

APPRAISAL REPORT

COMMUNITY FACILITIES DISTRICT NO. 2007-4 (McKenna Court) OF THE CITY OF LAKE ELSINORE

City of Lake Elsinore, Riverside County, California
(Appraisers' File No. 2018-1182)



Prepared For
City of Lake Elsinore
130 S. Main Street
Lake Elsinore, CA 92530

Prepared By
Kitty Siino & Associates, Inc.
115 East Second Street, Suite 100
Tustin, California 92780

KITTY SIINO & ASSOCIATES, INC.
REAL ESTATE APPRAISERS & CONSULTANTS

September 28, 2018

Mr. Jason Simpson, Assistant City Manager
City of Lake Elsinore
130 S. Main Street
Lake Elsinore, CA 92530

Reference: Appraisal Report – Community Facilities District No. 2007-4
of the City of Lake Elsinore
(McKenna Court)
NWS of Machado Street at Audrey Drive
City of Lake Elsinore, California

Dear Mr. Simpson:

At the request and authorization of the City of Lake Elsinore, we have completed an Appraisal Report of Community Facilities District No. 2007-4 of the City of Lake Elsinore ("Lake Elsinore CFD No. 2007-4"). Lake Elsinore CFD No. 2007-4 consists of Tract Map 33486, which is currently being developed into 81 single family detached homes.

The neighborhood is being developed by D.R. Horton as part of their "Express Homes" line and is called McKenna Pointe. McKenna Pointe is currently selling homes. The community is not part of a masterplan. The lots range in condition from completed, individually owned homes to finished lots under builder ownership.

The valuation methods used in this report include the Sales Comparison Approach, a Discounted Cash Flow Analysis and a mass appraisal technique as defined within this report. The fee simple estate of the subject property has been valued subject to the Lake Elsinore CFD No. 2007-4 special tax lien. This report is written with the hypothetical condition that the subject property is enhanced by the improvements and/or fee credits to be funded by bonds issued by Lake Elsinore CFD No. 2007-4.

As a result of our investigation, the concluded Minimum Market Value (as defined within this report) for the subject property is shown below.

Value Conclusions for Lake Elsinore CFD No. 2007-4:

D.R. Horton (17 Lots)	\$ 2,036,574
D.R. Horton (18 Houses)	<u>\$ 5,026,757</u>
Total D.R. Horton Ownership	\$ 7,063,331
Individual Owners	<u>\$17,766,450</u>
Aggregate Value Lake Elsinore CFD No. 2007-4	<u>\$24,829,781</u>

Mr. Jason Simpson
City of Lake Elsinore
September 28, 2018
Page Two

The above values are stated subject to the Assumptions and Limiting Conditions of this report, the Appraiser's Certification and as of August 15, 2018.

Some supporting documentation concerning the data, reasoning and analyses may be retained in the appraiser's files. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. This Appraisal Report is intended to comply with both the Uniform Standards of Professional Appraisal Practice ("USPAP" January 2018) and with the Appraisal Standards of the California Debt and Investment Advisory Commission ("CDIAC"). The appraiser is not responsible for unauthorized use of this report.

This letter of transmittal is part of the attached report, which sets forth the data and analyses upon which our opinion of value is, in part, predicated.

Respectfully submitted,

KITTY SIINO & ASSOCIATES, INC.

A handwritten signature in cursive script, appearing to read "K. Siino".

Kitty S. Siino, MAI

California State Certified General
Real Estate Appraiser (AG004793)

TABLE OF CONTENTS

Assumptions and Limiting Conditions.....	i
Hypothetical Condition	iii
Extraordinary Assumption	iii
Aerial Photo of Lake Elsinore CFD No. 2007-4	iv
Purpose of the Appraisal	1
The Subject Property.....	1
Intended Use of the Report	1
Definitions	2
Property Rights Appraised	4
Effective Date of Value.....	4
Date of Report.....	4
Scope of Appraisal	4
Regional Area Map.....	7
County of Riverside Area Description.....	8
Lake Elsinore Area Map	15
City of Lake Elsinore Description	16
Immediate Surroundings	20
Community Facilities District No. 2007-4.....	21
Subject Property Description.....	23
Riverside County Housing Market.....	29
Highest and Best Use Analysis	38
Valuation Analysis and Conclusions	42
Appraisal Report Summary	56
Appraiser's Certification	57

ADDENDA

CFD Boundary Map for City of Lake Elsinore CFD No. 2007-4
Tract Map 33486
Discounted Cash Flow Analysis
Residential Land Sales Map and Summary Chart
Improved Residential Sales Map and Summary Chart
Appraiser's Qualifications

ASSUMPTIONS AND LIMITING CONDITIONS

1. This report is an Appraisal Report that is intended to comply with the reporting requirements set forth under Standard Rule 2 of the Uniform Standards of Professional Appraisal Practice. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised subject to the special tax lien of Lake Elsinore CFD No. 2007-4.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable, however, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material used in this report are included only to assist the reader in visualizing the property and may not be to scale.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures that would render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
11. Any sketch included in this report may show approximate dimensions and is included only to assist the reader in visualizing the properties. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee regarding accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.

12. It is assumed that the utilization of the land and improvements are within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert relating to asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials that may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. Proposed improvements, if any, are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
15. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings, if any, must not be used in conjunction with any other appraisal and are invalid if so used.
16. The Americans with Disabilities Act ("ADA") became effective on January 26, 1992. The appraiser has made no specific compliance survey and analysis of the property to determine whether they conform to the various detailed requirements of the ADA, nor is the appraiser a qualified expert regarding the requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect upon the value of the property. Since the appraiser has no direct evidence relating to this issue, a possible noncompliance with requirements of the ADA in estimating the value has not been considered.
17. It is assumed there are no environmental concerns that would slow or thwart development of the subject property and that the soils are adequate to support the highest and best use conclusion.
18. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper qualification and only in its entirety. Permission is given for this appraisal to be published as a part of the Official Statement or similar document in association with the Lake Elsinore CFD No. 2007-4 Special Tax Bonds.

HYPOTHETICAL CONDITION

1. It is assumed that all improvements and benefits to the subject properties, which are to be funded by the Lake Elsinore CFD No. 2007-4 Special Tax Bond proceeds, are completed and in place.

EXTRAORDINARY ASSUMPTION

1. It is an extraordinary assumption of this report that the remaining development costs and fees are true and correct. We have received a listing of the remaining land development costs and development fees for the subject property provided by D.R. Horton. We have reviewed these costs and they appear reasonable, however, we are not experts in the cost estimating field and are relying on these costs in the valuation. If actual remaining costs differ, it may change the D.R. Horton owned value conclusion.



PURPOSE OF THE APPRAISAL

The purpose of this appraisal report is to estimate the value of the fee simple interest of the subject property, subject to the special tax lien of the Lake Elsinore CFD No. 2007-4 Special Tax Bonds.

THE SUBJECT PROPERTY

The subject property consists of 81 proposed single-family homes within Tract Map 33486. There are 46 homes completed and closed to individuals, 2 models (none in escrow), 16 homes over 95 percent complete (14 in escrow), six homes under construction (one in escrow) and 11 remaining finished lots (none in escrow). Sales began in the subject property in October 2017 with 61 sales to date (including 46 closed homes). Below shows a summary of each neighborhood and the status of each lot.

Description	No. Lots	Ownership	Condition/Status
<u>McKenna Pointe</u>			
Lots: 1-4, 7-18, 21, 49-68, 71-72, 75-81	46	Individuals	Complete Houses / Closed
Lots: 37-38	2	D.R. Horton	Model Homes (0 in escrow)
Lots: 5-6, 19-20, 22-29, 69-70, 73-74	16	D.R. Horton	Homes over 95% complete (14 in escrow)
Lots 30-31 and 45-48	6	D.R. Horton	Homes U/C (1 in escrow)
Lots: 32-36, 39-44	11	D.R. Horton	Finished Lots (0 in escrow)
<u>Total McKenna Pointe</u>	<u>81</u>		

INTENDED USE OF THE REPORT

It is the appraiser's understanding that the client, the City of Lake Elsinore, will utilize this report in disclosure documents associated with selling bonds for Lake Elsinore CFD No. 2007-4 and that this report is to be included in the Official Statement or similar document to be distributed in connection with the offering of the bonds. It is the appraiser's understanding that there are no other intended uses of this report.

DEFINITIONS

Market Value

The term "Market Value" as used in this report is defined as:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, 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:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. 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."¹

Inherent in the Market Value definition is exposure time or the time the property would have had to have been exposed on the open market prior to the appraisal in order to sell at the concluded values. In the case at hand and considering current market conditions the exposure time for the developer owned property in its entirety or for an individually owned home is under twelve months.

Minimum Market Value

The term "Minimum Market Value" as used in this report is defined as:

"The base market value of a home. That is, most buyers purchase some upgrades, options and/or lot premiums when purchasing a new home. The sales price for the new home typically includes the base price for the plan, plus any upgrades, options or lot premiums, less concessions, if any, which were given or paid for by the builder. The concluded minimum market value is for the base value of the plan only, not taking into consideration any upgrades, options or premiums."

¹ The Appraisal of Real Estate, 13th Edition

Mass Appraisal

The term “Mass Appraisal” as used in this report is defined as:

“The process of valuing a universe of properties as of a given date using standard methodology employing common data and allowing for statistical testing”²

In the case at hand, the statistical testing included reviewing all original builder sales, reviewing the Multiple Listing Service for re-sales and current escrows (if any) and determining the actual range of sales and escrow prices for each plan type which is utilized in the valuation process.

Hypothetical Condition

The Term “Hypothetical Condition” is defined by USPAP as:

“That which is contrary to what exists but is supposed for the purpose of the analysis”

The Hypothetical Condition within this report is that subject property is enhanced by the improvements and/or fee credits to be funded by bonds issued by Lake Elsinore CFD No. 2007-4.

Extraordinary Assumptions

The term “extraordinary assumption” is defined by USPAP as:

“An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusion”

The extraordinary assumption in this report is that the reported remaining costs as received from the developer are true and accurate. We have reviewed the costs and they appear reasonable, however, we are not experts in the field of cost estimating. It should be noted that these costs were relied upon in the valuation of the subject property.

² USPAP 2016-2017 Edition

PROPERTY RIGHTS APPRAISED

The property rights being appraised are of a fee simple interest, subject to easements of record and Lake Elsinore CFD No. 2007-4. The definition of “fee simple estate” is defined by USPAP as:

“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.”

EFFECTIVE DATE OF VALUE

The subject property is valued as of August 15, 2018.

DATE OF REPORT

The date of this report is September 28, 2018.

SCOPE OF APPRAISAL

As previously stated, the purpose of this appraisal is to report the appraiser's best estimate of the market value for the subject properties. This appraisal will be presented in the following format:

- County of Riverside Description
- City of Lake Elsinore Description
- Immediate Surroundings Description
- Brief Description of Lake Elsinore CFD No. 2007-4
- Subject Property Description
- Riverside County Housing Market Discussion
- Highest and Best Use Analysis
- Valuation Procedure, Analysis and Conclusions
- Appraisal Report Summary

The subject property consists of 81 proposed single family detached homes. There are 46 homes completed and closed to individuals, 2 models (none in escrow), 16 homes over 95 percent complete (14 in escrow), six homes under construction (one in escrow) and 11 remaining finished lots (none in escrow). Closings began in the subject property in January 2018 with 61 sales to date (including 46 closed homes).

In valuing the subject property, the value estimates will be based upon the highest and best use conclusion using the Sales Comparison Approach. The Sales Comparison Approach to value is defined as:

“...a set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales is available.”³

In the Sales Comparison Approach, market value is estimated by comparing properties similar to the subject property that have recently been sold, are listed for sale, or are under contract. Neither a cost or income approach was utilized as they were not considered necessary to arrive at credible results.

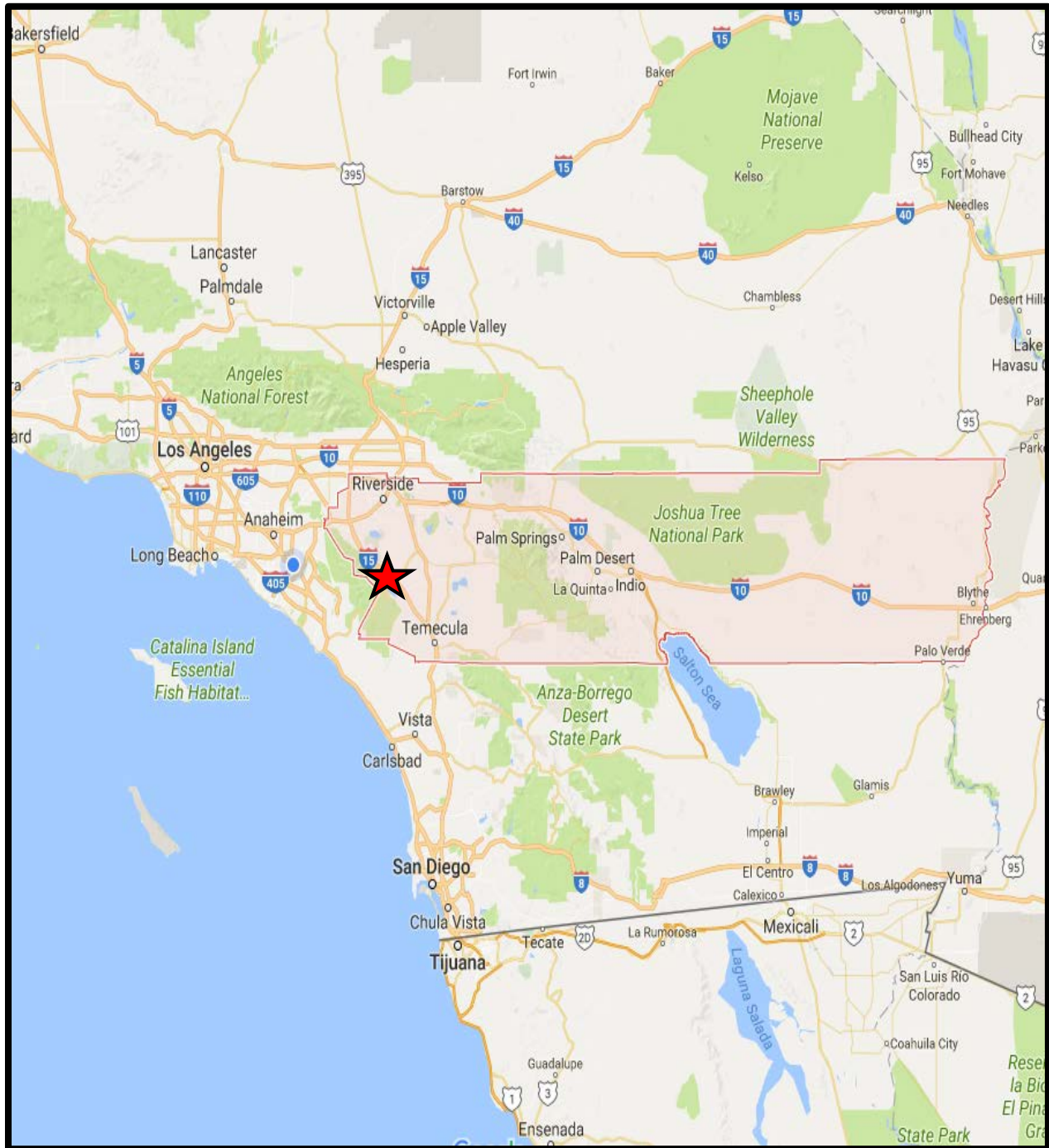
The due diligence of this appraisal assignment included the following:

1. Compiled demographic information and related that data to the subject properties to perform a feasibility/demand analysis.
2. Gathered and analyzed information on the subject marketplace, reviewed several real estate brokerage publications on historical and projected growth in the subject market and researched the micro and macroeconomics within Riverside County and the Lake Elsinore area.
3. Inspected the subject property between July 15, 2018 and August 15, 2018.
4. Had the property flown for an aerial photograph on July 29, 2018.
5. Interviewed representatives from the builder to obtain available information on the subject property.
6. Reviewed a Preliminary Title Report on the subject property.
7. Reviewed a Soils Report on the property.
8. Searched the area for relevant comparable new home residential projects, including sales prices and concessions and interviewed representatives from each comparable neighborhood.

³Dictionary of Real Estate Appraisal, 4th Edition, 2002

9. Reviewed the market area for relevant comparable residential land sales and interviewed buyers, sellers or a broker representative, when available, regarding the sales.
10. Reviewed sales brochures and sales information on the subject neighborhood.
11. Reviewed actual developer sales information on all closed homes and current escrows.
12. Reviewed Multiple Listing Service ("MLS") information on re-sales and current listings of existing homes within Lake Elsinore CFD No. 2007-4.
13. Inspected the subject property for any for-sale or property listing signs that may not be listed on the MLS yet.

Riverside County Regional Area Map
(Red Star is approximate subject location)



COUNTY OF RIVERSIDE AREA DESCRIPTION

Location

The subject property is located in the southern portion of Riverside County (the "County") in the northwestern portion of the City of Lake Elsinore, on the northwest side of Machado Street, southwest of Interstate 15 and northwest of Highway 74. The County encompasses approximately 7,300 square miles, which includes large expanses of undeveloped deserts, valleys, canyons and mountains. The County is the major recipient of outward urban pressure from Orange and Los Angeles Counties as well as northerly growth from San Diego County. Although located at the periphery of most urban activity in Southern California, Riverside County, in particular the south and westerly region, is clearly perceived by most observers as a major growth area well into the foreseeable future. Because of mountain ranges limiting road access into Los Angeles and Orange Counties, Riverside and San Bernardino Counties belong to the same Metropolitan Statistical Area ("MSA"). This MSA is designated as (and commonly referred to as) the Inland Empire.

