing party shall pay the prevailing party's costs and expenses of such dispute, including, without limitation, reasonable attorneys' fees and costs;
5. This Assignment shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns; and
6. This Assignment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

Assignor and Assignee have executed this Assignment as of the day and year first written above.

ASSIGNOR:

MAAP, LLC

By: _____

Its:

ASSIGNEE:

The Board of Regents of the Nevada System of
Higher Education on Behalf of the University of
Nevada, Reno

By: _____

Its:

Schedule 1 (Lease)

Net Lease for Entire Building

1. Names

This lease is made by MAAP, LLC, Landlord, and Fast Foodies R14, Tenant.

2. Premises Being Leased

Landlord is leasing to Tenant and Tenant is leasing from Landlord the following premises: 58/60 E 9th Street.

3. Term of Lease

This lease begins on January 10, 2018 and ends on December 31, 2023.

4. Rent

Tenant will pay rent in advance on day 1 of each month. Tenant's first rent payment will be on January 10, 2018 in the amount of \$3,011.87. Tenant will pay rent of \$4,244.00 per month thereafter.

Rent will increase each year, on the anniversary of the starting date, as follows: 3%

5. Option to Extend Lease

First Option. Landlord grants Tenant the option to extend this lease for an additional 5 years. To exercise this option, Tenant must give Landlord written notice on or before July 1, 2023. Tenant may exercise this option only if Tenant is in substantial compliance with the terms of this lease. Tenant will lease the premises on the same terms as in this lease except as follows: None.

6. Security Deposit

Tenant has deposited \$4,244.00 with Landlord as security for Tenant's performance of this lease. Landlord will refund the full security deposit to Tenant within 14 days following the end of the lease if Tenant returns the premises to Landlord in good condition (except for reasonable wear and tear) and Tenant has paid Landlord all sums due under this lease. Otherwise, Landlord may deduct any amounts required to place the premises in good condition and to pay for any money owed to Landlord under the lease.

7. Improvements by Landlord

Tenant accepts the premises in "as is" condition. Landlord need not provide any repairs or improvements before the lease term begins.

8. Improvements by Tenant

Tenant may make alterations and improvements to the premises after obtaining the Landlord's written consent, which will not be unreasonably withheld. At any time before this lease ends,



Tenant may remove any of Tenant's alterations and improvements, as long as Tenant repairs any damage caused by attaching the items to or removing them from the premises.

9. Tenant's Use of Premises

Tenant will use the premises for the following business purposes: Restaurant and Offices. Tenant may also use the premises for purposes reasonably related to the main use.

10. Utilities and Services

Tenant will pay for all utilities and services, including water, electricity, and gas, including the electricity or gas needed for heating and air-conditioning.

11. Maintenance and Repairs

Tenant will maintain and make all necessary repairs to: (1) the roof, structural components, exterior walls, and interior walls of the premises, and (2) the plumbing, electrical, heating, ventilating, and air-conditioning systems. Tenant will clean and maintain (including snow removal) the parking areas, yards, common areas, and exterior of the premises so that the premises will be kept in a safe and attractive condition.

12. Insurance

Landlord will carry fire and extended coverage insurance on the building.

Tenant will carry public liability insurance; this insurance will include Landlord as an insured party. The public liability coverage for personal injury will be in at least the following amounts:
\$1,000,000 per occurrence
\$2,000,000 in any one year.

Landlord and Tenant release each other from any liability to the other for any property loss, property damage, or personal injury to the extent covered by insurance carried by the party suffering the loss, damage, or injury.

Tenant will give Landlord a copy of all insurance policies that this lease requires Tenant to obtain.

13. Taxes

Tenant will pay all real property taxes levied and assessed against the premises during the term of this lease. Tenant will pay all personal property taxes levied and assessed against Tenant's personal property.

14. Subletting and Assignment

Tenant will not assign this lease or sublet any part of the premises without the written consent of Landlord. Landlord will not unreasonably withhold such consent.

15. Damage to Premises

A. If the premises are damaged through fire or other cause not the fault of Tenant, Tenant will owe no rent for any period during which Tenant is substantially deprived of the use of the premises.

B. If Tenant is substantially deprived of the use of the premises for more than 90 days because of such damage, Tenant may terminate this lease by delivering written notice of termination to Landlord.

16. Notice of Default

Before starting a legal action to recover possession of the premises based on Tenant's default, Landlord will notify Tenant in writing of the default. Landlord will take legal action only if Tenant does not correct the default within ten days after written notice is given or mailed to Tenant.

17. Quiet Enjoyment

As long as Tenant is not in default under the terms of this lease, Tenant will have the right to occupy the premises peacefully and without interference.

18. Eminent Domain

This lease will become void if any part of the leased premises or the building in which the leased premises are located is taken by eminent domain. Tenant has the right to receive and keep any amount of money that the agency taking the premises by eminent domain pays for the value of Tenant's lease, its loss of business, and for moving and relocation expenses.

19. Holding Over

If Tenant remains in possession after this lease ends, the continuing tenancy will be from month to month.

20. Disputes

Litigation. If a dispute arises, either party may take the matter to court.

Attorneys' Fees. If either party brings a legal action arising out of a dispute over this agreement, the losing party will reimburse the prevailing party for all reasonable costs and attorneys' fees incurred by the prevailing party in the lawsuit.

21. Additional Agreements



Landlord and Tenant additionally agree that: See Attachments A - Franchisor Lease Addendum , Attachment B - Lease Addendum.

22. Entire Agreement

This is the entire agreement between the parties. It replaces and supersedes any and all oral agreements between the parties, as well as any prior writings.

23. Successors and Assignees

This lease binds and benefits the heirs, successors, and assignees of the parties.

24. Notices

All notices must be in writing. A notice may be delivered to a party at the address that follows a party's signature or to a new address that a party designates in writing. A notice may be delivered:

1. in person,
2. by certified mail, or
3. by overnight courier.

25. Governing Law

This lease will be governed by and construed in accordance with the laws of the state of Nevada.

26. Counterparts

This lease may be signed by the parties in different counterparts and the signature pages combined will create a document binding on all parties.

27. Modification

This lease may be modified only by a written agreement signed by all the parties.

28. Waiver

If one party waives any term or provision of this lease at any time, that waiver will only be effective for the specific instance and specific purpose for which the waiver was given. If either party fails to exercise or delays exercising any of its rights or remedies under this lease, that party retains the right to enforce that term or provision at a later time.

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29. Severability

If any court determines that any provision of this lease is invalid or unenforceable, any invalidity or unenforceability will affect only that provision and will not make any other provision of this lease invalid or unenforceable and shall be modified, amended, or limited only to the extent necessary to render it valid and enforceable.

Landlord

a MAAP LLC

Signature: [Signature]

Dated: 1/2/2018

Printed name: Kinda K. Wolff

Title: Managing Partner

Address: P.O. 368 Zephyr Blvd, NV 89448

Tenant

Name of business: FAST FOODIES R14, SERIES OF FAST FOODIES, A NEVADA SERIES
a LIMITED LIABILITY COMPANY

Signature: [Signature]

Dated: 1/2/18

Printed name: KENNETH J. YEUREDIAGA

Title: SERIES MANAGER

Address: PO Box 4657, CARSON CITY, NV 89702

FRANCHISOR LEASE ADDENDUM

THIS FRANCHISOR LEASE ADDENDUM (the "Addendum") is made and entered into this 2ND day of JANUARY, 2018, by and between MAAP LLC, hereinafter referred to as "Landlord," and FAST FOODIES R14, SERIES hereinafter referred to as "Tenant," and modifies that certain lease (the "Lease") of even date herewith.

WITNESSETH:

WHEREAS, Landlord and Tenant are parties to the Lease concerning real estate commonly described as 58/60 E 9TH ST, RENO, NV 89501 as more fully described in the Lease (the "Premises").

NOW, THEREFORE, in consideration of the mutual promises hereinafter contained, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Landlord agrees that Jimmy John's Franchisor SPV, LLC ("Franchisor"), its affiliates, or a franchisee of the Jimmy John's franchise system selected by Franchisor (each, a "Franchisee"), shall have the right to receive an assignment of the Lease without the consent of Landlord. Upon request, Landlord shall promptly execute an acknowledgement of such assignment of the Lease.
2. Landlord shall provide Franchisor, Franchisee, or their respective agents, full access to the Premises upon expiration or earlier termination of the Lease, or Tenant's loss of possession of the Premises (collectively, an "Access Event"), or expiration or earlier termination of the applicable franchise agreement, for a period of not less than thirty (30) days (which period, in the case of an Access Event, shall not begin until the receipt of written notice by Franchisor from Landlord), to de-identify and remove from the Premises and its exterior any trademarked or trade property, proprietary software, equipment, design elements, signage, and any and all furniture and fixtures (collectively, "Property") installed by the Tenant or installed in connection with the Lease, including but not limited to colored wall tile or floor tile. In connection with any de-identification, Franchisor or Franchisee shall have the right, but not the obligation, to remove any brand elements or markings by repainting. Landlord acknowledges that Franchisor has a prior right, title and interest in and to any Property, notwithstanding any agreement between Landlord and any lender of Landlord with respect thereto.
3. Landlord shall provide any notice of default of Tenant to Franchisor simultaneously with the delivery thereof to Tenant. Additionally, Landlord shall provide prompt notice to Franchisor of an Access Event. Any such notice shall be delivered to Franchisor in writing by a nationally recognized overnight courier. Landlord and Tenant hereby acknowledge and agree that Franchisor has the right, but is under no obligation, to cure any Tenant default under the Lease, if Tenant should fail to do so, within fifteen (15) days after the expiration of the period given under the Lease, or otherwise, to cure such default. All such notices shall be sent to: Jimmy John's Franchise, LLC (f/b/o Franchisor), Attn. Real Estate Department, 2212 Fox Dr. Champaign, IL 61820.
4. Landlord approves of Tenant's installation of, and grants Tenant the right to display, the signage package required by Franchisor, including logo, lighted neon window signs, window clings and awnings, and any substantially similar variances to such signage package, subject only to the provisions of local ordinances.
5. Landlord hereby agrees that it shall not enter into any amendment, supplement or modification of the Lease (each an "Amendment"), which impacts Franchisor's rights under this Addendum in any respect, without the prior written consent of Franchisor. Additionally, Landlord agrees to provide prompt written notice to Franchisor of any Amendment (in accordance with provision 3 above).
6. Each of the parties hereto acknowledge and agree that Franchisor is intended to be a third-party beneficiary to this Addendum and shall be entitled to rely upon and directly enforce the provisions of this Addendum.

This Addendum amends the Lease between the parties described hereinabove, and except as provided herein, all other terms of said Lease shall remain unchanged. Landlord acknowledges and agrees that in the event of any conflict between the terms of this Addendum and the terms of the Lease, the terms of this Addendum shall govern and control.

LANDLORD:

By: MAAP LLC
Name: Quint Kubely
Managing Partner

TENANT:

By: [Signature]
Name: KEVIN J. YEOURDIANS

Lease Addendum

Addendum to Lease entered January 2, 2018 between MAAP LLC, (Landlord) and FAST Foodies R14 (Tenant).

Insurance and taxes shall be billed:

Monthly

Annually

(check one)

At this time, no reserve account for maintenance is required of the tenant.

LANDLORD: MAAP LLC

TENANT: *Kenny*

FAST FOODIES R14, SERIE

Name: *Dave Kelly*

Name: *KENNETH J ZURDIAGA*

Its: *Managing Partner*

Its: *SERIES MANAGER*

Addendum B

10F1
TOP 7

LANDLORD LIEN WAIVER

THIS LANDLORD LIEN WAIVER (the "Waiver") is hereby given this 10th day of January, 2018 (the "Effective Date") by MAAP, LLC ("Landlord"), with a notice address at PO Box 361, Zephyr Cove, NV 89448 to CITY NATIONAL BANK OF FLORIDA ("Lender"), with a notice address at 390 North Orange Ave, Ste. 2600, Orlando, FL 32801).

WITNESSETH

WHEREAS, Landlord and Fast Foodies R14 Series, LLC (the "tenant") have entered into that certain Lease Agreement dated 1/2/2018, (the "Lease");

WHEREAS, the Lease grants to Tenant possessory rights in certain real property and improvements owned by Landlord and commonly known as 58 E. 9th Street, Reno, NV 89501, as more specifically described in the Lease (the "Premises")

WHEREAS, Lender has agreed to make a loan or otherwise extend financing and/or credit facilities to Tenant (whether one or more, collectively, the "Loan"), which Loan shall be secured by, among other things, certain personal property, inventory, equipment, and fixtures (together with all replacements, proceeds, and products thereof) now or hereafter owned by Tenant (collectively, the "Collateral"); and

WHEREAS, Lender has requested, and Landlord has agreed, subject to the terms and conditions of this Waiver, to waive certain rights Landlord may now have, or in the future acquire with respect to the Collateral.

NOW, THEREFOR, in consideration of the foregoing and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Landlord hereby agrees as follows, effective as of the Effective Date:

1. Landlord hereby acknowledges that (i) the Lease is in full force and effect and (ii) Landlord is not aware of any existing default under the Lease.
2. Landlord hereby subordinates its interest in the Collateral to the interest of Lender therein to the extent that Landlord now has or shall in the future acquire a superior interest in said Collateral by virtue of the above-mentioned Lease or pursuant to any landlord's lien created by applicable common or statutory law.
3. Subject to all the terms and conditions of this Waiver, if Tenant defaults under the Loan, or if Landlord affirmatively terminates Tenant's right to occupy the Premises (either occurrence a "Default Event"), then Lender may remove the Collateral or any part thereof from the Premises. Following a Default Event, Lender shall give Landlord at least 24 hours' advance written notice prior to removal of Collateral. Lender shall be liable for and shall promptly, following invoice, pay to Landlord a sum equal to the rent provided for in the Lease (or the rent last payable by Tenant in the event the Lease has been terminated by Landlord) prorated for the period Lender is removing the Collateral from the Premises. Nothing contained herein shall be deemed to grant Lender any possessory rights in or to the Premises.
4. Any contrary provision of this Waiver notwithstanding, in no event shall any property owned by Landlord; heating, ventilation and air conditioning systems; plumbing systems; electrical

systems; utility systems; or other mechanical systems or fixtures be considered part of the Collateral and no such property, systems or fixtures shall be removed from the Premises by Lender.

5. Lender shall repair any and all damage to the Premises caused by removal of the Collateral to Landlord's reasonable satisfaction and Landlord shall be entitled to condition Lender's entry onto the Premises on Landlord's receipt of such assurances and/or security as Landlord may reasonable require to ensure that any damage to the Premises is repaired by Lender.
6. Landlord agrees to promptly notify Lender of any default or termination of the Lease with Tenant for any reason (a "Default Notice"). Lender shall have at least thirty (30) days following receipt of such Default Notice to cure such default, but shall not be under any obligation to cure any default by Tenant under the Lease. No action by Lender pursuant to this waiver shall be deemed to be an assumption by Lender of any obligation under the Lease. Any Default Notice sent by the Landlord shall be sent to the Lender at the following address:

City National Bank of Florida
390 North Orange Ave, Ste 2600, Orlando, FL 32801.
Attn: Tricia Murray

7. In the event Landlord and Tenant enter into an amendment to the Lease which increases rent, decreases the term, materially increases Tenant's obligation thereunder or affects the rights of Lender, Landlord shall provide Lender with prior written notice of such amendment.
8. Any notices, required or permitted to be given thereunder shall be in writing and sent by United States Certified Mail, return receipt requested, postage prepaid or by an express mail or overnight courier delivery service that provides a return receipt, delivery service prepaid. Any such notice shall be addresses and directed to the party to be notified at the address stated herein or at such other address as a party shall designate by written notice as aforesaid. Any notice given as herein provided shall be deemed given as of the date of delivery or refusal.
9. This Waiver shall continue in full force and effect until the earlier of the date: (a) Tenant has fulfilled all of its obligations under the Loan; (b) the natural expiration of the term of the Lease; or (c) if the Lease is terminated prior to the natural expiration of the term of the Lease, the date on which all of Lender's obligation hereunder have been fully discharged and satisfied.

IN WITNESS WHEREOF, Landlord has executed this Waiver as of the 2nd day of January, 2018.

LANDLORD: MAAP, LLC

By:

Name:

Title:

Linda K. Wolf
Managing Partner

EXHIBIT D

Form of Estoppel

TENANT ESTOPPEL CERTIFICATE

_____, (“Tenant”), is the tenant under that lease dated _____, as amended (the “Lease”), with respect to Tenant’s occupancy of a portion of the premises (the “Leased Premises”) located at 58 E 9th Street, Reno NV 89501 (the “Property”). The Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada, Reno (“New Landlord”), has purchased or will purchase the Property and the landlord interest under the Lease from MAAP, LLC (“Current Landlord”).

Tenant, with full knowledge that New Landlord, in purchasing the Property, is each relying upon the truth, accuracy, and completeness of Tenant’s statements made in this certificate, certifies, represents, and warrants to New Landlord that:

1. Attached to this Certificate is a complete true and correct copy of tenant’s Lease at the Property. There are no amendments that are not attached. There are no oral agreements or modifications to the Lease. The attached Lease (including attached amendments, if any) contains the complete agreement between the Current Landlord and the Tenant with respect to the lease of the Premises.

2. There are no breaches of any covenant, condition, warranty or obligation under the Lease that give rise to a default by Current Landlord or Tenant. Current Landlord is in full compliance with all terms, conditions or covenants of the Lease.

3. All payments by Tenant under the Lease are current as of the date of this Certificate.

4. The monthly rent is presently \$ _____ per month due on the first of the month. The Tenant has not paid to Current Landlord any amount as prepaid rent except for this month (current rent). Tenant has paid Current Landlord the amount of \$ _____ as security deposit.

5. The Lease expires on _____. The Lease may be extended _____ times for a period of _____ years.

6. As of today, Tenant has no defenses or offsets to enforcement of the Lease.

7. Except those rights granted by the Lease, Tenant disclaims all right, title and interest to the Leased Premises

8. Tenant has no right to purchase the Leased Premises.

Dated as of _____, _____.

Tenant:

By _____

**APPRAISAL REPORT
REAL ESTATE APPRAISAL**

A Fast Food Restaurant
APN:007-183-03



58 E. 9th Street
Reno, NV, 89501

As of
April 22, 2019

Prepared For
Troy Miller
University of Nevada, Reno
1050 Evans Avenue
Reno, NV 89512

Client File:
N/A

Prepared by
HUTCHINSON VALUATION, INC.
James Hutchinson, MAI,
A.0000863-CG

Our File Number:
2019-023

HUTCHINSON VALUATION, INC.

5470 Kietzke Lane, Suite 300
Reno, NV, 89511

775-826-6336
jim@hutchval.com

May 3, 2019

Troy Miller
University of Nevada, Reno
1050 Evans Avenue
Reno, NV 89512

Re: Appraisal Report, Real Estate Appraisal
58 E. 9th Street
Reno, NV 89501

Client File Number: N/A

At your request, we have prepared an appraisal for the above referenced property, which may be briefly described as follows: The subject is identified as 58 E. 9th Street, Reno, NV. Located just south of the University of Nevada, Reno campus. The subject parcel is a rectangular corner parcel (alley) with 3,500 square feet. The parcel is improved with a retail fast food restaurant and back-end office. The improvements consist of a 2,326 square foot single-story building found to be in good condition. The building was originally constructed in 1932; however, the improvements have been renovated to reflect a more modern fast food restaurant. It is currently leased by a Jimmy John's franchisee through December 31, 2023.

Please reference page 9 of this report for important information regarding the scope of research and analysis for this appraisal, including property identification, inspection, highest and best use analysis and valuation methodology. This appraisal has been prepared in conformance with the Code of Professional Ethics of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice (USPAP). The development process and the reported data and analysis are consistent with our interpretation of the modifications to USPAP adopted by the Appraisal Standards Board. The intended use of the appraisal is: Potential Acquisition. The intended user(s) of the appraisal is/are the: Board of Regents of the Nevada System of Higher Education, University of Nevada Reno, Jimmy John's Franchisee and the property owner. We certify that we have no present or contemplated future interest in the property beyond this opinion of value. Your attention is directed to the Limiting Conditions and Assumptions section of this report (page 7). Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, we note the following:

We certify that we have no present or contemplated future interest in the property beyond this opinion of value.

Your attention is directed to the Limiting Conditions and Assumptions section of this report (page 7). Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, we note the following:

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), we have made the following value conclusion(s):

Current Market Value:

The market value, of the Leased Fee estate of the property, as of April 22, 2019, is

One Million Fifty Thousand Dollars (\$1,050,000)

Hypothetical Conditions:

- There are no hypothetical conditions for this appraisal.

Extraordinary Assumptions:

- There are no Extraordinary Assumptions for this appraisal.

The market exposure time preceding the date of value would have been 6 months and the estimated marketing period as of the date of value is 6 months.

Respectfully submitted,
Hutchinson Valuation, Inc.



James Hutchinson, MAI
NV-A.0000863-CG



Shane Kockenmeister
NV-A.0207600-INTR

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SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

GENERAL

Subject: Jimmy John's - A Fast Food Restaurant
58 E. 9th Street
Reno, NV 89501

The subject is identified as 58 E. 9th Street, Reno, NV. Located just south of the University of Nevada, Reno campus. The subject parcel is a rectangular corner parcel (alley) with 3,500 square feet. The parcel is improved with a retail fast food restaurant and back-end office. The improvements consist of a 2,326 square foot single-story building found to be in good condition. The building was originally constructed in 1932; however, the improvements have been renovated to reflect a more modern fast food restaurant. It is currently leased by a Jimmy John's franchisee through December 31, 2023.

Owner: MAAP LLC

Legal Description: Included in the addenda.

Date of Report: May 3, 2019

Intended Use: The intended use of the appraisal is: Potential Acquisition.

Intended User(s): The intended user(s) of the appraisal is/are the: Board of Regents of the Nevada System of Higher Education, University of Nevada Reno, Jimmy John's Franchisee and the property owner.

Sale History: No sales in the past three years.

Current Listing/Contract(s): None.

Land:

Land Summary						
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Usable Land Area (Acres)	Usable Land Area (Sq Ft)	Topography	Shape
007-183-03	0.08	3,500	0.08	3,500	Level	Rectangular

Building:

Building Summary						
Building Name/ID	Year Built	Condition	Number of Stories	Gross Building Area	Rentable Area	Number of Units
Jimmy Johns	1932	Good	1.0	2,326	2,326	1

Notes: Source for square footage was from the assessor's sketch

Zoning: NC, Neighborhood Commercial

Highest and Best Use of the Site: retail

Highest and Best Use as Improved: retail

Type of Value: Market Value

VALUE INDICATIONS

Sales Comparison Approach: \$1,175,000

Income Approach:
Direct Capitalization \$1,030,000

Reconciled Value(s): Market Value
 Value Conclusion(s) \$1,050,000
 Effective Date(s) April 22, 2019
 Property Rights Leased Fee

LIMITING CONDITIONS AND ASSUMPTIONS

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

All files, work papers and documents developed in connection with this assignment are the property of Hutchinson Valuation, Inc.. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) Hutchinson Valuation, Inc.'s regular per diem rate plus expenses.

Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

Americans with Disabilities Act (ADA) of 1990

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. Hutchinson Valuation, Inc. has not made a determination regarding the subject's ADA compliance or non-compliance. **Non-compliance could have a negative impact on value, however this has not been considered or analyzed in this appraisal.**

SCOPE OF WORK

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). Therefore, the appraiser must identify and consider:

- the client and intended users;
- the intended use of the report;
- the type and definition of value;
- the effective date of value;
- assignment conditions;
- typical client expectations; and
- typical appraisal work by peers for similar assignments.

This appraisal is prepared for Troy Miller, University of Nevada, Reno (Client). The problem to be solved is to provide the current market value. The intended use of the appraisal is: Potential Acquisition. The intended user(s) of the appraisal is/are the: Board of Regents of the Nevada System of Higher Education, University of Nevada Reno, Jimmy John's Franchisee and the property owner.

SCOPE OF WORK	
Report Type:	This is a Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses.
Property Identification:	The subject has been identified by the assessors' parcel number.
Inspection:	A limited interior and exterior inspection of the subject property has been made, and photographs taken.
Market Area and Analysis of Market Conditions:	A complete analysis of market conditions has been made.
Highest and Best Use Analysis:	A limited as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.
Type of Value:	Market Value
<u>Valuation Analyses</u>	
Cost Approach:	A cost approach was not applied as there is inadequate

data to develop a land value and the age of the improvements makes the depreciation difficult to accurately measure.

Sales Comparison Approach: A sales approach was applied as there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

Income Approach: An income approach was applied as the subject is an income producing property and there is adequate data to develop a value estimate with this approach.

Hypothetical Conditions:

- There are no hypothetical conditions for this appraisal.

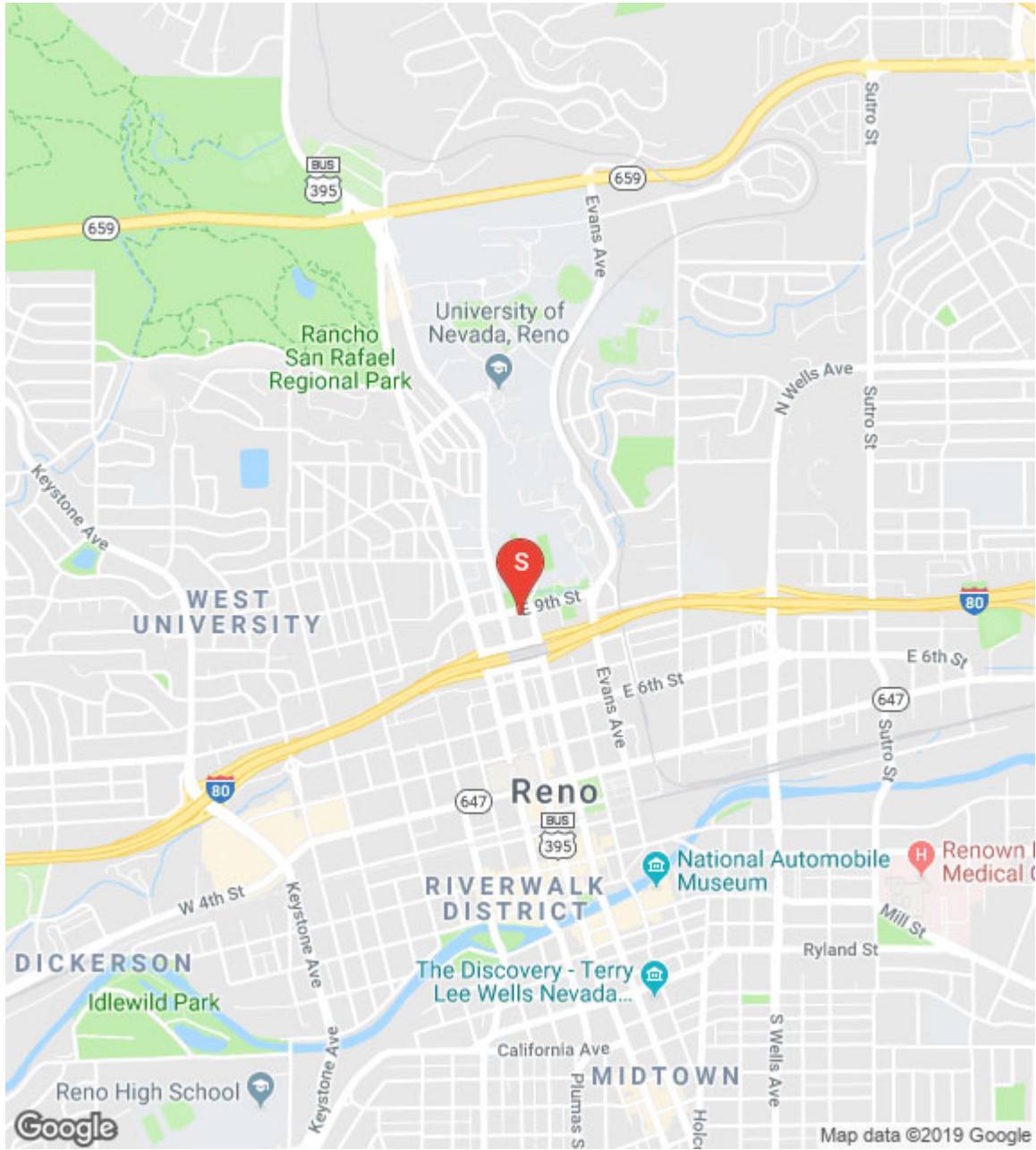
Extraordinary Assumptions:

- There are no Extraordinary Assumptions for this appraisal.

Information Not Available:

- None

Location Map

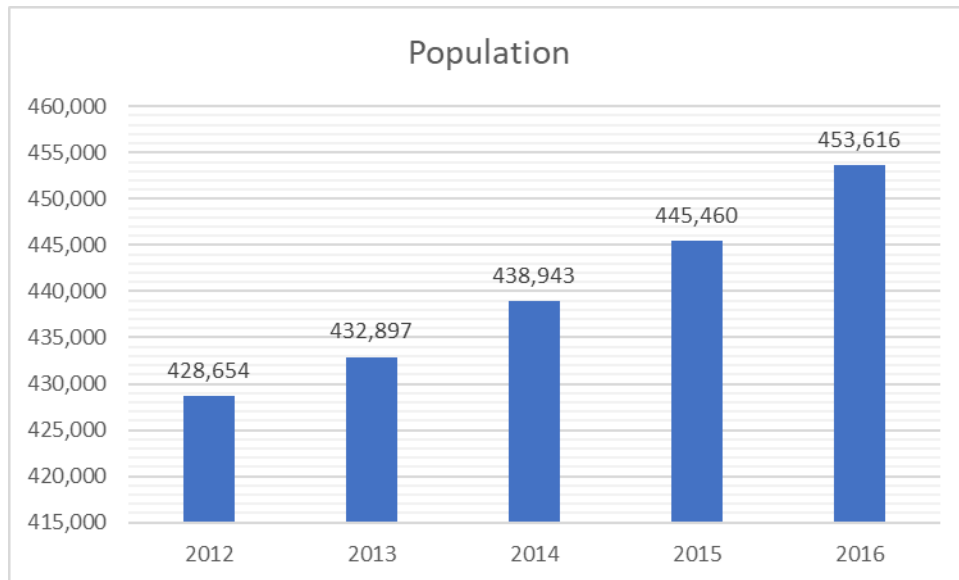


RENO MARKET AREA

An analysis of population, employment, and income trends for the Reno MSA and the State of Nevada is performed using general data. This data was provided by the Nevada State Demographer, the Nevada Department of Employment, Training and Rehabilitation, and Site To Do Business, recognized and reliable sources. This analysis ties the economic and financial data to the real estate market in general.

Population

Chart describing population in Washoe County, NV with the 5 most recent years of Census Data



The population estimate for 2015 indicates that the population of the Reno MSA (Washoe County) has increased by 1.8% from 2015 to 2016, with an estimated gain of about 8,156 residents to 453,616. According to Washoe County census and demographic information, this is predicted to continue to rise through 2030.

Nevada was the nation's fastest growing state from 1986 through 2007, with the exception of 2006. The state's population declined in 2009 for the first time since at least the 1930's, when reliable records were first kept, and 2012 was the first year for an increase in state population since 2008. The Reno MSA and Nevada's economy was among the strongest in the nation, prior to the recent recession. The State of Nevada, including Reno MSA, has suffered some of the largest employment losses in the nation during the most recent recession. Generally, population and employment go hand in hand

which indicates a recent and future rise in employment as discussed below.

Graph describing the projections in Reno, NV through 2030

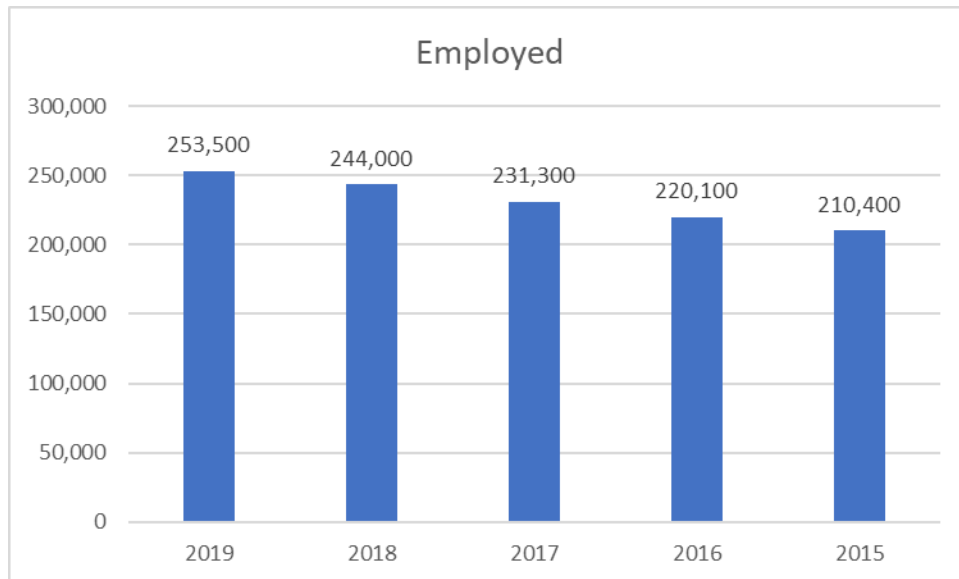
Washoe County Consensus Forecast Summary				
Year	Total Population	Total Establishment -Based Employment	Total Personal Income \$ ('000)	Per Capita Income
2010 (Forecast Trend)	434,519	239,455	\$17,421,365	\$47,467
2015	472,718	261,641	\$21,160,211	\$57,366
2020	512,137	284,459	\$25,969,219	\$69,625
2025	551,012	307,643	\$31,575,402	\$84,353
2030	590,490	332,335	\$38,429,313	\$103,178

Population projections for the Reno/Sparks MSA indicate a continued annual increase over the next 10 years. Migration from the California and the Midwest is expected to be a continuing factor in the long-term projected increase in population, especially in the retirement age bracket.

Employment

The Reno MSA and the State of Nevada are beginning to show strong signs of economic improvement. The annual rate of job creation increased in 2018. Economists seem to agree that the economy grew at a good pace in 2017 through 2018 and will continue to show signs of increasing in 2019. Perhaps the rise in National economic activity had slowed just as the Reno economy was picking up steam. Overall, annual job growth performed well through 2018 and into 2019.

Graph describing number of people employed in Washoe County over the past 5 years



The total number of people employed grew by 3.8% from 2018 to February 2019. Job growth in all the primary employment sectors grew year over year. Additionally, job growth was impressive in the Business Services sector which helped offset weaker performance in the other sectors. Strong growth in the business Services sector is a good indicator that the economic recovery is in full swing, as companies spend more money and feel more confident in the future.

Unemployment rates declined in the state of Nevada to the lowest levels in November 2018, with a slight increase through February 2019; however, unemployment in the Reno MSA and the State of Nevada remains lower than the national average at 3.6%, which as of April 2019 is 3.8%.

Real Estate Trends

Metrostudy's survey of the Reno market shows that 2018 new home starts were almost identical to 2017 levels. Housing starts continues to surge into higher pricing tiers as builders push prices to offset increased land and labor costs. The median new home base price in the Reno CSA was \$425k in 4Q18, nearly 13% above the year prior. Land prices continue to rise in Reno, creating pressures on builders to deliver affordable product.

Despite rising prices, it is expected a continued influx of demand from California, particularly from the Bay Area where exorbitant prices are pushing households from the region in droves.

Finding skilled labor is a large issue for Reno employers. Cement masons, operating engineers, and roofers are among some of the most undersupplied labor types in this market. An unemployment rate of 5% represents a fully employed market and the lack of available workers will certainly put upward pressure on incomes in the coming years.

Economic conditions have been tremendous in Reno and will continue to support income growth. Despite the healthy local market, a slowing national economy, lack of lot supply and growing affordability concerns may hinder new home growth in 2019. The Reno economy continues to grow at a strong pace through the end of 2018. Job growth remains strong as the Reno MSA has sustained over six and a half consecutive years of strong job creation.

Conclusion

The short-term economic outlook is the most optimistic it has been in recent years. The recovery in the Reno MSA and the State of Nevada has been expanding, and there will likely be more improvement in the economy as employment growth continues in the area. Property values have experienced increases over the last year. Tesla Motors opened first phase in 2016 and continues construction of Gigafactory in the Tahoe Reno Industrial Center, which will add significant jobs to the local economy. Additionally, Google acquired about 1,200 acres also in the Tahoe Reno Industrial Center with plans to develop in the near future. The long-term economic outlook for the Reno MSA is positive, with total population and employment projected to continue to increase.

PHOTOGRAPHS OF THE SUBJECT PROPERTY



E. 9th Street looking east



E. 9th Street looking west



Exterior View – Subject on right – Alley access



Exterior View – south side of building



Exterior View – south side of building



Exterior View – north side fronting 9th Street



Exterior View looking south



Exterior View looking southeast



Exterior View looking northeast



Interior View entrance



Interior View -seating area



Interior View restroom



Interior View – kitchen area



Interior View storage



Interior View back office



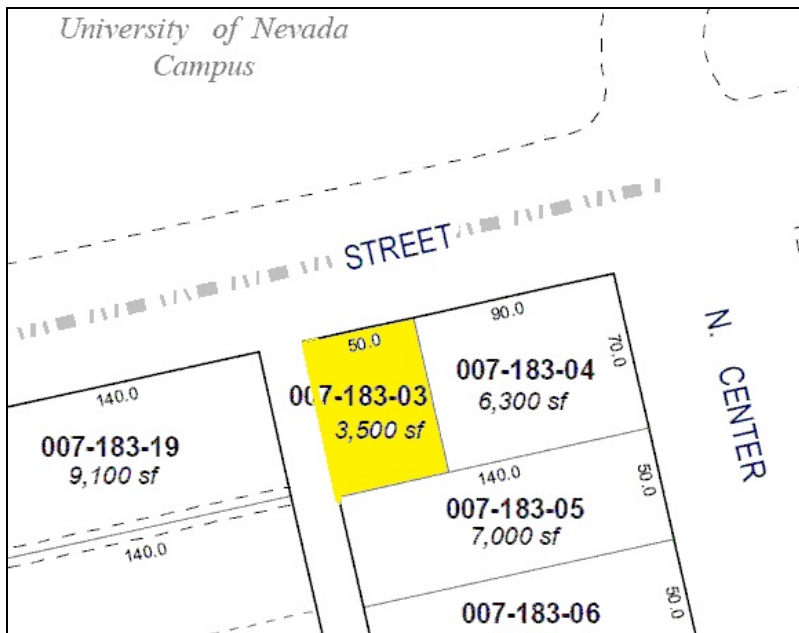
Interior View kitchen storage

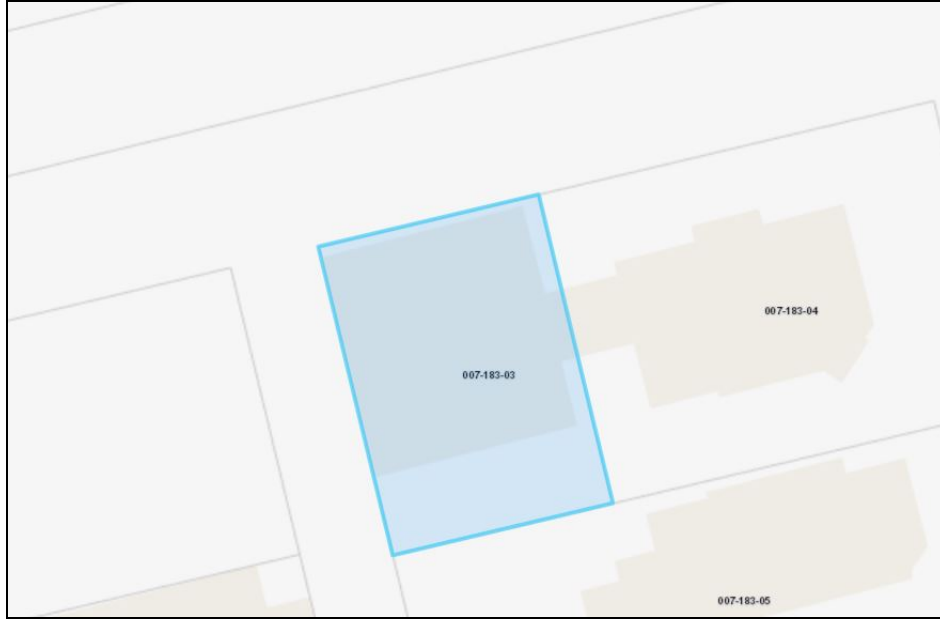


Interior View dining area

PROPERTY DESCRIPTION

The subject is identified as 58 E. 9th Street, Reno, NV. Located just south of the University of Nevada, Reno campus. The subject parcel is a rectangular corner parcel (alley) with 3,500 square feet. The parcel is improved with a retail fast food restaurant and back-end office. The improvements consist of a 2,326 square foot single-story building found to be in good condition. The building was originally constructed in 1932; however, the improvements have been renovated to reflect a more modern fast food restaurant. It is currently leased by a Jimmy John's franchisee through December 31, 2023.





SITE

Location: 58 E. 9th Street, Reno, NV

Current Use of the Property: retail

Site Size: Total: 0.08 acres; 3,500 square feet
Usable: 0.08 acres; 3,500 square feet

Shape: rectangular

Frontage/Access: The subject property has Good access with frontage as follows:

- 9th Street

It is a corner lot as there is an alley.

Visibility: Good.

Topography: Level.

Soil Conditions: The soil conditions observed at the subject appear to be typical of the region and adequate to support development.

Utilities: Electricity: NV Energy
Sewer: Municipal
Water: Municipal
Natural Gas: Southwest Gas
Utilities: The site is serviced by above and underground

utilities.
Adequacy: none

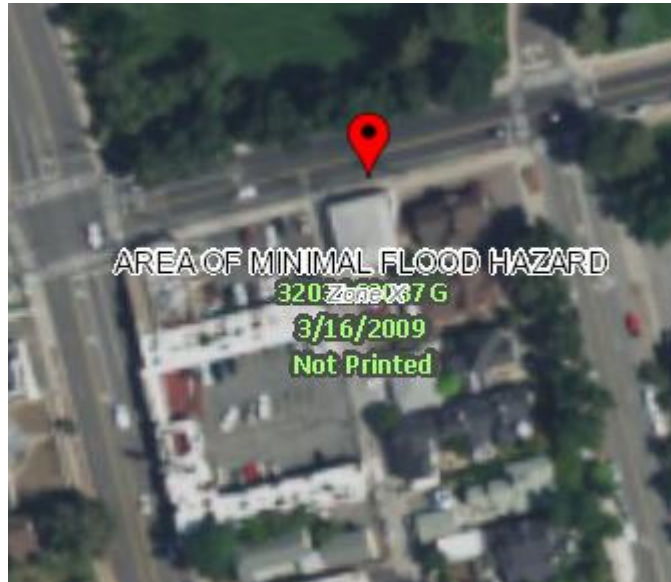
Site Improvements: • minimal and a gravel parking space.

Flood Zone: The subject is in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA flood Zone X, which is not classified as a flood hazard area.

FEMA Map Number: 32031C3037G

FEMA Map Date: March 16, 2019

The subject is outside the 500 year flood plain. The appraiser is not an expert in this matter and is reporting data from FEMA maps.



