

September 16, 2004

TO: Miruni Soosaipillai
Deputy County Counsel
County of San Mateo

FM: Victor J. Reizman

RE: Braun v. County of San Mateo
USDC Case No. CV 03-03415 MJJ

You have engaged me as an expert witness in the above referenced case. Federal Rule of Civil Procedure 26(a)(2)(B) requires submission of a written report. This writing and its attachments comprise that report.

1. A statement of opinions and the basis and reasons therefor is attached.
2. A list of the data and other information considered in forming my opinions is attached.
3. Other than the data listed in item two above, there are no exhibits to be used as a summary or in support of my opinions.
4. My qualifications as an expert are attached in the form of a resume.
5. My compensation is \$200.00 per hour for consulting and/or testimony and \$60.00 per hour for travel time.
6. To the best of my knowledge, I have not been a witness at trial or by deposition in the preceding four years.

Victor J. Reizman

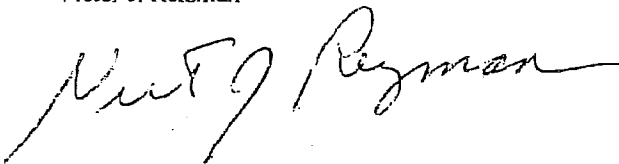
A handwritten signature in black ink, appearing to read "Victor J. Reizman". The signature is written in a cursive style with a long, sweeping underline that extends to the left.

EXHIBIT I (Braun v. County of San Mateo)

In the matter of Braun v. County of San Mateo I, Victor J. Reizman, have been asked to express an opinion on the following issues:

1. Would the recording of a Notice of Violation(s) of Building Code and/or Notice of Continuing Nuisance and/or the issuing of a Notice to Abate Building and Zoning Violations prevent the owner of a property from selling that property with particular reference to the property at 1589 Higgins Canyon Road?

In general, it is not uncommon for properties to have features that might make them less desirable to a certain set of buyers. Other buyers may not be disturbed by those features or, because of other property attributes, be willing to undertake the effort to correct the features which they find undesirable. Most buyers would consider the Higgins Canyon property a unique property. The property encompasses roughly seventy acres in a coastal region with ocean views. It includes a 10,000 square foot Spanish Hacienda style custom home plus several out buildings. It is adjacent to 10,000 acres of open space with trail access to the ocean and to a forested watershed. Its value has been estimated at \$25,000,000. Due to the unique nature of the property and its value, the number of potential buyers would be limited under any circumstances. Additionally, the dot com bust of the last several years has had an impact on the universe of buyers for high-end homes. However, a buyer who had the interest and financial capability to acquire a property of this description would, in my opinion, be willing to deal with the issues by either abating the violations or by obtaining the necessary permits to legalize the improvements. I was unable to find any indication in the material I reviewed that Mr. Braun made any significant effort to market the property after Coldwell Banker indicated a lack of interest in keeping the listing.

2. Would a real estate broker refuse to list a property because of the existence of a Notice of Violation(s) of Building Code and/or Notice of Continuing Nuisance and/or Notice to Abate Building and Zoning Violations?

Real estate brokers make their living selling properties. Many properties have unique features, which make their marketing more challenging. Experienced, successful brokers develop the skills needed to overcome these challenges. The sale of a unique, \$25,000,000 property, is a challenge in itself. The additional issues attached to the Higgins Canyon property add somewhat to that challenge. However, the income potential for the broker successfully negotiating the sale of such a property is enormous. While I am not a real estate broker, based on my many years of financing real estate transactions it is my opinion that a listing broker for this property could be found.

3. Would the value of a property be affected by a Notice of Violation(s) of Building Code and/or Notice of Continuing Nuisance and/or Notice to Abate Building and Zoning Violations?

A potential buyer of the subject property would be aware of the various notices mentioned above and would have made the decision to purchase the property irrespective of these notices. Depending on the principal attractions of the property, the buyer would either abate the violations or proceed with the process of legalization once satisfied that legalization was feasible. Either course would have an associated financial impact on the value of the property. While I am not a real estate appraiser, I have reviewed many real estate appraisals over the course of my banking career. Appraisers commonly make adjustments to the value of a property when there is cost associated with correcting deficiencies. In my opinion, an adjustment

to the value of the subject property would be required in the approximate amount necessary to abate or legalize the violations.