Transportation

The subject property is situated 1.65 miles southwest of I-15 from the Nichols Road on/off ramps to I-15 or about three miles southeast of the Lake Street on/off ramps. I-15 travels in a northerly/southerly direction and provides access to Barstow and Nevada to the north and San Diego to the south. Highway 74 is approximately three-quarters of a mile southeast and provides access to the west into Orange County on what is also known as Ortega Highway. Interstate 215 is approximately twelve miles east, travels in a northerly/southerly direction within the County, branching off from I-15 and heading generally north where it parallels I-15 to the east and merges back into I-15 approximately 37 miles north of the subject in San Bernardino County. In addition, the 60 Freeway runs in an east west direction approximately 22 miles north of the subject providing access into Los Angeles County to the west and merges with Interstate 10 to the east which provides access across California.

The County is served by Amtrak and Metrolink as well as several rail freight lines. The Ontario International Airport provides regional air service and is located approximately 30 miles north of the subject property while Orange County Airport is located about 28 miles west and San Diego International Airport is located about 65 miles south. In addition, the County has extensive trucking corridors along the previously referred to interstates, highways and state freeways.

Population

The County has experienced population growth for several decades and is anticipated to continue to do so in the foreseeable future. Per the California Department of Finance, the January 1, 2018 County population was 2.415 million. This represents a one-year increase of 1.4 percent. This compares to an average annual growth rate over the past eight years of 1.24 percent and an average annual growth rate of approximately 2.5 percent for the previous eighteen-year period. Current State projections for Riverside County suggest the population is anticipated to reach approximately 2.857 million by 2030, indicating an average annual increase of 1.4 percent for the next twelve years. The current growth of 1.4 percent is higher than the previous eight-year annual average of 1.24 percent, however lower than the previous 18 years average (2.5 percent) likely due to the Great Recession. The future growth is predicted assuming a more stable market than was seen prior to the Great Recession.

Economy

As with the rest of the nation, the Inland Empire experienced a strong multi-year recession, now known as the Great Recession, between 2007 and mid-2012. The MSA, which had strong employment over the ten previous years saw unemployment rates increase significantly between 2007 and 2010. Unemployment has declined substantially since that time and has been near all-time lows for the past three years. The seasonally adjusted unemployment rate for the MSA was estimated at 4.7 percent (per the June 2018 Employment Development Department). This compares to the July 2010 MSA unemployment rate of 15.1 percent at the height of the Great Recession. As of June 2018, Riverside County had a 4.8 percent unemployment rate while San Bernardino County had a 4.6 percent rate. The current MSA unemployment rate of 4.7 percent is similar to

the California statewide unemployment rate of 4.5 percent and slightly higher than the June 2018 National unemployment rate of 4.2 percent. Below is a table comparing Riverside County's unemployment rate to the unemployment rates of the surrounding counties.

<u>Jurisdiction</u>	<u>As of</u>	<u>Unemployment Rate</u>
Los Angeles County	6/18	4.5%
Riverside County	6/18	4.8%
San Bernardino County	6/18	4.6%
Orange County	6/18	3.3%
San Diego County	6/18	3.7%

Source: State of California E.D.D.

Over the past 20 years, the Riverside County economy has had significant cycles with home prices almost doubling from 1995 to 2005, then falling by over 50 percent during the Great Recession taking prices back to 2002 levels. Home values appeared to hit bottom in 2009 then remained essentially flat for two to three years with the majority of the Riverside County housing market seeing an improvement beginning in mid-2012 with significant growth in sales and pricing since that time bringing prices back up to or near their previous peak in most parts of Southern California.

The Federal Government attempted to correct the struggling economy during the Great Recession by implementing several economic stimulus packages. The longest stimulus resulted from the Federal Reserve Board ("Board") keeping interest rates below historical averages dropping rates to near zero in December 2008 until December 2015 when the economy was deemed strong enough to begin raising interest rates. Since 2016 they have been slowly increasing the Federal Funds Rate with a quarter percent rate hike in both 2015 and 2016, a three-quarter percent increase in 2017, and two one-quarter percent increases thus far in 2018 bringing the current Rate to 2.0 percent. According to the most recent Federal Open Market Committee meeting they anticipate raising rates two additional times in 2018 for a total of four one-quarter percent hikes. The rate increases are in response to inflation being below the Fed's target of two percent and the Country's low unemployment rate, the lowest in the past 18 years.

The University of California, Riverside is now reporting an Inland Empire Business Activity Index which draws on employment and other data which shows the region's business activity expanding 2.2 percent in the first quarter of 2018 compared to a 2.3 percent expansion over the same time period in the nation. When comparing the past year however, the Inland Empire has outperformed the nation with business activity growing by 3.8 percent compared to the U.S. GDP growing at 2.9 percent. The University's report states the Inland Empire is the fastest growing job market in all of Southern California with job gains in every sector. They are predicting business activity to expand between 2.5 and 3.5 percent in 2018; however, they do anticipate that eventually growth will be constrained due to labor shortages driven by the state's high cost of living.

According to the most recent UCLA Anderson Forecast (*June 13, 2018*), the overall economy appears to be growing at a steady pace, but there are potential threats that could affect both the U.S. and California's economies. These threats include the risk of trade war, the potential for withdrawal from NAFTA along with more global issues such as Italian politics and how it will affect the Euro and the recent Mexican elections. The Forecast notes that the era of ultra-low interest rates has now passed and the national economy is at full employment. While real GDP growth is anticipated to reach three percent for the remainder of 2018, they predict it will dip to two percent in 2019 and one percent in 2020. This dip is due to the current strong job growth which averaged 200,000 jobs per month in 2017 for the nation however, this growth is not sustainable in a full-employment economy. A fully employed economy has difficulty growing without substantial increases in productivity. Coupled with the full employment is an increasing federal budget deficit, a result of the U.S. consuming more than it produces and needing to borrow to fund the increasing federal budget deficit. This is a direct consequence of a very low national savings rate. Business investment in 2018 and 2019 is predicted to increase and continue driving the economy due to the reduction in corporate tax rates. The National Forecast states that housing activity has been the great disappointment of the economic recovery and expansion that began in 2009. While housing starts have more than doubled since their lows of 2009-2011, they remain below the long-term average and nowhere near the earlier boom periods.

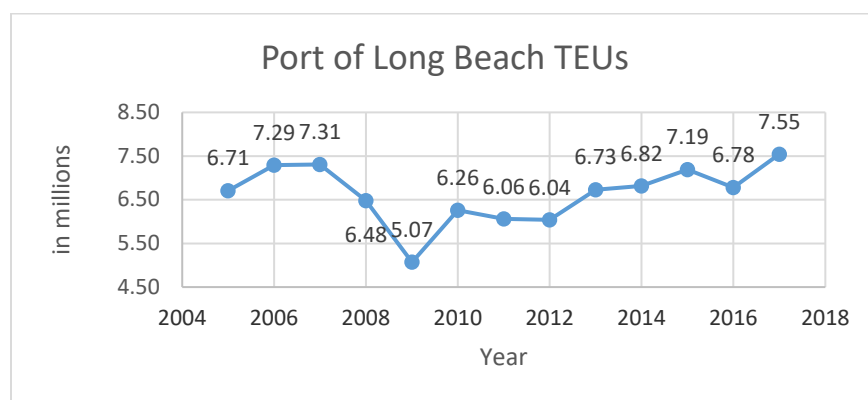
The UCLA Forecast for California, written by Senior Analyst Jerry Nickelsburg, states California employment hit another record high in April 2018. It is anticipated that California's average unemployment rate will remain higher than the U.S. rate and be at 4.3 percent in 2020 (currently at 4.2 percent) due to a younger and more entrepreneurial workforce. Personal income in California is anticipated to grow at 2.5 percent in 2018, 3.6 percent in 2019 and 2.9 percent in 2020. Affordable housing in the State is now the subject of considerable discussion. There are complex ties among the state's employment growth, the attractiveness of California and the building, zoning and environmental restrictions affecting housing supply. The California Forecast calls for a continued rise in housing prices; however, the impact on economic growth is not as great as one would expect.

According to John Husing's Inland Empire Economic Partnership's Quarterly Economic Report dated July 2018, the Inland Empire's forecast is being driven by national forces. The President's use of tariffs to impact international trade raises the possibility of significant local economic disruptions. The Inland Empire's employment is heavily dependent on handling imported goods through its logistics sector which has added 84,193 new jobs between 2011- 2018 (based on current estimates for 2018). This powerful local job growth could be adversely affected if trade wars ensue. The Inland Empire is on track to add 50,728 jobs in 2018, an increase of 3.5 percent. This will mark the sixth year in a row that local employment will have increased by over 45,000 annually. This brings the total number of jobs to 16.1 percent above the pre-recession high in 2007 of 1,306,342 or to 1,516,744. The Great Recession cost the Inland Empire 140,650 jobs between 2008 and 2010 but the gain between 2011 to 2018 has been more than double the loss, up 351,052. The logistics industry (wholesale trade, trucking and warehousing) has been the primary driver of the inland economy in recent years. The fact e-commerce continues to expand at a 15-16 percent compounded annual rate throughout 2010 – 2018 has forced retailers to begin aggressively embracing and staffing large, regional fulfillment centers. The Inland Empire's location and access from the Port of Long Beach along with land availability has made it the top area in Southern California for building fulfillment centers which typically cover over one-million square feet. The growth in 2018 is predicted

to be down slightly due to the difficulty in finding entitled sites for new buildings rather than a slow-down in demand.

One of the main reasons the MSA was been slow to pull out of the recession relates to housing. Both Riverside and San Bernardino Counties saw a considerably steeper rise and then subsequent fall of housing prices than almost anywhere else in the State. Inland Empire median existing housing prices went from \$388,000 at the peak of the market in 2006 to \$155,100 in 2009. The June 2018 MSA median price is \$360,000 per the California Association of Realtors, still below the previous peak. Foreclosures and short sales, which constituted a large number of housing sales from 2009 through 2013, have decreased significantly to the point where they are no longer affecting prices.

As a final indicator of overall economic activity for the region we have reviewed the rise or fall of TEUs (Twenty-foot Equivalent Units – i.e., containers) being processed in the local ports. This is especially important for the inland communities as it represents much of the growth in development of West Coast distribution centers and warehouses linked to supply-chain nodes in the Pacific Rim. The chart below shows TEU activity at the Port of Long Beach. The activity resulted in a flattening of TEUs during 2006 and 2007, decreases occurring in 2008 and 2009, and an increase in 2010 followed by stabilization until 2013. Generally, there has been increases with the exception of a slight dip in 2016 with 2017 hitting an all-time high. Current estimates are for 2018 to show a 14 percent growth over 2017 which is a significant increase.



Government

The County is overseen by a Board of Supervisors as the governing body of the County, certain County special districts and the County Housing Authority. The Board enacts ordinances and resolutions, adopts the annual budget, approves contracts and appropriates funds, determines land use zoning for unincorporated areas and appoints certain County officers and members of various boards and commissions. The Board of Supervisors are elected from five different districts within the County.

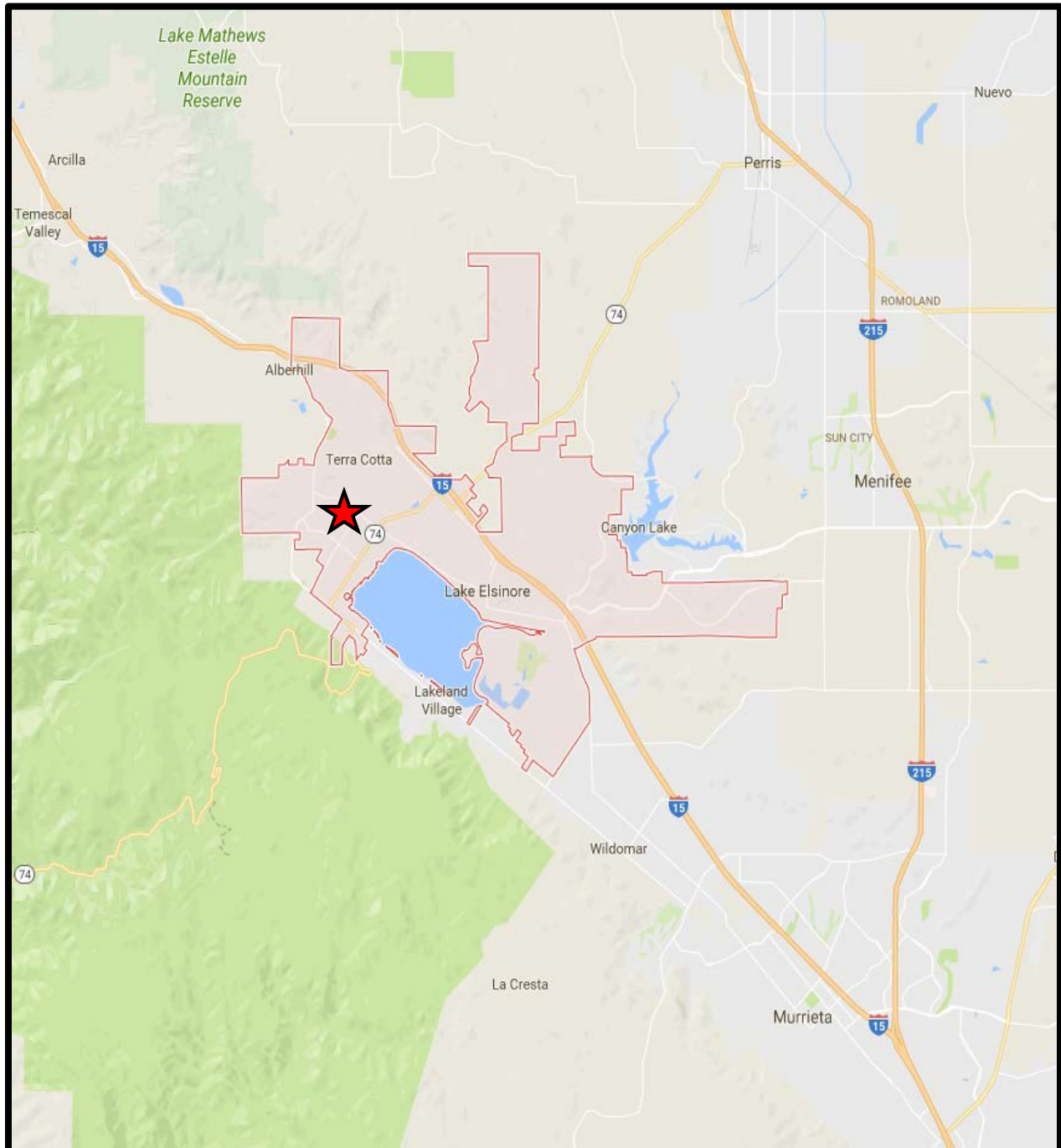
Education

The subject area is served by the Lake Elsinore Unified School District, which operates eleven elementary schools, two K-8 schools, four middle schools, three high schools, one continuation school, one adult school and one alternative school. Higher education is available within an hour's drive at the University of California campuses at Riverside and Irvine or California State University campuses in San Bernardino, San Marcos, Fullerton and Pomona along with several additional private colleges. The closest community college is Mt. San Jacinto College.

Conclusion

Population in the County has increased over the past 30 years with predictions for continued population growth. The nation's economy is showing strong growth with the Inland Empire's job growth leading the state and out-performing the nation. After the Great Recession, the Inland Empire's housing market saw a resurgence beginning the second half of 2012 with prices increasing since that time. The past two years has seen the Inland Empire's real estate market gain strength in both sales and strong price appreciation. The economy typically has cycles and most signs are suggesting the U.S. economy is on an upswing along with the Inland Empire. However, unlike previous recovering economies, housing growth has been slower to comeback in the Inland Empire area. In conclusion, the County is expected to continue to grow in population due to its Southern California location, the availability of land and the relatively lower land prices in comparison to adjacent Orange, Los Angeles and San Diego Counties.

Lake Elsinore Area Map
(Red Star is approximate subject location)



CITY OF LAKE ELSINORE DESCRIPTION

The subject property is located in the northwesterly portion of the City of Lake Elsinore ("City"). Lake Elsinore is approximately half way between the cities of Los Angeles and San Diego, about 25 miles east of the Pacific Ocean. Downtown Riverside, which houses the County seat, is approximately 20 miles north. The City is situated along I-15 at the intersection of State Route 74 and encompasses an estimated 41 square miles. It is generally surrounded by unincorporated County lands to the north and east, the City of Wildomar to the south and the Ortega Mountains and the Cleveland National Forest to the west.

History

The Luiseno Native Americans are the earliest known inhabitants of the Elsinore Valley prior to when settlers came in the early 1800s due to the natural springs which were said to have healing qualities. In the 1850s, the area housed a stagecoach stop for the Butterfield Overland Mail route between the Temecula station (20 miles south) and the Temescal Station (10 miles north). The rich and fertile farm lands and natural resources of clay, coal, sand and gravel within the Elsinore Valley kept people in the area. At incorporation in 1888 the City was originally in San Diego County however became part of Riverside County upon its creation in 1893. The City was named Elsinore after a city in Denmark which is featured in the Shakespeare play, Hamlet. In the 1920s and 1930s, the area became a Hollywood getaway with many stars building homes in the hills surrounding the Lake.