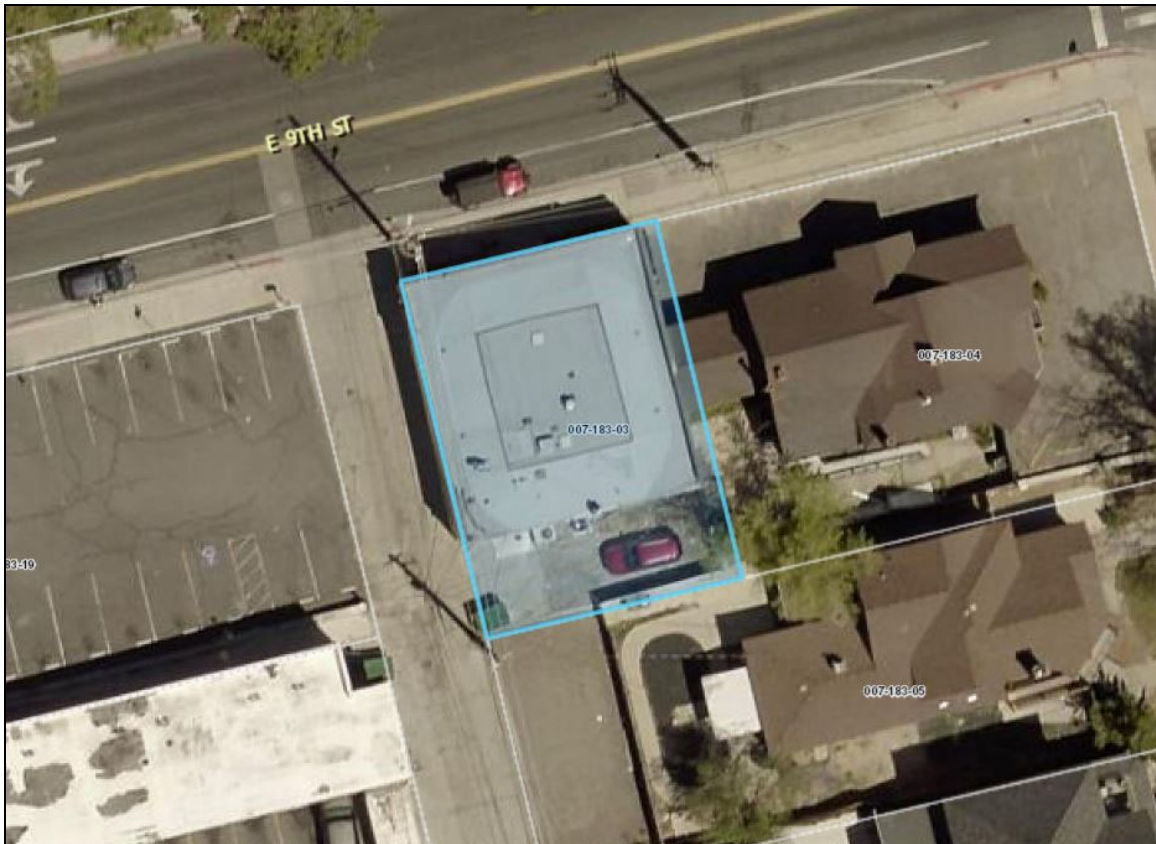
Wetlands/Watershed: none

Environmental Issues: none known

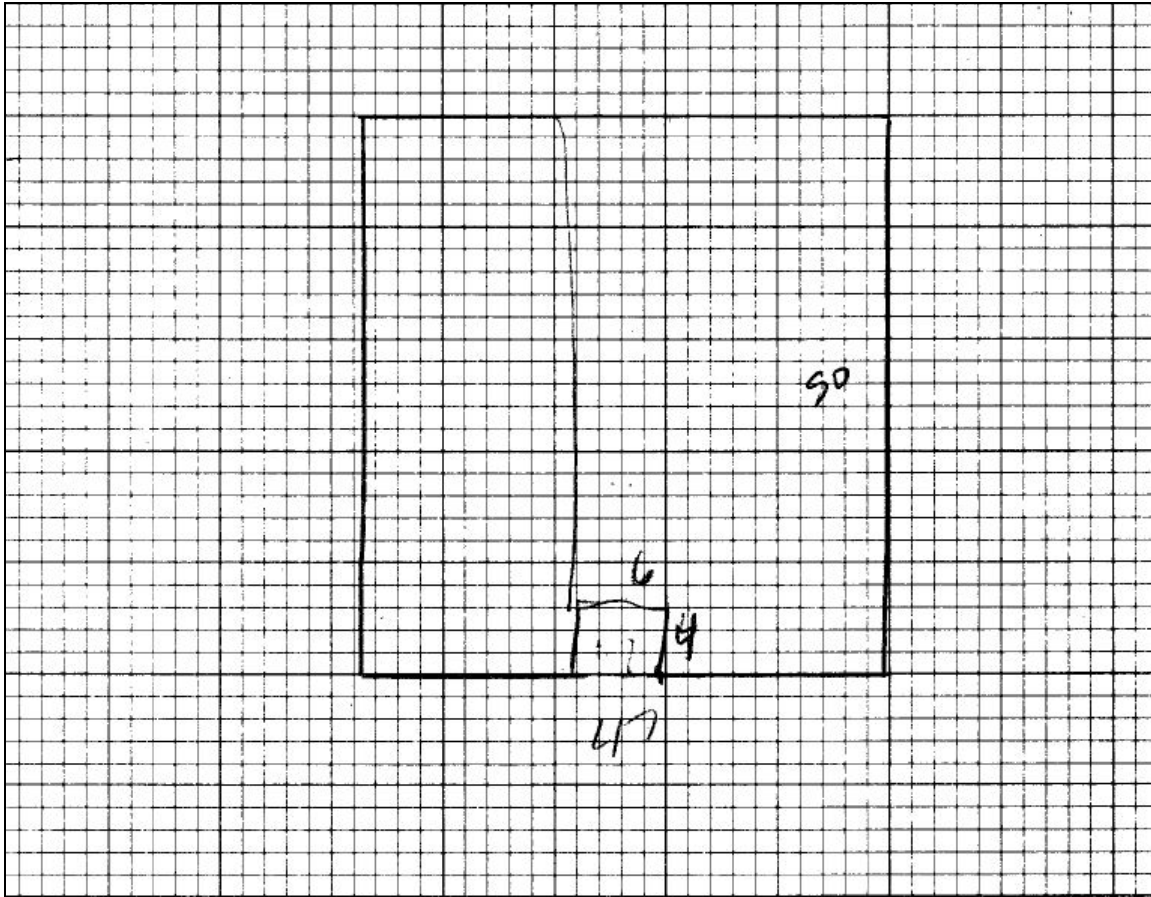
Encumbrance /Easements: none known / PUE

Site Comments: The subject is a 3,500 square foot rectangular shaped parcel with frontage on East 9th Street.

GIS Aerial Parcel Map



Sketch of Property



IMPROVEMENTS DESCRIPTION

Development/Property

Name: Jimmy John's - A Fast Food Restaurant

Property Type: Retail, Fast Food Restaurant

Property Subtype: Fast Food

GENERAL - JIMMY JOHNS

Building Identification: Jimmy Johns

Building Description: Fast Food Restaurant

Building Class: B

Construction:	Brick
Construction Quality:	Good
Year Built:	1932
Renovations:	Various
Effective Age:	25 years
Remaining Economic Life:	30 years
Condition:	Good
Appeal/Appearance:	good
Areas, Ratios & Numbers:	Number of Stories: 1.00 Gross Building Area SF: 2,326 Rentable Area SF: 2,326 Building Efficiency Ratio: 100.0%

FOUNDATION, FRAME & EXTERIOR - BUILDING JIMMY JOHNS

Foundation:	Poured concrete
Structural Frame:	Masonry Frame
Exterior:	Brick
Windows:	Aluminum Frame -Store Front
Roof/Cover:	Flat / Built Up

INTERIOR – BUILDING JIMMY JOHNS

Interior Layout:	Good
Floor Cover:	Tile and carpet
Walls:	Painted drywall
Ceilings:	Acoustic ceiling panels and painted and textured drywall
Lighting:	A mix of fluorescent and incandescent lighting.
Restrooms:	Yes.

MECHANICAL SYSTEMS – BUILDING JIMMY JOHNS

Heating:	Package
Cooling:	Package
Electrical:	Good
Plumbing Condition:	Good

PARKING

Parking Type and Number of Spaces:	Type: Paved open surface parking & street parking Spaces: 1
Parking Ratio:	One parking space on south side of the parcel. Street parking available.

PROPERTY ANALYSIS

Design & Functional Utility:	Good
Deferred Maintenance:	none
Capital Improvements:	None reported.
FF&E:	None.
Comments:	The subject is a single-tenant fast food restaurant found to be in good condition and suitable for its use. The tenant took occupancy in 2018 and completed their leasehold improvements and renovation of the property to meet their requirements for operation.

Americans With Disabilities Act

Please reference the Limiting Conditions and Assumptions section of this report on page 8.

Hazardous Substances

Please reference the Limiting Conditions and Assumptions section of this report on page 8.

Assessment and Taxes

Taxing Authority Washoe County

According to the County Assessor, the appraised value of the land is the Assessor’s estimate of its “market value”. The appraised value of the building(s) is their estimated replacement cost new less depreciation. The appraised value by this method is then multiplied by 35% to arrive at the assessed value. The assessed value is then multiplied by the combined tax rate for the subject, for every \$100 of assessed value, to determine the taxes due.

TAX INFORMATION		
Parcels		Taxable Value
007-183-03		\$264,448
		-
		-
		-
		<hr/>
Subtotal		\$264,448
Assessed Value @	35%	\$92,557
General Tax:		\$1,903
Special Assessments:		<hr/> -
Total		\$1,903
Taxes		\$1,903
		<hr/> <hr/>

Zoning

The subject is zoned NC, Neighborhood Commercial, by the City of Reno. Specific zoning requirements are summarized in the following table.

LAND USE CONTROLS	
Zoning Code	NC, Neighborhood Commercial
Zoning Description	This district provides for commercial and service enterprises that are customarily associated with residential development and allows for uses that are frequented for personal goods or services resulting in a reduction in the number and length of vehicle trips. This district is not appropriate for businesses that are based on a community-wide or regional market.
Current Use Legally Conforming	Yes
Zoning Change Likely	A zoning change is unlikely.
Zoning Change Description	N/A

MARKET ANALYSIS

The strength of any market depends on supply and demand. The following analysis addresses the types of retail properties, and national and local investment trends. However, the primary objective of this section of the report is to present the supply and demand for comparable retail space in the primary trade area of the subject property. Supply and demand in this submarket directly affects the subject's value.

Summary

Reno's retail vacancies are notably higher than the national average. Still, the metro is in the middle of a resurgence after slowly recovering from the Great Recession—a more diversified economy, outsized population growth, and median household incomes that top the national average have helped increase retail demand.

While occupancy trails the U.S. rate, vacancies have declined to well below the metro's near double-digit historical average. Nonetheless, rent gains have been hard to come by. Inventory growth this cycle has been limited, particularly in recent years, and the current supply pipeline is thin.

Investment in 2018 finished as one of the strongest years on record. However, sales volume in 2019 has thus far been limited.

Leasing

Retail vacancies fell to a cyclical low in 19Q1. Demand in 2018 was negative for the first time in many years, but net absorption reached its highest mark of the cycle in 2017. The year's weakness was partly attributable to the mall category, which posted negative absorption for the second consecutive year. Nonetheless, many years of healthy demand, along with a limited amount of new supply this cycle, have allowed vacancy to steadily decrease from the 2012 all-time peak to mid-single digits. The vacancy rate is currently 6.2%.

Heavy in-migration has boosted retail demand. Over the past 10 years, population growth is triple the national rate. Furthermore, the majority of metro population gains from 2013-17 (the most recent years in which data is available) were the result of in-migration. And jobs have followed. As of March 2019, year-over-year job growth was among the nation's strongest. Retail spending power has gotten a boost from incomes: The median household income here is outpacing the U.S. mark by about 5%.

Few large leases have been signed recently, but Big Lots executed one of the latest deals of note. In July 2018, the discount retailer opened a new 30,112-SF location at Spanish

Springs Center, a neighborhood center in the Spanish Springs Submarket. Scolari's Food & Drug Company previously occupied the space; the Reno-headquartered grocer elected to shutter the location in 2014. Median household incomes within a one-mile radius of the center are approximately \$87,000, which exceeds the metro median by a robust 35%.

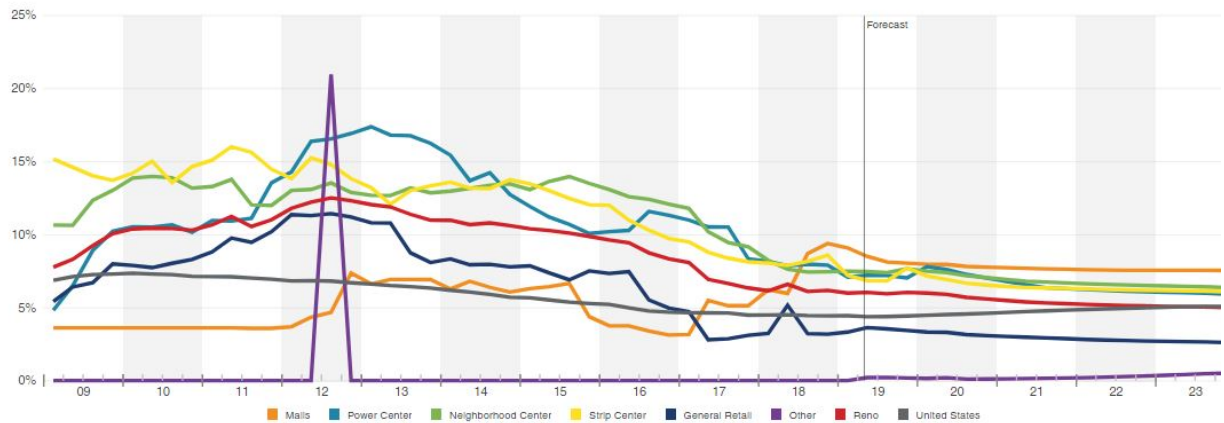
Another Spanish Springs center that has been active lately is Sparks Galleria. In 17Q2, Marshalls/HomeGoods signed a 40,000-SF lease for a former Sports Authority location and took occupancy of the space in 17Q4. Sports Authority vacated the location in 2009, before the sporting-goods chain closed all of its stores in 2016. Sprouts leased an adjacent 30,000-SF space that had been vacant since 2008 and took occupancy in 17Q4. The power center benefits from healthy demographics: Median household income within a one-mile radius is about \$68,000 (roughly 5% higher than the metro's), and approximately 100,000 people live within a three-mile radius.

The Northeast Sparks Submarket has gained a number of retailers recently, including Fly High, which leased 23,693 SF at Legends at Sparks Marina in 18Q3, and Harbor Freight Tools, which signed for 16,016 SF at Ironhorse Shopping Center in 18Q2.

With an economy that continues to exhibit strength and impressive metro growth, retail demand should remain healthy for the foreseeable future. However, Reno is in the throes of a housing crisis similar to that of California's major metros. Increasingly burdensome housing costs may effectively limit disposable income and could curtail retail spending.

Apartment rent growth, which has averaged almost 10% annually over the past three years, continues to rank among the highest in the nation due to the powerful in-migration trends and rising home prices. And, as of 19Q1, the median home price in Reno was about double 2013's price. While a number of multifamily communities have delivered this cycle, increasing inventory by about 10%, they have largely been 4 & 5 Star projects, with rents only a select few can afford

VACANCY RATE



Rent

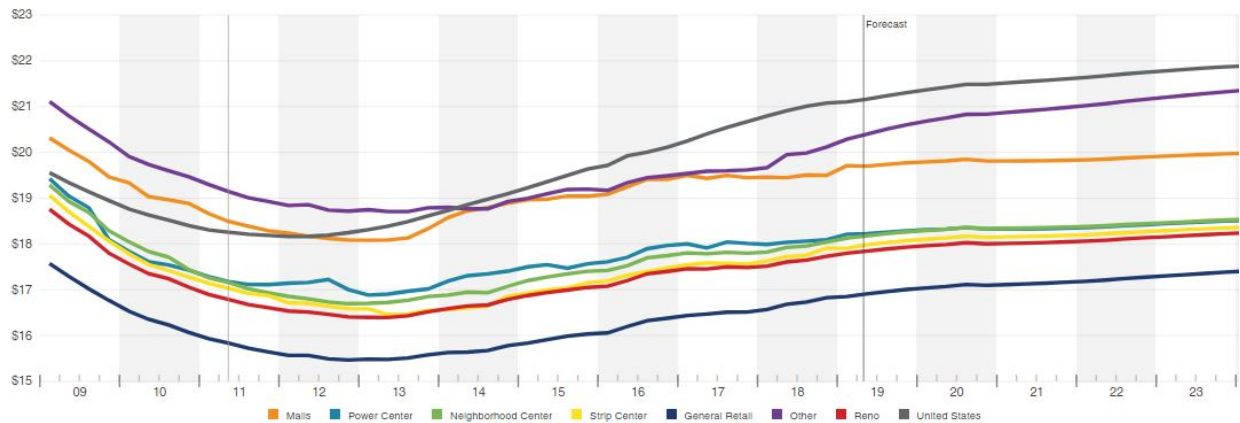
Retail rent growth has historically been tepid. The long-term average is virtually flat, and the all-time peak, recorded in 2017, is only about 2%. Despite vacancies that continue to compress, the trend has carried into 2019. Rent growth is currently 1.4%.

The average asking rent in Reno is \$17.79/SF. Due to the limited gains this cycle, asking rates are around 10% below the prerecession peak.

Among retail categories, malls have some of the highest asking rates at roughly \$20/SF, or about 10% above the overall retail average. Malls account for less than 10% of total retail inventory, but vacancies have been among the highest of all Reno retail categories.

Asking rents in the South Reno Submarket are some of the loftiest in the metro—rates in South Reno exceed the metro average by approximately 25%. Malls and power centers make up about 35% of the submarket's total retail inventory and asking rents for the two categories top South Reno's overall retail average by around 10%. South Reno is one of the more populated locales here, and vacancies are about on par with the metro average.

MARKET RENT PER SF



Construction

The most notable development under way is the Meadowood-located The Village at Rancharra. Part of the mixed-use project Rancharra, the 141-acre site was owned by Bill Harrah, of Harrah's Hotels and Casinos fame, and remained in the Harrah family, before its acquisition by Reno Land Development Company in 2015 for \$40 million. Situated one block west of Interstate 580, the 60,000-SF center broke ground in 19Q1 and is expected to deliver in late 2019. About 80% of the project was available for lease as of March 2019. Area earnings are healthy; the median household income within a one-mile radius is nearly \$80,000, or about 20% greater than the metro median.

Retail construction has been a rare sight this cycle. Since 2010, inventory has grown by only about 3%, with few on-spec projects. Moreover, construction has decreased as the decade has progressed. From 2010–13, supply grew by more than 700,000 SF. By comparison, from 2014 through March 2019, less than 500,000 SF of new inventory has been added. Most recent projects have been of a smaller scale. The majority of properties built since 2014 measure less than 5,000 SF.

One of the most notable deliveries of late was the South Meadows Promenade. Completed in 17Q3, the South Reno Submarket-located neighborhood center was fully leased as of 19Q1, with tenants that include Sprouts and Chipotle. As with The Village at Rancharra, healthy incomes are an area hallmark: The median household income for residents within a one-mile radius is approximately \$78,000.

With vacancy roughly 300 basis points below the metro's historical average, it is a bit surprising Reno has few projects under construction. Rent growth, however, has been minimal this cycle, effectively discouraging speculative development. And retailers, all too aware of the metro's lengthy economic recovery, may be weary of committing to the

long-term leases required for build-to-suit projects. However, heavy population gains and job growth that continues to outperform the national average should encourage future development.

Sales

Investment activity in 2019 has been meek. As of March, virtually all key sales metrics were well below the pace of most recent years. One of the most notable trades was for a former Toys R Us location in the Meadowood Submarket. In February, Marhilus Reno, LLC acquired the 43,131-SF building from Toys R Us for \$3.65 million (\$85/SF). Located across McCarran Boulevard from Meadowood Mall, the property is part of Smithridge Center, a 117,396-SF neighborhood center.

Investment in 2018 topped \$200 million for the third consecutive year. By comparison, the annual historical average is about \$130 million. Both pricing and inventory turnover have increased in recent years compared to that of earlier in the cycle.

One of the largest deals in 2018 was for the Meadowood-located The Commons. In June, Los Angeles-based Cannon Commercial picked up the 151,877-SF community center for \$28.9 million (\$190/SF) at a reported cap rate of 9.5%. The property was 100% leased at the time of sale, with tenants that included DSW, Guitar Center, and PetSmart.

The average price of late has been around \$180/SF. One recent example of this type of deal was a sale-leaseback for the Kietzke Submarket-located 2345 Market St. In April 2018, a Reno-based individual acquired the 9,840-SF building for \$1.8 million (\$183/SF) at a reported cap rate of 6%. Kawasaki of Reno occupies the property.

The majority of buyers this decade have been metro-based, though Bay Area and out-of-state investors have been active as well. Institutional capital has dominated investment; however, this is largely due to a handful of outsized transactions. Some of the most active buyers since 2010 include San Diego-based Realty Income, and New Hyde Park, NY-headquartered Kimco Realty Corporation.

Conclusion

Reno's job growth is among the strongest in the nation. Annual employment gains in 2018 were 4.1%, the fourth consecutive year job growth topped 4%. By comparison, national job growth was 1.7%. Likewise, this is not a new trend. Reno employment gains have topped the U.S. mark since 13Q1.

Bordering the California/Nevada state line, Reno is located more than 400 miles northwest of Las Vegas and about 130 miles east of Sacramento. The metro's vulnerable

tourism and trade sectors experienced a harsh pullback from the Great Recession. However, increasing visitor counts and consistent job growth acceleration has led to out-performance since early 2013. In fact, total metro visitors in 2017, the most recent year in which data is available, reached 5 million; the last time visitor counts touched that mark was in 2007. While this is encouraging news for Leisure and Hospitality, the sector has yet to fully recover from its job losses, and employment gains in 2018 were tepid.

Office-using employment, on the other hand, has grown at a clip of almost 6% over the past 12 months, but Manufacturing has been the star performer of late. Manufacturing posted employment growth of more than 11% in 2018.

A business-friendly environment, proximity to Silicon Valley, and low cost of living has made Reno an attractive destination for businesses, and several major corporations have announced huge expansions in the city.

New Deantronics, a medical device company, plans to relocate its U.S. operations from Walnut Creek, CA to Spanish Springs. The 14-acre campus, which will include a 200,000 SF R&D and manufacturing facility, is expected to complete construction by 2020.

Tesla's Gigafactory, which at full build-out is expected to employ 10,000 people, an increase from the original projection of 6,500 workers, is the local economy's new crown jewel. However, the electric carmaker has had multiple rounds of layoffs and terminations since 2018. While Tesla's June dismissals did not extend to the Gigafactory, the company's January 2019 cuts did reportedly affect Gigafactory employees. Other major corporations to expand or move operations into the area include Walmart, eBay, Apple, and Google.

In January 2018, Apple held a ceremonial ground breaking to expand its presence here in the form of a new warehouse. The property is expected to measure roughly 27,000 SF and house equipment for the company's Reno Technology Park-located data center, which measures more than 1 million SF. And in 2017, Google acquired over 1,200 acres, where it plans to build a data center. Although Google has not released specific plans or completion dates, it is speculated that the site might double as an autonomous car testing track.

Despite headline-grabbing Silicon Valley expansions, the bread-and-butter of the local economy remains trade and transportation. Limited regulation and the ability to ship to nine Western states on a next-day basis are turning the city into a regional logistics hub. Recent companies to open fulfillment centers in the area include Jet.com, Arrowhead Electronics, Panasonic, and Fosdick, and these have helped push the Trade sector to

about 12% above its prerecession peak, making it one of the better performing employment nodes in the metro.

The subject is 100% occupied and for this analysis I forecasted an overall stabilized occupancy of 98%.

Exposure Time and Marketing Period

Generally, exposure time relates to what has occurred (retrospective) and is occurring (current) in the market, whereas marketing period is a projection (prospective) of what is likely to occur in the market. Any sound opinion of value must consider what has occurred and what will most likely occur. Both time periods are a function of price, time, use, and the cost and availability of funds. The primary difference between the two-time periods is that for marketing period anticipated changes in market conditions (trends) are also considered.

Verification of sales data, such as days on the market for both listed and sold properties, and interviews with market participants are the primary source for both time estimates. Other important factors are an understanding of buyers' and sellers' motivations, their financial assumptions, who the most likely purchasers will be, and how financing influences their buying decision.

Our interviews with market participants indicate that there is demand for retail properties, particularly among investors. In my search for comparable sales, I interviewed several investors and brokers with respect to exposure and marketing time for properties such as the subject. Based on these interviews combined with data obtained in the sales verification process, it is our opinion that an exposure time of within 6 months is reasonable for the subject. Further, assuming professional marketing to potential purchasers of the subject type at or near the market value concluded in the report, we estimate a marketing period of within 6 months.

HIGHEST AND BEST USE

Highest and best use may be defined as the reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

1. **Legally Permissible:** What uses are permitted by zoning and other legal restrictions?
2. **Physically Possible:** To what use is the site physically adaptable?
3. **Financially Feasible:** Which possible and permissible use will produce any net return to the owner of the site?
4. **Maximally Productive.** Among the feasible uses which use will produce the highest net return, (i.e., the highest present worth)?

Highest and Best Use of the Site as If Vacant

The site is zoned NC, Neighborhood Commercial, which allows for a wide variety of commercial uses. The subject's size and configuration could support the legally permissible uses, so they are also physically possible. Given the visibility afforded by the location and the proximity of other retail uses and the university, the highest rents for the subject would be expected from retail uses which would benefit from the exposure. Given the vacancy in the subject's market area, and the corresponding rents, the potential income generated by a speculative retail development would provide an adequate return on construction costs. Retail development would be financially feasible now. Thus, the maximally productive, and highest and best use would be for retail development.

Highest and Best Use As Improved

The subject is currently improved with a fast food restaurant building, which is consistent with the highest and best use as though vacant. The existing use is, therefore, concluded to be the highest and best use as improved. Neither demolition nor renovation of the existing improvements would result in a higher return to the subject site. Therefore, the existing building use is the highest and best use of the subject property as improved. Given the single-tenant configuration and the lease in place, the most probable buyer of the property would be an investor.

