WATER RESOURCE ANALYSIS

&

VALUATION

MANIATIS PROPERTY & WELLS

(Sandoval County, New Mexico)

May 22, 2009

Prepared By:

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May 22, 2009

Ms. Hope Doukas
Johnson Bank
3131 East Camelback Road, Suite 100
Phoenix, AZ 85016

Re: Maniatis Deep Water/Potential Water Resources Valuation

Dear Ms. Doukas:

This Letter Report is forwarded as requested by you in our Agreement, Enclosure #1, in triplicate in compliance with the Agreement to arrive at your location by May 26, 2009. The work, analysis and conclusions, as well as the valuation, is mine and mine alone.

The work presented in this Letter Report is based on the request of the Johnson Bank as outlined in the agreement. The Letter Report is for your use and only your use as you see fit. No one else will receive a copy of this specific report. It should be noted, however, that the work is based upon the reports, discussions, and interviews with a variety of third parties such as the Office of the State Engineer (OSE) staff, the State Engineer himself, Sandoval County officials, the State Land Office staff, various hydrologists, geohydrologists, engineers, and lawyers with specific and general knowledge of the aquifer(s), geology, and in some cases the wells and the potential water supply under consideration. An attempt has been made to discuss "deep water" with enough knowledgeable professionals to ensure an objective and fair analysis, valuation, and presentation. This is a new subject in New Mexico and thus the ongoing efforts are ground-breaking in nature and fraught with the possibility of misadventure and misunderstanding. The report is my best effort at presenting a concise, fair analysis and valuation based on what is known as of May 22, 2009, by myself and those I have contacted about 'deep water," and the specific circumstances of the Maniatis Well(s) as related to me by Maniatis and Sandoval County.

An updated copy of my Summary Resume (Credentials) is included as Enclosure #2.

A copy of the original report of November 5, 2007, "Comparative Value Analysis – Deep Wells Potential Water Rights" is included, Enclosure #3.

A Memo For Record (MFR) by me as to my understanding of the agreement between Sandoval County and Maniatis is included as Enclosure #4.

Material obtained from the OSE data base and OSE staff to include the Permitted Conditions associated with the two wells (Exploratory Wells #5 and #6) drilled by the Sandoval

County/Maniatis Partnership on land owned by Maniatis through one or more of his entities is included as Enclosure #5.

OSE Material and a Map on the number of deep well permits in New Mexico is included as Enclosure #6.

Pictures of the two well sites are included as Enclosure #7.

LETTER AGREEMENT

(See Enclosure #1)

CREDENTIALS

(Updated Summary Resume, See Enclosure #2)

The Letter Agreement requests a copy of appropriate state certifications. There are no appropriate state certifications in New Mexico with respect to water rights valuations and other water resource related activities as outlined in the attached Summary Resume. The only water resources/water rights certification that is required in New Mexico is for the State Engineer to be a licensed professional engineer (P.E.), which I am--New Mexico License No. 13225, valid through 12/31/2009, copy attached, Enclosure #2.

THE REQUIREMENT

You asked me to develop a value for the "potential deep water" associated with the deep wells (Exploratory Well #5 and Exploratory Well #6), developed under a "notice of intent to drill" (RG-88934), Enclosure #5, on lands owned by David Maniatis either directly or through one or more of his entities.

"Deep water" as understood by me and as explained by OSE staff and the State Engineer as well as others is water that is produced from a depth of at least 2,500 feet below the ground surface, usually deeper. It is believed by many experts and others that substantial amounts of water below 2,500 feet are not in communication with surface water, and thus not under the State Engineer's jurisdiction. There is also an ongoing discussion that water of a sufficiently brackish nature (non-potable) may not be under State Engineer jurisdiction. The recently completed session of the NM Legislature gave the State Engineer some level of control over "deep water." How the State Engineer will exercise that authority is not yet known. In discussions with the State Engineer he indicated that he doubted that many parties would actually go after "deep water" because of the financial cost, and that he intended to adopt a wait and see attitude as long as interested parties filed an intent to drill as previously required by his policies and now by the law. He indicated that although there are currently 607 notices of intent to drill deep water wells on file, 184 permits in Sandoval County, Enclosure #6, he knew of only 5 actual wells in the State at this time.

The end product of this letter report is a value per acre-foot of consumptive use that can be applied to the total acre-feet under consideration. Since the water accessed by the two deep wells has yet to be put to beneficial use, we are dealing with a potential water supply, not a fact of use and not a water right. In New Mexico you only have a water right once you have put it to beneficial use and taken the steps to have that beneficial use recognized by the Office of the State Engineer as a water right. That has not occurred in this case so until it does we are dealing with a potential water supply, not an actual water supply. The two Maniatis/Sandoval County deep wells may only access a portion of the total amount of water supply declared in the notice of intent and delineated in the Agreement between Maniatis and Sandoval County. Thus, the valuation will have two valuations – one for potential water supply accessed by the two wells and one for the total permit amount minus that which the wells may provide (the remaining paper water).

