Appendix RTC-1

Appraisal Report
City of Roseville Community Facilities District No.1
(Fiddyment Ranch)

Appraisal Report

City of Roseville Community Facilities District No. 1 (Fiddyment Ranch)
Roseville, California

Date of Report: April 19, 2017

Prepared For:

Mr. Jay Panzica, Chief Financial Officer
City of Roseville
311 Vernon Street
Roseville, CA 95678

Prepared By:

Kevin K. Ziegenmeyer, MAI
Eric A. Segal, MAI

Seevers Jordan Ziegenmeyer
Real Estate Appraisal & Consultation

April 19, 2017

Mr. Jay Panzica, Chief Financial Officer
City of Roseville
311 Vernon Street
Roseville, CA 95678

RE: City of Roseville Community Facilities District No. 1
(Fiddyment Ranch)
Roseville, California

Dear Mr. Panzica:

At your request and authorization, Seevers • Jordan • Ziegenmeyer has prepared an appraisal report for the purpose of estimating the market value (*fee simple estate*) of certain developed and undeveloped properties within the boundaries of the City of Roseville Community Facilities District No. 1, under the assumptions and limiting conditions contained in this report.

The appraisal report has been conducted in accordance with appraisal standards and guidelines found in the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (2004). This document is an Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the 2016-2017 edition of USPAP.

The appraised properties represent various parcels within Fiddyment Ranch, a master planned community located within the West Roseville Specific Plan of the city of Roseville. The appraised properties consist of 421 finished residential lots, 56 homes under construction, five commercial parcels and five multifamily (high density residential) parcels. There are also 139 completed single-family homes within the boundaries of the CFD not currently assessed for an improvement value by the Placer County Assessor; as such, a not-less-than estimate of market value for the smallest floor plan constructed within each subdivision was appraised and assigned to each respective Assessor's parcel within the CFD. While the Tax Roll provided by the Placer County Assessor's Office shows that 133 of the 139 homes are owned by merchant builders, based upon our site inspection and sales activity in the area, it is highly likely that most, if not nearly all, of these homes are in fact owned by individual homeowners.

The Fiddyment Ranch master planned community is generally located east and west of Fiddyment Road, north and south of Blue Oaks Boulevard, in the city of Roseville. Land uses in Fiddyment Ranch include single-family and multifamily residential, community commercial, three school sites, multiple community parks and open space areas.

We have been requested to provide a market value of the appraised properties by ownership and Assessor's parcel, as well as an aggregate, or cumulative, value of the properties as of the date of value.

The market value of the appraised properties, by ownership, as well as the cumulative, or aggregate, value of the appraised properties in the CFD account for the impact of the Lien of the Special Tax securing the City of Roseville Fiddyment Ranch Community Facilities District No. 1 Bonds.

As a result of our analysis, it is our opinions the cumulative, or aggregate, values, in accordance with the assumptions and conditions set forth in the attached document (please refer to pages 6 through 8), as of the date of inspection (value), February 1, 2017, are:

Aggregate Value of Appraised Properties	**$**	**165,950,000**
Aggregate Retail Value of Existing Homes Based on Assessed Value*	**$**	**578,241,598**
Total Aggregate Value of Appraised and Assessed Properties in the District	**$**	**744,191,598**

*Provided by Willdan Financial Services

This estimate of value above represents a "not-less-than" value due to the fact we were requested to provide a market value of the smallest floor plan (by project) on each single-family residential lot improved with a completed home without an assessed value assigned.

The estimate of value is subject to the hypothetical condition the City of Roseville Fiddyment Ranch Community Facilities District No. 1 Bonds (Series 2005/2006) have been refunded by the City of Roseville Community Facilities District No. 1 Refunding Bonds (Series 2017).

The market value of the appraised properties by Assessor's parcel can be found in the Appendix of this appraisal report. The market values by ownership can be found at the end of this report.

Any properties within the CFD not subject to the Lien of the Special Tax securing the Bonds (public and quasi-public land use sites), in addition to those lots/parcels with completed improvements with an assigned assessed value for both land and improvements, are not a part of this appraisal.

Please note the aggregate value noted above ***is not*** the market value of the appraised properties in bulk. As defined by The Dictionary of Real Estate Appraisal, an aggregate value is the "total of multiple market value conclusions." For purposes of this report, market value is estimated by ownership. The estimates of market value account for the impact of the Lien of the Special Taxes securing the Bonds.

The estimates of market value provided assume a transfer would reflect a cash transaction or terms considered to be equivalent to cash. The estimates are also premised on an assumed sale after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with buyer and seller acting prudently, knowledgeably, for their own self-interest and assuming neither is under duress. Further, the estimates of market value, by ownership, estimated herein specifically assume the appraised properties within the boundaries of the CFD are not marketed concurrently, which would suggest a market under duress.

We hereby certify the properties have been inspected and have impartially considered all data collected in the investigation. Further, we have no past, present or anticipated future interest in the properties. This letter must remain attached to the report, which contains 164 pages, plus related exhibits and Appendix, in order for the value opinions set forth herein to be considered valid.

The appraised properties do not have any significant natural, cultural, recreational or scientific value. The appraisers certify this appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.

This appraisal has been performed in accordance with the requirements of USPAP, the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute and the Appraisal Standards for Land Secured Financing, published by the California Debt and Investment Advisory Commission (2004). Additionally, this valuation is offered in accordance with the limiting conditions and assumptions set forth in this report.

Thank you for the opportunity to work with your office on this assignment.

Respectfully submitted,

Kevin K. Ziegenmeyer, MAI	Eric A. Segal, MAI
State Certification No.: AG013567	State Certification No.: AG026558
Expires: June 4, 2017	Expiration Date: February 18, 2019

/mlb

TABLE OF CONTENTS

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Property: The appraised properties comprise the improved, partially improved and unimproved lots/parcels within the boundaries of the City of Roseville Fiddyment Ranch Community Facilities District No. 1, including those without vertical improvements as well as those residential lots with completed single-family homes *without* an assessed value.

Location: East and west of Fiddyment Road, north and south of Blue Oaks Boulevard, within the city of Roseville, Placer County, California

Assessor Parcel Numbers/ Owners of Record: The appraised properties consist of 421 finished residential lots, 56 homes under construction, five commercial parcels and five multifamily (high density) residential parcels, which are identified within the Appendix to this report (see Tax Roll). The Fiscal Year 2016-17 County property tax roll lists one of these four parcels (Parcel F-21) as owned by "West Roseville Development Co LLC." It's worth noting a representative of West Roseville Development Co Inc. confirmed to the City that this is an incorrect reference to "West Roseville Development Co. Inc." and, accordingly, ownership of all four parcels is listed under this entity name.

There are also 139 completed single-family homes within the boundaries of the CFD not currently assessed for an improvement value by the Placer County Assessor; as such, a not-less-than estimate of market value for the smallest floor plan constructed within each subdivision was appraised and assigned to each respective Assessor's parcel within the CFD.

The appraised parcels are owned by multiple ownership groups, which are described in more detail in the Property Legal Data section. Most of the completed single-family homes without an assessed value for vertical improvements are owned by individual homeowners.

Zoning:

RS/DS –	small lot residential with development standard overlay
R3 –	attached housing
CC –	community commercial
P/R –	park and recreation

Flood Zone: Zone X – areas determined to be outside of the 500-year flood plain.

Earthquake Zone: Zone 3 – Moderate seismic activity (not located in a Fault-Rupture Hazard Zone)

Highest and Best Use, as Vacant:

Single-Family Residential	Near term single-family residential
Multifamily Residential (Affordable)	Hold for future multifamily residential
Commercial (CC)	Hold for future commercial development

Highest and Best Use, as Improved: Continuation of single-family residential use

Property Rights Appraised: Fee simple interest

Date of Inspection (Value): February 1, 2017

Date of Report: April 19, 2017

Exposure Time/Marketing Time: 12 months

Conclusion of Cumulative, or Aggregate, Value:

Aggregate Value of Appraised Properties	**$**	**165,950,000**
Aggregate Retail Value of Existing Homes Based on Assessed Value*	**$**	**578,241,598**
Total Aggregate Value of Appraised and Assessed Properties in the District	**$**	**744,191,598**

*Provided by Willdan Financial Services

This estimate of value above represents a "not-less-than" value due to the fact we were requested to provide a market value of the smallest floor plan (by project) on each single-family residential lot improved with a completed home without an assessed value assigned. The market value of the appraised properties by Assessor's parcel can be found in the Appendix of this appraisal report. The market value of the appraised properties by ownership can be found at the end of this report.

Any properties within the CFD not subject to the Lien of the Special Tax securing the Bonds (public and quasi-public land use sites), in addition to those lots/parcels with completed improvements with an assigned assessed value for both land and improvements, are not a part of this appraisal.

Please note the aggregate value noted above ***is not*** the market value of the appraised properties in bulk. As defined by The Dictionary of Real Estate Appraisal, an aggregate value is the "total of multiple market value conclusions." For purposes of this report, market value is estimated by ownership. The estimates of market value account for the impact of the Lien of the Special Taxes securing the Bonds.

The estimates of market value, by ownership, estimated herein specifically assume the appraised properties within the boundaries of the CFD are not marketed concurrently, which would suggest a market under duress.

The market value conclusions noted above are subject to the Extraordinary Assumptions, Hypothetical Conditions, General Assumptions and Limiting Conditions referenced on pages 6 through 8 of this report.

CLIENT, INTENDED USER AND INTENDED USE

The client and intended user of this appraisal report is the City of Roseville and the associated Finance Team. The appraisal report is intended for use in bond underwriting, and will be included in the Preliminary Official Statement and the Official Statement used to market the bonds.

APPRAISAL REPORT FORMAT

This document is an Appraisal Report, intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the 2016-17 edition of the Uniform Standards of Professional Appraisal Practice (USPAP).

TYPE AND DEFINITION OF VALUE

The purpose of this appraisal is to estimate the market value (*fee simple estate*), by ownership and Assessor's parcel, and the cumulative, or aggregate value of the appraised properties comprising a portion of the City of Roseville Fiddyment Ranch Community Facilities District (CFD) No. 1. Market value and aggregate value are defined as follows:

***Market Value*:** 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 and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

(1) Buyer and seller are typically motivated;
(2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
(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]

Aggregate Value: The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a

[1] Code of Federal Regulations, Title 12, Section 34.42 (55 Federal Register 34696, Aug. 24, 1990; as amended at 57 Federal Register 12202, Apr. 9, 1992; 59 Federal Register 29499, June 7, 1994).

single transaction; it is simply the total of the individual market value conclusions[2]

PROPERTY RIGHTS APPRAISED

The market values estimated herein are for the fee simple estate, defined as follows:

***Fee Simple Estate*:** absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.[3]

DATES OF INSPECTION, VALUE AND REPORT

An inspection of the appraised properties was completed on February 1, 2017, which represents the effective date of market value. This Appraisal Report was completed and assembled on April 19, 2017.

SCOPE OF WORK

This Appraisal Report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). This analysis is intended to be an "appraisal assignment," as defined by USPAP; the intention is the appraisal service be performed in such a manner that the result of the analysis, opinions, or conclusion be that of a disinterested third party.

Several legal and physical aspects of the appraised properties were researched and documented. A physical inspection of the property was completed and serves as the basis for the site description contained in this report. Interviews were conducted with Mr. Stephen Hicks of Bayless and Hicks, a regionally recognized land development firm, who provided information regarding the current status of the project. The sales history was verified by consulting public records. Zoning and entitlement information was collected from the City of Roseville Planning Department. The subject's earthquake zones, flood zones and utilities were obtained from the respective agencies, and property tax information was obtained from the County of Placer Assessor's Office on-line resources.

Data relating to the subject's neighborhood and surrounding market area were analyzed and documented. This information was obtained through personal inspections of portions of the neighborhood and market area; newspaper articles; real estate conferences; and interviews with various market participants, including property owners, property managers, land brokers, developers and local government agencies.

---

[2] The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 6.
[3] The Dictionary of Real Estate Appraisal, 90.

In this appraisal we determined the highest and best use of the appraised properties as though vacant based on the four standard tests (legal permissibility, physical possibility, financial feasibility and maximum productivity). As will be shown in the *Highest and Best Use Analysis* section, the highest and best use of the appraised properties as vacant is for near term single-family and multifamily residential development (on the parcels approved for market rate housing), but to hold the commercial sites and the income-restricted multifamily parcel (F-22) for future development. We also determined the highest and best use of the appraised properties as improved.

We have been requested to provide estimates of market value of the appraised properties by ownership and Assessor's parcel, as well as an aggregate, or cumulative, value of the properties. The sales comparison approach to value was used to determine the market value of each component comprising the appraised properties (partially improved residential lots, finished residential lots, partially completed homes, completed homes without assessed values, commercial parcels and multifamily residential parcels). In the valuation analysis, only one other method of valuation was performed – an extraction analysis. Parcel F-22 represents a multifamily residential site with affordable housing restrictions and, given the lack of relevant sales of vacant multifamily parcels subject to these income requirements, the extraction method was determined to be the most credible method of valuation for this parcel. In the extraction method, we first estimated the market value of this parcel assuming completion of construction and stabilized occupancy of an apartment community with the specified rent levels, then from this figure we deducted the total cost of construction to arrive at a "residual" land value. As will be shown, the cost of construction exceeds the value of this parcel at completion/stabilized occupancy, and the resultant value of this site is $0.

The cumulative, or aggregate, value of the appraised properties represents the sum of the value estimates concluded for each ownership interest, which is not equivalent to the market value of the CFD as a whole.

In light of the fact the vested property owners have a number of lot(s) that could sell in bulk to one buyer within 12 months, no discounting is necessary. It is also worth noting, while the Assessor's Tax Roll identifies 133 completed single-family homes held under the ownership of merchant builders, based on an inspection and inventory of the subject parcels, most of the these homes appear to have, in fact, sold to individual homeowners. Therefore, the valuation of the completed homes does not require bulk discounting.

The individuals involved in the preparation of this appraisal include Kevin K. Ziegenmeyer, MAI, and Eric A. Segal, MAI. Messrs. Segal and Ziegenmeyer 1) inspected the subject property, 2) reviewed the subject property information provided, 3) collected and confirmed market data, 4) analyzed market data and 5) prepared the Appraisal Report.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

It is noted the use of an extraordinary assumption or hypothetical condition may have affected the results of the appraisal.

Extraordinary Assumptions

1. It is presumed there are no adverse soil conditions, toxic substances or other environmental hazards that may interfere or inhibit development of the appraised properties. If, at some future date, items are discovered that are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion of value stated herein.

2. It is an extraordinary assumption of this appraisal the Assessor's parcels identified in the Tax Roll as being within the boundaries of City of Roseville Fiddyment Ranch Community Facilities District No. 5, which are presently identified as 492-010-057 and 492-010-077, will no longer be subject to the Lien of the Special Tax securing the City of Roseville Fiddyment Ranch Community Facilities District No. 1 Bonds. Proceeds from the City of Roseville Fiddyment Ranch Community Facilities District No. 5 Bonds will be used to pay off all of the CFD No. 1 special taxes applicable to both Assessor's parcels in the District. Thus, these parcels are excluded from the valuation herein.

Hypothetical Conditions

1. The market value estimated herein is based on a ***hypothetical condition***. USPAP defines a hypothetical condition as "a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis." The estimate of market value is subject to the hypothetical condition the City of Roseville Fiddyment Ranch Community Facilities District No. 1 Bonds (Series 2005/2006) have been refunded by the City of Roseville Community Facilities District No. 1 Refunding Bonds (Series 2017).

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.

2. No responsibility is assumed for matters of law or legal interpretation.

3. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.

4. The information and data furnished by others in preparation of this report is believed to be reliable, but no warranty is given for its accuracy.

5. It is assumed there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.

6. It is assumed the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.

7. It is assumed the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in the appraisal report.

8. It is assumed all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

9. It is assumed the use of the land and improvements is confined within the boundaries or property lines of the property described and there is no encroachment or trespass unless noted in the report.

10. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user of this report is urged to retain an expert in this field, if desired.

11. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I (we) have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. Since compliance matches each owner's financial ability with the cost-to cure the property's potential physical characteristics,

the real estate appraiser cannot comment on compliance with ADA. A brief summary of the subjects' physical aspects is included in this report. It in no way suggests ADA compliance by the current owner. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. Specific study of both the owner's financial ability and the cost-to-cure any deficiencies would be needed for the Department of Justice to determine compliance.

12. The appraisal is to be considered in its entirety and use of only a portion thereof will render the appraisal invalid.

13. Possession of this report or a copy thereof does not carry with it the right of publication nor may it be used for any purpose by anyone other than the client without the previous written consent of Seevers • Jordan • Ziegenmeyer.

14. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or any other media without the prior written consent and approval of Seevers • Jordan • Ziegenmeyer. Seevers • Jordan • Ziegenmeyer authorizes the reproduction of this document to aid in bond underwriting and in the issuance of Bonds.

15. Acceptance and/or use of the appraisal report constitutes acceptance of all assumptions and limiting conditions stated in this report.

16. An inspection of the appraised properties revealed no apparent adverse easements, encroachments or other conditions, which currently impact the subject. The appraiser is not a surveyor nor qualified to determine the exact location of easements. It is assumed typical easements do not have an impact on the opinion (s) of value as provided in this report. If, at some future date, these easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion (s) of value.

17. This appraisal report is prepared for the exclusive use of the appraiser's client. No third parties are authorized to rely upon this report without the express consent of the appraiser. Seevers • Jordan • Ziegenmeyer authorizes the reproduction of this document to aid in bond underwriting and in the issuance of Bonds.

CERTIFICATION STATEMENT

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I performed appraisal services regarding the subject property within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- I have made an inspection of the property that is the subject of this report.
- Eric A. Segal, MAI, provided significant real property appraisal assistance to the person signing this certification.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I certify that my State of California real estate appraiser license has never been revoked, suspended, cancelled, or restricted.
- I have the knowledge and experience to complete this appraisal assignment. Please see the Qualifications of Appraiser(s) portion of the Appendix to this report for additional information.
- As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

Kevin K. Ziegenmeyer, MAI	April 19, 2017
State Certification No.: AG013567 (Expires June 4, 2017)	DATE

CERTIFICATION STATEMENT

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I performed appraisal services regarding the subject property within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- I have made an inspection of the properties that are the subject of this report.
- Kevin Ziegenmeyer, MAI, provided significant real property appraisal assistance to the person signing this certification.
- I certify that my State of California real estate appraiser license has never been revoked, suspended, cancelled, or restricted.
- I have the knowledge and experience to complete this appraisal assignment. Please see the Qualifications of Appraiser(s) portion of the Appendix to this report for additional information.
- As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

Eric A. Segal, MAI State Certification No.: AG026558 (February 18, 2019)	April 19, 2017 DATE

PROPERTY DESCRIPTION AND HISTORY

Fiddyment Ranch Map (subject is a portion of)

Source: Wood Rodgers

The appraised properties represent various parcels within Fiddyment Ranch, a master planned community located within the West Roseville Specific Plan of the City of Roseville. The appraised properties consist of 421 finished residential lots, 56 homes under construction, five commercial parcels and five multifamily (high density residential) parcels. There are also 139 completed single-family homes within the boundaries of the CFD not currently assessed for an improvement value by the Placer County Assessor; as such, a not-less-than estimate of market value for the smallest floor plan constructed within each subdivision was appraised and assigned to each respective Assessor's parcel within the CFD.

The Fiddyment Ranch master planned community is generally located east and west of Fiddyment Road, north and south of Blue Oaks Boulevard, in the city of Roseville. Land uses in Fiddyment Ranch include single-family and multifamily residential, community commercial, three school sites, multiple community parks and open space areas.

According to the "Owner's Annual Report for the Fiscal Year Ending December 31, 2015" that was provided for use in this appraisal (and is still considered generally accurate as it pertains to the current status of Fiddyment Ranch), a total of 1,835 single-family detached lots have sold/closed within Fiddyment Ranch to merchant builders, as well as 156 multifamily affordable rental units to a non-profit affordable housing builder, and 1.9 acres of commercial land to a commercial developer. Current merchant builders active in Fiddyment Ranch include Lennar Homes, JMC Homes, Signature Homes and Taylor Morrison Homes. In Fiscal Year 2014, a Specific Plan Amendment (SPA #3) was approved to add 1,661 units to the development. As noted throughout this report, the appraised properties represent a *portion* of the entire Fiddyment Ranch master planned community.

According to the same report, construction of backbone infrastructure improvements that were financed by the original 2005 series CFD bonds have been completed and accepted by the City of Roseville. The majority of the Phase 2 backbone infrastructure improvements being financed by the series 2006 bonds have also been completed and accepted by the City. A significant level of remaining backbone infrastructure is required to complete the remainder of the Fiddyment Ranch development; notably, some remaining portions of Phase 2 and all of Phase 3, at the western area of Fiddyment Ranch.

Sales History

The appraisal report has been conducted in accordance with appraisal standards and guidelines found in the Uniform Standards of Professional Appraisal Practice (USPAP) for Mass Appraisals, insomuch this appraisal report does **not** provide a discussion of the sales history for each parcel appraised herein during the past three years. The scope of work outlined in this report is based on the specific intended use of this appraisal report. As will be shown and detailed herein, the appraised properties have been the subject of previous, recent and pending transactions as either unimproved or improved single-family residential lots, completed single-family homes currently being marketed for sale by merchant builders within the CFD, and commercial or multifamily parcels.

Appraised properties – Strengths, Weaknesses, Opportunities, Threats

***Strengths*:**

- Desirable regional location (south Placer County, Roseville)
- The housing market is in a state of expansion
- Appeal to both first time and move-up buyers
- Good condition of surrounding homes and immediate path of growth
- Good transportation linkages with proximity to State Highway 65 and Interstate 80

Weaknesses:

- With a large number of lots, sell-off is anticipated to take several years
- The increase in the number of competing, active subdivisions in West Roseville could impact overall absorption and pricing in the market

***Opportunities*:**

- Housing shortage in the region may lead buyers to consider purchasing in the development
- Commercial real estate market has been improving, and construction on the commercial sites may be feasible as Fiddyment Ranch continues to be built out
- Multifamily residential market has been one of the better performing sectors in recent years, which could benefit the high density residential sites

***Threats*:**

- Macroeconomic factors, and the possibility the economy becomes stagnant and the residential sector loses steam
- Unforeseen delays

PROPERTY LEGAL DATA

Assessor's Parcel Number(s)

The appraised properties consist of 421 finished residential lots, 56 partially completed homes, five commercial parcels and five multifamily (high density residential) parcels, which are identified within the 2016/17 Tax Roll appended hereto.

There are also 139 completed single-family homes within the boundaries of the CFD not currently assessed for an improvement value by the Placer County Assessor; as such, a not-less-than estimate of market value for the smallest floor plan constructed within each subdivision was appraised and assigned to each respective Assessor's parcel within the CFD.

Location

The appraised properties are located within the Fiddyment Ranch master planned development, which is located east and west of Fiddyment Road, north and south of Blue Oaks Boulevard, within the city of Roseville, Placer County, California.

Owner(s) of Record

A summary of the various ownership group holdings is provided in the next table.

	Commercial Parcels	Multifamily Parcels	Partially Improved Lots	Finished Lots	Partially Completed Homes	Completed Homes*	Totals
Individual Homeowners	-	-	-	-	-	6	**6**
West Roseville Development Co. LLC	-	1	-	-	-	-	**1**
West Roseville Development Co. Inc.	2	1	-	-	-	-	**3**
CV Property Advisors	-	1	-	-	-	-	**1**
ATC Realty One LLC	3	2	-	-	-	-	**5**
GBD Fiddyment Lands LP	-	-	-	159	11	-	**170**
Signature Homes (Fiddyment 96 Lots LLC)	-	-	-	68	8	20	**96**
Taylor Morrison	-	-	-	138	9	41	**188**
John Mourier Construction	-	-	-	20	16	56	**92**
Lennar Homes of California	-	-	-	36	12	16	**64**
Totals	**5**	**5**	**0**	**421**	**56**	**139**	**626**

* Completed homes without A.V. for structural improvements

It should be noted the Assessor's Office records are not current as to ownership and most of the completed homes, with the exception of model homes, are actually currently owned by individuals. The Fiscal Year 2016-17 County property tax roll lists one of these four parcels (Parcel F-21) as owned by "West Roseville Development Co LLC." It's worth noting a representative of West Roseville Development Co Inc. confirmed to the City that this is an incorrect reference to "West Roseville Development Co. Inc." and, accordingly, ownership of all four parcels is listed under this entity name.

Legal Description

A complete legal description, which would typically be included in a preliminary title report, was not provided to the appraiser.

Property Taxes

The property tax system in California was amended in 1978 by Article XIII to the State Constitution, commonly referred to as Proposition 13. It provides for a limitation on property taxes and for a procedure to establish the current taxable value of real property by reference to a base year value, which is then modified annually to reflect inflation (if any). Annual inflationary increases cannot exceed 2% per year. The base year was set at 1975-76 or any year thereafter in which the property is substantially improved or changes ownership. When either of these two conditions occurs, the property is to be re-appraised at market value, which becomes the new base year assessed value. Proposition 13 also limits the maximum tax rate to 1% of the value of the property, exclusive of bonds and supplemental assessments. Bonded indebtedness approved prior to 1978, and any bonds subsequently approved by a two-thirds vote of the political jurisdiction in which the property is located, can be added to the 1% tax rate.

The existing ad valorem taxes are of nominal consequence in this appraisal, primarily due to the fact these taxes will be adjusted substantially as the remaining property improvements are completed and in consideration of the definition of market value employed in this appraisal, which assumes a sale of the appraised properties. According to the Placer County Treasurer-Tax Collector's Office, the appraised properties have a cumulative annual tax rate of 1. 105482% based on assessed value.

The appraised properties are encumbered by the Fiddyment Ranch Community Facilities District (CFD) No. 1 series 2005 and 2006 Special Tax Bonds. With respect to special taxes, we have relied upon the Annual Levy Report, prepared by Willdan Financial Services, to determine the annual special tax levy on the appraised properties. The special taxes are subject to a 2% annual escalation factor. The current range for special taxes per land use is shown as follows.

FISCAL YEAR 2016/2017

Fiddyment Ranch CFD No. 1	
Proposed Land Use	**Special Tax Per Lot/Unit/Acre**
LDR	$1,679 to $1,723 per lot
MDR	$1,268 to $1,325 per lot
HDR (market rate)	$663 per unit
HDR (affordable)	$374 per unit
Commercial	$6,341 to $6,625 per acre

The Fiddyment Ranch CFD No. 1 bonds were issued to finance roadway, sewer, water, drainage, parks, open space, as well as other public facilities necessary for development of property within the district.

Additional CFD obligations in Fiddyment Ranch include Fiddyment Ranch CFD No. 2 and City of Roseville Municipal Services CFD No. 3. Fiddyment Ranch CFD No. 2 is a direct levy that pays for public services in the West Roseville Specific Plan. Annual assessments increase at a rate of 4% per year. City of Roseville Municipal Services CFD No. 3 funds municipal services in the West Roseville Specific Plan. Annual assessments increase at a rate of the lower of: 1) 4% per year or 2) the increase in the cost of these services. This direct levy is not put into place until a building permit is pulled. Both Fiddyment Ranch CFD No. 2 and City of Roseville Municipal Services CFD No. 3 are annual charges that cannot be paid off.

Fiddyment Ranch CFD No. 2 information is shown in the table below, by land use type for developed property in CFD No. 2:

FISCAL YEAR 2016/2017

Fiddyment Ranch CFD No. 2	
Proposed Land Use	**Special Tax Per Lot/Unit/Acre**
LDR	$583 to $633 per lot
MDR	$583 to $633 per lot
HDR (market rate)	$95 per unit
HDR (affordable)	None levied (undeveloped)
Commercial	$1,234 per acre

Information pertaining to the City of Roseville Municipal Services CFD No. 3 is shown in the table below, by land use type:

FISCAL YEAR 2016/2017

City of Roseville Mun. Serv. CFD No. 3	
Proposed Land Use	**Special Tax Per Lot/Unit/Acre**
LDR	$407 per lot
MDR	$407 per lot
HDR (market rate)	$272 per unit
HDR (affordable)	$136 per unit
Commercial	$2,227 per acre

Conditions of Title

A preliminary title report was not provided for this analysis. It is assumed there are no adverse conditions on title. The appraiser assumes no negative title restrictions and accepts no responsibility for matters pertaining to title.

Zoning

A description for the land use designations covering the appraised properties are presented in the following table, according to information from the City of Roseville.

Land Use	Applied Zoning Districts
Residential Uses	
LDR – Low Density Residential	RS/DS
MDR – Medium Density Residential	RS/DS
HDR – High Density Residential	R3
Service and Employment Uses	
CC – Community Commercial	CC
Public Uses	
P/R - Parks and Recreation	P/R

RS/DS – Small Lot Residential/Development Standard Overlay: The RS, Small Lot Residential district is intended to allow either attached or detached single-family dwellings, and similar and related compatible uses. The Development Standard Overlay allows modification of the specified development standards in general zone districts. The City Council, in approving a zoning classification, may combine the Development Standard (DS) Overlay with any zone district to establish, modify, any or all of the following development standards: 1) minimum lot size, 2) minimum lot depth, 3) maximum lot depth, 4) minimum yard setbacks, 5) maximum coverage, 6) minimum usable open space, 7) maximum building height, 8) principal building types, 9) minimum landscaping setbacks and 10) minimum parking ratios.

R3 – Attached Housing: The R3, Attached Housing district is intended for multiple-family housing. The types of land use intended for the R3 zoning district include apartments, condominiums, town homes and similar or related compatible uses.

CC – Community Commercial: The Community Commercial district is intended to serve the principal retail shopping needs of the entire community by providing areas for shopping centers and other retail and service uses.

P/R – Parks and Recreation: The Park and Recreation district may be applied to both public and private recreation facilities. It is intended to be applied to larger parks especially community wide facilities, but may also be applied to smaller neighborhood facilities when it is important, due to the planned facilities or natural features, to designate the site for park and recreation uses.

Entitlements

A summary of the current legal (entitlements) and physical status of the appraised properties is shown in the next table.

Description		No. Homes/Lots
Improved Single-Family Lots		
Completed Single-Family Homes without A.V.'s		141
Partially completed Single-Family Homes (Under Construction)		56
Finished Single-Family Lots		421
	Subtotal	618
Community Commercial Parcels		5
Multifamily Residential Parcels		5
	Total	**628**

All improved single-family residential homes and lots (618 in total) have final maps in place. The five commercial parcels (F-30, F-31, F-32, F-33 and F-34), as well as the five multifamily residential parcels (F-21, F-22, F-24, F-25 and F-26), have zoning in place for development, but no further entitlements.

Flood Zone

Source:	FEMA
Flood Zone:	Zone X – areas determined to be outside of the 500-year flood plain.
Map Panel:	06061C-0394F, -0457F
Panel Date:	June 8, 1998
Flood Insurance:	Not required

Earthquake Zone

According to the Seismic Safety Commission, the appraised properties are located within Zone 3, which is considered to be the lowest risk zone in California. There are only two zones in California: Zone 4, which is assigned to areas near major faults; and Zone 3, which is assigned to all other areas of more moderate seismic activity. In addition, the subject is not located in a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 (revised January 1994) of the California Department of Conservation, Division of Mines and Geology.

Easements

An inspection of the appraised properties revealed no apparent adverse easements, encroachments or other conditions currently impacting the subject. Please refer to a preliminary title report for information regarding potential easements, as the appraiser is not a surveyor nor qualified to determine the exact location of any easements. It is assumed that any easements noted in a preliminary title report do not have an impact on the opinion of value set forth in this report. If at some future date, any easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion of value contained herein.

Assessor's Parcel Maps

Assessor's parcel maps can be found in the Appendix to this report.

SITE DESCRIPTION

The appraised properties represent a *portion* of the City of Roseville Fiddyment Ranch CFD No. 1. The appraised properties consist of 421 finished residential lots and 56 partially completed homes. There are also 139 completed single-family homes within the boundaries of the CFD not currently assessed for an improvement value by the Placer County Assessor; as such, a not-less-than estimate of market value for the smallest floor plan constructed within each subdivision was appraised and assigned to each respective Assessor's parcel within the CFD.

It should also be noted the Fiddyment Ranch master planned community of which the subject is a part contains a number of other parcels that are NOT included in the valuation contained herein. These "other" parcels include single-family residential homes with assessed improvement values, as well as various school sites, park sites, open space areas, and residential and commercial "Villages" outside of the boundaries of CFD No. 1.

Topography: Generally level

Shape: The subject land areas are primarily irregular in shape, yet functional for development under their respective land use and zoning designations.

Access, Frontage, Visibility: The appraised properties have adequate access/frontage to the major surface streets in the Fiddyment Ranch development, most notably, Fiddyment Road and Blue Oaks Boulevard. Various interior surface streets provide access to the subject lots. As of the date of inspection, the following observations were made about the status of a few of the more prominent interior access streets:

1. Crawford Parkway: Currently built to reach Village 9A, and terminates at/near western boundary of subject
2. Holt Parkway: Currently built to reach Villages 9A, 19A and 19B, and terminates at/near western boundary of subject
3. North Hayden Parkway: Currently built to reach Villages F-19A, 19B, 14A-1, 14A-2, 14B-2; and terminates at/near western boundary of subject. Additionally, not yet built from intersection with Blue Oaks Boulevard.

Overall, the accessibility and visibility of the property are considered adequate for residential and commercial use.

Adjacent Uses:

North	Vacant land
East	Single-family residential development (Crocker Ranch)
South	Single-family residential development (Westpark)
West	Vacant land

Utilities: All public utilities (electricity, gas, water, sewer, telephone) are generally available to each of the subject lots/parcels, and have been stubbed to the individual lots. Utility connections will be required for the partially improved lots, and will be made as part of the site development process.

Improved Lots: The subject portion of City of Roseville Fiddyment Ranch Community Facilities District No. 1 includes 628 fully improved single family lots (curbs, gutters, sidewalks, street lighting, utilities stubbed, etc.), which includes completed single-family homes (*without* an assessed value for vertical improvements), partially completed single-family homes (under construction), and improved single-family lots.

It is also noted the commercial parcels (F-30, F-31, F-32, F-33 and F-34) have all off-site improvements in place for development. With regard to the multifamily/high density residential parcels, Villages F-21, F-22 and F-24 have all off-sites in place along either Fiddyment Road and/or Blue Oaks Boulevard. Villages F-25 and F-26, however, which do not have frontage along Fiddyment Road, require the completion of Prairie Town Way (which will provide direct access to Fiddyment Road), and associated utilities/improvements during the development process. Costs to complete Prairie Town Way were not provided for the appraisal.

Drainage: Based on our physical inspection of the appraised properties, it appears drainage is adequate for continued development. Upon further subdivision and development, it is assumed future site improvements would provide adequate drainage for suburban development.

Soils: The appraiser has not been provided a soils report to determine the load bearing capacity of the appraised properties. Based on the existing and surrounding improvements, no adverse subsoil conditions are apparent. The soils appear to be similar to other local parcels that, to the best of our knowledge, have been improved with no adverse effects.

Environmental Issues:

At the time of inspection, the appraiser did not observe the existence of hazardous material, which may or may not be present, on the appraised properties. The appraiser has no knowledge of the existence of such materials on the property. However, the appraiser is not qualified to detect such substances. The presence of potentially hazardous materials could affect the value of the property. The value estimate is predicated on the assumption there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

Permits and Fees:

According to information provided by Stephen Hicks, permits and fees due at building permit range from $57,511 for a 1,800 square foot home up to $65,887 for a 3,000 square foot home. These are reportedly net of fee credits. The average is about $62,000 per lot.

Given the discussion above, the average total permits and fees, inclusive of those due at final map and those due at building permit, are about $68,000 per lot, a figure that will be utilized in the LDR lot analysis. A lower permits and fees estimate of $64,000 per lot will be utilized for the MDR lots.

Affordability Requirement:

The appraised properties include a multifamily site that is subject to affordable housing restrictions – Parcel F-22. This parcel is approved for 244 total units, including 60 market rate units, 91 "very low income" units, and 93 "low income" units.

Conclusion:

Overall, the appraised properties are deemed functional in terms of size, topography, shape and overall location. There appear to be no unusual or restrictive physical limitations to the appraised properties. The appraised properties are considered physically suitable for residential and commercial development.

SUBJECT PHOTOGRAPHS

Parcel F-23 (Oakbriar)

Parcel F-19A

Parcel F-19B

Subject Property – Completed Homes

Subject Property – Completed Homes

Subject Property – Finished lots

Homes under construction

Model Homes – Addison by Taylor Morrison Homes

Model Homes – Hadley by Taylor Morrison Homes

Model Homes – Marisol by Lennar Homes

Model Homes – Oakbriar by Signature Homes

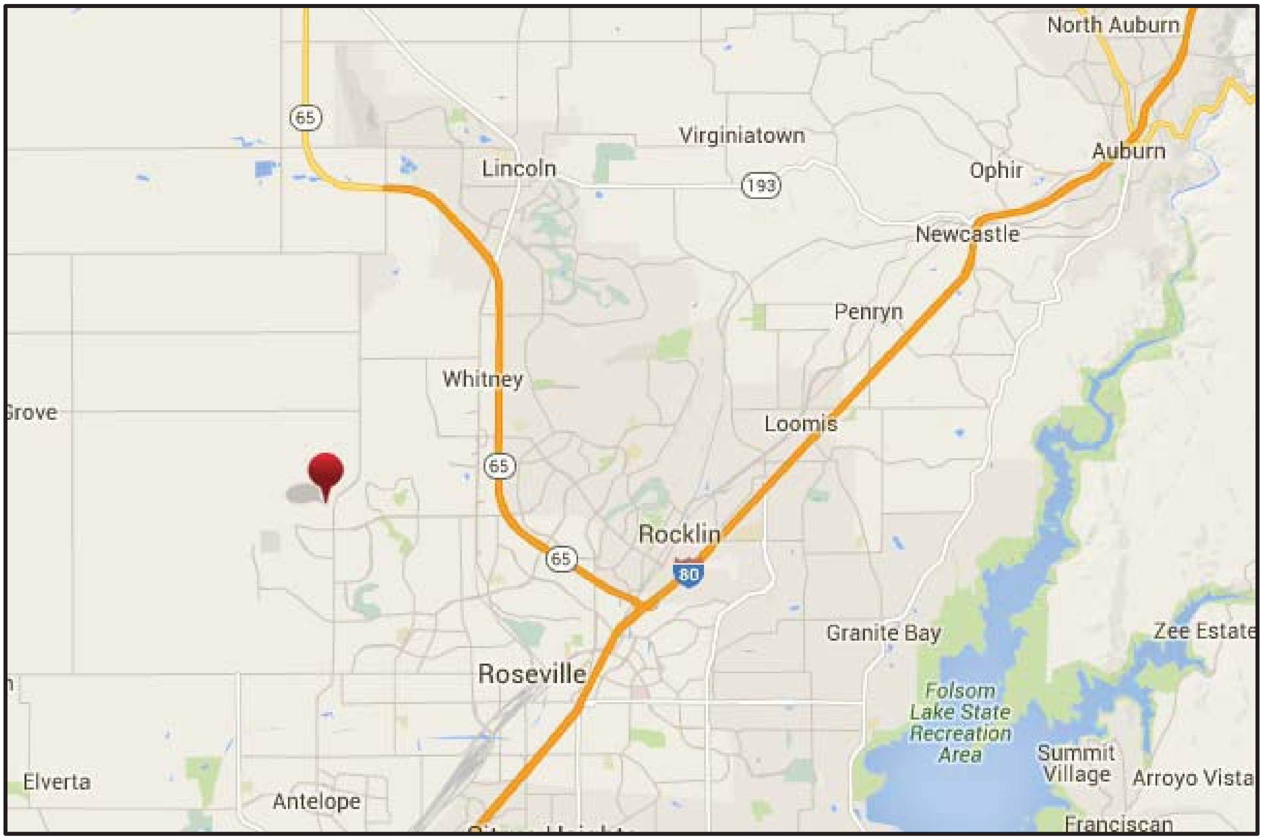
Model Homes – Parker by Taylor Morrison Homes

Model Homes – Summerwood by JMC Homes

Model Homes – The Reserve by JMC Homes

Model Homes – The Retreat by JMC Homes

SOUTH PLACER COUNTY



Introduction

South Placer County is the southernmost component of Placer County, commonly referred to as the Valley. The remainder of Placer County is divided into the Gold Country, where parts of Auburn and Colfax are located, and the High Country, which encompasses Tahoe City and Kings Beach along Lake Tahoe. South Placer is comprised of the cities of Auburn, Colfax, Lincoln, Rocklin and Roseville; the town of Loomis; and a number of unincorporated communities, such as Granite Bay, Foresthill, Penryn and Newcastle.

South Placer County encompasses approximately 260 square miles, from the Placer County line bordering Sacramento, Sutter and Yuba Counties to the city of Auburn. It lies in the north-central part of California, approximately 420 miles north of Los Angeles, 250 miles south of Oregon, 100 miles northeast of San Francisco, 80 miles west of Lake Tahoe, and 100 miles southwest of Reno. In the southern portion of the region is Roseville, the county's largest city, which encompasses about 31.6 square miles. Elevations range from 165 feet above sea level in Roseville to 10,000 feet above sea level at the summit of the Sierra Nevada Mountains.