Lake Elsinore (the "Lake") was originally known as Laguna Grande and is the largest natural lake in Southern California. The Lake is situated at the lowest point within the 750-mile San Jacinto River watershed with headwaters from the western slopes of San Jacinto Peak and Lake Hemet. Lake Elsinore levels are at 1,244 feet above sea level with a volume of 30,000-acre feet that use to change substantially prior to federal grants to prevent the flooding and ebbing of the lake. The largest flooding came in the 1930s when the Lake rose from 8,000-acre feet to 92,000-acre feet. In 1951, the Lake dried up and remained dry for about 10 years. In 1981 and 1983, the El Nino rains again flooded the

area and in 1984 the City was successful in obtaining Federal grants for the major project to regulate the Lake and end the cycle of flooding and drying. Now at 1,255 feet, the Lake spills into the outflow channel known as the Temescal Wash, flowing northwest along I-15 to Temescal Creek which dumps into the Santa Ana River near the city of Corona and flows to Orange County and out into the Pacific Ocean.

Population

The City had enjoyed rapid population growth in the mid-2000's, which altered the appearance of the City from a small lakeside town of 3,800 people in 1976, to a bedroom community of upper middle-class professionals. From 2000 to 2008 the City was known as the 12th fastest growing city in the State going from 28,928 residents in 2000 to 51,821 residents in 2010 which suggests an average annual increase of 6.0 percent. Between 2010 and 2018 the city increased to 63,365 residents (average annual increase of 2.54 percent), however the past year's growth rate was 1.4 percent, similar to the growth of the County. The continued growth in the City is due to the more affordable housing with convenient access along the I-15 corridor providing access to the employment centers in Riverside, Orange, Los Angeles and San Diego Counties. The population has a very diverse racial make-up with the median age estimated at 30.7 years old.

There are three master planned communities currently selling homes in the City: Summerly, Alberhill Ranch and Canyon Hills. Summerly consists of a total of 700 acres and is proposed for about 1,500 residential units and is approximately 50 percent complete. Alberhill Ranch is currently proposed for around 1,000 residential units and is about 30 percent built-out. Canyon Hills is proposed for approximately 4,300 residential units and is approximately 95 percent built out.

Economy

The City of Lake Elsinore has enjoyed industrial and commercial development along the I-15 Corridor including the Lake Elsinore Outlet Center which was opened in the 1990s as one of the first Outlet Malls in Southern California. The City has been promoting its economic platform by becoming more business friendly. The 2016 estimated median household income (most recent data per Census.gov) is \$63,306 as compared to \$57,972

for the County and \$63,783 for the State. Per the City of Lake Elsinore's 2017 Comprehensive Annual Financial Report, the top employers were as reported below.

Summary of Major Employers

<u>Employer</u>	<u>No. of Employees</u>
Lake Elsinore Unified School District	2,644
M & M Framing	500
Stater Bros (3 locations)	319
Lake Elsinore Hotel & Casino	275
Costco	259
Walmart	234
Riverside County (Dept. of Social Services)	173
EVMWD	154
Home Depot	150
Target	150

Entertainment

While the area was a get-away from the movie industry in the 1920s, the area also began emerging as an entertainment/sports area when it hosted Olympic teams for training along with high speed boat racing on the Lake. In 1964 the Skylark Airport (located approximately six miles southeast of the subject) emerged as a world class skydiving drop zone due to the thermals from the surrounding mountains. This is still one of the most prominent drop zones in Southern California. The Lake Elsinore Motorsports Park for off-road racing is located less than six miles southeast of the subject lands. In 1991, the Lake Elsinore Outlet Center opened boasting 100 outlets while in 1994 Diamond Stadium was constructed which is the home of the Lake Elsinore Storm, an affiliate of minor league baseball. Diamond Stadium is located about five miles southeast of the subject, adjacent to the master planned community of Summerly.

Transportation

Interstate 15 is the major access for the City with State Route 91 approximately 15 miles north and I-215 about 12 miles east. I-15 provides access to State borders to the north in Nevada and to the south where it merges with I-5 before going into Mexico. State Route 91 (16 miles north on I-15) provides freeway access into Orange and Los Angeles Counties to the west and to San Bernardino County to the east. I-215 provides northerly

access connecting to State Route 60 which provides access to the west into Los Angeles and to the east where it merges with I-10 and provides access to the State border with Arizona. The nearest freeway intersection to the subject property is the Nichols Road exit (less than two miles northeast), however the more direct route from I-15 is via Lake Street. The closest highway to the subject is State Route 74, which is a winding road through the Ortega Mountains (also known as Ortega Highway west of Lake Elsinore) that provides a more direct access into South Orange County. State Route 74 is located one-half mile south of the subject.

Conclusion

In summary, the City of Lake Elsinore has experienced above average growth over the past 18 years. Future growth of the City should continue at a similar rate than what has previously occurred. Lake Elsinore's housing market is currently healthy and the subject's community of McKenna Pointe is being well received in the marketplace at this time. The City's abundant recreation, expanding employment opportunities, location, reasonable land prices and the availability of land for development combine to make the City a prime area for future growth.

IMMEDIATE SURROUNDINGS

The subject property consists of McKenna Pointe by D.R. Horton whose borders are the same as City of Lake Elsinore CFD No. 2007-4. Access into the community is considered to be good via I-15, exit Nichols Road, west about 1.5 miles to Lake Street, south on Lake Street a little over a mile to Lake Shore Drive, southeast on Lake Shore Drive one mile to Machado Street and southwest on Machado to Audrey Drive, the entrance to McKenna Pointe. Additional access is via I-15, exit Lake Avenue, south approximately two and one-half miles to Lake Shore Drive, southeast one mile to Machado Street and southwest to McKenna Pointe. McKenna Pointe is adjacent to existing residential homes to the north and west. The southern corner of the community abuts the New Song Christian Community Church, and the northeastern corner abuts larger, more rural residential lots and Machado Storage. Bordering the southeast of the community is Machado Street, beyond which are additional existing residential homes. Slightly south of McKenna Pointe and across Machado Street is Machado Park, which includes two tennis courts, a playground, BBQ areas and grassy areas. The park is adjacent to Machado Elementary school.

While the immediate surroundings are primarily existing residential, there is shopping less than a mile from the subject. The closest retail center is on the corner of Machado Street and Lakeshore Drive, only 1,000 feet from the subject. This smaller retail center is anchored by a Rite Aid. However, continuing down Lakeshore another 2,000 feet leads to a much larger retail center with a Stater Brothers Market, Albertsons, Domino's Pizza, Chevron gas station and more.

The Lake lies one mile southeast of the subject property. Lake Elsinore is the largest natural lake in Southern California and offers several activities including boating, swimming, water skiing, fishing along with an RV Park and Marina.

CITY OF LAKE ELSINORE CFD NO. 2007-4 (McKenna Court)

On August 28, 2007 the City Council of the City of Lake Elsinore ("Council") adopted Resolution No. 2007-156 stating its intention to form City of Lake Elsinore Community Facilities District No. 2007-4. At that time the Council also adopted Resolution No. 2007-157 stating its intention to incur bonded indebtedness within the District in the amount not to exceed \$4,000,000 to finance the facilities and improvements associated with CFD 2007-4. In addition, pursuant to Resolution No. 2007-156 the Council stated its intention to finance parks, open space and storm drain maintenance services (Services) within the District through the levy of a services special tax in accordance with the Rate and Method. On October 9, 2007 a public hearing was conducted by the Council and Resolution Nos. 2007-177 (Resolution of Formation) and 2007-178 (Resolution to Incur Bonded Indebtedness) were adopted along with Resolution No. 2007-179 which declared the results of the special election and directed the recording of a Notice of Special Tax Lien within CFD No. 2007-4. Subsequent to the formation of the District, the District received a petition signed by the owner of the property within the District requesting that the District (1) approve a new Rate and Method of apportionment for CFD No. 2007-4; (2) increase the amount of bonded indebtedness authorized to be incurred by the District from \$4,000,000 to \$6,000,000 to finance the improvements and incidental expenses and (3) include the services authorized to be provided by the District. On July 25, 2017 the Council approved the Second Amended and Restated Rate and Method for CFD No. 2007-4. During formation CFD No. 2007-4 was named (McKenna Court) however the builder, D.R. Horton named the community McKenna Pointe.

We have reviewed the Community Facilities District Report for the City of Lake Elsinore 2007-4 ("District"), prepared by Harris & Associates and dated September 27, 2007 ("CFD Report"). Per the CFD Report the CFD was formed to finance the acquisition and/or construction of road improvements, City improvements, City fees, fees of the Elsinore Valley Municipal Water District, and fees of the Lake Elsinore Unified School District. The Second Change Proceedings Amendment states the subject is proposed for 81 single family detached residential units and encompasses 20.63 gross acres of which 15.82 acres were expected to be developed for residential uses. According to the CFD Report

the proposed facilities for CFD No. 2007-4 in more detail include all or a portion of design, construction, indirect costs and administration relating to the following improvements associated with Tract Map 33486: Storm Drain Improvements, Traffic Signal Improvements, and Street Improvements along with City capital improvement fees imposed pursuant to City fee programs, fees of the Elsinore Valley Municipal Water District, and fees of the Lake Elsinore Unified School District. In addition to the improvements above, the CFD is anticipated to cover the on-going costs for maintenance of the public parks, open space and storm drain improvements (Services).

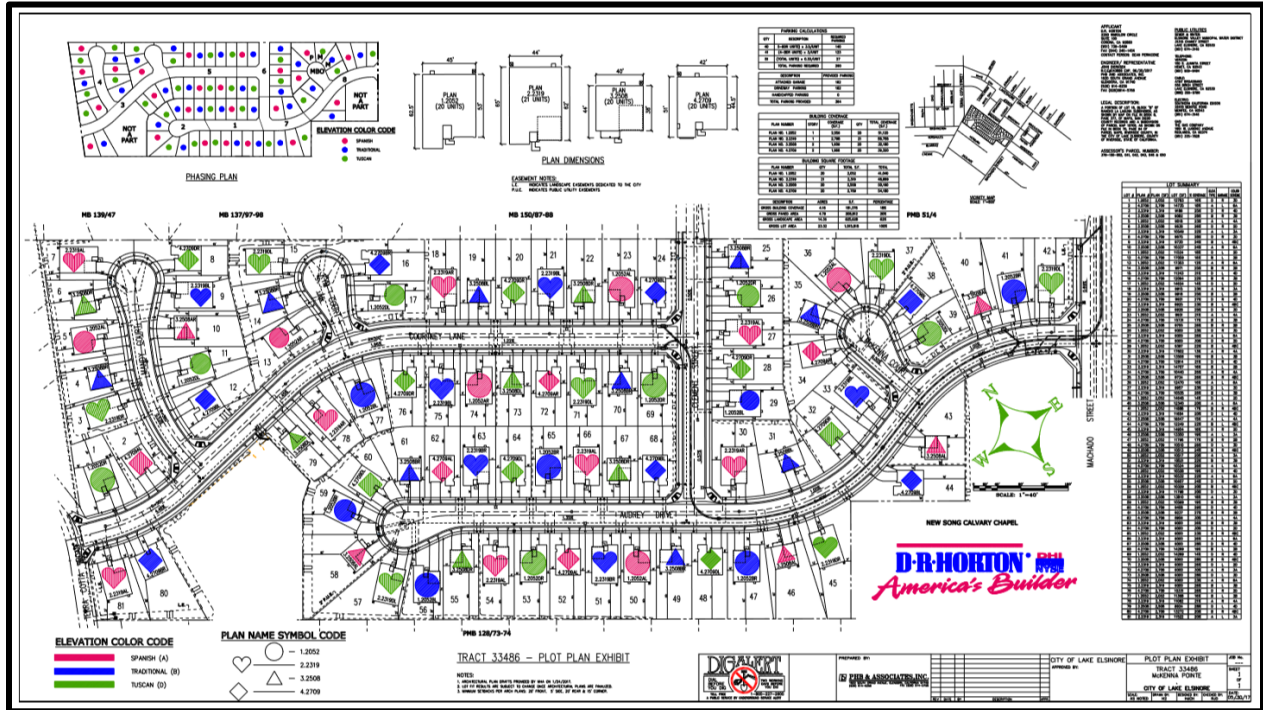
Per the latest Authorized Facilities List the estimated fee amount (all may not be covered by Lake Elsinore CFD No. 2007-4) are as follows:

City of Lake Elsinore Impact Fees	\$ 587,892
Elsinore Valley MWD Fees	\$1,527,568
Deposit for CFD	<u>\$ 35,000</u>
Total Authorized Facilities	\$2,150,460

The current estimated proceeds to be generated from the sale of the Lake Elsinore CFD No. 2007-4 Bonds per the latest CFD Bond Sizing (dated September 19, 2018), the Construction Proceeds include \$2,150,460 for City of Lake Elsinore Impact Fees and Elsinore Valley Municipal Water District Fees, along with incidental expenses of \$440,250 (including a Debt Service Reserve Fund, Costs of Issuance and a Contingency) for a total Bond Amount of \$2,590,710 (all amounts are subject to change). A copy of the Lake Elsinore CFD No. 2007-4 boundary map is located in the Addenda for your review.

SUBJECT PROPERTY DESCRIPTION

The subject property consists of 81 proposed single-family homes, constituting McKenna Pointe and being developed by D.R. Horton. The property is shown on the map and described below.



Location: Northwest side of Machado Street at Audrey Drive, City of Lake Elsinore, Riverside County.

Legal Property Description: Lots 1-81 of Tract Map 33486 in the City of Lake Elsinore, County of Riverside, State of California.

Property Owner: Western Pacific Housing Inc, (related entity to D.R. Horton) as to Lots 5-6, 19-20, 22-48, 69-70 and 73-74 of Tract 33486; and, Individual Owners as to Lots 1-4, 7-18, 21, 49-68, 71-72, 75-81 of Tract 33486.

Assessors Parcel Nos.: 379-151-001 through -018, 379-150-053 through -058, 379-500-001 through -024, 379-501-001 through -033

On the following page are the Assessor's Parcel Maps showing the subject property.



Property Taxes:

The Riverside County Assessor's rolls are closed at this time. We have reviewed a sample tax bill for 2017/2018 on Assessor Parcel Number 379-151-014 (2,709 square foot model home). The total taxes for the 2018/19 year are projected to be \$6,879.64 which includes \$2,376.60 for Lake Elsinore CFD 2007-4 facilities; \$318.60 for Lake Elsinore CFD 2007-4 services (the subject CFD) and \$740.88 for Lake Elsinore CFD 2015-1 (safety services). The total taxes result in a 2.14 overall tax rate, however this is on assessed value. Based on our concluded minimum market value for this plan (\$406,350) the overall taxes result in a 1.69 percent tax rate. It appears there may be a supplemental tax invoice associated with this house.

**Three-Year
Sales History:**

Western Pacific Housing, Inc., a Delaware Corporation (a related entity to D.R. Horton) purchased the subject property on April 13, 2017 for \$5,700,000 per public record. D.R. Horton began selling houses to individual homebuyers in October 2017 and closing homes in January 2018. Forty-six homes have closed to individuals between January 10, 2018 and August 15, 2018.

Size and Shape:

McKenna Pointe is irregular in shape and contains 21.55 acres per recorded Tract Map 33486. Per the Second Change Proceedings Amendment the acreage is estimated at 20.63 gross acres with 15.82 acres being next taxable acres. The difference in the gross acres per the Amendment and the Tract Map acreage appears to be setback area within the surrounding streets.

Zoning:

LDR (Low Density Residential) per the City of Lake Elsinore's Lakeview District Land Use Map. Per the Zoning Map, the subject is zoned LMDR (Low Medium Density Residential) which allows for a single residence with a minimum lot size of 7,200 square feet per the Current Zoning documents.

Entitlements:

The subject property is covered by Tract Map 33486 which was recorded on July 20, 2017. This divided the subject into 81 single family detached lots with a minimum lot size of 7,200 square feet. A copy of Tract Map 33486 is included in the addenda of this report.

Topography:

The original topography appears to have been relatively flat, and the subject property is at street level of the surrounding streets. The lands have been developed into single family detached lots. Drainage appears to be going in to an engineered storm drain system within the existing streets.

Soils Review:

We have reviewed a Geotechnical Investigation for McKenna Pointe, Tract 33486 prepared for D.R. Horton Los Angeles Holding Company, Inc. by GeoTek Inc., of Corona which is dated February 3, 2017 (revised June 26, 2017). The report concludes that site development is feasible from a geotechnical perspective, provided that the recommendations presented in this report are incorporated into the design and construction phases of the project.

It is an assumption of this report that the soils are adequate to support the highest and best use conclusion. This is evidenced by City inspectors being on-site throughout development of the site and by existing residences completed on the site.

**Environmental
Review:**

We have not received a Phase I environmental report on Tract 33486. It is an assumption of this report that there are no

Easements and
Encumbrances:

environmental issues which would slow or thwart development of this site.

We have reviewed a Preliminary Title Report covering Tract 33486 prepared by Lawyers Title of Irvine, California and dated August 31, 2017. The exceptions identified in the Title Report are as follows:

Section A – The following exceptions will appear in policies when providing standard coverage as outlined below: Item 1 refers to taxes or assessments that are not shown as existing liens by the records and proceedings by a public agency that may result in taxes or assessments. Item No. 2 pertains to 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. Item No. 3 refers to any easements, liens or encumbrances not shown by public records. Item 4 refers to 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 on public records. Item No. 5 refers to unpatented mining claims, reservation or exceptions in patents or in acts authorizing the issuance thereof, water rights not shown on public records. Item No. 6 refers to any lien or right to a lien for services, labor of material not shown by the public records.