COMPARATIVE WATER RIGHT VALUE FACTOR

Adjusted from Letter Report of November 5, 2007

(Enclosure #3)

The Letter Report, November 5, 2007, valued the potential water right at $16,000 per acre-foot of consumptive use (cu). The methodology and analysis that developed that value are still valid; however, the current economic climate has reduced the value of water rights by about 25% in my professional opinion based on ongoing negotiations with respect to water rights in the Middle Rio Grande that could be purchased and moved to locations of potential use by Maniatis, Sandoval County and others in the Greater Rio Rancho Area. From personal experience several sales in the $15,000 to $25,000 per acre-foot of (cu) have been aborted with ongoing negotiations in the $10,000 per acre-foot (cu) plus/minus $2,000 per acre-foot (cu). I have valued this potential water supply at the upper end of that range because I am absolutely certain that as the economy slowly improves and development money becomes available we will start the same upward movement, more cautiously this time, that moved the price of water rights from $3,000 per acre-foot (cu) in 1995 to $15,000 – $25,000 per acre-foot (cu) by mid-2008.

Bottom Line – I would value a water right that would provide the same amount of water as could be provided by the Maniatis Wells (#5 & #6) at $12,000 per acre-foot (cu) once beneficial use has begun which would lead to a valid water right. As will be seen later in this report on valuation, this has not occurred yet but appears to be under way.

THE PARTNERSHIP

(Enclosure #4)

Of utmost importance to any valuation is the relationship between Maniatis and Sandoval County. Maniatis apparently owns the properties in question where the two wells are located; however, Sandoval County has paid for the two wells at $2 million per well, total of $4 million to date. They have indicated to me that they will soon undertake construction of a pilot treatment plant to take the accessed water which is of very poor water quality, even for New Mexico, to a

potable level where it can be used for a variety of applications. They expect the pilot treatment plant to cost them another $2.6 million and have a request in to the State Water Trust Board, chaired by the State Engineer and composed of the heads of many of the state departments, for another $4.6 million. The State Engineer indicated to me that he is proposing that they receive $3.8 million against this request with Sandoval County using other funds for the remainder. Sandoval County has indicated that they expect to spend $12 million to provide potable water from the two wells to their system (treatment plant, storage tanks, booster pumps, transmission lines, et. al.).

Based on my review of the Agreement between Maniatis and Sandoval County (Maniatis did not want me to include a copy in the report and Sandoval County did not volunteer a copy), it appears that Maniatis can use up to the first 18,000 acre-feet produced from the two wells if he has a use for the produced water supply. If Maniatis does not have a use/need when it is produced or can't use all of it, then the right of first refusal rests with Sandoval County. There was a follow-on document that addresses the type of funding the County might use to fund their efforts which probably has no impact on Maniatis but appears to have been done for political reasons.

This type of expenditure of funds is a radical departure from the normal approach of local government in New Mexico. It is a clear indicator of the desperate water supply situation the City of Rio Rancho and Sandoval County find themselves in with respect to water supply. It is very unlikely that they can buy enough Middle Rio Grande water rights, get them moved to a new point of diversion, change their use from irrigation to commercial/industrial/residential uses, and meet their needs in any sort of a timely basis. Deep water, particularly if the State Engineer is willing to consider this an unappropriated aquifer which he has indicated that he is, at least for now, makes it the only game in town for Sandoval County/Rio Rancho and development in that area of New Mexico..

In my opinion, based on the documents furnished me on the legal relationship between Sandoval County and Maniatis, and discussions with both parties, that Maniatis has the right to use up to 18,000 acre-feet of water supply from the existing wells and any other wells placed on his property by the parties to the Agreement.

POTENTIAL WATER SUPPLY AVAILABILITY

In the above discussion it is important to understand the distinction between a permit to access water supply, water supply accessed and placed into use, and a water right as used for the purposes of this discussion and valuation. Water supply deals with what could be potentially pumped from the ground and put to use, in this case under the County/Maniatis Agreement, 18,000 acre-feet. Well #6, the well that was tested, is closest to the Rio Rancho water supply distribution system, and is apparently capable of producing water at a rate up to 1,000 gpm per Maniatis' geohydrologist. The well test was reportedly run at 450 gpm for 13 hours and then at about 150 gpm for 17 days. It is important to understand that both wells are under an artesian condition which means they are free flowing based on the water pressure in the ground. The

other well, Well #5, apparently provides water flow at about 150 gpm. It was not tested because of the lower flow; and I suspect the fact that is about 4,500 feet farther away from the Rio Rancho System. One could infer from the artesian flow rates that the general flow rates of the aquifer under the Maniatis Property range from 150 gpm to 450 gpm.