South Placer is developed with a mix of urban and rural uses. The larger cities, namely Roseville and Rocklin, are mostly urban, while the smaller communities, such as Loomis and Newcastle, have remained rural. Auburn and Lincoln both exhibit a combination of urban and rural settings. However, in recent years the city of Lincoln has experienced dramatic growth and development, and has become one of the fastest-growing cities in California.

Population

South Placer County has experienced strong growth in the last decade. The primary points of origin for in-migration to the region are the Bay Area, other parts of the Sacramento region, and Southern California. The state's population data indicate a strong pattern of movement by residents from high-cost, high-density Bay Area counties to inland areas in Northern California.

Following is a table depicting the population change in Placer County and its component cities over the past few years.

POPULATION TRENDS

City	2011	2012	2013	2014	2015	2016	%/Yr
Auburn	13,453	13,631	13,762	13,993	14,022	14,070	0.9%
Colfax	1,979	2,015	2,049	2,062	2,064	2,068	0.9%
Lincoln	43,399	44,167	45,005	45,990	46,688	47,339	1.8%
Loomis	6,493	6,554	6,589	6,633	6,646	6,692	0.6%
Rocklin	58,054	58,735	59,236	59,776	60,325	60,351	0.8%
Roseville	121,052	123,973	127,438	129,822	131,433	134,073	2.2%
Unincorporated	108,798	109,077	108,338	108,900	109,060	109,203	0.1%
Total	**353,228**	**358,152**	**362,417**	**367,176**	**370,238**	**373,796**	**1.2%**

Source: California Department of Finance

As indicated in the previous table, Placer County has experienced a strong average rate of annual growth of 1.3% over the past five years. The city of Roseville is the fastest growing part of the region. Loomis and the unincorporated communities have had relatively little growth.

Over the past decade, Placer County has been the fastest-growing county within the four-county Sacramento MSA (which also includes Sacramento, El Dorado and Yolo Counties). It is projected this trend will continue for the near future.

Transportation

A significant advantage of the South Placer area is its central location with respect to transportation systems. Interstate 80, State Highway 65 and State Highway 193 are the major routes traversing the region. Major urban arterials include Douglas Boulevard, Sierra College Boulevard, Roseville Parkway, Pleasant Grove Boulevard, Sunrise Avenue, Auburn-Folsom Road and Foothills Boulevard. In 2005, a major public improvement project was completed at the Douglas Boulevard/ Sunrise Avenue/ Interstate 80 intersection. The project added new lanes, new on/off ramps and a tunnel that have greatly improved traffic flow in the area.

In addition to roadways within the county limits, South Placer enjoys proximity to many of the Sacramento region's freeways that provide access to the San Francisco Bay Area to the west, Central and Southern California to the south, Northern California and Oregon to the north, and Nevada to the east. South Placer is proximate to Sacramento International Airport, which is situated about 10 miles west of the county border. A smaller private airport, Lincoln Regional Airport, is located in the city of Lincoln. The region has good railroad service, including the transcontinental Union Pacific Railroad and Amtrak. The Capital Corridor system provides high-speed commuter rail service from Roseville to San Jose. Other modes of transportation in and out of South Placer include Greyhound bus lines and numerous trucking lines.

Recent growth in South Placer has fueled demand for a new transportation artery in the region. Plans are in the works for a four to six-lane expressway, referred to as Placer Parkway, which would extend from Highway 99 in the west to Highway 65 in the east, north of Roseville and south of Lincoln. This roadway is years away from being built, but is expected to eventually ease congestion on Interstate 80.

Employment & Economy

The California Employment Development Department has reported the following employment data for Placer County over the past several years.

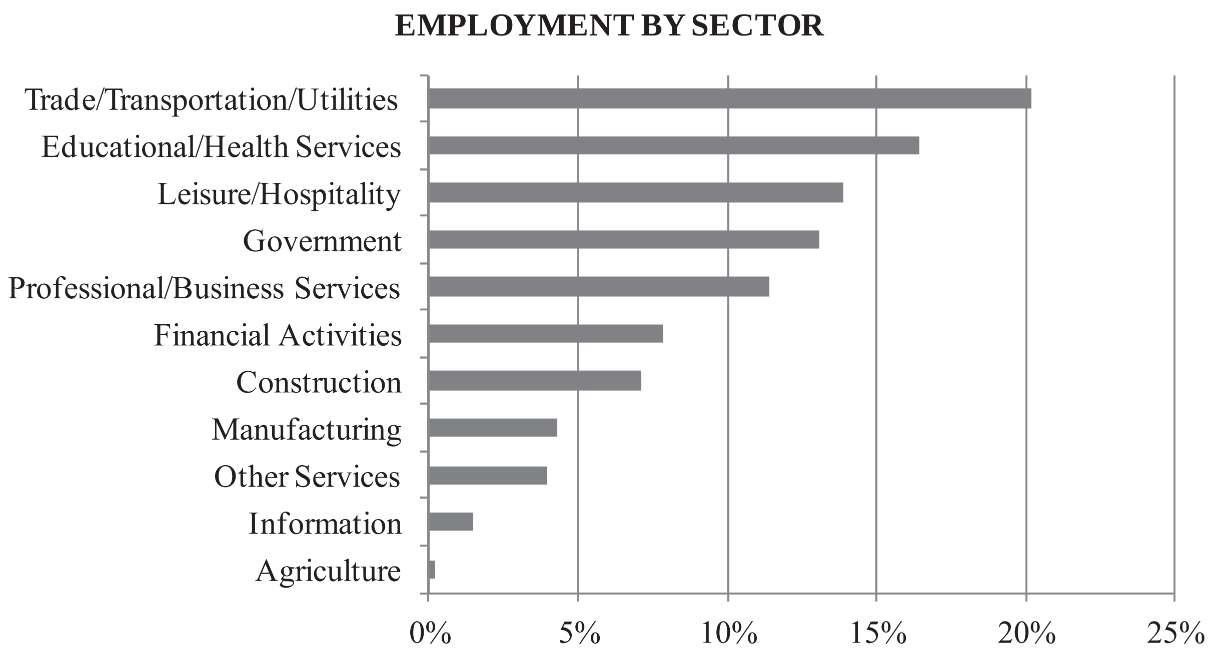
EMPLOYMENT TRENDS

	2010	2011	2012	2013	2014	2015
Labor Force	173,300	173,700	175,200	176,300	176,500	178,200
Employment	153,200	154,900	158,800	162,700	165,500	169,200
Job Growth	(8,200)	1,700	3,900	3,900	2,800	3,700
Unemployment Rate	11.6%	10.8%	9.4%	7.7%	6.2%	5.1%

Source: California Employment Development Department

The unemployment rate in Placer County was 4.5% in October 2016, which compares to rates of 5.5% for California and 4.9% for the U.S. Most areas within the state and nation, including Placer County, saw declining unemployment rates in 2004 through 2006, increases from 2007 to 2010, and declines during 2011-2016.

Placer County has a diverse economy, with no one sector accounting for a majority of the employment in the region. The following chart indicates the percentage of total employment for each sector within the county.



Source: California Employment Development Department

As can be seen in the chart above, the area's largest employment sectors are Trade/Transportation/Utilities, which includes retail and wholesale trade (20.2% of total employment); Educational and Health Services (16.4%); Leisure and Hospitality (13.9%); and Government (13.1%).

Although many residents commute to employment centers in Sacramento, South Placer offers thousands of jobs and attracts workers from the local area as well as "reverse commuters" from Sacramento and residents of outlying areas such as Marysville/Yuba City to the north. The largest employers in the southern part of the county, according to the Sacramento Business Journal Book of Lists 2015, are Kaiser Permanente (3,839 employees in the county), Sutter Health (3,693), Placer County (2,378), Hewlett-Packard Co. (2,000), and Thunder Valley Casino Resort (1,875).

Household Income

Median household income represents a broad statistical measure of well-being or standard of living in a community. The median income level divides households into two equal segments with one half of households earning less than the median and the other half earning more. The median income is considered to be a better indicator than the average household income as it is not dramatically affected by unusually high or low values. In the year 2014 (most recent data available from the U.S. Census Bureau), Placer County's median household income was $75,689, which was higher than the state of California's median income of $61,927.

Recreation & Community Services

South Placer County has ample community services and recreational opportunities. The County, cities and various park districts operate numerous public parks, golf courses, aquatic centers, libraries and community centers. Many private golf courses are located in the region, and several ski resorts are located in the mountains. Within the county lies a portion of the Folsom Lake State Recreation Area, a boating, fishing, and swimming retreat.

In terms of higher education, South Placer County is home to Sierra College in Rocklin, a two-year community college offering a wide range of day and evening classes serving over 25,000 students. An extension campus for Sierra College is located in Roseville at the old Sutter Hospital on Sunrise Avenue. In 2004, William Jessup University, a private Christian college, moved from San Jose to a new facility in Rocklin.

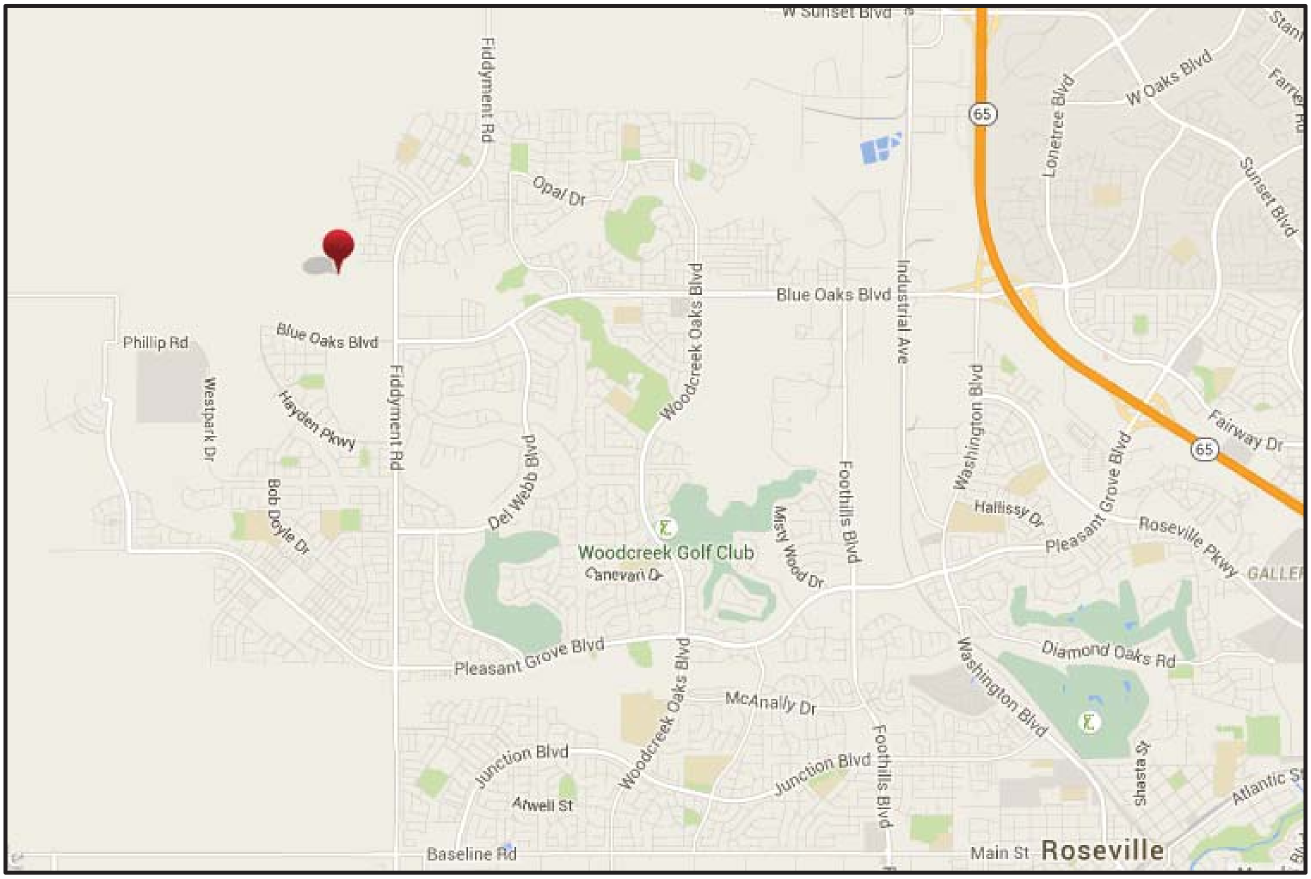
South Placer County has an excellent network of health services, including hospitals and medical office facilities. Two hospitals are located in Roseville – the Sutter Roseville Medical Center and Kaiser Permanente, both of which have recent or current expansion projects. The city of Auburn is home to Sutter Auburn Faith Hospital, Sutter Medical Center-Auburn, UC Davis Medical Center, Foundation Medical Clinic and Heritage Medical Center Complex. The city of Lincoln contains medical offices/clinics operated by Sutter, UC Davis, Kaiser and Dignity Health. In addition to these institutional health care facilities, South Placer is home to a large and growing number of private physicians, dentists, clinics and other medical specialists.

The city of Roseville is South Placer's hub for fine dining and entertainment. Several upscale restaurants are situated along Eureka Road, Roseville Parkway and Galleria Boulevard. Roseville contains two multi-screen movie theatres on Eureka Road. Another theatre recently opened in Rocklin. Shopping centers are widespread, the largest of which is the Galleria at Roseville, a regional shopping mall that opened in 2000 and was expanded in 2008-2009. The mall is anchored by Nordstrom, Macy's, Sears and JC Penney.

Conclusion

South Placer County is a diverse area, with growing cities, small towns and rural areas, and an abundance of open space. The cities of Roseville, Rocklin and Lincoln have experienced strong growth in population and development over the past several years. Placer County is one of the most affluent in the greater Sacramento region in terms of household income levels. The area has a number of positive attributes, including seismic stability, a well-educated work force, good transportation systems, relative affordability and availability of housing compared to the Bay Area, and an excellent level of community services. The long-term outlook for the region is very good.

NEIGHBORHOOD



Introduction

This section of the report provides an analysis of the observable data that indicate patterns of growth, structure and/or change that may enhance or detract from property values. For the purpose of this analysis, a neighborhood is defined as "a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises."[4]

The boundaries of a neighborhood identify the physical area that influences the value of the appraised properties. These boundaries may coincide with observable changes in prevailing land use or occupant characteristics. Physical features such as the type of development, street patterns, terrain, vegetation and parcel size tend to identify neighborhoods. Roadways, waterways and changing elevations can also create neighborhood boundaries.

The appraised properties are located within the city of Roseville, Placer County, California. Specifically, the subject is situated in the West Roseville area. The subject's neighborhood boundaries can generally be described as Foothills Boulevard to the east, Baseline Road to the south, and the city limits of Roseville to the west and north.

[4] The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 156.

Demographics

According to demographic information published by Esri, the population in the subject's neighborhood, as defined by the aforementioned boundaries, is 50,988 persons, which is substantially higher than the Year 2000 population of 22,752 persons and also higher than the 2010 population of 44,544 persons. The annual rate of population growth from 2000 to 2010 was 6.95%, while the annual rate of growth from 2010 to 2015 was 2.61%. The median age in the area is 37.9 years. There are 18,712 households in the neighborhood, indicating an average household size of 2.72 persons. The median annual household income is $93,831, while the average household income is $106.282; these are some of the highest figures in the Sacramento MSA. Of the 19,564 housing units in the neighborhood, approximately 73% are owner-occupied, 23% are renter-occupied and the remainder is vacant.

Transportation

The main surface streets in the neighborhood that provide access to Fiddyment Ranch are Fiddyment Road and Blue Oaks Boulevard. In a southerly direction, Fiddyment Road connects to Baseline Road (another thoroughfare that eventually connects with Highway 99 in a westerly direction) and continues south (when it becomes Walerga Road) to the communities of Antelope and North Highlands. In a northerly direction, Fiddyment Road connects to areas of unincorporated Placer County and the outskirts of the city of Lincoln (where it terminates at Moore Road). Blue Oaks Boulevard is an east-west major surface street that currently terminates at the western boundaries of Fiddyment Ranch, and in an easterly direction travels through West Roseville and the city of Rocklin. Blue Oaks Boulevard is also considered the primary means of access to State Highway 65, which is about 3.5 miles to the east of the appraised properties.

Other primary connectors in the neighborhood are Pleasant Grove Boulevard, Woodcreek Boulevard and Foothills Boulevard. State Highway 65 is a north-south route that provides access to Lincoln, Wheatland and Yuba City to the north and Interstate 80 to the south. Interstate 80 is a primary east-west corridor for the Sacramento Metropolitan Area that intersects with State Highway 65 to the east of the appraised properties.

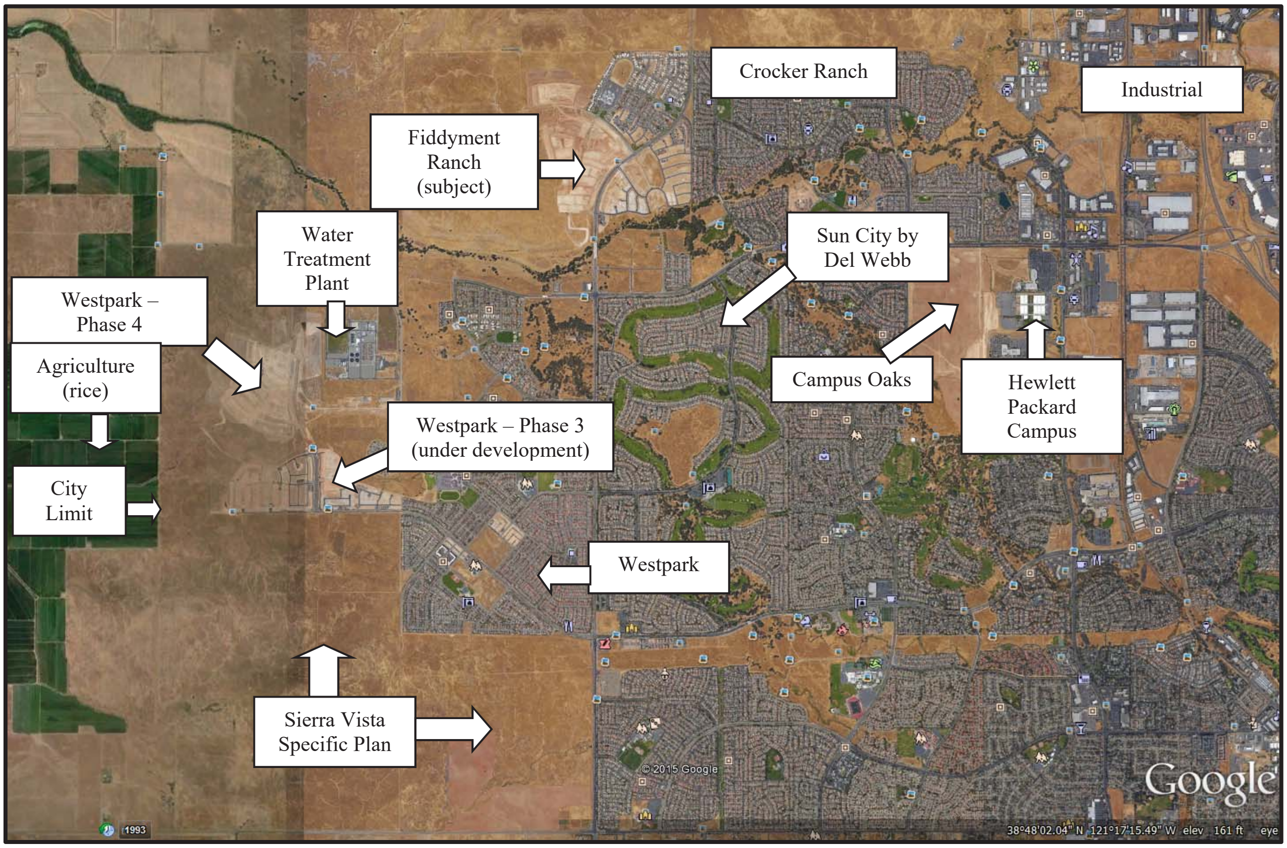
Traveling east, Interstate 80 provides access to the outlying portions of Placer County and continues toward Reno, Nevada. To the west, Interstate 80 connects the subject neighborhood to Sacramento's Central Business District (via Business 80/Capital City Freeway) before continuing on toward Davis and San Francisco.

Roseville Transit provides public transportation for the area, which features fixed bus routes, commuter services and ride sharing minivans. Free transfers are also provided for the Placer County Transit and Sacramento Regional Transit.

Surrounding Land Uses

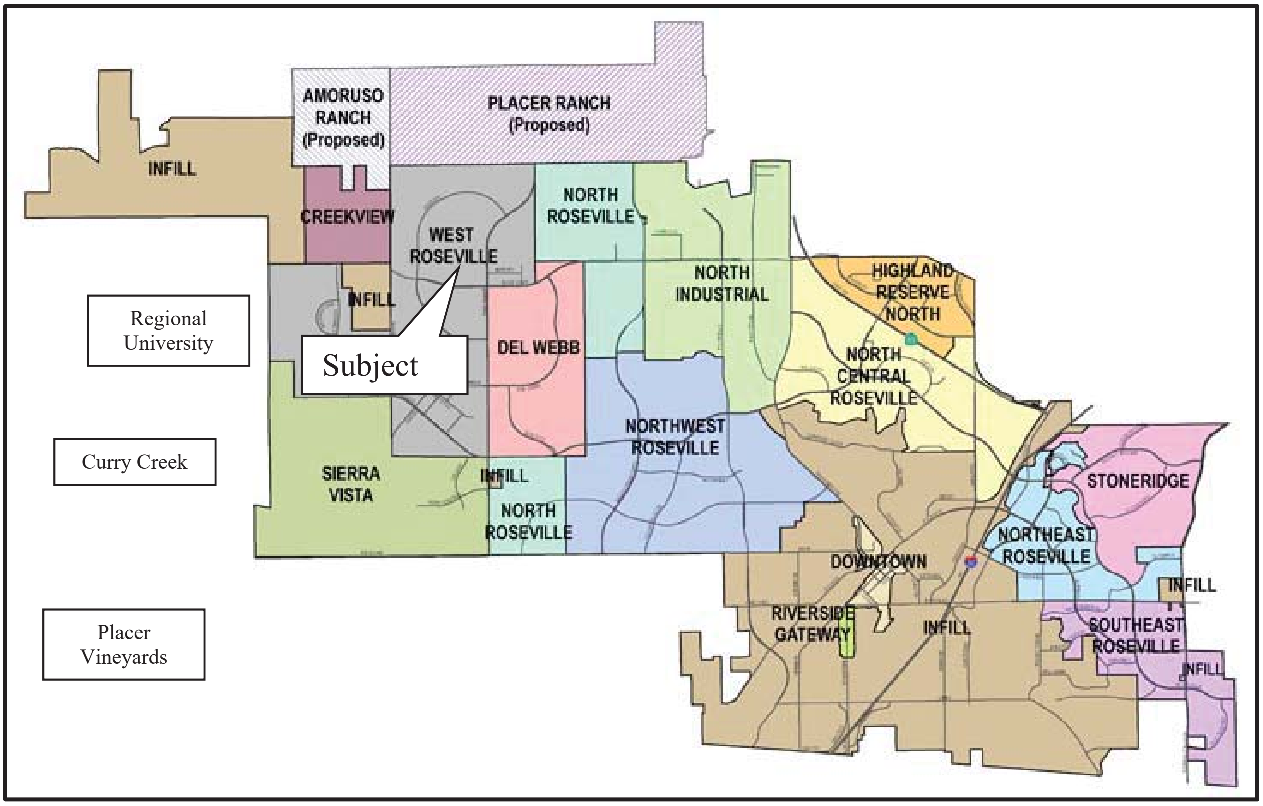
A map of land uses in the vicinity of the subject is provided below:

SURROUNDING LAND USES



Major Projects in the Area

A map and discussion of the projects proximate to the appraised properties are provided beginning on the following page. It is noted the discussion of the various projects and Specific Plans is based upon information provided on Planning Department websites for the City of Roseville or Placer County, where applicable.



Source: City of Roseville Planning Department

West Roseville Specific Plan – This plan area includes the subject and contains approximately 3,100 acres. Two major master planned projects within this Specific Plan are under development: Westpark and Fiddyment Ranch (subject is a portion of). Both of these projects are under development with active projects by merchant builders. Active projects in these competing projects are discussed in the next section of this report.

In total, the Westpark master planned community will eventually contain 3,566 single-family residential lots (including 704 age-restricted and 85 affordable housing units), three multifamily residential components, commercial and industrial sites, as well as three schools (elementary, middle and high school), a church and numerous neighborhood parks and open space.

Sierra Vista Specific Plan – The Sierra Vista Specific Plan contains 2,076± acres planned for 1,115 residential units, 259± commercial acres and 535 acres of open space and public/quasi-public uses. The Solaire project represents the first component of the Sierra Vista Specific Plan to be developed.

Placer Vineyards Specific Plan – This 5,230-acre plan area is located immediately south of the Sierra Vista Specific Plan and is under the jurisdiction of the County of Placer, which approved the Specific Plan in 2007. No development has yet occurred in this area. The prior period of residential decline led to a fractured development group and numerous ownerships. This fact, coupled with a lack of infrastructure and a County location (as opposed to a more favorable Roseville location) have limited near term demand in this area. Market participants expect the first phases of this project may come online in five to 10 years.

Campus Oaks - The City of Roseville HP Campus Oaks Community Facilities District No. 1 is located within the Hewlett-Packard Campus Oaks Master Plan area. Specifically, the boundaries of the CFD include 189.04 acres of the Campus Oaks area, of which 129.16 acres are planned for taxable parcels. Two large lot Tech/Business Park parcels are included in the Master Plan but are exempt portions of the District. Professional office/tech, community commercial and residential uses, as well as public (park) uses, are planned for this area. Site development is currently underway.

Regional University Specific Plan – This plan area is located southwest of the subject and is under the jurisdiction of the County of Placer, which approved the project in 2007. The project will be accessed by an extension of Pleasant Grove Boulevard. A university from England (University of Warwick) agreed in February 2015 to build a 6,000-student campus in this plan area. A timeline has yet to be set for completion.

Curry Creek Community Plan – West of the Sierra Vista Specific Plan and south of the Regional University Specific Plan, this plan area is under the jurisdiction of the County of Placer. The project contains 4,189 acres and has been identified as a future growth area. This plan area has not yet been planned for suburban development and there are no plans to develop this property in the near term.

Creekview Specific Plan – Just north of the West Roseville Specific Plan is an area identified as the Creekview Specific Plan. This area encompasses approximately 501 acres within an unincorporated area of Placer County, just outside of existing Roseville city limits. Proposed uses include 2,011 residential units, 19.3 acres of commercial land and business professional uses, 9.5 acres of public/quasi-public uses, 136.2 acres of open space and 15.7 acres of parks. This area is within the Sphere of Influence for the City of Roseville. Development is likely several years away.

Placer Ranch Specific Plan – Placer Ranch makes up approximately one third of the undeveloped Sunset Area, which is located in south Placer County, surrounded by the cities of Lincoln, Rocklin and Roseville. Placer Ranch would host a 300-acre satellite campus for California State University - Sacramento as the anchor of a future education and technology district. This Specific Plan is under the jurisdiction of Placer County, rather than the City of Roseville.

County staff provided an update on the planning effort at the April 5, 2016 board of supervisors meeting. While the board took no formal action on the project, members showed strong support for County staff pursuing a unique approach, and processing the Placer Ranch plan without a developer identified.

The project's former developer withdrew its application from the City of Roseville in 2015. Absent a developer to carry the project forward, Placer County will process the project on its own to continue the forward momentum for the Sunset Area overall. The County has received the technical studies prepared for the project by the former developer.

The Placer Ranch concept could serve as the anchor for development of the rest of the Sunset Area. Investment in infrastructure like utilities and the Placer Parkway are essential to Placer Ranch, but would also serve development throughout the rest of Sunset. Incorporating Placer Ranch into the Sunset Area Master Plan could also secure the parkway's right-of-way sooner, speeding its construction. Placer Parkway is a planned alternate to Interstate 80 for traffic to Sacramento, connecting Highways 65 and 99, eventually, with the first phase nearly ready for construction.

Combining planning for the Placer Ranch project and the broader Sunset Area offers several other benefits, including efficiency in ensuring better coordination of future land uses at the site.

The Placer Ranch action came as part of a presentation that included an update on the County's efforts to refresh the Sunset Area Master Plan. Planners are identifying appropriate land uses and infrastructure needs to achieve the County's long-term vision of transforming that area into a hub of economic growth and job creation for the hundreds of thousands of residents who live in South Placer. The next step in the master plan update will be to present a series of land-use alternatives to the board of supervisors by this summer, with a draft plan ready for public review by the end of the year.

Amoruso Ranch Specific Plan – On May 2, 2011, Brookfield Residential submitted an application to process the Amoruso Ranch Specific Plan (ARSP) Annexation Sphere of Influence Amendment, General Plan Amendment, Specific Plan, Rezone (Pre-Zone), and Development Agreements for the 694-acre Specific Plan project located northwest of the current city limits, south of West Sunset Boulevard, approximately 1.5 miles west of Fiddyment Road. The proposed ARSP project would result in the development of a mix of uses, including 337 acres of low, medium and high density residential land developed with 2,827 dwelling units. The land use plan also includes three commercial parcels totaling 51 acres, a 9.6-acre elementary school site, seven neighborhood parks, and a 3-acre fire station/public facilities site. Approximately 135 acres of the site would be set aside as open space preserve. On June 15, 2016, the City Council held a Public Hearing on the ARSP project and Final Environmental Impact Report, which was approved.

Community Uses

There are several community uses in the neighborhood, such as schools, churches, medical facilities, parks, and recreational and cultural facilities. The most prominent recreational facility in the neighborhood is Mahany Park, a regional park at the southwest quadrant of Woodcreek Oaks

Boulevard and Pleasant Grove Boulevard. This facility offers a softball complex and the neighboring Roseville Aquatics Complex and Roseville Sports Center. There are several golf courses in the neighborhood, including the public Woodcreek Oaks Golf Club and Diamond Oaks Municipal Golf Course, as well as the private Sierra View Country Club and 27 holes in the Sun City Roseville development.

Woodcreek High School is located on the west line of Woodcreek Oaks Boulevard, south of Pleasant Grove Boulevard. The Placer County Fairgrounds is located at the intersection of Junction Boulevard and Washington Boulevard.

There are two main hospitals in Roseville, both of which are located in east Roseville, just south of Interstate 80 – Kaiser Permanente, located at the northeast corner of Rocky Ridge Drive and Douglas Boulevard, and Sutter Roseville Medical Center on Roseville Parkway. Kaiser completed a 750,000-square foot expansion at its Roseville site in early 2009. This expansion added a new women’s and children’s health center, expanded emergency department, parking garages and other medical buildings.

Conclusion

In conclusion, the subject is located in an expanding suburban area that should continue to experience adequate demand for various urban property uses. While the subject is located on the edge of its neighborhood, and within an expanding area, overall the neighborhood offers a balanced mix of land uses. The area has good access to neighborhood thoroughfares. Households in the area have above-average income levels, and the community appeal is good. The characteristics of the neighborhood relative to other parts of the Sacramento region are desirable; however, the number of active, competing single-family residential subdivisions in the West Roseville market area may impact absorption rates, and pricing, within the market.

RESIDENTIAL MARKET

Market Definition

The subject property is located within the Fiddyment Ranch master planned community, in the city of Roseville, Placer County. The neighborhood is characterized as a growing suburban area. Based on existing surrounding homes and new projects under development, the subject characteristics best support projects designed for entry level to move-up buyers.

In this analysis of the housing market, we will analyze market trends within Placer County and, more specifically, the city of Roseville.

Building Permits

Single-family building permits for Placer County and the city of Roseville over the last 10 years are summarized in the table below.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Placer County	2,577	2,188	1,393	1,130	1,087	812	1,189	1,268	1,636	1,996	1,951
Percentage Change:	-	-15.1%	-36.3%	-18.9%	-3.8%	-25.3%	46.4%	6.6%	29.0%	22.0%	-2.3%
City of Roseville	776	1,050	676	602	635	411	663	535	645	967	781
Percentage Change:	-	35.3%	-35.6%	-10.9%	5.5%	-35.3%	61.3%	-19.3%	20.6%	49.9%	-19.2%

As shown by the table, building permit activity in Placer County was at its highest point during the studied time period in 2006, followed by a dramatic decline during the recessionary period through 2011, when it resumed an upward climb since. There was a slight decline (2.3%) in 2016 permit figures.

A generally similar pattern is observed for permit activity in the city of Roseville, although permit activity was at its highest point in 2007, rather than 2006. Activity fell from 2007 into 2011, then increased into 2012, was generally stable/flat for a few years, and resumed an upward climb from 2013 into 2015, with a decline in 2016.

New Home Pricing and Sales

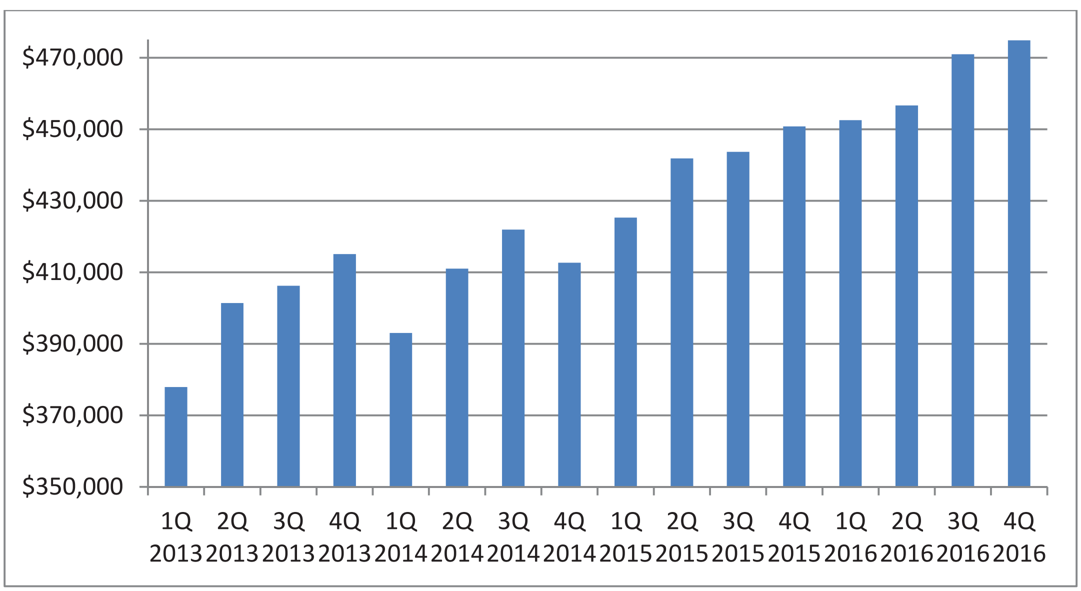
The Gregory Group surveys active new home projects in California and Nevada. The following tables depict average sale prices for active single-family residential projects in Roseville for the past three years. The data represents all detached projects.

Time Period	Average Price	% Change Average Price	Average Home Size (SF)	Average Price/Avg SF	% Change Price/SF	Quarter Sold	Number of Projects	Sold Per Project Per Month
1Q 2013	$377,917	-	2,358	$160.27	-	169	15	3.76
2Q 2013	$401,406	6.2%	2,211	$181.55	13.3%	145	16	3.02
3Q 2013	$406,243	1.2%	2,202	$184.49	1.6%	118	15	2.62
4Q 2013	$415,104	2.2%	2,284	$181.74	-1.5%	68	15	1.51
1Q 2014	$393,049	-5.3%	2,177	$180.55	-0.7%	96	13	2.46
2Q 2014	$411,037	4.6%	2,332	$176.26	-2.4%	122	19	2.14
3Q 2014	$421,935	2.7%	2,409	$175.15	-0.6%	137	22	2.08
4Q 2014	$412,683	-2.2%	2,351	$175.54	0.2%	166	25	2.21
1Q 2015	$425,281	3.1%	2,434	$174.73	-0.5%	221	26	2.83
2Q 2015	$441,829	3.9%	2,514	$175.75	0.6%	294	27	3.63
3Q 2015	$443,673	0.4%	2,509	$176.83	0.6%	214	27	2.64
4Q 2015	$450,810	1.6%	2,504	$180.04	1.8%	205	25	2.73
1Q 2016	$452,523	0.4%	2,522	$179.43	-0.3%	220	27	2.72
2Q 2016	$456,673	0.9%	2,558	$178.53	-0.5%	250	29	2.87
3Q 2016	$470,979	3.1%	2,609	$180.52	1.1%	242	27	2.99
4Q 2016	$474,849	0.8%	2,595	$182.99	1.4%	190	27	2.35

Source: The Gregory Group

The following graph plots new home pricing in Roseville over the same time period, with information from the previous table:

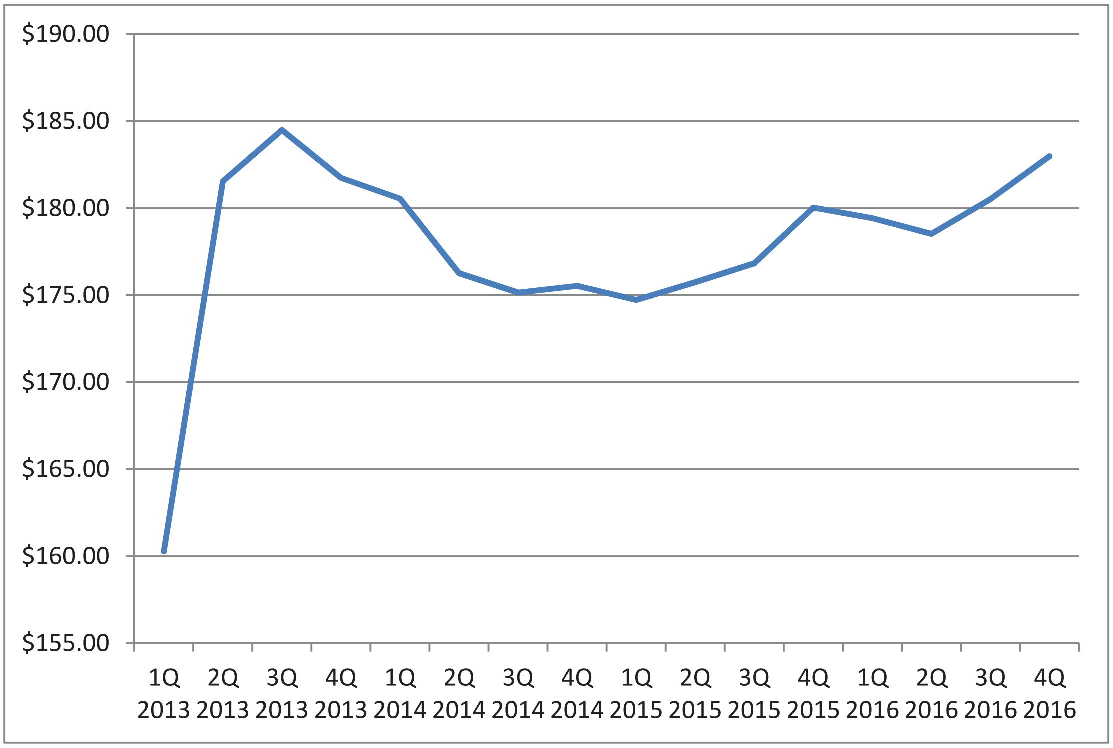
NEW HOME PRICING – ROSEVILLE



Source: The Gregory Group

The next graph plots new home pricing *per square foot of living area*, in Roseville, again with information furnished by the previous table:

NEW HOME PRICING PER SQUARE FOOT – ROSEVILLE



Source: The Gregory Group

As shown by the table and the graphics, new home pricing in Roseville has generally been in an upward trend over the past three years, albeit with some fluctuations in 2014 and 2015. The highest sale price (net of incentives) in the data set - $474,849- was observed in the most recent (Fourth Quarter 2016) time period. The average price per square foot over the last three years was at a low point in First Quarter 2013, then dramatically rose into Second Quarter 2013, but then declined over the next year; it has been on a gradual upward trend since then.

With regard to absorption of product, the range of the number of home sales per project per month over the last three years is 1.51 (Fourth Quarter 2013) to 3.76 (First Quarter 2013), with no particular noticeable pattern in the data set. Over the past year, absorption rates have ranged from 2.35 to 2.99 sales per month, with most of the data lying toward the upper end of this range, and the average absorption over the past year has been 2.73 sales per month, or approximately 8.19 sales per quarter.

Active Projects – Roseville

According to the Gregory Group, there are currently 27 active projects in Roseville, all of which are detached product. The projects are summarized in the next table.