Section B – at the date hereof, exceptions to coverage in addition to Section A would be as follows: Item A refers to property taxes. Item B pertains to the lien of supplemental or escaped assessments of property taxes, if any. Item No. C is in regards to the subject CFD 2007-4. Item No. D is in regards to CFD No. 2015-1 (Lake Elsinore Safety services). Item No. 1 pertains to water rights. Item Nos. 2, 3 and 4 refer to easements for streets and public utilities. Item No. 5 refers to a water rights grant deed that was executed by Western Pacific Housing, Inc. and Elsinore Valley Municipal Water District on June 7, 2017. Item No. 6 states no known matters otherwise appropriate to be shown have been deleted from the report.

It is an assumption of this appraisal report that the subject lands are free and clear of any liens and/or encumbrances other than Lake Elsinore CFD No. 2007-4 and CFD No. 2015-1.

Streets/Access:

Access to the subject project is via I-15 to either Lake Street or Nichols Road from I-15 exits. From Lake Street exit, south to Lakeshore Drive, east to Machado Street, then south to Audrey Drive to turn north into McKenna Pointe. From Nichols Road exit, west to Terra Cotta Road to Lakeshore, south to Machado Street and west to Audrey Drive.

I-15 is a major north/south freeway providing access to international borders both north and south. I-15 is the main access into the City of Lake Elsinore from the north and south.

Lake Street has on/off ramps at I-15 and provides access into the northern portion of Lake Elsinore. It is one of three major freeway exits closest to the Property. (Nichols Road and Highway 74 are the other closest freeway arterials).

Nichols Road provides access to the Outlets at Lake Elsinore (along I-15) and recently was completed west into the Alberhill community and northern portions of the City.

Machado Street is a main street in the northern portion of the City that provides the most direct access to the community via Audrey Drive.

Terra Cotta Road is a connector street between Nichols Road and Lakeshore Drive and also provides access into the community from the back side (the northwestern portion) via Courtney Lane.

Internal streets within the subject include: Courtney Lane, Clement Street, Audrey Drive, Mandy Court, Kym Court, and McKenna Court.

Current Condition: McKenna Pointe has been developed into 81 single family detached lots. The models for the project are located on McKenna Court. There are 46 homes completed and closed to individuals, 18 homes that are over 95% complete (two which are models and 14 which are in escrow), six houses under construction (under 95 percent complete - one in escrow) and 11 remaining finished lots (0 in escrow).

Home Owner Association: There is no homeowners association within McKenna Pointe.

Costs to Complete: The subject lots are in a generally physically finished condition however there are some remaining hard costs which total \$601,629 and some remaining fees which total \$455,424 which still need to be paid resulting in an estimated \$1,057,053 remaining costs to complete the subject property to true finished lots.

There are 35 remaining builder owned lots (both developed and undeveloped) at this time. Dividing the \$1,057,053 into 35 lots suggests an average of \$30,201.51 per unit in remaining costs. These remaining costs will be taken into consideration under the valuation section later within this report.

Improvement Description: McKenna Pointe includes 81 proposed homes being built by D.R. Horton as part of their "Express" line. These homes feature Spanish,

Traditional, and Tuscan architecture. All of the home exteriors include dual-pane Low-E tempered vinyl windows, Therma-Tru fiberglass entry doors, roll-up garage doors with automatic opener, concrete walks and driveway, and diamond wall insulated stucco system with light lace finish. Fire resistant roofs include insets for solar panels which homebuyers have the option to lease or purchase. Interiors include LED recessed lighting, raised six-panel interior doors, carpet/vinyl flooring throughout, and interior laundry rooms with wire shelving. These homes also include a Quiet Cool whole house fan and Honeywell Programmable digital thermostat in addition to a tankless water heater. The master suites include walk-in closets and en-suite master baths with cultured marble countertops. Gourmet kitchens include laminate countertops, white or black Frigidaire appliances, Thermofoil cabinetry, and pantries. All homes appear to be in excellent condition with no visible depreciation. All floorplans have two-car attached garages. Residence 2709 offers a Multi-Gen suite on the first floor that includes its own private entry.

We have reviewed sales information from the builder and which included the homes closing from January 10, 2018 through August 15, 2018. Sales prices ranged from \$359,000 to \$451,510. Per public record, there have been no re-sales and per our inspection there were no homes listed for sale. Base asking prices currently range from \$367,490 to \$420,990. The houses which are over 95 percent completed are detailed below.

Residence	Room Count	Floors/ Parking	Sq. Ft.	Ind. Own	Bldr. Own
1	3+Den / 2	1 / 2	2,052	10	6
2	4+Den / 3	1 / 2	2,319	15	2*
3	4+Loft / 3	2 / 2	2,508	9	6
4	4+Loft / 3.5	2 / 2	2,709	<u>12</u>	<u>4*</u>
Totals				<u>46</u>	<u>18</u>

*One of both Residence 2 (2319) and 4 (2709) builder-owned plans is a model. In addition to the above detailed houses there are six houses under construction and 11 finished lots.

RIVERSIDE COUNTY HOUSING MARKET

In analyzing the area's housing market, population growth and economic conditions need to first be considered.

Population

The County population grew at a 1.4 percent increase over the past year. This compares to the 2.5 percent average annual percentage increase over the previous eighteen years. The slowdown in population growth is primarily due to the sluggish national economy. This slowdown is similar to other Southern California counties during this time period. Predictions are for the County to grow at an average annual rate of 1.4 percent over the next twelve years. This equates to an increase of approximately 35,000 residents per year suggesting the need for about 10,000 homes per year within the County, however current annual supply is in the 5,000-home range.

Economic Conditions

Over the past twenty-five years the Inland Empire has seen various cycles in the housing market. The Great Recession impacted the Inland Empire significantly and resulted in a longer recovery period than in other areas of Southern California. The rise and then fall of housing prices in the Inland Empire between 2004 and 2009 was considerably steeper than almost anywhere in the state. Unfortunately, this means that the people who bought near the peak of the market likely faced significant negative equity. After essentially remaining flat for a few years, housing prices began to increase in late 2012. The price appreciation in the housing market since then helped alleviate the negative equity situation in the Inland Empire.

Economic growth in the Inland Empire was strong between 2002 and 2007. Job losses occurred between 2007 and 2009, with a leveling out in 2010, a slight upturn in 2011, and generally increases since that time. The unemployment rate for the MSA was 4.7 percent in June 2018, significantly lower than the high of 15.1 percent in July 2010. The current rate is similar to both California's unemployment rate of 4.5 percent and slightly higher than the June 2018 National rate of 4.2 percent.

The housing market was a significant factor in strengthening the impact of the Great Recession. Due to increased interest rates and rising home prices between June 2004 and mid-2006, the market reaction was to create non-conventional financing alternatives such as sub-prime and non-conventional mortgages to artificially maintain the boom housing market of 2004 and 2005. By 2007, the housing market saw a shake-up due to the problems in the sub-prime and non-conventional mortgage markets. In March 2007, the Federal Government initiated efforts to stop or limit sub-prime mortgages. Unfortunately, the damage had already been done with sub-prime mortgages playing a role in the 2008 shake out of Wall Street and contributing significantly to the U.S. economic downturn. Due to stricter income verification on new loans and the lack of available credit, coupled with job losses and declining home prices, sales of new homes slowed for the next few years. With the exception of a small increase in 2010, primarily due to government offered homebuyer credits, prices/sales essentially remained flat until mid-2012 when prices began a steady climb.

There were several factors adding to the past six years of price appreciation including limited supply and constrained lending. The main factor in prices rising is an imbalance in supply and demand. Near the bottom of this past real estate cycle it was not financially feasible to develop land and build a house in portions of Riverside County. Thus, land development slowed, significantly restricting supply. Home ownership across the U.S. saw a significant decline. Historically, since the 1970s, home ownership generally was between 64 and 66 percent until around 2000 when it began growing with a peak at 69.2 percent in fourth quarter 2004 prior to the Great Recession. After falling to a low of 62.9 percent in second quarter 2016 it has been climbing with the current rate at 64.2 percent. Riverside County has experienced a steep change in home sales volume over the past 18 years, however has remained pretty steady the past eight years. In 2001 the number of monthly home sales in the County was between 3,500 and 4,000 homes. In 2006 the monthly sales number grew to between 5,500 and 6,000 homes. Since 2011 the number of monthly home sales in the County has generally been between 3,000 and 3,500 sales.

The December 2017 approval of the Tax Cuts and Job Act ("TCJA") by the Federal Government is causing concern that home sales may slow once again. The two largest

changes for homes owners is the limitation at \$10,000 for the deduction for state income tax and local taxes ("SALT"), along with a limitation on the mortgage deduction for loans that exceed \$750,000. While this amount does not affect most people looking at subject-type homes in the Inland Empire (generally in the under \$500,000 range), the SALT deduction may limit their tax deductions. It is still too early to tell how much the TCJA will actually affect the new home market, however it is thought that it won't affect the Inland Empire as much as the California coastal cities where mortgages are generally larger due to higher home costs and therefore may be affected more.

Home loan mortgage rates were playing a large part in the housing market. The Federal Reserve had held mortgage rates at all-time lows for the past few years in an attempt to assist the housing market. Low rates appeared to help for quite a while however first-time buyers are now having a hard time entering the housing market. The Board has kept interest rates below historical averages dropping rates to zero in December 2008 until the December 2015 Board meeting when interest rates were raised one quarter of a percent. In 2017 the Board increased its benchmark interest rate three times, one quarter point each time. Thus far in 2018 there have been two one-quarter point increases with two more anticipated by year end. This signifies the possibility for robust growth nationally. Unlike the 2008 to 2015 decisions to maintain the rates at zero, regular hikes are anticipated for the foreseeable future. The current quoted average U.S. rate for a 30-year fixed mortgage per FRED (Federal Reserve Economic Data) as of August 16, 2018 is 4.53 percent. This is up from an average of 3.99 percent over 2017 and 3.65 percent over 2016. These increases are also putting pressure on homebuyers.

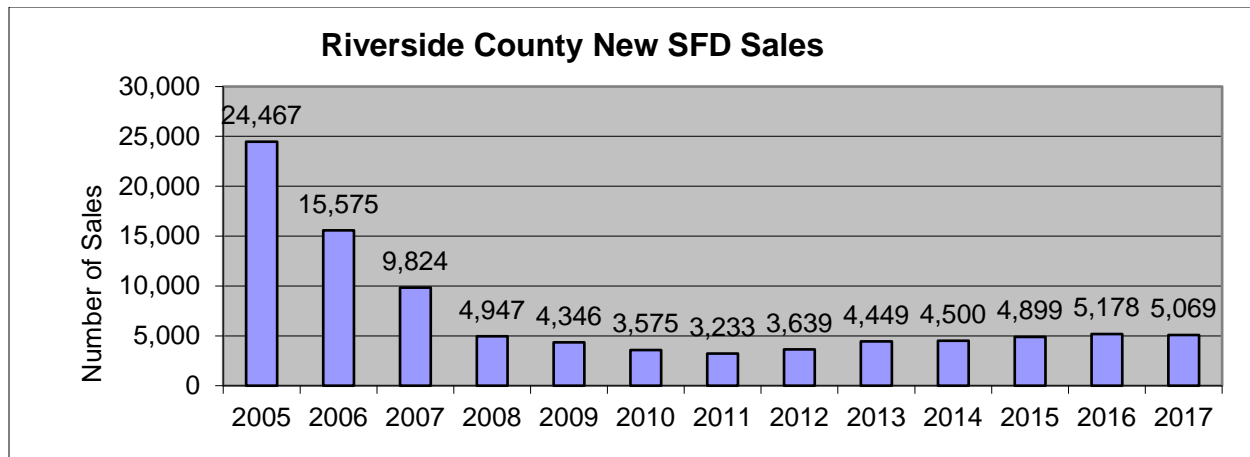
Residential Land Development

While there had been little land development going on in most of the Inland Empire during the years 2008-2011, the second half of 2012 saw a resurgence. From 2013 to 2018, there has been a general incline in amount of actively selling projects and pricing, which has prompted an increase in land development activity. The increase in housing prices coupled with the limited availability of supply has made land development feasible once again for homebuilders, however master plan developers are sparse. Currently there is

only is one master planned community consistently supplying lots to home builders in Lake Elsinore at Summerly. Spencer's Crossing in the French Valley is still supplying lots to builders along with Audie Murphy Ranch in Menifee. All of these projects represent a rejuvenation of the Inland Empire's growth since the end of the recession. It is interesting to note that land developers of large specific plans which offer developed or partially developed lots to builders appear to be few and far between. The reason is thought to be two-fold: less profit for the middle developer due to higher land prices; and, the significant amount of red-tape to get a large-scale project approved in Southern California. Our search for land sales resulted in eight sales since late-2017 which are considered to be comparable to the subject property (listing located in Addenda).

New Home Sales and Pricing

We have researched new single-family homes within the subject real estate market in order to reflect residential trends. While overall new home sales in Riverside County were down 2.1 percent year over year (from 5,178 new home sales in 2016 to 5,069 sales in 2017), this slight downturn is not considered significant, as the general trend for new home sales in Riverside County appears to be rising. In the second quarter of 2018 there were 1,356 new homes sales compared to 1,235 in the second quarter of 2017, an increase of 9.8 percent, however it should be noted there was a decrease of 11.4 percent when comparing first quarter 2018 to first quarter 2017 new home sales. It should be noted these sales numbers and prices pertain to new home sales while later in this section we discuss existing home sales. On the following page is a graph showing Riverside County new home sales (both attached and detached single family residences) between 2005 and 2017. It is interesting to note that average annual home sales are still at a level that is approximately one-third of the average annual sales between 2005 and 2006. It is thought the downturn between 2016 and 2018 is due to limited availability rather than limited demand.



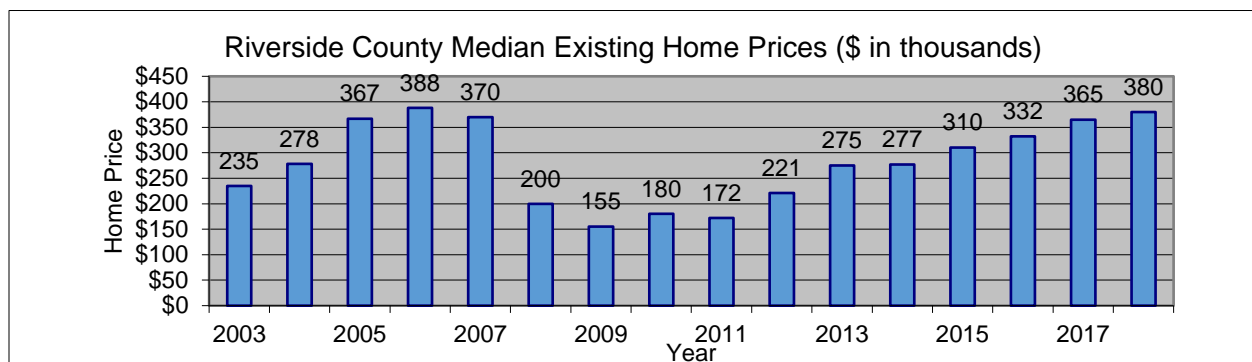
New single-family detached home pricing in the Inland Empire has also seen changes, however, not as drastic as the changes in sales numbers. The median new home price changed from \$437,200 in the third quarter of 2006 to \$275,000 in the first quarter of 2009 (decrease of 37 percent) while the current new home median price is \$453,451 per John Husing, an area economist's second quarter 2018 information. This reflects an increase of almost 65 percent from the bottom of the cycle and an increase of 3.7 percent over the previous peak. New home sale prices typically fluctuate based on the land value more than the cost of building the home, however due to the global tariff discussion and recent inflation, costs of building supplies have risen significantly. While finishes and sizes of homes can change, the basic costs on a per square foot basis typically did not fluctuate as much as land values, however significant inflationary increases in construction costs have added to the appreciation in the past year.

One major cause of slow sales of new homes in the area is thought to be the FHA Loan Limits. During the recession, the FHA Loan Limits were increased in order to make financing via the Federal Housing Authority easier. However, in January 2015 the FHA loan limits were reduced in Riverside County to \$356,500. The 2018 FHA Loan Limits within Riverside County increased to a single-family home limit at \$405,950. This is a step in the right direction from the 2015 limit, but still not completely in tune with the Riverside County housing market. A three percent down payment (minimum allowed with FHA financing) suggests the maximum price paid for a home purchased through FHA financing would be in the \$418,000 range. With the Inland Empire's second quarter 2018 median

new home price at \$453,451 it is obvious that there is a slight disconnect. The subject property features base prices from \$367,490 to \$420,990, generally under the FHA loan limits which is considered to be favorable for the project. Within Riverside County the current median detached home price (existing – not new) is \$380,000, within the FHA home loan limits, which reflects an increase of 7.0 percent from one year prior (CoreLogic). The subject property is a single family detached community with prices generally under the FHA loan limits which has possibly contributed to the good sales rate within the project.

Existing Home Sales and Pricing

The median existing detached home price in Riverside County of \$380,000 (as of June 2018 per CoreLogic) is up over 100 percent from the low in second quarter 2009 (\$155,100) and up 7.0 percent from the previous year. It should be noted that the median existing home price in Riverside County is still down approximately 2.1 percent from the median price at the peak in 2006 (\$388,000). Thus, even though the housing market is recovering, it is still below the previous cycle's peak.



According to CoreLogic, within Southern California (Los Angeles, Riverside, San Diego, Ventura, San Bernardino and Orange counties), the median price paid for a home (both new and existing) in June 2018 (\$536,250) is up 7.3 percent year over year from \$500,000 in June 2017. The current median existing home price in overall Southern California is above to the peak in mid-2007 when the median price was \$505,000 and up more than 100 percent from the low point of the cycle which was a \$247,000 median price in April

2009. However, when adjusted for inflation, the June 2018 median sales price is 9.5 percent below the 2007 peak. Home sales in Southern California were down 11.8 percent overall in Southern California in June 2018 based on a year-over-year change. Shown below is a table comparing June 2017 to June 2018 for both new and existing home sales and pricing in Southern California by county and for Southern California as a whole. Sales numbers are still below historical numbers however this is due to fewer homes for sale and higher prices rather than fewer buyers on the market. This limited supply is putting pressure on prices which is seen in the table below.