If we were to pump the well 1,000 gpm (the maximum believed possible without collapsing the well and/or aquifer, a statement based on professional judgment by the Maniatis geohydrologist) we could produce 2.65 ac-ft of water supply per day (1,000 gpm x 60 min per hour x 14.4 hrs per day (60 % of a 24 hr day, the max OSE will allow to be used)). The maximum amount of water that could be supplied by the well in question in a year, adhering to OSE policy, is 968 acre-feet per year from Well #6, if configured with a pump. Since the OSE policy (60% pumping day) is based on a pumping well and not artesian flow, it is reasonable to use a 100% pumping day based on the 150 gpm flow rate. In that instance, at 150 gpm, the amount of water supply becomes 0.66 acre-feet per day or 242 acre-feet per year. Assuming a 10% operational loss for down time to the system for maintenance, leaks, operator error, unforseen circumstances (24 ac-ft/yr) we get 218 ac-ft per year under the free flowing scenario.

Well #5, located about 4,500 feet to the west of Well #6 pumps (flows) at the rate of about 150 gpm. The amount of water that could be extracted from the well in a year with a 10% operational loss for down time is aforementioned 218 ac-ft per year. If we assume that Well #5 could be pumped at a greater rate, say 500 gpm, then based on the OSE 60% daily pumping policy, Well #5 might produce 484 acre-feet per year (50% of what Well #6 produces).

Taken in the total based on current well configuration the two wells might produce 1,452 acre-feet of water supply per year, and could certainly produce 1,186 acre-feet per year. For purposes of this valuation we will assume that 1,300 acre-feet can be pumped from the aquifer on an annual basis, reducing the paper water from 18,000 acre-feet per yr to 16,700 acre-feet per yr.

If much larger in diameter wells were drilled, the rates of flow might significantly increase which would double the water supply that might be produced; however, it is quite possible that a greater flow rate would erode the aquifer and the areas adjacent to the well casings, potentially causing failure of both the aquifer and the wells. This would be of particular concern with respect to the heavier producing well, Well #6.

Therefore, to maximize the 18,000 acre-feet per year potential in the Agreement, more wells appear to be needed, so we need to look at potential water availability based on what little we know of the geologic formations (cuttings from two wells). Figure 1 shows the general geology of the wells. The water producing formation is highlighted in yellow (San Andres Limestone and Glorieta Sandstone) and is about 100 feet thick.