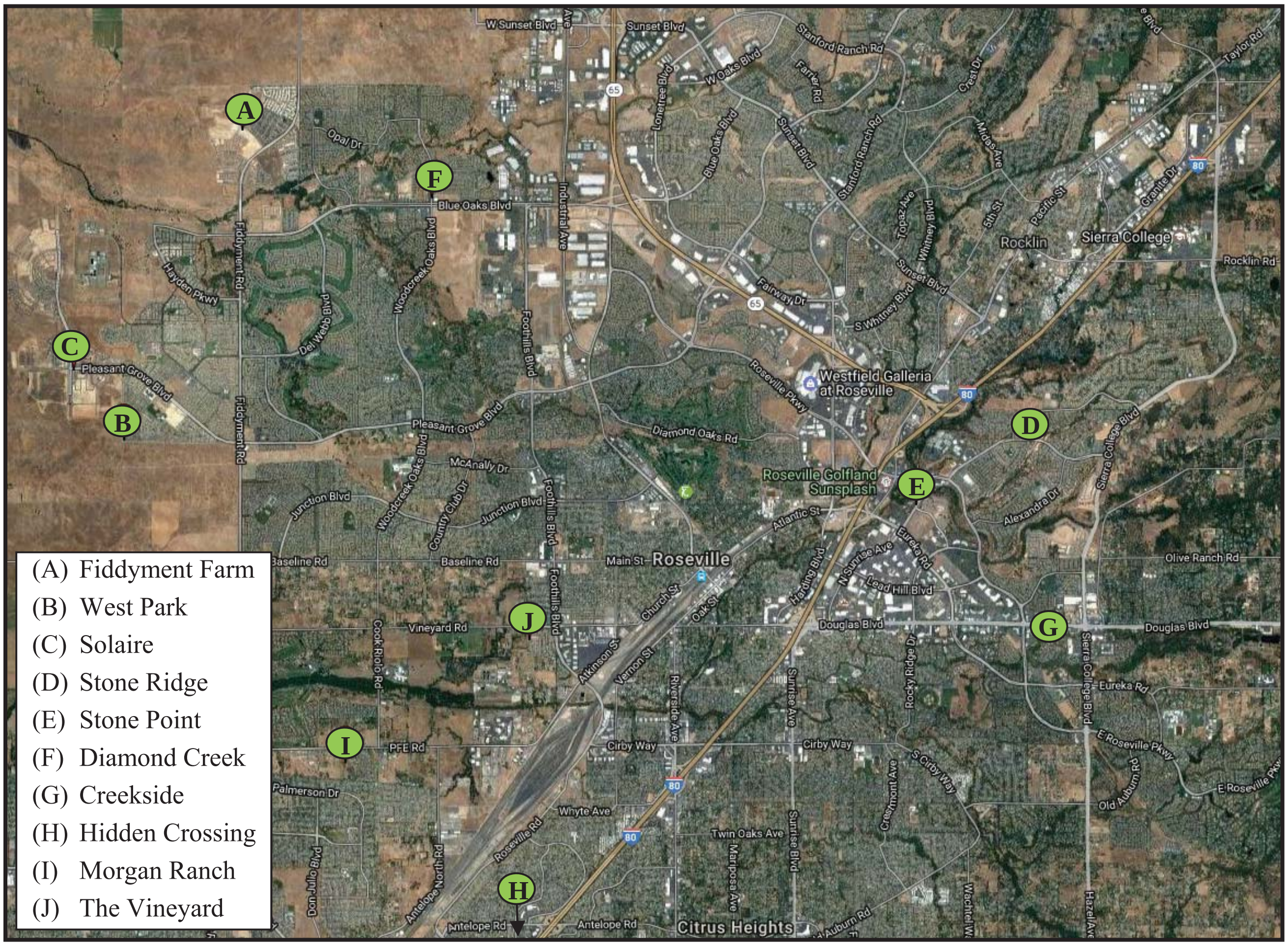
Active Projects Summary – Fourth Quarter 2016

Project	Master Plan	Builder	Avg. Price	Avg. Home Size (SF)	Average Price/SF	Units Planned	Units Offered	Units Sold	Units Unsold
Fiddyment Ranch									
Addison	Fiddyment Ranch	Taylor Morrison	$419,333	2,314	$181.22	71	20	12	8
Hadley	Fiddyment Ranch	Taylor Morrison	$440,333	2,468	$178.42	61	18	13	5
Marisol	Fiddyment Ranch	Lennar Homes	$515,847	2,932	$175.94	146	109	105	4
Oakbriar	Fiddyment Ranch	Signature Homes	$385,400	1,832	$210.37	96	30	20	10
Parker	Fiddyment Ranch	Taylor Morrison	$503,500	3,149	$159.89	57	28	23	5
Summerwood	Fiddyment Ranch	JMC Homes	$433,740	1,811	$239.50	57	32	26	6
The Reserve	Fiddyment Ranch	JMC Homes	$574,990	3,355	$171.38	75	65	62	3
The Retreat	Fiddyment Ranch	JMC Homes	$486,419	2,206	$220.50	70	69	66	3
Others									
Aria	WestPark	KB Home	$464,125	3,091	$150.15	78	74	70	4
Bromley at Solaire	Solaire	Woodside Homes	$494,468	2,764	$178.90	72	33	25	8
Carrington	WestPark	Lennar Homes	$489,490	2,673	$183.12	150	60	56	4
Chelsea	Stone Ridge	Elliott Homes	$458,950	1,827	$251.20	164	158	142	16
Creekside	None	Tim Lewis Communities	$490,150	2,182	$224.63	32	19	9	10
Hidden Crossing	None	Standard Pacific Homes	$573,400	3,359	$170.71	78	49	40	9
Hillingdon	Solaire	Woodside Homes	$458,823	2,551	$179.86	71	37	24	13
Legato	WestPark	KB Home	$514,250	3,580	$143.65	138	68	62	6
Merrion Square	WestPark	Lennar Homes	$382,323	2,074	$184.34	102	102	102	0
Molly's Walk	Diamond Creek	Black Pine Communities	$376,790	1,785	$211.09	84	84	75	9
Morgan Ranch	None	Homes by Towne	$505,500	2,876	$175.76	103	42	32	10
Prato	Stone Point	Taylor Morrison	$452,333	2,482	$182.25	67	67	67	0
Primrose	WestPark	Pulte Homes	$480,190	2,859	$167.96	448	322	280	42
Ridgefield	WestPark	Lennar Homes	$545,823	3,317	$164.55	112	70	65	5
Sierra Commons	WestPark	Meritage Homes	$468,783	2,695	$173.95	83	71	58	13
Sierra Crossings	WestPark	Meritage Homes	$469,950	2,366	$198.63	94	80	67	13
Terra Vista	Stone Ridge	Elliott Homes	$574,950	2,230	$257.83	84	55	45	10
The Vineyard	None	JMC Homes	$426,657	1,853	$230.25	139	114	105	9
Villagio	Stone Point	Taylor Morrison	$402,667	2,168	$185.73	65	65	60	5
		Minimum	$376,790	1,785	$144	32	18	9	0
		Maximum	$574,990	3,580	$258	448	322	280	42
		Average	$473,673	2,548	$191	104	72	63	9
		Median	$469,950	2,482	$181	83	65	60	8

Source: The Gregory Group

The locations of the master planned communities outside of the Fiddyment Ranch master planned community are shown on the following map. Note that Creekside, Hidden Crossing, Morgan Ranch and The Vineyard are not located within master planned communities.

ROSEVILLE NEW HOME COMMUNITIES



Active Projects – Fiddyment Ranch and West Roseville

As noted in the previous table, as of Fourth Quarter 2016, there were eight active residential projects in the Fiddyment Ranch master planned community, being developed by four major new home development companies. Additionally, directly competing areas to Fiddyment Ranch would include other areas within West Roseville; notably: WestPark and Solaire (also known as “Westbrook”).

Absorption information for projects specifically within West Roseville over the last few years is shown in the next table.

New Home Projects in West Roseville – Absorption

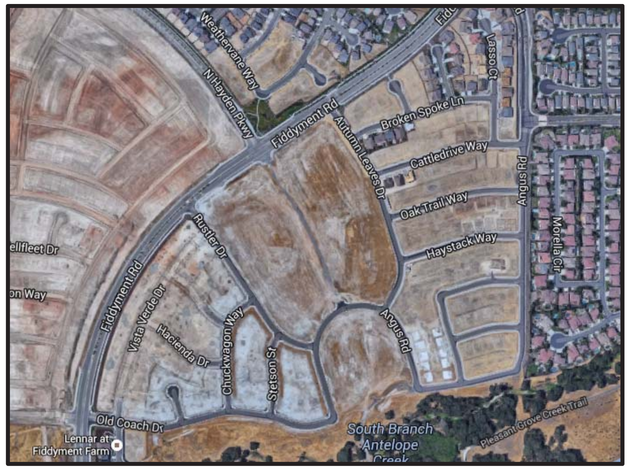
Project	Master Plan	Developer	Open Date	4Q 2016	3Q 2016	2Q 2016	1Q 2016	4Q 2015	3Q 2015	2Q 2015	1Q 2015	4Q 2014	3Q 2014	2Q 2014	1Q 2014
Addison	Fiddyment Ranch	Taylor Morrison	May-16	2	8	2	-	-	-	-	-	-	-	-	-
Hadley	Fiddyment Ranch	Taylor Morrison	May-16	5	3	5	-	-	-	-	-	-	-	-	-
Marisol	Fiddyment Ranch	Lennar Homes	Nov-13	6	16	11	6	4	4	17	7	9	9	10	4
Oakbriar	Fiddyment Ranch	Signature Homes	Jun-16	6	7	7	-	-	-	-	-	-	-	-	-
Parker	Fiddyment Ranch	Taylor Morrison	May-16	13	5	5	-	-	-	-	-	-	-	-	-
Summerwood	Fiddyment Ranch	JMC Homes	Feb-16	1	9	-	-	-	-	-	-	-	-	-	-
The Reserve	Fiddyment Ranch	JMC Homes	Jun-14	6	6	11	6	2	2	14	8	2	4	1	-
The Retreat	Fiddyment Ranch	JMC Homes	Oct-14	3	1	0	6	20	10	18	4	4	-	-	-
Bromley at Solaire	Solaire	Woodside Homes	Jan-16	8	9	3	5	-	-	-	-	-	-	-	-
Hillingdon	Solaire	Woodside Homes	Jan-16	4	5	6	9	-	-	-	-	-	-	-	-
Aria	WestPark	KB Home	Apr-14	5	14	7	3	0	7	8	14	6	6	0	-
Carrington	WestPark	Lennar Homes	May-15	4	11	9	16	6	6	4	-	-	-	-	-
Legato	WestPark	KB Home	Apr-14	6	1	6	11	6	3	6	8	5	4	6	-
Merrion Square	WestPark	Lennar Homes	Aug-14	5	5	22	13	14	23	12	2	6	0	-	-
Primrose	WestPark	Pulte Homes	Sep-14	19	40	41	30	30	47	14	35	22	2	-	-
Ridgefield	WestPark	Lennar Homes	May-15	13	14	5	6	6	6	15	-	-	-	-	-
Sierra Commons	WestPark	Meritage Homes	Apr-14	4	1	9	10	9	3	5	3	1	6	7	-
Sierra Crossings	WestPark	Meritage Homes	Sep-14	0	14	11	6	8	5	7	4	10	2	-	-
			Total	110	169	160	127	105	116	120	85	65	33	24	4
			No. Projects	18	18	17	13	11	11	11	9	9	8	5	1
			Sales per Project per Quarter	6.1	9.4	9.4	9.8	9.5	10.5	10.9	9.4	7.2	4.1	4.8	4.0
			Sales per Project per Month	**2.0**	**3.1**	**3.1**	**3.3**	**3.2**	**3.5**	**3.6**	**3.1**	**2.4**	**1.4**	**1.6**	**1.3**

Source: The Gregory Group

As shown by the data, absorption rates for new homes in Roseville have ranged from 1.3 to 3.6 sales per month over the last three years, with an average of 2.6 sales per month. Over the past year (2016), absorption rates have ranged from 2.0 to 3.3 sales per month, with an average of 2.9 sales per month.

On the following pages, we provide more detailed information for the eight active projects located in the Fiddyment Ranch master planned community. The tabular data have been extracted directly from The Gregory Group's website.

Addison by Taylor Morrison Homes



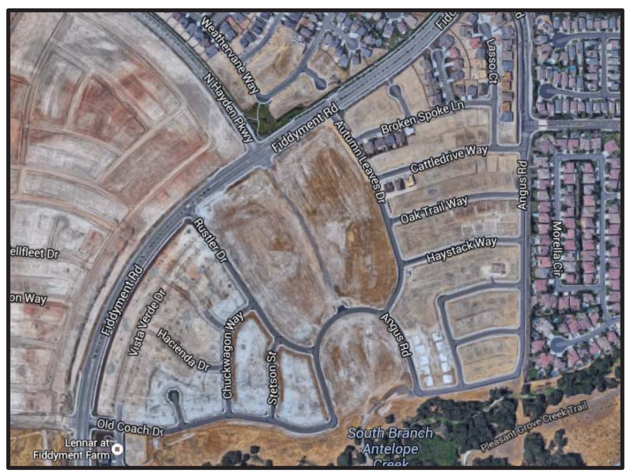
PLAN DETAILS

Plan	Home Size	Base Price	Price Sq Ft	Incentives	Net Price	Net Price/Sq Ft	Bed	Bath	Levels	Garage	Other Room
1	2,018	$399,000	$197.72	$6,500	$392,500	$194.50	3	2	1	2	Den
2	2,391	$424,000	$177.33	$6,500	$417,500	$174.61	3	3	2	2	Loft
3	2,535	$435,000	$171.60	$6,500	$428,500	$169.03	4	3	2	2	None

SURVEY INFORMATION

Survey Per	Units Planned	Units Offered	Units Sold	Qtr Sold	Tot Inv	Unoffrd Inv	Unsold Inv	Wkly Traffic	Tot WSR	Qtr WSR	Avg Price	% Change
Qtr 4/16	71	20	12	2	59	51	8	10	0.38	0.15	$419,333	0.08
Qtr 3/16	71	15	10	8	61	56	5	20	0.53	0.62	$419,000	0.96
Qtr 2/16	71	8	2	2	69	63	6	25	0.40	0.15	$415,000	0.00

Hadley by Taylor Morrison Homes



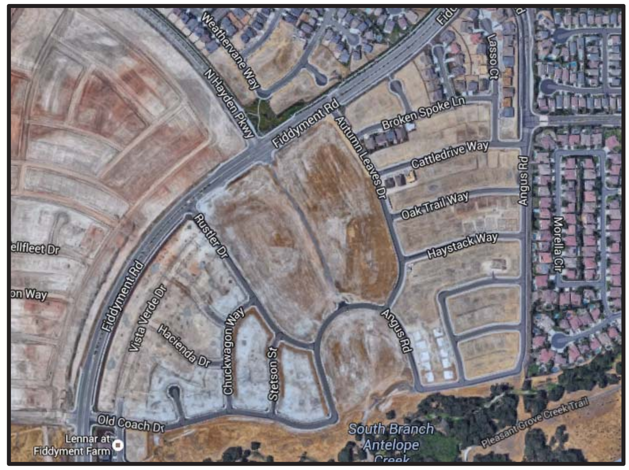
PLAN DETAILS

Plan	Home Size	Base Price	Price Sq Ft	Incentives	Net Price	Net Price/Sq Ft	Bed	Bath	Levels	Garage	Other Room
1	2,119	$418,000	$197.26	$6,500	$411,500	$194.20	3	2	1	2	Office
2	2,520	$444,000	$176.19	$6,500	$437,500	$173.61	3	3	2	3	Loft
3	2,765	$459,000	$166.00	$6,500	$452,500	$163.65	4	3.5	2	3	Loft

SURVEY INFORMATION

Survey Per	Units Planned	Units Offered	Units Sold	Qtr Sold	Tot Inv	Unoffrd Inv	Unsold Inv	Wkly Traffic	Tot WSR	Qtr WSR	Avg Price	% Change
Qtr 4/16	61	18	13	5	48	43	5	25	0.41	0.38	$440,333	0.00
Qtr 3/16	61	12	8	3	53	49	4	9	0.42	0.23	$440,333	0.46
Qtr 2/16	61	10	5	5	56	51	5	25	1.00	0.38	$438,333	0.00

Marisol by Lennar Homes



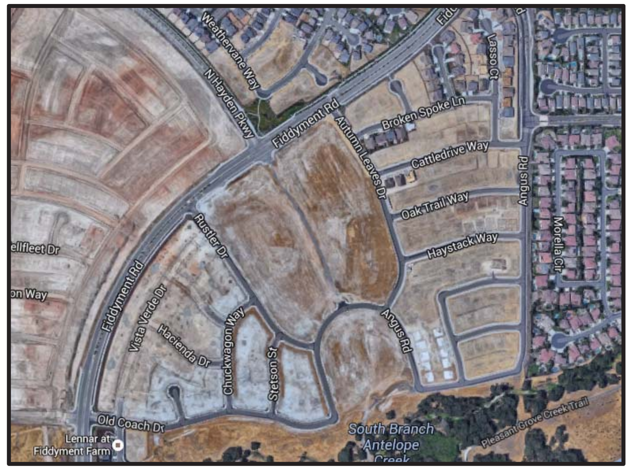
PLAN DETAILS

Plan	Home Size	Base Price	Price Sq Ft	Incentives	Net Price	Net Price/Sq Ft	Bed	Bath	Levels	Garage	Other Room
1	2,361	$480,990	$203.72	$5,000	$475,990	$201.61	4	3	1	3	None
2	2,658	$488,990	$183.97	$5,000	$483,990	$182.09	4	3	1	3	Den
3	2,767	$492,990	$178.17	$5,000	$487,990	$176.36	4	3	2	3	Loft
4	2,985	$521,990	$174.87	$5,000	$516,990	$173.20	5	4	2	3	Bonus
5	3,105	$521,990	$168.11	$5,000	$516,990	$166.50	5	3	2	3	Loft
6	3,141	$535,990	$170.64	$5,000	$530,990	$169.05	5	3.5	2	3	Bonus
7	3,512	$567,990	$161.73	$5,000	$562,990	$160.30	5	4.5	2	3	NextGen, Loft

SURVEY INFORMATION

Survey Per	Units Planned	Units Offered	Units Sold	Qtr Sold	Tot Inv	Unoffrd Inv	Unsold Inv	Wkly Traffic	Tot WSR	Qtr WSR	Avg Price	% Change
Qtr 4/16	146	109	105	6	41	37	4	40	0.65	0.46	$515,847	0.14
Qtr 3/16	146	105	99	16	47	41	6	35	0.66	1.23	$515,133	- 0.69
Qtr 2/16	146	90	83	11	63	56	7	35	0.61	0.85	$518,704	0.00
Qtr 1/16	146	81	72	6	74	65	9	10	0.53	0.46	$518,704	3.17
Qtr 4/15	146	78	66	4	80	68	12	25	0.61	0.31	$502,790	- 0.34
Qtr 3/15	146	70	62	4	84	76	8	40	0.65	0.31	$504,490	0.30
Qtr 2/15	146	65	58	17	88	81	7	40	0.70	1.31	$502,990	0.80
Qtr 1/15	146	49	41	7	105	97	8	13	0.59	0.54	$498,990	0.00
Qtr 4/14	146	48	34	9	112	98	14	20	0.60	0.69	$498,990	3.15
Qtr 3/14	146	32	25	9	121	114	7	25	0.57	0.69	$483,740	0.00
Qtr 2/14	136	32	16	10	120	104	16	30	0.52	0.77	$483,740	0.42
Qtr 1/14	135	18	6	4	129	117	12	8	0.33	0.31	$481,740	0.36
Qtr 4/13	135	7	2	2	133	128	5	10	0.40	0.15	$479,990	0.00

Oakbriar by Signature Homes

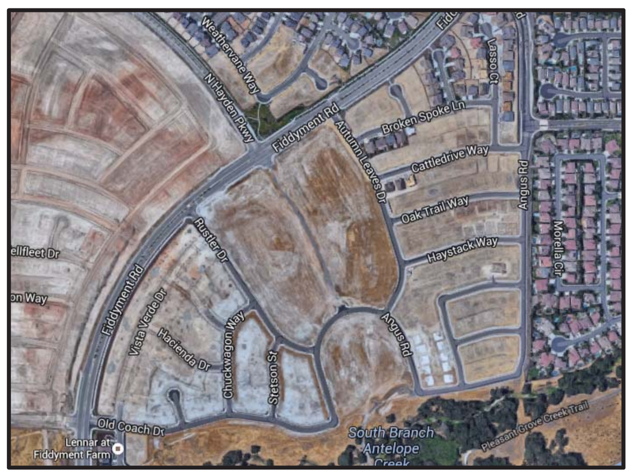
PLAN DETAILS

Plan	Home Size	Base Price	Price Sq Ft	Incentives	Net Price	Net Price/Sq Ft	Bed	Bath	Levels	Garage	Other Room
1	1,633	$368,400	$225.60	$2,500	$365,900	$224.07	3	2.5	2	2	None
2	1,856	$390,900	$210.61	$2,500	$388,400	$209.27	4	2.5	2	2	None
3	2,009	$396,900	$197.56	$2,500	$394,400	$196.32	4	3	2	2	None

SURVEY INFORMATION

Survey Per	Units Planned	Units Offered	Units Sold	Qtr Sold	Tot Inv	Unoffrd Inv	Unsold Inv	Wkly Traffic	Tot WSR	Qtr WSR	Avg Price	% Change
Qtr 4/16	96	30	20	6	76	66	10	20	0.67	0.46	$385,400	0.13
Qtr 3/16	96	24	14	7	82	72	10	25	0.82	0.54	$384,900	1.74
Qtr 2/16	94	16	7	7	87	78	9	45	2.33	0.54	$378,323	0.00

Parker by Taylor Morrison Homes

PLAN DETAILS

Plan	Home Size	Base Price	Price Sq Ft	Incentives	Net Price	Net Price/Sq Ft	Bed	Bath	Levels	Garage	Other Room
1	2,476	$466,000	$188.21	$6,500	$459,500	$185.58	4	3	1	3	None
2	3,036	$496,000	$163.37	$6,500	$489,500	$161.23	4	3	2	3	Loft
3	3,423	$521,000	$152.21	$6,500	$514,500	$150.31	4	3.5	2	3	Bonus
4	3,663	$531,000	$144.96	$6,500	$524,500	$143.19	4	3.5	2	3	Bonus

SURVEY INFORMATION

Survey Per	Units Planned	Units Offered	Units Sold	Qtr Sold	Tot Inv	Unoffrd Inv	Unsold Inv	Wkly Traffic	Tot WSR	Qtr WSR	Avg Price	% Change
Qtr 4/16	57	28	23	13	34	29	5	25	0.72	1.00	$503,500	0.40
Qtr 3/16	57	15	10	5	47	42	5	9	0.53	0.38	$501,500	0.40
Qtr 2/16	57	11	5	5	52	46	6	25	1.00	0.38	$499,500	0.00

Summerwood by JMC Homes

PLAN DETAILS

Plan	Home Size	Base Price	Price Sq Ft	Incentives	Net Price	Net Price/Sq Ft	Bed	Bath	Levels	Garage	Other Room
1	1,486	$407,990	$274.56	$8,000	$399,990	$269.17	3	2	1	2	None
2	1,686	$421,990	$250.29	$8,000	$413,990	$245.55	3	2	1	2	None
3	1,886	$449,990	$238.59	$8,000	$441,990	$234.35	4	3	1	3	None
4	2,186	$454,990	$208.14	$8,000	$446,990	$204.48	4	3	2	3	None

SURVEY INFORMATION

Survey Per	Units Planned	Units Offered	Units Sold	Qtr Sold	Tot Inv	Unoffrd Inv	Unsold Inv	Wkly Traffic	Tot WSR	Qtr WSR	Avg Price	% Change
Qtr 4/16	57	32	26	1	31	25	6	15	0.55	0.08	$433,740	1.34
Qtr 3/16	57	35	25	9	32	22	10	30	0.74	0.69	$427,990	0.00

The Reserve by JMC Homes

PLAN DETAILS

Plan	Home Size	Base Price	Price Sq Ft	Incentives	Net Price	Net Price/Sq Ft	Bed	Bath	Levels	Garage	Other Room
1	2,265	$509,990	$225.16	$10,000	$499,990	$220.75	4	3	1	3	None
2	3,224	$549,990	$170.59	$10,000	$539,990	$167.49	4	3	2	3	Den, Bonus
3	3,341	$569,990	$170.60	$10,000	$559,990	$167.61	4	4	2	3	Bonus
4	3,550	$569,990	$160.56	$10,000	$559,990	$157.74	5	4	2	3	Bonus
5	3,750	$629,990	$168.00	$10,000	$619,990	$165.33	6	4.5	2	3	Bonus
6	4,000	$619,990	$155.00	$10,000	$609,990	$152.50	5	4.5	2	3	Bonus

SURVEY INFORMATION

Survey Per	Units Planned	Units Offered	Units Sold	Qtr Sold	Tot Inv	Unoffrd Inv	Unsold Inv	Wkly Traffic	Tot WSR	Qtr WSR	Avg Price	% Change
Qtr 4/16	75	65	62	6	13	10	3	15	0.46	0.46	$574,990	0.88
Qtr 3/16	75	63	56	6	19	12	7	25	0.46	0.46	$569,990	0.59
Qtr 2/16	75	60	50	11	25	15	10	30	0.47	0.85	$566,657	0.45
Qtr 1/16	75	49	39	6	36	26	10	35	0.41	0.46	$564,142	- 0.30
Qtr 4/15	75	49	33	2	42	26	16	25	0.41	0.15	$565,823	0.74
Qtr 3/15	75	36	31	2	44	39	5	35	0.46	0.15	$561,657	- 0.06
Qtr 2/15	75	32	29	14	46	43	3	28	0.53	1.08	$561,990	0.36
Qtr 1/15	75	24	15	8	60	51	9	66	0.36	0.62	$559,990	0.00
Qtr 4/14	75	19	7	2	68	56	12	25	0.24	0.15	$559,990	0.72
Qtr 3/14	75	12	5	4	70	63	7	40	0.31	0.31	$555,990	6.24
Qtr 2/14	75	10	1	1	74	65	9	100	0.33	0.08	$523,323	0.00

The Retreat by JMC Homes

PLAN DETAILS

Plan	Home Size	Base Price	Price Sq Ft	Incentives	Net Price	Net Price/Sq Ft	Bed	Bath	Levels	Garage	Other Room
1	1,754	$459,990	$262.25	$5,000	$454,990	$259.40	3	2	1	3	None
2	1,853	$459,990	$248.24	$5,000	$454,990	$245.54	3	2	1	3	None
3	2,039	$474,990	$232.95	$5,000	$469,990	$230.50	3	3	1	3	None
4	2,164	$459,990	$212.56	$5,000	$454,990	$210.25	3	2.5	1	3	None
5	2,338	$469,990	$201.02	$5,000	$464,990	$198.88	4	3	2	2	None
6	2,427	$499,990	$206.01	$5,000	$494,990	$203.95	4	4	2	2	None
7	2,872	$579,990	$201.95	$7,000	$572,990	$199.51	5	4	2	5	None

SURVEY INFORMATION

Survey Per	Units Planned	Units Offered	Units Sold	Qtr Sold	Tot Inv	Unoffrd Inv	Unsold Inv	Wkly Traffic	Tot WSR	Qtr WSR	Avg Price	% Change
Qtr 4/16	70	69	66	3	4	1	3	20	0.57	0.23	$486,419	3.56
Qtr 3/16	70	66	63	1	7	4	3	25	0.61	0.08	$469,704	0.00
Qtr 2/16	70	67	62	0	8	3	5	26	0.70	0.00	$469,704	0.30
Qtr 1/16	70	66	62	6	8	4	4	30	0.82	0.46	$468,276	1.02
Qtr 4/15	70	62	56	20	14	8	6	25	0.89	1.54	$463,561	0.30
Qtr 3/15	70	44	36	10	34	26	8	37	0.72	0.77	$462,157	0.00
Qtr 2/15	70	37	26	18	44	33	11	33	0.70	1.38	$462,157	0.84
Qtr 1/15	70	16	8	4	62	54	8	30	0.33	0.31	$458,323	0.36
Qtr 4/14	70	16	4	4	66	54	12	40	0.36	0.31	$456,657	0.00

Resale Market

In addition to the preceding analysis, we have analyzed recent trends in the resale market for newer home product in Fiddyment Ranch. Based on data from the local multiple listing service, the following table shows resale activity since January 2016 for detached homes located within the Fiddyment Ranch master planned community.

Re-Sales, Fiddyment Ranch – January 2016 to Present

Address	Sell Date	Living Area (SF)	Sell Price	Price/SF	List Price	Sale/List	Built	DOM	Lot Size (SF)
2597 Kinsella Way	3/8/2016	1,272	$319,000	$250.79	$319,900	99.72%	2009	7	5,049
1848 Glenmark Way	5/13/2016	1,266	$320,000	$252.76	$320,000	100.00%	2011	32	4,182
2249 Ellesmere Loop	8/12/2016	1,626	$355,000	$218.33	$355,000	100.00%	2012	13	3,981
1825 Glenmark Way	9/21/2016	1,626	$360,000	$221.40	$360,000	100.00%	2012	26	3,232
1968 Ellesmere Loop	12/13/2016	1,800	$365,000	$202.78	$365,000	100.00%	2011	9	3,119
2273 Ellesmere Loop	4/15/2016	1,840	$370,000	$201.09	$355,000	104.23%	2012	26	3,263
2589 Kinsella Way	3/31/2016	1,986	$370,000	$186.30	$370,000	100.00%	2010	12	5,049
316 Bramble Ct	9/29/2016	1,678	$375,000	$223.48	$379,900	98.71%	2013	57	5,854
1945 Ellesmere Loop	11/15/2016	1,800	$375,000	$208.33	$365,000	102.74%	2011	5	3,289
101 Wellspring Ct	7/8/2016	1,870	$382,000	$204.28	$370,000	103.24%	2009	8	6,486
1896 Glenmark Way	10/18/2016	2,115	$383,000	$181.09	$390,000	98.21%	2010	28	3,154
1969 Ellesmere Loop	5/20/2016	2,115	$385,000	$182.03	$390,000	98.72%	2011	42	3,441
1873 Ellesmere Loop	10/24/2016	2,115	$386,000	$182.51	$387,500	99.61%	2011	37	3,459
2677 Woodfield Way	11/29/2016	1,986	$399,900	$201.36	$399,999	99.98%	2009	12	6,360
2596 Woodfield Way	6/10/2016	1,870	$400,000	$213.90	$390,000	102.56%	2009	30	5,310
4124 Shorthorn Way	9/19/2016	1,604	$410,000	$255.61	$415,000	98.80%	2010	35	6,403
2404 Lansdowne Way	8/24/2016	2,696	$415,000	$153.93	$420,000	98.81%	2008	121	5,972
4121 Settlers Ridge	5/27/2016	2,096	$416,000	$198.47	$419,900	99.07%	2013	18	6,225
8032 Randolph Dr	8/31/2016	2,018	$422,009	$209.12	$422,904	99.79%		13	5,775
2581 Ranchland Way	6/30/2016	2,279	$425,000	$186.49	$430,000	98.84%	2010	16	7,889
2657 Heirloom Way	11/30/2016	1,673	$425,000	$254.03	$417,500	101.80%	2008	3	4,726
2140 Pistachio Way	3/4/2016	2,669	$428,000	$160.36	$425,000	100.71%	2006	106	6,599
3016 Southington Way	12/20/2016	2,119	$430,000	$202.93	$464,428	92.59%		39	6,063
4016 Weathervane Way	1/14/2016	2,570	$437,500	$170.23	$440,000	99.43%	2013	22	4,957
8040 Randolph Dr	11/10/2016	2,391	$438,760	$183.50	$440,000	99.72%		57	5,775
8024 Randolph Dr	8/18/2016	2,391	$440,000	$184.02	$447,450	98.34%		22	5,775
8016 Randolph Dr	8/31/2016	2,535	$444,565	$175.37	$464,925	95.62%		11	5,775
3017 Southington Way	11/30/2016	2,520	$445,000	$176.59	$483,200	92.09%		101	6,561
3008 Southington Way	11/30/2016	2,520	$445,000	$176.59	$493,444	90.18%		42	6,928
8056 Randolph Dr	9/30/2016	2,535	$449,531	$177.33	$449,531	100.00%		6	5,775
4180 Shorthorn Way	5/24/2016	2,968	$450,000	$151.62	$459,000	98.04%	2013	122	6,046
4377 Weathervane Way	12/9/2016	2,693	$465,000	$172.67	$470,000	98.94%	2013	28	6,050
3025 Southington Way	9/28/2016	2,765	$470,000	$169.98	$496,121	94.73%		28	6,100
2473 Corin Dr	4/22/2016	2,712	$476,000	$175.52	$464,000	102.59%	2010	5	9,046
7081 Edgartown St	12/14/2016	2,476	$479,000	$193.46	$499,990	95.80%		71	6,758
4032 Ice House Way	1/3/2017	2,498	$479,000	$191.75	$479,000	100.00%	2011	36	7,427
4401 Weathervane Way	7/6/2016	3,077	$482,000	$156.65	$490,000	98.37%	2012	59	6,050
2248 Spring Grove Dr	5/19/2016	3,230	$484,000	$149.85	$479,900	100.85%	2013	13	7,693
2474 Warm Hearth Loop	6/17/2016	2,311	$485,000	$209.87	$469,900	103.21%	2010	2	14,109
2397 Kinsella Way	7/11/2016	3,311	$489,000	$147.69	$499,000	98.00%	2007	28	5,785
7056 Edgartown St	12/19/2016	2,678	$490,000	$182.97	$523,704	93.56%	2016	46	7,444
2664 Pipestone Loop	4/15/2016	3,267	$498,500	$152.59	$499,950	99.71%	2007	49	10,293
7065 Edgartown St	11/23/2016	2,476	$499,900	$201.90	$499,990	99.98%		78	6,545
2680 Hearthside Way	9/20/2016	3,533	$508,750	$144.00	$517,500	98.31%	2007	6	8,181
4409 Weathervane Way	4/26/2016	3,366	$510,000	$151.52	$515,000	99.03%	2012	20	6,050
2696 Pipestone Loop	5/17/2016	3,310	$530,000	$160.12	$545,900	97.09%	2007	29	8,986
7073 Edgartown St	9/27/2016	3,443	$535,000	$155.39	$569,499	93.94%		51	6,758
4417 Weathervane Way	1/13/2017	3,366	$575,000	$170.83	$575,000	100.00%	2012	9	7,087
341 White Feather Ct	5/10/2016	3,435	$670,000	$195.05	$689,000	97.24%	2011	35	11,374
	Min	1,266	$319,000	$144.00	$319,900	90.18%	2006	2	3,119
	Max	3,533	$670,000	$255.61	$689,000	104.23%	2016	122	14,109
	Mean	2,418	$440,662	$188.34	$446,797	98.83%	2011	34	6,208
	Median	2,476	$438,760	$183.50	$447,450	99.43%	2011	28	6,050

Source: MetroList MLS

As shown by the data, MLS reports that there have been 49 re-sales within Fiddyment Ranch since January 2016. Most homes have closed at or near the asking price (some above asking), and the time on the market has averaged about one month. These statistics point to a generally healthy re-sale market.

Ability to Pay

According to the Gregory Group, of the 19 active projects in West Roseville, new home price points are generally between $376,790 (1,785 square foot plan within Molly's Walk by Black Pine Communities) to $574,990 (3,355 square foot plan within The Reserve by JMC Homes). In this section, we will examine the ability to pay among prospective buyers for representative price points of $380,000 and $590,000. First, we will estimate the required annual household income based on typical mortgage parameters in the subject's market area. Specifically, we will employ a loan-to-value ratio of 80% (down payment of 20%), mortgage interest rates of 4.50% and 4.75% (respectively), 360 monthly payments, and a 40% ratio for the housing costs as a percent of monthly income (inclusive of principal, interest, all taxes and insurance). As alluded to above, property tax payments are accounted for in the analysis. Ad valorem taxes are 1.105482% of assessed value.

The most significant direct levy payments are related to the CFD bonds in the area: City of Roseville CFD Nos. 1, 2 and 3. Annual tax direct levy payments for CFDs No. 1 are $1,633 per home/year (or $136 per home/month). Annual payments for CFD No. 2 and No. 3 are $608 per home/year ($51 per home/month) and $407 per home/year ($34 per home/month), respectively.

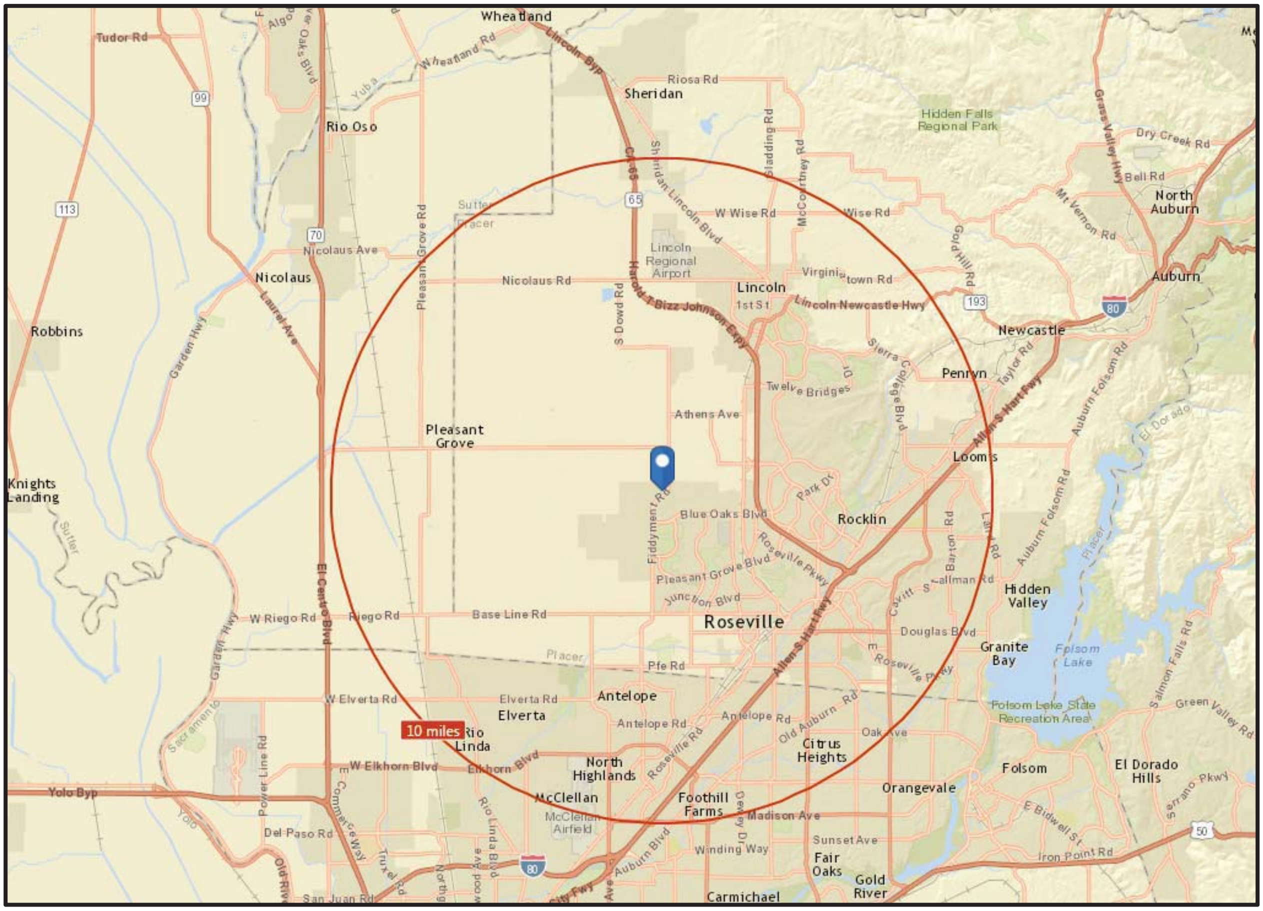
Given the discussion above, the following tables show the estimate of the annual household income that would be required to afford homes priced between $380,000 and $590,000:

Home Price	$380,000
Loan % of Price (LTV)	80%
Loan Amount	$304,000
Interest Rate	4.500%
Mortgage Payment	$1,540
Ad Valorem Taxes	$350
Bond Payments	
CFD No. 1	$136
CFD No. 2	$51
CFD No. 3	$34
Subtotal	$221
Property Insurance	$60
Total PITI	$2,171
PITI as % of Income	40%
Monthly Income	$5,427
Annual Income	**$65,129**

Home Price	$590,000
Loan % of Price (LTV)	80%
Loan Amount	$472,000
Interest Rate	4.750%
Mortgage Payment	$2,462
Ad Valorem Taxes	$544
Bond Payments	
CFD No. 1	$136
CFD No. 2	$51
CFD No. 3	$34
Subtotal	$221
Property Insurance	$80
Total PITI	$3,306
Mortgage Payment % of Income	40%
Monthly Income	$8,266
Annual Income	**$99,189**

We have obtained income data from Esri Business Analyst Online (Esri), formerly STDB Online, for a 10-mile radius surrounding the subject property, which is considered representative of typical buyers for the subject property. It is noted this geographic area is wider than the immediate neighborhood profiled previously in the *Neighborhood* section of this report, which focuses on the subject's immediate location.

The following map shows the boundaries of the 10-mile radius around Fiddyment Ranch. It is expected that home projects within Fiddyment Ranch could draw buyers from a larger geographic region beyond the more immediate areas.



In following tables we show the income brackets within a 10-mile radius, along with estimates of the percentage of households able to afford homes priced between $380,000 and $590,000 within each income bracket.