VALUATION METHODOLOGY

Three basic approaches may be used to arrive at an estimate of market value. They are:

1. The Cost Approach
2. The Income Approach
3. The Sales Comparison Approach

Cost Approach

The Cost Approach is summarized as follows:

Cost New
- Depreciation
+ Land Value
= Value

Income Approach

The Income Approach converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounting process.

Sales Comparison Approach

The Sales Comparison Approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

Final Reconciliation

The appraisal process concludes with the Final Reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others.

Analyses Applied

A **cost analysis** was considered and was not developed because there is inadequate data to develop a land value and the age of the improvements makes the depreciation difficult to accurately measure.

A **sales comparison analysis** was considered and was developed because there is adequate data to develop a value estimate and this approach reflects market behavior for

this property type.

An **income analysis** was considered and was developed because the subject is an income producing property and there is adequate data to develop a value estimate with this approach.

SALES COMPARISON APPROACH

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

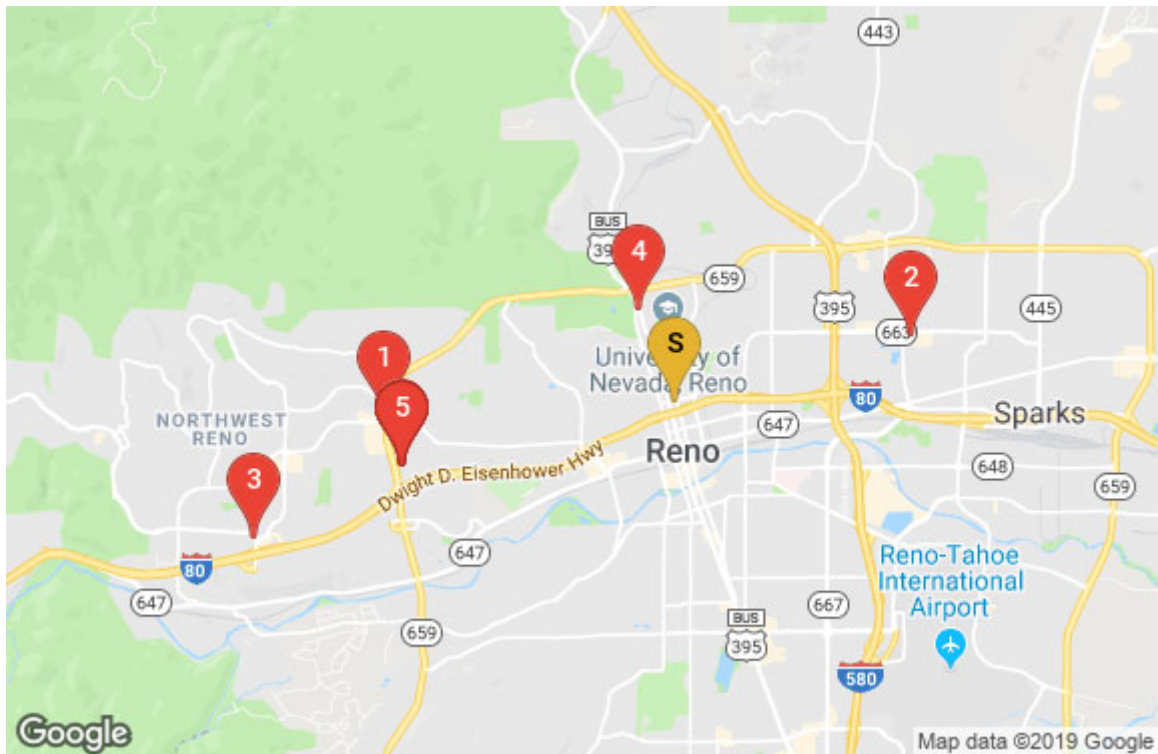
- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

Comparables

We have researched five comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources, inspected and verified by a party to the transaction.

Comp	Address City	Grantor Grantee	Price Date	Price Per SF GBA	Year Built Construction
1	5115 Mae Anne Avenue Reno	MMR LLC CHOLLAR HOLDINGS LLC	\$3,200,000 9/6/2018	\$602.86 5,308	2010 Stucco
2	2289 Oddie Blvd Sparks	PARADISE RETAIL I LLC DMFA NEVADA LLC	\$1,200,000 1/31/2018	\$383.51 3,129	1988 Stucco
3	986 Ambassador Drive Reno	PU6 STAR LLC OUR EBENEZER LLC	\$1,795,000 10/8/2018	\$889.49 2,018	2016 Stucco
4	2175 N Virginia Street Reno	2175 N VIRGINIA STREET LLC KUMMROW FAMILY TRUST	\$3,375,000 9/14/2018	\$901.44 3,744	2017 Brick
5	10190 N. McCarran Blvd Reno	WILD GOOSE LTD PTSP ANBOUBA, FADI	\$1,220,000 8/24/2018	\$381.01 3,202	2000 stucco

Comparables Map



Comparable 1



Transaction

ID	3017	Date	9/6/2018
Address	5115 Mae Anne Avenue	Price	\$3,200,000
City	Reno	Price Per SF	\$602.86
State	NV	Transaction Type	Closed Sale
Tax ID	039-051-10	Financing	cash
Grantor	MMR LLC	Property Rights	Leased Fee
Grantee	CHOLLAR HOLDINGS		
Legal Description	lengthy		

Site

Acres	0.5	Topography	Level
Land SF	23,348	Zoning	AC
Road Frontage	Mae Anne Avenue	Flood Zone	Zone X
Shape	Irregular	Encumbrance or	none
Utilities	PUE	Environmental Issues	none

Improvements & Financial Data

Rentable Area	5,308		
No. of Units	3		
Year Built	2010		
		Cap Rate	6.00%
Condition	Good		

Comments

Multi-tenant retail building in Reno, NV.

Comparable 2



Transaction

ID	2643	Date	1/31/2018
Address	2289 Oddie Blvd	Price	\$1,200,000
City	Sparks	Price Per SF	\$383.51
State	NV	Transaction Type	Closed Sale
Tax ID	031-012-27	Financing	cash
Grantor	PARADISE RETAIL I	Property Rights	Leased Fee
Grantee	DMFA NEVADA LLC		
Legal Description	lengthy		

Site

Acres	0.3	Topography	Level
Land SF	11,761	Zoning	MUD
Road Frontage	Oddie Blvd	Flood Zone	Zone X
Shape	Irregular	Encumbrance or	none
Utilities	PUE	Environmental Issues	none

Improvements & Financial Data

Rentable Area	3,129	EGI	\$48,000
No. of Units	1	NOI	\$48,000
Year Built	1988	Cap Rate	4.00%
Condition	Good	EGIM	25

Comments

Fast food restaurant in Sparks, NV.

Comparable 3



Transaction

ID	3014	Date	10/8/2018
Address	986 Ambassador Drive	Price	\$1,795,000
City	Reno	Price Per SF	\$889.49
State	NV	Transaction Type	Closed Sale
Tax ID	212-131-06	Financing	cash
Grantor	PU6 STAR LLC	Property Rights	Leased Fee
Grantee	OUR EBENEZER LLC		
Legal Description	Lengthy, relied on parcel		

Site

Acres	0.6	Topography	Level
Land SF	27,399	Zoning	PUD
Road Frontage	Ambassador Drive	Flood Zone	Zone X
Shape	Irregular	Encumbrance or	none
Utilities	PUE	Environmental Issues	none

Improvements & Financial Data

Rentable Area	2,018	EGI	\$85,442
Year Built	2016	NOI	\$85,442
		Cap Rate	4.76%
Condition	Very Good	EGIM	21.01

Comments

Fast food restaurant property in north Reno.

Comparable 4



Transaction			
ID	3015	Date	9/14/2018
Address	2175 N Virginia Street	Price	\$3,375,000
City	Reno	Price Per SF	\$901.44
State	NV	Transaction Type	Closed Sale
Tax ID	003-160-20	Financing	cash
Grantor	2175 N VIRGINIA	Property Rights	Leased Fee
Grantee	KUMMROW FAMILY		
Legal Description	Lengthy, relied on parcel		
Site			
Acres	0.4	Topography	Level
Land SF	16,117	Zoning	AC
Road Frontage	N Virginia Street	Flood Zone	Zone X
Shape	Irregular	Encumbrance or	none
Utilities	PUE	Environmental Issues	none
Improvements & Financial Data			
Rentable Area	3,744		
No. of Units	2		
Year Built	2017		
		Cap Rate	
Condition	Very Good		
Comments			
Multi-tenant fast food restaurant building.			

Comparable 5



Transaction

ID	3016	Date	8/24/2018
Address	10190 N. McCarran Blvd	Price	\$1,220,000
City	Reno	Price Per SF	\$381.01
State	NV	Transaction Type	Closed Sale
Tax ID	005-010-68	Financing	cash
Grantor	WILD GOOSE LTD PTSP	Property Rights	Leased Fee
Grantee	ANBOUBA, FADI		
Legal Description	Lengthy, relied on parcel		

Site

Acres	0.6	Topography	Level
Land SF	25,918	Zoning	AC
Road Frontage	Mccarran Blvd	Flood Zone	Zone X
Shape	Irregular	Encumbrance or	none
Utilities	PUE	Environmental Issues	none

Improvements & Financial Data

Rentable Area	3,202		
No. of Units	2		
Year Built	2000		
		Cap Rate	
Condition	Good		

Comments

Multi-tenant fast food and retail building.

Analysis Grid

The above sales have been analyzed and compared with the subject property. We have considered adjustments in the areas of:

- Property Rights Sold
- Financing
- Conditions of Sale
- Market Trends
- Location
- Physical Characteristics

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.

Comparable Sale Adjustments

Property Rights

The leased fee interest is conveyed for the comparables and no adjustment for property rights conveyed is warranted as the comparables were at market rates.

Financing

All the comparables were cash to the seller or equivalent terms. Therefore, no adjustments were warranted for financing terms.

Conditions of Sale

All the sales were all arms' length sales. Therefore, no adjustment is warranted.

Economic Trends

Broker feedback and market data indicate that sales prices of similar properties have increased over the time analyzed. I have, therefore, applied a 5% upward adjustment for market conditions.

Qualitative Analysis

Qualitative analysis is the process of accounting for differences that are not quantified.¹ Since appropriate adjustments for the physical characteristics cannot be extracted from the market data, a relative comparison analysis is applied to the comparables. This analysis applies an appropriate direction and relative magnitude for necessary adjustments based on each comparable's relation to the subject.

¹ The Appraisal Institute. The Appraisal of Real Estate, Thirteenth Edition. 2008

Location

Comparable 4 was in similar location and no adjustment was necessary. All remaining comparables were in an inferior location and were adjusted upward.

Condition

Comparables 3 and 4 were in superior condition and were adjusted downward. All remaining comparables were similar to the subject in condition and did not warrant an adjustment.

Year Built

The subject was originally constructed in 1932. All comparables were newer than the subject and were adjusted downward.

GBA

The comparables bracketed the subject party, thus no adjustments were necessary.

Drive Thru

The subject operates as a fast food restaurant but does not include a drive-thru. Comparables 2 and 3 included a drive-thru and were adjusted downward. The remaining comparables were similar to the subject and did not require an adjustment.

The adjustments are applied in the following adjustment grid.

Analysis Grid		Comp 1		Comp 2		Comp 3		Comp 4		Comp 5	
Address	58 E. 9th Street	5115 Mae Anne		2289 Oddie Blvd		986 Ambassador		2175 N Virginia Street		10190 N. McCarran	
City	Reno	Reno		Sparks		Reno		Reno		Reno	
State	NV	NV		NV		NV		NV		NV	
Date	4/22/2019	9/6/2018		1/31/2018		10/8/2018		9/14/2018		8/24/2018	
Price	--	\$3,200,000		\$1,200,000		\$1,795,000		\$3,375,000		\$1,220,000	
GBA	2,350	5,308		3,129		2,018		3,744		3,202	
GBA Unit Price	\$0.00	\$602.86		\$383.51		\$889.49		\$901.44		\$381.01	
Transaction Adjustments											
Property Rights	Leased Fee	Leased Fee	0.0%	Leased Fee	0.0%	Leased Fee	0.0%	Leased Fee	0.0%	Leased Fee	0.0%
Financing	Cash	cash	0.0%	cash	0.0%	cash	0.0%	cash	0.0%	cash	0.0%
Conditions of Sale	Arm's Length	arms length	0.0%	arms length	0.0%	arms length	0.0%	arms length	0.0%	arms length	0.0%
Adjusted GBA Unit Price		\$602.86		\$383.51		\$889.49		\$901.44		\$381.01	
Market Trends Through	4/22/2019	5.0%		3.1%		6.1%		2.7%		3.0%	
Adjusted GBA Unit Price		\$621.52		\$407.07		\$913.11		\$928.35		\$393.49	
Location	Good	Inferior		Inferior		Inferior		Similar		Inferior	
% Adjustment				10%		10%		0%		10%	
\$ Adjustment				\$62.15		\$40.71		\$91.31		\$0.00	
Condition	Good	Good		Good		Very Good		Very Good		Good	
% Adjustment				0%		0%		-10%		-10%	
\$ Adjustment				\$0.00		\$0.00		-\$91.31		-\$92.83	
Year Built	1932	2010		1988		2016		2017		2000	
% Adjustment				-10%		-5%		-10%		-10%	
\$ Adjustment				-\$62.15		-\$20.35		-\$91.31		-\$92.83	
GBA	2,350	5,308		3,129		2,018		3,744		3,202	
% Adjustment				0%		0%		0%		0%	
\$ Adjustment				\$0.00		\$0.00		\$0.00		\$0.00	
Drive Thru	No	No		Yes		Yes		No		No	
% Adjustment				0%		-15%		0%		0%	
\$ Adjustment				\$0.00		-\$61.06		-\$136.97		\$0.00	
Adjusted GBA Unit Price		\$621.52		\$366.36		\$684.83		\$742.68		\$393.49	
Net Adjustments		0.0%		-10.0%		-25.0%		-20.0%		0.0%	
Gross Adjustments		20.0%		30.0%		45.0%		20.0%		20.0%	

The following is a summary of the analysis as presented in the adjustment grid.

Sales Comparison Approach Conclusion

Value Ranges & Reconciled Value				
Number of Comps:	5	Unadjusted	Adjusted	% Δ
Low:		\$381.01	\$366.36	-4%
High:		\$901.44	\$742.68	-18%
Average:		\$631.66	\$561.77	-11%
Median:		\$602.86	\$621.52	3%
Reconciled Value/Unit Value:			\$500.00	
Subject Size:			2,350	
Indicated Value:			\$1,175,000	
Reconciled Final Value:			\$1,175,000	
One Million One Hundred Seventy Five Thousand Dollars				

All of the value indications have been considered, and in the final analysis, a value below the adjusted mean and median given the tenancy of the comparables was used to arrive at our final reconciled \$500.00 per square foot.

INCOME APPROACH

The Income Approach to value is based on the present worth of the future rights to income. This type of analysis considers the property from an investor's point of view, the basic premise being that the amount and quality of the income stream are the basis for value of the property.

Direct Capitalization Analysis

The steps involved in capitalizing the subject's net operating income are as follows:

- Develop the subject's Potential Gross Income (PGI) through analysis of the subject's actual historic income and an analysis of competitive current market income rates.
- Estimate and deduct vacancy and collection losses to develop the Effective Gross Income (EGI).
- Develop and subtract operating expenses to derive the Net Operating Income (NOI).
- Develop the appropriate capitalization rate (R_o).
- Divide the net operating income by the capitalization rate for an estimate of value through the income approach.

Potential Gross Income (PGI)

The subject is fully tenant occupied; therefore, the market rent is estimated to compare contract rent to market rent.

Market Rent

Rent Roll														
Rent Roll		No. of	% of		Lease Date	Lease Date	Lease	Lease	Contract	Contract	Asking \$	Market	Contr./Ask	
Tenant/Lessee	Suite	Space Type	Units	SF	Total	Start	End	Term	Type	Rent*	Rent/SF	Rent/SF	Rent	Variance
Jimmy Johns		Fast Food	1	2,326	100.0%	1/1/2018	12/31/2023	71.99 Mos.	Net	\$52,456	\$1.88		\$2.00	-6%
		Totals	1	2,326	100.0%					Total	\$52,456	\$22.55		
		Leased	1	2,326	100.0%				Total Commercial	\$52,456	\$1.88	Rent/SF/Month		
		Vacant	0	0	0.0%				Total Multifamily	\$0	\$0.00			

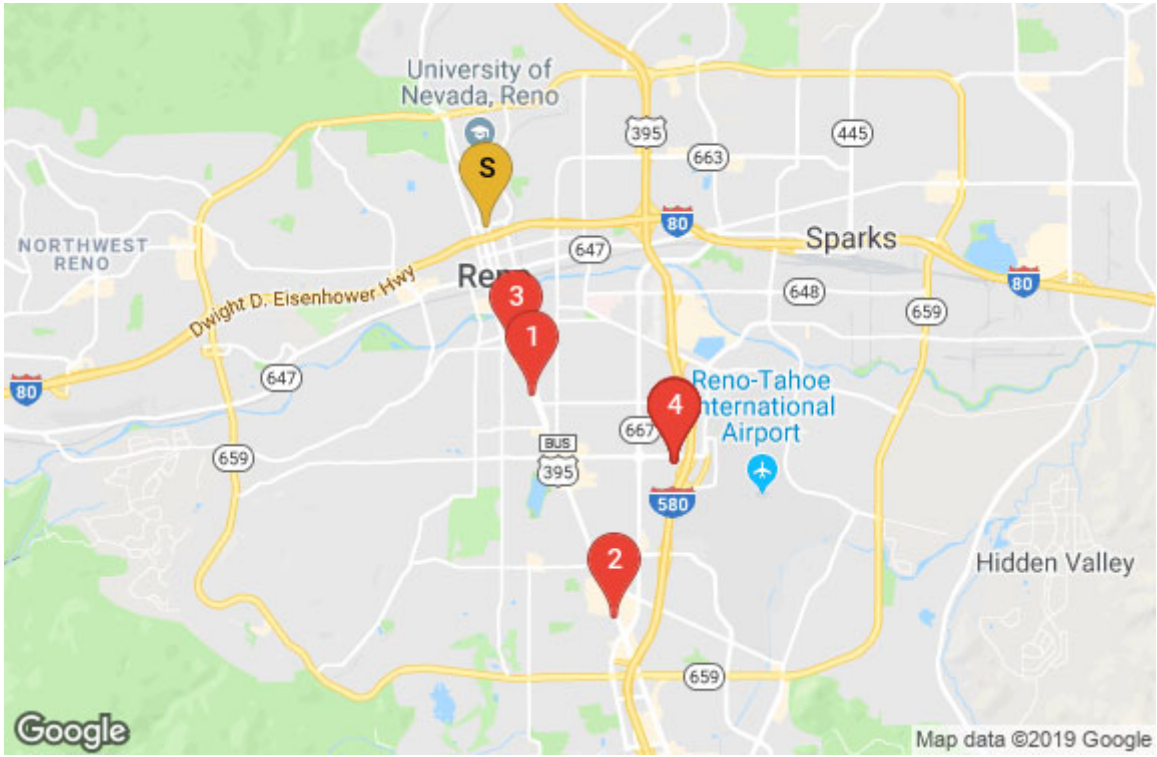
*Contract Rent = Annualized rent as of appraisal date

Rent per SF for occupied space ↑

Market Rent Comparables

We have researched four comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All comparables have been researched through numerous sources, inspected and verified by a party to the transaction.

Comparable Rental Map



Lease Comparable 1



Location		Building	
ID	578	Name	1039 S. Virginia St
Address	1039-1045 S. Virginia St	Year Built	1940
City	Reno	Condition	Good
State	NV	GBA	12,000
Property Major Type	Retail-Commercial		

Leases				
Tenant	Size	Eff. Rent/SF/Mo.	Type	Date
Pizzava	1,575	\$2.25	NNN	8/1/2017

Lease Comparable 2



Location		Building	
ID	2341	Name	4455 S. Virginia Street
Address	4455 S. Virginia Street	Year Built	1983
City	Reno	Condition	Good
State		GBA	2,760
Property Major Type	Retail-Commercial	No. of Units	1

Leases				
Tenant	Size	Eff. Rent/SF/Mo.	Type	Date
Robertos Tacos	2,760	\$2.40	NNN	7/2/2017

Lease Comparable 3



Location		Building	
ID	854	Name	A Multi-tenant Retail Center
Address	555 S Virginia Street	Year Built	2006
City	Reno	Condition	Good
State	NV	No. of Buildings	1
		GBA	10,226
Property Major Type	Retail-Commercial		

Leases				
Tenant	Size	Eff. Rent/SF/Mo.	Type	Date
Vacant	1,200	\$1.85	NNN	4/24/2019

Lease Comparable 4



Location		Building	
ID	2157	Name	1280 E Plumb
Address	1280 E Plumb Lane	Year Built	1989
City	Reno	Condition	Good
State	NV	No. of Buildings	1
		GBA	6,630
Property Major Type	Retail-Commercial		

Leases				
Tenant	Size	Eff. Rent/SF/Mo.	Type	Date
Capriotti's Sandwich Sho	2,145	\$1.75	NNN	10/1/2017

Analysis Grid

The above rentals have been analyzed and compared with the subject property. We have considered adjustments in the areas of:

- Lease Terms
- Conditions of Lease
- Other
- Economic Trends (time)
- Location
- Physical Characteristics

Comparable Rent Adjustments

Conditions of Lease

Comparable 3 was a listing and was adjusted downward. The remaining comparables are all contract rent and required no adjustment for conditions of leases.

Type of Lease/Expense Structure

Based on interviews with brokers in the area, the subject would be leased on a NNN lease basis. The comparables were all based on a NNN basis and required no adjustment.

Location

Comparables 2 and 4 were in inferior location and were adjusted upward. All remaining comparables were similar to the subject and did not require and adjustment.

Condition

All comparables were similar to the subject and did not require an adjustment.

Year Built

Comparables 2 through 4 were all considerably newer than the subject and adjusted downward. The remaining comparable was similar to the subject and did not require an adjustment.

Commercial Lease SF

The comparables bracketed the subject property, thus no adjustments were necessary.