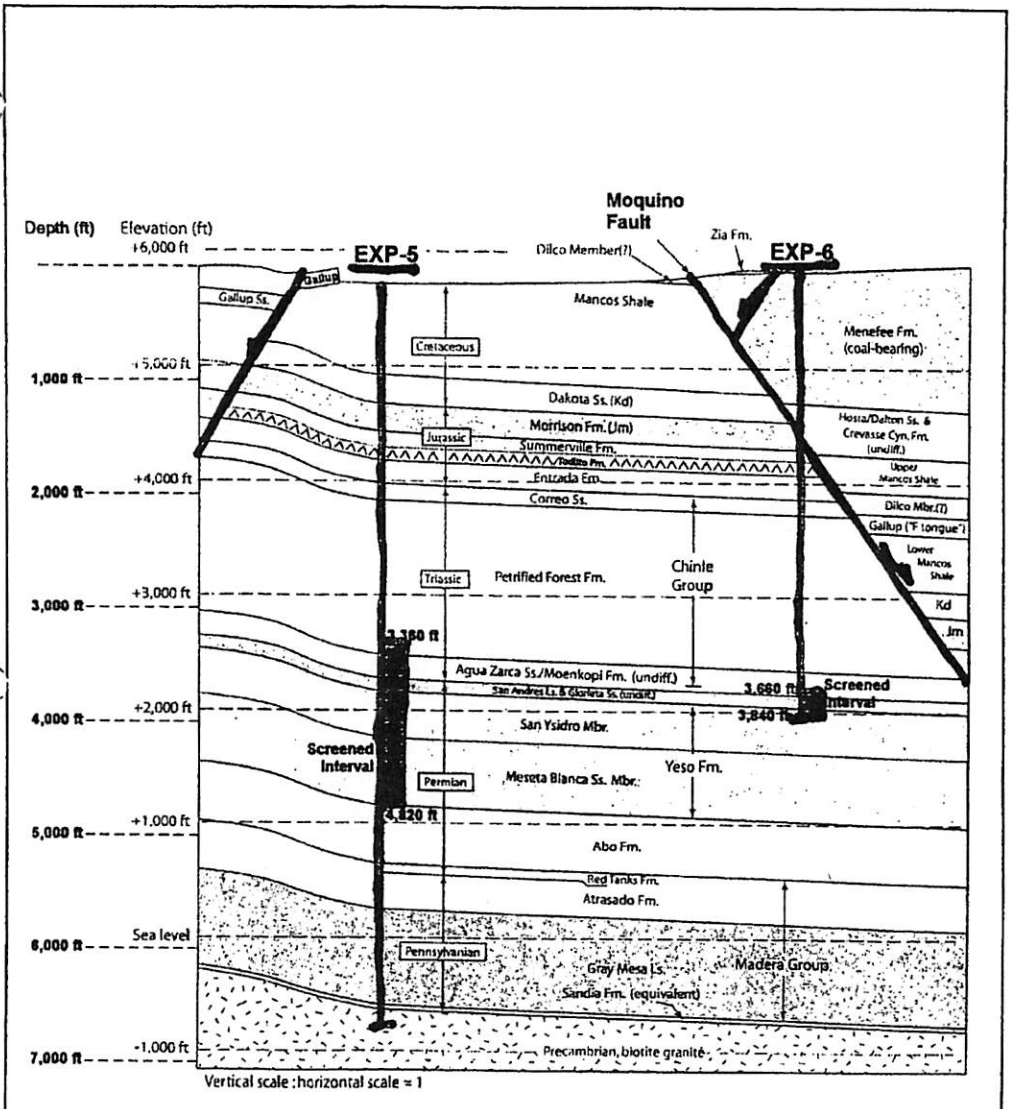

Figure 2
Schematic Geologic Cross Section
Sandoval County Rio Puerco Water Development Project
Aquifer Test and Analysis Report

Figure 1. Aquifer Thickness

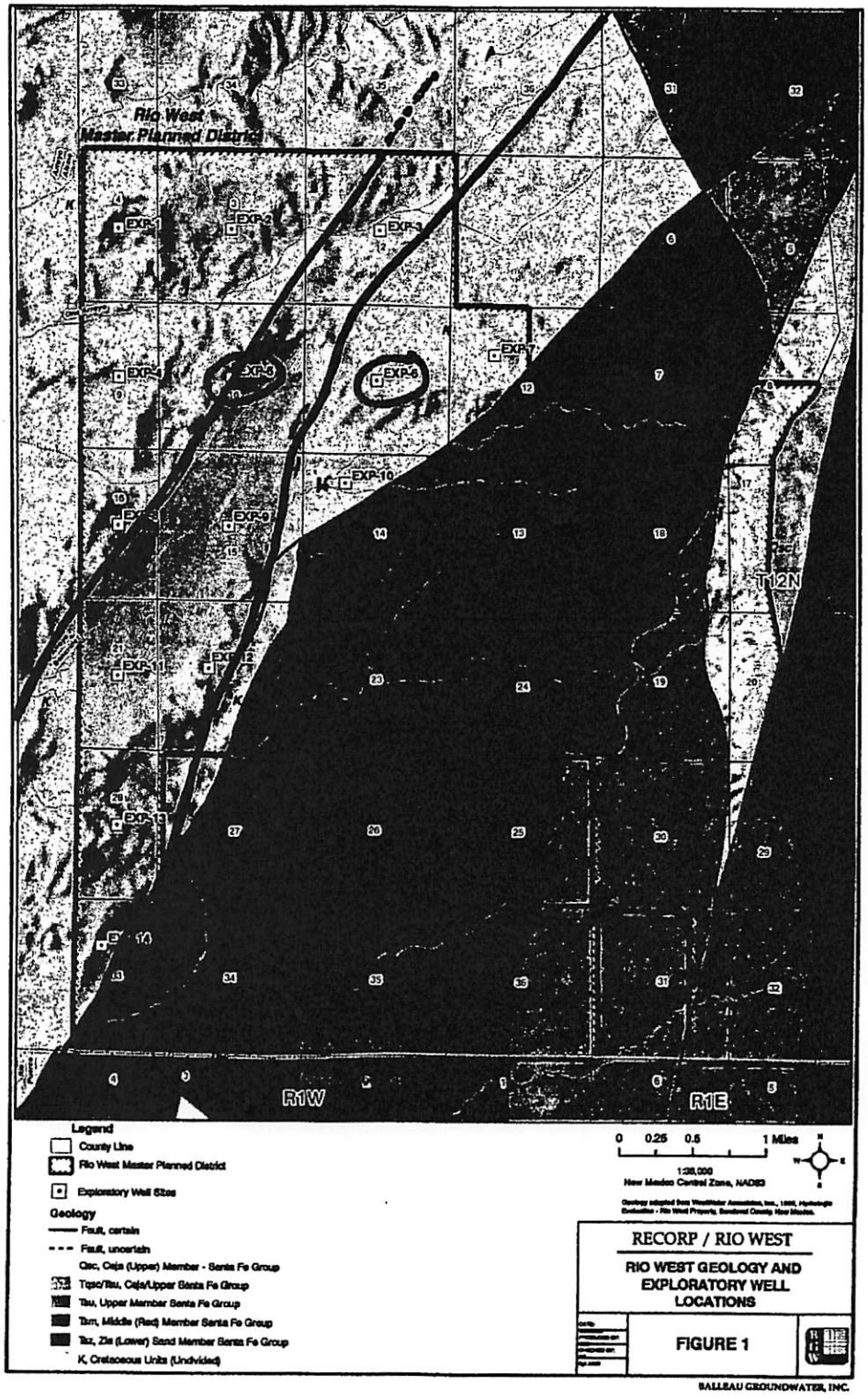

Figure 2. Surface Area of Potential Aquifer

Figure 2 shows the general location of the aquifer based on the surface faults as highlighted in yellow. Given the angle of the faults that bound the aquifer in question, the actual aquifer located at about 3,800 feet below ground surface appears to be about twice as wide as it is at the surface. So, if we develop the surface area owned by Maniatis, shown in yellow (4.16 sq miles), that is above the aquifer and multiply it by 2 we should have a very, very rough approximation of the water in storage in this aquifer beneath his property which could be accessed by wells on his property. That amount is 532,480 ac-ft of potential storage, which is roughly a 30 year supply at 18,000 ac-ft per year of use, assuming no recharge. If we base it on the 1,300 ac-ft per year which we have calculated that the two wells could produce as currently configured, we get approximately a 410 year supply.