Ability to Pay - $380,000 Home

Household Income	Percent of Households	Percent Able to Pay	Households Able to Pay
<$15,000	7.8%	0.0%	0.0%
$15,000 - $24,999	7.7%	0.0%	0.0%
$25,000 - $34,999	9.3%	0.0%	0.0%
$35,000 - $49,999	13.6%	0.0%	0.0%
$50,000 - $74,999	17.8%	39.5%	7.0%
$75,000 - $99,999	14.6%	100.0%	14.6%
$100,000 - $149,999	17.1%	100.0%	17.1%
$150,000 - $199,999	7.0%	100.0%	7.0%
$200,000 +	5.1%	100.0%	5.1%
	100.0%		50.8%

Ability to Pay - $590,000 Home

Household Income	Percent of Households	Percent Able to Pay	Households Able to Pay
<$15,000	7.8%	0.0%	0.0%
$15,000 - $24,999	7.7%	0.0%	0.0%
$25,000 - $34,999	9.3%	0.0%	0.0%
$35,000 - $49,999	13.6%	0.0%	0.0%
$50,000 - $74,999	17.8%	0.0%	0.0%
$75,000 - $99,999	14.6%	3.2%	0.5%
$100,000 - $149,999	17.1%	100.0%	17.1%
$150,000 - $199,999	7.0%	100.0%	7.0%
$200,000 +	5.1%	100.0%	5.1%
	100.0%		29.7%

The preceding analysis indicates that approximately 50.8% of households within a 10-mile radius of the subject property would be able to pay for a home priced at $380,000, while approximately 29.7% of households within a 10-mile radius could afford a $590,000 home. As there are 177,462 households in the 10-mile radius area, the data implies that about 90,199 households could afford a $380,000 home, and 52,659 households could afford a $590,000 home.

Conclusion

We have summarized some of the key points from this section as follows:

- Building permit activity for single-family residences in Roseville reached a peak about nine years ago, then fell precipitously during the recessionary period, but has been increasing in more recent years.

- New home pricing in Roseville has been in a general increasing pattern over the last four years, albeit with a few quarterly dips. The most recent period indicates the highest new home pricing observed over the last four years.

- New home pricing per square foot of living area in Roseville has been generally flat over the last three to four years.

- There are currently 27 active new home projects in Roseville. This is among the highest levels of active projects observed since the past expansionary period.

- Absorption rates within new home projects in West Roseville have ranged from 2.0 to 3.3 sales per month over the past year, with an average of 2.9 sales per month.

- Re-sale homes in Fiddyment Ranch are transferring at or near the asking price, and the exposure period has averaged about one month, both indicators of a healthy market.

- Approximately 50% of the likely buyer pool for Fiddyment Ranch home product can afford the lowest priced (average) home, while about 30% of the likely buyer pool can afford the highest price (average) home.

- Overall, demand for new homes in the subject's market area is improving. The housing market is considered to be in a stage of expansion.

MULTIFAMILY RESIDENTIAL MARKET

For multifamily properties in the Sacramento region, market conditions have been improving since about 2010, with rising rental rates, declining vacancy rates and falling capitalization rates. The market continues to perform well as a result of the limited new supply being added to the market coupled with continued strong demand.

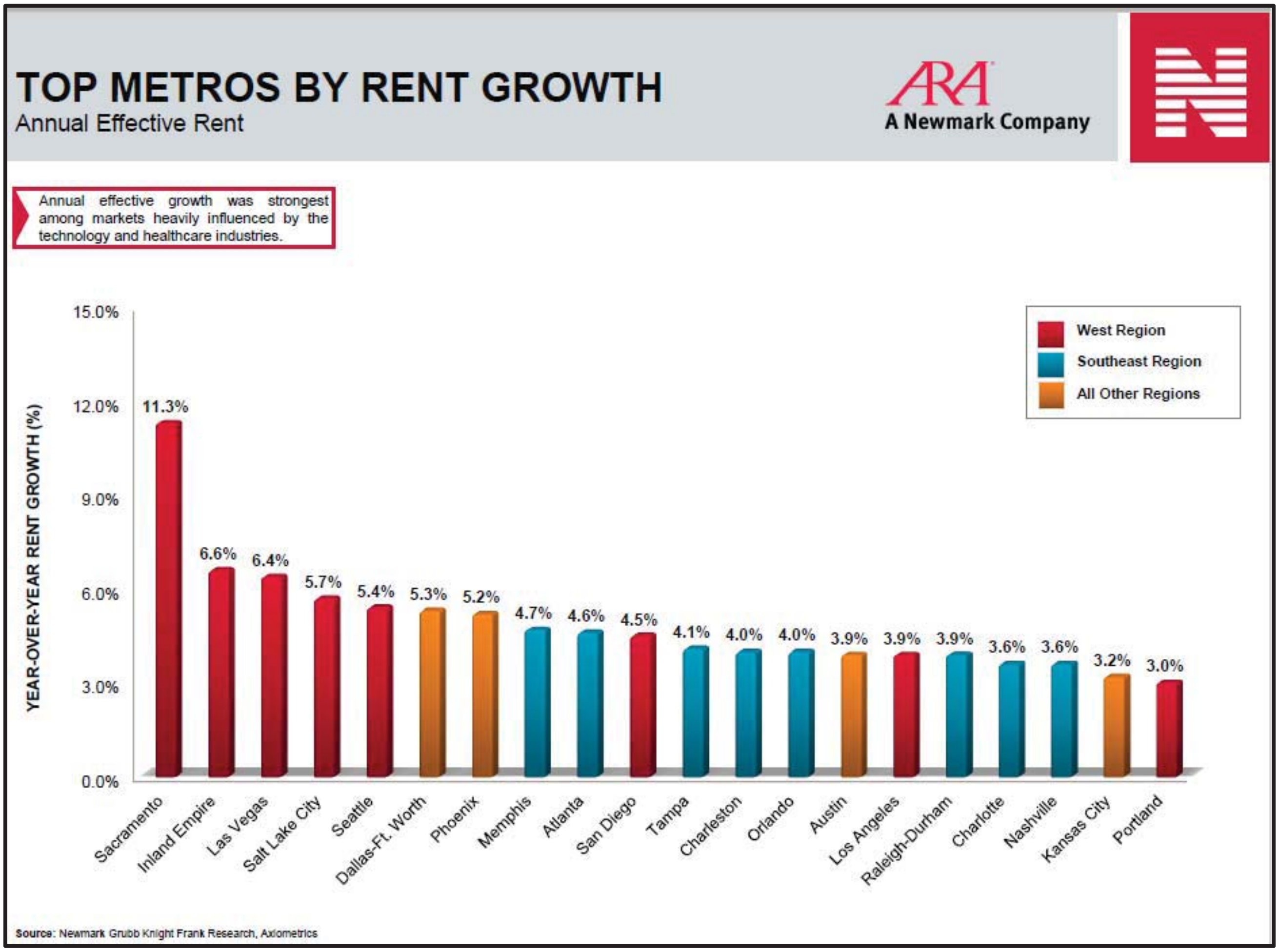
According to market surveys, the average apartment vacancy rate in the Sacramento region reached a low of about 2% in 2000, climbed steadily through 2004, declined through 2007, and then increased through 2009. However, the ups and downs have been relatively minor and vacancy rates have remained below 8% for more than a decade. According to Marcus & Millichap, last year average vacancy fell 30 basis points, breaking the 3.0% barrier. Robust demand for Sacramento apartments will support a continued drop in the metro's vacancy rate, which will fall 30 basis points to 2.4% year over year in 2016. The following excerpt is from Marcus & Millichap's most recent quarterly report (Third Quarter 2016) for the Sacramento apartment market:

> "Metro employers are maintaining strong hiring, generating a demand for units. Sacramento apartments are well occupied as developers struggle to keep pace with the demand for rentals… Developers will complete the most units since 2008 this year… Overall economic growth will support strong tenant demand, further tightening the vacancy rate this year and supporting a seventh consecutive year of robust rent gains."

Another brokerage, Collier International, offered the following statements about the Sacramento apartment market in its market report for the third quarter of 2016:

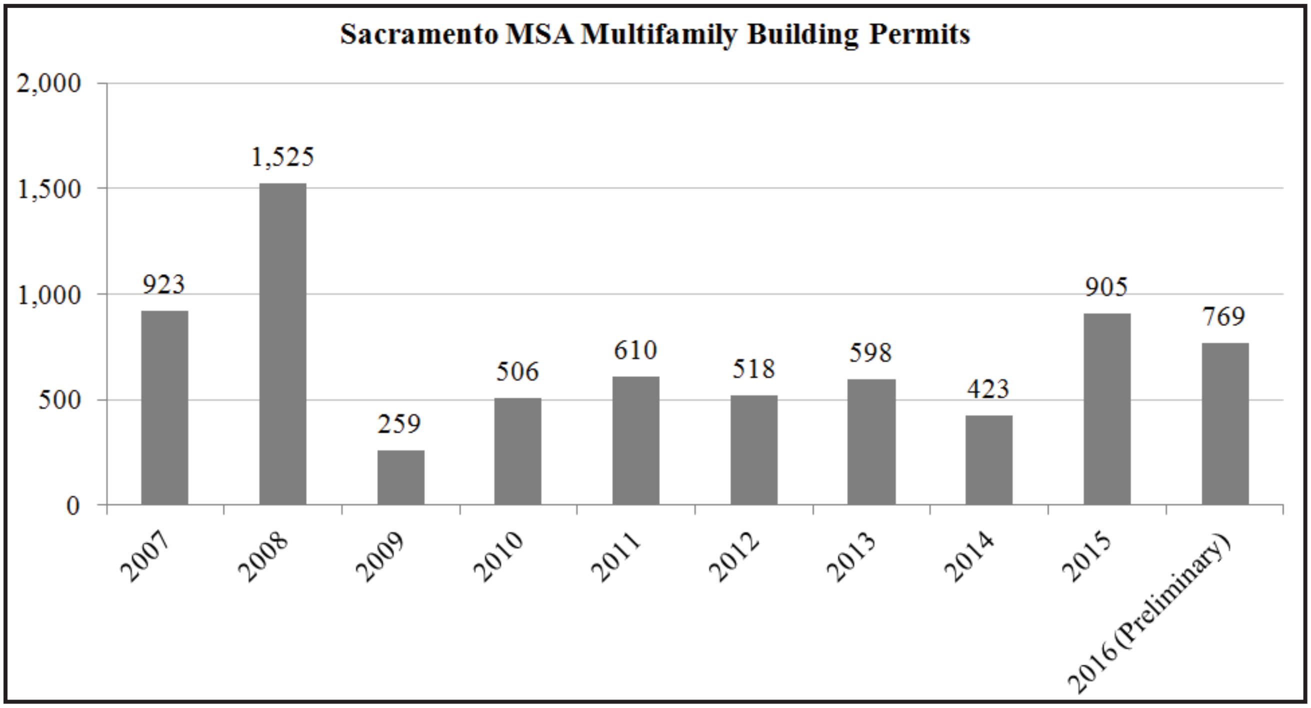
> "Market statistics show demand for Sacramento-area apartments still booming during the third quarter of 2016. Occupancy is still close to the area's record levels posted last quarter, and rental rates continued growing faster than the rest of the nation's major markets. New supply cannot meet near-term demand, resulting in double-digit percentage rent increased over the last year."

According to the Fourth Quarter U.S. Multihousing Market Overview by ARA, a Newmark Company, the Sacramento region is identified as the top metropolitan area for rent growth in the United States (see chart on the following page).



New Construction

The following chart indicates the number of multifamily building permits issued over the recent past in the four-county Sacramento MSA (Sacramento, El Dorado, Placer and Yolo Counties). It is noted these figures include for-rent apartments and for-sale condominiums within projects containing at least five units.



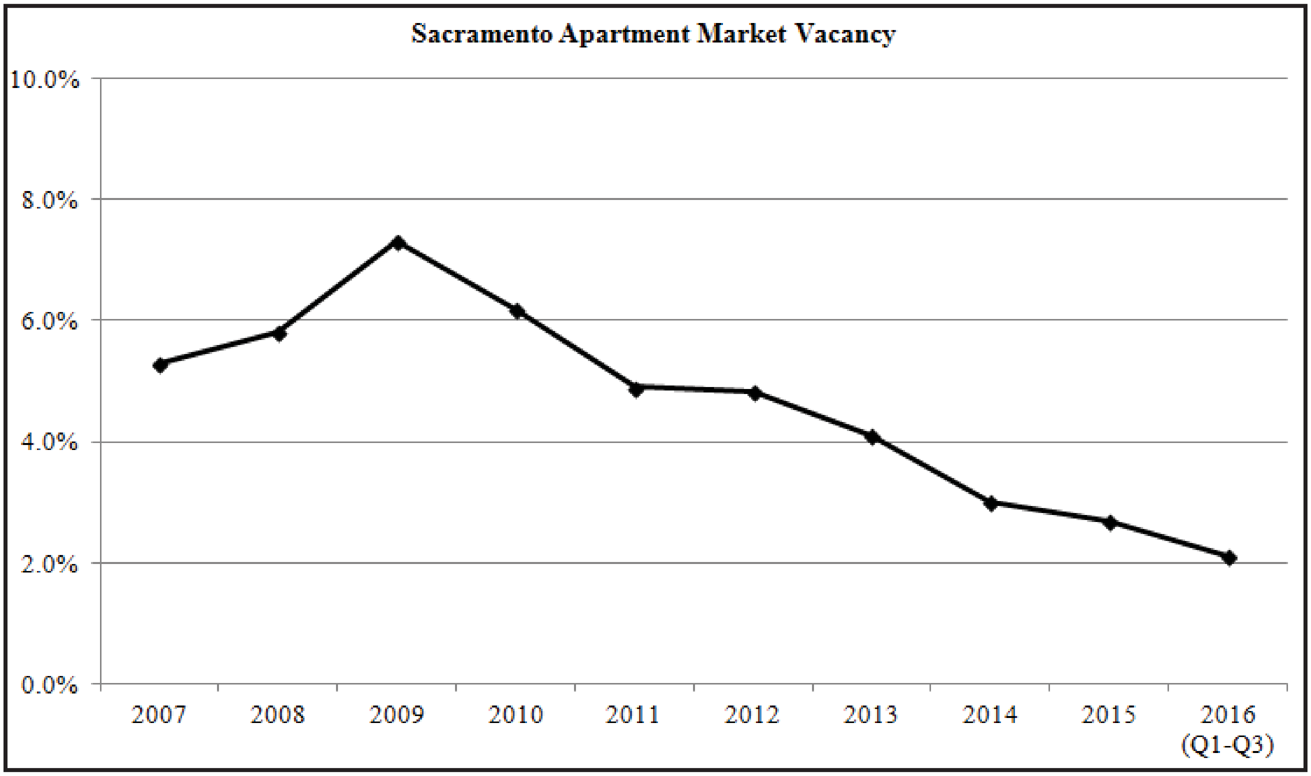
Source: U.S. Census SOCDS Building Permits Database

Permit activity for multifamily projects was relatively steady during 2010-2014, and then a significant increase was seen in 2015 as developers began responding to improving market conditions and very low vacancy. Marcus & Millichap reported that 428 new apartment units were completed in the Sacramento region in the last 12 months, down from the 765 units completed in the prior year-long term. Metro wide, there are currently 1,500 units under construction with completion dates into the first quarter of 2018. Marcus & Millichap reported 1,200 units will be completed in 2016, up from 880 units in 2015.

Vacancy

Historically speaking, the regional apartment market has maintained relatively low vacancy. From 1993 through 2000, Sacramento experienced declining vacancy rates, with increases in 2001 through 2004. After peaking in the high-7% range in 2004, the region's average vacancy rate declined in 2005 and 2006. Increases were then seen from 2007 through 2009, followed by declines since 2010. According to Marcus & Millichap, vacancy for the Sacramento region averaged 2.1% in the past four quarters (through the third quarter of 2016), which was down 60 basis points from the prior four quarter period. Vacancy is projected to decline to 1.8% by the end of 2016.

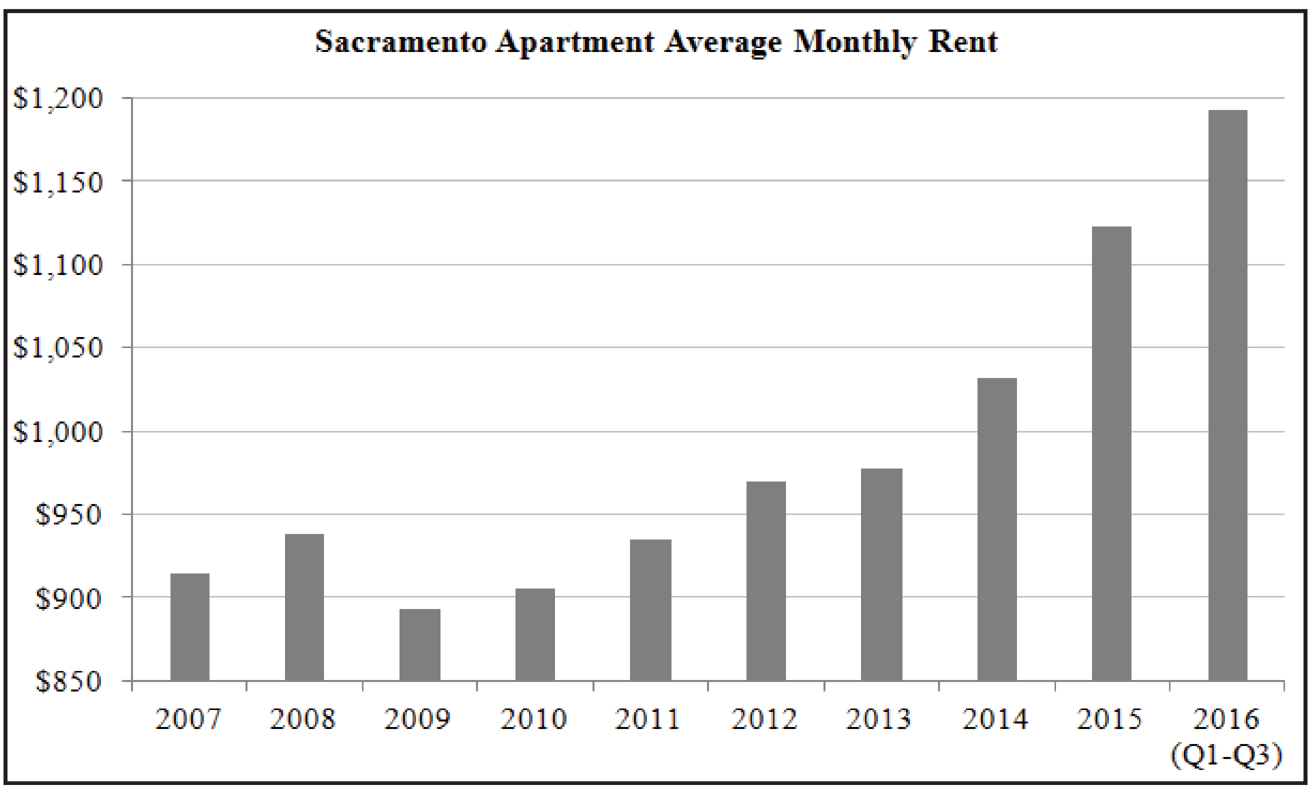
The following chart shows the region's average annual apartment vacancy rate.



Source: Marcus & Millichap

Rental Rates

The following chart shows recent trends in Sacramento's average apartment rental rate (effective rent after discounts and incentives).



Source: Marcus & Millichap

Apartment owners have raised rents steadily since mid-2010, with particularly strong increases in since 2014. Effective rental rates in the region increased by 5.4% in 2014 and 8.9% in 2015. Marcus & Millichap expects rents to increase by 8.6% in 2016.

Submarket Data

The following table shows recent rental rates and average occupancy for some of the local submarkets, all of which have continued to record strong occupancy and rent levels. It is noted submarket data was not provided in Marcus & Millichap's most recent report, so we have relied on Colliers International's report for submarket data. For the overall Sacramento market, Colliers reported a vacancy rate of 2.4% for the third quarter of 2016, which was slightly higher than the rate of 2.1% reported by Marcus & Millichap.

Sacramento Apartment Submarket Data - 3rd Qtr. 2016

Submarket	Average Rent	Average Occupancy	Average Vacancy
Central Sacramento	$1,432	97.2%	2.8%
South Sacramento	$1,141	98.1%	1.9%
Natomas	$1,286	97.0%	3.0%
N Sacramento/North Highlands	$1,147	97.2%	2.8%
Arden/Arcade	$1,000	99.1%	0.9%
Carmichael	$956	98.2%	1.8%
Rancho Cordova/East Sacramento	$1,156	97.4%	2.6%
Citrus Heights	$1,120	98.5%	1.5%
Orangevale/Fair Oaks/Folsom	$1,458	96.2%	3.8%
Roseville/Rocklin	$1,436	95.9%	4.1%
Woodland/West Sacramento	$1,047	98.9%	1.1%
Davis	$1,651	99.8%	0.2%

Source: Colliers International

The subject's Roseville/Rocklin submarket ranks the third highest in the Sacramento region, behind Davis and the Orangevale/Fair Oaks/Folsom submarket areas.

Sales Activity

From 2006 until mid-2008, apartment sales activity slowed but prices held relatively steady. From mid-2008 until mid-2009, sales activity was considerably slower and prices declined. Sales activity has picked up since late 2009. Colliers International reports that sale activity for Sacramento apartments continues to be very active, with 68 transactions closing during the third quarter of 2016 of which represented properties with 5 or more units, among these, 12 transactions were for complexes with at least 100 units. According to Colliers, "Multifamily property sales in the

Sacramento region during the third quarter of 2016 totaled more than $296 million. While the average price per unit declined from $118,000 in the second quarter to $112,000 during the third quarter, there was a strong showing for large properties."

Apartment capitalization rates have trended downward over the past few years, although rates appear to be stabilizing in recent months and a slight uptick was seen last quarter. Colliers International reported that the average capitalization rate for apartment sales in the Sacramento area rose eight basis points during the third quarter of 2016, to 5.86%. A different brokerage, Marcus & Millichap, reported cap rates for Sacramento apartment properties ranged between the low-4% to the low-9%, depending on age, amenities and location.

Conclusion

The Sacramento apartment market continues to expand with strong rent increases and very low vacancy rates. Demand for apartments is strong and the addition of new supply has been relatively limited. New construction has picked up in recent quarters, but not enough to cause an increase in vacancy. Market vacancy has remained tight for the past several years, reaching the low-2% range in the third quarter of 2016. Local brokerages anticipate further declines in vacancy this year. The region's average rental rate and sale price have increased over the past couple of years, and both are expected to increase over the next 12 months.

RETAIL MARKET

Introduction

The retail market in Sacramento has been on a path of stabilization and improvement over the past few years. Net absorption of space was positive in 20 of the past 22 quarters. Vacancy has been trending downward since the first quarter of 2010, except for a couple of small upticks in individual quarters. At the end of 2016, the region's vacancy rate was estimated at 9.3%, compared to 9.4% in the previous quarter and 9.5% a year earlier. The current vacancy rate is at its lowest level in eight years. New construction in the region has increased over the past 2-3 years and several projects were recently completed or are under construction.

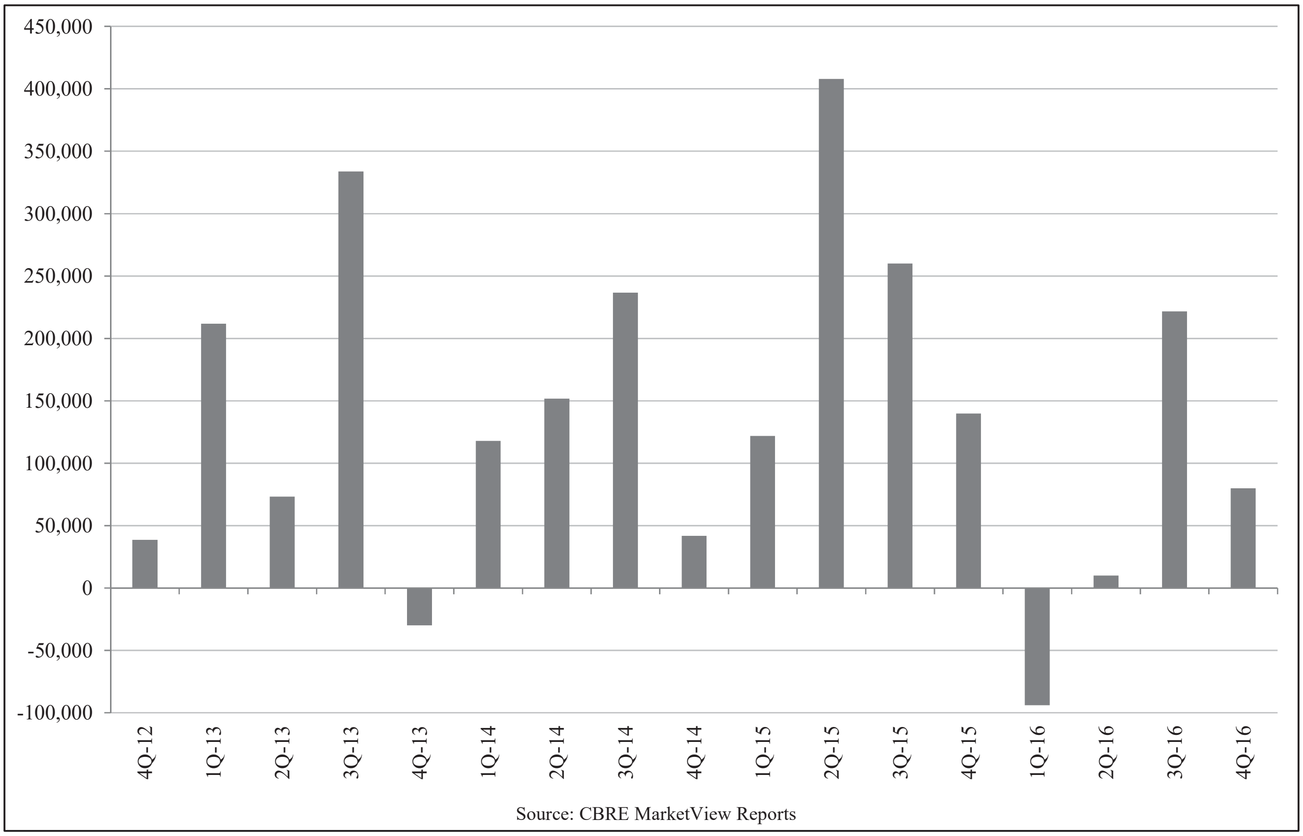
Amid improving market conditions, several retailers have recently opened new stores or announced expansion plans in the region. Some notable recent and planned store openings include: Dick's Sporting Goods, Barnes & Noble, Harbor Freight, BevMo, Cinema West, Smart & Final, Sprouts Farmers Market, Walmart, Saks Off 5th, Dollar Tree, Total Wine & More, David's Bridal, Lifetime Fitness, Sportsman's Warehouse, Bass Pro Shops, Famous Footwear, Ross and TJ Maxx. In the past couple of years, big box leases have outpaced store closures, but there have been some closures by stores such as Sports Authority, Sport Chalet, Save Mart Supermarkets, Vic's Supermarket, Fresh & Easy, The Fresh Market, Staples, Orchard Supply Hardware and Kmart.

It is noted the figures in this overview are based on quarterly surveys published by brokerage CBRE for retail buildings 20,000 square feet and larger, excluding regional malls. Market conditions may not be similar for smaller retail properties. In fact, many brokers have indicated market conditions are typically not as strong for smaller, unanchored properties. Anchored centers are generally more likely to maintain stabilized occupancy levels compared to unanchored centers.

Vacancy & Absorption

The following chart shows the region's net absorption over the past several quarters.

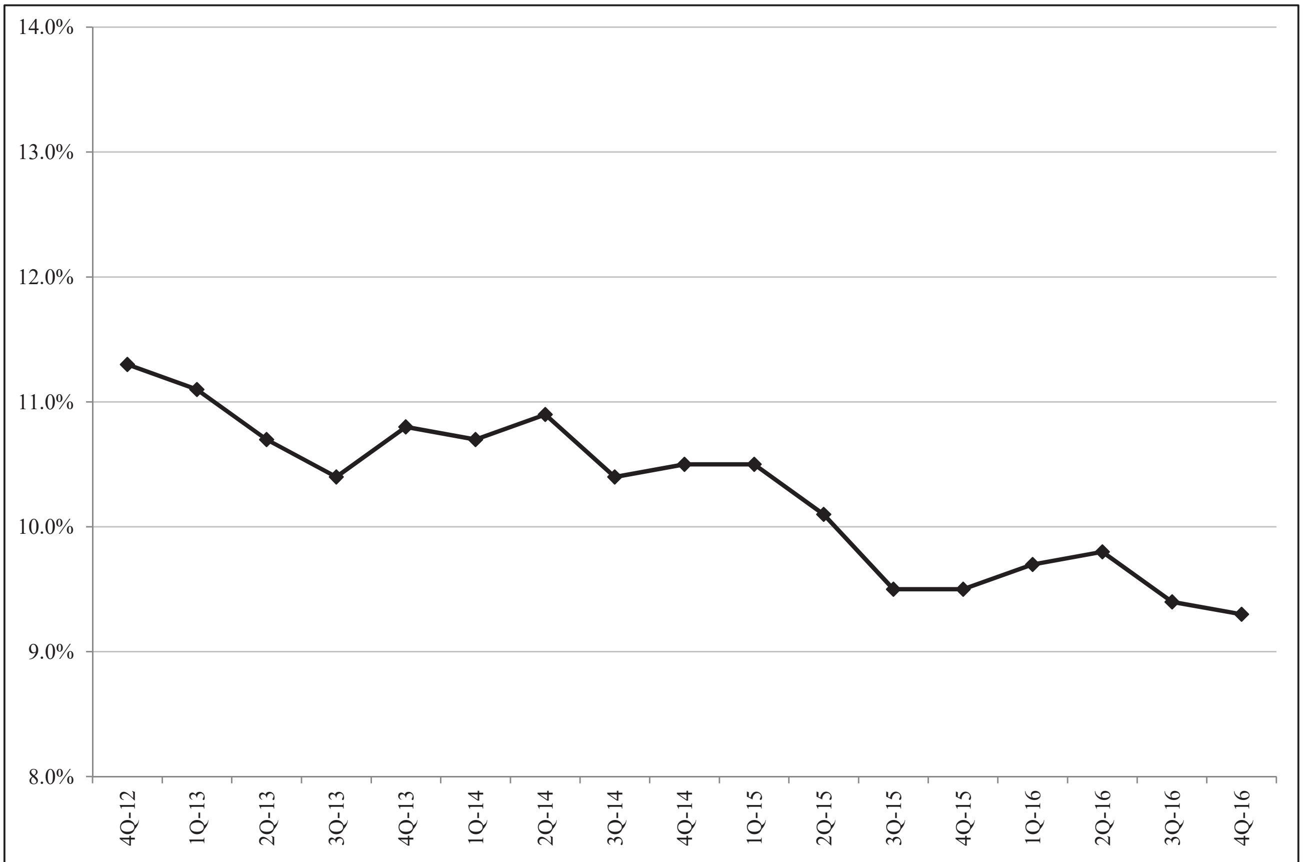
Sacramento Retail Market Net Absorption (SF)



The Sacramento retail market was very strong in the year 2007 with about 3 million square feet of positive net absorption. In 2008, net absorption was still positive but dropped significantly to about 600,000 square feet. The region's net absorption was negative for the year 2009, with various brokerages estimating over 1 million square feet of negative net absorption. The annual net absorption turned positive in 2010 with about 170,000 square feet. During the four-year period of years 2011 through 2014, annual net absorption was fairly consistent, with between 530,000 and 600,000 square feet per year. Net absorption increased in the year 2015 to about 930,000 square feet. Most of this activity was due to big box leasing. For year 2016, the region experienced net absorption of 217,311 square feet. In the first half of the year, leasing activity was strong among smaller tenants, but the overall market was impacted by the closing of five larger stores, including two Save Mart stores, two Sport Chalet locations and a clothing store. In the second half of the year, the market had several larger leases which helped bring positive net absorption despite the closing of several Sports Authority stores.

The following chart summarizes the recent history of retail vacancy in the Sacramento region.

Sacramento Retail Market Vacancy



Source: CBRE MarketView Reports

The Sacramento area's average retail vacancy rate began climbing in early 2006, with a sharp rise seen in the first quarter of 2009. The market vacancy rate declined slightly in 2010, and then fell at a more rapid pace in 2011. Vacancy has continued to decline since then, although at a slower pace, and with a couple of slight increases in some quarters. As of the fourth quarter of 2016, vacancy was 9.3%, compared to 9.4% in the previous quarter and 9.5% a year earlier.

The table on the following page summarizes recent vacancy rates and net absorption by submarket. The submarkets achieving the highest absorption levels for year 2016 were Folsom/El Dorado Hills, Rocklin, Roseville and Highway 50/Rancho Cordova. The leaders for the year 2015 were Roseville, Rocklin, North Highlands, South Sacramento and Folsom/El Dorado Hills. Most of Rocklin's recent leasing activity has taken place in two new shopping centers located at Interstate 80 and Sierra College Boulevard. Folsom has had several new leases in the upscale Palladio shopping center.

Sacramento Retail Market Summary

Submarket	Total SF (millions)	Vacancy 4Q 2016	Net Absorption 4Q 2016	Net Absorption Year 2016
Arden/Watt/Howe	3.7	13.4%	88,376	(55,846)
Auburn/Loomis	1.2	3.5%	1,205	24,639
Carmichael	1.3	16.0%	(1,226)	23,990
Citrus Heights/Fair Oaks	4.5	12.2%	(42,177)	(48,906)
Folsom/El Dorado Hills	5.6	7.3%	129,664	214,963
Greenhaven/Pocket	0.4	4.9%	4,835	5,404
Hwy 50/Rancho Cordova	2.8	18.7%	37,843	35,816
Laguna/Elk Grove	5.0	4.6%	4,623	5,722
Lincoln	1.2	7.1%	1,205	24,639
North Highlands	2.6	10.0%	(50,204)	(77,879)
North Natomas	2.4	8.5%	16,583	13,106
Rocklin	2.7	12.6%	12,218	63,270
Roseville	6.6	5.8%	(32,984)	35,649
South Natomas	0.6	9.0%	(31,913)	(18,844)
South Sacramento	4.7	12.1%	(31,669)	(51,257)
West Sacramento/Davis	2.6	2.5%	5,372	25,429
Market Total	**47.8**	**9.3%**	**79,804**	**217,311**

Source: CBRE MarketView Reports

Rental Rates

The market average rental rate declined in 2009 and 2010 but has remained relatively steady since early 2011. Asking rental rates for in-line space in newly constructed retail centers are typically between about $1.50 and $2.50 psf/month (triple net), with some of the most desirable locations marketed at $3.00 or higher. For older properties, it is common to see rates less than $1.50 psf/month for in-line space. According to CBRE, the average asking rental rate for retail space in the Sacramento region was $1.52 psf/month, triple net, in the fourth quarter of 2016. This average was up $0.01 from the previous quarter, and up $0.03 from a year earlier. The market average has been fairly steady, hovering between $1.48 and $1.52 for more than two years.

Under current and recent market conditions, rental rates for space within anchored retail centers have been the most stable; while smaller, unanchored properties have seen more fluctuations. Over the next 12 months, the average market rental rate is expected to increase due to improving demand and a relatively stable supply of space in the near term.

New Construction

Construction activity was limited in the region during the period of roughly 2008-2013 in response to market conditions; however, new construction has increased in the region since 2014 as feasibility has improved. In the year 2014, new completions totaled about 390,000 square feet. In 2015, completions totaled about 370,000 square feet and included a 120,000 square foot Lifetime Fitness athletic club in Roseville, two buildings in the Rocklin Crossings shopping center (one of which is occupied by Bass Pro Shops), and a big box store in South Sacramento. The only completion in the first quarter of 2016 was an Applebee's restaurant in Rocklin. In the second quarter of 2016, there were two completions totaling about 34,000 square feet, including a Nordstrom Rack expansion in Folsom and three shop buildings in the Rocklin Crossing center in Rocklin. In the third quarter of 2016, completions totaled about 49,000 square feet – a Home Goods store in the Arden/Watt/Howe submarket and a Smart & Final store in Citrus Heights. Over 254,000 square feet was completed in the fourth quarter, including a Lifetime fitness center in Folsom; and a Raley's grocery store, Nordstrom Rack and Cinemark Theater in the Arden/Watt/Howe submarket.

In Downtown Sacramento, the new Golden 1 Center arena was recently completed for the Sacramento Kings NBA basketball team and is also hosting concerts and other events. Several restaurants and shops have opened or are planned in and around the new arena.

As of the end of the fourth quarter of 2016, there was one major retail project under construction in the region totaling about 1.3 million square feet – the Delta Shores power center in South Sacramento, where Walmart has announced plans to open a Supercenter store.

Looking Ahead

The coming year is expected to be one of continued improvement for the Sacramento retail market. No significant changes are expected in population or the supply of retail space, and moderate gains in employment are forecasted. Vacancy rates should continue to trend downward, although slight ups and downs could be seen from quarter to quarter. Over the next 12 months, rental rates are projected to increase for most property types and locations, especially anchored centers in good locations. We should continue seeing some landlord concessions for available space, including free rent and/or improvement allowances.

HIGHEST AND BEST USE

The term "highest and best use," as used in this report, is defined as follows:

> 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.[5]

Two analyses are typically required for highest and best use. The first analysis is highest and best use of the land as though vacant, and the second analysis is the highest and best use as improved. Definitions of these terms are provided in the *Glossary of Terms* in the Appendix to this report.

Highest and Best Use as Vacant

In accordance with the definition of highest and best use, it is appropriate to analyze the appraised properties as though vacant as it relates to legal permissibility, physical possibility, financial feasibility and maximum productivity.

Legal Permissibility

The legal factors influencing the highest and best use of the appraised properties are primarily government regulations, such as zoning and building codes. The appraised properties are zoned and approved for single-family (754 units) and multifamily (1,164 units) residential development, commercial uses (5 parcels) and park sites. Overall, the legally permissible uses are to develop the appraised properties in accordance with the existing entitlements and land use designations, which have undergone extensive planning and review. A re-zone to any other land use is highly unlikely. Additionally, the above land uses are consistent with the City of Roseville General Plan and the West Roseville Specific Plan.

Physical Possibility

The physical characteristics of a site that affect its possible use(s) include, but are not limited to, location, street frontage, visibility, access, size, shape, topography, availability of utilities, offsite improvements, easements and soil and subsoil conditions. The legally permissible test has resulted in uses consistent with the existing entitlements (i.e., single- and multifamily development, as well as commercial use); at this point the physical characteristics are examined to see if they are suited for the legally permissible uses.

---

[5] The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 109.

The physical characteristics of the appraised properties support development. The Fiddyment Ranch project has good access and project roadways connect the various lots within the development. Public utilities are also in place to support development. The subject is not located in an adverse earthquake or flood zone. Surrounding land uses are compatible and/or similar to the legally permissible use. Existing development in Fiddyment Ranch provides support that soils are adequate for development.

In summary, both residential and commercial uses are considered physically possible. It is noted, given the location characteristics, the subject's commercial land is best suited for neighborhood retail designed to meet the needs of the residents in the immediate one-mile radius. In our opinion the commercial sites should be developed with retail shop space containing users such as a restaurant and/or café, convenience store, dry cleaner, salon, drug store and the like.

Financial Feasibility

Financial feasibility depends on supply and demand influences. With respect to financial feasibility of single-family residential development, in recent months merchant builders have acquired unimproved lots in South Placer County for near term construction, and there are multiple active projects in the area that demonstrate demand for new homes. Finished lots are transferring for prices that exceed the sum of unimproved lots and site development costs, which indicates completion of site development is financially feasible. Land speculation by merchant builders has led to land prices that have outpaced current home prices, which reflects that builders, when making land purchase decisions, are speculating that home prices will continue to increase.

Regarding multifamily development, in general, while all real estate sectors experienced contraction between 2008 and 2011, the apartment market has since improved significantly and is currently regarded as one of the best performing property investment sectors. Vacancy in the subject's neighborhood is low, and rental rates have been increasing, indicating that there is good demand for multifamily residential housing. As such, development of the four market-rate multifamily residential parcels is considered financially feasible. One of the multifamily parcels (F-22), however, has an affordable housing restriction. Specifically, this parcel is approved for 244 total units, but this allocation must include 91 "very low income" and 93 "low income" units, in addition to the 60 market rate units. As will be shown in a later section of this report, given apartment construction costs, combined with the restrictions on the rent that can be charged, it is our opinion development of Parcel F-22 with its affordable requirements is not financially feasible without the input of grant money, low to no interest rate loans and the like. Further, it is not uncommon in the subject's market area for affordable multifamily developers to require a financial incentive from the land owners to take title to the property in order to proceed with development. This would indicate a market value below $0. Therefore, the highest and best use of Parcel F-22 is to hold for future affordable multifamily development. There is the potential for developers in the future to secure financial incentives from municipalities, non-profit organizations and/or Federal and State which could provide for construction feasibility.

Regarding development of the commercial sites, it is our opinion that construction on the commercial land is not financially feasible at this time. The general consensus is that many improved properties are transferring below replacement cost, indicating infeasibility of new construction. Thus, many developers that hold title to unimproved properties are holding for development until the market further stabilizes. There is limited to no demand to substantiate new commercial construction, especially given the lack of existing demand in the subject's immediate area. As construction of the subject's single-family homes are being completed and residents start moving in, the feasibility of the commercial sites will eventually improve for new construction as the consumer demand in the immediate area grows. Overall, the timing of future commercial development depends on the build-out of the single-family residential component of Fiddyment Ranch and other nearby master-planned communities.