Lease Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4
Address	58 E. 9th Street	1039-1045 S. Virginia	4455 S. Virginia Street	555 S Virginia Street	1280 E Plumb Lane
City	Reno	Reno	Reno	Reno	Reno
State	NV	NV	NV	NV	NV
Tenant		Pizzava	Robertos Tacos	Vacant	Capriott's Sandwich
Date	4/22/2019	8/1/2017	7/2/2017	4/24/2019	10/1/2017
Eff. Rent/SF/Mo.		\$2.25	\$2.40	\$1.85	\$1.75
Lease Type		NNN	NNN	NNN	NNN
Size		1,575	2,760	1,200	2,145
Transaction Adjustments					
Conditions of Lease		Normal	0%	Normal	0%
Other		Similar	0%	Similar	0%
Adjusted Rent		\$2.25	\$2.40	\$1.76	\$1.75
Market Trends/Year	3.0%	5.2%	5.5%	0.0%	4.7%
Adjusted Rent		\$2.37	\$2.53	\$1.76	\$1.83
Expenses		\$0.00	\$0.00	\$0.00	\$0.00
Adjusted Rent		\$2.37	\$2.53	\$1.76	\$1.83
Location	Good	Similar	Inferior	Similar	Inferior
% Adjustment		0%	10%	0%	10%
\$ Adjustment		\$0.00	\$0.25	\$0.00	\$0.18
Condition	Good	Good	Good	Good	Good
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00
Year Built	1932	1940	1983	2006	1989
% Adjustment		0%	-5%	-10%	-5%
\$ Adjustment		\$0.00	-\$0.13	-\$0.18	-\$0.09
Comm 1 SF	2,350	1,575	2,760	1,000	2,145
% Adjustment		0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00
Adjusted Rent		\$2.37	\$2.66	\$1.58	\$1.92
Net Adjustments		0.0%	5.0%	-10.0%	5.0%
Gross Adjustments		0.0%	15.0%	10.0%	15.0%

Market Rent Reconciliation

Ranges & Reconciled Rent				
Number of Comps:	4	Unadjusted	Adjusted	% Δ
Low:		\$1.75	\$1.58	-10%
High:		\$2.40	\$2.66	11%
Average:		\$2.06	\$2.13	3%
Median:		\$2.05	\$2.15	5%
Reconciled Market Rent:			\$2.00	
Two Dollars and Zero Cents				

The adjusted rental rates indicated by the comparables range from \$1.58 to \$2.66 per square foot, an average of \$2.13 per square foot and a median of \$2.15 per square foot. Based on the above analysis, we have reconciled just below the adjusted mean at \$2.00 per square foot. The subject contract rent is \$1.88 per square foot per month, which is

slightly below market rent. Since there is upside potential to lease the subject at a slightly higher rental rate when the lease expires, a lower capitalization rate would be reasonable to account for the below market rent.

Other Income

The subject is based on a net lease with the tenant reimbursing the lessor for expenses. The forecasted reimbursements are as follows.

Expense Reimbursements			
Expense	Reimbursed	Amount	Notes
Taxes	Yes	\$1,903	
Insurance	Yes	\$465	
Management	Yes	\$1,096	
	Total	\$3,464	

Vacancy and Collection Loss

For the purposes of this analysis the subject is projected to be operating at stabilized occupancy. A typical investor analyzing the subject on an income producing basis would utilize the stabilized occupancy for determining vacancy loss. As previously indicated, a 2.00% stabilized vacancy rate is projected for the subject. Therefore, a 2.00% vacancy rate will be used for this analysis.

Operating Expenses

The rental rate for the subject is based on a NNN lease expense basis. This is defined as follows:

Net Lease

A lease in which the tenant pays all expenses including structural maintenance and repairs; usually a long-term lease to a credit tenant.

Real Estate Taxes

This expense category includes all local and county assessments for real property. The Real Estate Tax Analysis section of this report addresses this topic in detail. The real estate taxes were previously analyzed and forecast to be \$1,903 per year.

Insurance

For the subject property, this category includes both liability and casualty insurance. Insurance for the property is forecasted at \$0.20 per square foot per year and used in the analysis.

Management/General/Administrative

Management fees are considered an expense of operation, whether the services are contracted or provided by the property owner. Typical management fees for fast food retail properties range from 1% to 3%. Considering that the subject is a fast food property, I projected an overall management fee of 2% of the effective gross income.

Reserves

Over the life of a property, the owner would likely have to replace some short-lived capital improvement items. However, for this sized property owners seldom use reserves and only report maintenance and repairs. This is consistent with the extraction of capitalization rates in the next section.

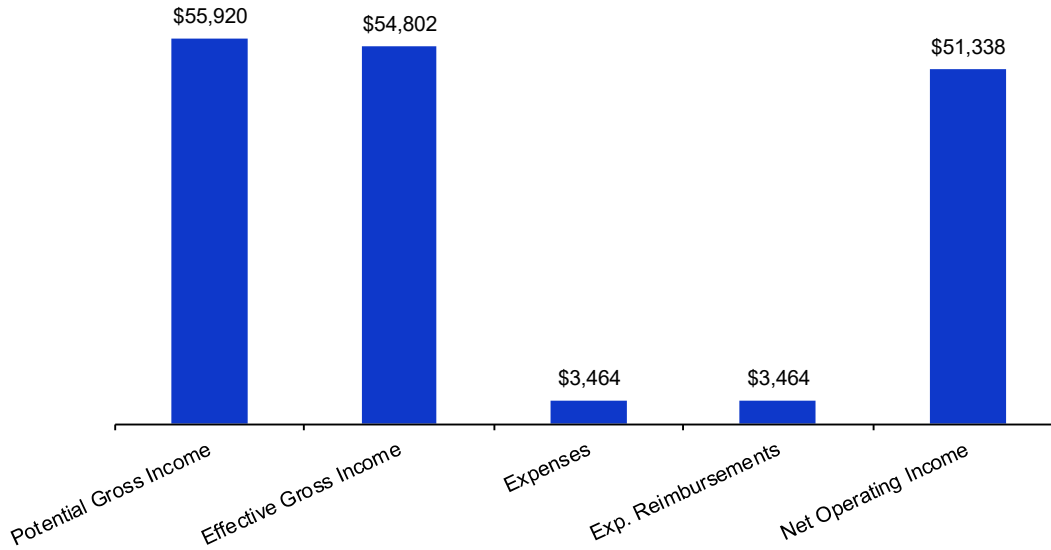
Total Expenses

The subject total expenses are about 6% and reasonable given the quality of the property.

Net Operating Income

Effective Gross Income	\$54,802
Less: Less Expenses	\$3,464
Add: Expense Reimbursements	\$3,464
Net Operating Income	\$51,338

Cash Flow Profile



Cash Flow	Potential Gross Income	Effective Gross Income	Expenses	Exp. Reimbursements	NOI
Amount	\$55,920	\$54,802	\$3,464	\$3,464	\$51,338

Capitalization Rate

The capitalization rate is the factor that converts the stabilized net operating income (NOI) to a present value. It is the ratio of net income to value or sale price.

An investor survey by RealtyRates.Com was consulted to determine overall capitalization rate trends for similar properties. The results of the survey are shown in the following table.

RealtyRates.com INVESTOR SURVEY - 1st Quarter 2019*						
RESTAURANTS - FAST FOOD						
Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	0.86%	DCR Technique	1.10	0.057152	0.80	5.03
Debt Coverage Ratio	1.10	Band of Investment Technique				
Interest Rate	3.98%	Mortgage	80%	0.057152	0.045721	
Amortization	30	Equity	20%	0.103036	0.020607	
Mortgage Constant	0.057152	OAR				6.63
Loan-to-Value Ratio	80%	Surveyed Rates				5.30
Equity Dividend Rate	10.30%					
Maximum						
Spread Over 10-Year Treasury	9.89%	DCR Technique	1.55	0.151908	0.60	14.15
Debt Coverage Ratio	1.55	Band of Investment Technique				
Interest Rate	13.01%	Mortgage	60%	0.151908	0.091145	
Amortization	15	Equity	40%	0.189061	0.075624	
Mortgage Constant	0.151908	OAR				16.68
Loan-to-Value Ratio	60%	Surveyed Rates				15.84
Equity Dividend Rate	18.91%					
Average						
Spread Over 10-Year Treasury	5.08%	DCR Technique	1.33	0.097466	0.70	9.05
Debt Coverage Ratio	1.33	Band of Investment Technique				
Interest Rate	8.20%	Mortgage	70%	0.097466	0.068227	
Amortization	23	Equity	30%	0.141747	0.042524	
Mortgage Constant	0.097466	OAR				11.08
Loan-to-Value Ratio	70%	Surveyed Rates				11.44
Equity Dividend Rate	14.17%					

*4th Quarter 2018 Data

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The surveyed rates ranged from 5.30% to 15.84% with an average of 11.44%. In addition to the survey data, fast food retail properties in the larger geographic area which were analyzed.

Market Extracted Rates

The table below details capitalization rates extracted from the market for fast food comparable sales.

Comparable Sale Cap Rates					
Comparable	City	Price	Date	NOI	Cap Rate
1	Reno	\$1,200,000	9/12/2017	\$63,240	5.27%
2	Reno	\$4,250,000	2/28/2018	\$270,725	6.37%
3	Reno	\$923,077	12/5/2017	\$60,027	6.50%
4	Sparks	\$1,200,000	1/31/2018	\$48,000	4.00%
5	Reno	\$2,200,000	6/25/2018	\$132,000	6.00%
6	Sparks	\$4,105,000	3/18/2019	\$194,987	4.75%
7	Reno	\$1,795,000	10/8/2018	\$85,442	4.76%

Capitalization Rate Conclusion

Capitalization rates have trended downward over the past year as illustrated in the above table. The subject is a fast food restaurant building located in Reno. Given the location and the quality of the property and the below market rent, an overall capitalization rate of 5.00% appears reasonable for the subject property.

Capitalization to Value

Income Capitalization Analysis					
Unit/Space Type	Income	Method	Units/SF	Annual	% of PGI
Fast Food	\$1.88	\$/SF/Month	2,326	\$52,456	93.8%
		Total Rental Income:		\$52,456	93.8%
		Expense Reimbursements:		\$3,464	6.2%
		Net Parking Income:			0.0%
		Other Income:			0.0%
		Potential Gross Income:		\$55,920	100%
		Vacancy & Collection Loss:		\$1,118	2.00%
		Effective Gross Income (EGI):		\$54,802	98.0%
Expense	Amount	Method		Annual	\$/SF
Taxes	\$1,903	\$/Year		\$1,903	\$0.82
Insurance	\$0.20	\$/SF		\$465	\$0.20
Management	2.0%	% of EGI		\$1,096	\$0.47
		Total Expenses:		\$3,464	\$1.49
		Expense Ratio (Expenses/EGI):		6.32%	
		Net Operating Income (NOI):		\$51,338	\$22.07
		Capitalization Rate:		5.00%	
		Value (NOI/Cap Rate):		\$1,026,754	\$441.42
		Rounded:		\$1,030,000	\$442.82

Direct Capitalization Analysis Conclusion

Based on the above analysis detailed above, as of April 22, 2019, we have reconciled to a direct capitalization approach value of:

\$1,030,000

One Million Thirty Thousand Dollars

FINAL VALUE

The process of reconciliation involves the analysis of each approach to value. The quality of data applied the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Finally, each is considered separately and comparatively with each other. Only the sales comparison and income approaches were applied.

Value Indication

Sales Comparison Approach: \$1,175,000

Income Approach:
Direct Capitalization \$1,030,000

Sales Comparison Approach

The sales comparison approach is most reliable in an active market when several similar properties have recently sold. Several comparable sales were analyzed and adjusted for various attributes to provide an opinion of value for the subject. This approach is a relevant valuation method because it relates directly to the motivations of the buyers in the market place. The quality of data available is rated as good and was sufficient to support a credible value indication. Given the configuration of the subject and the previous conclusion that the most likely buyer for the subject would be an investor, the sales comparison approach is concluded to be a less reliable approach in determining an overall value for the subject. The value conclusion from the sales comparison approach is given secondary weight in the final value estimate for the subject property.

Income Approach

The income approach is most reliable in an active rental market when enough similar properties are exposed to the market regularly and are steadily absorbed by tenants. Several properties were analyzed and compared to the subject to provide an opinion of market rent and value for the subject. The quality of data available is rated as good and was sufficient to support a credible value indication. Since the most likely buyer for the subject would be an investor, the income approach is given primary weight in valuing the subject.

Value Conclusion

Based on the data and analyses developed in this appraisal, we have reconciled to the following value conclusion(s), as of April 22, 2019, subject to the Limiting Conditions and Assumptions of this appraisal.

Reconciled Value(s): Premise: Market Value
Interest: Leased Fee
Value Conclusion: \$1,050,000
One Million Fifty Thousand Dollars

CERTIFICATION STATEMENT

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions and conclusions.
- We have no present or prospective future interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- No one provided significant real property appraisal assistance to the person(s) signing this certification.
- We certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- James Hutchinson has made an inspection of the subject property. The appraiser has not performed any prior services regarding the subject within the previous three years of the appraisal date.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, James Hutchinson, has completed the continuing education program of the Appraisal Institute.



James Hutchinson, MAI
NV-A.0000863-CG



Shane Kockenmeister
NV-A.0207600-INTR

ADDENDA

GLOSSARY

This glossary contains the definitions of common words and phrases, used throughout the appraisal industry, as applied within this document. Please refer to the publications listed in the **Works Cited** section below for more information.

Works Cited:

- Appraisal Institute. *The Appraisal of Real Estate*. 14th ed. Chicago: Appraisal Institute, 2013. Print.
- Appraisal Institute. *The Dictionary of Real Estate Appraisal*. 6th ed. 2015. Print.

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment (i.e., debt and equity, land and improvements).

(Dictionary, 6th Edition)

Common Area

1. The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities.
2. In a shopping center, the walkways and areas onto which the stores face and which conduct the flow of customer traffic. (ICSC) (Dictionary, 6th Edition)

Common Area Maintenance (CAM)

1. The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant

improvements or other improvements to the property.

- CAM can be a line-item expense for a group of items that can include maintenance of the parking lot and landscaped areas and sometimes the exterior walls of the buildings.
 - CAM can refer to all operating expenses.
 - CAM can refer to the reimbursement by the tenant to the landlord for all expenses reimbursable under the lease. Sometimes reimbursements have what is called an administrative load. An example would be a 15% addition to total operating expenses, which are then prorated among tenants. The administrative load, also called an administrative and marketing fee, can be a substitute for or an addition to a management fee.
2. The amount of money charged to tenants for their shares of maintaining a center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to

common area maintenance may include cleaning services, parking lot sweeping and maintenances, snow removal, security, and upkeep. (ICSC) (Dictionary, 6th Edition)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ($DCR = NOI/Im$), which measures the relative ability of a property to meet its debt service out of net operating income; also called debt service coverage ratio (DSCR). A larger DCR indicates a greater ability for a property to withstand a downturn in revenue, providing an improved safety margin for a lender. (Dictionary, 6th Edition)

Discount Rate

A rate on return on capital used to convert future payments or receipts into present value; usually considered to be a synonym for yield rate. (Dictionary, 6th Edition)

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. (Dictionary, 6th Edition)

Effective Date

1. The date on which the appraisal or review opinion applies. (SVP)
2. In a lease document, the date upon which the lease goes into effect.

Exposure Time

1. The time a property remains on the market.
2. 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 on an analysis of past events assuming a competitive and open market. (Dictionary, 6th Edition)

External Obsolescence

A type of depreciation; a diminution in value caused by negative externalities and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent (Dictionary, 6th Edition).

Extraordinary Assumption

An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinion or conclusion. Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.) (Dictionary, 6th Edition)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary, 6th Edition)

Functional Obsolescence

The impairment of functional capacity of a property according to market tastes and standards. (Dictionary, 6th Edition)

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (Dictionary, 6th Edition)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above grade area. (Dictionary, 6th Edition)

Gross Leasable Area (GLA)

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. (Dictionary, 6th Edition)

Highest & Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best legal use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. (Dictionary, 6th Edition)

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but it is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical,

legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.) (Dictionary, 6th Edition)

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. (Dictionary, 6th Edition)

Market Area

The geographic region from which a majority of demand comes in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area. (Dictionary, 6th Edition)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and reevaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs). (Dictionary, 6th Edition)

Market Value

A type of value that is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been

developed and refined, such as the following:

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after a reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.
2. Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.

USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:

- Identification of the specific property rights to be appraised.
- Statement of the effective date of the value opinion.
- Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
- 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.

3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and the 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:

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

concessions granted by anyone associated with the sale.

(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

4. The International Valuation Standards Council defines *market value* for the purpose of international standards as follows: The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. (IVS)
5. The Uniform Standards for Federal Land Acquisitions defines *market value* as follows: Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date for the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Standards for Federal Land Acquisitions) (Dictionary, 6th Edition)

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing time differs

from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time). (Dictionary, 6th Edition)

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest taxes, depreciation, and amortization) (Dictionary, 6th Edition)

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. (Dictionary, 6th Edition)

Parking Ratio

A ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios of various land uses are often stated in zoning ordinances. (Dictionary, 6th Edition)

Rentable Area

For office buildings, the tenant's pro rata portion of the entire office floor,

excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, contingency loss. (Dictionary, 6th Edition)

the amount of space on which the rent is based; calculated according to local practice. (Dictionary, 6th Edition)

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. (Dictionary, 6th Edition)

Scope of Work

The type and extent of research and analyses in an appraisal or appraisal review assignment. (USPAP, 2016-2017 ed.)

Stabilized Occupancy

An expression of the average or typical occupancy that would be expected for a property over a specified projection period or over its economic life. (Dictionary, 6th Edition)

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed and paid for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. (Dictionary, 6th Edition)

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income reductions due to vacancies, tenant turnover, and non-payment of rent; also called vacancy and credit loss or vacancy and

DOC #4433041

02/05/2015 09:46:12 AM
Electronic Recording Requested By
FIRST AMERICAN TITLE RENO
Washoe County Recorder
Lawrence R. Burtness
Fee: \$19.00 RPTT: \$902.00
Page 1 of 3

A.P.N.: 007-183-03
File No: 121-2477281 (MLR)
R.P.T.T.: \$902.00 C

When Recorded Mail To: Mail Tax Statements To:
MAAP L.L.C.
255 N. Sierra Unit 1107
Reno, NV 89501

GRANT, BARGAIN and SALE DEED

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

K.C.B. Corporation, Inc., a Nevada corporation

do(es) hereby *GRANT, BARGAIN and SELL* to

MAAP L.L.C., a Nevada Limited Liability Company

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

COMMENCING AT A POINT ON THE SOUTH LINE OF NINTH STREET IN SAID CITY OF RENO, DISTANT THEREON 90 FEET WESTERLY FROM THE POINT OF INTERSECTION OF SAID SOUTH LINE OF NINTH STREET, WITH THE WEST LINE OF UNIVERSITY AVENUE;

THENCE WESTERLY ALONG SAID SOUTH LINE OF NINTH STREET 50 FEET TO THE INTERSECTION THEREOF WITH THE EASTERLY LINE OF AN ALLEY RUNNING PARALLEL WITH SAID WESTERLY LINE OF UNIVERSITY AVENUE;

THENCE SOUTHERLY ALONG THE EASTERLY LINE OF SAID ALLEY 70 FEET;

THENCE EASTERLY AND PARALLEL WITH SAID SOUTHERLY LINE OF NINTH STREET 50 FEET;

THENCE NORTHERLY AND PARALLEL TO SAID WESTERLY LINE OF UNIVERSITY AVENUE (UNIVERSITY AVENUE NOW KNOWN AS CENTER STREET) 70 FEET TO THE POINT OF BEGINNING.

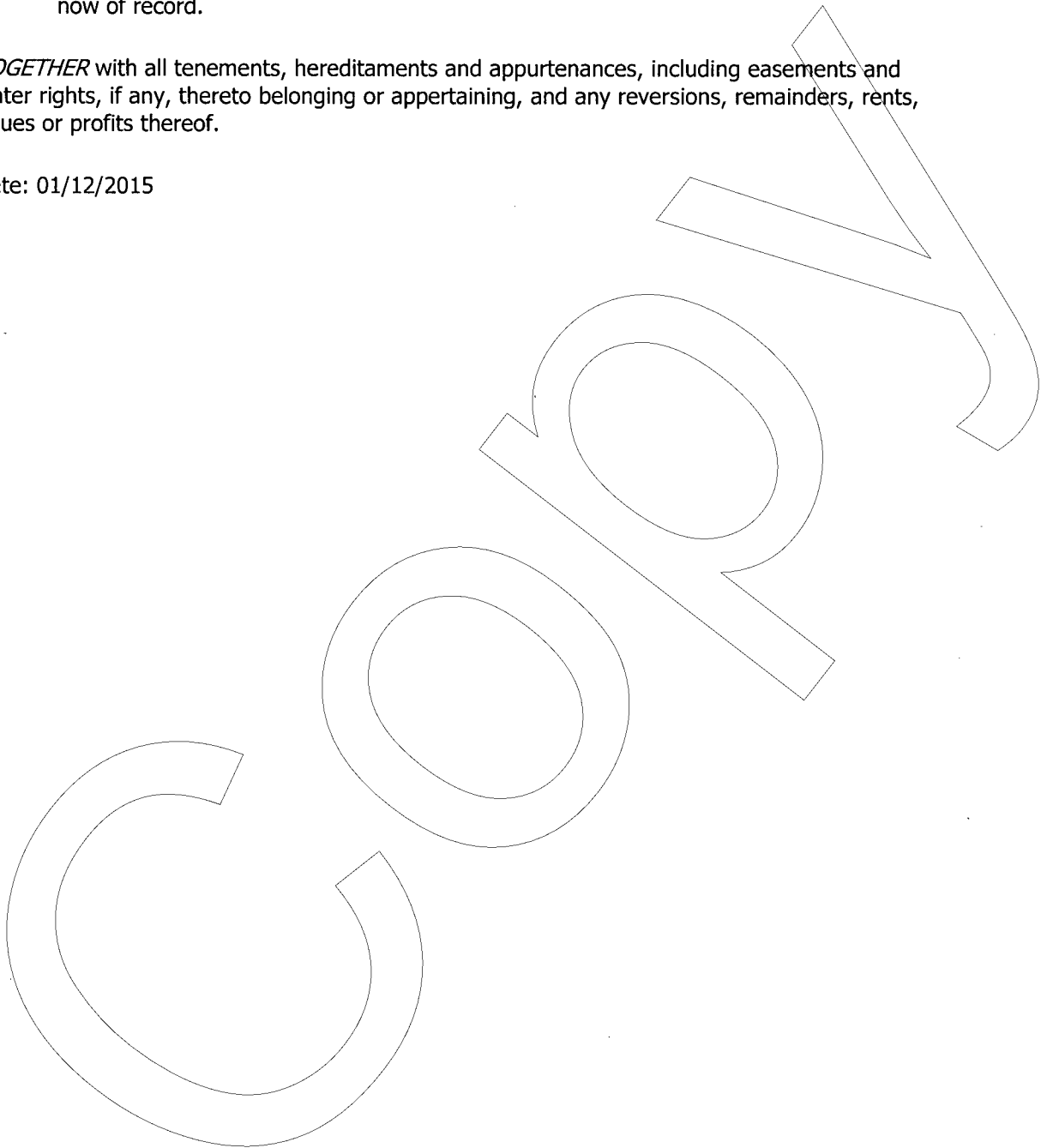
NOTE: THE ABOVE METES AND BOUNDS DESCRIPTION PREVIOUSLY APPEARED IN THAT CERTAIN DOCUMENT RECORDED JANUARY 06, 1975 IN BOOK 867, PAGE 515 AS INSTRUMENT NO. 351726, OFFICIAL RECORDS WASHOE COUNTY, NEVADA.

Subject to

1. All general and special taxes for the current fiscal year.
2. Covenants, Conditions, Restrictions, Reservations, Rights, Rights of Way and Easements now of record.

TOGETHER with all tenements, hereditaments and appurtenances, including easements and water rights, if any, thereto belonging or appertaining, and any reversions, remainders, rents, issues or profits thereof.