Sandoval County requires a 100 year water supply with no recharge calculation, so Maniatis would need to use 5,325 ac-ft/yr for 100 years to exhaust the potential water supply under his property (11,000+ total acres) which would require more wells and/or reconfiguring the existing wells to produce more water supply. The Agreement that I reviewed does not address future wells on lands owned by others. County staff seem to feel that wells farther to the north and west in what they believe may be the same aquifer may access more water supply, Figure 3.

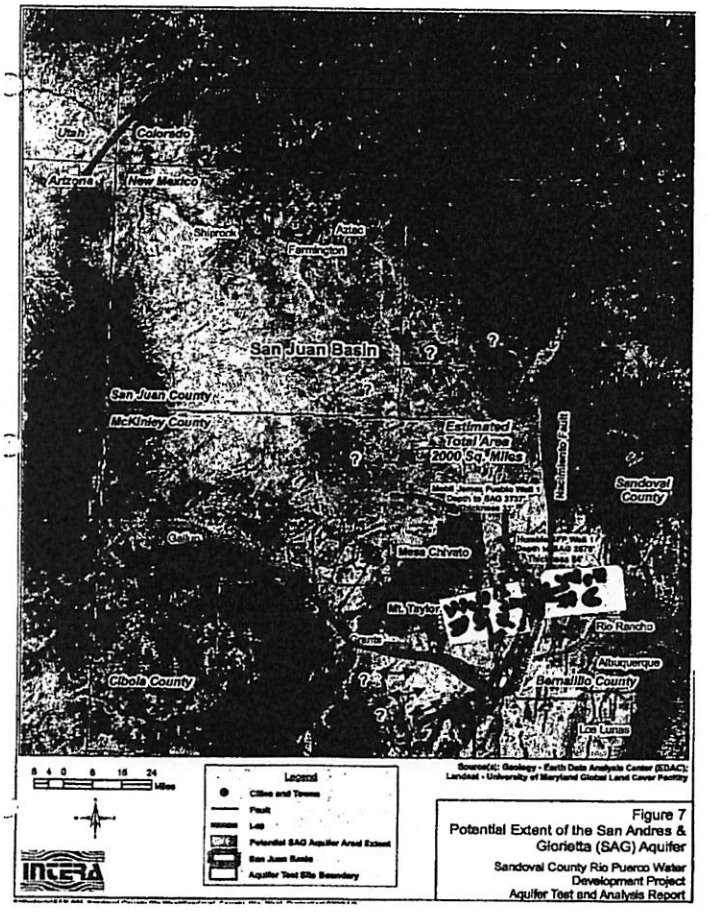

Figure 3. Potential Aquifer Area

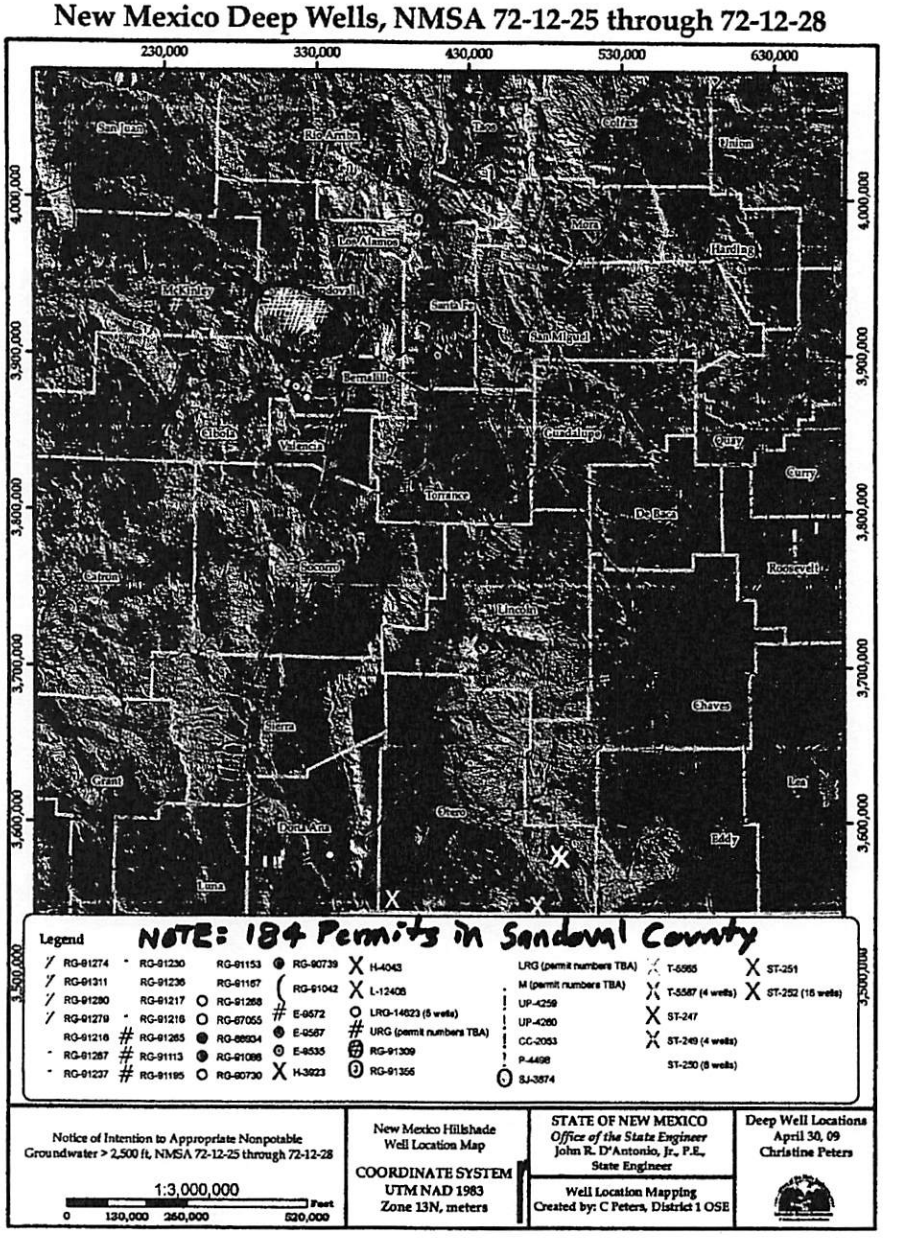

Figure 4. Deep Water Well Permits

Figure 4 is from the OSE data base indicating a several permits on file for deep wells on State Land Office Lands that have been jointly filed with Sandoval County. The State Land Office senior official I talked with indicated that they either have or are working on an agreement with Sandoval County that allows the County to drill on their lands. If sufficient water supply is accessed, then the County gets the water, paying the State Land Office a royalty that goes into the State of New Mexico Educational Fund. They did not share any other details with me.

In summary, Maniatis has the right to use up to 18,000 acre-feet of water supply on his property that has been produced by the two wells located on his property per his Agreement with Sandoval County and any other wells that he might drill. The current set of wells appear capable as presently configured of producing about 1,300 acre-feet of water supply per year based on what we know today, in my professional judgment.

POTENTIAL WATER RIGHTS

It is important to understand, that today neither Maniatis nor Sandoval County have any water rights associated with a potential water supply from the two wells and/or from the aquifer in question. To perfect a water right under New Mexico law, the water must be put to beneficial use. Simply saying that you have the water via a declaration or by a permit (this case) gives you the right to use the water for the uses indicated on the permit if the OSE grants you the permit as they have done in this case. To date a valid use has not occurred, thus there is no water right associated with the potential water supply under the Maniatis Property. That water will have to be put to one or more of the uses indicated on the permit for a period of time acceptable to the OSE before a water right might be granted..