Maximum Productivity

Legal, physical and market conditions have been analyzed to evaluate the highest and best use of the appraised properties as vacant. The analysis is presented to evaluate the type of use(s) that will generate the greatest level of future benefits possible to the property. Based on the factors previously discussed, the maximally productive use of the appraised properties, and its highest and best use as vacant, is for near term single-family residential development, as well as multifamily residential development on the high density residential parcels approved for 100% market-rate units. The highest and best use as vacant for the (partially) income-restricted multifamily parcel (F-22), as well as the commercial land sites, is for an interim hold until demand warrants construction. The probable buyer of the subject (as vacant) is a land developer.

Highest and Best Use as Improved

Highest and best use of the property as improved pertains to the use that should be made in light of its current improvements.

In the case of undeveloped land under development, consideration must be given to whether it makes sense to demolish existing improvements (either on-site or off-site improvements) for replacement with another use. The time and expense to demolish existing improvements, re-grade, reroute utilities or re-map must be weighed against alternative uses. If the existing or proposed improvements are not performing well, then it may produce a higher return to demolish existing improvements, if any, and re-grade the site for development of an alternative use.

Based on the current condition, the improvements completed contribute to the overall property value. The value of the subject as improved exceeds its value as vacant less demolition. The highest and best use of the subject as improved is for near term single-family or multifamily development (100% market rate parcels) of the lots, and continuation of single-family residential use of the existing homes. Additionally, partially completed homes should be completed as planned.

Probable Buyers

The probable buyers of the various components of the subject are as follows:

- Single-family residential lots and partially completed homes: Production homebuilders
- Multifamily residential parcels: Multifamily developers
- Income-restricted multifamily residential parcel: Non-profit multifamily developer
- Commercial parcels: Land speculators
- Completed homes: Individual homeowners

APPROACHES TO VALUE

The valuation process is a systematic set of procedures an appraiser follows to provide answers to a client's questions about real property value.[6] This process involves the investigation, organization and analysis of pertinent market data and other related factors that affect the market value of real estate. The market data is analyzed in terms of any one or all of the three traditional approaches to estimating real estate value. These are the cost, sales comparison and income capitalization approaches. It is noted a discounted cash flow analysis, a form of the income capitalization approach (yield capitalization), will also be presented. Each approach to value is briefly discussed and defined as follows:

Cost Approach

The cost approach is based on the premise that no prudent buyer would pay more for a particular property than the cost to acquire a similar site and construct improvements of equivalent desirability and utility. Thus, this approach to value relates directly to the economic principle of substitution, as well as supply and demand. The cost approach is most applicable when valuing properties where the improvements are new or suffer only a minor amount of accrued depreciation, and is especially persuasive when the site value is well supported. The cost approach is also highly relevant when valuing special-purpose or specialty properties and other properties that are not frequently exchanged in the market.

The definition of the cost approach is offered as follows:

> A set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised.[7]

Sales Comparison Approach

The sales comparison approach is based on the premise that the value of a property is directly related to the prices being generated for comparable, competitive properties in the marketplace. Similar to the cost approach, the economic principles of substitution, as well as supply and demand are basic to the sales comparison approach. This approach has broad applicability and is particularly persuasive when there has been an adequate volume of recent, reliable transactions of similar properties that indicate value patterns or trends in the market. When sufficient data are available, this approach is the most direct and systematic approach to value estimation. Typically, the sales comparison

---

[6] The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 243.
[7] The Dictionary of Real Estate Appraisal, 54.

approach is most pertinent when valuing land, single-family homes and small, owner-occupied commercial and office properties. The definition of the sales comparison approach is offered as follows:

> The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.[8]

Income Capitalization Approach

The income capitalization approach is based on the premise that income-producing real estate is typically purchased as an investment. From an investor's point of view, the potential earning power of a property is the critical element affecting value. The concepts of anticipation and change, as they relate to supply and demand issues and substitution, are fundamental to this valuation approach. These concepts are important because the value of income-producing real estate is created by the expectation of benefits (income) to be derived in the future, which is subject to changes in market conditions. Value may be defined as the present worth of the rights to these future benefits. The validity of the income capitalization approach hinges upon the accuracy of which the income expectancy of a property can be measured.

Within the income capitalization approach there are two basic techniques that can be utilized to estimate market value. These techniques of valuation are direct capitalization and yield capitalization.

> *Direct Capitalization*: A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only one year's income is used. Yield and value changes are implied, but not explicitly identified.[9]

> *Yield Capitalization*: A method used to convert future benefits into present value by 1) discounting each future benefit at an appropriate yield rate, or 2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate.[10]

The definition of the income capitalization approach is offered as follows:

> Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.[11]

---

[8] The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015), 207.
[9] The Dictionary of Real Estate Appraisal, 65.
[10] The Dictionary of Real Estate Appraisal, 251.
[11] The Dictionary of Real Estate Appraisal, 115.

Discounted Cash Flow (DCF) Analysis

A discounted cash flow analysis is a procedure in which a discount rate is applied to a projected revenue stream generated from the sale of individual components of a project. In this method of valuation, the appraiser/analyst specifies the quantity, variability, timing and duration of the revenue streams and discounts each to its present value at a specified yield rate.

MARKET VALUATION – COMPLETED HOMES

We begin the valuation by analyzing the market values of the smallest floor plan within each community for which there are completed homes without assessed values. This analysis is a not-less-than estimate of market value, as the analysis is based on the smallest marketed floor plan within each active subdivision. To do so, we will employ the sales comparison approach to value.

The underlying premise of the sales comparison approach is the market value of a property is directly related to the price of comparable, competitive properties in the marketplace. In the sales comparison approach, the market value of the subject lots will be estimated by a comparison to similar properties that have recently sold, are listed for sale or are under contract.

This approach is based on the economic principle of substitution. According to The Appraisal of Real Estate, 14th Edition (Chicago: Appraisal Institute, 2013), "*The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time*." The sales comparison approach is applicable when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market.

The proper application of this approach requires obtaining recent sales data for comparison with the appraised properties. In order to assemble the comparable sales, we searched public records and other data sources for leads, then confirmed the raw data obtained with parties directly related to the transactions (primarily brokers, buyers and sellers).

As requested, we will estimate the market value of the smallest floor plan offered within each subdivision in the CFD, as of the date of value, February 1, 2017, to apply to those lots with completed single-family homes *without* an assigned assessed value. The objective of the analyses is to estimate the base price of the smallest floor plan, net of incentives, upgrades and lot premiums. Base price pertains to the typical (median) lot size within the subject. The sales comparison approach to value is employed in order to establish the market values for each floor plan.

The residential lots with completed single-family homes *without* assessed values are located in the eight active projects within Fiddyment Ranch, as well as within two projects no longer actively selling homes: Somerville by Lennar and Stone Mill II by K. Hovnanian.

A summary of the projects is provided on the following page.

OAKBRIAR BY SIGNATURE HOMES

Plan	Living Area (SF)	Stories	Bedrooms	Bathrooms	Garage Size	Listing Price	PV of Bonds	Listing Price Including Bonds
Residence 1	1,601	Two	3	2.5	2 car	$365,900 - $366,400	$23,208	$389,108 - $389,608
Residence 2	1,845	Two	4	2.5	2 car	$381,900 - $390,615	$23,208	$405,108 - $413,823
Residence 3	1,947	Two	4	3.0	2 car	$393,900 - $405,900	$23,208	$417,108 - $429,108

SUMMERWOOD BY JMC HOMES

Plan	Living Area (SF)	Stories	Bedrooms	Bathrooms	Garage Size	Listing Price	PV of Bonds	Listing Price Including Bonds
Residence 1	1,486	One	3	2.0	2 car	$379,990	$23,235	$403,225
Residence 2	1,686	One	3	2.0	2-3 car	N/Av	-	-
Residence 3	1,886	One	4	3.0	3 car	$439,990	$23,235	$463,225
Residence 4	2,186	Two	4	3.0	3 car	$449,990	$23,235	$473,225

HADLEY BY TAYLOR MORRISON HOMES

Plan	Living Area (SF)	Stories	Bedrooms	Bathrooms	Garage Size	Listing Price	PV of Bonds	Listing Price Including Bonds
Plan 2	2,119	One	3	3.0	2 car	$416,000	$23,235	$439,235
Plan 3	2,520	Two	3	3.0	3 car tandem	$442,000	$23,235	$465,235
Plan 4	2,765	Two	4	3.0	3 car tandem	$457,000	$23,235	$480,235

PARKER BY TAYLOR MORRISON HOMES

Plan	Living Area (SF)	Stories	Bedrooms	Bathrooms	Garage Size	Listing Price	PV of Bonds	Listing Price Including Bonds
Plan 5	2,476	One	3	3.0	3 car	$462,000	$23,235	$485,235
Plan 6	3,036	Two	4	3.0	3 car tandem	$492,000	$23,235	$515,235
Plan 7	3,443	Two	4	3.0	3 car	$517,000	$23,235	$540,235
Plan 8	3,663	Two	4	3.0	3 car	$527,000	$23,235	$550,235

ADDISON BY TAYLOR MORRISON HOMES

Plan	Living Area (SF)	Stories	Bedrooms	Bathrooms	Garage Size	Listing Price	PV of Bonds	Listing Price Including Bonds
Plan 9	2,018	One	3	2.0	2 car	$395,000	$23,235	$418,235
Plan 10	2,391	Two	3	3.0	2 car	$420,000	$23,235	$443,235
Plan 11	2,535	Two	4	3.0	2 car	$430,000	$23,235	$453,235

MARISOL BY LENNAR HOMES

Plan	Living Area (SF)	Stories	Bedrooms	Bathrooms	Garage Size	Listing Price	PV of Bonds	Listing Price Including Bonds
The Rosewood	2,361	One	3	2.5	3 car	$486,990	$23,235	$510,225
The Brighton	2,658	One	4	3.0	3 car	$485,990	$23,235	$509,225
The Verismo	2,767	Two	4	3.0	3 car tandem	$492,990	$23,235	$516,225
The Rosewood II	2,985	Two	4	4.0	3 car	$517,990	$23,235	$541,225
The Carlyle	3,105	Two	5	3.0	3 car tandem	$521,990	$23,235	$545,225
The Trinidad	3,141	Two	5	3.5	3 car	$534,990	$23,235	$558,225
The Cabernet	3,491	Two	5	4.0	3 car	$544,990	$23,235	$568,225
The Buckingham	3,512	Two	5	4.5	3 car	$562,990	$23,235	$586,225

THE RETREAT BY JMC HOMES

Plan	Living Area (SF)	Stories	Bedrooms	Bathrooms	Garage Size	Listing Price	PV of Bonds	Listing Price Including Bonds
Aspen	1,754	One	3	2.0	3 car	Sold out	-	-
Bridgeport	1,853	One	3	2.0	3 car	Sold out	-	-
Capistrano	2,039	One	4	3.0	3 car	$459,990	$23,235	$483,225
Glacier	2,164	One	3	2.5	3 car	$469,990	$23,235	$493,225
Windsor	2,427	Two	4	4.0	3 car	$499,990	$23,235	$523,225
Wildwood	2,872	Two	5	4.0	5 car	$529,990	$23,235	$553,225

It's worth noting JMC Homes' The Retreat development is closing out the remaining homes and has begun marketing a new project (Wildwood) across from the Summerwood project; though, no homes have been completed at this time.

THE RESERVE BY JMC HOMES

Plan	Living Area (SF)	Stories	Bedrooms	Bathrooms	Garage Size	Listing Price	PV of Bonds	Listing Price Including Bonds
Juneau	2,265	One	4	3.0	3 car	$499,990	$23,235	$523,225
Minaret	3,224	Two	4	3.0	3 car	N/Av	-	-
Shasta	3,341	Two	4	4.5	3 car	$549,990	$23,235	$573,225
Rainier	3,550	Two	5	4.5	3 car	$569,990	$23,235	$593,225
Vancouver	3,750	Two	6	5.0	3 car	$619,990	$23,235	$643,225
Victoria	4,000	Two	5	4.5	3 car	$609,990	$23,235	$633,225

Discussion of Adjustments

In order to estimate the market values for the subjects' smallest floor plans, the comparable transactions were adjusted to reflect the subject with regard to categories that affect market value. If a comparable has an attribute considered superior to that of the subject, it is adjusted downward to negate the effect the item has on the price of the comparable. The opposite is true of categories that are considered inferior to the subject and are adjusted upward. In order to isolate and quantify the adjustments on the comparable sales data, percentage or dollar adjustments are considered appropriate. At a minimum, the appraiser considers the need to make adjustments for the following items:

- Property rights conveyed
- Financing terms
- Conditions of sale (motivation)
- Market conditions
- Location
- Physical features

A paired sales analysis is performed in a meaningful way when the quantity and quality of data are available. Even so, many of the adjustments require the appraiser's experience and knowledge of the market and information obtained from those knowledgeable and active in the marketplace. A detailed analysis involving each of these factors and the value conclusion for each unit follows.

Total Consideration

The appraised properties are analyzed based on the total consideration of home price and the assumption of bonds, if any. Bond debt has a direct impact on the amount for which the end product will sell. In an effort to account for the impact of bond indebtedness on the sales price, we establish a present value amount for the bond encumbrance based on the annual assessment. The present value amount is based on the annual special tax, an interest rate of 5.0% and the remaining term from the date of sale. All of the comparables are encumbered by bonds; thus, the present value of the bonds is considered in this analysis to determine the total consideration with each sale.

Upgrades and Incentives

The objective of the analysis is to estimate the base price per floor plan, net of incentives. Incentives can take the form of direct price reductions or non-price incentives such as upgrades or non-recurring closing costs. Incentives and upgrades provided by the sales offices have been considered and adjusted for in this analysis.

Property Rights Conveyed

In transactions of real property, the rights being conveyed vary widely and have a significant impact on the sales price. As previously noted, the opinion of value in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts and conditions, covenants and restrictions (CC&Rs). All of the comparables represent fee simple estate transactions. Therefore, adjustments for this factor are not necessary.

Financing Terms

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. If the seller provides incentives in the form of paying for closing costs or an interest rate buy down, a discount has been obtained by the buyer for financing terms. This discount price must then be adjusted to a cash equivalent basis. Also, any incentives applicable toward closing costs would have been reflected in the incentives adjustments previously considered. No adjustments were required for this factor.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sales price actually paid compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered to be non-market and may include the following:

- a seller acting under duress,
- a lack of exposure to the open market,
- an inter-family or inter-business transaction for the sake of family or business interest,
- an unusual tax consideration,
- a premium paid for site assemblage,
- a sale at legal auction, or
- an eminent domain proceeding

The comparables did not involve any non-market or atypical conditions of sale. Adjustments for this factor do not apply.

Market Conditions (Date of Sale, Phase Adjustment)

The market conditions vary over time, but the date of this appraisal is for a specific point in time. In a dynamic economy – one that is undergoing changes in the value of the dollar, interest rates and economic growth or decline – extra attention needs to be paid to assess changing market conditions. Significant monthly changes in price levels can occur in several areas of a neighborhood, while prices in other areas remain relatively stable. Although the adjustment for market conditions is often referred to as a time adjustment, time is not the cause of the adjustment.

According to information published by The Gregory Group, and as shown previously within the *Housing Market Overview* section of this appraisal, new home pricing has been relatively stable in the West Roseville area during the past quarter. All of the comparable sales went into contract and closed escrow within the past few months; thus, no adjustments are necessary.

Location

Location is a very important factor to consider when making comparisons. The comparables need not be in the same neighborhood but should be in neighborhoods that offer the same advantage and have, in general, the same overall desirability to the most probable buyer or user. The comparables are located in Fiddyment Ranch master planned community; thus, no adjustments are warranted in the category.

Lot Size

The lot size adjustment pertains to the differences between the subjects' typical lot sizes for each community, and comparables with either larger or smaller lots. It does not include any lot premium adjustments, which are adjusted for separately. The amount of the adjustment used in the comparison of the base lot sizes comes from a survey of premiums paid for larger lots. Considering the average lot size adjustments factors indicated by the comparable sales utilized in this analysis, a lot size adjustment factor of $7.00/SF is considered reasonable for the subjects' residential lots. This figure is supported by our observations of sales in the subject's market area. It is noted adjustments are not necessary when lot premiums are identified.

Lot Premiums

Properties sometimes achieve premiums for corner or cul-de-sac positioning, or proximity to open space or views. Adjustments for lot position premiums would be in addition to lot size adjustments previously considered. Appropriate adjustments are applied based upon information provided by the on-site sales agents with regard to lot premiums on specific sales.

Design and Appeal/Quality of Construction

Design and appeal of a floor plan is consumer specific. One exterior may appeal to one buyer, while another appeals to a different buyer. These types of features for new homes with similar functional utility are not typically noted in the base sales prices. The comparables are similar to the subject in regard to design and appeal.

Construction quality can differ from slightly to substantially between projects and is noted in the exterior and interior materials and design features of a standard unit. In terms of quality of construction, the subject represents good construction quality. All of the comparable sales feature similar construction quality and do not require adjustments.

Age/Condition

All of the comparables represent sales of new homes; therefore, an adjustment for age/condition is not warranted.

Functional Utility

The appraised properties and comparables represent traditional detached single-family residential construction on standard lots for the area. Adjustments for this factor do not apply.

Room Count

For similar size units the differences between room count is a buyer preference. One buyer might prefer two bedrooms and a den versus a three-bedroom unit. Extra rooms typically result in additional building area and are accounted for in the size adjustment. Therefore, no adjustments are made for number of total rooms or bedrooms. Because bathrooms are a functional item for each floor plan and add substantial cost due to the number of plumbing fixtures, an adjustment is made for the difference in the number of fixtures between the subject and the comparable sales. The adjustment is based on an amount of $5,000 per fixture (or half-bath) and is supported by cost estimates for a good quality home in the Residential Cost Handbook, published by the Marshall and Swift Corporation. Considering the fact that plumbing upgrades for existing bathrooms generally range from $5,000 to over $25,000 for the various fixtures, the $5,000 per fixture, or half-bath, is supported. Consequently, a factor of $10,000 per full bath is also applied in our analysis.

Unit Size/Living Area

Units similar (in the same development), except for size, were compared to derive the applicable adjustment for unit size. Those used for comparison purposes, are units within similar projects. Units within the same project were used since they have a high degree of similarity in quality, workmanship, design and appeal. Other items such as a single level or two-story designs, number of bathrooms and number of garage spaces were generally similar in these comparisons, in order to avoid other influences in price per square foot. Where differences exist, they are minor and do not impact the overall range or average concluded.

The typical range indicated by the paired units in this analysis generally demonstrated a value range from approximately $5 to upwards of $100 per square foot. Considering the information cited above, a factor of $70 per square foot is concluded to be appropriate and reasonable for the difference in living area between the subject and the comparables, given the quality of the product.

Number of Stories

For similar size units, the differences between the number of stories is a buyer preference. One buyer might prefer a single-story versus a two-story unit. Typically, more stories result in additional building area and are accounted for in the size adjustment. Therefore, no adjustments are made for number of stories.

Parking/Garage

Our survey of local real estate professionals indicates a premium value of approximately $10,000 for a full garage space, and about $5,000 for a tandem garage space. Appropriate adjustments are applied where warranted.

Other

The comparable sales and the appraised properties are generally similar in the other elements of comparison noted in the adjustment grids, including HVAC, front yard landscaping, site amenities (e.g., pool, patios/decks, fencing), and in-home amenities. No other adjustments are warranted in our analyses.

Adjustment Grids

The following pages include grids reflecting the aforementioned adjustments. It is noted the conclusions of value place most emphasis on the sales within each respective community in which the floor plan is located.

1,601 SF - Minimum Home Size of Oakbriar by Signature Homes

Project Information:		**Subject Property**	**Comparable No. 1**		**Comparable No. 2**		**Comparable 3**	
Project Name		Oakbriar	Summerwood by JMC Homes		Oakbriar by Signature Homes		Oakbriar by Signature Homes	
Plan		Residence One	Residence 1		Residence 1		Residence 1	
Address/Lot Number		N/Ap	1056 Makeway Street		401 Redwood Village Place		400 Redwood Village Place	
City/Area		Roseville, CA	Roseville, CA		Roseville, CA		Roseville, CA	
Price		N/Ap		$386,990		$370,217		$378,198
Price Per SF		N/Ap		$260.42		$231.24		$236.23
Special Taxes (PV at 5% over Remaining Term)			$1,723	$26,088	$1,325	$20,062	$1,325	$20,062
Total Consideration				$413,078		$390,279		$398,260
Data Source			Sales Office		Sales Office		Sales Office	
Incentives		N/Ap	Yes	($8,000)	Yes	($2,500)	Yes	($2,500)
Upgrades		Base	Yes	($15,000)	Yes	($4,317)	Yes	($11,798)
Effective (Base) Total Consideration				**$390,078**		**$383,462**		**$383,962**
Adjustments:	**Factor**		**Description**	**+/(-)**	**Description**	**+/(-)**	**Description**	**+/(-)**
Property Rights		Fee Simple	Similar		Similar		Similar	
Financing Terms		Cash Equivelant	Similar		Similar		Similar	
Conditions of Sale		Market	Market		Market		Market	
Market Conditions								
Sale Date/Close Date		N/Ap	11/18/2016		1/18/2017		12/28/2016	
Market Conditions Adj.		N/Ap						
New Incentive Adjustment		N/Ap						
Project Location		Fiddyment Ranch	Fiddyment Ranch		Fiddyment Ranch		Fiddyment Ranch	
Lot Size	$7.00	2,800	6,050	($22,750)	2,800	$0	2,800	$0
Lot Premium		None - Base Lot	No		Yes	($2,000)	Yes	($2,500)
Design and Appeal		Good	Similar		Similar		Similar	
Quality of Construction		Good	Similar		Similar		Similar	
Effective Age		New	Similar		Similar		Similar	
Condition		Excellent	Similar		Similar		Similar	
Functional Utility		Good	Similar		Similar		Similar	
Room Count								
Bedrooms		3	3		3		3	
Baths	$10,000	2.5	2	$5,000	2.5		2.5	
Living Area (SF)	$70	1,601	1,486	$8,050	1,601	$0	1,601	$0
Number of Stories		Two	One		Two		Two	
Heating/Cooling		Central/Forced	Similar		Similar		Similar	
Garage		2 car	2 car		2 car		2 car	
Landscaping		Front	Similar		Similar		Similar	
Pool/Spa		None	Similar		Similar		Similar	
Patios/Decks		None	Similar		Similar		Similar	
Fencing		Rear	Similar		Similar		Similar	
Kitchen Equipment		Range/Oven, Diswasher, Microwave	Similar		Similar		Similar	
Community Appeal		Good	Similar		Similar		Similar	
Other		None	Similar		Similar		Similar	
Gross Adjustments				$35,800		$2,000		$2,500
Net Adjustments				**-$9,700**		**-$2,000**		**-$2,500**
Adjusted Base Retail Value				**$380,378**		**$381,462**		**$381,462**

Concluded Base Retail Value (Total Consideration)	**$380,000**
Indicated Value Per SF	**$237.35**

1,486 SF - Minimum Home Size of Summerwood by JMC Homes

Project Information:		**Subject Property**	**Comparable No. 1**		**Comparable No. 2**		**Comparable 3**	
Project Name		Summerwood	Summerwood by JMC Homes		Summerwood by JMC Homes		Oakbriar by Signature Homes	
Plan		Residence 1	Residence 1		Residence 1		Residence 1	
Address/Lot Number		N/Ap	1056 Makeway Street		1073 Makeway Street		400 Redwood Village Place	
City/Area		Roseville, CA	Roseville, CA		Roseville, CA		Roseville, CA	
Price		N/Ap		$386,990		$393,122		$378,198
Price Per SF		N/Ap		$260.42		$264.55		$236.23
Special Taxes (PV at 5% over Remaining Term)			$1,723	$26,088	$1,723	$26,088	$1,325	$20,062
Total Consideration				$413,078		$419,210		$398,260
Data Source			Sales Office		Sales Office		Sales Office	
Incentives		N/Ap	Yes	($8,000)	Yes	($18,000)	Yes	($2,500)
Upgrades		Base	Yes	($15,000)	Yes	($8,000)	Yes	($11,798)
Effective (Base) Total Consideration				**$390,078**		**$393,210**		**$383,962**
Adjustments:	**Factor**		**Description**	**+/(-)**	**Description**	**+/(-)**	**Description**	**+/(-)**
Property Rights		Fee Simple	Similar		Similar		Similar	
Financing Terms		Cash Equivelant	Similar		Similar		Similar	
Conditions of Sale		Market	Market		Market		Market	
Market Conditions								
Sale Date/Close Date		N/Ap	11/18/2016		11/10/2016		12/28/2016	
Market Conditions Adj.		N/Ap						
New Incentive Adjustment		N/Ap						
Project Location		Fiddyment Ranch	Fiddyment Ranch		Fiddyment Ranch		Fiddyment Ranch	
Lot Size	$7.00	6,050	6,050	$0	6,600	($3,850)	2,800	$22,750
Lot Premium		None - Base Lot	No		No		Yes	($2,500)
Design and Appeal		Good	Similar		Similar		Similar	
Quality of Construction		Good	Similar		Similar		Similar	
Effective Age		New	Similar		Similar		Similar	
Condition		Excellent	Similar		Similar		Similar	
Functional Utility		Good	Similar		Similar		Similar	
Room Count								
Bedrooms		3	3		3		3	
Baths	$10,000	2	2		2		2.5	($5,000)
Living Area (SF)	$70	1,486	1,486	$0	1,486	$0	1,601	($8,050)
Number of Stories		One	One		One		Two	
Heating/Cooling		Central/Forced	Similar		Similar		Similar	
Garage		2 car	2 car		2 car		2 car	
Landscaping		Front	Similar		Similar		Similar	
Pool/Spa		None	Similar		Similar		Similar	
Patios/Decks		None	Similar		Similar		Similar	
Fencing		Rear	Similar		Similar		Similar	
Fireplace(s)		No	Similar		Similar		Similar	
Kitchen Equipment		Range/Oven, Diswasher, Microwave	Similar		Similar		Similar	
Community Appeal		Good	Similar		Similar		Similar	
Other		None	Similar		Similar		Similar	
Gross Adjustments				$0		$3,850		$38,300
Net Adjustments				**$0**		**-$3,850**		**$7,200**
Adjusted Base Retail Value				**$390,078**		**$389,360**		**$391,162**

Concluded Base Retail Value (Total Consideration)	**$390,000**
Indicated Value Per SF	**$262.45**

2,119 SF - Minimum Home Size of Hadley by Taylor Morrison

Project Information:		Subject Property	Comparable 1		Comparable No. 2		Comparable No. 3	
Project Name		Hadley	Hadley by Taylor Morrison		Summerwood by JMC Homes		Oakbriar by Signature Homes	
Plan		Plan 2	Plan 2		Residence 1		Residence 1	
Address/Lot Number		N/Ap	3032 Southington Way		1073 Makeway Street		400 Redwood Village Place	
City/Area		Rosevilla, CA	Rosevilla, CA		Roseville, CA		Roseville, CA	
Price		N/Ap		$450,000		$393,122		$378,198
Price Per SF		N/Ap		$212.36		$264.55		$236.23
Special Taxes (PV at 5% over Remaining Term)			$1,723	$26,088	$1,723	$26,088	$1,325	$20,062
Total Consideration				$476,088		$419,210		$398,260
Data Source			Sales Office		Sales Office		Sales Office	
Incentives		N/Ap	Yes	($36,000)	Yes	($18,000)	Yes	($2,500)
Upgrades		Base	Yes	($54,694)	Yes	($8,000)	Yes	($11,798)
Effective (Base) Total Consideration				**$385,394**		**$393,210**		**$383,962**
Adjustments:	**Factor**		**Description**	**+/(-)**	**Description**	**+/(-)**	**Description**	**+/(-)**
Property Rights		Fee Simple	Similar		Similar		Similar	
Financing Terms		Cash Equivelant	Similar		Similar		Similar	
Conditions of Sale		Market	Seller Motiv.	$38,539	Market		Market	
Market Conditions								
Sale Date/Close Date		N/Ap	1/27/2017		11/10/2016		12/28/2016	
Market Conditions Adj.		N/Ap						
New Incentive Adjustment		N/Ap						
Project Location		Fiddyment Ranch	Fiddyment Ranch		Fiddyment Ranch		Fiddyment Ranch	
Lot Size	$7.00	5,900	4,620	$8,960	6,600	($4,900)	2,800	$21,700
Lot Premium		None - Base Lot	No		No		Yes	($2,500)
Design and Appeal		Good	Similar		Similar		Similar	
Quality of Construction		Good	Similar		Similar		Similar	
Effective Age		New	Similar		Similar		Similar	
Condition		Excellent	Similar		Similar		Similar	
Functional Utility		Good	Similar		Similar		Similar	
Room Count								
Bedrooms		3	3		3		3	
Baths	$10,000	3	3		2	$10,000	2.5	$5,000
Living Area (SF)	$70	2,119	2,119	$0	1,486	$44,310	1,601	$36,260
Number of Stories		One	One		One		Two	
Heating/Cooling		Central/Forced	Similar		Similar		Similar	
Garage		2 car	2 car		2 car		2 car	
Landscaping		Front	Similar		Similar		Similar	
Pool/Spa		None	Similar		Similar		Similar	
Patios/Decks		None	Similar		Similar		Similar	
Fencing		Rear	Similar		Similar		Similar	
Fireplace(s)		No	Similar		Similar		Similar	
Kitchen Equipment		Range/Oven, Diswasher, Microwave	Similar		Similar		Similar	
Community Appeal		Good	Similar		Similar		Similar	
Other		None	Similar		Similar		Similar	
Gross Adjustments				$47,499		$59,210		$65,460
Net Adjustments				**$47,499**		**$49,410**		**$60,460**
Adjusted Base Retail Value				**$432,893**		**$442,620**		**$444,422**

Concluded Base Retail Value (Total Consideration)	**$435,000**
Indicated Value Per SF	**$205.29**

2,476 SF - Minimum Home Size of Parker by Taylor Morrison

Project Information:		Subject Property	Comparable 1		Comparable No. 2		Comparable No. 3	
Project Name		Parker	Parker by Taylor Morrison		Hadley by Taylor Morrison		Marisol by Lennar	
Plan		Plan 5	Plan 5		Plan 2		Rosewood	
Address/Lot Number		N/Ap	400 Chilmark Court		3032 Southington Way		1213 Vista Verde	
City/Area		Rosevilla, CA	Rosevilla, CA		Rosevilla, CA		Roseville, CA	
Price		N/Ap		$521,816		$450,000		$502,977
Price Per SF		N/Ap		$210.75		$212.36		$213.04
Special Taxes (PV at 5% over Remaining Term)			$1,723	$26,088	$1,723	$26,088	$1,723	$26,088
Total Consideration				$547,904		$476,088		$529,065
Data Source			Sales Office		Sales Office		Sales Office	
Incentives		N/Ap	Yes	($10,000)	Yes	($36,000)	Yes	($5,000)
Upgrades		Base	Yes	($58,816)	Yes	($54,694)	Yes	($30,987)
Effective (Base) Total Consideration				**$479,088**		**$385,394**		**$493,078**
Adjustments:	**Factor**		**Description**	**+/(-)**	**Description**	**+/(-)**	**Description**	**+/(-)**
Property Rights		Fee Simple	Similar		Similar		Similar	
Financing Terms		Cash Equivelant	Similar		Similar		Similar	
Conditions of Sale		Market	Market		Seller Motiv.	$38,539	Market	
Market Conditions								
Sale Date/Close Date		N/Ap	12/29/2016		1/27/2017		1/6/2017	
Market Conditions Adj.		N/Ap						
New Incentive Adjustment		N/Ap						
Project Location		Fiddyment Ranch	Fiddyment Ranch		Fiddyment Ranch		Fiddyment Ranch	
Lot Size	$7.00	6,300	9,800	$0	4,620	$11,760	7,156	($5,992)
Lot Premium		None - Base Lot	Yes	($7,500)	No		No	
Design and Appeal		Good	Similar		Similar		Similar	
Quality of Construction		Good	Similar		Similar		Similar	
Effective Age		New	Similar		Similar		Similar	
Condition		Excellent	Similar		Similar		Similar	
Functional Utility		Good	Similar		Similar		Similar	
Room Count								
Bedrooms		3	3		3		3	
Baths	$10,000	3	3		3		2.5	$5,000
Living Area (SF)	$70	2,476	2,476	$0	2,119	$24,990	2,361	$8,050
Number of Stories		One	One		One		One	
Heating/Cooling		Central/Forced	Similar		Similar		Similar	
Garage		3 car	3 car		2 car	$10,000	3 car	
Landscaping		Front	Similar		Similar		Similar	
Pool/Spa		None	Similar		Similar		Similar	
Patios/Decks		None	Similar		Similar		Similar	
Fencing		Rear	Similar		Similar		Similar	
Fireplace(s)		No	Similar		Similar		Similar	
Kitchen Equipment		Range/Oven, Diswasher, Microwave	Similar		Similar		Similar	
Community Appeal		Good	Similar		Similar		Similar	
Other		None	Similar		Similar		Similar	
Gross Adjustments				$7,500		$85,289		$19,042
Net Adjustments				**-$7,500**		**$85,289**		**$7,058**
Adjusted Base Retail Value				**$471,588**		**$470,683**		**$500,136**

Concluded Base Retail Value (Total Consideration)	**$480,000**
Indicated Value Per SF	**$193.86**

2,018 SF - Minimum Home Size of Addison by Taylor Morrison

Project Information:		Subject Property	Comparable 1		Comparable No. 2		Comparable No. 3	
Project Name		Addison	Addison by Taylor Morrison		Hadley by Taylor Morrison		Summerwood by JMC Homes	
Plan		Plan 9 (Stella)	Stella		Plan 2		Residence 1	
Address/Lot Number		N/Ap	7016 Sandwich Place		3032 Southington Way		1073 Makeway Street	
City/Area		Rosevilla, CA	Rosevilla, CA		Rosevilla, CA		Roseville, CA	
Price		N/Ap		$417,500		$450,000		$393,122
Price Per SF		N/Ap		$206.89		$212.36		$264.55
Special Taxes (PV at 5% over Remaining Term)			$1,723	$26,088	$1,723	$26,088	$1,723	$26,088
Total Consideration				$443,588		$476,088		$419,210
Data Source			Sales Office		Sales Office		Sales Office	
Incentives		N/Ap	Yes	($13,699)	Yes	($36,000)	Yes	($18,000)
Upgrades		Base	Yes	($33,199)	Yes	($54,694)	Yes	($8,000)
Effective (Base) Total Consideration				**$396,690**		**$385,394**		**$393,210**
Adjustments:	**Factor**		**Description**	**+/(-)**	**Description**	**+/(-)**	**Description**	**+/(-)**
Property Rights		Fee Simple	Similar		Similar		Similar	
Financing Terms		Cash Equivelant	Similar		Similar		Similar	
Conditions of Sale		Market	Market		Seller Motiv.	$38,539	Market	
Market Conditions								
Sale Date/Close Date		N/Ap	11/28/2016		1/27/2017		11/10/2016	
Market Conditions Adj.		N/Ap						
New Incentive Adjustment		N/Ap						
Project Location		Fiddyment Ranch	Fiddyment Ranch		Fiddyment Ranch		Fiddyment Ranch	
Lot Size	$7.00	5,500	5,500	$0	4,620	$6,160	6,600	($7,700)
Lot Premium		None - Base Lot	Yes	($1,500)	No		No	
Design and Appeal		Good	Similar		Similar		Similar	
Quality of Construction		Good	Similar		Similar		Similar	
Effective Age		New	Similar		Similar		Similar	
Condition		Excellent	Similar		Similar		Similar	
Functional Utility		Good	Similar		Similar		Similar	
Room Count								
Bedrooms		3	3		3		3	
Baths	$10,000	2	2		3	($10,000)	2	
Living Area (SF)	$70	2,018	2,018	$0	2,119	($7,070)	1,486	$37,240
Number of Stories		One	One		One		One	
Heating/Cooling		Central/Forced	Similar		Similar		Similar	
Garage		2 car	2 car		2 car		2 car	
Landscaping		Front	Similar		Similar		Similar	
Pool/Spa		None	Similar		Similar		Similar	
Patios/Decks		None	Similar		Similar		Similar	
Fencing		Rear	Similar		Similar		Similar	
Fireplace(s)		No	Similar		Similar		Similar	
Kitchen Equipment		Range/Oven, Diswasher, Microwave	Similar		Similar		Similar	
Community Appeal		Good	Similar		Similar		Similar	
Other		None	Similar		Similar		Similar	
Gross Adjustments				$1,500		$61,769		$44,940
Net Adjustments				**-$1,500**		**$27,629**		**$29,540**
Adjusted Base Retail Value				**$395,190**		**$413,023**		**$422,750**

Concluded Base Retail Value (Total Consideration)	**$415,000**
Indicated Value Per SF	**$205.65**

2,361 SF - Minimum Home Size of Marisol by Lennar Homes

Project Information:		**Subject Property**	**Comparable No. 1**		**Comparable 2**		**Comparable No. 3**	
Project Name		Marisol	Marisol by Lennar		The Reserve by JMC Homes		The Retreat by JMC Homes	
Plan		The Rosewood	Rosewood		Juneau		Aspen	
Address/Lot Number		N/Ap	1213 Vista Verde		1056 Broken Spoke Lane		3001 Oak Trail Way	
City/Area		Rosevilla, CA	Rosevilla, CA		Rosevilla, CA		Roseville, CA	
Price		N/Ap		$502,977		$499,990		$450,855
Price Per SF		N/Ap		$213.04		$220.75		$257.04
Special Taxes (PV at 5% over Remaining Term)			$1,723	$26,088	$1,723	$26,088	$1,723	$26,088
Total Consideration				$529,065		$526,078		$476,943
Data Source			Sales Office		Sales Office		Sales Office	
Incentives		N/Ap	Yes	($5,000)	Yes	($10,000)	Yes	($10,000)
Upgrades		Base	Yes	($30,987)	No	$0	Yes	($1,730)
Effective (Base) Total Consideration				**$493,078**		**$516,078**		**$465,213**
Adjustments:	**Factor**		**Description**	**+/(-)**	**Description**	**+/(-)**	**Description**	**+/(-)**
Property Rights		Fee Simple	Similar		Similar		Similar	
Financing Terms		Cash Equivelant	Similar		Similar		Similar	
Conditions of Sale		Market	Market		Market		Market	
Market Conditions								
Sale Date/Close Date		N/Ap	1/6/2017		1/10/2017		8/2/2016	
Market Conditions Adj.		N/Ap						
New Incentive Adjustment		N/Ap						
Project Location		Fiddyment Ranch	Fiddyment Ranch		Fiddyment Ranch		Fiddyment Ranch	
Lot Size	$7.00	6,300	7,156	($5,992)	6,820	($3,640)	7,063	($5,341)
Lot Premium		None - Base Lot	No		No		No	
Design and Appeal		Good	Similar		Similar		Similar	
Quality of Construction		Good	Similar		Similar		Similar	
Effective Age		New	Similar		Similar		Similar	
Condition		Excellent	Similar		Similar		Similar	
Functional Utility		Good	Similar		Similar		Similar	
Room Count								
Bedrooms		3	3		4		3	
Baths	$10,000	2.5	2.5		3	($5,000)	2	$5,000
Living Area (SF)	$70	2,361	2,361	$0	2,265	$6,720	1,754	$42,490
Number of Stories		One	One		One		One	
Heating/Cooling		Central/Forced	Similar		Similar		Similar	
Garage		3 car	3 car		3 car		3 car	
Landscaping		Front	Similar		Similar		Similar	
Pool/Spa		None	Similar		Similar		Similar	
Patios/Decks		None	Similar		Similar		Similar	
Fencing		Rear	Similar		Similar		Similar	
Fireplace(s)		No	Similar		Similar		Similar	
Kitchen Equipment		Range/Oven, Diswasher, Microwave	Similar		Similar		Similar	
Community Appeal		Good	Similar		Similar		Similar	
Other		None	Similar		Similar		Similar	
Gross Adjustments				$5,992		$15,360		$52,831
Net Adjustments				**-$5,992**		**-$1,920**		**$42,149**
Adjusted Base Retail Value				**$487,086**		**$514,158**		**$507,362**

Concluded Base Retail Value (Total Consideration)	**$500,000**
Indicated Value Per SF	**$211.77**

1,754 SF - Minimum Home Size of The Retreat by JMC Homes

Project Information:		Subject Property	Comparable No. 1		Comparable No. 2		Comparable 3	
Project Name		The Retreat	The Retreat by JMC Homes		The Reserve by JMC Homes		Summerwood by JMC Homes	
Plan		Aspen	Aspen		Juneau		Residence 1	
Address/Lot Number		N/Ap	3001 Oak Trail Way		1056 Broken Spoke Lane		1073 Makeway Street	
City/Area		Rosevilla, CA	Roseville, CA		Rosevilla, CA		Roseville, CA	
Price		N/Ap		$450,855		$499,990		$393,122
Price Per SF		N/Ap		$257.04		$220.75		$264.55
Special Taxes (PV at 5% over Remaining Term)			$1,723	$26,088	$1,723	$26,088	$1,723	$26,088
Total Consideration				$476,943		$526,078		$419,210
Data Source			Sales Office		Sales Office		Sales Office	
Incentives		N/Ap	Yes	($10,000)	Yes	($10,000)	Yes	($18,000)
Upgrades		Base	Yes	($1,730)	No	$0	Yes	($8,000)
Effective (Base) Total Consideration				**$465,213**		**$516,078**		**$393,210**
Adjustments:	**Factor**		**Description**	**+/(-)**	**Description**	**+/(-)**	**Description**	**+/(-)**
Property Rights		Fee Simple	Similar		Similar		Similar	
Financing Terms		Cash Equivelant	Similar		Similar		Similar	
Conditions of Sale		Market	Market		Market		Market	
Market Conditions								
Sale Date/Close Date		N/Ap	8/2/2016		1/10/2017		11/10/2016	
Market Conditions Adj.		N/Ap						
New Incentive Adjustment		N/Ap						
Project Location		Fiddyment Ranch	Fiddyment Ranch		Fiddyment Ranch		Fiddyment Ranch	
Lot Size	$7.00	6,300	7,063	($5,341)	6,820	($3,640)	6,600	($2,100)
Lot Premium		None - Base Lot	No		No		No	
Design and Appeal		Good	Similar		Similar		Similar	
Quality of Construction		Good	Similar		Similar		Similar	
Effective Age		New	Similar		Similar		Similar	
Condition		Excellent	Similar		Similar		Similar	
Functional Utility		Good	Similar		Similar		Similar	
Room Count								
Bedrooms		3	3		4		3	
Baths	$10,000	2	2		3	($10,000)	2	
Living Area (SF)	$70	1,754	1,754	$0	2,265	($35,770)	1,486	$18,760
Number of Stories		One	One		One		One	
Heating/Cooling		Central/Forced	Similar		Similar		Similar	
Garage		3 car	3 car		3 car		2 car	$10,000
Landscaping		Front	Similar		Similar		Similar	
Pool/Spa		None	Similar		Similar		Similar	
Patios/Decks		None	Similar		Similar		Similar	
Fencing		Rear	Similar		Similar		Similar	
Fireplace(s)		No	Similar		Similar		Similar	
Kitchen Equipment		Range/Oven, Diswasher, Microwave	Similar		Similar		Similar	
Community Appeal		Good	Similar		Similar		Similar	
Other		None	Similar		Similar		Similar	
Gross Adjustments				$5,341		$49,410		$30,860
Net Adjustments				**-$5,341**		**-$49,410**		**$26,660**
Adjusted Base Retail Value				**$459,872**		**$466,668**		**$419,870**

Concluded Base Retail Value (Total Consideration)	**$460,000**
Indicated Value Per SF	**$262.26**

2,265 SF - Minimum Home Size of The Reserve by JMC Homes

Project Information:		Subject Property	Comparable 1		Comparable No. 2		Comparable No. 3	
Project Name		The Reserve	The Reserve by JMC Homes		The Retreat by JMC Homes		Marisol by Lennar	
Plan		Juneau	Juneau		Aspen		Rosewood	
Address/Lot Number		N/Ap	1056 Broken Spoke Lane		3001 Oak Trail Way		1213 Vista Verde	
City/Area		West Roseville	Rosevilla, CA		Roseville, CA		Roseville, CA	
Price		N/Ap		$499,990		$450,855		$502,977
Price Per SF		N/Ap		$220.75		$257.04		$213.04
Special Taxes (PV at 5% over Remaining Term)			$1,723	$26,088	$1,723	$26,088	$1,723	$26,088
Total Consideration				$526,078		$476,943		$529,065
Data Source			Sales Office		Sales Office		Sales Office	
Incentives		N/Ap	Yes	($10,000)	Yes	($10,000)	Yes	($5,000)
Upgrades		Base	No	$0	Yes	($1,730)	Yes	($30,987)
Effective (Base) Total Consideration				**$516,078**		**$465,213**		**$493,078**
Adjustments:	**Factor**		**Description**	**+/(-)**	**Description**	**+/(-)**	**Description**	**+/(-)**
Property Rights		Fee Simple	Similar		Similar		Similar	
Financing Terms		Cash Equivelant	Similar		Similar		Similar	
Conditions of Sale		Market	Market		Market		Market	
Market Conditions								
Sale Date/Close Date		N/Ap	1/10/2017		8/2/2016		1/6/2017	
Market Conditions Adj.		N/Ap						
New Incentive Adjustment		N/Ap						
Project Location		Fiddyment Ranch	Fiddyment Ranch		Fiddyment Ranch		Fiddyment Ranch	
Lot Size	$7.00	6,600	6,820	($1,540)	7,063	($3,241)	7,156	($3,892)
Lot Premium		None - Base Lot	No		No		No	
Design and Appeal		Good	Similar		Similar		Similar	
Quality of Construction		Good	Similar		Similar		Similar	
Effective Age		New	Similar		Similar		Similar	
Condition		Excellent	Similar		Similar		Similar	
Functional Utility		Good	Similar		Similar		Similar	
Room Count								
Bedrooms		4	4		3		3	
Baths	$10,000	3	3		2	$10,000	2.5	$5,000
Living Area (SF)	$70	2,265	2,265	$0	1,754	$35,770	2,361	($6,720)
Number of Stories		One	One		One		One	
Heating/Cooling		Central/Forced	Similar		Similar		Similar	
Garage		3 car	3 car		3 car		3 car	
Landscaping		Front	Similar		Similar		Similar	
Pool/Spa		None	Similar		Similar		Similar	
Patios/Decks		None	Similar		Similar		Similar	
Fencing		Rear	Similar		Similar		Similar	
Fireplace(s)		No	Similar		Similar		Similar	
Kitchen Equipment		Range/Oven, Diswasher, Microwave	Similar		Similar		Similar	
Community Appeal		Good	Similar		Similar		Similar	
Other		None	Similar		Similar		Similar	
Gross Adjustments				$1,540		$49,011		$15,612
Net Adjustments				**-$1,540**		**$42,529**		**-$5,612**
Adjusted Base Retail Value				**$514,538**		**$507,742**		**$487,466**

Concluded Base Retail Value (Total Consideration)	**$510,000**
Indicated Value Per SF	**$225.17**

Conclusion of Floor Plan Values

Based on the analysis herein, the market value conclusions for the smallest floor plans offered within each of the eight active projects and two sold out projects are summarized in the table below.