Southern California (New and Used) Home Sales						
County	No. Sold June 17	No. Sold June 18	Percent Change	Median June 17	Median June 18	Percent Change
Los Angeles	8,715	7,569	-13.5%	\$569,250	\$615,000	8.0%
Orange	3,804	3,482	-8.5%	\$697,000	\$739,000	6.0%
Riverside	4,428	3,917	-11.5%	\$355,000	\$380,000	7.0%
San Bernardino	3,259	2,881	-11.6%	\$320,000	\$334,000	4.4%
San Diego	4,336	3,917	-9.4%	\$545,000	\$575,000	5.5%
Ventura	1,160	930	-19.8%	\$565,000	\$615,000	8.8%
SoCal	25,738	22,706	-11.8%	\$500,000	\$536,250	7.3%

Source: CoreLogic June 2018 Data Brief (most recent Data Brief)

Based on June 2018 median new and existing homes prices, in comparison to the majority of the surrounding counties, Riverside County has a definite price advantage. The “Riverside County Advantage” (price difference between Riverside and surrounding counties) is \$195,000 as compared to San Diego County, \$235,000 as compared to Ventura and Los Angeles Counties, and \$359,000 as compared to Orange County. That is, in June 2018, the median priced home in Riverside County was \$359,000 less (or over 48 percent less) than the median priced home in Orange County (\$739,000). However, San Bernardino County has a \$46,000 price advantage over Riverside County. As the price advantage widens, homebuyers are more open to commuting to further out areas.

In a separate attempt to capture the increase in home prices, the resale activity of existing homes in the subject area (per CoreLogic) has been reviewed. The number of sales and sale prices of existing homes within market areas in the immediate area of the subject are shown in the table below.

Community Name	Zip Code	Border To Subject	Sales of SFD Homes June 2018	June 2018 Price Median SFR	June 2018 PSF Median SFR	Price % Change from June 2017
Lake Elsinore	92530	Subject	62	\$345,000	\$198	3.0%
Lake Elsinore	92532	East	36	\$390,000	\$152	2.5%
Wildomar	92595	South	41	\$403,000	\$196	3.3%
Canyon Lake	92587	East	32	\$418,000	\$216	6.5%
Menifee	92584	East	76	\$380,000	\$175	1.2%
Corona	92883	North	45	\$524,000	\$216	4.8%
Murrieta	92562	South	105	\$443,000	\$199	4.4%

Source: CoreLogic Southern California Home Resale Activity June 2018

The median home price of a detached home in the subject's zip code is \$345,000, at the low-end of the range of the surrounding area, and is also below the Riverside County median sales price average in June 2018 of \$380,000. The above price increases relate to CoreLogic's overall Riverside County increase of 7.0 percent year over year from June 2017 to June 2018.

McKenna Pointe Sales and Pricing

McKenna Pointe began selling homes in October 2017 with the first closing occurring in January 2018. There has been a total of 61 sales with 46 closed to date (as of August 15th, 2018). The sales rate equates to an overall average of over 5 homes per month. McKenna Pointe's sales rates is considered excellent for the subject market. Per D.R. Horton, actual sales prices range from \$359,000 to \$435,625 with an average sales price of \$392,912. When comparing actual sales prices to current escrow pricing there appears to have been a slight price appreciation as the 15 current escrows have an average price of \$397,482. This increase is partially due to base prices increasing from \$355,990 to \$391,990 (at opening in October 2017) to the current base pricing of \$367,490 to \$420,990. Our search for competitive new home neighborhoods resulted in eight active single-family detached home projects (one being the subject property), which are listed in the Addenda.

Summary

Riverside County saw a substantial increase in both sales and pricing between mid-2012 and late 2013. It appears the significant appreciation of homes slowed to a more normal

sustainable rate in 2014 through mid-2016 with a more significant increase in the past two years. New home sales are slower than historical numbers but this is thought to be due to increasing prices, tightened lending and limited supply. The Lake Elsinore new home market is performing well, with good sales rates within most projects in the area and the subject property is enjoying a good sales rate. Lake Elsinore has seen an increase in pricing consistent with most of Southern California over the past year. While loans can be difficult to obtain, rates, while rising, are still near historical lows. It is generally thought the new tax laws are keeping some buyers on the sidelines. Despite some uncertainty still clouding the current housing market, most observers agree that the Riverside County housing market is still gaining strength and healthy population growth is occurring in the County. It is believed that as population continues to increase, housing growth will also continue.

HIGHEST AND BEST USE ANALYSIS

The highest and best use is a basic concept in real estate valuation due to the fact that it represents the underlying premise (i.e., land use) upon which the estimate of value is based. In this report, the highest and best use is defined as:

*"the reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity"*⁴

Alternatively, highest and best use is the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value. Proper application of this analysis requires the subject properties to first be considered “As If Vacant” in order to identify the “ideal” improvements in terms of use, size and timing of development. The existing improvements (if any) are then compared to the “ideal” improvements to determine if the use should be continued, altered or demolished preparatory to redevelopment of the site with a more productive or ideal use.

“As If Vacant”

In the following analysis, we have considered the site’s probable uses, or those uses which are physically possible; the legality of use, or those uses which are allowed by zoning or deed restrictions; the financially feasible uses, or those uses which generate a positive return on investment; and the maximally productive uses, or those probable permissible uses which combine to give the owner of the land the highest net return on value in the foreseeable future.

Physically Possible Uses

The subject property consists of a 21.55-acre parcel of land per the recorded tract map. The site is located in the northern portion of the City of Lake Elsinore in southwest Riverside County. The property is located along the northwest side of Machado Street, south of Lakeshore Drive. The site was generally level at street grade with surrounding

⁴ The Appraisal of Real Estate, 11th Edition

streets in place, however some not constructed to their maximum width. The site has been graded into 81 single family detached lots. The site is surrounded by existing housing, a church and some rural housing. Lake Elsinore is located within one mile to the southeast. A soils report covering the property was reviewed. A Phase I Environmental Assessment was not reviewed, however the development which has occurred suggest there are not environmental issues with the site due to City approvals. It is an assumption of this report that the soils are adequate to support the highest and best use conclusion and that there are no environmental issues which would slow or thwart development of the site. This is evidenced by City approvals along with City inspectors on site during construction. An engineered drainage system has been designed to alleviate any potential flooding problems and to control project water runoff. All standard utilities serve the subject property. The site has good access via I-15 to Lake Street, south to Lakeshore Drive, east to Machado Street and south to the subject. There is neighborhood shopping within one mile of the subject site at the intersection of Lakeshore and Riverside Drives with a supermarket anchored shopping center.

Based on the physical analysis, the size, access and topography make the subject property physically suited for numerous types of development; however, the grading and development that has occurred on the site along with the surrounding uses, suggests single-family residential use.

Legality of Use

The subject property is located within the City of Lake Elsinore, the entity responsible for land use and zoning regulation. Per the City General Plan and Zoning Map the subject property is shown in the Lake View District and designated LDR for low density residential development. Per the current City of Lake Elsinore Zoning Map, the subject property is designated for LMDR, or low medium density residential allowing for minimum 7,200 square foot lots. In addition, Tract Map 33486 is recorded on the property subdividing the site into 81 single family detached lots. The approved mapping is consistent with the current zoning on the property. Based on the legality of use analysis, the type of development for which the subject properties can be utilized is narrowed to residential use. This is consistent with the findings of the physically possible uses.

Feasibility of Development

The third and fourth considerations in the highest and best use analysis are economic in nature, i.e., the use that can be expected to be most profitable. As discussed under the Riverside County Housing Market section earlier within this report, the Riverside residential market has shown good absorption and increases in pricing over the past few years. Within Lake Elsinore CFD No. 2007-4 there have been 61 home sales and 46 of those have closed to individuals. All structures appear to be in excellent condition with no physical depreciation apparent. Within the new home market in Lake Elsinore and Menifee we found eight projects to be most comparable to the subject however there are additional new homes projects in the market area. The Lake Elsinore housing market is priced similar to the adjacent cities of Wildomar and Menifee, however lower than Murrieta and Temecula (adjoining north San Diego County) and lower than Corona (location nearer in to job centers). Population growth is still occurring in the area and will continue to create the need for housing.

Based on the above analysis, the highest and best use for the subject property appears to be for single-family detached residential development at the right price points.

Maximum Productivity

The current housing market is still giving some mixed messages. While population is still growing, home sales have slowed and are still well below historic average rates with prices rising. High prices, limited financing choices and limited credit availability are making it hard for first time buyers to enter the housing market in many areas. However, the limited availability of homes for sale, population growth and low interest rates all point to demand for new housing in the subject area with upward pressure still being placed on prices. Based on the current active projects and new development in the area coupled with population growth projected in the subject marketplace, it is our opinion that the subject property is feasible for residential development.

Highest and Best Use Conclusion – “As If Vacant”

The final determinant of highest and best use, as vacant, is the interaction of the previously discussed factors (i.e., physical, legal, financial feasibility and maximum

productivity considerations). Based upon the foregoing analysis, it is our opinion that the highest and best use for the subject property “As if Vacant” is for residential development.

Highest and Best Use – “As Improved”

The subject property consists of McKenna Pointe by D.R. Horton. McKenna Pointe opened for sale in October 2017 and has sold 61 homes with 46 closed to date. The project has an absorption rate of over five homes per month which is considered good for the area. Actual sales prices of homes within McKenna Pointe range from \$359,000 to \$435,625, generally under the FHA loan limits. Our search of the local MLS revealed there have been no resales or current re-sale listings within the subject property. The homes appear to be in excellent condition with no physical depreciation of structures visually apparent. The sales rate within the subject and the new home sales in the immediate community suggests there is demand for new homes in the current market with current financing rates. All of the homes are of good design and appear to be of good quality workmanship. Based on McKenna Pointe’s sales rate, it is our conclusion that the highest and best use for the subject property is for the continued use, as improved.

VALUATION ANALYSIS AND CONCLUSIONS

The Sales Comparison Approach will be used to value the subject property. This approach compares similar properties that have recently sold or are in escrow. In determining the value for the property, a unit of comparison needs to be addressed. For single-family detached lots, the lots are typically sold on a finished lot basis. That is, the sales price is determined by a finished lot value and then the remaining costs to develop the property to a finished lot condition are taken into consideration in the sales price. In the case of the existing home valuations, a single home sale is the unit of comparison. In determining the value for each existing house, a base value will be concluded for each plan which will be considered a minimum market value as most buyers typically purchase some premiums, upgrades or options which increase the price of the home.

The valuation will be presented as follows. First, a discussion of the single-family detached lot market data will be given. Each of the comparable market data (on a finished lot basis) will be detailed along with a comparison discussion of their relationship to the subject property. The remaining construction costs and development fees will be taken into consideration. This analysis will be followed by a finished lot value conclusion for the land. Houses which are under construction (under 95 percent complete) will be valued on the basis of a finished lot rather than attribute value to a partially complete improvement. In the case of the completed (over 95 percent complete) builder owned models and production units, the homes will be valued using the Sales Comparison Approach to Value to conclude on a retail base value for each plan, followed by a Discounted Cash Flow ("DCF") Analysis due to the "bulk" or single ownership. The DCF will consider the fair market value of the completed homes (utilizing the Sales Comparison Approach), any remaining development costs, the marketing and carrying costs associated with selling off the homes, a profit due to the developer of the homes, and a discount rate reflecting both the risk associated with selling off the homes along with the time value of money during the estimated absorption period. In the case of the individually owned homes, a concluded base value will be used for each plan and a mass appraisal technique will be addressed. In determining the concluded base value, new home sales in the area will be reviewed and compared with sales of the subject completed homes using standard

methodology and statistical testing. The statistical testing includes reviewing actual sales prices of each home to determine ranges of sales prices for each plan. In addition, all re-sales and current re-sale listings (if any) will be reviewed and considered. All of the value conclusions will take into consideration improvements funded by the Lake Elsinore CFD No. 2007-4 Special Tax Bonds and their lien. A summary of the final value conclusions will be reported at the end of this valuation section.

Market Data Discussion – Detached Residential Lots

McKenna Pointe consists of 81 proposed homes on lots with a minimum lot size of 7,200 square feet. There is a total of 46 individually owned homes, 18 homes over 95 percent complete (including two model homes), six homes under construction, and eleven finished lots.

We have searched the area and found the eight transactions summarized in the Addenda to be most comparable to the subject property. Three of the eight sales are located within the master-planned community of Summerly in the City of Lake Elsinore, two are early 2018 transactions in the City of Menifee in the community known as Mosaic, two are located with Canyon Cove/Audie Murphy in the City of Menifee, and one is located in the new masterplan called Menifee Town Center in the City of Menifee. The sales are reported both on a purchase price basis (when available) and on a “finished lot” basis. The actual purchase price is typically less, depending on the condition of the land (lots) at the time the property was acquired. Although some of the sales refer to lands in a nearly finished condition, they are typically physically finished lots with some fees remaining to be paid in order to be considered a true “finished lots.” Below are the details of each of the comparable land sales along with a discussion of each transaction in relationship to the subject lands.

Land Sale Nos. 1, 2 and 5 pertain to land transactions in the master planned community of Summerly in the southern portion of the City of Lake Elsinore. Over the last few years, Summerly has consistently supplied merchant builders with blue-topped lots in the Lake Elsinore market. In comparison to the subject property, Summerly has superior amenities and is considered a slightly superior location.

Land Sale No. 1 refers to the most recent closing in Summerly. D.R. Horton purchased 58 lots from McMillin Summerly LLC on June 26, 2018. The lots have a minimum lot size of 5,000 square feet and were sold in a blue-topped condition, similar to all the closings in Summerly. The site sold for \$97,715 per lot with a finished lot value estimate of \$154,000. This transaction is considered to be a good comparable due to being the most recent transaction in the City of Lake Elsinore. In comparison with the subject property, this transaction is considered superior in surrounding amenities (due to the master planned community parks, clubhouse, pools, etc.), but inferior in regards to lot size.

Land Sale No. 2 refers to the May 2018 closing in Summerly. Beazer Homes purchased 57 lots from McMillin Summerly LLC on May 17, 2018. The lots have a minimum lot size of 6,000 square feet and were sold in a blue-topped condition, again, similar to all the closings in Summerly. The site sold for \$90,964 per lot. Using the average of the finishing costs of Land Sales 1 and 5 suggests a finished lot price of \$151,000. This transaction is also considered to be a good comparable due to the closing being a recent transaction in the City of Lake Elsinore. In comparison with the subject property, this transaction is considered superior in surrounding amenities (due to the master planned community parks, clubhouse, pools, etc.), but slightly inferior in regards to lot size.

Land Sale No. 5 refers to another land sale in Summerly, this one closing in January 2018. Richmond American Homes purchased 65 lots from McMillin Summerly LLC on January 31, 2018. The site is at the southwest corner of Diamond Drive and Village Parkway within Summerly. Richmond American is planning a new product known as Sendero which should be open fall of 2018. The lots have a minimum lot size of 5,500 square feet and were sold in a blue-topped condition, similar to all the closings in Summerly. The site sold for \$83,400 per lot with a finished lot value estimate of \$147,000. In comparison with the subject property, this transaction is considered superior in amenities but slightly inferior in lot size.

Land Sale Nos. 3 and 4 refer to the two most recent land transactions that are located in the City of Menifee. Both are in the neighborhood known as “Mosaic” which was

originally graded prior to the recession. Mosaic is located about five and a half miles east of the subject property and includes 127 lots with a minimum lot size of 7,200 square feet.

Land Sale No. 3 refers to the most recent closing in Mosaic. Pulte Homes purchased 64 lots from McKinley Capital on February 28, 2018. The lots have a minimum lot size of 7,200 square feet and were sold in a rough graded condition. The site sold for \$64,453 per lot with a finished lot value estimate of \$140,000. In comparison with the subject property, this transaction is considered superior in regards to location and schools.

Land Sale No. 4 refers to the other sale within Mosaic. Pulte Homes purchased 63 lots from Watt Communities on February 8, 2018. The lots have a minimum lot size of 7,200 square feet and were sold in a rough grade condition. The site sold for \$53,603 per lot with a finished lot value estimate of \$140,000. In comparison with the subject property, this transition is considered superior in regards to location.

Land Sale No. 6 refers to a recent land sale in Menifee Town Center. RSI Communities purchased 151 lots from Regent Communities on November 7, 2017. The lots have a minimum lot size of 4,600 square feet and were sold in a rough grade condition. The site sold for \$64,559 per lot with a finished lot value of \$126,000. This is the first sale within the new community which, at times, can be sold at a slight discount in order to get the synergy of the neighborhood going. Menifee Town Center is now under development with homes just starting to sell, thus there is more risk associated with the Menifee Town Center location in comparison to a location with proven sales. In comparison with the subject property, this transaction is considered superior in location, but inferior in regards to lot size.

Land Sale No. 7 and 8 refer to land transactions within the master-planned community of Audie Murphy Ranch, located in the western portion of the city of Menifee. Audie Murphy Ranch is a master planned community proposed for over 2,000 units with neighborhood parks, two swim clubs and open spaces with trails. Audie Murphy Ranch is located within the Menifee Union School District which is considered superior to the Lake Elsinore Unified School District.