The State Engineer indicated that he would probably stand aside in this endeavor and take the position that the aquifer is an unappropriated source of water and allow the wells in that aquifer to be pumped to the amount listed on the permit, if physically possible. That provides Maniatis/Sandoval County the best of all worlds. The State Engineer apparently is going to let them put the water to beneficial use. Once they have done that, usually for at least a year and sometimes longer, they can come to the OSE with a proof of beneficial use. That involves meter records of use for domestic, industrial and commercial activities (the permitted uses) that show the usage, and meter records and surveys for irrigation of lands if the permits were to be amended for that use. The OSE staff will field check the usage claims which must be made by a licensed professional engineer in New Mexico on behalf of the claimant(s), and if OSE staff concurs, a water right is granted usually attached to a specific well or wells.

Currently, Maniatis/Sandoval County have a permit which lets them move forward but nothing more. Given the location as to depth of the aquifer, any water right perfected from water supply used from this aquifer would have to be moved to wells that access the aquifer. In other words, in my professional opinion, a water right perfected from this aquifer could not be sold and transferred to another aquifer somewhere else in the general area or even the specific area. Such a water right would have to access water from only the "deep water aquifer" where the right was perfected. It should be noted that the Intent Permit on file with OSE lists several other locations on apparently Maniatis owned properties.

Sandoval County controls zoning over the general area where the Maniatis Properties are located so they have a significant say in what will ultimately be built there, thus the final water usage and water supply required. They, Rio Rancho, and the State of New Mexico are all interested in maximizing water supply for industrial and commercial use, particularly industries and businesses that could use water that does not meet potable (human use) standards. The

governmental entities and the State Engineer clearly see this potential source of water supply as a possible solution to the area's water supply needs. They can be expected to support this effort quite strongly, as can be seen by their willingness to spend a lot of exploratory money on accessing the aquifer(s) and beginning to deal with treating the water.