Project	Developer/Builder	Living Area (SF)	Typical Lot (SF)	Conclusion of Base Value*
Oakbriar	Signature Homes	1,601	2,800	$380,000
Summerwood	JMC Homes	1,486	6,050	$390,000
Hadley	Taylor Morrison Homes	2,119	5,900	$435,000
Parker	Taylor Morrison Homes	2,476	6,300	$480,000
Addison	Taylor Morrison Homes	2,018	5,500	$415,000
Marisol	Lennar Homes	2,361	6,300	$500,000
The Retreat	JMC Homes	1,754	6,300	$460,000
The Reserve	JMC Homes	2,265	6,600	$510,000

* Total Consideration

MARKET VALUATION – SINGLE-FAMILY RESIDENTIAL LOTS

The following table depicts the various lot size groupings comprising the single-family residential lots within the CFD, exclusive of completed homes:

Lot/ Village	Project Name	Developer	Finished Lots	Homes Under Construction	Total Lots	Typical Lot (SF)
F-23	Oakbriar	Signature Homes	68	8	76	2,800
F-9A	Summerwood	JMC Homes	11	12	23	6,050
F-9A	Hadley	Taylor Morrison	47	3	50	5,900
F-19B	Parker	Taylor Morrison	56	3	59	6,300
F-19A	Addison	Taylor Morrison	35	3	38	5,500
F-16A/B	Marisol	Lennar Homes	36	12	48	6,300
F-15A/B	The Retreat	JMC Homes	1	0	1	6,300
F-15A/B/C	The Reserve	JMC Homes	8	4	12	6,600
F-19A1	N/Ap	GBD	84	0	84	5,250
F-19B1	N/Ap	GBD	75	11	86	6,300
		Totals	**421**	**56**	**477**	

As previously discussed, at the time of inspection construction of the vertical improvements was in progress on 56 lots as of the date of inspection; these lots are appraised herein as improved, or finished, single-family residential lots.

For the purposes of analysis, we will utilize Village F-16A/B as a benchmark lot category in the low density residential (LDR) lot analysis. The median lot size of the LDR group (all lots except Village F-23) is 6,300 square feet, which is in line with the typical lot size of Village F-16A/B lots held by Lennar in the Marisol community. The medium density residential (MDR) lot analysis (Oakbriar by Signature Homes) will be performed in a later section.

LDR Lot Analysis

In this section of the report, we will utilize the sales comparison approach and the extraction technique to estimate the market value of the LDR lot category. The estimate of value assumes the lots would sell on a bulk, or wholesale, basis. That is, a group of lots would transfer in one transaction to a single buyer. It is noted this analysis is conducted on a loaded lot basis (final map in place, all site work complete, permits and fees paid).

Sales Comparison Approach (LDR)

This approach is based on the economic principle of substitution. According to The Appraisal of Real Estate, 14th Edition (Chicago: Appraisal Institute, 2013), "*The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time*." The sales comparison approach is applicable when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market.

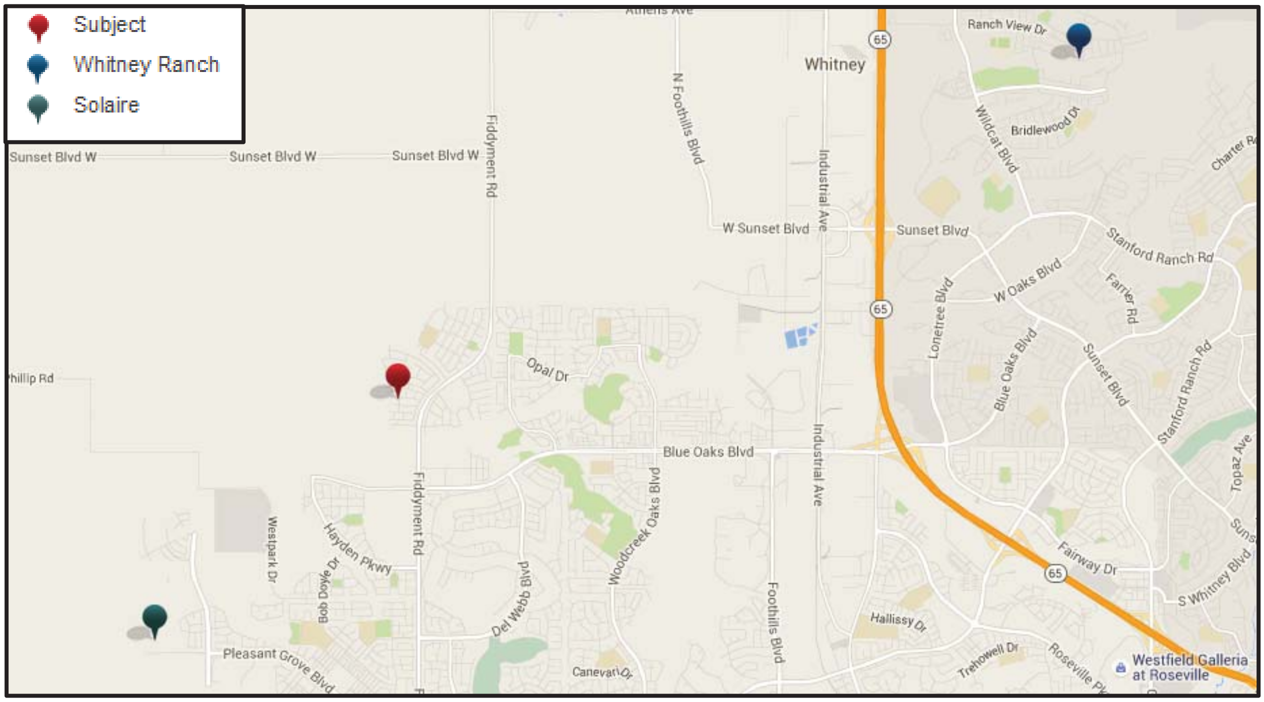
The proper application of this approach requires obtaining recent sales data for comparison with the appraised properties. In order to assemble the comparable sales, we searched public records and other data sources for leads, then confirmed the raw data obtained with parties directly related to the transactions (primarily brokers, buyers and sellers).

On the following page, we have arrayed comparable sales that have occurred in south Placer County (Roseville, Rocklin). The summary table is accompanied by a map and followed by details of each comparable. The basis of analysis is price per lot. The comparable data includes finished and unimproved transactions (with adjustments for remaining site costs and profit applied to the unimproved transactions).

COMPARABLES SALES SUMMARY

No.	Location	Sale Date	Sale Price	Price Per Lot	No. of Lots	Typical Lot Size	Lot Dev. Status
1	**Whitney Ranch, Parcels 41B, C** N/O Whitney Ranch Parkway, E/O Wildcat Boulevard Rocklin	2016	$10,080,000	$90,811	111	5,000	Unimproved
2	**Whitney Ranch, Parcel 41A** N/O Whitney Ranch Pkwy. E/O Wildcat Blvd. Rocklin	2016	$14,250,000	$190,000	75	7,500	Finished lots guaranteed
3	**Fiddyment Ranch, Village F-19A-1 (portion)** N/O Blue Oaks Blvd., W/O Fiddyment Rd. Roseville	May-16	$5,100,000	$127,500	40	5,250	Finished lots guaranteed
4	**Fiddyment Ranch, Village F-19B-1** Roseville Placer County	May-16	$11,825,000	$137,500	86	6,300	Finished lots guaranteed
5	**Fiddyment Ranch, Village F-19 A-1 (portion)** Roseville Placer County	May-16 (contract)	$5,610,000	$127,500	44	5,250	Finished lots guaranteed
6	**Solaire, Village 24** Roseville Placer County	May-16	$2,120,000	$40,000	53	4,600	Unimproved
7	**Solaire, Village 25** Roseville Placer County	May-16	$6,000,000	$60,000	100	4,700	Unimproved
8	**Fiddyment Ranch - Village 9A-1** Roseville Placer County	Jul-15	$7,950,000	$132,500	60	5,775	Finished lots guaranteed
9	**Fiddyment Ranch - Villages 9A-2, 19A-2, 19B-2** Roseville Placer County	May-15	$13,230,000	$70,000	189	5,775	Unimproved
10	**Fiddyment Ranch - Villages 9 and 19 (portion)** Roseville Placer County	May-15	$24,793,000	$59,172	419	5,775	Unimproved

COMPARABLE SALES MAP



COMPARABLE 1

Property Identification	
Project Name	Whitney Ranch, Parcels 41B and C
Location	North of Whitney Ranch Parkway, east of Wildcat Boulevard
APN	017-174-009 (portion)
City	Rocklin
County	Placer
Sale Data	
Grantor	Sunset Ranchos Investors LLC
Grantee	Cal Atlantic Homes
Sale Date	2016
Deed Book Page	N/Av
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$10,080,000
Annual Special Assessments per Lot	$1,219
Land Data	
Zoning	Single-family
Topography	Generally level to slightly rolling
Utilities	All available
Number of Lots	111
Development Status at Sale	Unimproved lots
Typical Lot Size	5,000 SF
Indicators (per Lot)	
Sale Price	$90,811
Site Development Costs	$45,000
Permits and Fees	$45,000

Remarks

This is the sale of 111 lots located within Villages 41B and 41C, in Whitney Ranch, which is considered a superior location to Fiddyment Ranch. The typical lot measures 50’ x 100’, or 5,000 square feet. The sale was confirmed with a reliable source, but the sale is not yet reflected in public records.

COMPARABLE 2

Property Identification	
Project Name	Whitney Ranch, Parcel 41A
Location	North of Whitney Ranch Parkway, east of Wildcat Boulevard
APN	017-174-009 (portion)
City	Rocklin
County	Placer
Sale Data	
Grantor	Sunset Ranchos Investors LLC
Grantee	JMC Homes
Sale Date	2016
Deed Book Page	N/Av
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$14,250,000
Annual Special Assessments per Lot	$1,926
Land Data	
Zoning	Single-family
Topography	Generally level to slightly rolling
Utilities	All available
Number of Lots	75
Development Status at Sale	Finished lots guaranteed
Typical Lot Size	7,500 SF
Indicators (per Lot)	
Sale Price	$190,000
Site Development Costs	$0 (to buyer); $60,000 (to seller)
Permits and Fees	$45,000

Remarks

A representative of JMC Homes indicated that the buyer was guaranteed a finished lot price of $190,000 per lot, which is the summation of $130,000 per paper lot plus $60,000 per lot for site development costs. Like Sale 1, this comparable is located in the Whitney Ranch master planned community in Rocklin. The sale was confirmed with a reliable source, but the sale is not yet reflected in public records.

COMPARABLE 3

Property Identification	
Project Name	Fiddyment Ranch, Village 19A-1 (portion)
Location	North of Blue Oaks Boulevard, west of Fiddyment Road
APN	492-010-052 (por.), -070 through -075
City	Roseville
County	Placer
Sale Data	
Grantor	GBD Fiddyment Lands LP (doing business as Granite Bay Ventures)
Grantee	JMC Homes
Sale Date	05/31/2016
Deed Book Page	42103
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$5,100,000
Annual Special Assessments per Lot	$1,633
Land Data	
Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	40
Development Status at Sale	Finished lots guaranteed
Typical Lot Size	5,250 SF
Indicators (per Lot)	
Sale Price	$127,500 (inclusive of final map fees paid)
Site Development Costs	$0 (to buyer); $35,977 to seller
Permits and Fees	$68,000 (inclusive of $6,000 school fee); $62,000 due at building permit

Remarks

This comparable represents a recent sale of lots within Village 19A-1 of Fiddyment Ranch, to JMC Homes. According to a representative with JMC, the buyer was guaranteed finished lots, inclusive of the $6,000 school fee due at final map, for a price of $127,500 per lot. The reported price paid per paper lot was $85,523, with site development costs of $35,977 per lot to be incurred by the seller.

COMPARABLE 4

Property Identification	
Project Name	Fiddyment Ranch, Village F19B-1
Location	North of Blue Oaks Boulevard, west of Fiddyment Road
APN	492-010-051, -058 through -066
City	Roseville
County	Placer
Sale Data	
Grantor	GBD Fiddyment Lands LP (doing business as Granite Bay Ventures)
Grantee	JMC Homes
Sale Date	05/31/2016
Deed Book Page	42098
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$11,825,000
Annual Special Assessments per Lot	$1,633
Land Data	
Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	86
Development Status at Sale	Finished lots guaranteed
Typical Lot Size	6,300 SF
Indicators (per Lot)	
Sale Price	$137,500 (inclusive of final map fees paid)
Site Development Costs	$0 (to buyer); $40,058 to seller
Permits and Fees	$68,000 (inclusive of $6,000 school fee); $62,000 due at building permit

Remarks

This comparable represents a recent sale of lots within Village 19B-1 of Fiddyment Ranch, to JMC Homes. According to a representative with JMC, the buyer was guaranteed finished lots, inclusive of the $6,000 school fee due at final map, for a price of $137,500 per lot. The reported price paid per paper lot was $91,442, with site development costs of $40,058 per lot to be incurred by the seller.

COMPARABLE 5

Property Identification	
Project Name	Fiddyment Ranch, Village F19A-1 (portion)
Location	North of Blue Oaks Boulevard, west of Fiddyment Road
APN	492-010-052 (por.)
City	Roseville
County	Placer
Sale Data	
Grantor	GBD Fiddyment Lands LP (doing business as Granite Bay Ventures)
Grantee	PUC
Sale Date	May 2016 (pending)
Deed Book Page	Pending
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$5,610,000
Annual Special Assessments per Lot	$1,633
Land Data	
Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	44
Development Status at Sale	Finished lots guaranteed
Typical Lot Size	5,250 SF
Indicators (per Lot)	
Sale Price	$127,500 (inclusive of final map fees paid)
Site Development Costs	$0 (to buyer); $35,977 to seller
Permits and Fees	$68,000 (inclusive of $6,000 school fee); $62,000 due at building permit

Remarks

This comparable represents a pending sale of lots within Village 19A-1 of Fiddyment Ranch, to PUC. The buyer was guaranteed finished lots, inclusive of the $6,000 school fee due at final map, for a price of $127,500 per lot. The reported price paid per paper lot was $85,523, with site development costs of $35,977 per lot to be incurred by the seller.

COMPARABLE 6

Property Identification	
Project Name	Solaire, Village 24
Location	Pleasant Grove Boulevard, west of Fiddyment Road
APN	496-100-002
City	Roseville
County	Placer
Sale Data	
Grantor	WP Dev. Co. LLC
Grantee	Woodside Homes
Sale Date	05/16/2016
Deed Book Page	37048
Property Rights Conveyed	Fee Simple
Conditions of Sale	Below Market
Financing Terms	Cash Equivalent
Sale Price	$2,120,000
Annual Special Assessments per Lot	$1,622
Land Data	
Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	53
Development Status at Sale	Unimproved lots
Typical Lot Size	4,600 SF
Indicators (per Lot)	
Sale Price	$40,000
Site Development Costs	$37,708
Permits and Fees	$66,000 (inclusive of $6,000 school fee); $60,000 due at building permit

Remarks

This property represents the sale of 53 unimproved lots in the Solaire community, which is west of WestPark, in Roseville. Market participants we spoke with believed that the purchase price for the lots was well below market.

COMPARABLE 7

Property Identification	
Project Name	Solaire, Village 25
Location	Pleasant Grove Boulevard, west of Fiddyment Road
APN	496-100-001
City	Roseville
County	Placer
Sale Data	
Grantor	WP Dev. Co. LLC
Grantee	D.R. Horton
Sale Date	05/17/2016
Deed Book Page	37326
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$6,000,000
Annual Special Assessments per Lot	$1,622
Land Data	
Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	100
Development Status at Sale	85 unimproved lots and 15 finished lots
Typical Lot Size	4,700 SF
Indicators (per Lot)	
Sale Price	$60,000
Site Development Costs	$29,054 (average)
Permits and Fees	$66,000 (inclusive of $6,000 school fee); $60,000 due at building permit

Remarks

This comparable represents a recent sale of 100 lots in Solaire, west of the WestPark master planned community. The property reportedly consisted of 85 paper lots and 15 finished lots, for a total of 100 lots.

COMPARABLE 8

Property Identification	
Project Name	Fiddyment Ranch – Village 9A-1
Location	North of Blue Oaks Boulevard, west of Fiddyment Road
APN	Portions of the following: 492-010-003 through -005, -015, -020; 492-052-056
City	Roseville
County	Placer
Sale Data	
Grantor	GBD Fiddyment Lands LP (doing business as Granite Bay Ventures)
Grantee	JMC Homes
Sale Date	07/29/2015
Deed Book Page	0065814
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$7,950,000
Annual Special Assessments per Lot	$1,633
Land Data	
Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	60
Development Status at Sale	Finished lots guaranteed
Typical Lot Size	5,775 SF
Indicators (per Lot)	
Sale Price	$132,500 (inclusive of final map fees paid)
Site Development Costs	$0 (to buyer); $59,011 (to seller)
Permits and Fees	$68,000 (inclusive of $6,000 school fee); $62,000 due at building permit

Remarks

This comparable represents a sale of lots within Village 9A-1 of Fiddyment Ranch, to JMC Homes. According to a representative with JMC, the buyer was guaranteed finished lots, inclusive of the $6,000 school fee due at final map, for a price of $132,500 per lot. The reported price paid per paper lot was $67,489, with site development costs of $59,011 per lot to be incurred by the seller.

COMPARABLE 9

Property Identification	
Project Name	Fiddyment Ranch – Village 9A-2, 19A-2, 19B-2
Location	North of Blue Oaks Boulevard, west of Fiddyment Road
APN	Portions of the following: 492-010-002 through -005, -015, -020, -053 through -055
City	Roseville
County	Placer
Sale Data	
Grantor	GBD Fiddyment Lands LP (doing business as Granite Bay Ventures)
Grantee	JMC Homes
Sale Date	05/06/2015
Deed Book Page	37185
Property Rights Conveyed	Fee Simple
Conditions of Sale	Seller Motivation
Financing Terms	Cash Equivalent
Sale Price	$13,230,000
Annual Special Assessments per Lot	$1,633
Land Data	
Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	189
Development Status at Sale	Unimproved lots
Typical Lot Size	5,775
Indicators (per Lot)	
Sale Price	$70,000
Site Development Costs	$36,500
Permits and Fees	$68,000 (inclusive of $6,000 school fee); $62,000 due at building permit

Remarks

This is the sale of 189 unimproved lots in Fiddyment Ranch, to JMC Homes. The seller had acquired 419 lots in a concurrent transaction (Sale 10), and sold 189 lots to this buyer. The seller may have been under some duress, as they were in danger of losing a $2.5 million deposit on the purchase of Sale 10. As such, an upward adjustment is applied for conditions of sale.

COMPARABLE 10

Property Identification	
Project Name	Fiddyment Ranch – Village 9 and 19 (portion)
Location	North of Blue Oaks Boulevard, west of Fiddyment Road
APN	492-010-051 through -056
City	Roseville
County	Placer
Sale Data	
Grantor	ATC Realty One, LLC
Grantee	GBD Fiddyment Lands LP (doing business as Granite Bay Ventures)
Sale Date	05/06/2015
Deed Book Page	37171
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$24,793,000
Annual Special Assessments per Lot	$1,633
Land Data	
Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	419
Development Status at Sale	Unimproved lots
Typical Lot Size	5,775
Indicators (per Lot)	
Sale Price	$59,172
Site Development Costs	$40,000
Permits and Fees	$68,000 (inclusive of $6,000 school fee); $62,000 due at building permit

Remarks

After the contraction in the housing market, ownership of the Developer's (Signature Properties) last remaining lots (2,473 lots) transferred to Wells Fargo Bank via foreclosure. Wells Fargo Bank completed two bulk lot sales from this total in 2013. The seller in the above transaction was a receiver for the Bank. Reportedly, the buyer made a non-refundable deposit of $2.5 million in October 2014 on this purchase, and in order to be to close on the purchase, the buyer concurrently sold 189 lots to a national builder (Sale 9).

Adjustments and Conclusion

The comparable transactions are adjusted based on the profile of the appraised properties with regard to categories that affect market value. For certain adjustments such as site development cost, permits and fees and Special Taxes, adjustments are made using actual or estimated (present value) dollar amounts. Other adjustments may be categories as either superior or inferior, with percentage adjustments applied accordingly. If a comparable has an attribute considered superior to that of the subject, it is adjusted downward to negate the effect the item has on the price of the comparable. The opposite is true of categories considered inferior to the subject. The adjustments are made in consideration of paired sales, the appraiser's experience and knowledge and interviews with market participants.

At a minimum, the appraiser considers the need to make adjustments for the following items:

- Expenditures after Sale (i.e. site development costs (if any), permits and fees, bond encumbrance and atypical carrying costs
- Property rights conveyed
- Financing terms
- Conditions of sale (motivation)
- Market conditions
- Location
- Physical features

A detailed analysis involving the adjustment factors is presented below.

Loaded Lot Analysis

Since each comparable has the same highest and best use as the subject property—near term single-family residential development—we apply adjustments for remaining site development costs (if any) and permits and fees on a dollar-for-dollar basis. That is, the comparables are analyzed on a loaded-lot-basis, where any remaining site development costs and permits and fees due at building permit are added to the lot price to yield a price that reflects the total consideration. After all other adjustments are applied (market conditions, physical characteristics, etc.), and at the end of the section, we will deduct the subject's remaining permits and fees and in-tract costs to determine the subject's unimproved lot value.

All of the comparable properties are encumbered by Community Facilities District bond debts. As such, the comparable properties are adjusted upward by the present value of the bond encumbrances on a per-lot basis, inputting an interest rate of 6% over the 30-year terms of the bonds.

Property Rights Conveyed

In transactions of real property, the rights being conveyed vary widely and have a significant impact on the sales price. As previously noted, the opinion of value in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts and conditions, covenants and restrictions (CC&Rs). All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below-market financing terms or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis. The comparable sales were cash to the seller transactions and do not require adjustments.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sales price actually paid compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered to be non-market and may include the following:

- a seller acting under duress,
- a lack of exposure to the open market,
- an inter-family or inter-business transaction for the sake of family or business interest,
- an unusual tax consideration,
- a premium paid for site assemblage,
- a sale at legal auction, or
- an eminent domain proceeding.

Comparable 6 is considered to be below market, as market participants we spoke with believe that the price paid was substantially less than market price, especially considering other bulk lot sales in West Roseville. Comparable 9 involved a level of seller motivation, as the seller would lose a significant deposit if they did not close the deal, which required funds from the simultaneous sale. Both of these comparable sales are adjusted upward, with Comparable 6 receiving the larger adjustment. No other adjustments are warranted.

Market Conditions

Market conditions vary over time, but the date of this appraisal is for a specific point in time. In a dynamic economy – one that is undergoing changes in the value of the dollar, interest rates and economic growth or decline – extra attention needs to be paid to assess changing market conditions. Significant monthly changes in price levels can occur in several areas of a city, while prices in other areas remain relatively stable. Although the adjustment for market conditions is often referred to as a time adjustment, time is not the cause of the adjustment.

All of the comparables transferred in May 2015 and later, during a period of stability in residential land prices, and no adjustments are warranted.

Physical Characteristics

The physical characteristics of a property can impact the selling price. Those that may impact value include the following:

<u>Location/Community Appeal</u>

The appraised properties are located in West Roseville, which is considered a good location relative to other submarkets in South Placer County. Overall community appeal is also considered good. As observed by the number of transactions within the past 24 months, the South Placer County is a highly desirable submarket for single-family residential lots. Comparables 1 and 2 are located in Rocklin, within an area of generally higher home prices and land values relative to West Roseville, and are adjusted downward. No other adjustments are warranted, as all of the other comparables are located in similar areas of West Roseville.

<u>Number of Lots</u>

The benchmark lot category analyzed in this section of the report contains 64 lots. Generally, there is an inverse relationship between the number of lots and price per lot such that larger projects (with a greater number of lots) achieve a lower price per lot. Generally variances in per lot prices, all else being equal, are not observed in transactions between 50 and 250 lots. The discernibly larger size of the transfer represented by Comparable 10 warrants an upward adjustment. No other adjustments are required.

<u>Lot Size (Typical)</u>

Adjustments for differences in lot size between the comparables and subject are estimated by applying lot size adjustment factors to difference in lot size. Those comparables with larger lot sizes relative to the subject's benchmark lot size of 6,300 square feet are adjusted downward, while those with smaller lot sizes are adjusted upward.

Lot Premiums/Discounts

The subject and the comparables are anticipated to achieve a similar level of lot premiums (cul-de-sac, corner, inverted corner). None of the comparables benefit from view or significant open space premiums. Adjustments for this factor do not apply.

Zoning and Entitlements

The subject and comparables have entitlements in place for single-family residential development, and adjustments in this category do not apply.

Other - Lot Condition

Builders are willing to pay more for finished lots than for the combined sum of unimproved lots and site development costs due to the time, risk, carrying cost and profit associated with completing site development. The appraised properties are analyzed on an unimproved lot basis. Some of the comparable sales represent the transfer of improved lots and require slight downward adjustments.

Adjustment Grid

The grid on the following page reflects the adjustments discussed above. It is noted a qualitative, rather than quantitative, analysis is performed.

Site Characteristics:	Subject	Comp. 1	Comp. 2	Comp. 3	Comp. 4	Comp. 5	Comp. 6	Comp. 7	Comp. 8	Comp. 9	Comp. 10
Lot Price		**$90,811**	**$190,000**	**$127,500**	**$137,500**	**$127,500**	**$40,000**	**$60,000**	**$132,500**	**$70,000**	**$59,172**
Remaining Site Development Costs		$45,000	$0	$0	$0	$0	$37,708	$29,054	$0	$36,500	$40,000
Permits and Fees		$45,000	$45,000	$62,000	$62,000	$62,000	$66,000	$66,000	$62,000	$68,000	$68,000
Loaded Lot Price (Price + Site Costs + Fees)		**$180,811**	**$235,000**	**$189,500**	**$199,500**	**$189,500**	**$143,708**	**$155,054**	**$194,500**	**$174,500**	**$167,172**
Special Taxes		$1,219	$1,926	$1,633	$1,633	$1,633	$1,622	$1,622	$1,633	$1,633	$1,633
Bond Expiration (Years)		30	30	30	30	30	30	30	30	30	30
Bond Encumbrance (Present Value at 6%)		$16,779	$26,511	$22,478	$22,478	$22,478	$22,327	$22,327	$22,478	$22,478	$22,478
Adjustment		$16,779	$26,511	$22,478	$22,478	$22,478	$22,327	$22,327	$22,478	$22,478	$22,478
Adjusted Price		**$197,590**	**$261,511**	**$211,978**	**$221,978**	**$211,978**	**$166,035**	**$177,381**	**$216,978**	**$196,978**	**$189,650**
Elements of Comparison:											
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment											
Adjusted Price		**$197,590**	**$261,511**	**$211,978**	**$221,978**	**$211,978**	**$166,035**	**$177,381**	**$216,978**	**$196,978**	**$189,650**
Financing Terms	Cash Equiv.	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment											
Adjusted Price		**$197,590**	**$261,511**	**$211,978**	**$221,978**	**$211,978**	**$166,035**	**$177,381**	**$216,978**	**$196,978**	**$189,650**
Sale Conditions	Market	Market	Market	Market	Market	Market	Below Market	Market	Market	Seller Motiv.	Market
Adjustment							↑			↑	
Adjusted Price		**$197,590**	**$261,511**	**$211,978**	**$221,978**	**$211,978**	**$166,035**	**$177,381**	**$216,978**	**$196,978**	**$189,650**
Market Conditions	Feb-17	2016	2016	May-16	May-16	May-16	May-16	May-16	Jul-15	May-15	May-15
Adjustment	(Appraisal)										
Adjusted Price		**$197,590**	**$261,511**	**$211,978**	**$221,978**	**$211,978**	**$166,035**	**$177,381**	**$216,978**	**$196,978**	**$189,650**
Physical Characteristics:											
Location/Community Appeal	W. Roseville	Rocklin	Rocklin	W. Roseville	W. Roseville	W. Roseville	W. Roseville	W. Roseville	W. Roseville	W. Roseville	W. Roseville
Adjustment		↓	↓								
Number of Lots	64	111	75	40	86	44	53	100	60	189	419
Adjustment											↑
Lot Size (Typical)	6,300	5,000	7,500	5,250	6,300	5,250	4,600	4,700	5,775	5,775	5,775
Adjustment		↑	↓	↑		↑	↑	↑	↑	↑	↑
Lot Premiums/Discounts	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment											
Zoning/Entitlements	Approved	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment											
Other - Lot Condition	Finished	Unimproved	Finished	Finished	Finished	Finished	Unimproved	Unimproved	Finished	Unimproved	Unimproved
Adjustment		↑					↑	↑		↑	↑
Net Adjustment:		**Upward**	**Downward**	**Upward**	**Similar**	**Upward**	**Upward**	**Upward**	**Upward**	**Upward**	**Upward**
Loaded Lot Values		**>$197,590**	**<$261,511**	**>$211,978**	**≈$221,978**	**>$211,978**	**>$166,035**	**>$177,381**	**>$216,978**	**>$196,978**	**>$189,650**

Conclusion of Value (per lot) – Sales Comparison Approach (LDR Lots)

The market data set consists of various sales that are considered reasonable indicators of market value for the fee simple interest in the LDR lot category of the appraised properties. After accounting for remaining site development costs, permits and fees and special taxes, the data set reflects an unadjusted (loaded lot price) range of $166,035 to $261,511 per lot.

Based upon the analysis presented, a ranking analysis of the subject and the comparable sales is in the table below:

Property	Loaded Lot Price	Overall Similarity
Sale 6	$166,035	Inferior
Sale 7	$177,381	Inferior
Sale 10	$189,650	Inferior
Sale 1	$197,590	Inferior
Sale 9	$196,978	Inferior
Sale 3	$211,978	Inferior
Sale 5	$211,978	Inferior
Sale 8	$216,978	Inferior
SUBJECT	**$220,000**	**-**
Sale 4	$221,978	Similar
Sale 2	$261,511	Superior

As shown, the loaded lot value indicator for the benchmark lot category of the appraised properties is estimated to be above those of Sales 1, 3, 5, 6, 7, 8, 9 and 10, lower than that of Sale 2, and generally similar to that of Sale 4. In particular, the reader should note that Sales 3, 4, 5, 8, 9 and 10 are located in Fiddyment Ranch, like the subject, and Sales 3, 4 and 5 represent 2016 closed or pending transactions. As such, with most emphasis placed on the Fiddyment Ranch sales, especially those that occurred in 2016, **a loaded lot indicator of $220,000 per lot is concluded for the benchmark village (F-16A/B) of the appraised properties.** The next section of the report will be an extraction analysis.

Extraction Analysis

As support for the estimate of lot value concluded in the sales comparison approach for the LDR lot category, we utilize an extraction (residual) analysis that takes into account home prices, direct and indirect construction costs, accrued depreciation and developer's incentive in order to arrive at an estimate of lot value. Additionally, given the lack of comparable sales for the MDR lot category, we will exclusively utilize the extraction technique for the valuation of these lots.

The elements of the extraction technique are discussed below.

Revenue

The LDR benchmark lot category was determined to be Parcel F-16A/B, which has 64 lots with a typical lot size of 6,300 square feet. The MDR lot category, represented by Village F-23, has 93 lots and a typical lot size of 2,800 square feet.

In order to estimate revenue from a typical floor plan, the preceding analysis of the active projects within Fiddyment Ranch are relied upon (the conclusions are restated below for reference).

Project	Developer/Builder	Living Area (SF)	Typical Lot (SF)	Conclusion of Base Value*
Oakbriar	Signature Homes	1,601	2,800	$380,000
Summerwood	JMC Homes	1,486	6,050	$390,000
Hadley	Taylor Morrison Homes	2,119	5,900	$435,000
Parker	Taylor Morrison Homes	2,476	6,300	$480,000
Addison	Taylor Morrison Homes	2,018	5,500	$415,000
Marisol	Lennar Homes	2,361	6,300	$500,000
The Retreat	JMC Homes	1,754	6,300	$460,000
The Reserve	JMC Homes	2,265	6,600	$510,000

* Total Consideration

Based upon this information, a conclusion of a typical home on the benchmark LDR category (6,300 square foot lot) is a 2,360 square foot home with a price of $500,000, inclusive of bond debt.

With regard to the MDR lot category, our conclusion of a typical home on the benchmark lot (2,800 square foot lot) is a 1,600 square foot home with a price of $380,000, inclusive of bond debt.

Expense Projections

As part of an ongoing effort to assemble market information, the table below reflects surveys responses and developer budget information for numerous single-family residential subdivisions throughout the Northern California region.

Developer Classification	Municipality	Budget Date	No. of Units	Quality	Avg. Home Size (SF)	Avg. Lot Size (SF)	Site Costs per Lot	Permits & Fees/Unit	Direct Cost/SF	Indirect Cost/SF	Indirect % of Direct	Cost per Model	G & A % of Rev	Mkt & Sales % of Rev	Profit % of Rev	IRR	Projected Sales/Mo.
Regional	City of Lodi	2016	42	Good	2,152	5,554	$46,977	$29,290	$78.26	$22.53	29%	$67,500	N/Av	1.3%	11.1%	31.7%	3.0
Local	City of Elk Grove	2016	32	Good	2,614	5,937	$64,490	$46,000	$72.46	$8.79	12%	$27,372	2.0%	5.1%	8.8%	N/Av	4.5
Local	City of Sacramento	2016	35	Avg	1,946	3,825	$40,505	$43,284	$70.73	$12.63	18%	$36,773	3.0%	3.5%	9.7%	28.7%	2.5
Local	City of Sacramento	2015	29	Avg	2,273	5,325	N/Av	$52,550	$73.98	$21.45	29%	N/Av	2.5%	4.4%	15.6%	N/Av	N/Av
Local	City of Davis	2015	35	Avg	1,829	2,000	$101,608	$61,770	$92.28	N/Av	N/Av	$50,000	1.0%	3.0%	N/Av	N/Av	N/Av
Regional	City of Roseville	2015	32	Good	2,234	6,709	$55,945	$47,844	$75.95	$10.36	14%	$145,838	5.0%	4.0%	11.6%	N/Av	2.5
Regional	City of West Sacramento	2015	31	Avg/G	2,450	5,000	$40,793	$35,346	$64.97	$4.08	6%	N/Av	N/Av	4.2%	8.4%	N/Av	N/Av
Local	City of Lincoln	2015	10	Good	2,513	9,547	N/Av	$43,425	$77.90	N/Av	N/Av	N/Av	N/Av	N/Av	N/Av	N/Av	N/Av
Local	City of Sacramento	2015	25	Entry	1,546	3,292	N/Av	$17,080	$77.28	N/Av	N/Av	N/Av	N/Av	N/Av	N/Av	N/Av	N/Av
Local	City of Sacramento	2015	91	Entry	1,868	4,604	N/Av	$23,000	$83.37	$6.62	8%	N/Av	2.0%	4.3%	9.1%	N/Av	N/Av
Local	Sacramento County	2015	8	Avg	2,250	8,358	$58,198	$33,786	$89.25	$6.01	7%	N/Av	N/Av	5.4%	18.8%	N/Av	N/Av
Local	City of Lincoln	2014	19	Good	2,891	8,772	N/Av	$54,180	$68.50	$8.88	13%	N/Av	N/Av	4.0%	18.0%	N/Av	N/Av

Information from the survey above will contribute to the estimate of development expenses classified below.

<u>General and Administrative</u>

These expenses consist of management fees, liability and fire insurance, inspection fees, appraisal fees, legal and accounting fees and copying or publication costs. This expense category typically ranges from 2.5% to 4.0%, depending on length of project and if all of the categories are included in a builder's budget. We have used 3.0% for general and administrative expenses.