Land Sale No. 7 represents Meritage Homes' purchase of 102 lots with a minimum lot size of 5,000 square feet. The site sold for \$104,475 per lot based on an estimated finished lot value of \$154,000. The site was delivered in a finished condition. In comparison with the subject property, the site is considered superior in regards to amenities and location, but inferior in lot size.

Land No. 8 refers to Planning Area 14 in Audie Murphy Ranch comprised of 52 lots with a minimum lot size of 6,000-square feet. The lots were sold in a finished condition for \$114,923 per lot based on a finished lot estimated cost of \$160,000. D.R. Horton purchased the site from Brookfield Residential on October 19, 2017. Brookfield is the master developer of Audie Murphy Ranch/Canyon Cove. The transaction includes some profit participation to the seller after the builder achieves an 8 percent profit. In comparison to the subject property this lot size is considered to be inferior, however the location and amenities are considered superior.

Data No.	Location	Date of Sale	Lot Size / Density	Finished Lot Price	Comparison to Subject
1	Summerly / Lake Elsinore	6/18	5,000	\$154,000	Superior – Amenities Inferior – Lot size
2	Summerly / Lake Elsinore	5/18	6,000	\$151,000*	Superior – Amenities Inferior – Lot size
3	Menifee	2/18	7,200	\$140,000	Superior – Location
4	Menifee	2/18	7,200	\$140,000	Superior – Location
5	Summerly / Lake Elsinore	1/18	5,500	\$147,000	Superior – Amenities Inferior – Lot size
6	Menifee Town Center / Menifee	11/17	4,600	\$126,000	Superior – Location Inferior – Lot size, First Sale
7	Audie Murphy Ranch / Menifee	11/17	5,000	\$154,000	Superior – Amenities, location Inferior – Lot size
8	Audie Murphy Ranch / Menifee	10/17	6,000	\$160,000	Superior – Amenities, location Slightly Inferior - Lot size

* Estimate

The market data has an overall finished lot range from \$126,000 - \$160,000. Data No. 8 at the high end of the range is considered superior due to location and amenities. Comparing Data No. 5 to Data No. 1 suggest there has been appreciation in the land market between 2017 and 2018 in Lake Elsinore, specifically in the master planned

community of Summerly. The most similar sized lots refer to Land Sale No. 3 and 4. Land Sales 1, 2 and 5 all refer to 2018 sales within Summerly with a finished lot price range of \$147,000 - \$154,000. Based on the above information, we have concluded that the subject lots have a finished lot value of \$150,000. The subject lots are in a generally physically finished condition, however there is a final lift to be completed on the streets and there are some remaining fees which need to be considered.

As discussed under the Property Description Section there are remaining costs which will be considered below. The value conclusion for the subject builder owned lots are detailed below.

Value Conclusion – “As Is” Residential Lots

D.R. Horton owns 17 lots, six which are under construction. The homes under construction will be valued as a finished lot rather than attribute value to a partially complete improvement. As previously discussed there are \$30,201.51 per lot remaining costs associated with the builder-owned property within McKenna Pointe. The value is calculated as follows:

17 Lots x \$150,000	\$ 2,550,000
Less: Remaining Costs (30,201.51 x 17)	<u>(513,426)</u>
“As is” Value for Lots	<u>\$ 2,036,574</u>

Retail House Valuation

Due to the single ownership of multiple houses by the builder including model homes and production homes over 95 percent complete, a Discounted Cash Flow (“DCF”) analysis is needed in order to arrive at a bulk value for the homes within each neighborhood. First, a retail value for each plan within each neighborhood will be concluded. Next, a DCF will be conducted which will take into consideration the absorption time to sell off the builder owned houses, the costs associated with selling off the homes and any remaining costs owed by the builder within each neighborhood. The resulting revenue will be discounted using an appropriate rate to determine the builder-owned bulk value for each neighborhood. These DCF analyses will be followed by a reporting of the concluded

values for the individually owned homes within each neighborhood using the concluded base retail value for each plan with a separate check of the analysis utilizing a mass appraisal technique based on actual sales prices of the homes.

McKenna Pointe Improved Parcels - D.R. Horton Owned

McKenna Pointe consists of 46 individually owned homes, two builder owned models and 16 builder owned production homes over 95 percent complete (14 in escrow). Below is a summary of the floor plans within McKenna Pointe. A listing of the improved residential comparable properties is located in the Addenda of this report. All of the improved residential properties are located within Lake Elsinore.

Plan	Bd/Ba	Floors/ Parking	Sq. Ft.	Ind. Owned	Bldr. Owned
McKenna Pointe					
1	3 / 2	1 / 2	2,052	10	6
2	4 / 3	1 / 2	2,319	15	2*
3	4 / 3	2 / 2	2,508	9	6
4	4 / 3.5	2 / 2	2,709	12	4*
Subtotal				46	18

*One of each of these plans is a model home. In addition to the above shown houses, there are six lots under construction and 11 additional lots in a finished lot condition.

The most appropriate new home comparable data for McKenna Pointe Plan 1 are shown below.

Data	Model	Rm. Ct.	Firs/Pkg.	Sq. Ft.	Price/SF
Subj.	1	3 / 2	1 / 2	2,052	--
1	2	4 / 3	1 / 2	2,319	\$172.26
5	1	4 / 2.5	1 / 2	2,553	\$157.81
6	1	3 / 2	1 / 2	1,941	\$199.89
7	1	3 / 2.5	1 / 2	2,550	\$159.80
8	3	3 / 2	1 / 2	1,946	\$174.71

All new home comparables are located within Lake Elsinore. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The Plan 1 current asking

price less concessions is \$176.65 per square foot. The new homes comparables have a base price less concessions range from \$157.81 to \$199.89 per square foot with the two smallest sized plans at the high end of the range. This is typical as larger homes usually cost less on a per square foot basis due to economies of scale in the building process. There have been 10 closings of Plan 1 with sales prices ranging from \$174.95 to \$190.08 per square foot. There are currently four escrows of Plan 1 with sales prices ranging from \$175.43 to \$184.45 per square foot. It should be noted that these reported sales prices include upgrades, premiums and options along with any concessions given by the builder while the concluded value relates to a base price for the plan. All of the homes appear to be in excellent condition with no depreciation visible. Our search of the local MLS resulted in no Plan 1 re-sales and none currently listed for sale. It has been concluded that Plan 1 has a base current market value of \$175.00 per square foot. This calculates as follows:

$$2,052 \text{ sf} \times \$175.00 = \$359,100$$

The most appropriate new home comparable data for McKenna Pointe Plan 2 are shown below.

Data	Model	Rm. Ct.	Firs/Pkg.	Sq. Ft.	Price/SF
Subj.	2	4 / 3	1 / 2	2,319	--
1	1	3 / 2	1 / 2	2,052	\$176.65
5	1	4 / 2.5	1 / 2	2,553	\$157.81
6	1	3 / 2	1 / 2	1,941	\$199.89
7	1	3 / 2.5	1 / 2	2,550	\$159.80
7	2	3 / 2.5	1 / 3	2,490	\$162.04
8	3	3 / 2	1 / 2	1,946	\$174.71

All new home comparables are located within Lake Elsinore. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The Plan 2 current asking price is \$172.26 per square foot. The new homes comparables have a base price less concessions range from \$157.81 to \$199.89 per square foot with the high end of the range being the smaller sized homes and the low end of the range being the largest sized home. This is typical as larger homes usually cost less on a per square foot basis due to economies of scale in the building process. There have been 14 closings of Plan 2 with sales prices

ranging from \$165.58 to \$179.40 per square foot. There are currently two escrows of Plan 2 with sales prices from \$174.42 to \$177.44 per square foot. It should be noted that these reported sales prices include upgrades, premiums and options along with any concessions given by the builder while the concluded value relates to a base price for the plan. All of the homes appear to be in excellent condition with no depreciation visible. Our search of the local MLS resulted in no Plan 2 re-sales and none currently listed for sale. It has been concluded that Plan 2 has a base current market value of \$170.00 per square foot. This calculates as follows:

$$2,319 \text{ sf} \times \$170.00 = \$394,230$$

The most appropriate new home comparable data for McKenna Pointe Plan 3 are shown below.

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	3	4 / 3	2 / 2	2,508	--
1	4	4 / 3.5	2 / 2	2,709	\$153.55
2	3	4 / 3.5	2 / 2	2,493	\$148.41
4	1	4 / 3	2 / 2	2,539	\$149.66
8	4	3 / 2.5	2 / 2	2,232	\$181.89
8	5	4 / 2.5	2 / 2	2,537	\$169.48

All new home comparables are located within Lake Elsinore. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The Plan 3 current asking price is \$151.90 per square foot. The new homes comparables have a base price less concessions range from \$148.41 to \$169.48 per square foot. There have been 10 closings of Plan 3 with sales prices ranging from \$151.11 to \$162.34 per square foot. There are currently six escrows of the Plan 3 with a sales price range from \$154.70 to \$164.09 per square foot. It should be noted that these reported sales prices include upgrades, premiums and options along with any concessions given by the builder while the concluded value relates to a base price for the plan. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Plan 3 has a base current market value of \$150.00 per square foot. It should be noted that a single-story home in the current market

carries a slight premium, partially due to construction being less on a per square foot basis and partially due to the current demand for single-story homes. This calculates as follows:

$$2,508 \text{ sf} \times \$150.00 = \$376,200$$

The most appropriate new home comparable data for McKenna Pointe Plan 4 are shown below.

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	4	4 / 3.5	2 / 2	2,709	--
1	3	4 / 3	2 / 2	2,508	\$151.90
3	1	5 / 4	2 / 2	2,936	\$139.98
4	2	5 / 3	2 / 2	2,789	\$140.19
4	3	5 / 3	2 / 2	2,870	\$138.32
5	2	4 / 3	2 / 3	2,854	\$136.26
8	6	4 / 2.5	2 / 2	2,898	\$155.27

All new home comparables are located within Lake Elsinore. All are of similar quality, design and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The Plan 4 current asking price is \$153.55 per square foot. The new homes comparables have a base price less concessions range from \$136.26 to \$155.27 per square foot. There have been 12 closings of Plan 3 with sales prices ranging from \$146.72 to \$160.80 per square foot. There are currently three escrows of Plan 4 with sales prices ranging from \$155.09 to \$165.02. It should be noted that the reported sales prices include upgrades, premiums and options along with any concessions given by the builder while the concluded value relates to a base price for the plan. All of the homes appear to be in excellent condition with no depreciation visible. Our search of the local MLS resulted in no Plan 4 re-sales and none currently listed for sale. It has been concluded that Plan 4 has a base current market value of \$150.00 per square foot. This calculates as follows:

$$2,709 \text{ sf} \times \$150.00 = \$406,350$$

Builder Owned Retail Values

McKenna Pointe

Within McKenna Pointe there are 18 builder owned homes which include 2 models (none in escrow) and 16 production homes over 95 percent complete of which 14 are in escrow. Per interviews with builders, upgrades and landscape/hardscape of up to \$100,000 are installed in the model homes, however, the builders generally consider this a marketing cost and do not anticipate recovering this investment on a dollar for dollar basis. Based on historical information, home sizes and fixtures, actual model home sales within the subject area and the current real estate market, a consideration of a \$35,000 premium has been included with each of the model homes. The retail base value conclusions for the builder-owned homes within Aura are calculated as follows:

Plan 1 (6 x \$359,100)	\$ 2,154,600
Plan 2 (2 x \$394,230)	788,460
Plan 3 (6 x \$376,200)	2,257,200
Plan 4 (4 x \$406,350)	1,625,400
Model Upgrades (2 x \$35,000)	<u>70,000</u>
Total McKenna Pointe Retail Value	<u>\$ 6,895,660</u>

Absorption Period

In order to arrive at an absorption period for the builder-owned homes, the absorption rate for the subject property along with the surrounding developments have been reviewed. As discussed under the Highest and Best Use section earlier within this report, the subject property has a sales rates of slightly over 5.0 sales per month. The sales rates within all of the comparable projects also range from 2.7 to 6.1 sales per month with an overall average of 3.9 sales per month. The subject sales rate is considered to be good. There are 16 production homes (14 in escrow) and two model homes which have not been released for sale. We have concluded that the subject 18 builder-owned homes will be absorbed over a 4-month time period.

Remaining Costs

As discussed under the remaining costs section within the Property Description section earlier within this report the are \$30,201.51 in remaining hard costs with each builder-

owned lot. The remaining fees have been considered under the lot valuation section for the subject property. The remaining hard costs are as follows:

McKenna Pointe (18 x \$30,201.51)	\$ 543,627
-----------------------------------	------------

For purposes of this analysis we have determined the remaining costs will be spread evenly over the absorption period.

Expenses

In determining an expense rate, several builders in the subject area have been interviewed as to their expenses on selling existing inventory. Expenses include marketing and general administrative costs. These costs typically range from six to ten percent depending on varying factors such as absorption period, intensity of marketing, etc. Six percent has been estimated for marketing expenses and two percent for general and administrative costs for a total of eight percent in expenses for this analysis.

Profit

Several interviews with merchant builders in the area were conducted in order to determine an appropriate profit percentage for the subject properties. Homebuilders typically attempt to achieve a 10 to 12 percent profit based on gross sales proceeds. During the Great Recession this range was lowered considerably to six to 10 percent with some builders drastically lowering their profit potential in order to maintain their work force. As the market improved, so did the profits. This appears to be occurring once again as prices have been increasing. A ten percent profit is considered appropriate in the analysis for this project.

Discount Rate

In selecting a discount rate, the following was completed:

1. Interviews with merchant builders in the Lake Elsinore area
2. Review of current market conditions including current market rates as well as yields reflected in other markets (i.e., municipal bonds, corporate bonds, etc.)
3. The quality, construction, historical sales and product on the subject property

The homes within the subject property began selling in October 2017 with 61 home sales to date. This absorption rate is considered to be good for the subject real estate market. Based

on the sales rate within the subject project, the competition, the product and location, an eight percent discount rate is considered appropriate for this analysis.

Discounted Cash Flow Summary

The discounted revenue (see DCF Analyses in addenda) for the builder owned homes within McKenna Pointe is \$5,026,757.

McKenna Pointe – Builder Owned Property Valuations

Within the community of McKenna Pointe, D.R. Horton owns 18 homes over 95 percent complete (production and models) and 17 remaining lots. The final value conclusion for the builder owned property is shown below.

17 Lots “As is” Condition	\$2,036,574
18 Houses	<u>5,026,757</u>
Total Builder-owned	<u>\$7,063,331</u>

Individual Owners Value Conclusions

In determining the value for the individually owned homes, we have considered the concluded base price value for the homes which is considered a minimum market value. This is due to homebuyers typically purchasing some addition upgrades, options or pay some premiums for the lot.

The concluded values for the 46 individually owned homes within McKenna Pointe are:

Plan 1 (10 x \$359,100)	\$ 3,591,000
Plan 2 (15 x \$394,230)	5,913,450
Plan 3 (9 x \$376,200)	3,385,800
Plan 4 (12 x \$406,350)	<u>4,876,200</u>
Total Individual Value	<u>\$17,766,450</u>

In an additional review, we have reviewed the original builder sales prices for the homes within the neighborhood of McKenna Pointe. Closings for the 46 homes occurred between January 10, 2018 and August 6, 2018. The builder's reported closing prices for the individually owned homes total \$18,073,970. The builder's reported prices include premiums, upgrades and purchased options as well as took into consideration the concessions given by the builder. The above valuation is for the minimum market value

as it takes into consideration the base plan price only and does not take into consideration any options, premiums or upgrades which were purchased by the buyers. The above concluded values are within 1.7 percent of the actual sales prices within McKenna Pointe. Typically the base price will be lower than the sales price due to the options, upgrades and premiums paid by the homeowner when customizing their home. McKenna Pointe is at the lower end of the new home price range and most first-time homebuyers do not purchase many options and upgrades due to the down payment needed to purchase the house, thus a 1.7 percent difference is typical. It is our conclusion that the original builder sales prices further substantiate the concluded minimum market value for the individually owned homes.

APPRAISAL REPORT SUMMARY

The appraisal assignment was to value the subject property which is a portion of the lands within Lake Elsinore CFD No. 2007-4 consisting of approximately 21.55 usable acres covered by recorded Tract Map 33486 being built into 81 single family detached homes as the community known as McKenna Pointe in the City of Lake Elsinore.

The subject property consists of 81 proposed single-family homes within Tract Map 33486. There are 46 homes completed and closed to individuals, two models, 16 homes over 95 percent complete, six homes under construction and 11 remaining finished lots. Sales began in the subject property in October 2017 with 61 sales to date (including 46 closed homes). We have reviewed the builder sales and reviewed the areas Multiple Listing Service. Our search resulted in no re-sales and no current listings of re-sale homes within the project.

The subject property was valued using the Sales Comparison Approach to value and a mass appraisal technique. A minimum value was determined for the existing homes by concluding at a base value for each plan. The valuation considered the improvements/benefits to be funded by Lake Elsinore CFD No. 2007-4 bond proceeds along with the Lake Elsinore CFD No. 2007-4 special tax lien. As a result of our investigation, the concluded value for the subject property is:

Value Conclusions for Lake Elsinore CFD No. 2007-4:

D.R. Horton (17 Lots)	\$ 2,036,574
D.R. Horton (18 Houses)	<u>\$ 5,026,757</u>
Total D.R. Horton Ownership	\$ 7,063,331
Individual Owners	<u>\$17,766,450</u>

Aggregate Value Lake Elsinore CFD No. 2007-4 \$24,829,781

The above values are stated subject to the Assumptions and Limiting Conditions of this report, the Appraiser's Certification and as of August 15, 2018.