As an aside the water quality is poor, even for New Mexico with 12,000 ppm of Total Dissolved Solids (TDS), an arsenic concern, and other salts and minerals. However, there appear to be no "show stoppers." There will be a disposal of residue concern.

VALUATION PROCESS

(Enclosure #3, From Previous Letter Report)

Initially I look at the type of water right, validity, potential diversion location versus actual diversion location, proposed type of use, proposed location for use, and possible protests. In this case the location, type of water right, validity, diversion location, proposed use and location of use are not considerations if we use a valid comparative water right to get at the value of the "deep water." We will assume that all of the questions/concerns with respect to these factors have been met.

The value of "deep water," will be based on the cost to replace what you are generating with known valid water rights probably acquired as an irrigation (diversion) right in the Middle Rio Grande. We will assume that the comparative water right could be moved to the area in question and utilized for development purposes in the general Rio Rancho Area/Sandoval County.

1. Assumptions:

a. Open Market Acquisition: Value of a water right that might be bought on the open market.

b. Amount of Water Right: 16,700 acre-feet per year of permitted water and 1,300 acre-feet per year of valid water supply that can be accessed per year.

c. Validity: As previously discussed we will assume a valid water right.

d. Willing Seller and Buyer.

e. Pre-1907 Water Right.

2. Valuation methods: There are two methods that can be used to value water. One is what I call the Real Estate Method; the other is what I call the Water Right Stand Alone Method.

a. The Real Estate Method: The Real Estate Method is based on considering the value of land with and without water and does not apply in this case. While it

does not yield the true value of a water right which is usually considerably more, it is applied by real estate appraisers who have little or no knowledge of the "street value" of water rights and just apply how it might or might not affect a sale of property.

b. The Stand Alone Method: The Stand Alone Method is based on the actual selling price of water rights in a given area. In this case we will call it the "comparative replacement value" since we will be comparing what it would cost to obtain a like amount (18,000 ac-ft of a consumptive use (cu)) of a water right for your use divided into two classes (paper water – 16,700 ac-ft per year (cu) and 1300 ac-ft/yr (cu) per year of currently accessible water)

3. Comparable Sales: Discussed on page 4. Value of a comparable water right is $12,000 per acre-foot based on my professional opinion.

4. Evaluation Considerations: The general template that I have developed over the past 10 years and use to evaluate water rights is based on a Base Value that is either increased, decreased or remains the same as I review a number of factors. The adds or subtracts, or no values are based on my professional judgment/opinion which is based on having valued millions of dollars of water rights, and bought/sold/developed many millions more. Obviously I have to adjust it with every evaluation, since no two evaluations are the same. Sometimes the adjustment is minor tweaking, and other times it involves a major overhaul; however, the template gives me a useful starting point. I should also warn you that I doubt that any two people who deal in water rights would have exactly the same subset of values; however, I think most would arrive at generally the same figure, plus or minus a 10% to 20% factor. The major factors I consider and discussion of what may apply to your situation, given that the validity of the water right has been established, are as follows:

- Base Value
- Supply and Demand
- Government Involvement
- Location
- Purpose of Use
- Priority
- Beneficial Use
- Quantity for Sale
- Surface or Groundwater
- Water Quality
- Cultural Implications
- Political Considerations
- Acequia or Indian Water
- Comparative Sales

TOTAL VALUE

Comparable Water Right Value: From the discussion on page 4, the value is $12,000 per acre-foot (cu) of comparable water right. This value will be further adjusted to account for paper water (permit) and for accessed water (wells) as a percentage of expenditure of funds to bring the water supply on-line based on Sandoval County's general estimate of funds to be expended.

The above valuation is my best professional estimate of the value of a comparative consumptive use valid water right that could be acquired to meet the needs of the partnership if they were not able to access the "deep water" (below 2,500 feet from ground surface) based on the factors presently available to me.

Accessed Water Supply:

Since we do not have a water right but rather have accessed supply in an aquifer that has not yet been put to beneficial use, we need to address what that water might be worth "as is." Sandoval County has done some estimates of cost based on what is yet to be accomplished. They currently have about $4 million invested in the wells and another $2.6 million to $4.6 million to be invested in a treatment facility. Infrastructure including storage tanks, transmission lines, pump stations, tests on water compatibility (aquifer water vs. current system water supply) will probably run the total cost to about $12 million, per Sandoval County, to get the wells into production and the water into the existing system. Cost expended to date is about 1/3 of the final cost to bring the water from these wells on line; therefore, I've valued accessed water at 1/3 of the final cost to bring water supply on-line..

Based on a water right cost of $12,000 per ac-ft (cu) to replace the 1,300 ac-ft of accessed water per year, based on $4,000 per acre-foot (cu), the cost of the accessible water supply is $5,200,000 per year. The value of what has been done to date at 1/3 of the final value of $15,600,000.