<u>Marketing and Sale</u>

These expenses typically consist of advertising and promotion, closing costs, sales operations, and sales commissions. The expenses are expressed as a percentage of the gross sales revenue. The range of marketing and sales expenses typically found in projects within the subject's market area is 5.0% to 6.5%. A figure of 6.0%, or 3.0% for marketing and 3.0% for sales, is estimated in the marketing and sales expense category.

<u>Direct and Indirect Construction Costs</u>

Construction costs are generally classified into direct and indirect costs. Direct costs reflect the cost of labor and materials to build the project. Direct costs generally are lower per square foot for larger floor plans, all else being equal, due to economies of scale. Indirect items are the carrying costs and fees incurred in developing the project and during the construction cycle.

Construction quality and market-segment are significant factors that affect direct construction costs. In addition, national/public builders, which are able to achieve lower costs due to the larger scale in which orders are placed, routinely achieve lower direct costs.

Recent conversations with homebuilders confirm construction costs have increased over the last 12 months; consequently, based on the cost comparables, and considering the assumed average-to-good quality product line for the benchmark lots, a direct cost estimate of $70 per square foot is applied to the 2,360 square foot floor plan and $75 per square foot to the 1,600 square foot floor plan.

Regarding indirect costs, the following list itemizes some of the typical components that generally comprise indirect costs:

- Architectural and engineering fees for plans, plan checks, surveys and environmental studies
- Appraisal, consulting, accounting and legal fees
- The cost of carrying the investment in land and contract payments during construction. If the property is financed, the points, fees or service charges and interest on construction loans are considered
- All-risk insurance
- The cost of carrying the investment in the property after construction is complete, but before sell-out is achieved
- Developer fee earned by the project coordinator
- Interest reserve

Conversations with homebuilders indicate the indirect costs generally range anywhere from 8% to 15% of the direct costs (excluding marketing, sales, general and administrative expenses, taxes, which are accounted for separately). An estimate of **10%** is considered reasonable for the subject.

Accrued Depreciation

For new construction on the subject, an allocation for deprecation (physical, functional, or economic) is not applicable.

Developer's Incentive

According to industry sources, developer's incentive (profit) historically has ranged anywhere from 5% to 25%, with a predominate range of 5% to 15%. This is consistent with our survey presented earlier in this section, which ranged from 8.4% to 18.8%. Profit is based on the perceived risk associated with the development. Low profit expectations are typical for projects focused on more affordable product with faster sales rates. Higher profit expectations are common in projects with more risk such as developments where sales rates are slower, project size produces an extended holding period or the product type is considered weak or untested.

Elements affecting profit include location, supply/demand, anticipated risk, construction time frame and project type. Another element considered in profit expectations is for the development stage of a project. First phases typically generate a lower profit margin due to cautious or conservative pricing, as new subdivisions in competitive areas must become established to generate a fair market share. Additionally, up front development costs on first phases can produce lower profit margins.

Positive attributes of the subject property include:

- Approved entitlements
- Anticipated completion of off-site development (assumed for analysis only)
- Desirable location (South Placer County, West Roseville)
- Good transportation linkages
- Steady pricing and steady absorption

There are generally few "negative" attributes associated with the subject property, other than the potential for deterioration in market conditions in the residential sector that would result from a change in macroeconomic factors (e.g., unemployment rates, interest rates, etc.). Based on the preceding discussion and developer surveys, we have concluded an estimate of **10%** for developer's incentive.

Conclusion

Our estimates of loaded lot value via the extraction analysis are presented on the following page.

EXTRACTION ANALYSIS – 2,360 SF HOME ON A 6,300 SF (LDR) LOT

Revenue				
Average Floor Plan Size	2,360	SF		
Typical Home Price				$500,000
Expense Projections				
G & A Cost @	3.0%	of Retail Value	$15,000	
Marketing/Sales @	6.0%	of Retail Value	$30,000	
Average Direct Costs @	$70.00	/SF	$165,200	
Indirect Cost @	10.0%	of Direct Cost	$16,520	
Developer's Incentive	10%	of home price	$50,000	
				$276,720
			Loaded Lot Value	$223,280
			Rd.	**$223,000**

MDR LOT CATEGORY

Given the lack of comparable bulk lot sales with typical lot sizes under 3,000 square feet, a sales comparison approach is not performed in the valuation of the smaller benchmark lot category (MDR lots). We will solely rely upon the extraction technique. This analysis is presented below.

EXTRACTION ANALYSIS – 1,600 SF HOME ON A 2,800 SF (MDR) LOT

Revenue				
Average Floor Plan Size	1,600	SF		
Typical Home Price				$380,000
Expense Projections				
G & A Cost @	3.0%	of Retail Value	$11,400	
Marketing/Sales @	6.0%	of Retail Value	$22,800	
Average Direct Costs @	$75.00	/SF	$120,000	
Indirect Cost @	10.0%	of Direct Cost	$12,000	
Developer's Incentive	10%	of home price	$38,000	
				$204,200
			Loaded Lot Value	$175,800
			Rd.	**$176,000**

Conclusions of Benchmark Loaded Lot Values

For the LDR lot category, the sales comparison approach indicated $220,000 per loaded lot, while the extraction technique was also $223,000 per loaded lot. Both methods are credible and supported, but given the quality and quantity of the data in the sales comparison approach, this method of valuation is deemed more credible. As such, a market value of **$220,000 per loaded lot is concluded for the benchmark Village (F-16A/B)**.

With regard to the lot value for the MDR lot category (Village F-23, Oakbriar by Signature Homes), our sole method of valuation was the extraction method, which yielded a loaded lot value conclusion of **$176,000 per lot**.

Final Conclusions of Lot Value

The value conclusions noted above are loaded lot indicators for the benchmark villages. The final step of the lot analysis is to account for 1) size differences between the typical lot within the other villages; 2) remaining in-tract costs, where applicable; 3) fees due at final map, where applicable; and 4) fees due at building permit, where applicable.

Size Adjustments

The MDR lot category is represented by only one village, F-23, with a typical lot size of 2,800 square feet. The LDR lot category includes a number of villages, and the benchmark village (F-16A/B, Marisol by Lennar Homes) has typical lot sizing of 6,300 square feet. The remaining villages are adjusted to account for their larger or smaller typical lots, by a factor of $7 per square foot of size difference, consistent with our observations in the market.

Fees Due at Building Permit

The final adjustment is the fees due at the issuance of building permits. This adjustment is only applied to the finished lots with no vertical improvements, and not to the lots with homes under construction (since permits have already been pulled for these lots). These fees are estimated at $58,000 per lot for the MDR lots, and $62,000 per lot for the LDR lots.

Conclusion

Our final conclusions of market value for the lots within each community/village (exclusive of completed homes) are shown on the next page.

Lot/ Village	Project Name	Developer	Finished Lots	Homes Under Construction	Typical Lot (SF)	Benchmark Loaded Lot Value	Adjustment for Size (@ $7/SF)	Adjusted Loaded Lot Value	Less Fees at Bldg. Perm.	As-Is Value per Lot	Total Value	Total Value Rounded
F-23*	Oakbriar	Signature Homes			2,800							
			68			$176,000	-	$176,000	($58,000)	$118,000	$8,024,000	**$8,020,000**
				8		$176,000	-	$176,000	-	$176,000	$1,408,000	**$1,410,000**
											Total	**$9,430,000**
F-9A	Summerwood	JMC Homes			6,050							
			11			$220,000	($1,750)	$218,250	($62,000)	$156,250	$1,718,750	**$1,720,000**
				12		$220,000	($1,750)	$218,250	-	$218,250	$2,619,000	**$2,620,000**
											Total	**$4,340,000**
F-9A	Hadley	Taylor Morrison			5,900							
			47			$220,000	($2,800)	$217,200	($62,000)	$155,200	$7,294,400	**$7,290,000**
				3		$220,000	($2,800)	$217,200	-	$217,200	$651,600	**$650,000**
											Total	**$7,940,000**
F-19B	Parker	Taylor Morrison			6,300							
			56			$220,000	$0	$220,000	($62,000)	$158,000	$8,848,000	**$8,850,000**
				3		$220,000	$0	$220,000	-	$220,000	$660,000	**$660,000**
											Total	**$9,510,000**
F-19A	Addison	Taylor Morrison			5,500							
			35			$220,000	($5,600)	$214,400	($62,000)	$152,400	$5,334,000	**$5,330,000**
				3		$220,000	($5,600)	$214,400	-	$214,400	$643,200	**$640,000**
											Total	**$5,970,000**
F-16A/B**	Marisol	Lennar Homes			6,300							
			36			$220,000	$0	$220,000	($62,000)	$158,000	$5,688,000	**$5,690,000**
				12		$220,000	$0	$220,000	-	$220,000	$2,640,000	**$2,640,000**
											Total	**$8,330,000**
F-15A/B	The Retreat	JMC Homes			6,300							
			1			$220,000	$0	$220,000	($62,000)	$158,000	$158,000	**$160,000**
F-15A/B/C	The Reserve	JMC Homes			6,600							
			8			$220,000	$2,100	$222,100	($62,000)	$160,100	$1,280,800	**$1,280,000**
				4		$220,000	$2,100	$222,100	-	$222,100	$888,400	**$890,000**
											Total	**$2,170,000**
F-19A1	N/Ap	GBD	84	0	5,250	$220,000	($7,350)	$212,650	($62,000)	$150,650	$12,654,600	**$12,650,000**
F-19B1	N/Ap	GBD	75		6,300	$220,000	$0	$220,000	($62,000)	$158,000	$11,850,000	**$11,850,000**
				11	6,300	220,000	$0	$220,000	($62,000)	$158,000	$1,738,000	**$1,740,000**
											Total	**$11,850,000**

*MDR lot category

** Benchmark Village in LDR lot category

COMMERCIAL LAND VALUATION

Sales Comparison Approach

This section of the appraisal is concerned with the valuation of the commercial (zoning = CC) land component of the appraised properties, represented by Parcels F-30, F-31, F-32, F-33 and F-34.

In the sales comparison approach, the market value of the fee simple interest in the appraised properties will be estimated by a comparison to similar properties that have recently sold, are listed for sale or are under contract. The underlying premise of the sales comparison approach is the market value of a property is directly related to the price of comparable, competitive properties in the marketplace.

This approach is based on the economic principle of substitution. According to The Appraisal of Real Estate, 14th Edition (Chicago: Appraisal Institute, 2013), "*The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time*." The sales comparison approach is applicable when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market.

The proper application of this approach requires obtaining sale data for comparison with the subject. In order to assemble the comparable sales, we searched public records and other data sources for leads, then confirmed the raw data obtained with parties directly related to the transactions (primarily brokers, buyers and sellers).

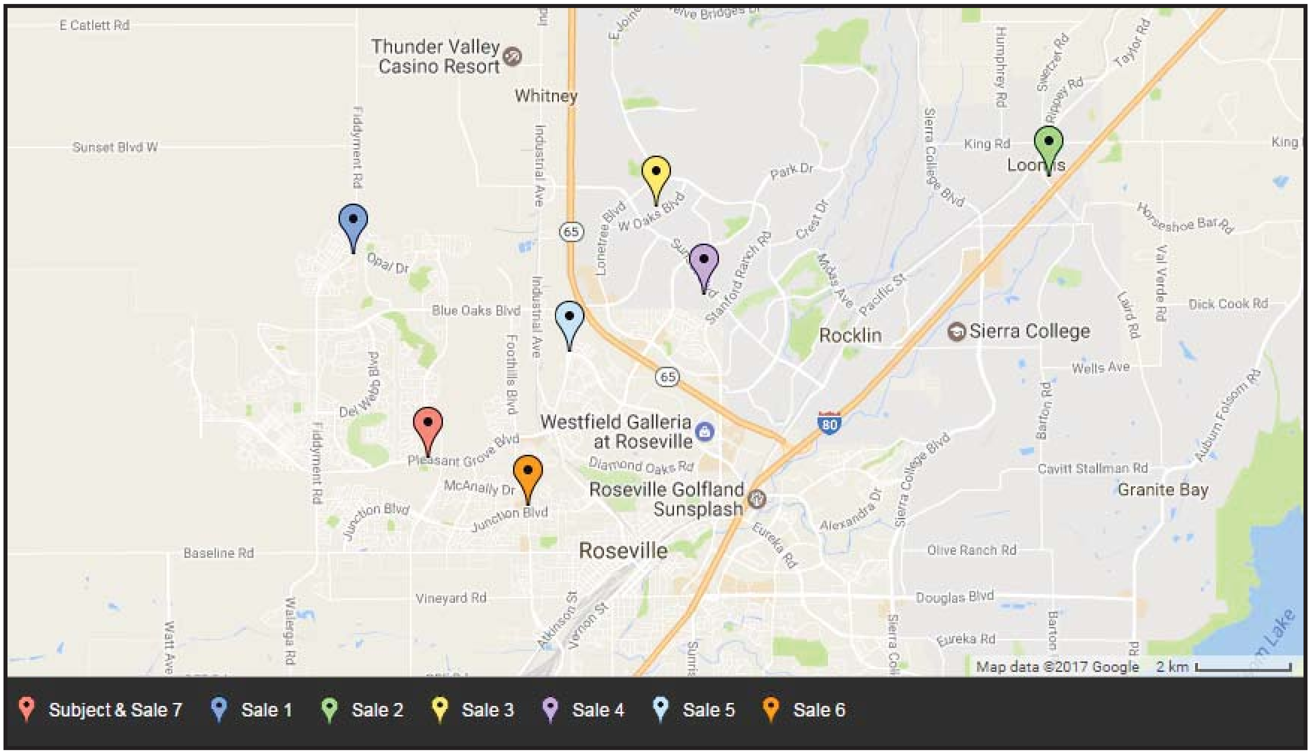
In the analysis of the appraised properties, we searched various sources for gathering of relevant data. In the sales comparison approach, we searched for data in our internal database, CoStar Property, Loopnet (for closed sales and active listings), and the Multiple Listing Service (MLS). We confirmed details of the transactions with parties directly involved (e.g. brokers, buyers/sellers) and/or public records.

On the following pages, we will present and analyze several comparable properties. We will begin by presenting a summary tabulation and location map, followed by detailed sales sheets, a discussion of necessary adjustments, and our conclusions of market value via this approach. These sales are the most recent transactions considered reasonably similar to the appraised properties.

LAND SALES SUMMARY

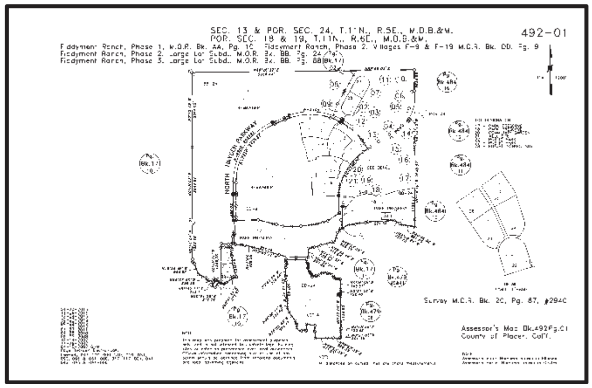
Sale No.	Location	Sale Date	Sale Price	Land Area (Acre/SF)	Sale Price/SF	PV of Bonds/SF	Zoning / Land Use
1	Parcel F-81, Fiddyment Ranch E. Corner of Fiddyment Rd. & Angus Rd. Roseville, Placer County APN: 492-010-031	Aug-16	$550,000	1.20 52,272	**$10.52**	$2.05	CC
2	6045 Horseshoe Bar Road Loomis, Placer County APN: 043-100-025	Jun-16	$1,000,000	3.00 130,680	**$7.65**	$0.00	CC
3	5800 West Oaks Boulevard Rocklin, Placer County APN: 017-081-062	Jun-16	$1,600,000	5.60 243,936	**$6.56**	$0.00	PD-BP/C/LI
4	W/L Coppervale Dr., N/O Stanford Ranch Rd. Rocklin, Placer County APN: 364-090-010 through -013	Oct-15	$2,450,000	5.91 257,440	**$9.52**	$0.07	PD-C
5	S/O Highway 65, E/O Washington Boulevard Roseville, Placer County APN: 363-020-018 (portion)	Oct-15	$5,270,000	11.52 501,898	**$10.50**	$0.13	PD-SA-NC
6	5010 Foothills Blvd. Roseville, Placer County APN: 476-190-005	May-15	$750,000	1.20 52,272	**$14.35**	$0.18	CC
7	Parcel F-34, Fiddyment Ranch SEC Blue Oaks Blvd. & Hayden Pkwy. Roseville, Placer County APN: 492-010-034	Listing	$1,847,000	5.30 230,868	**$8.00**	$2.05	CC

COMMERCIAL LAND SALES MAP



COMPARABLE 1

Property Identification



Parcel F-81, Fiddyment Ranch
Roseville, CA 95747
Placer County

APN: 492-010-031

Sale Data

Grantor	ATC Realty One LLC
Grantee	Dhillon & Sons Ents Inc
Sale Date	08/10/2016
Deed Book Page	2016-0066757
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$550,000
PV of Bonds	$107,158

Land Data

Land Area (SF)	52,272
Land Area (Acres)	1.20
Zoning	CC - Community Commercial
Shape	Irregular
Corner Orientation	Yes
Street Frontage	Fiddyment Road and Angus Road
Topography	Generally level
Off-Site Improvements	All to site
On-Site Improvements	None

Indicators

Sale Price per SF	$10.52
PV Bonds per SF	$2.05

Remarks

This comparable represents a recent sale of Parcel F-81 in Fiddyment Ranch, at the corner of Fiddyment Road and Angus Road. The asking price was the time of sale was $643,000, and the sale price was $550,000. The buyer intends to construct a gas station on the site.

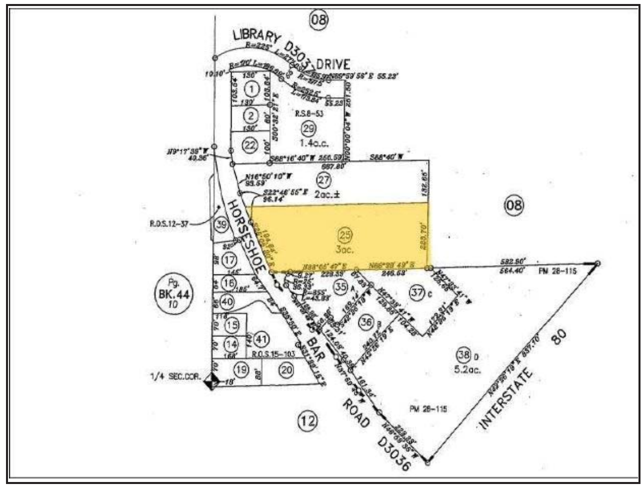
LAND SALE 2

Property Identification

Commercial Land

6045 Horseshoe Bar Road
Loomis, CA 95650
Placer County

APN: 043-100-025



Sale Data

Grantor	Nahiberuti Family Lp
Grantee	Loomis Village Retail LLC
Sale Date	06/17/2016
Deed Book Page	047961
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$1,000,000
PV of Bonds	$0

Land Data

Land Area (SF)	130,680
Land Area (Acres)	3.00
Zoning	CC, Central Commercial
Shape	Nearly rectangular
Corner Orientation	No
Street Frontage	Horseshoe Bar
Topography	Generally level
Off-Site Improvements	Streets, utilities
On-Site Improvements	None

Indicators

Sale Price per SF	$7.65
PV Bonds per SF	

Remarks

There is a large residential development right behind this lot and it is also located next to Raley's Super Market.

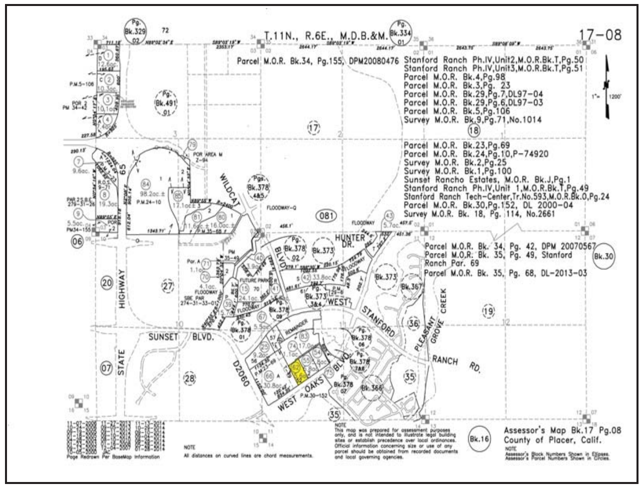
LAND SALE 3

Property Identification

Commercial Land

5800 West Oaks Boulevard
Rocklin, CA 95765
Placer County

APN: 017-081-062



Sale Data

Grantor	Stanford Ranch I LLC
Grantee	Stanford Ranch Self Storage LLC
Sale Date	06/10/2016
Deed Book Page	044966
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$1,600,000
PV of Bonds	$0

Land Data

Land Area (SF)	243,936
Land Area (Acres)	5.60
Zoning	PD-BP/C/LI, PLANNED DEVELOPMENT BUSINESS PROFESSIONAL/COMMERCIAL/LIGHT INDUSTRIAL
Shape	Rectangular
Corner Orientation	No
Street Frontage	West Oaks Boulevard
Topography	Level to rolling
Off-Site Improvements	Streets, utilities
On-Site Improvements	None

Indicators

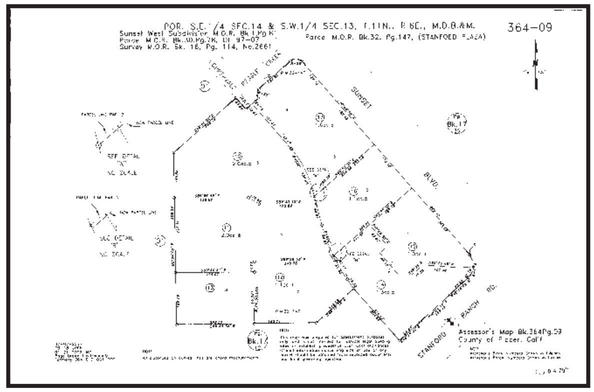
Sale Price per SF	$6.56
PV Bonds per SF	

Remarks

This property is located along West Oaks Boulevard in Rocklin, north of Sunset Avenue. The site is sandwiched between a UNFI distribution center and office/flex development, and backs up to newly constructed single-family residential development.

COMPARABLE 4

Property Identification



West line of Coppervale Drive,
north of Stanford Ranch Road
Rocklin, CA 95677
Placer County

APN: 364-090-010 through -013

Sale Data

Grantor	Eureka Development Company
Grantee	KB Homes of Sacramento
Sale Date	10/02/2015
Deed Book Page	086932
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$2,450,000
PV of Bonds	$18,021

Land Data

Land Area (SF)	257,440
Land Area (Acres)	5.91
Zoning	PD-C – Planned Development, Commercial
Shape	Irregular
Corner Orientation	No
Street Frontage	Coppervale Drive
Topography	Generally level
Off-Site Improvements	All to site
On-Site Improvements	None

Indicators

Sale Price per SF	$9.52
PV Bonds per SF	$0.07

Remarks

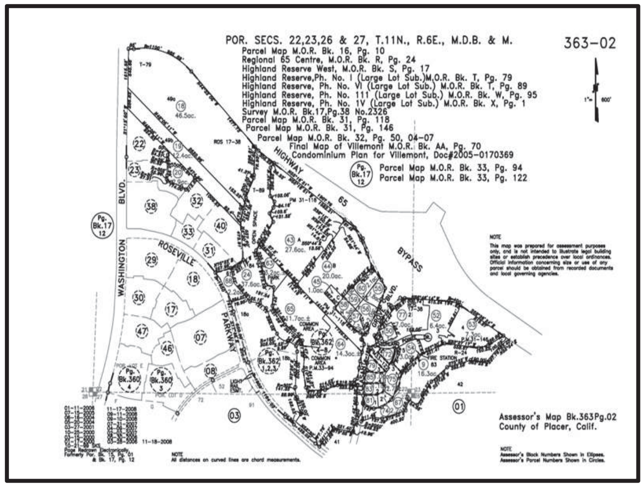
According to a representative of the seller, Eureka Development Company had, at one time, planned to construct retail development on the site, but then abandoned the idea after the decline of the commercial market. The company sold the property to KB Homes, but there was a third party intermediary involved (name not disclosed) who paid $2,450,000 to Eureka Development, obtained entitlements for residential development with the City, then flipped the property to KB Homes for $2,650,000. As such, the true price for the unentitled retail land was $2,450,000, which is shown above. The site is located behind existing retail development along Sunset Boulevard and Stanford Ranch Road, and is immediately east of a multifamily residential project.

COMPARABLE 5

Property Identification

South of Highway 65, east of
Washington Boulevard
Roseville, CA 95678
Placer County

APN: 363-020-018 (portion)



Sale Data

Grantor	Bayside Covenant Church
Grantee	Top Golf
Sale Date	10/23/2015
Deed Book Page	92740
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$5,270,000

Land Data

Land Area (SF)	501,898
Land Area (Acres)	11.52
Zoning	PD-SA-NC - Planned Development - Special Area - North Central Roseville Specific Plan
Shape	Irregular
Corner Orientation	No
Street Frontage	Highway 65
Topography	Level to rolling
Off-Site Improvements	All to site
On-Site Improvements	None

Indicators

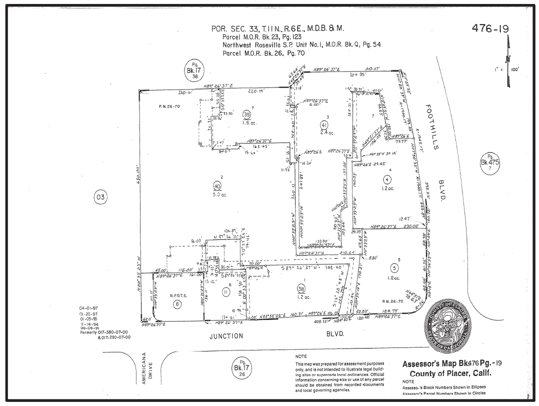
Sale Price per SF	$10.50
PV Bonds per SF	$0.13

Remarks

This comparable represents the sale of a portion of a larger parcel (46.50 acres). The site is proposed for the construction of an indoor/outdoor recreational facility and driving range (Top Golf), which will contain approximately 64,232 square feet of building area. This development represents Phase 1 of a three phase project consisting of a hotel, religious facility, office and retail development. According to the developer (Top Golf), the seller will complete infrastructure improvements, providing access to the site, at a cost estimated at $5.5 million. Essentially, $5,270,000 is representative of a price paid for a site with all off-site improvements in place.

COMPARABLE 6

Property Identification



5010 Foothills Boulevard
Roseville, CA 95747
Placer County

APN: 476-190-005

Sale Data

Grantor	Sahota Enterprises, Inc
Grantee	Roseville D LLC
Sale Date	05/21/2015
Deed Book Page	42225
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$750,000
PV of Bonds	$9,251

Land Data

Land Area (SF)	52,272
Land Area (Acres)	1.20
Zoning	CC - Community Commercial
Shape	Irregular
Corner Orientation	Yes
Street Frontage	Foothills Boulevard and Junction Boulevard
Topography	Generally level
Off-Site Improvements	All to site
On-Site Improvements	None

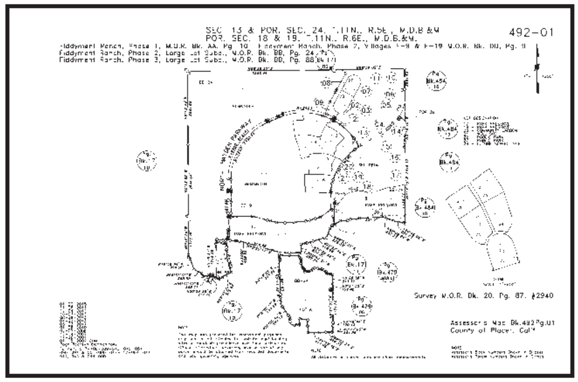
Indicators

Sale Price per SF	$14.35
PV Bonds per SF	$0.18

Remarks

This property represents the sale of a 1.2 acre parcel located at the southwest corner of Foothills Boulevard and Junction Boulevard in Roseville. The property is located adjacent to a CVS and Save Mart-anchored shopping center.

COMPARABLE 7



Property Identification

Parcel F-34, Fiddyment Ranch
Roseville, CA 95747
Placer County

APN: 492-010-034

Sale Data

Grantor	ATC Realty One LLC
Grantee	Listing
Sale Date	Listing
Deed Book Page	Listing
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$1,847,000
PV of Bonds	$473,279

Land Data

Land Area (SF)	230,868
Land Area (Acres)	5.30
Zoning	CC – Community Commercial
Shape	Irregular
Corner Orientation	Yes
Street Frontage	Blue Oaks Boulevard, Hayden Parkway
Topography	Generally level
Off-Site Improvements	All to site
On-Site Improvements	None

Indicators

Sale Price per SF	$8.00
PV Bonds per SF	$2.05

Remarks

This comparable represents an active listing for a 5.30-acre parcel within Fiddyment Ranch, at the southwest corner of Blue Oaks Boulevard and Hayden Parkway.

Adjustment Discussion

The comparable transactions are adjusted based on the profile of the subject property with regard to categories that affect market value. If a comparable has an attribute that is considered superior to that of the subject, it is adjusted downward to negate the effect the item has on the price of the comparable. The opposite is true of categories considered inferior to the subject.

Percentage or dollar adjustments are considered appropriate in order to isolate and quantify the adjustments on the comparable sales data. At a minimum, the appraiser considers adjustments for the following items:

- Special assessments (bonds)
- Property rights conveyed
- Financing terms
- Conditions of sale (motivation)
- Expenditures after sale
- Market conditions
- Physical features

A paired sales analysis is performed in a meaningful way when the quantity and quality of data are available. However, many of the adjustments require the appraiser's experience and knowledge of the market and information obtained from those knowledgeable and active in the marketplace. A detailed analysis involving each of these factors is presented as follows:

Present Value of Bonds

Most of the comparable properties are encumbered by bond debt, and are adjusted upward by the present value of the bond indebtedness, on a per square foot of land area basis. Adjustments are applied to the comparable sales where necessary to account for the differences in bond debt.

Property Rights Conveyed

In transactions of real property, the rights being conveyed vary widely and have a significant impact on the sales price. The opinion of value in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts and conditions, covenants and restrictions (CC&Rs). All of the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below market financing terms or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis. All of the comparable sales represented cash to the seller transactions and, therefore, do not require adjustments.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sales price actually paid compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered to be non-market and may include the following:

- a seller acting under duress,
- a lack of exposure to the open market,
- an inter-family or inter-business transaction for the sake of family or business interest,
- an unusual tax consideration,
- a premium paid for site assemblage,
- a sale at legal auction, or
- an eminent domain proceeding.

Sale 7 (note this is one of the subject parcels) is an active listing and is adjusted downward to reflect typical buyer negotiations in the market. No other adjustments are warranted.

Expenditures after Sale

Neither the subject nor the comparable sales require expenditures after sale; no adjustments are warranted.

Market Conditions

Market conditions generally change over time, but the date of value is for a specific point in time. Therefore, in an unstable economy, one that is undergoing changes in the value of the dollar, interest rates and economic growth or decline, extra attention needs to be paid to assess changing market conditions. Significant changes in price levels can occur in several areas of a municipality, while prices in other areas remain relatively stable. Although the adjustment for market conditions is often referred to as a time adjustment, time is not the cause of the adjustment.

In evaluating market conditions, changes between the comparable sales date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required. Market conditions have generally stabilized and improved for commercial land in recent years. While development is still generally not financially feasible unless in certain build-to-suit deals, most brokers have reported at least a modest level of appreciation in land values over the past few years. All of the sales transferred between May 2015 and August 2016 and are generally indicative of recent market conditions; therefore, no adjustments are necessary for changes in market conditions.

Physical Characteristics

The physical characteristics of a property can impact the selling price. Those that may impact value are discussed as follows:

<u>Location</u>

The subject is located in the western portion of the city of Roseville, within an area almost exclusively developed with residential uses. Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values. Sales 4, 5 and 6 are located within more high identity commercial corridors with better synergy of retail and/or office uses, and are adjusted downward for their superior locations. No other adjustments are warranted in this category.

<u>Visibility/Accessibility</u>

The visibility and accessibility of a property can have a direct impact on value. For example, a property with limited access is considered to be an inferior position compared to a property with open accessibility. Conversely, if a property has freeway visibility, or is situated in proximity to major linkages, this is considered to be a superior site amenity in comparison to a property with limited visibility and positioning.

The subject property has average visibility/accessibility for a vacant commercial site. Three of the comparable sales exhibit superior levels of visibility/accessibility relative to the subject, as they are located along more well-traveled streets or proximate to freeway interchanges. Specifically, Sales 2, 5 and 6 receive downward adjustments. Sale 1, one of the subject parcels, is considered superior to the remainder of the subject parcels analyzed herein.

Land Area

The market generally exhibits an inverse relationship between parcel area and price per square foot such that larger parcels sell for a lower price per square foot than smaller parcels, all else being equal. The subject parcels contain between 4.70 and 13.40 acres. Those comparable sales that are smaller than the subject are adjusted downward, to reflect the principle of economies of scale.

Off-Site Improvements

The subject parcels have all off-site improvements in place for vertical development. All of the comparable sales have all off-sites in place and no adjustments are applied.

Site Utility

The appraised properties have average site utility, given the generally level topography and standard lot configuration, as is the case with all of the comparable sales. No adjustments are warranted.

Zoning/Highest and Best Use

The appraised properties are zoned Community Commercial (CC), which allows for a variety of retail and office development. The highest and best use of the site is consistent with the zoning. All of the comparable sales are considered to have similar zoning designations/highest and best uses as the subject, and no adjustments are warranted.

Adjustment Grid

During our investigation, we identified several land sales located throughout the subject's market area that were analyzed to estimate the market value of the fee simple interest in the subject parcels. The adjustment grid on the next page details the adjustment analysis. Note that a qualitative, rather than quantitative, analysis is presented.

LAND SALES ADJUSTMENT GRID

Elements of Comparison	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
Price per SF (Unadjusted)		**$10.52**	**$7.65**	**$6.56**	**$9.52**	**$10.50**	**$14.35**	**$8.00**
PV of Bonds per SF		$2.05	$0.00	$0.00	$0.07	$0.13	$0.18	$2.05
Adjustment		$2.05	$0.00	$0.00	$0.07	$0.13	$0.18	$2.05
Adjusted Value		**$12.57**	**$7.65**	**$6.56**	**$9.59**	**$10.63**	**$14.53**	**$10.05**
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment								
Adjusted Value		**$12.57**	**$7.65**	**$6.56**	**$9.59**	**$10.63**	**$14.53**	**$10.05**
Financing Terms	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.
Adjustment								
Adjusted Value		**$12.57**	**$7.65**	**$6.56**	**$9.59**	**$10.63**	**$14.53**	**$10.05**
Conditions of Sale	Market	Market	Market	Market	Market	Market	Market	Listing
Adjustment								↓
Adjusted Value		**$12.57**	**$7.65**	**$6.56**	**$9.59**	**$10.63**	**$14.53**	**$10.05**
Expenditures After Sale	None	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment								
Adjusted Value		**$12.57**	**$7.65**	**$6.56**	**$9.59**	**$10.63**	**$14.53**	**$10.05**
Market Conditions	Feb-17	Aug-16	Jun-16	Jun-16	Oct-15	Oct-15	May-15	Jun-16
Adjustment								
Effective Price per SF		**$12.57**	**$7.65**	**$6.56**	**$9.59**	**$10.63**	**$14.53**	**$10.05**
Physical Characteristics								
Location	W. Roseville	Similar	Similar	Similar	Superior	Superior	Superior	Similar
Adjustment					↓	↓	↓	
Visibility / Accessibility	Average	Superior	Superior	Similar	Similar	Superior	Superior	Similar
Adjustment		↓	↓			↓	↓	
Land Area (Acres)	4.70 - 13.40	1.20	3.00	5.60	5.91	11.52	1.20	5.30
Adjustment		↓					↓	
Off-Site Improvements	Available	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment								
Site Utility	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment								
Zoning	CC (Commercial)	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment								
Net Adjustment:		**Downward <$12.57**	**Downward <$7.65**	**Similar ≈$6.56**	**Downward <$9.59**	**Upward <$10.63**	**Downward <$14.53**	**Downward <$10.05**

Commercial Parcel Market Value Conclusion – Sales Comparison Approach

After accounting for bond debt, the unadjusted sale prices of the comparable sales ranged from $6.56 to $14.53 per square foot. Given the analysis on the preceding pages, a ranking analysis of the subject and the comparable sales is presented below:

Property	Price per SF	Overall Similarity
Sale 3	$6.56	Similar
SUBJECT	See Description	-
Sale 2	$7.65	Superior
Sale 4	$9.59	Superior
Sale 7	$10.05	Superior
Sale 5	$10.63	Superior
Sale 1	$12.57	Superior
Sale 6	$14.53	Superior

The market values of the majority of the subject parcels are estimated to be higher than the value indicator of Sale 3, but lower than the value indicators of all other sales. It should be noted many of the comparable sales have superior locations within areas of greater retail/office synergy, and/or have superior levels of visibility/accessibility. The appraised properties are located within a predominantly residential area with few supporting commercial uses.

Conclusions of value for the commercial sites are shown on the next page. There are a few items of note. Parcel F-31 is the largest parcel and, therefore, would be expected to have a relatively lower per square foot value conclusion, given the principle of economies of scale; however, this parcel has corner visibility along both Fiddyment Road and Blue Oaks Boulevard, which is an off-setting factor to its larger size. A value (total consideration) of $8.00 per square foot is estimated for this parcel. Next, Parcel F-30 is located across the street from Parcel F-31, and has frontage and visibility along both Fiddyment Road and Blue Oaks Boulevard, but does not have the "hard corner" like Parcel F-31 (Parcel F-35, a commercial site not included in the scope of valuation for this appraisal, has the hard corner here). Nonetheless, Parcel F-30 is nearly 5 acres smaller than Parcel F-31, which is an off-setting factor to its lack of a "hard corner." As such, a similar value (total consideration) estimate of $8.00 per square foot is applied to this parcel. Next, Parcels F-32 and F-33 are the smallest parcels in the group, but they do not have corner orientations, as their only street frontages are along Fiddyment Road and Prairie Town Way (yet to be constructed). Value conclusions of $8.00 per square foot are applied to these parcels as well (their smaller sizes are off-set by their lack of a corner orientation). Finally, Parcel F-34 has the lowest value conclusion of $6.00 per square foot since it located toward the west end of the Fiddyment Ranch development, along streets with less traffic relative to the other commercial parcels.

The value conclusions for the commercial sites are as follows:

Village	Land Area (Acres)	Land Area (Square Feet)		Conclusion (psf)		Value Conclusion	Rounded
F-30	8.50	370,260	x	$8.00	=	$2,962,080	**$2,960,000**
F-31	13.40	583,704	x	$8.00	=	$4,669,632	**$4,670,000**
F-32	4.70	204,732	x	$8.00	=	$1,637,856	**$1,640,000**
F-33	4.70	204,732	x	$8.00	=	$1,637,856	**$1,640,000**
F-34	5.30	230,868	x	$6.00	=	$1,385,208	**$1,390,000**
						Total	**$12,300,000**

MULTIFAMILY LAND VALUATION

Introduction

The appraised properties contain five parcels designated for high density/multifamily residential use. Four of the parcels can be developed with 100% market rate housing, but one of the parcels (F-22) must include units set aside as affordable housing. Specifically, Parcel F-22, which is approved for 244 total units, must include 91 “very low income” housing units, in addition to 93 “low income” housing units (with the remaining 60 units being market rate).

According to an apartment market research report (3rd Quarter 2016) prepared by Colliers International, the average rent achieved in the Roseville/Rocklin submarket was $1,436 per unit per month. Additionally, according to the City of Roseville Housing Division, the income-restricted units have stipulated rents as shown below (2016 figures):

	50% Very Low	80% Low	100% Middle
1 person	Studio	Studio	Studio
Income	$24,300	$38,880	$48,600
Gross Rent	**$608**	**$972**	**$1,215**
1.5 persons	1 bedroom	1 bedroom	1 bedroom
Income	$27,775	$44,440	$55,550
Gross Rent	**$694**	**$1,111**	**$1,389**
3 persons	2 bedroom	2 bedroom	2 bedroom
Income	$31,250	$50,000	$62,500
Gross Rent	**$781**	**$1,250**	**$1,563**
4.5 persons	3 bedroom	3 bedroom	3 bedroom
Income	$36,100	$57,760	$72,200
Gross Rent	**$903**	**$1,444**	**$1,805**
6 persons	4 bedroom	4 bedroom	4 bedroom
Income	$40,300	$64,480	$80,600
Gross Rent	**$1,008**	**$1,612**	**$2,015**

For the purposes of analysis, it is assumed that an average floor plan within a proposed project would contain two bedrooms (most likely a combination of one-bedroom, two-bedroom and three-bedroom units, but an average overall size of two bedrooms). As such, the respective rent levels for the two-bedroom category per the table above are $781 and $1,250 for the very low and low income levels, respectively. As shown, the low income category ($1,250 per month) is generally consistent, albeit slightly lower than, the average market rent for the area. As will be shown later, the income restrictions in place for Parcel F-22 are detrimental to value. Given the lack of comparable sales of vacant multifamily land with value-impacting affordable housing restrictions, we will exclusively utilize an extraction technique for the analysis of this parcel. This technique considers the market value (subject to rent restrictions) assuming completion of construction and stabilized occupancy of a for-rent apartment community, and then reduces that value by the direct costs, indirect costs and developer's profit for the construction of the project. The result of this analysis represents an estimate of the residual value for Parcel F-22.