Date: 01/12/2015



K.C.B. Corporation, Inc., a Nevada corporation

Joe Garcia

By: Joe Garcia, Secretary

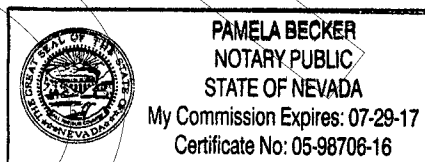
STATE OF **NEVADA**)
 : **ss.**
COUNTY OF **WASHOE**)

This instrument was acknowledged before me on 2-4-15 by Joe Garcia, Secretary

Pamela Becker

Notary Public

(My commission expires: 7/29/17)



This Notary Acknowledgement is attached to that certain Grant, Bargain Sale Deed dated **January 12, 2015** under Escrow No. **121-2477281**.

QUALIFICATIONS OF APPRAISER

James Q. Hutchinson, MAI

Professional Designations and License:

MAI, Appraisal Institute

Prior Chapter President of the Reno-Carson Tahoe Chapter Appraisal Institute

Certified General Appraiser #A.0000863 CG, State of Nevada

Experience & Background:

1996 – Present Real Estate Appraiser, Reviewer & Consultant, Hutchinson Valuation, Inc.
1219 Broken Feather Ct., Reno, NV

1995 -1996 Senior Appraiser, First Interstate Bank of Nevada, N.A., Reno, NV

1992 -1995 Senior Appraisal Specialist, Bank of America NT & SA, Reno, NV

1990 -1992 Staff Appraiser, Gladstone & Company, Inc., Phoenix, Arizona

1989 -1990 Staff Appraiser, Vermilya & Wolverson, Inc., Scottsdale, Arizona

1987 -1989 Staff Appraiser, U. S. Bancorp, Phoenix, Arizona

1985 -1987 Appraiser, Hutchinson & Larson, Inc., Phoenix, Arizona

Education:

Attended Arizona State University, 1982 -1983

Appraisal Education:

Appraisal Institute Courses & Seminars Completed:

Basic Appraisal Principles

Basic Appraisal Procedures

15-Hour National USPAP Course

Basic Income Capitalization

Highest and Best Use / Market Analysis

Litigation Skills for the Appraiser

Advanced Income Capitalization

Office Building Valuation

Effective Appraisal Writing

General Appraiser Site Valuation & Cost Approach

7-Hour National USPAP Update Course

Apartment Appraisal: Concepts and Applications

Appraising Legal Issues & Moot Court

General Appraiser Sales Comparison Approach

General Appraiser Report Writing and Case Studies

Advanced Sales Comparison & Cost Approaches

Real Estate Finance Statistics and Valuation Modeling

Advanced Applications

Appraising the Appraisal: Appraisal Review
Uniform Standards for Federal Land Acquisitions
Practical Regression Using Microsoft Excel

Real Property Interests Appraised:

Fee Simple
Leased Fee
Leasehold

Appraisal Assignments prepared involving Real Property in categories of:

Commercial	Industrial	Retail	Vacant land
Office Buildings	Warehouses	Single-Family	Subdivisions
Medical Office	Truck Terminals	Duplexes	Mini-Storage
Grocery Stores	Distribution	Multi-family	Churches
Residential	Warehouses	Fast Food	Mixed Use
Banks	Manufacturing	Condominiums	Surgical Centers
Restaurants	Office Condominiums	Developments	Schools

Additional Scope of Appraisal Experience:

Market Value, Market Rent Analysis, Feasibility and Easement Value, Value-in-Use, Cost to Cure and Going Concern Value.

Real Property Interests Appraised:

Fee Simple
Leased Fee
Leasehold

Appraisals prepared involving Real Property located in:

Arizona
Nevada
California

APPRAISER CERTIFICATE

STATE OF NEVADA DEPARTMENT OF BUSINESS AND INDUSTRY

NOT TRANSFERABLE

REAL ESTATE DIVISION

NOT TRANSFERABLE

This is to Certify That : JAMES Q HUTCHINSON

Certificate Number: A.0000863-CG

Is duly authorized to act as a CERTIFIED GENERAL APPRAISER from the issue date to the expiration date at the business address stated here in, unless the certificate is sooner revoked, cancelled, withdrawn, or invalidated.

Issue Date: November 29, 2018

Expire Date: November 30, 2020

In witness whereof, THE DEPARTMENT OF BUSINESS AND INDUSTRY, REAL ESTATE DIVISION, by virtue of the authority vested in Chapter 645C of the Nevada Revised Statutes, has caused this Certificate to be issued with its Seal printed thereon. This certificate must be conspicuously displayed in place of business.

FOR: HUTCHINSON VALUATION INC
5470 KIETZKE LANE STE 300
RENO, NV 89511

REAL ESTATE DIVISION

SHARATH CHANDRA

Administrator



QUALIFICATIONS OF INTERN APPRAISER

Shane Q. Kockenmeister

Professional Designations and License:

Nevada Certified Appraisal Intern

Experience & Background:

2016– Present Appraisal Intern, Researcher & Consultant, Hutchinson Valuation, Inc., Reno, NV

2015-2016 Group Sales Manager, Doubletree By Hilton, Denver, CO

2013-2015 Executive Meeting Specialist, Sheraton Denver Downtown, Denver, CO

2011-2013 Special Events Coordinator, Atlantis Casino Resort Spa, Reno, NV

Education:

University of Nevada, 2011

BA, General Studies with focus on Business Management and Communications

Appraisal Education:

30 hours basic appraisal principles;

30 hours basic appraisal procedures;

15 hours National USPAP;

15 hours residential market analysis and analysis of the highest and best use of real estate;

15 hours valuation of a site and cost approach for a residential appraiser;

30 hours residential sales comparison and income approaches;

15 hours of instruction on residential report writing and case studies; and

3 hours of Nevada Law

Real Property Interests Appraised:

Fee Simple

Leased Fee

Leasehold

Appraisal Assignments prepared involving Real Property in categories of:

Commercial Industrial Retail Vacant land

Office Buildings Warehouses Single-Family Subdivisions

Medical Office Truck Terminals Duplexes Mini-Storage

Grocery Stores Distribution Multi-family Churches

Residential Warehouses Fast Food Mixed Use

Banks Manufacturing Condominiums Surgical Centers

Restaurants Office Condominiums Developments Schools

Additional Scope of Appraisal Experience:

Market Value, Market Rent Analysis, Feasibility and Easement Value, Value-in-Use, Cost to Cure and Going Concern Value.

Real Property Interests Appraised:

Fee Simple

Leased Fee

Leasehold

Appraisals prepared involving Real Property located in:

Nevada

California

Exhibit 4b

A REVIEW OF AN APPRAISAL
PREPARED BY

JAMES HUTCHINSON, MAI

WITH A DATE-OF-VALUE AS OF

APRIL 22ND, 2019

FOR

JIMMY JOHN'S FAST FOOD PROPERTY

LOCATED AT

**58 AND 60 E 9TH STREET
RENO, WASHOE COUNTY, NEVADA
(APN 007-183-03)**

OWNED BY

MAAP, LLC.

July 12, 2019

MAAP, LLC.
c/o Timothy Wulf
Managing Partner
P.O. Box 361
Zephyr Cove, Nevada 89448

ttwulf@gmail.com

Dear Mr. Wulf:

Pursuant to your request, I have completed a review of an appraisal prepared by James Hutchinson, MAI, a Nevada Certified General Appraiser. The date-of-value for his report is April 22nd, 2019.

The appraisal and my review relate to the Jimmy John's fast food facility, located at 58 and 60 E 9th Street, Reno, Nevada. It is situated on the south side of 9th, between N. Center and Virginia Street, just opposite the University of Nevada Reno campus. The client/intended user of this report is MAAP, LLC and the intended use is for decision making purposes.

In the preparation of this review, I physically inspected the subject property, and I read the appraisal report in its entirety.



Review and Analysis

As indicated in Mr. Hutchinson's report, the University of Nevada Reno intends to acquire the entire property, which would technically be an owner/lessor position based upon the existing lease agreement. The property contains 3,500± square feet of land, and is improved with the Jimmy John's Fast Food restaurant, consisting of a 2,300± square foot building.

As an overall statement, I do believe that Mr. Hutchinson's report does meet requirements of the Uniform Standards of Professional Appraisal Practice. With that said, I do have a difference of opinion on several conclusions within his report.

The first part is that I did not find anywhere in the appraisal report where he shows and discusses past income and expenses for the subject, or more specifically, a profit and loss statement for the ownership position over the last two to three years. Typically, this is set out in an appraisal report. I was provided a copy of the lease agreement, and this is an important aspect of the valuation.

The lease began on January 10th, 2018, and ends December 31st, 2023; plus, the tenant has the option to renew for an additional five years. A significant aspect of the lease agreement is that business has appeared to be quite successful over the last fifteen years of its existence. Additionally, the lessee has a number of other Jimmy John's; however, this location being directly opposite of UNR is one that cannot easily be replaced, along with the recognition that particularly along N. Virginia Street, there has been substantial new construction of student housing buildings. This allows for a closeness to these complexes, which in turn, benefits the subject.

Due to the past utilization for approximately fifteen years, it seems very likely that the lessee would continue, and would exercise their option in 2023 to continue into the future based upon the history. The importance of this analysis is that the appraiser, while utilizing what I believe to be the current rent at \$52,456 per year, applied a vacancy factor of 2%.

As indicated on page 57 of Mr. Hutchinson's report, he states that "a typical investor analyzing the subject on income producing basis would utilize a stabilized occupancy for determining vacancy" and therefore, projected 2%. I do not find market evidence to support this. In fact, my experience with long-term tenants such as the subject who apparently has a profitable operation with five years remaining on the lease including a possible extension, in the location for fifteen years indicate that buyers do not apply a vacancy factor.

The most vital part of the appraisal process is not what a book says, or averages of retail property, but to look at the specific property such as the subject which has not had a history of vacancy, and as such, measure what the market is doing (typical buyer). I do not



find that a vacancy factor applies to these types of leases. In this area, I differ with Mr. Hutchinson's valuation.

Another difference of opinion I have is on page 58, where Mr. Hutchinson projects 2% of the projected gross income for management fee. This is a triple net lease, with the tenant paying all expenses. As such, with one tenant, there is very little if any expense to the owner, and again, I find that buyers do not project a management expense for this type of lease agreement. That is 2% of the effective gross income.

He then extracts from sales, a capitalization rate, to apply to his net income of \$51,338, and utilized 5%, concluding \$1,030,000 from his income approach analysis. Again, it is very important to recognize that this is an outstanding location, and cannot easily be duplicated. It is impossible to buy another parcel of land in this proximity, particularly to the south part of the University campus, and construct a new, similar complex.

There is a bar and restaurant as part of a complex at the southeast corner of S. Virginia and 9th, but this is being acquired by the Reno Transportation Commission to eliminate all of the buildings along the eastside of S. Virginia, on the west half of the block, directly to the west of the subject. That food and beverage facility will be eliminated. There is a Roberto's Taco Fast Food facility on 8th Street, which is quite popular, and is located at the northwest corner of N. Virginia Street and W. 8th Street. This is the only other close competition to the subject, and the only one remaining after the acquisition by RTC.

Considering these factors, as well as the past history of the subject, it appears to me that there is very little risk from an owner/lessor standpoint, and from his analysis of capitalization rates on page 60 of the report, they vary from 4% to a high of 6.5%. Another factor to consider is that when he extracted the capitalization rates from the sales, did the buyers apply a vacancy factor, or if they were not triple net leases, did the buyers apply management fee or any operating expenses? I was unable to extract that from his sales data. Simply stated, when utilizing the capitalization rates from his comparable sales on page 60, how did he arrive at the capitalization rate and did he discuss this with buyers and sellers as to what they applied in the market.

Finally, it is noted that his value conclusion by the comparable sales approach was \$1,175,000, whereas his value by the capitalization approach was \$1,030,000. Based on my discussion of difference of opinion relating to vacancy factor and management fees, since in my judgment, the market does not apply this on each side of the lease, that at the minimum, the reconciliation of value should be closer to the sales comparison approach.

The other factor is that in his sales comparison approach, he set up an adjustment chart with percentage adjustment; and therefore, he had adjustments anywhere from 0% to 25% off the sales prices. The question is, where did he get his adjustment factors? What market data demonstrated the percentage and dollar adjustments that he showed in his chart from the sales? I do not believe that one can quantify this, and as such, it is simply a guess



without market evidence. Even then, the comparable sales approach showed a much higher value than the income approach.

In summary, my primary differential with Mr. Hutchinson's report relates to the reliance on the income approach with the application of a vacancy factor and management fee, which I do not believe is typical with these kinds of leases. At the very minimum, greater weight should have placed upon the comparable sales approach, but even then, that is somewhat suspect due to adjustment factors that are simply guesses and not proven by market data. In fact, it is essentially almost impossible to prove by market data.

As a result, I believe that the market evidence in the discussion of Mr. Hutchinson's report is below what a typical buyer would pay for an owner/lessor position.

Sincerely,



William G. Kimmel, MAI, SREA
Certified General Appraiser
State of Nevada
Certification No. A.0000004-CG_{WGK/op}



QUALIFICATIONS OF WILLIAM G. KIMMEL

CERTIFIED GENERAL APPRAISER
STATE OF NEVADA, CERTIFICATION #A.0000004-CG

Education: B.A. Degree in Economics from Stanford University.

Experience: From 1959 to 1961, employed as a real estate broker-salesman in Reno and Lake Tahoe, Nevada. From 1961 to 1968, employed by the Nevada State Highway Department as a real estate appraiser and Assistant Supervisor. From April 1968 to present, an independent fee appraiser.

Expert Witness: Qualified as an expert witness in District Court in Washoe, Clark, Carson City, Lander, Lyon, Humboldt, Elko and Douglas Counties, Nevada; Superior Court in Eldorado and Los Angeles Counties, California; United States Tax Court in Las Vegas and Reno, Nevada, New York City, and Seattle, Washington; Federal Bankruptcy Courts in Reno, Las Vegas, San Francisco, Los Angeles, Phoenix, Portland Oregon; U.S. District Court in Reno and Las Vegas, Nevada; State District Court, Salt Lake City, Utah; U.S. District Court, Boise, Idaho; Superior Court, Newton County, Kentland, Indiana; United States Court of Federal Claims in Washington D.C.; Second Judicial Court, Chancery Court of Harrison County, Biloxi, Mississippi; Tax Court New Jersey; Court of Tax Appeals State of Kansas.

Lecturer: Instructed at the University of Nevada, Reno; Truckee Meadows Community College; Educations Dynamics Institute (Reno School of Real Estate); and Graduate Realtor Institute courses in real estate appraisal and land economics.

Professional Organizations: MAI - Member Appraisal Institute
 SREA - Senior Real Estate Analyst Member of the Appraisal Institute
 Licensed Real Estate Broker, Reno/Sparks Association of Realtors 1958-2011
 Certified General Appraiser, State of Nevada, Certification Number A.0000004-CG

Offices Held: President - 1986 - Sierra Nevada Chapter 60, American Institute of Real Estate Appraisers

President - 1976-1977 - Reno-Carson-Tahoe Chapter 189 Society of Real Estate Appraisers

President - 1966 - Chapter 44, American Right-of-Way Association

President - 1996 - Reno-Carson-Tahoe Chap. 189 Appraisal Institute



Board of Directors - 1973-1976 -Reno Board of Realtors

Commissioner - 1989-1994 - State of Nevada, Nevada Commission of Appraisers

Clients Served: Public Entities (partial list)

Internal Revenue Service
 Nevada Industrial Commission
 Nevada State Highway Department (NDOT)
 Nevada State Division of Parks
 Nevada State Planning Board
 Nevada State Division of Real Estate
 Nevada State Mental Health Institute
 Clark County
 Public Employees Retirement System
 California Division of Highways
 Carson City
 City of Elko
 City of Reno
 City of Sparks
 City of South Lake Tahoe
 City of Las Vegas
 City of Los Angeles
 City of West Wendover
 Incline Village General Improvement District
 University of Nevada, Reno
 Feather River College
 Kingsbury Improvement District
 Tahoe-Douglas Improvement District
 Crystal Bay Improvement District
 Douglas County
 Washoe County
 United States Forest Service
 McCarran International Airport
 Reno Redevelopment Agency
 Las Vegas Redevelopment Agency
 Sierra Pacific Power Company (NV Energy)
 Kern River Gas
 Nevada Power Company
 Washoe County Airport Authority

Lending Institutions & Mortgage Companies: (partial list)

American Bank
 American Federal Savings Bank Lending Institutions
 (Formerly First Federal Savings)
 Bank of America



Bank of Nevada
Bank of Tokyo
Bank of the West
Bank West
Banker's Mortgage Co. of CA
Business Bank
California Fed. Savings & Loan
Central California Bank
Central Valley National Bank
Chase Manhattan Bank
Citibank
Colonial Bank
Coldwell Banker
Comerica Bank
Crocker-Citizens National Bank
Far West Mortgage Company
First Bank of Arizona
First Independent Bank of Nevada
First Interstate Bank of Nevada
First National Bank of Nevada
First Western Savings & Loan
Fleet Mortgage
Giddings Company
Great Basin Bank
Heritage Bank
Home Savings Association
Interwest Mortgage
Investor's Mortgage Service Co.
Irwin Union Bank
Manufacturer's Hanover Trust
Mason-McDuffie
Mortgage Guaranty Ins. Corp. (Hibernia Bank)
Nevada National Bank
Nevada Security Bank
Nevada State Bank
Northern Nevada Bank
Pioneer Citizen's Bank of Nevada
PriMerit Bank (Formerly Nevada Savings & Loan)
Security Bank of Nevada
Security Pacific Bank (Formerly Nevada National Bank)
The Stanwell Company
Sun West Bank
United Mortgage Company
U.S. Bank (Formerly Security Pacific Bank)
Valley Bank of Nevada



Wells Fargo Bank
Zion's Bank

Business Firms:

In addition to the above,
various accounting firms and law offices.

Types of Properties Appraised:

Gaming Casinos
Hotel/Casinos
Motels
Hotels
Apartments
Condominiums
Time Share & Interval Ownerships
Mobile Home Park
Shopping Centers
Warehouses
Medical Buildings
Office Buildings
Hospital
Commercial Buildings
Planned Unit Developments
Brothels
Industrial Buildings
Single Family Residences
Ski Areas
Tennis Clubs
Airport Facilities
Feed Lots
Guest Ranches
Ranches
Unimproved Land
Forest Land
Churches
Schools
Cemeteries
Mortuaries
Marinas
Gravel Pits
Air Rights
Sub-Surface Rights
Value of Business as a Going Concern
Leasehold & Partial Interest



LIMITING CONDITIONS

In acceptance of this consultation assignment and the completion of the consulting report submitted herewith, it has been assumed by this consultant the following:

1. LIMIT OF LIABILITY:

The liability of Kimmel is limited to the client only and to the fee actually received. Further, there is no accountability, obligation, or liability to any third party. If this report is disseminated to anyone other than client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The consultant is in no way to be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, and/or legally. In the case of limited partnerships or syndication offerings or stock offerings in real estate, client agrees that if a legal action is initiated by any lender, partner, part owner in any form of ownership, tenant, or any other party, the client will hold the consultant completely harmless in any such action from any and all awards or settlements of any type, regardless of outcome.

2. CONFIDENTIALITY:

This consultation 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 consultant whose signature(s) appear on the report. No change of any item in the report shall be made by anyone other than the consultant. The consultant shall have no responsibility if any such unauthorized change is made.

3. FEE:

The consultant certifies that, my compensation is not contingent upon the report of a predetermined value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event, or that the consultant assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.

4. This is a review assignment report which is intended to comply with the reporting requirements set forth under Standard Rule 3) of the Uniform Standards of Professional Appraisal Practice.

5. ACCEPTANCE AND/OR USE OF THIS CONSULTATION REPORT BY THE CLIENT OR ANY THIRD PARTY CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS. CONSULTANT LIABILITY EXTENDS ONLY TO THE STATED CLIENT AND NOT TO SUBSEQUENT PARTIES OR USERS, AND THE LIABILITY IS LIMITED TO THE AMOUNT OF FEE RECEIVED BY THE CONSULTANT.

CERTIFICATION

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

- *The statements of fact contained in this report are true and correct.*
- *The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is 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 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.*
- *The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standard of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.*
- *The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.*
- *I have made a personal inspection of the property that is the subject of this report.*
- *The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.*
- *The appraiser's state registration has not been revoked, suspended, canceled or restricted.*
- *I have not performed 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.*



*William G. Kimmel, MAI, SREA
Certified General Appraiser
State of Nevada
Certification No. A.0000004-CG*



Reno
815 Maestro Drive
Reno, Nevada 89511
Ph: 775.829.2245

Las Vegas
1915 N. Green Valley Parkway
Suite 200
Henderson, Nevada 89074
Ph: 702.260.4961

www.mcgin.com

- | Site Remediation
- | Soil & Groundwater Investigations
- | Closure Optimization
- | Air Quality Permitting & Modeling
- | Brownfields Redevelopment
- | Permitting & Compliance
- | NEPA Studies
- | Phase I Assessments
- | Indoor Air Quality
- | Storm Water & Spill Plans
- | Underground Tank Services
- | Toxics Release Inventory
- | Geographic Information Systems
- | Groundwater Modeling
- | Litigation Support & Expert Witness
- | Mining Plans of Operations
- | Mining Exploration Notices
- | Abandoned Mine Lands

PHASE I ENVIRONMENTAL SITE ASSESSMENT

**58 East 9th Street
APN 007-183-03
City of Reno, Washoe County
Nevada**



Prepared for:
Board of Regents of the Nevada System of Higher Education
on behalf of the University of Nevada, Reno
895 North Center Street
Reno, Nevada 89501

October 15, 2019

EXECUTIVE SUMMARY

This report presents the findings of a Phase I Environmental Site Assessment (ESA) performed on the property addressed at 58 East 9th Street in the City of Reno, Washoe County, Nevada, and hereafter referred to as the Subject Property. McGinley & Associates, Inc. (McGinley) conducted this investigation for the purpose of identifying recognized environmental conditions (RECs), historical recognized environmental conditions (HRECs), and/or controlled recognized environmental conditions (CRECs) on the Subject Property in accordance with the 2013 ASTM International standard practice for the performance of Phase I Environmental Site Assessments (ASTM E 1527-13). The U.S. Environmental Protection Agency (EPA) has endorsed this practice as satisfying the requirements of All Appropriate Inquiry (AAI). McGinley performed this work for Board of Regents of the Nevada System of Higher Education on behalf of the University of Nevada, Reno (User).

Findings

- The Subject Property is comprised of approximately 0.08 acres of land developed with a 2,350 square foot commercial building.*
- The Subject Property appears to have consisted of vacant land from 1899 until the existing building was constructed circa 1946-1947. Since the 1960s, the interior of the building has been divided into two suites identified as 58 and 60 East 9th Street.*
- Historic occupants of the Subject Property have been identified as various stores, barber shops, bars, restaurants, a dance studio, and a Knights of Columbus hall.*
- At the time of the site reconnaissance, the Subject Property was occupied by Jimmy John's sandwich shop. The western suite included the dining and kitchen areas and the eastern suite included offices and training rooms.*
- Kitchen floor drains are understood to discharge to a 250-gallon grease interceptor located along the southern exterior of the building. Records indicate the grease interceptor was installed in 1993 and is maintained on a regular basis.*
- The basement of the building included furnace equipment which is understood to utilize natural gas, beverage carbonation tanks, and other stored items. Limited quantities of household cleaning agents and paints are utilized by the existing tenant for maintenance purposes. Evidence of staining or releases from these materials was not observed and the containers appeared to be in good condition.*
- The Subject Property was not identified as a record in the databases searched by EDR, and City of Reno or Washoe County records were not identified regarding environmental compliance violations. However, City of Reno building department records identified the installation of an oil-fired furnace in 1947 and a 1960 permit which mentioned a 350-gallon heating oil tank. It was not specified if this tank was an aboveground or underground tank system.*

Historical Recognized Environmental Conditions (HREC)

No historical recognized environmental conditions were found for the Subject Property.