4. Would obtaining financing on a property be prevented or made more difficult by the existence of a Notice of Violation(s) of Building Code and/or Notice of Continuing Nuisance and/or Notice to Abate Building and Zoning Violations?

Lending has become an extremely competitive business. Banks, Credit Unions, Insurance Companies, Brokerage Firms, Mortgage Companies and Private Lenders all compete for real estate loans. As an example, the real estate section of the Sunday San Francisco Chronicle lists a score of lenders competing for real estate loans. High volume, low value lenders generally use a formula for loan approval. Other lenders underwrite loans individually, taking into account such things as excess property value and the financial strength of the borrower to compensate for out of formula factors. Although Mr. Braun was successful in financing the property at a very attractive rate with Washington Mutual, it is my opinion that some formula lenders might not be interested in pursuing financing on this property because of its uniqueness and the existence of the violations enumerated above. Nevertheless, it is my opinion that there are many lenders who would be eager to consider financing this property because of the huge equity available to protect the lender, which would overcome the costs associated with correcting any deficiencies. Since Washington Mutual made its loan despite the recorded notices, it is my assumption that Mr. Braun has a good credit record, which would also make him an attractive prospect for many lenders. However, after obtaining the very favorable loan from Washington Mutual, I found no evidence in the material I reviewed to indicate that Mr. Braun made any significant effort to obtain additional financing.

EXHIBIT II (Braun v. County of San Mateo)

I, Victor J. Reizman used the following data and/or information, in forming an opinion regarding this case.

1. Knowledge acquired during a banking career spanning over forty years as outlined in the attached resume and as President and Board member of the Lucas Valley Homeowners Association.
2. Deposition of Oscar Braun, Tuesday, August 10, 2004.
3. Responses to Defendant County of San Mateo's First Set of Request For Production of Documents
4. Responses to Defendant County of San Mateo's Second Set of Request For Production of Documents
5. Responses to Defendant County of San Mateo's First Set of Interrogatories –
6. Responses to Defendant County of San Mateo's Second Set of Interrogatories –
7. First Amended Complaint For Violation of Civil Rights
8. Subordination, Non-Disturbance and Attornment Agreement recorded 01/31/01
9. PCS Site Agreement dated 08/10/00
10. Notice to Abate Building and Zoning Violations dated August 28, 2002
11. Notice of Violations(s) of Building Code recorded 03/13/02
12. Notice of Continuing Nuisance recorded 04/20/00
13. Letter from Hannig Law Firm to Perry A. Irvine dated April 2, 2001
14. Copy of Editorial from the Half Moon Bay Review issue of April 25, 2001
15. Copy of page from a SAVEOURBAY publication (BRAU 00565)
16. Disclosure Obligations sheet from Coldwell Banker dated 08/15/01
17. Regional Disclosures sheets from Coldwell Banker dated 08/15/01
18. Real Estate Transfer Disclosure Statement re. 1589 Higgins Canyon Road
19. PRDS Supplemental Seller's Checklist re. 1589 Higgins Canyon Rd
20. Copies of pictures (BRAU 00630,33,34)

EXHIBIT II (Braun v. County of San Mateo) Cont.

21. Property description (BRAU 00635)

22. First American Title Insurance Company Preliminary Report dated July 15, 2002

23. Fax Flyer Mortgage Service dated September

VICTOR J. REIZMAN

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EXPERIENCE:

BAY WORLD, LTD., Emeryville.

Chief Financial Officer

2003 to Present

Manage financial matters for this specialty meat processor, distributor and exporter. Arrange financing, maintain banking relationship, prepare budgets, and evaluate financial performance. This is a part time position two days per week.

AMERICA CALIFORNIA BANK, San Francisco

Director/Chairman Loan Committee

2003 to Present

Perform normal director duties for this small business bank. As chairman of the loan committee, responsible for credit policies and approval and regulatory interaction.

CIRCLE BANK, Novato

Director/Chairman Loan Committee

2001 to Present

Perform normal director duties for this community bank. As chairman of the loan committee, responsible for credit policies and approval and regulatory interaction.

GUARDEX CORPORATION, San Rafael

Executive Vice President

1988-Present

Provide consulting and expert witness services to law firms involved with financial institution litigation. Extensive court and deposition experience.

COMMERCIAL BANK OF SAN FRANCISCO, San Francisco

Executive Vice President, Chief Lending Officer

1990-2001

Assisted in the acquisition of this failing commercial bank by an international investment group. Established a viable credit management process, worked out problem loans, introduced new lines of business, staffed key lending positions, and returned bank to profitability. Responsible for credit supervision and business development. Bank focus was on small/mid-sized businesses through its trade finance, SBA, asset-based lending, commercial and real estate/construction lines of business.