APPRAISER'S CERTIFICATION

The appraiser certifies that to the best of his knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased, professional analyses, opinions and conclusions.
3. The appraiser has no present or prospective interest in the property that is the subject of this report, and no personal interest or bias with respect to the parties involved.
4. The appraiser's compensation is not contingent upon the 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.
5. This appraisal was not based on a requested minimum valuation, a specific valuation or the approval of a loan.
6. The analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
7. Kitty Siino has made a personal inspection of the property that is the subject of this report.
8. Kitty Siino has performed an appraisal on the subject property in the past three years.
9. No other appraisers have provided significant professional assistance to the persons signing this report.
10. The reported analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the requirements of the Appraisal Institute's Code of Professional Ethics and Standards of Professional Appraisal Practice, which include the Uniform Standards of Professional Appraisal Practice.
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
12. As of the date of this report, Kitty Siino has completed the requirements of the continuing education program of the Appraisal Institute.

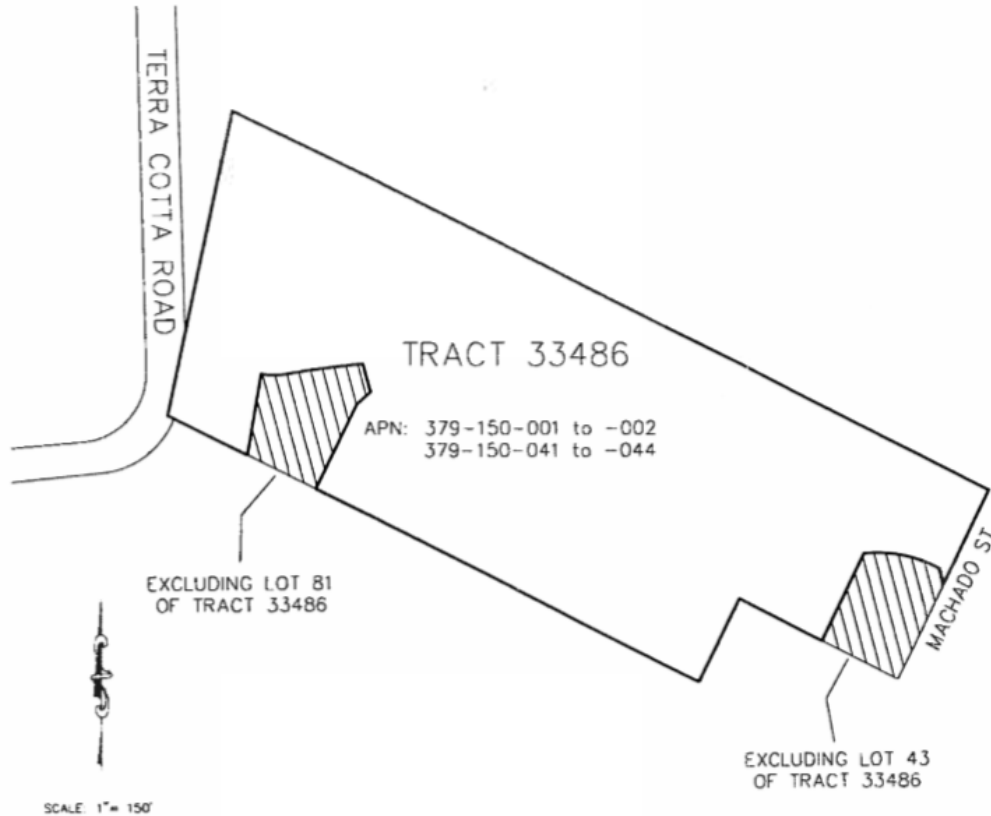


Kitty S. Siino, MAI
State Certified General
Real Estate Appraiser (AG004793)

ADDENDA

LAKE ELSINORE CFD NO. 2007-4
BOUNDARY MAP

PROPOSED BOUNDARY OF
COMMUNITY FACILITIES DISTRICT No. 2007-4
OF THE CITY OF LAKE ELSINORE
(MAKENNA COURT)
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



FILED IN THE OFFICE OF THE CITY CLERK OF THE CITY OF LAKE ELSINORE THIS 12th DAY OF September 2007.
Michelle Soto
CITY CLERK OF THE CITY OF LAKE ELSINORE

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING THE PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2007-4 (MAKENNA COURT), CITY OF LAKE ELSINORE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF LAKE ELSINORE, AT A REGULARLY SCHEDULED MEETING THEREOF, HELD ON THE 28th DAY OF August, 2007, BY ITS RESOLUTION NO. 2867-1516.
Michelle Soto
CITY CLERK OF THE CITY OF LAKE ELSINORE

FILED THIS 15 DAY OF Sept, 2007, AT THE HOUR OF 9:00 O'CLOCK AM, IN BOOK 73 OF MAPS OF ASSESSMENT AND COMMUNITY FACILITIES DISTRICTS PAGE NOS. 20 THROUGH 21, AS INSTRUMENT NO. 2867-1516, IN THE OFFICE OF THE COUNTY RECORDER IN THE COUNTY OF RIVERSIDE, STATE OF CALIFORNIA.

Joseph Haines
LARRY W. HAINES
ASSESSOR-COUNTY CLERK-RECORDER
COUNTY OF RIVERSIDE

FEE \$7.00

REFERENCE THE RIVERSIDE COUNTY ASSESSOR'S MAPS FOR A DETAILED DESCRIPTION OF PARCEL LINES AND DIMENSIONS.

LEGEND:

— DISTRICT BOUNDARY

HARRIS & ASSOCIATES
34 Executive Park, Suite 150
Irvine, CA 92614
(949) 855-3800 • FAX (949) 855-3895

PROPOSED BOUNDARY MAP

Community Facilities District No. 2007-4
of the City of Lake Elsinore
(Makenna Court)
County of Riverside, California

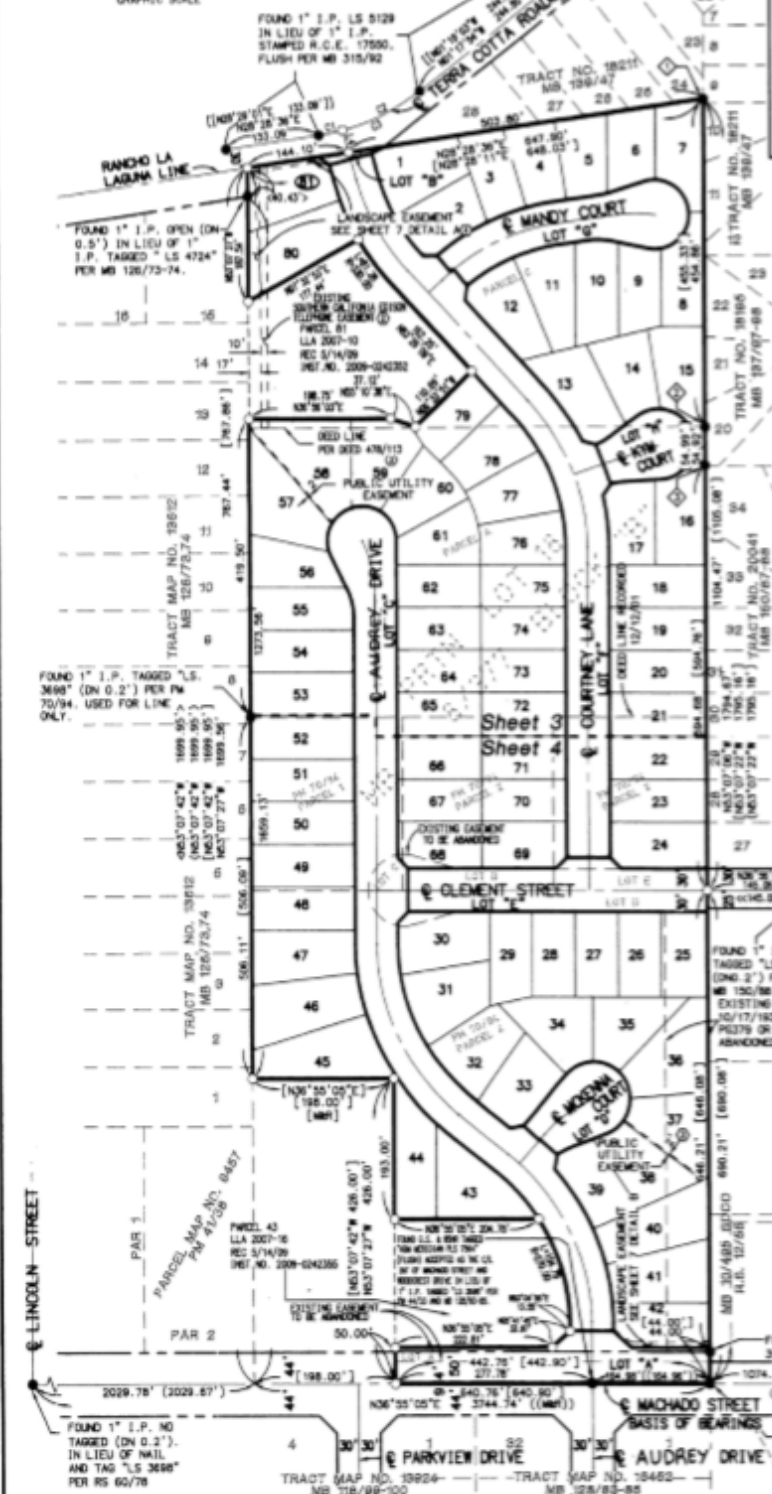
Sheet 1 OF 1

© ELSINORE/CITY 2007-4 Makenna Court/CITY2007-4.dwg

TRACT MAP 33486

BEING A SUBDIVISION OF PARCEL 1 AS SHOWN ON LOT LINE ADJUSTMENT NO. 2007-18 RECORDED MAY 14, 2008 AS INSTRUMENT NO. 2009-0243365, TOGETHER WITH PARCEL 1 AS SHOWN ON LOT LINE ADJUSTMENT NO. 2007-10 RECORDED MAY 14, 2008 AS INSTRUMENT NO. 2009-0243362, BOTH IN THE OFFICE OF THE COUNTY RECORDER COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, BOTH LYING WITHIN RANCHO LA LAGUNA.

RECEIVED - FEBRUARY 2008



Vicinity Map

SCALE: $r^2=0.98$ 

SURVEYOR'S NOTES

1. THE DAY OF RECORDING IS THE CONTINUANCE OF
RECORDS SET TAKEN AS BEING NON-RECORDS SETS
AS SHOWN BY MAP IN FILE IN BOOK 10, PAGE 84 OF
RECORDS OF HENDERSON COUNTY,
CALIFORNIA.
2. ☒ FLOOD MONUMENT AS NOTED
3. ☐ INDICATES SET 17' OPEN PILE WITH PLASTIC
FLUOR STAMPS "L.S. 1204". CORRELATION
MONUMENT SET 17' OPEN PILE WITH PLASTIC
FLUOR STAMPS "L.S. 1204" SET FLUSH
ON PREVIOUS SURFACE.
4. ☐ BENCH AND BRUSH THE STAMPS "L.S. 1204"
BENCH, SET SET THE STAMPS FLUSH ON THE
PRELIMINATION OF THE SIDE LIFT ON LOGS OF
THE PILE LIFT CORNER, A 17' OPEN PILE WITH
PLASTIC FLUOR STAMPS "L.S. 1204" WAS SET
AT NEAR LIFT CORNER UNLESS OTHERWISE NOTED.
WHEN NEAR LIFT CORNER SETS ARE NOTED,
WHEN SET WITH A NUMBER AND WITH A SYMBOL,
IT INDICATES, A HILL AND BRUSH THE STAMPS
"L.S. 1204" SHALL BE SET ON THE TOP OF THE
HILL ON THE SIDE LIFT ON LOGS OF THE
NEAR LIFT CORNER.
5. IN THE EVENT THE aforementioned MONUMENTS
LARGELY BE SET TO UNRECORDED
CONTRIBUTORS A LEGAL, HILL AND "L.S. 1204"
THE SHALL BE SET, AT THE TRUE LOCATION
INDICATED FOR BY THIS LISTS OF THE
aforementioned MONUMENTS.
6. ALL MONUMENTS SET FOR HENDERSON COUNTY AND
NOT SET, ALL MONUMENTS SHOWN AS "SET"
SHALL BE SET TO UNRECORDED
THE MONUMENT AGREEMENT FOR THIS MAP, UNLESS
OTHERWISE NOTED.
7. ☐ INDICATED CAME DATA CALLED OUT ON TRIANGULAR FORM.
8. ☒ INDICATED LINE DATA CALLED OUT ON TRIANGULAR FORM.
(1) RECORDING DATA PER PAGES, MAP NO. 10000 PM 20/20
(2) RECORDING DATA PER PAGES, MAP NO. 10000 PM 20/20
(3) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(4) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(5) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(6) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(7) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(8) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(9) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(10) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(11) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(12) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(13) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(14) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(15) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(16) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(17) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(18) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(19) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(20) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(21) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(22) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(23) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(24) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(25) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(26) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(27) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(28) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(29) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(30) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(31) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(32) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(33) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(34) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(35) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(36) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(37) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(38) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(39) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(40) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(41) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(42) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(43) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(44) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(45) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(46) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(47) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(48) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(49) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(50) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(51) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(52) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(53) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(54) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(55) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(56) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(57) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(58) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(59) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(60) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(61) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(62) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(63) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(64) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(65) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(66) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(67) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(68) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(69) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(70) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(71) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(72) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(73) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(74) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(75) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(76) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(77) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(78) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(79) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(80) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(81) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(82) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(83) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(84) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(85) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(86) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(87) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(88) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(89) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(90) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(91) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(92) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(93) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(94) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(95) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(96) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(97) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(98) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(99) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(100) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(101) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(102) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(103) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(104) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(105) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(106) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(107) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(108) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(109) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(110) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(111) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(112) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(113) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(114) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(115) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(116) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(117) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(118) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(119) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(120) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(121) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(122) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(123) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(124) RECORDING DATA PER TRACT MAP NO. 10000 PM 20/20
(1

EASEMENT NOTES

SEE SHEET 4 FOR ALL EASEMENT NOTES

MONUMENT NOTES

- 3898 ④ FOUND 2" I.P. (FLUSH) W/ 3/4" I.P.
INSIDE NO TAG IN LIEU OF 1 1/2" I.P.
TAGGED "LS 3698" PER MD 70/94, RS 60/78,
AND PN 26/92. SET TAG LST394.
- 3899 ④ FOUND 1" I.P. TAGGED "LS. 3698"
(DN 1.5") PER PN 70/94.
USED FOR LINE ONLY
- 3900 ④ FOUND 1" I.P. TAGGED "LS. 3698"
(DN 0.5") PER PN 70/94.
USED FOR LINE ONLY

CENTERLINE DATA				
#	DELTA/BRG	RADIUS	LENGTH	TANGENT
C1	an 08°28'05"	300.51	33.92	16.98'
C2	an 22°58'44"	304.06	102.04	61.85'
C3	an 29°27'49"	303.29	150.95	79.75'
C4	180°00'00"	—	30.18'	—

FOUND #1 P. TAGGED "HOFU"
(FLASH) ACCEPTED AS THE C/L
INT. OF KNOXWOOD STREET AND
LAKESHORE DRIVE IN LIOU OF
#1 P. TAGGED LS 3000 PER PW
7/1/64.

3.00 1" I.P. TAGGED "L.S."
108" (FLUSH) PER PW 70/94
17' 9" [1074.17'] ((1074.17'))
(N0°55'08"E • 3744.74')

FOUND 3/4" I.P. TAGGED "L3. 12118"
(DN 0.5") ACCEPTED AS THE C/L INT.
OF WACHOOG STREET AND NE COR OF
VPR 4 PER PW 70/94. IN L220 OF 1
A/I.P. TAGGED "ICE 12118 PER M5
70/94. DS 60/78. AND PW 34/90.