Controlled Recognized Environmental Conditions (CREC)

No controlled recognized environmental conditions were found for the Subject Property.

Recognized Environmental Conditions (REC)

The following recognized environmental condition was found for the Subject Property:

- City of Reno building department records for the Subject Property identified the installation of an oil-fired furnace in 1947. Additionally, a 1960 building permit regarding heating systems included mention of a 350-gallon tank. It was not specified if this heating oil tank was an aboveground or underground tank system. As further records regarding the onsite heating oil system, such as tank location or condition, were not identified, a potential release from the system cannot be ruled out.*

Conclusions

McGinley has performed a Phase I Environmental Site Assessment in conformance with the scope and limitations of ASTM Practice E 1527-13 of the property addressed at 58 East 9th Street in the City of Reno, Nevada, the property. Any exceptions to, or deletions from, this practice are described in Section 7 of this report.

Upon conclusion of our Phase I ESA, and based on the information reviewed, this assessment has revealed no evidence of recognized environmental conditions or controlled recognized environmental conditions in connection with the Subject Property, except for the following:

- *REC: City of Reno building department records for the Subject Property identified the installation of an oil-fired furnace in 1947. Additionally, a 1960 building permit regarding heating systems included mention of a 350-gallon tank. It was not specified if this heating oil tank was an aboveground or underground tank system. As further records regarding the onsite heating oil system, such as tank location or condition, were not identified, a potential release from the system cannot be ruled out.*

Caution should be observed during any future site redevelopment. If evidence of a historic underground heating oil tank, or potential soil contamination, is encountered during construction activity, proper abandonment and/or further assessment may be necessary and a State of Nevada Certified Environmental Manager (CEM) should be consulted at that time.

Exhibit 6

Lisa Monroe & Associates, Inc.
P.O. Box 2252
Sparks, NV 89432
Phone/Fax: 775-355-1011
Email Address: LM-ASSOCIATES@ATT.NET

Bulk Sample Asbestos Report

Date of Report: 12-6-13

Date of Inspection: 12-3-13

Company/Client: Tim & Linda Wulf

Address: 4047 Waterhole Circle

City, State & Zip: Reno, NV 89519

Building Name: Jimmy John's Gourmet Sandwiches

Building Address: 58 East 9th Street, Reno, Nevada

Area of Building Inspected: South Storage behind Kitchen

A survey was performed at 58 East 9th Street on December 3, 2013. The inspection involved the collection of 2 bulk samples from the tan 12" x 12" floor tile and yellow glue from the South storage area behind the kitchen. The laboratory analysis shows no asbestos detected in the materials that were tested. It is also noted that a previous inspection identified asbestos containing 9" x 9" floor tiles and black mastic are present on the stairs and are not going to be disturbed, and new flooring materials will be installed over the top of the 9" x 9" tiles.

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.

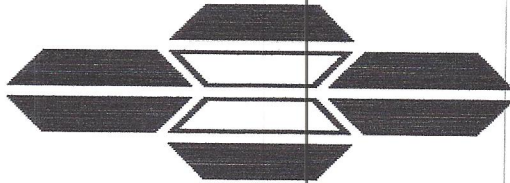
Submitted by:

Lisa D. Monroe, President

Lisa Monroe & Associates, Inc.

NV DIROSHES: IJPM0061

CAC: 92-0660



ASBESTOS TEM LABORATORIES, INC.

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

Report No. 124245

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



NVLAP Lab Code 200104-0

Dec-06-13

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

RE: LABORATORY JOB # 913-###
Polarized light microscopy analytical results for 1 bulk sample(s) with 1 sample split(s)
Job Site: 58 East 9th Street
Job No.: 13-8913
Report No.: 124245

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,

Laboratory Analyst
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. ---

Accredited by



NVLAP Lab Code 200104-0

POLARIZED LIGHT MICROSCOPY ANALYTICAL REPORT

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

Page: 1 of 1

Contact: Ms. Lisa Monroe Address: Lisa Monroe & Associates P.O. Box 2252 Sparks, NV 89432	Samples Indicated: 1 Reg. Samples Analyzed: 1 Split Layers Analyzed: 1 Job Site / No. 58 East 9th Street 13-8913	Report No. 124245 Date Submitted: Dec-04-13 Date Reported: Dec-06-13
--	--	---

SAMPLE ID	% ASBESTOS TYPE	OTHER DATA		DESCRIPTION		
		1) Non-Asbestos Fibers	2) Matrix Materials	3) Date/Time Collected	4) Date Analyzed	FIELD LAB
13-8913-1. Lab ID # 913-03208-001A	None Detected	1) <1% Cellulose	2) 100-100% Plast, Calc, Qtz, Other m.p.			Tan Tile & Yellow Glue, South Storage Behind Kitchen
		3)		4) Dec-06-13		Floor Tile-Grey
13-8913-1. Lab ID # 913-03208-001B	None Detected	1) 1-5% Cellulose	2) 95-99% Calc, Gyp, Other m.p.			Tan Tile & Yellow Glue, South Storage Behind Kitchen
		3)		4) Dec-06-13		Glue-Yellow
Lab ID #		1)				
		2)				
Lab ID #		3)		4)		
		1)				
		2)				
Lab ID #		3)		4)		
		1)				
		2)				
Lab ID #		3)		4)		
		1)				
		2)				
Lab ID #		3)		4)		
		1)				
		2)				
Lab ID #		3)		4)		
		1)				
		2)				
Lab ID #		3)		4)		

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

Laboratory Analyst
Greg Hanes

ASBESTOS TEM LABORATORIES, INC. 1350 Freeport Blvd., Unit 104, Sparks, NV 89431 (775) 359-3377
With Main Office in Berkeley, CA (510) 704-8930

FROM : LISA MONROE & ASSOCIATES

FAX NO. : 7756777520

Jun. 02 2003 01:01PM P1

**LISA MONROE & ASSOCIATES
P.O. BOX 2252
SPARKS, NV 89432
775-355-1011**

Fax Transmittal

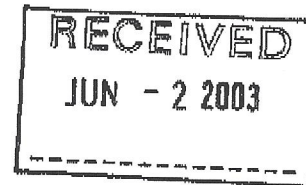
To: Sue Smith

From: Lisa

Message: Here is the asbestos report for 58 & 60 East 9th. I will mail the hard copies.

Receiving Fax: 688-4647

Pages following this 1/2 page cover sheet: 2



BULK SAMPLE SHORT REPORT

Date of Report: 6-2-03 Date of Inspection: 5-28-03

Company/Contact: Tim Wulf C/O Sue Smith

Address: 620 Humbolt Street

City, State & Zip: Reno, NV 89509

Building Name:

Building Address: 58 & 60 East 9th, Reno, NV

Area of Building Inspected: Random Sampling

A survey was performed at 58 & 60 East 9th Street on May 27, 2003. The inspection involved the collection of 12 bulk samples from the within the building. The suspect asbestos containing building materials that were sampled include vent duct tape, wall texture, joint compound, linoleum flooring and various floor tiles. The sample analysis shows that the vent duct tape on the vents in the basement contains 85-90% Chrysotile asbestos and the brown 9x9 Floor tiles on the stairs and under the other flooring contains 1-5% Chrysotile asbestos. The duct tape and floor tiles are regulated asbestos containing materials, if renovation activities will disturb them, an asbestos abatement contractor will need to perform removal procedures prior to the disturbance.

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.

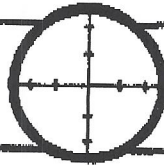
Asbestos was used in a wide variety of building materials, such as thermal or acoustical insulators or as a binder for tensile strength. Some examples of where asbestos can be found include spray acoustic on ceilings, wall textures, joint compounds, floor tiles and linoleum flooring. Because asbestos containing products 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 or the delivery of this report does not guarantee that all suspect asbestos containing materials were sampled.

Inspected & Reported By:

Lisa Monroe & Associates





**PRECISION
MICRO-ANALYSIS** I
N
C

SPECIALISTS IN ASBESTOS-RELATED ANALYSIS

Bulk Sample Analysis (PLM) Report

Report # 99373611

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

Date Collected: 05/28/03
Date Received: 05/29/03
Date Analyzed: 05/30/03

Phone: (775) 355-1011

Job Information:
03-NV-5380
58 & 60 East 9th

Sample Number	Sample Location	Sample Description	Analytical Results
NV-5380-1 Lab # 03-111550	Basement	Gray duct tape	85-90% Chrysotile asbestos
NV-5380-2 Lab # 03-111551	Bar	White texture	No asbestos detected
NV-5380-3 Lab # 03-111552	Bar	White texture, multiple paint layers	No asbestos detected
NV-5380-4 Lab # 03-111553	Bar	White texture	No asbestos detected
NV-5380-5 Lab # 03-111554	Basement stairs	White joint compound	No Asbestos detected
NV-5380-6 Lab # 03-111555	Bar storage	Tan linoleum with gray fibrous backing	No asbestos detected 30-35% Cellulose fibers

OFFICIAL NOTICE: After 45 days, samples are disposed of through a licensed waste hauler, unless client requests their return.

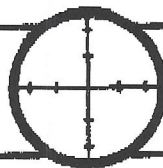
Total Number of Samples: 12

Supervisor 

Analyst 

Page 1 of 2

Note: The test result findings are made to the methodologies and parameters described on the reverse of this page.



PRECISION
MICRO-ANALYSIS

SPECIALISTS IN ASBESTOS-RELATED ANALYSIS

Bulk Sample Analysis (PLM) Report

Report # 99373611

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

Date Collected: 05/28/03
Date Received: 05/29/03
Date Analyzed: 05/30/03

Phone: (775) 355-1011

Job Information:
03-NV-5380
58 & 60 East 9th

Sample Number	Sample Location	Sample Description	Analytical Results
NV-5380-7 Lab # 03-111556	Bar	Blue floor tile with yellow glue	No asbestos detected
NV-5380-8 Lab # 03-111557	Basement stairs	Brown 9x9 floor tile	1-5% Chrysotile asbestos
NV-5380-9 Lab # 03-111558	Restaurant - Bar	White texture	No asbestos detected
NV-5380-10 Lab # 03-111559	Restaurant - Hall	White texture	No asbestos detected
NV-5380-11 Lab # 03-111560	Restaurant - Kitchen	Gray floor tile with yellow glue	No asbestos detected
NV-5380-12 Lab # 03-111561	Restaurant - Bar	Brown floor tile	No asbestos detected

OFFICIAL NOTICE: After 45 days, samples are disposed of through a licensed waste hauler, unless client requests their return.

Total Number of Samples: 12

Supervisor 

Analyst 

Page 2 of 2

Note: The test result findings are made to the methodologies and parameters described on the reverse of this page.



PRELIMINARY REPORT

Proposed Buyer:

Proposed Lender

Proposed Loan Amount: \$0.00

Property Address: 58 E. 9th Street, Reno, Nevada

Escrow Office:

Ticor Title of Nevada, Inc.

5441 Kietzke Lane, Suite 100

Reno, NV 89511

Phone: (775) 324-7400 Fax: (775) 824-3233

Escrow Officer: Reno Commercial Unit

Customer No.: /

Title Office:

Ticor Title of Nevada, Inc.

5441 Kietzke Lane, Suite 100

Reno, NV 89511

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

Order No.: 01902387-CD

The information contained in this report is through the date of
April 22, 2019 at 7:30 a.m.

In response to the application for a policy of title insurance referenced herein, Ticor Title of Nevada, Inc. 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.

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: MAAP L.L.C., 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. Due to the recordation of the Substitution of Trustee and Deed of Reconveyance;
Recording Date: April 5, 2019
Recording No.: 4900094, Official Records

The Deed of Trust shown below as item# 13, having no corresponding transaction, we will require that Escrow personnel contact the lender for confirmation that the mortgage has been released and provide said confirmation to the Title department 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:

MAAP L.L.C., 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. A lease with certain terms, covenants, conditions and provisions set forth therein.
Dated: July 30, 2003
Lessor: K.C.B. Corporation, Inc., a Nevada corporation
Lessee: J.J. of Reno, Inc., a Nevada corporation
Recording Date: March 4, 2004
Recording No: 3002317, Official Records

Except as noted above, the present ownership of the leasehold created by said lease and other matters affecting the interest of the lessee are not shown herein.

12. 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.

13. A deed of trust to secure an indebtedness in the amount shown below,
Amount: \$215,000.00
Dated: January 12, 2015
Trustor/Grantor: MAAP L.L.C., a Nevada limited liability company
Trustee: First American Title Insurance Company, a Nebraska corporation
Beneficiary: K.C.B. Corporation, Inc., a Nevada corporation
Recording Date: February 5, 2015
Recording No: 4433042, Official Records

A Substitution of Trustee and Deed of Reconveyance

Recording Date: April 5, 2019
Recording No: 4900094, Official Records

14. The Land lies within the boundaries of the "Downtown Reno Business Improvement District (BID)" pursuant to Resolution 8505, as set forth below:
Recording Date: August 3, 2018
Recording No.: Document No. 4839372, Official Records
Re-Recording Date: September 11, 2018
Re-Recording No.: Document No. 4850031, Official Records

15. 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

1. Note: Please be aware that due to the conflict between federal and state laws concerning the cultivation, distribution, manufacture or sale of marijuana, the Company is not able to close or insure any transaction involving Land that is associated with these activities.
2. Note: Property taxes for the fiscal year shown below are PAID. For proration purposes the amounts are:
Assessor's Parcel No.: 007-183-03
Fiscal Year: 2018-2019
Total Taxes: \$1,903.15
3. Note: The charge for a policy of title insurance, when issued through this application for title insurance, will be based on the Short Term Rate. (Not applicable to short sale transactions)
4. Note: There are NO conveyances affecting said Land recorded within 24 months of the date of this report.
5. 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: Commercial building
Address: 58 E. 9th Street, Reno, Nevada

Order No.: 01902387-CD

EXHIBIT A

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

Commencing at a point on the South line of Ninth Street in said City of Reno, distant thereon 90 feet Westerly from the point of intersection of said South line of Ninth Street, with the West line of University Avenue;

Thence Westerly along said South line of Ninth Street 50 feet to the intersection thereof with the Easterly line of an alley running parallel with said Westerly line of University Avenue;

Thence Southerly along the Easterly line of said alley 70 feet;

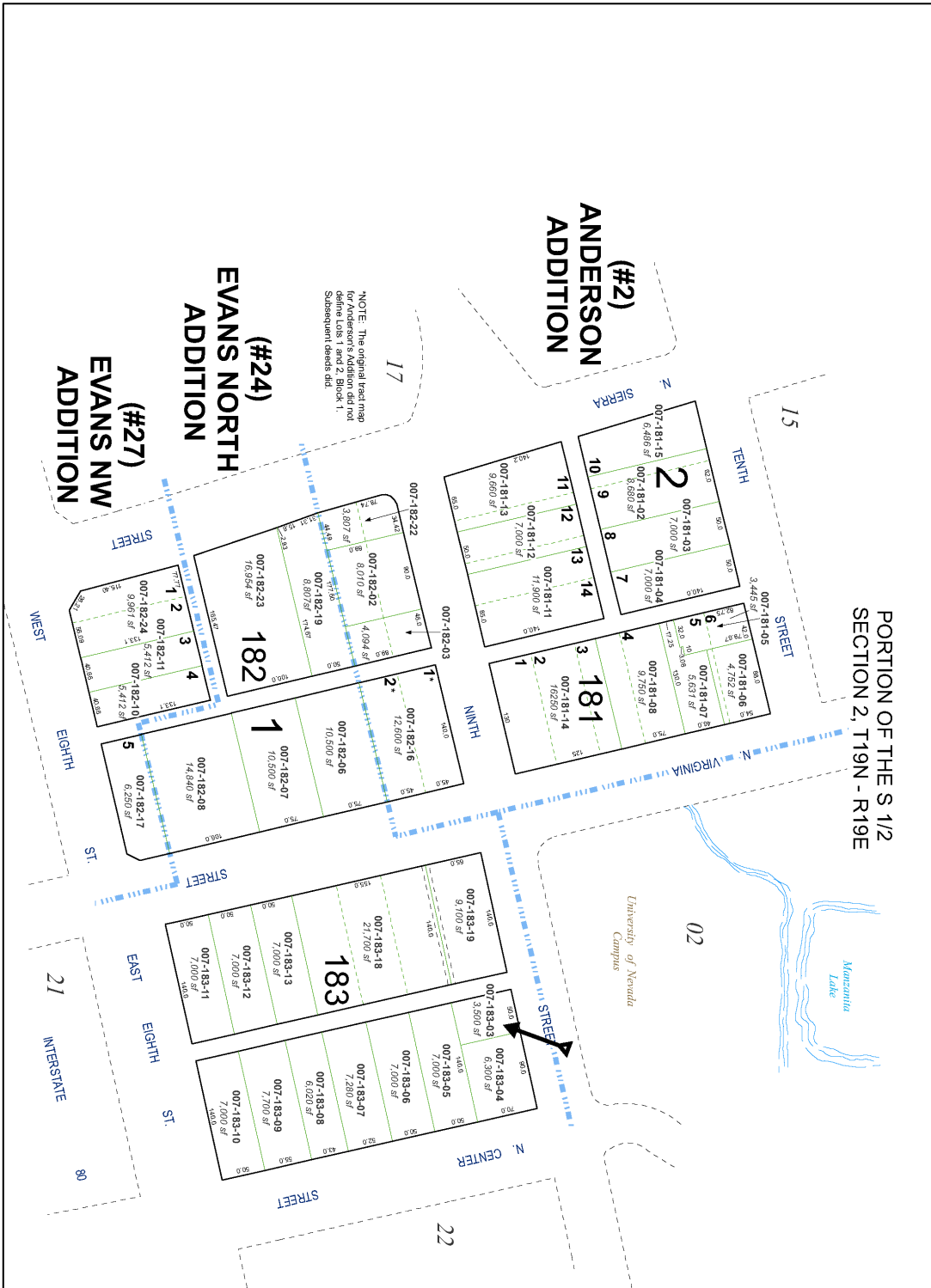
Thence Easterly and parallel with said Southerly line of Ninth Street 50 feet;

Thence Northerly and parallel to said Westerly line of University Avenue (University Avenue now known as Center Street) 70 feet to the Point of Beginning.

APN: 007-183-03

Document No. 4433041 is provided pursuant to the requirements of Section 6.NRS 111.312.

PORTION OF THE S 1/2
SECTION 2, T19N - R19E




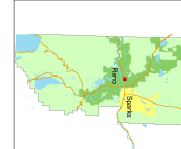
NOTE: The original tract map for Anderson's Addition did not define Lots 1 and 2, Block 1. Subsequent deeds did.

Assessor's Map Number
007-18

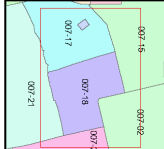
STATE OF NEVADA
WASHOE COUNTY
ASSASSOR'S OFFICE
Justina G. Wilson, Assessor
1001 East Ninth Street
Reno, Nevada 89512
(775) 335-2251

created by: **CFB 08/08/2011**
last updated: _____
area previously shown on map(s): _____





1 inch = 100 feet



NOTE: This map was prepared for the use of the Washoe County Assessor for assessment and is not a survey of the land depicted. It is not intended to be used for the establishment or recovery of the title boundaries thereon.

This map/plat is being furnished as an aid in locating the herein described Land in relation to adjoining streets, natural boundaries and other land, and is not a survey of the land depicted. Except to the extent a policy of title insurance is expressly modified by endorsement, if any, the Company does not insure dimensions, distances, location of easements, acreage or other matters shown thereon.

ATTACHMENT ONE (Revised 05-06-16)

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY – 1990

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.
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.
 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:

	Your Deductible Amount	Our Maximum Dollar Limit of Liability
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.
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:

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 – ASSESSMENTS PRIORITY (04-02-15)

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 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.

Wire Fraud Alert

This Notice is not intended to provide legal or professional advice. If you have any questions, please consult with a lawyer.

All parties to a real estate transaction are targets for wire fraud and many have lost hundreds of thousands of dollars because they simply relied on the wire instructions received via email, without further verification. **If funds are to be wired in conjunction with this real estate transaction, we strongly recommend verbal verification of wire instructions through a known, trusted phone number prior to sending funds.**

In addition, the following non-exclusive self-protection strategies are recommended to minimize exposure to possible wire fraud.

- **NEVER RELY** on emails purporting to change wire instructions. Parties to a transaction rarely change wire instructions in the course of a transaction.
- **ALWAYS VERIFY** wire instructions, specifically the ABA routing number and account number, by calling the party who sent the instructions to you. DO NOT use the phone number provided in the email containing the instructions, use phone numbers you have called before or can otherwise verify. **Obtain the phone number of relevant parties to the transaction as soon as an escrow account is opened.** DO NOT send an email to verify as the email address may be incorrect or the email may be intercepted by the fraudster.
- **USE COMPLEX EMAIL PASSWORDS** that employ a combination of mixed case, numbers, and symbols. Make your passwords greater than eight (8) characters. Also, change your password often and do NOT reuse the same password for other online accounts.
- **USE MULTI-FACTOR AUTHENTICATION** for email accounts. Your email provider or IT staff may have specific instructions on how to implement this feature.

For more information on wire-fraud scams or to report an incident, please refer to the following links:

Federal Bureau of Investigation:
<http://www.fbi.gov>

Internet Crime Complaint Center:
<http://www.ic3.gov>

FIDELITY NATIONAL FINANCIAL, INC. PRIVACY NOTICE

Fidelity National Financial, Inc. and its majority-owned subsidiary companies (collectively, “FNF,” “our,” or “we”) respect and are committed to protecting your privacy. This Privacy Notice explains how we collect, use, and protect personal information, when and to whom we disclose such information, and the choices you have about the use and disclosure of that information.

Types of Information Collected

We may collect two types of information from you: Personal Information and Browsing Information.

Personal Information. FNF may collect the following categories of Personal Information:

- contact information (e.g., name, address, phone number, email address);
- demographic information (e.g., date of birth, gender, marital status);
- identity information (e.g., Social Security Number, driver’s license, passport, or other government ID number);
- financial account information (e.g., loan or bank account information); and
- other personal information necessary to provide products or services to you.

Browsing Information. FNF may automatically collect the following types of Browsing Information when you access an FNF website, online service, or application (each an “FNF Website”) from your Internet browser, computer, and/or mobile device:

- Internet Protocol (IP) address and operating system;
- browser version, language, and type;
- domain name system requests; and
- browsing history on the FNF Website, such as date and time of your visit to the FNF Website and visits to the pages within the FNF Website

How Personal Information is Collected

We may collect Personal Information about you from:

- information we receive from you on applications or other forms;
- information about your transactions with FNF, our affiliates, or others; and
- information we receive from consumer reporting agencies and/or governmental entities, either directly from these entities or through others.

How Browsing Information is Collected

If you visit or use an FNF Website, Browsing Information may be collected during your visit. Like most websites, our servers automatically log each visitor to the FNF Website and may collect the Browsing Information described above. We use Browsing Information for system administration, troubleshooting, fraud investigation, and to improve our websites. Browsing Information generally does not reveal anything personal about you, though if you have created a user account for an FNF Website and are logged into that account, the FNF Website may be able to link certain browsing activity to your user account.