The value of water based on access is $5,200.00/yr; $4,000 per ac-ft per year

Paper Water Supply:

As previously indicated the 1,300 ac-ft of accessed water supply leaves 16,700 ac-ft (cu) of permit water (paper water) that I do not believe has actually been accessed to date. I have always valued a valid OSE permit or declaration at 10% of what I believe the final value to be. You can not pump the water and put it to beneficial use without a permit or a declaration or something that the OSE recognizes as valid. Because of that a valid permit, which the Partnership has, is worth something, in my judgment 10% of the final value. In this case 10% of the $12,000 per ac-ft (cu) is $1,200 per ac-ft (cu). At $1,200 per ac-ft (cu), the value of potential water supply is $20,040,000 per year (16,700 ac-ft per year x $1,200 per ac-ft per year).

Paper water (permit) value is $20,040,000 per year ($1,200 per ac-ft per year).

Delivered Water Supply:

Sandoval County has indicated that whatever amount of water they sell to industry for commercial and industrial purposes, or domestic use will be sold at $6 per 1000 gallons which is $1,956 per acre-foot. While it is quite likely that their sales price will change based on type and amount of use, if we use that price, the 1,300 ac-ft per year is worth $2,542,800 per year on a year after year basis based on today's cost not adjusted for the future (inflation/deflation or whatever might happen to our economy). The remaining 16,700 ac-ft of paper water is worth $32,665,200 per year on a year by year basis based on that value. This discussion has been included to show that others besides Maniatis place real value on the potential water supply in the aquifer in question. As indicated in our discussions Sandoval County and/or Rio Rancho have an urgent and immediate need for the water from this aquifer and are going to considerable lengths to ensure that they receive some amount of water supply from the aquifer in question.

DISCLAIMER

The professional judgments and opinions expressed in this Letter Report are mine and mine alone, based on my experience, the material presented to me for evaluation, and that which I have been able to obtain from a variety of sources. This report and the included valuation is my best professional judgment at this point in time, May 22, 2009, based on the factors known to me today and should be viewed in that light. It is a snapshot in time which can be quite perishable and which may change tomorrow, and which will certainly change within a year given the events of the past several years on which it is based. This professional opinion is intended for your use and your use alone.

Again, I appreciate the opportunity to be of service. Please direct any questions, concerns, or comments to me at (505) 466-4605.

Sincerely,

James E. Corbin

James E. Corbin, P.E.

Encl: as

ENCLOSURE #1

AGREEMENT BETWEEN

THE JOHNSON BANK

&

CORBIN CONSULTING, INC.

(May 12, 2009)

Date: May 12, 2009

Order #: XZZ87919C

James R. Corbin, P.E.
Corbin Consulting, Inc.
8 Descanso Road
Santa Fe, New Mexico 87508

Dear Mr. Corbin,

This letter will serve as Appraisal Technology, Inc.'s engagement of your services to perform a value analysis on the property described below. The specifics of the engagement including the agreed upon fee and delivery date are listed below. Please reference on the invoice your Tax ID #, the above order # and a property description. **The reports must be addressed as indicated below, however, please read the delivery instructions on page three (3). Any questions pertaining to this assignment should be addressed with Hope Doukas at Johnson Bank. To schedule inspection and for additional property information not included within, please contact the property contact.**

ADDRESS REPORT & INVOICE TO:

Johnson Bank
c/o: Ms. Hope Doukas
3131 East Camelback Road, Suite 100
Phoenix, AZ 85016
Phone: 602-381-2151

INTENDED USER:

Johnson Bank, its affiliates, successors, assigns and/or clients.

Assignment Description:	Comparative Value Analysis - Deep Wells Potential Water Rights
Property Location:	Rio Rancho Vicinity

TO SCHEDULE AN INSPECTION PLEASE CONTACT:

Property Contact:	**Annette Anghel with Butera Properties, LLC**
Phone:	**Office: 480-991-2288, ext. 204, Mobile: 480-620-3091**

Hard Copies of Report:	3 (See Instruction on page 2)

Job Manager:	Jeff Windle
Phone:	480-285-3864
Email:	jwindle@appraisal-technology.com

Fee: $2,000.00, plus tax

Due Date: May 26, 2009

Please address any methodology or scope of work issues with Hope Doukas at Johnson Bank.

Payment of the fee is subject to a review of the report for Should you experience any delays in the performance of this appraisal please notify us, in writing via email or fax no less than five business days prior to the due date.

Please note that a $100 per day fine may be imposed for reports not delivered as promised or without prior, one week notice of delay.

Please make sure the following items are included in every report as indicated:

- Signed copy of engagement letter
- Copy of appropriate state certifications in addenda

IMPORTANT DELIVERY INSTRUCTIONS

Once the report is completed, please deliver **three (3) bound** copies **directly to Johnson Bank**, AND the **invoice to the address below:**

ADDRESS REPORTS TO:

Johnson Bank
c/o: Ms. Hope Doukas
3131 East Camelback Road, Suite 100
Phoenix, AZ 85016

As confirmation of your acceptance of this assignment under the terms specified in this letter, please return a signed copy of this engagement letter to us and include a copy in the addenda of the report.

Accepted:

James E. Corbin

Date: 05/12/2009