DISCOUNTED CASH FLOW ANALYSIS

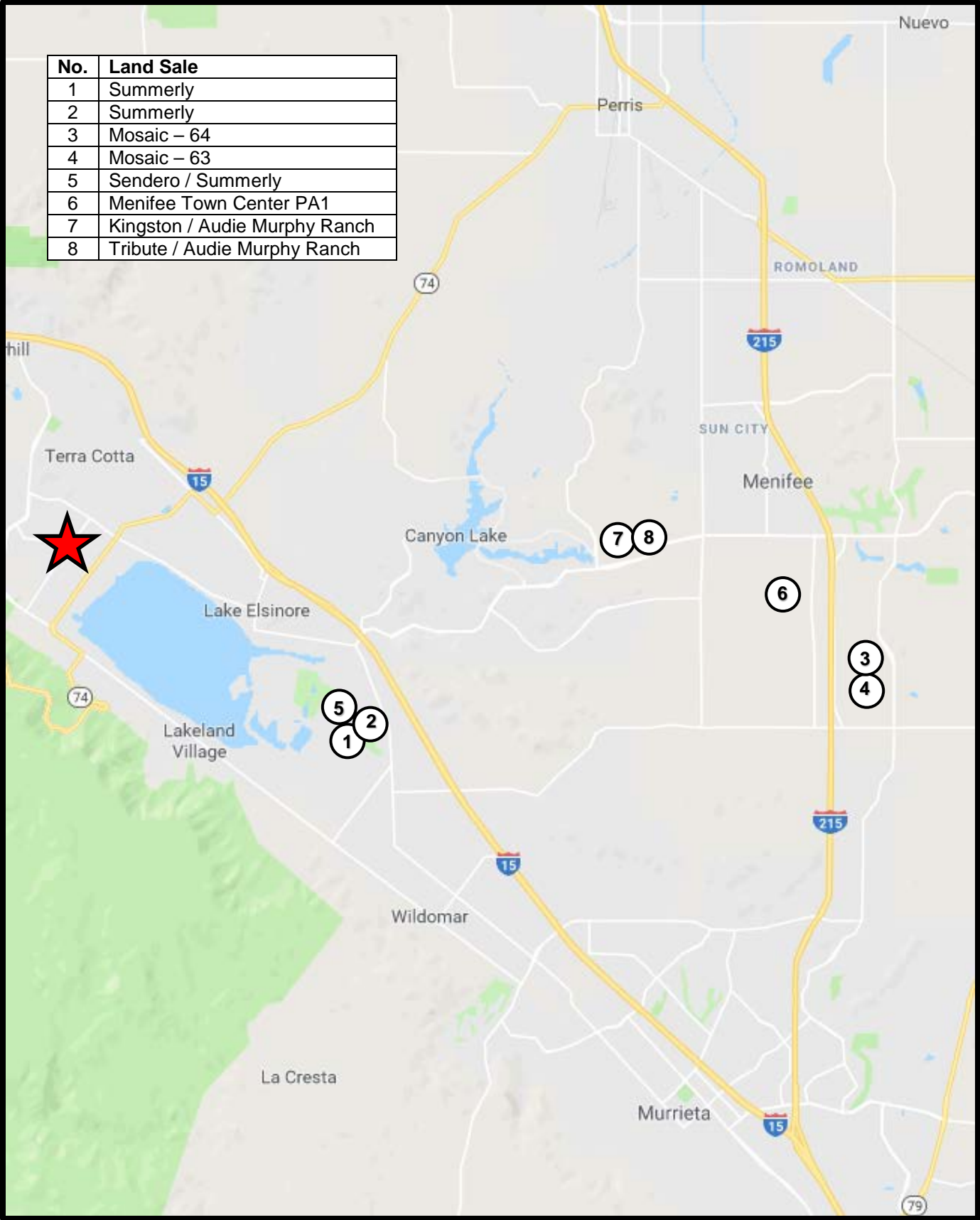
McKenna Pointe D.R. Horton Owned Homes Discounted Cash Flow Analysis

MONTH	<u>MONTH 1</u>	<u>MONTH 2</u>	<u>MONTH 3</u>	<u>MONTH 4</u>	<u>TOTAL</u>
INCOME:					
Retail Sales	\$1,723,915	\$1,723,915	\$1,723,915	\$1,723,915	\$6,895,660
TOTAL INCOME	<u>\$1,723,915</u>	<u>\$1,723,915</u>	<u>\$1,723,915</u>	<u>\$1,723,915</u>	<u>\$6,895,660</u>
EXPENSES:					
Remaining Costs	(\$135,907)	(\$135,906)	(\$135,907)	(\$135,907)	(\$543,627)
Marketing & Carrying Expenses	(\$137,913)	(\$137,913)	(\$137,913)	(\$137,913)	(\$551,653)
Profit	<u>(\$172,392)</u>	<u>(\$172,392)</u>	<u>(\$172,392)</u>	<u>(\$172,392)</u>	<u>(\$689,566)</u>
TOTAL EXPENSES	(\$446,212)	(\$446,211)	(\$446,212)	(\$446,212)	(\$1,784,846)
NET CASH FLOW	\$1,277,703	\$1,277,704	\$1,277,703	\$1,277,703	\$5,110,814
Discount Factor	<u>0.9934</u>	<u>0.9868</u>	<u>0.9803</u>	<u>0.9738</u>	
DISCOUNTED CASH FLOW	\$1,269,242	\$1,260,837	\$1,252,486	\$1,244,192	\$5,026,757
CUMULATIVE DISCOUNTED CASH FLOW	<u>\$1,269,242</u>	<u>\$2,530,079</u>	<u>\$3,782,565</u>	<u>\$5,026,757</u>	<u>\$5,026,757</u>

RESIDENTIAL LAND SALES MAP
& SUMMARY CHART

Finished Lot Land Sales Map

No.	Land Sale
1	Summerly
2	Summerly
3	Mosaic – 64
4	Mosaic – 63
5	Sendero / Summerly
6	Menifee Town Center PA1
7	Kingston / Audie Murphy Ranch
8	Tribute / Audie Murphy Ranch



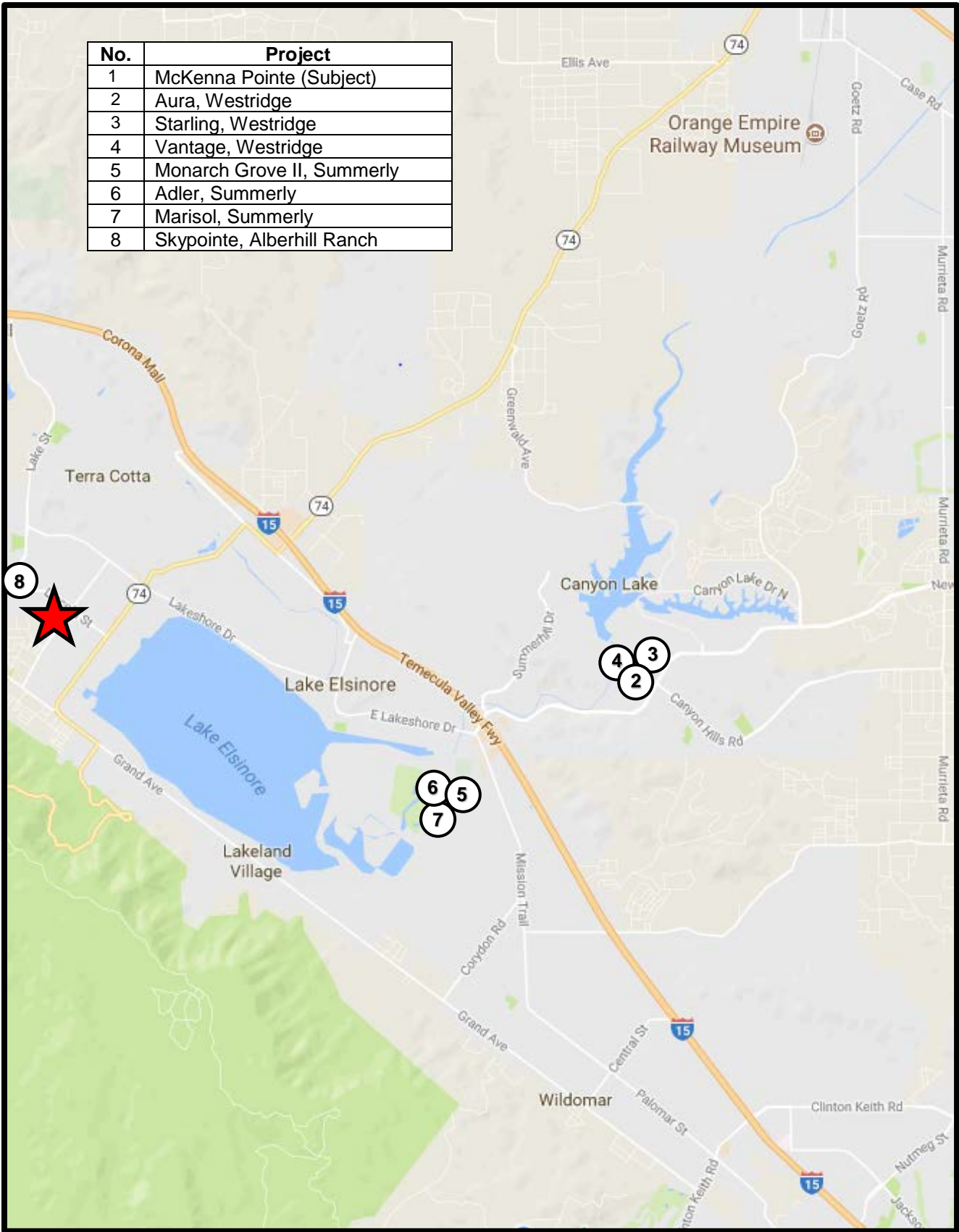
FINISHED LOT LAND SALES SUMMARY CHART

No.	Location/APN / Buyer / Seller	C.O.E.	# Units	Density/ Min. Lot Size	Cond. At Closing	Sales Price/Price per Unit	Est. Finished Lot Price	Comments
1	Summerly / Westside Diamond Dr between Summerly Place & Village Pkwy, Lake Elsinore / 371-270-007 & 025 / Western Pacific (D.R. Horton) / McMillin Summerly	6/26/18	58	5,000 sf	Blue Topped	\$5,667,500 / \$97,715	\$154,000	Delivered blue topped with an approved Final Map.
2	Summerly / Southwest side Village Parkway and Southeast of Summerly Place / 371-270-006 & 371-270-various / Beazer Homes / McMillin Summerly	5/17/18	57	6,000 sf	Blue Topped	\$5,185,000 / 90,964	\$155,000*	Delivered blue topped with an approved Final Map. * finished lot price is estimated.
3	Mosaic – 64 / SWC of Craig Ave. & Palomar Road / Menifee / 372-050-032 / Pulte Homes / Mckinely Capital	2/28/2018	64	7,200 sf	Rough Graded	\$4,125,000 \$64,453	\$140,000	Delivered rough graded with an approved Final Map.
4	Mosaic – 63 / SW of Craig Ave. & Palomar Road / Menifee / 372-050-035 / Pulte Homes / Watt Communities	2/8/2018	63	7,200 sf	Rough Graded	\$3,377,000 \$53,603	\$140,000	Delivered rough graded with an approved Final Map.
5	Sendaro / Summerly / SW of Mission Trail & Malaga Road / Lake Elsinore / 371-270-023 / Richmond American Homes / DMB Pacific Ventures	1/31/2018	65	5,500 sf	Blue Topped	\$5,421,000 \$83,400	\$147,000	Delivered blue topped with an approved Final Map.
6	Menifee Town Center PA1 / SWC of Huan Road & La Piedra Road / Menifee / 360-110-019 / RSI Communities / Regent Properties	11/7/2017	151	4,600 sf	Rough Graded	\$9,748,500 \$64,559.60	\$126,000	Delivered rough graded with an approved Tentative Tract Map.
7	Kingston / Audie Murphy Ranch / NEC of Newport Road & Goetz Road / Menifee / 358-070-009 / Meritage Homes / Brookfield Residential	11/7/2017	102	5,000 sf	Finished	\$10,656,500 \$104,475	\$154,000	Delivered finished with an approved Final Map.
8	Tribute / Audie Murphy Ranch / NEC of Newport Road & Goetz Road / Menifee / 358-070-009 / D.R. Horton / Brookfield Residential	10/19/2017	52	6,000 sf	Finished	\$5,976,000 \$114,923	\$160,000	Delivered finished with an approved Final Map

IMPROVED RESIDENTIAL SALES MAP
& SUMMARY CHART

Improved Residential Sales Map

No.	Project
1	McKenna Pointe (Subject)
2	Aura, Westridge
3	Starling, Westridge
4	Vantage, Westridge
5	Monarch Grove II, Summerly
6	Adler, Summerly
7	Marisol, Summerly
8	Skypointe, Alberhill Ranch



IMPROVED RESIDENTIAL SALES SUMMARY CHART

No.	Project Name Location / Developer	Plan	Room Count	Floors / Parking	Size (SF)	Lot Size	Base Sales Price	Absorp. Rate	Incentives/ Concessions	Price Less Incentives	Price/SF After Incentives
1	McKenna Pointe, Machado St. and Woodcrest D.R.. / D.R Horton (Subject)	1	3 / 2	1 / 2	2,052	7,200	\$367,490	5.1	\$5,000 towards closing with preferred lender	\$362,490	\$176.65
		2	4 / 3	1 / 2	2,319		\$404,490			\$399,490	\$172.26
		3	4 / 3	2 / 2	2,508		\$385,990			\$380,990	\$151.90
		4	4 / 3.5	2 / 2	2,709		\$420,990			\$415,990	\$153.55
2	Aura, Westridge – Canyon Hills, SW of Railroad Canyon Road and Canyon Hills Road / Pardee Homes	1	3 / 2.5	2 / 2	2,151	5,500	\$369,000	4.2	\$11,000 towards closing costs with preferred lender	\$358,500	\$166.66
		2	4 / 3.5	2 / 2	2,339		\$376,000			\$365,000	\$156.04
		3	4 / 3.5	2 / 2	2,493		\$381,000			\$370,000	\$148.41
3	Starling, Westridge – Canyon Hills, SW of Railroad Canyon Road and Canyon Hills Road / Pardee Homes	1	5 / 4	2 / 2	2,936	5,000	\$423,000	2.7	\$12,000 towards closing with preferred lender	\$411,000	\$139.98
		2	5 / 3	2 / 2	3,037		\$426,000			\$414,000	\$136.31
		3	5 / 4	2 / 2	3,255		\$429,000			\$417,000	\$128.11
4	Vantage, Westridge – Canyon Hills, SW of Railroad Canyon Road and Canyon Hills Road, / Pardee Homes	1	4 / 3	2 / 2	2,539	4,500	\$392,000	4.1	\$12,000 towards closing costs with preferred lender	\$380,000	\$149.66
		2	5 / 3	2 / 2	2,789		\$403,000			\$391,000	\$140.19
		3	5 / 3	2 / 2	2,870		\$409,000			\$397,000	\$138.32
5	Monarch Grove II, Summerly, Railroad Canyon and Diamond Drive / CalAtlantic	1	4 / 2.5	1 / 2	2,553	6,000	\$407,904	2.9	\$5,000 towards closing with preferred lender	\$402,904	\$157.81
		2	4 / 3	2 / 3	2,854		\$393,900			\$388,900	\$136.26
		3	4 / 3	2 / 3	3,184		\$402,900			\$397,900	\$124.96
6	Adler, Summerly, SW of Mission Trail & Malaga Rd. / William Lyon Homes	1	3 / 2	1 / 2	1,941	6,000	\$393,000	6.1	\$5,000 towards closing with preferred lender	\$388,000	\$199.89
		2	3 / 2.5	2 / 2	2,112		\$401,900			\$396,900	\$187.92
		3	4 / 3	2 / 2	2,350		\$407,900			\$402,900	\$171.44
7	Marisol, Summerly, SW of Mission Trail & Malaga Rd. / Richmond American Homes	1	3 / 2.5	1 / 2	2,550	7,200	\$419,990	3.0	\$12,500 towards closing with preferred lender	\$407,490	\$159.80
		2	3 / 2.5	1 / 3	2,490		\$415,990			\$403,490	\$162.04
		3	3 / 2.5	1 / 3	2,800		\$439,990			\$427,490	\$152.67
8	Skypointe, Alberhill Ranch / Alberhill Ranch Rd. and Hudson Ln. / KB Home	2	3 / 2	1 / 2	1,860	8,000	\$449,990	4.9	None	\$449,990	\$241.93
		3	3 / 2	1 / 2	1,946		\$339,990			\$339,990	\$174.71
		4	3 / 2.5	2 / 2	2,232		\$405,990			\$405,990	\$181.89
		5	4 / 2.5	2 / 2	2,537		\$429,990			\$429,990	\$169.48
		6	4 / 2.5	2 / 2	2,898		\$449,990			\$449,990	\$155.27

APPRAISER'S QUALIFICATIONS

QUALIFICATIONS OF KITTY S. SIINO, MAI

Education

Bachelor of Arts in Business Administration, Financial Investments, California State University, Long Beach, California (1980)

Post-Graduate Study, Real Estate Development, University of California, Irvine, California

Appraisal Institute Classes: Uniform Standards of Professional Appraisal Practice, A & B; Appraisal Principles; Appraisal Procedures; Basic Income Capitalization; Advanced Income Capitalization; Narrative Report Writing; Advanced Applications, Case Studies. Successfully completed all classes in addition to successfully completing the writing of a Demonstration Report and taking the Comprehensive Exam. Became a Member of the Appraisal Institute in December 1996. Have completed over 100 hours of continuing education through the Appraisal Institute every five years.

Employment

1988 - Present:

Self-Employed Real Estate Appraiser. Duties include the appraisal of various types of properties such as commercial, retail, industrial and vacant land. More complex assignments include easements, right-of-ways and special assessment districts. From 1996 to present, specialized in special assessment districts and community facilities districts appraisals for public entities, including Jurupa Community Services District, Corona Norco Unified School District, City of Corona, City of Chula Vista, City of San Marcos and City of Moreno Valley.

1986-1988:

Project Manager of Development for Ferguson Partners, Irvine, California. Duties included land acquisitions; review of fee appraisals and valuations; analysis of proposed development; planning and design; and management of development, construction and lease-up. The types of properties developed were commercial and industrial. Duties ranged from raw, vacant site development through property management of recently developed projects.

1981 - 1986

Manager of Finance, Construction for Community Development Division, The Irvine Company, Irvine, California. Duties included originating and managing a newly formed division of finance to bridge between the accounting functions and project management functions. Worked with analysis and budgets for Community Development Division. Coordinated with cities in forming new Assessment Districts and Community Facilities Districts to finance major infrastructure improvements. Types of properties were apartments and single-family residential lots on a for sale basis to apartment and homebuilders.

1980 - 1981

Investment Counselor, Newport Equity Funds, Newport Beach, California. Duties included obtaining private financing for residential properties, working with appraisals of properties and analyzing the investments.

Licenses

Real Estate Sales Person, State of California, 1980
Certified General Appraiser, State of California (#AG004793)

Organizations

MAI #11145 - The Appraisal Institute

Public Financing

CASTOFF Meetings, 2006, 2007, 2008, 2009, 2010, 2011, 2013, 2014 and 2015
Speaker, Mello-Roos & Special Assessment Financing, UCLA Extension Public Policy Program, February 2009 and March 2011