Other Online Specifics

Cookies. When you visit an FNF Website, a “cookie” may be sent 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. Information gathered using cookies helps us improve your user experience. For example, a cookie can help the website load properly or can customize the display page based on your browser type and user preferences. You can choose whether or not to accept cookies by changing your Internet browser settings. Be aware that doing so may impair or limit some functionality of the FNF Website.

Web Beacons. We use web beacons to determine when and how many times a page has been viewed. This information is used to improve our websites.

Do Not Track. Currently our FNF Websites do not respond to “Do Not Track” features enabled through your browser.

Links to Other Sites. FNF Websites may contain links to other websites. FNF is not responsible for the privacy practices or the content of any of those other websites. We advise you to read the privacy policy of every website you visit.

Use of Personal Information

FNF uses Personal Information for three main purposes:

- To provide products and services to you or in connection with a transaction involving you.
- To improve our products and services.
- To communicate with you about our, our affiliates’, and third parties’ products and services, jointly or independently.

When Information Is Disclosed

We may make disclosures of your Personal Information and Browsing Information in the following circumstances:

- to enable us to detect or prevent criminal activity, fraud, material misrepresentation, or nondisclosure;
- to nonaffiliated service providers who provide or perform services or functions on our behalf and who agree to use the information only to provide such services or functions;
- to nonaffiliated third party service providers with whom we perform joint marketing, pursuant to an agreement with them to jointly market financial products or services to you;
- to law enforcement or authorities in connection with an investigation, or in response to a subpoena or court order; or

- in the good-faith belief that such disclosure is necessary to comply with legal process or applicable laws, or to protect the rights, property, or safety of FNF, its customers, or the public.

The law does not require your prior authorization and does not allow you to restrict the disclosures described above. Additionally, we may disclose your information to third parties for whom you have given us authorization or consent to make such disclosure. We do not otherwise share your Personal Information or Browsing Information with nonaffiliated third parties, except as required or permitted by law.

We reserve the right to transfer your Personal Information, Browsing Information, and any other information, in connection with the sale or other disposition of all or part of the FNF business and/or assets, or in the event of bankruptcy, reorganization, insolvency, receivership, or an assignment for the benefit of creditors. By submitting Personal Information and/or Browsing Information to FNF, you expressly agree and consent to the use and/or transfer of the foregoing information in connection with any of the above described proceedings.

Please see “**Choices With Your Information**” to learn the disclosures you can restrict.

Security of Your Information

We maintain physical, electronic, and procedural safeguards to guard your Personal Information. We limit access to nonpublic personal information about you to employees who need to know that information to do their job. When we provide Personal Information to others as discussed in this Privacy Notice, we expect that they process such information in compliance with our Privacy Notice and in compliance with applicable privacy laws.

Choices With Your Information

If you do not want FNF to share your information with our affiliates to directly market to you, you may send an “opt out” request by email, phone, or physical mail as directed at the end of this Privacy Notice. We do not share your Personal Information with nonaffiliates for their use to direct market to you.

Whether you submit Personal Information or Browsing Information to FNF is entirely up to you. If you decide not to submit Personal Information or Browsing Information, FNF may not be able to provide certain services or products to you.

For California Residents: We will not share your Personal Information and Browsing Information with nonaffiliated third parties, except as permitted by California law.

For Nevada Residents: You may be placed on our internal Do Not Call List by calling (888) 934-3354 or by contacting us via the information set forth at the end of this Privacy Notice. Nevada law requires that we also provide you with the following contact information: Bureau of Consumer Protection, Office of the Nevada Attorney General, 555 E. Washington St., Suite 3900, Las Vegas, NV 89101; Phone number: (702) 486-3132; email: BCPINFO@ag.state.nv.us.

For Oregon Residents: We will not share your Personal Information and Browsing Information with nonaffiliated third parties for marketing purposes, except after you have been informed by us of such sharing and had an opportunity to indicate that you do not want a disclosure made for marketing purposes.

For Vermont Residents: We will not share information about your creditworthiness to our affiliates and will not disclose your personal information, financial information, credit report, or health information to nonaffiliated third parties to market to you, other than as permitted by Vermont law, unless you authorize us to make those disclosures.

Information From Children

The FNF Websites are meant for adults and are not intended or designed to attract persons under the age of eighteen (18). We do not collect Personal Information from any person that we know to be under the age of thirteen (13) without permission from a parent or guardian.

International Users

FNF’s headquarters is located within the United States. If you reside outside the United States and choose to provide Personal Information or Browsing Information to us, please note that we may transfer that information outside of your country of residence for any of the purposes described in this Privacy Notice. By providing FNF with your Personal Information and/or Browsing Information, you consent to our collection, transfer, and use of such information in accordance with this Privacy Notice.

FNF Website Services for Mortgage Loans

Certain FNF companies provide services to mortgage loan servicers, including hosting websites that collect customer information on behalf of mortgage loan servicers (the “Service Websites”). The Service Websites may contain links to both this Privacy Notice and the mortgage loan servicer or lender’s privacy notice. The sections of this Privacy Notice titled When Information is Disclosed, Choices with Your Information, and Accessing and Correcting Information do not apply to the Service Websites. The mortgage loan servicer or lender’s privacy notice governs use, disclosure, and access to your Personal Information. FNF does not share Personal Information collected through the Service Websites, except (1) as required or authorized by contract with the mortgage loan servicer or lender, or (2) as required by law or in the good-faith belief that such disclosure is necessary to comply with a legal process or applicable law, to enforce this Privacy Notice, or to protect the rights, property, or safety of FNF or the public.

Your Consent To This Privacy Notice; Notice Changes

By submitting Personal Information and/or Browsing Information to FNF, you consent to the collection and use of the information in accordance with this Privacy Notice. We may change this Privacy Notice at any time. The revised Privacy Notice, showing the new revision date, will be posted on the FNF Website. Each time you provide information to us following any amendment of this Privacy Notice, your provision of information to us will signify your assent to and acceptance of the terms of the revised Privacy Notice for all previously collected information and information collected from you in the future. We may use comments, information or feedback that you submit to us in any manner that we may choose without notice or compensation to you.

Accessing and Correcting Information; Contact Us

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Fidelity National Financial, Inc.
601 Riverside Avenue
Jacksonville, Florida 32204
Attn: Chief Privacy Officer

Net Lease for Entire Building

1. Names

This lease is made by MAAP, LLC, Landlord, and Fast Foodies R14, Tenant.

2. Premises Being Leased

Landlord is leasing to Tenant and Tenant is leasing from Landlord the following premises: 58/60 E 9th Street.

3. Term of Lease

This lease begins on January 10, 2018 and ends on December 31, 2023.

4. Rent

Tenant will pay rent in advance on day 1 of each month. Tenant's first rent payment will be on January 10, 2018 in the amount of \$3,011.87. Tenant will pay rent of \$4,244.00 per month thereafter.

Rent will increase each year, on the anniversary of the starting date, as follows: 3%

5. Option to Extend Lease

First Option. Landlord grants Tenant the option to extend this lease for an additional 5 years. To exercise this option, Tenant must give Landlord written notice on or before July 1, 2023. Tenant may exercise this option only if Tenant is in substantial compliance with the terms of this lease. Tenant will lease the premises on the same terms as in this lease except as follows: None.

6. Security Deposit

Tenant has deposited \$4,244.00 with Landlord as security for Tenant's performance of this lease. Landlord will refund the full security deposit to Tenant within 14 days following the end of the lease if Tenant returns the premises to Landlord in good condition (except for reasonable wear and tear) and Tenant has paid Landlord all sums due under this lease. Otherwise, Landlord may deduct any amounts required to place the premises in good condition and to pay for any money owed to Landlord under the lease.

7. Improvements by Landlord

Tenant accepts the premises in "as is" condition. Landlord need not provide any repairs or improvements before the lease term begins.

8. Improvements by Tenant

Tenant may make alterations and improvements to the premises after obtaining the Landlord's written consent, which will not be unreasonably withheld. At any time before this lease ends,

Tenant may remove any of Tenant's alterations and improvements, as long as Tenant repairs any damage caused by attaching the items to or removing them from the premises.

9. Tenant's Use of Premises

Tenant will use the premises for the following business purposes: Restaurant and Offices. Tenant may also use the premises for purposes reasonably related to the main use.

10. Utilities and Services

Tenant will pay for all utilities and services, including water, electricity, and gas, including the electricity or gas needed for heating and air-conditioning.

11. Maintenance and Repairs

Tenant will maintain and make all necessary repairs to: (1) the roof, structural components, exterior walls, and interior walls of the premises, and (2) the plumbing, electrical, heating, ventilating, and air-conditioning systems. Tenant will clean and maintain (including snow removal) the parking areas, yards, common areas, and exterior of the premises so that the premises will be kept in a safe and attractive condition.

12. Insurance

Landlord will carry fire and extended coverage insurance on the building.

Tenant will carry public liability insurance; this insurance will include Landlord as an insured party. The public liability coverage for personal injury will be in at least the following amounts:
\$1,000,000 per occurrence
\$2,000,000 in any one year.

Landlord and Tenant release each other from any liability to the other for any property loss, property damage, or personal injury to the extent covered by insurance carried by the party suffering the loss, damage, or injury.

Tenant will give Landlord a copy of all insurance policies that this lease requires Tenant to obtain.

13. Taxes

Tenant will pay all real property taxes levied and assessed against the premises during the term of this lease. Tenant will pay all personal property taxes levied and assessed against Tenant's personal property.

14. Subletting and Assignment

Tenant will not assign this lease or sublet any part of the premises without the written consent of Landlord. Landlord will not unreasonably withhold such consent.

15. Damage to Premises

A. If the premises are damaged through fire or other cause not the fault of Tenant, Tenant will owe no rent for any period during which Tenant is substantially deprived of the use of the premises.

B. If Tenant is substantially deprived of the use of the premises for more than 90 days because of such damage, Tenant may terminate this lease by delivering written notice of termination to Landlord.

16. Notice of Default

Before starting a legal action to recover possession of the premises based on Tenant's default, Landlord will notify Tenant in writing of the default. Landlord will take legal action only if Tenant does not correct the default within ten days after written notice is given or mailed to Tenant.

17. Quiet Enjoyment

As long as Tenant is not in default under the terms of this lease, Tenant will have the right to occupy the premises peacefully and without interference.

18. Eminent Domain

This lease will become void if any part of the leased premises or the building in which the leased premises are located is taken by eminent domain. Tenant has the right to receive and keep any amount of money that the agency taking the premises by eminent domain pays for the value of Tenant's lease, its loss of business, and for moving and relocation expenses.

19. Holding Over

If Tenant remains in possession after this lease ends, the continuing tenancy will be from month to month.

20. Disputes

Litigation. If a dispute arises, either party may take the matter to court.

Attorneys' Fees. If either party brings a legal action arising out of a dispute over this agreement, the losing party will reimburse the prevailing party for all reasonable costs and attorneys' fees incurred by the prevailing party in the lawsuit.

21. Additional Agreements

Landlord and Tenant additionally agree that: See Attachments A - Franchisor Lease Addendum , Attachment B - Lease Addendum.

22. Entire Agreement

This is the entire agreement between the parties. It replaces and supersedes any and all oral agreements between the parties, as well as any prior writings.

23. Successors and Assignees

This lease binds and benefits the heirs, successors, and assignees of the parties.

24. Notices

All notices must be in writing. A notice may be delivered to a party at the address that follows a party's signature or to a new address that a party designates in writing. A notice may be delivered:

1. in person,
2. by certified mail, or
3. by overnight courier.

25. Governing Law

This lease will be governed by and construed in accordance with the laws of the state of Nevada.

26. Counterparts

This lease may be signed by the parties in different counterparts and the signature pages combined will create a document binding on all parties.

27. Modification

This lease may be modified only by a written agreement signed by all the parties.

28. Waiver

If one party waives any term or provision of this lease at any time, that waiver will only be effective for the specific instance and specific purpose for which the waiver was given. If either party fails to exercise or delays exercising any of its rights or remedies under this lease, that party retains the right to enforce that term or provision at a later time.

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29. Severability

If any court determines that any provision of this lease is invalid or unenforceable, any invalidity or unenforceability will affect only that provision and will not make any other provision of this lease invalid or unenforceable and shall be modified, amended, or limited only to the extent necessary to render it valid and enforceable.

Landlord

a MAAP LLC

Signature: [Signature]

Dated: 1/2/2018

Printed name: Kinda K. Wolf

Title: Managing Partner

Address: P.O. 368 Zephyr Blvd, NV 89448

Tenant

Name of business: FAST FOODIES R14, SERIES OF FAST FOODIES, A NEVADA SERIES LIMITED LIABILITY COMPANY

Signature: [Signature]

Dated: 1/2/18

Printed name: KENNETH J. YEUREDIAGA

Title: SERIES MANAGER

Address: PO Box 4657, CARSON CITY, NV 89702

FRANCHISOR LEASE ADDENDUM

THIS FRANCHISOR LEASE ADDENDUM (the "Addendum") is made and entered into this 2ND day of JANUARY, 2018, by and between MAAP LLC, hereinafter referred to as "Landlord," and FAST FOODIES R14 SERIES, hereinafter referred to as "Tenant," and modifies that certain lease (the "Lease") of even date herewith.

WITNESSETH:

WHEREAS, Landlord and Tenant are parties to the Lease concerning real estate commonly described as 58/60 E 9TH ST, RENO, NV 89501 as more fully described in the Lease (the "Premises").

NOW, THEREFORE, in consideration of the mutual promises hereinafter contained, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Landlord agrees that Jimmy John's Franchisor SPV, LLC ("Franchisor"), its affiliates, or a franchisee of the Jimmy John's franchise system selected by Franchisor (each, a "Franchisee"), shall have the right to receive an assignment of the Lease without the consent of Landlord. Upon request, Landlord shall promptly execute an acknowledgement of such assignment of the Lease.
2. Landlord shall provide Franchisor, Franchisee, or their respective agents, full access to the Premises upon expiration or earlier termination of the Lease, or Tenant's loss of possession of the Premises (collectively, an "Access Event"), or expiration or earlier termination of the applicable franchise agreement, for a period of not less than thirty (30) days (which period, in the case of an Access Event, shall not begin until the receipt of written notice by Franchisor from Landlord), to de-identify and remove from the Premises and its exterior any trademarked or trade property, proprietary software, equipment, design elements, signage, and any and all furniture and fixtures (collectively, "Property") installed by the Tenant or installed in connection with the Lease, including but not limited to colored wall tile or floor tile. In connection with any de-identification, Franchisor or Franchisee shall have the right, but not the obligation, to remove any brand elements or markings by repainting. Landlord acknowledges that Franchisor has a prior right, title and interest in and to any Property, notwithstanding any agreement between Landlord and any lender of Landlord with respect thereto.
3. Landlord shall provide any notice of default of Tenant to Franchisor simultaneously with the delivery thereof to Tenant. Additionally, Landlord shall provide prompt notice to Franchisor of an Access Event. Any such notice shall be delivered to Franchisor in writing by a nationally recognized overnight courier. Landlord and Tenant hereby acknowledge and agree that Franchisor has the right, but is under no obligation, to cure any Tenant default under the Lease, if Tenant should fail to do so, within fifteen (15) days after the expiration of the period given under the Lease, or otherwise, to cure such default. All such notices shall be sent to: Jimmy John's Franchise, LLC (f/b/o Franchisor), Attn. Real Estate Department, 2212 Fox Dr. Champaign, IL 61820.
4. Landlord approves of Tenant's installation of, and grants Tenant the right to display, the signage package required by Franchisor, including logo, lighted neon window signs, window clings and awnings, and any substantially similar variances to such signage package, subject only to the provisions of local ordinances.
5. Landlord hereby agrees that it shall not enter into any amendment, supplement or modification of the Lease (each an "Amendment"), which impacts Franchisor's rights under this Addendum in any respect, without the prior written consent of Franchisor. Additionally, Landlord agrees to provide prompt written notice to Franchisor of any Amendment (in accordance with provision 3 above).
6. Each of the parties hereto acknowledge and agree that Franchisor is intended to be a third-party beneficiary to this Addendum and shall be entitled to rely upon and directly enforce the provisions of this Addendum.

This Addendum amends the Lease between the parties described hereinabove; and except as provided herein, all other terms of said Lease shall remain unchanged. Landlord acknowledges and agrees that in the event of any conflict between the terms of this Addendum and the terms of the Lease, the terms of this Addendum shall govern and control.

LANDLORD:

By: MAAP LLC
Name: Scott Kuhley
Managing Partner

TENANT:

By: [Signature]
Name: KENNETH J YEORDIAS

Lease Addendum

Addendum to Lease entered January 2, 2018 between MAAP LLC, (Landlord) and FAST Foodies R14 (Tenant).

Insurance and taxes shall be billed:

Monthly

Annually

(check one)

At this time, no reserve account for maintenance is required of the tenant.

LANDLORD: MAAP LLC

TENANT: *Kenny* FAST FOODIES R14, SERIES

Name: *Quin Kelley*

Name: *KENNETH J Y ZURDIAGA*

Its: *Managing Partner*

Its: *SERIES MANAGER*

Attachment B

[Signature]
1 of 1
~~Page 1 of 1~~

LANDLORD LIEN WAIVER

THIS LANDLORD LIEN WAIVER (the "Waiver") is hereby given this 10th day of January, 2018 (the "Effective Date") by MAAP, LLC ("Landlord"), with a notice address at PO Box 361, Zephyr Cove, NV 89448 to CITY NATIONAL BANK OF FLORIDA ("Lender"), with a notice address at 390 North Orange Ave, Ste. 2600, Orlando, FL 32801).

WITNESSETH

WHEREAS, Landlord and Fast Foodies R14 Series, LLC (the "tenant") have entered into that certain Lease Agreement dated 11/2/2018 (the "Lease");

WHEREAS, the Lease grants to Tenant possessory rights in certain real property and improvements owned by Landlord and commonly known as 58 E. 9th Street, Reno, NV 89501, as more specifically described in the Lease (the "Premises")

WHEREAS, Lender has agreed to make a loan or otherwise extend financing and/or credit facilities to Tenant (whether one or more, collectively, the "Loan"), which Loan shall be secured by, among other things, certain personal property, inventory, equipment, and fixtures (together with all replacements, proceeds, and products thereof) now or hereafter owned by Tenant (collectively, the "Collateral"); and

WHEREAS, Lender has requested, and Landlord has agreed, subject to the terms and conditions of this Waiver, to waive certain rights Landlord may now have, or in the future acquire with respect to the Collateral.

NOW, THEREFOR, in consideration of the foregoing and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Landlord hereby agrees as follows, effective as of the Effective Date:

1. Landlord hereby acknowledges that (i) the Lease is in full force and effect and (ii) Landlord is not aware of any existing default under the Lease.
2. Landlord hereby subordinates its interest in the Collateral to the interest of Lender therein to the extent that Landlord now has or shall in the future acquire a superior interest in said Collateral by virtue of the above-mentioned Lease or pursuant to any landlord's lien created by applicable common or statutory law.
3. Subject to all the terms and conditions of this Waiver, if Tenant defaults under the Loan, or if Landlord affirmatively terminates Tenant's right to occupy the Premises (either occurrence a "Default Event"), then Lender may remove the Collateral or any part thereof from the Premises. Following a Default Event, Lender shall give Landlord at least 24 hours' advance written notice prior to removal of Collateral. Lender shall be liable for and shall promptly, following invoice, pay to Landlord a sum equal to the rent provided for in the Lease (or the rent last payable by Tenant in the event the Lease has been terminated by Landlord) prorated for the period Lender is removing the Collateral from the Premises. Nothing contained herein shall be deemed to grant Lender any possessory rights in or to the Premises.
4. Any contrary provision of this Waiver notwithstanding, in no event shall any property owned by Landlord; heating, ventilation and air conditioning systems; plumbing systems; electrical

systems; utility systems; or other mechanical systems or fixtures be considered part of the Collateral and no such property, systems or fixtures shall be removed from the Premises by Lender.

- 5. Lender shall repair any and all damage to the Premises caused by removal of the Collateral to Landlord's reasonable satisfaction and Landlord shall be entitled to condition Lender's entry onto the Premises on Landlord's receipt of such assurances and/or security as Landlord may reasonable require to ensure that any damage to the Premises is repaired by Lender.
- 6. Landlord agrees to promptly notify Lender of any default or termination of the Lease with Tenant for any reason (a "Default Notice"). Lender shall have at least thirty (30) days following receipt of such Default Notice to cure such default, but shall not be under any obligation to cure any default by Tenant under the Lease. No action by Lender pursuant to this waiver shall be deemed to be an assumption by Lender of any obligation under the Lease. Any Default Notice sent by the Landlord shall be sent to the Lender at the following address:

City National Bank of Florida
 390 North Orange Ave, Ste 2600, Orlando, FL 32801.
 Attn: Tricia Murray

- 7. In the event Landlord and Tenant enter into an amendment to the Lease which increases rent, decreases the term, materially increases Tenant's obligation thereunder or affects the rights of Lender, Landlord shall provide Lender with prior written notice of such amendment.
- 8. Any notices, required or permitted to be given thereunder shall be in writing and sent by United States Certified Mail, return receipt requested, postage prepaid or by an express mail or overnight courier delivery service that provides a return receipt, delivery service prepaid. Any such notice shall be addresses and directed to the party to be notified at the address stated herein or at such other address as a party shall designate by written notice as aforesaid. Any notice given as herein provided shall be deemed given as of the date of delivery or refusal.
- 9. This Waiver shall continue in full force and effect until the earlier of the date: (a) Tenant has fulfilled all of its obligations under the Loan; (b) the natural expiration of the term of the Lease; or (c) if the Lease is terminated prior to the natural expiration of the term of the Lease, the date on which all of Lender's obligation hereunder have been fully discharged and satisfied.

IN WITNESS WHEREOF, Landlord has executed this Waiver as of the 2nd day of January, 2018.

LANDLORD: MAAP, LLC

By: [Signature]
 Name: Linda K. Wolf
 Title: Managing Partner

EXHIBIT 9

RESOLUTION NO. _____

A RESOLUTION PERTAINING TO THE APPROVAL OF THE PURCHASE OF REAL PROPERTY LOCATED AT 58 E 9TH STREET, RENO, NEVADA AND TO THE AUTHORIZATION OF CHANCELLOR, OR HIS DESIGNEE, TO APPROVE AND SIGN THE CORRESPONDING ESCROW AND TITLE DOCUMENTS AFTER CONSULTATION WITH THE BUSINESS, FINANCE AND FACILITIES COMMITTEE CHAIR AND REVIEW BY THE NSHE CHIEF GENERAL COUNSEL.

BE IT RESOLVED that the Board of Regents approves the request to purchase the Real Property located at 58 E 9th Street Reno, in Washoe County, Nevada

BE IT FURTHER RESOLVED that the Board of Regents hereby authorizes the Chancellor, or Designee, after consultation with the Business, Finance and Facilities Committee Chair and review by NSHE Chief General Counsel, to approve and sign the corresponding escrow and title documents associated with the purchase of real property.

PASSED AND ADOPTED on _____, 2019.

Chairman
Board of Regents of the
Nevada System of Higher Education

(SEAL)
Attest:

Chief of Staff and Special Counsel
To the Board of Regents and
Ex facto Secretary of the Board of Regents