JACKSON COUNTY FEDERAL SAVINGS AND LOAN, Oregon

Executive Vice President, Chief Lending Officer

1989-1990

Recruited by the Chairman to assist in restructuring the bank which had recently been acquired through a FSLIC assisted recapitalization. Wrote new policies and procedures, restructured staff and developed a new product introduction program. Bank was returned to profitability after losses over several prior years.

UNITED BANK, San Francisco

Director

1986-1988

Assisted with the purchase of this failed savings institution for the owners of Hibernia Bank. In addition to Director's responsibilities, managed the commercial real estate portfolio which was largely classified.

Victor J. Reizman

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THE HIBERNIA BANK, San Francisco

Senior Vice President, Real Estate Group

1983-1988

After a \$13MM loss, the bank was sold to new owners in 1982. Identified and worked out the severe real estate problems which contributed to this loss. Built a team of highly motivated, seasoned real estate professionals and developed a healthy real estate portfolio in our West Coast market area. The group accounted for over 50% of total bank earnings which reached a record \$12MM in 1987. As a Member of the Management, Asset/Liability and Credit Policy Committees, participated in resolving human resource issues, developing marketing programs, managing the bank's liquidity position and designing and implementing the credit management process.

CROCKER NATIONAL BANK, Hong Kong

Regional Vice President, Southeast Asia

1978-1983

Developed Crocker's business and presence in Korea, Taiwan, Hong Kong, The Peoples Republic of China, Thailand and Indonesia. Branches opened in Korea and Hong Kong and representative offices opened in Thailand and Indonesia. The bank's profits from this region were increased from \$3MM to \$12MM over four years. Served as Vice Chairman of the Asia/Pacific Council of American Chambers of Commerce. Founding officer of the Hong Kong Republican Club.

CHASE BANK, New York

Senior Credit Officer, Western Hemisphere Group

1977-1978

Managed loan approval and credit quality and control of a \$4MMM loan portfolio in Canada, Central and South America and the bank's Commodities Division. Directed the credit management process and assured adherence to credit policies and procedures. Sat on the bank's general and international loan committees. Individual lending authority of \$20MM.

Country Manager, Korea

1973-1977

Managed all of the bank's business with Korea, increasing profits from \$1MM to \$10MM in this four-year period. Government and public relations and union negotiations were key elements of this job. Offices maintained in Seoul and Pusan. Business was done with Korean companies around the world and with U.S. and Japanese multinational companies in Korea. Organized the Foreign Banker's Association of Korea and was elected Chairman the first two years. Served as President of the American Chamber of Commerce in Korea for two terms, representing American business interests to the Korean and American Governments. Annual visits to Washington to call on Congress and The Executive Branch. Decorated by the President of Korea for contributions to the economic development of the country.

Senior Credit Officer, Panama

1970-1973

Directed the credit process for Chase in Panama. Coordinated business development objectives with portfolio quality requirements and approved loans exceeding individual loan officer authority. Personally handled problem loan situations. Portfolio included agriculture, manufacturing, trading, food processing, and retailing.

Manager, Regional Credit Department

1967-1970

Established and managed a central credit department which handled all credit analyses for Chase in Puerto Rico and provided analyst training for Caribbean, Central and South American branches.

Lending Officer, Manhattan

Completed Chase's credit training and special development programs. Worked in two Manhattan branches handling major corporate accounts.

Victor J. Reizman
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OTHER ACTIVITIES

Counselor, Inter-Racial Council for Business Opportunity
Secretary, Puerto Rico Chapter, Robert Morris Associates
Lecturer in Finance, University of Puerto Rico
Secretary, Panama Chapter, U.S. Navy League
Treasurer, Panama Golf Club
Published in the Journal of Commercial Bank Lending and Nations Business
President, American Chamber of Commerce in Korea
Chairman, Foreign Bankers Association of Korea
Director of Embarcadero Mortgage Company and United Bank.
Active in the San Francisco Rotary, The Urban Land Institute, the Bay Area Mortgage Association and the Asian Business League.
Deacon, Lucas Valley Community Church
President, Lucas Valley Homeowners Association

EDUCATION

Stanford Executive Program
City University of New York, MBA
University of Maryland, BA