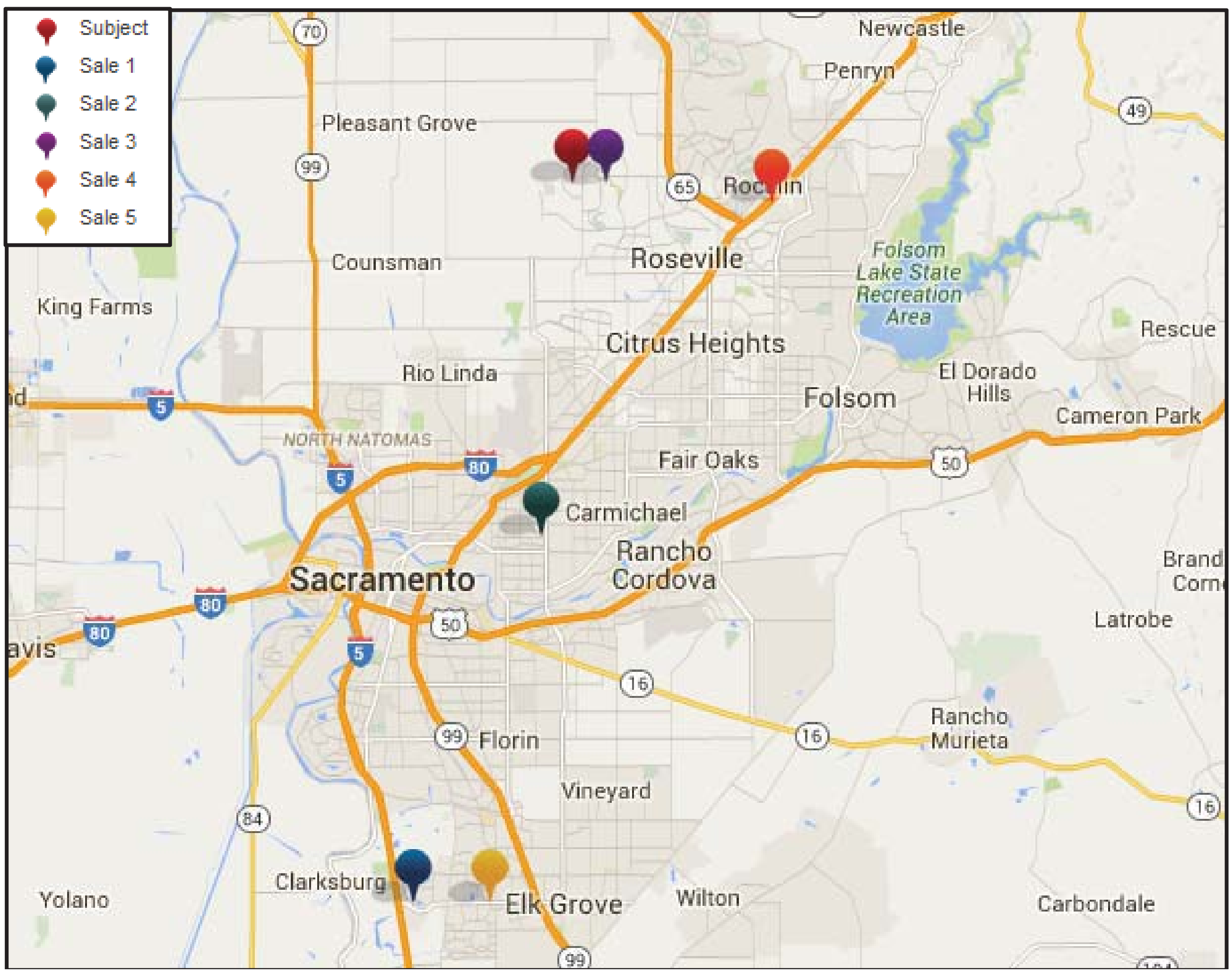
In the analysis of the four market rate multifamily residential parcels, we will utilize the sales comparison approach to value, which is the most credible method of valuation for parcels approved for market rate housing.

Sales Comparison Approach – Parcels Approved for Market Rate Housing

An array of multifamily land sales in the region is presented on the next page, along with a location map, sales sheets, an adjustment grid, and our conclusion of value via the sales comparison approach.

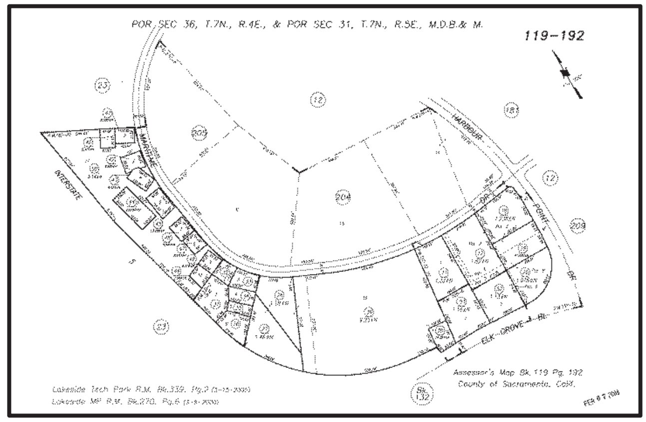
COMPARABLE MULTIFAMILY RESIDENTIAL LAND SALES

No.	Location	Sale Date	Sale Price	Land Area Acre/SF	# Units	Price per Unit	PV Bonds Per Unit	Total Consid. Per Unit
1	SWC Harbour Point Dr. & Maritime Dr. Elk Grove APN: 119-1920-017, -018	Oct-15	$725,000	3.05 132,858	63	$11,508	$1,355	$12,863
2	2134 Butano Drive Sacramento APN: 279-0110-061	Apr-15	$3,000,000	5.16 224,770	148	$20,270	$0	$20,270
3	N/S Blue Oaks Blvd., E/O Fiddyment Rd. Roseville APN: 017-117-047	Sep-14	$4,000,000	12.62 549,727	300	$13,333	$7,835	$21,168
4	SWC Aguilar Rd. & China Garden Rd. Rocklin APN: 045-110-063	Sep-14 (contract)	$775,000 (approximate)	3.44 149,846	49	$15,816	$0	$15,816
5	7015 Elk Grove Boulevard Elk Grove APN: 116-1560-004	Mar-14	$630,000	3.00 130,680	60	$10,500	$1,575	$12,075



COMPARABLE 1

Property Identification



Southwest corner of Harbour Point Drive
& Maritime Drive
Elk Grove, CA 95758
Sacramento County

APN: 119-1920-017 & -018

Sale Data

Grantor	Samara Baveljit S & B K Trust
Grantee	Dhir Capital, Inc.
Sale Date	10/30/2015
Deed Book Page	201508101003
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$725,000
PV of Bonds	$85,347

Land Data

Land Area (SF)	132,858
Land Area (Acres)	3.05
Zoning	RD-25 - Multiple-family Residential
Number of Units	63
Shape	Irregular
Corner Orientation	Yes
Street Frontage	Harbour Point and Maritime Drives
Topography	Generally level
Off-site Improvements	In place
On-site Improvements	None

Indicators

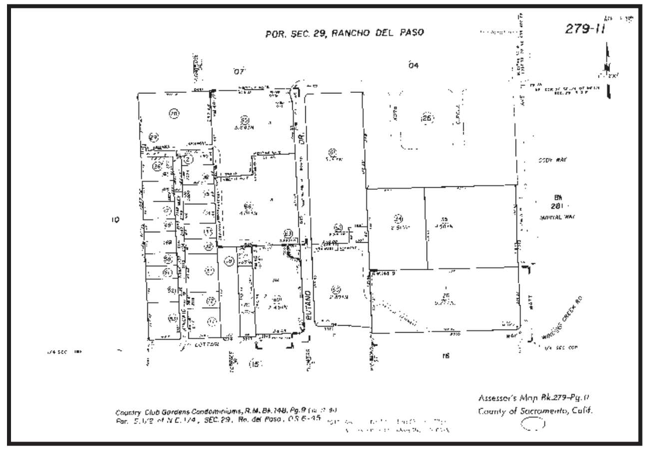
Sale Price per Unit	$11,508
PV of Bonds per Unit	$1,355
Total Consideration	$12,863

Remarks

This sale consists of 3.05 acres of multifamily land in Elk Grove. The buyer acquired the property in October 2015 for $11,508 per unit, plus the assumption of bonds in the amount of $1,355 per unit. The unit count (63) was provided by the 2013-2021 Elk Grove General Plan Housing Element, which changed this site's general plan and zoning designation from commercial (C and TC, respectively) to high density residential (HDR and RD-25, respectively) with a "realistic" unit capacity of 63 units.

COMPARABLE 2

Property Identification



2134 Butano Drive
Sacramento, CA 95825
Sacramento County

APN: 279-0110-061

Sale Data

Grantor	Country Club Centre LLC
Grantee	Anton Development Company LLC
Sale Date	04/14/2015
Deed Book Page	4141252
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$3,000,000
PV of Bonds	$0

Land Data

Land Area (SF)	224,770
Land Area (Acres)	5.16
Zoning	RD-30 - Multifamily, 30 units per acre
Shape	L-shaped
Corner Orientation	No
Street Frontage	Butano Drive
Topography	Generally level
Off-Site Improvements	All to site
On-Site Improvements	None

Indicators

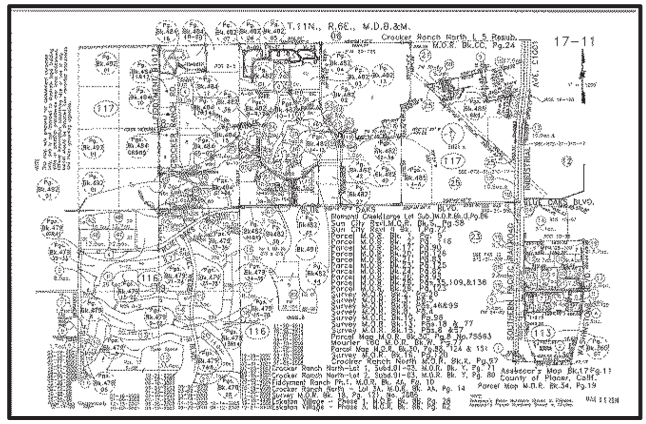
Sale Price per Unit	$20,270
PV Bonds per Unit	$0

Remarks

The buyer's broker indicated this site was sold for the development of a 148-unit multifamily residential project. The site has all off-site improvements in place, and is in the immediate vicinity of a Wal-Mart and a Sam's Club, as well as additional substantial commercial developments.

COMPARABLE 3

Property Identification



North side of Blue Oaks Boulevard,
east of Fiddyment Road
Roseville, CA 95747
Placer County

APN: 017-117-047

Sale Data

Grantor	West Roseville Development Company
Grantee	Central Valley Property Advisors
Sale Date	09/19/2014
Deed Book Page	64941
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$4,000,000
PV of Bonds	$2,350,500

Land Data

Land Area (SF)	549,727
Land Area (Acres)	12.62
Zoning	R-3 - Multiple-family Residential
Number of Units	300
Shape	Generally rectangular
Corner Orientation	No
Street Frontage	Blue Oaks Boulevard
Topography	Generally level
Offsite Improvements	In place
Onsite Improvements	None

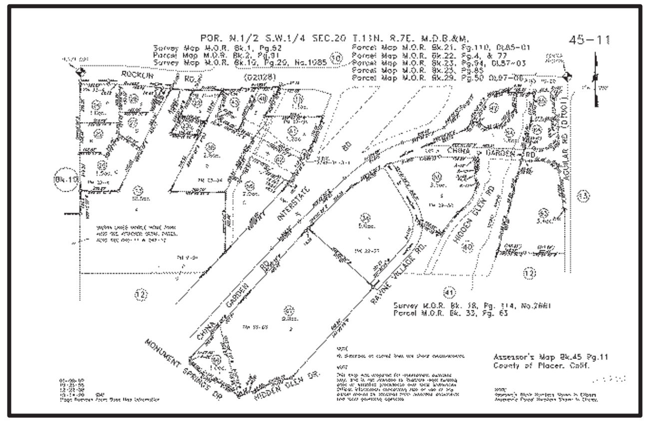
Indicators

Sale Price per Unit	$13,333
PV of Bonds per Unit	$7,835
Total Consideration	$21,168

Remarks

This sale consists of 12.62 acres of multifamily land in Fiddyment Ranch, along Blue Oaks Boulevard, east of Fiddyment Road. This is considered to be the best indicator of market value for the subject's multifamily component.

COMPARABLE 4



Property Identification

Southwest corner of Aguilar Road &
China Garden Road
Rocklin, CA 95677
Placer County

APN: 045-110-063

Sale Data

Grantor	Scott Cooper
Grantee	N/Av (pending)
Sale Date	09/2014 (contract)
Deed Book Page	N/Av (pending)
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$775,000 (approximate)
PV of Bonds	$0

Land Data

Land Area (SF)	149,846
Land Area (Acres)	3.44
Zoning	R-3 - Multiple-family Residential
Number of Units	49
Shape	Irregular
Corner Orientation	Yes
Street Frontage	Aguilar Road and China Garden Road
Topography	Generally level
Offsite Improvements	Partial
Onsite Improvements	None

Indicators

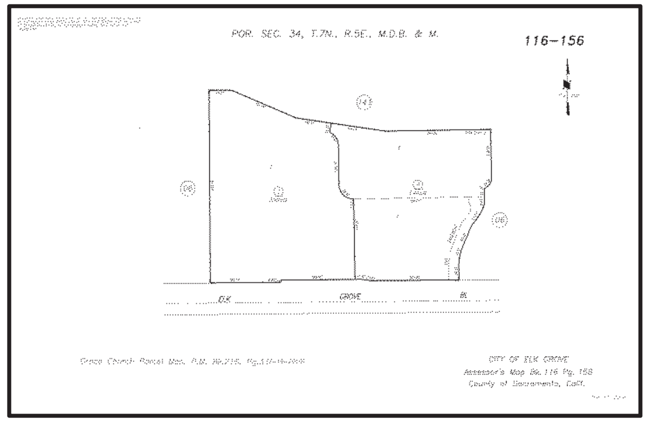
Sale Price per Unit	$15,816
PV of Bonds per Unit	$0

Remarks

As of September 2014, this property was in contract at an approximate price of $775,000. Public records does not show a closing as of yet, and we were unable to contact parties involved in the transaction for a more current update on the status of the escrow. At the very least, the comparable represents a “meeting of the minds” between the buyer and the seller at that time.

COMPARABLE 5

Property Identification



7015 Elk Grove Boulevard
Elk Grove, CA 95758
Sacramento County

APN: 116-1560-004

Sale Data

Grantor	Pacific West Communities
Grantee	Elk Grove Pacific Associates
Sale Date	03/13/2014
Deed Book Page	201403201018
Property Rights	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	$630,000
PV of Bonds	$94,500

Land Data

Land Area (SF)	130,680
Land Area (Acres)	3.00
Zoning	RD-20 – Multifamily residential, 20 units per acre
Number of Units	60
Shape	Generally rectangular
Corner Orientation	No
Street Frontage	Elk Grove Boulevard
Topography	Generally level
Off-site Improvements	In place
On-site Improvements	None

Indicators

Sale Price per Unit	$10,500
PV of Bonds per Unit	$1,575
Total Consideration	$12,075

Remarks

This property is located between a shopping center and a senior residential facility in Elk Grove. An upward adjustment is applied to account for the improvement in market conditions since the date of the transaction.

Adjustments and Conclusion

The comparable multifamily residential land transactions are adjusted based on the profile of the appraised properties with regard to categories that affect market value. A discussion involving each of these factors is presented as follows:

Present Value of Bonds

Bond debt has a direct impact on the amount for which the end product will sell. In an effort to account for the impact of bond indebtedness on the sales price, we establish a present value amount for the bond encumbrance based on the annual assessment. The present value amount is based on the annual assessment payment, an interest rate of 6.0% and the remaining term of the bond. Adjustments are applied based upon the present values of the bond payments.

Property Rights Conveyed

In transactions of real property, the rights being conveyed vary widely and have a significant impact on the sales price. The opinion of value for the retail land in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts and conditions, covenants and restrictions (CC&Rs). All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below-market financing terms or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis. All of the comparable sales were cash to the seller transactions and do not require adjustments.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sales price actually paid compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered to be non-market and may include the following:

- a seller acting under duress,
- a lack of exposure to the open market,
- an inter-family or inter-business transaction for the sake of family or business interest,
- an unusual tax consideration,
- a premium paid for site assemblage,
- a sale at legal auction, or
- an eminent domain proceeding.

All of the comparable transactions were arms-length and do not require a conditions of sale adjustment.

Expenditures After Sale

This category includes all costs required after the transaction. No adjustments are required for this element of comparison.

Market Conditions

In evaluating market conditions, changes between the comparable sales date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required. Sales 3 through 5, which transferred in 2014, are adjusted upward to account for the improvement in market conditions for multifamily land since the dates of these transactions. No other adjustments are applied.

Physical Characteristics

The physical characteristics of a property can impact the selling price. Those that may impact value include the following:

Location

The appraised properties are located in Fiddyment Ranch (West Roseville), considered a good location for the regional area. Sales 1 and 5 are located in Elk Grove, and are adjusted upward for their inferior locations. No other adjustments are applied.

Visibility/Accessibility

The visibility and accessibility of a property can have a direct impact on property value. For example, if a property is landlocked, this is considered to be an inferior position compared to a property with open accessibility. However, if a property has good visibility or is in proximity to major linkages, this is considered a superior amenity in comparison to a property with limited visibility. The appraised properties have average visibility/accessibility, which is also the case for most of the comparable sales. Sales 3 and 5, however, exhibit slightly superior visibility/ accessibility and are adjusted downward. No other adjustments are warranted.

Off-Site Improvements

In this portion of our analysis, the appraised properties are appraised as if all off-site improvements in place, and deductions for off-site costs will be applied later in the section for Parcels F-25 and F-26. Sale 4 transferred with partial off-site improvements; therefore, an upward adjustment is applied to this comparable. The remaining comparables transferred with all off-site improvements in place and no adjustments are applied.

Density (Units per Acre)

The appraised properties are approved for about 25 units per acre. All else being equal, properties that allow for lower density development sell for less on a per-unit basis than those that allow for higher density development. Sale 4, with a density of 14.4 units per acre, is adjusted upward in this category, and no other adjustments are warranted.

Site Utility

Differences in shape, contour, drainage or soil conditions can affect the utility and, therefore, the market value of the land. The appraised properties exhibit average site utility, with a functional shape, generally level topography and no major impediments to development. No adjustments are required in this category.

Adjustment Grid

An adjustment grid summarizing the adjustments applied is shown on the next page.

MULTIFAMILY LAND ADJUSTMENT GRID

Elements of Comparison:	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Price per Unit		**$11,508**	**$20,270**	**$13,333**	**$15,816**	**$10,500**
(Unadjusted)						
PV of Bonds		$1,355	$0	$7,835	$0	$1,575
Adjustment		$1,355	$0	$7,835	$0	$1,575
Adjusted Value		**$12,863**	**$20,270**	**$21,168**	**$15,816**	**$12,075**
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment						
Adjusted Value		**$12,863**	**$20,270**	**$21,168**	**$15,816**	**$12,075**
Financing Terms	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.	Cash Equiv.
Adjustment						
Adjusted Value		**$12,863**	**$20,270**	**$21,168**	**$15,816**	**$12,075**
Conditions of Sale	Market	Market	Market	Market	Market	Market
Adjustment						
Adjusted Value		**$12,863**	**$20,270**	**$21,168**	**$15,816**	**$12,075**
Expenditures After Sale	None	None	None	None	None	None
Adjustment						
Adjusted Value		**$12,863**	**$20,270**	**$21,168**	**$15,816**	**$12,075**
Market Conditions	Feb-17	Oct-15	Apr-15	Sep-14	Sep-14	Mar-14
Adjustment	(appraisal)			↑	↑	↑
Effective Price per Unit		**$12,863**	**$20,270**	**$21,168**	**$15,816**	**$12,075**
Physical Characteristics:						
Location	W. Roseville	Inferior	Similar	Similar	Similar	Inferior
Adjustment		↑				↑
Visibility / Accessibility	Average	Similar	Similar	Sl. Superior	Similar	Sl. Superior
Adjustment				↓		↓
Off-site Improvements	All to Site	Similar	Similar	Similar	Partial	Similar
Adjustment	(assumed)				↑	
On-site Improvements	None	None	None	None	None	None
Adjustment						
Density (Units/Acre)	25.0	20.7	28.7	23.8	14.4	20.0
Adjustment					↑	
Site Utility	Average	Similar	Similar	Similar	Similar	Similar
Adjustment						
Net Adjustment		**Upward**	**Similar**	**Similar**	**Upward**	**Upward**
		>$12,863	**≈$20,270**	**≈$21,168**	**>$15,816**	**>$12,075**

Market Value Conclusion – Sales Comparison Approach

After accounting for bonds, the unadjusted sale prices of the comparable sales ranged from $12,075 to $21,168 per unit. Given the analysis on the preceding pages, a ranking analysis of the appraised properties and the comparable sales is presented below:

Property	Price per Unit	Overall Similarity
Sale 5	$12,075	Inferior
Sale 1	$12,863	Inferior
Sale 4	$15,816	Inferior
Sale 2	$20,270	Similar
SUBJECT	**$21,000**	-
Sale 3	$21,168	Similar

The market value of the multifamily parcels (market rate) is estimated to be higher than the value indicators of Sales 1, 4 and 5, and generally similar to those of Sales 2 and 3. In particular, Sale 3 represents the best indicator of value, as it is located in Fiddyment Ranch.

Given the discussion above, a conclusion of value via the sales comparison approach for Parcels F-21 and F-24, market rate parcels with all off-sites in place, is $21,000 per unit. These parcels are considered to be generally similar in terms of overall physical characteristics and appeal for multifamily residential sites. It is noted Parcels F-25 and F-26, also approved for market rate units, currently have no direct street frontage, as they require extension of Prairie Town Way from Fiddyment Road, a relatively short distance. A cost budget for the extension of the road and for extension of necessary utilities was not provided. As such, a more "qualitative" adjustment is applied to these parcels, whereby our conclusions of value are $20,000 per unit. Given this discussion, our conclusions of value for the four "market rate" multifamily residential parcels are summarized as follows:

Village	Land Area (Acres)	# Units		Conclusion (per unit)		Value Conclusion	Rounded
F-21	14.50	343		$21,000	=	$7,203,000	**$7,200,000**
F-24	12.00	300		$21,000	=	$6,300,000	**$6,300,000**
F-25	5.50	137	x	$20,000	=	$2,740,000	**$2,740,000**
F-26	5.60	140	x	$20,000	=	$2,800,000	**$2,800,000**

Extraction Method of Valuation – Parcel F-22

The extraction method of valuation will be employed in this section of the appraisal, to estimate the market value of the multifamily parcel F-22, which is subject to income restrictions. First, we will estimate the market value of a completed/ stabilized project on the site, then deduct the total costs of development.

Valuation at Completion of Construction/Stabilized Occupancy

In the valuation of the property assuming completion of construction and stabilized occupancy, which is the first step in the extraction analysis, the income capitalization approach will be utilized, which is the most credible/reliable method of valuation for an income-producing multifamily project.

For income-producing real estate, the future earning power of the property is widely regarded as the single most critical element affecting its value. Hence, the income capitalization approach is often deemed to be the most meaningful indication of value.

We will exclusively apply the direct capitalization method of the income capitalization approach. Direct capitalization converts an estimate of a single year's net operating income into an indication of value in one direct step. This step is accomplished either by dividing the income estimate by the relevant income rate (an overall capitalization rate), or by multiplying the income estimate by a proper factor (such as a gross, effective gross or net income multiplier). We will handle direct capitalization by using an overall rate, as opposed to a multiplier.

The components of the direct capitalization method are tabulated as follows and discussed below:

- Potential Gross Income
- Vacancy and Collection Loss
- Operating Expenses
- Overall Capitalization Rate

<u>Potential Gross Income</u>

The potential gross income consists of market rent. As noted in the beginning of this section, we will apply market rent conclusions ($1,436 per unit on average for the Roseville/Rocklin area, which is generally similar to two-bedroom rent levels being achieved by projects in West Roseville) to the 60 market rate units, but the restricted rents of $1,288 and $805 to the low income and very low income units, respectively.

Vacancy & Collection Loss

According to the Colliers report, the average vacancy in the Roseville/Rocklin submarket is currently about 3.6%, indicating a tight market. With an allowance also given for collection loss, we conclude a vacancy/collection loss figure of 5% in our analysis.

Operating Expenses

Typical operating expense ratios for multifamily properties in South Placer County range from 35% to 40% of effective gross income. We will utilize an operating expense ratio of 36% in our analysis.

Capitalization Rate

Based upon our market observations of capitalization rates for new multifamily product in South Placer County, we will utilize a cap rate of 5.25%, which takes into consideration the subject's mix of market rate and affordable housing units.

Value at Stabilized Occupancy

Given the discussion above, our value conclusion for Parcel F-22 assuming completion of construction and stabilized occupancy is shown on the following page.

PARCEL F-22

POTENTIAL GROSS INCOME CALCULATION

Income	No. of Units	Rent per Month	Monthly Income	Annual Income
Market Rate	60	$1,436	$86,160	$1,033,920
Low income	93	$1,250	$116,250	$1,395,000
Very Low Income	91	$781	$71,071	$852,852
Total Potential Gross Income	244			$3,281,772
VACANCY AND COLLECTION LOSS	@	5%		($164,089)
EFFECTIVE GROSS INCOME				$3,117,683
OPERATING EXPENSES	@	36%	of EGI	($1,122,366)
NET OPERATING INCOME				$1,995,317
OVERALL CAPITALIZATION RATE				5.25%
CONCLUSION OF VALUE				$ 38,006,045
				Rd. $ 38,010,000

Construction Cost Estimate

The next step in the extraction technique is to estimate typical costs associated with the construction of apartment complexes. In developing the cost estimate, we will rely on the Residential Cost Handbook, a nationally recognized cost-estimating guide published by the Marshall & Swift Corporation. Further, the comparative-unit method will be employed in order to derive replacement costs for the subject's improvements.

The significant factors to address when considering the comparative-unit method are:

- Direct and Indirect Costs
- Accrued Depreciation
- Developer's Overhead and Profit

These components will be presented on the following pages and then reconciled at the end of this section.

Before going any further in this analysis, it is imperative to discuss what is included and what is not included in the cost indicator. These items, as stated verbatim in the Residential Cost Handbook, are tabulated as follows:

Included in the Costs

1. In the Calculator Section, the actual costs used are final costs to the owner and will include average architects and engineers fees. These, in turn, include plans, plan check and building permits, and survey to establish building lines and grades.

2. Normal interest on only the actual building funds during period of construction and processing fee for service charges is included. Typically, this will average half of the going rate over the time period plus the service fee.

3. All material and labor costs include all appropriate local, state and federal sales or GSE taxes, etc.

4. Normal site preparation including finish, grading and excavation for foundation and backfill for the structure only.

5. Utilities from structure to lot line figured for typical setback except where noted in some Unit-in-Place cost sections (mobile homes).

6. Contractor's overhead and profit including job supervision, workmen's compensation, fire and liability insurance, unemployment insurance, equipment, temporary facilities, security, etc., are included.

Not Included in the Costs

1. Costs of buying or assembling land such as escrow fees, legal fees, property taxes, right of way costs, demolition, storm drains, or rough grading, are considered costs of doing business or land improvement costs.

2. Piling or hillside foundations are priced separately in the manual and are considered an improvement to the land. This also refers to soil compaction and vibration, terracing, etc.

3. Costs of land planning or preliminary concept and layout for large developments inclusive of entrepreneurial incentives or developer's overhead and profit are not included, nor is interest or taxes on the land, feasibility studies, certificate of need, environmental impact reports, hazardous material testing, appraisal or consulting fees, etc.

4. Discounts or bonuses paid for financing are considered a cost of doing business, as are funds for operating start up, project bond issues, permanent financing, developmental overhead for fixture and equipment purchases, etc.

5. Yard improvements including septic systems, signs, landscaping, paving, walls, yard lighting, pool or other recreation facilities, etc.

6. Off-site costs including roads, utilities, park fees, jurisdictional hookup, tap-in, impact or entitlement fees and assessments, etc.

7. Furnishings and fixtures, usually not found in the general contract, that are peculiar to a definite tenant, such as seating or kitchen equipment, etc.

8. Marketing costs to create first occupancy including model or advertising expenses, leasing or broker's commissions, temporary operation of property owners' association, fill-up or membership sales costs and fees.

The cost indicators applicable to the subject property are calculated as follows:

Buildings (Good Quality) – 6B	
Base cost (psf)*	$ 85.32
Roofing adjustment (concrete tile)	+$ 6.00
Subfloor adjustment (concrete slab)	-$ 3.59
Floor cover adjustment (allowance)	+$ 4.82
Floor insulation adjustment (moderate)	+$ 1.32
Current multiplier	x 1.00
Local multiplier	x 1.23
Indicated replacement cost (psf)	**$115.46**

*The base cost calculation assumes 12 units per building, on average, 1,100 square foot average unit size

In addition, exterior stairwells are assumed at four stairwells per building ($3,000 per stairwell), as well as appliances ($3,000 per unit).

Cost factors must also be considered for a swimming pool and clubhouse (assumed for a typical apartment project in West Roseville) and site improvements. According to the cost budgets for comparable developments, the pool is estimated to cost a total of $40,000, and a typical clubhouse would likely cost about $100,000. The site cost estimate includes site paving, parking and landscaping. Generally, site improvement costs range between $4.00 to $8.00 per square foot. A site cost estimate towards the middle of the range, or $6.00 per square foot, appears reasonable, given the topography/configuration of the sites.

In addition to the above costs, additional indirect cost items (appraisal fee, loan fee, construction interest, contingency, etc) must be incorporated, and are estimated at about 10% of direct costs.

In addition to the above indirect costs, lease-up costs must also be taken into consideration. These discounts account for the time and expense to lease the subject to a stabilized occupancy level, and consist of 1) rent loss and 2) other rent-up costs. The lease-up costs are based upon the number of vacant units anticipated at completion of construction. Previously, a stabilized vacancy/collection loss rate of 5% was utilized. As such, of the 244 units to be constructed at the subject, approximately 95% are expected to be leased at stabilized occupancy (or about 232 units). Prior to completion of construction, it is anticipated that the subject will be able to pre-lease a number of units. Based on the steady demand for rental units in the Roseville market area, it is expected that 40% of the total (244) units would be pre-leased, or about 98 units. As such, there are 134 units subject to rent loss (232 units at stabilized occupancy – 98 pre-leased units = 134 units subject to rent loss).

Based on a survey of comparable projects throughout the region, and considering the specifics of the subject as proposed, it is anticipated the subject could achieve an absorption rate of 15 units per month. Rent loss is calculated based on the average potential gross income per unit achieved at stabilized occupancy.

Other rent-up costs for a project like the subject typically include marketing, advertising and rental concessions. These costs are over and above the marketing costs of a project already at stabilized occupancy. Rent-up costs can be calculated individually, or estimated in bulk. Based on the rent-up reserve expenses reported for new multi-family development within the region, a total rent-up cost of approximately $1,000 per unit is estimated for the subject. It is noted that rent-up cost is applied to both pre-leased and vacant units, as both would require this expenditure.

The total lease-up costs to be incorporated in the cost analysis are shown in the table on the following page.

LEASE-UP COSTS

Rent Loss:

Month 1	134	units @	$1,121	per mo. =	$ 150,190
Month 2	119	units @	$1,121	per mo. =	$ 133,378
Month 3	104	units @	$1,121	per mo. =	$ 116,566
Month 4	89	units @	$1,121	per mo. =	$ 99,753
Month 5	74	units @	$1,121	per mo. =	$ 82,941
Month 6	59	units @	$1,121	per mo. =	$ 66,129
Month 7	44	units @	$1,121	per mo. =	$ 49,316
Month 8	29	units @	$1,121	per mo. =	$ 32,504
Month 9	14	units @	$1,121	per mo. =	$ 15,692

Total Rent Loss	$ 746,469
Other Rent-Up Costs ($1,000 x 244)	$ 244,000
Total Lease Up Costs	$ 990,469

Accrued Depreciation

Not applicable. The subject buildings would not be expected to suffer from any physical deterioration, functional obsolescence or external obsolescence at completion.

Developer’s Incentive

According to industry sources, developer’s incentive (overhead and profit) historically has ranged anywhere from 8% to 15% in the region. For purposes of our analysis, we have utilized a developer’s incentive of 10%.

Conclusion

Considering the components discussed on the previous pages, the estimated construction cost for a multifamily residential development is detailed on the following page.

CONSTRUCTION COST ESTIMATE – PARCEL F-22

MARSHALL & SWIFT COST INDICATORS							
Buildings	268,400	SF	@	$115.46	/ SF =	$ 30,989,464	
Exterior Stairways	40	flights	@	$ 3,000	/ flight =	$ 120,000	
Appliances	244	units	@	$ 3,000	/ unit =	$ 732,000	
Swimming Pool						$ 40,000	
Clubhouse						$ 100,000	
Site Improvements	426,888	SF	@	$ 6.00	/ SF =	$ 2,561,328	
Total Direct Costs							$ 34,542,792
INDIRECT COSTS (EXCLUSIVE OF LEASE-UP COSTS)			@	10%	of directs		$ 3,454,279
LEASE-UP COSTS							$ 990,469
Total Indirect Costs							$ 4,444,748
Total Direct and Indirect Costs							$ 38,987,540
DEVELOPER'S INCENTIVE			@	10%			$3,898,754
Total Project Costs							$ 42,886,294
TOTAL PROJECT COSTS						**(Rd.)**	**$ 42,890,000**

Conclusion of Value via Extraction

Using the income approach to value, we estimated the value of the subject property as a for-rent apartment community, assuming completion of construction and stabilized occupancy. With reference to the Residential Cost Handbook, a nationally recognized cost-estimating guide published by the Marshall & Swift Corporation, total project costs (direct costs, indirect costs and developer's profit) were also estimated. Thus, our conclusion of value for Parcel F-22, via the extraction method, is as follows:

PARCEL F-22

Value Assuming Completion	$38,010,000
Less: Total Costs To Construct	($42,890,000)
Land Value	($4,880,000)
Or:	**$0**

If the subject were able to be developed with market-rate housing, it is our opinion multifamily development would be financially feasible and maximally productive. However, Parcel F-22 has restrictive affordable housing requirements as a result of the very low income rent levels. Given apartment construction costs, combined with the restrictions on the rent that can be charged, it is our opinion development of Parcel F-22 is not financially feasible without the input of grant money, low to no interest rate loans and the like. Further, it has been reported that one affordable multifamily site in the subject's market area required a financial incentive from the seller in order for the buyer to take title to the property. This would indicate a market value below $0. Therefore, for the purpose of this analysis, no value is assigned to Parcel F-22.

Final Conclusions of Value – Multifamily Sites

In summary, final value conclusions for the five multifamily residential parcels are as follows:

Parcel/ Village	Value
Market Rate	
F-21	**$7,200,000**
F-24	**$6,300,000**
F-25	**$2,740,000**
F-26	**$2,800,000**
Income-Restricted	
F-22	**$0**

The Fiscal Year 2016-17 County property tax roll lists one of these four parcels (Parcel F-21) as owned by "West Roseville Development Co LLC." It's worth noting a representative of West Roseville Development Co Inc. confirmed to the City that this is an incorrect reference to "West Roseville Development Co. Inc." and, accordingly, ownership of all four parcels is listed under this entity name.

MARKET VALUATION BY OWNERSHIP

Introduction

The appraised properties represent certain components of the Fiddyment Ranch master planned community. The appraised properties consist of 421 finished residential lots, 56 homes under construction, 5 commercial parcels and 5 multifamily (high density residential) parcels. There are also 139 completed single-family homes within the boundaries of the CFD not currently assessed for an improvement value by the Placer County Assessor; as such, a not-less-than estimate of market value for the smallest floor plan constructed within each subdivision was appraised and assigned to each respective Assessor's parcel within the CFD.

In this section, the previously concluded market values will be allocated to each ownership group comprising the appraised properties in order to provide a market value of the appraised properties by ownership and parcel. A summary of the various ownership group holdings is provided in the following table.

	Commercial Parcels	Multifamily Parcels	Partially Improved Lots	Finished Lots	Partially Completed Homes	Completed Homes w/o Avs	Totals
Individual Homeowners	-	-	-	-	-	6	**6**
West Roseville Development Co. LLC	-	1	-	-	-	-	**1**
West Roseville Development Co. Inc.	2	1	-	-	-	-	**3**
CV Property Advisors	-	1	-	-	-	-	**1**
ATC Realty One LLC	3	2	-	-	-	-	**5**
GBD Fiddyment Lands LP	-	-	-	159	11	-	**170**
Signature Homes (Fiddyment 96 Lots LLC)	-	-	-	68	8	20	**96**
Taylor Morrison	-	-	-	138	9	41	**188**
John Mourier Construction	-	-	-	20	16	56	**92**
Lennar Homes of California	-	-	-	36	12	16	**64**
Totals	**5**	**5**	**0**	**421**	**56**	**139**	**626**

In light of the fact the property owners have a number of lot(s) that could sell in bulk to one buyer within 12 months, no discounting is necessary. It is also worth noting, while the Assessor's Tax Roll identifies 133 completed single-family homes held under the ownership of merchant builders, based on an inspection and inventory of the subject parcels, most of the these homes appear to have, in fact, sold to individual homeowners. Therefore, these completed homes are not included in the determination of bulk discounting.

Valuation by Ownership

As previously noted, the Fiscal Year 2016-17 County property tax roll lists one of these four parcels (Parcel F-21) as owned by "West Roseville Development Co LLC." However, a representative of West Roseville Development Co Inc. confirmed to the City that this is an incorrect reference to "West Roseville Development Co. Inc." and, accordingly, ownership of all four parcels is listed under this entity name. This Appraisal estimates the market value of one of these four parcels (Parcel F-22) is equal to $0; consequently, no additional discounting is warranted. Based on the previous analysis, the estimates of market value (in bulk), by ownership, subject to the impact of the Lien of the Special Tax securing the City of Roseville Fiddyment Ranch Community Facilities District No. 1 Bonds, as of the date of value, February 1, 2017, are estimated in the tables on the next pages.

Individual Homeowners			
	Finished Homes w/o AV's		
4	Marisol	$	2,000,000
1	The Retreat	$	460,000
1	The Reserve	$	510,000
6	**TOTAL VALUE HOMEOWNERS**	**$**	**2,970,000**
Signature Homes (dba Fiddyment 96 Lots LLC)			
68	Finished Lots	$	8,020,000
8	Homes Under Construction	$	1,410,000
20	Finished Homes w/o AVs	$	7,600,000
96	**TOTAL VALUE SIGN. PROP**	**$**	**17,030,000**
JMC Homes			
	Finished Lots		
11	Summerwood	$	1,720,000
1	The Retreat	$	160,000
8	The Reserve	$	1,280,000
20		$	3,160,000
	Homes Under Construction		
12	Summerwood	$	2,620,000
4	The Reserve	$	890,000
16		$	3,510,000
	Finished Homes w/o AVs		
33	Summerwood	$	12,870,000
12	The Retreat	$	5,520,000
11	The Reserve	$	5,610,000
56		$	24,000,000
92	**TOTAL VALUE JMC PROP.**	**$**	**30,670,000**

(continued on next page)

Taylor Morrison Homes			
	Finished Lots		
47	Hadley	$	7,290,000
56	Parker	$	8,850,000
35	Addison	$	5,330,000
138		$	21,470,000
	Homes Under Construction		
3	Hadley	$	650,000
3	Parker	$	660,000
3	Addison	$	640,000
9		$	1,950,000
	Finished Homes w/o AVs		
11	Hadley	$	4,785,000
11	Parker	$	5,280,000
19	Addison	$	7,885,000
41		$	17,950,000
188	**TOTAL VALUE TAYLOR PROP.**	$	41,370,000
	Rd.	**$**	**41,370,000**
Lennar Homes			
	Finished Lots		
36	Marisol	$	5,690,000
	Homes Under Construction		
12	Marisol	$	2,640,000
	Finished Homes w/o AVs		
16	Marisol	$	8,000,000
64	**TOTAL VALUE LENNAR PROP.**	**$**	**16,330,000**
GBD Fiddyment Lands LP			
	Finisheded Lots		
84	Parcel F-19A1	$	12,650,000
75	Parcel F-19B1	$	11,850,000
159		$	24,500,000
	Homes Under Construction		
11	Parcel F-19B1	$	1,740,000
170	**TOTAL VALUE GBD PROP.**	**$**	**26,240,000**

(continued on next page)

West Roseville Dev. Co. LLC		
HDR Parcel (F-21), TOTAL VALUE	**$**	**7,200,000**
West Roseville Dev. Co. Inc.		
HDR Parcel (F-22)		**$0**
Commercial Parcels		
F-30	$	2,960,000
F-31	$	4,670,000
TOTAL VALUE WRDC PROP.	**$**	**7,630,000**
Central Valley Property Advisors		
HDR PARCEL (F-24), TOTAL VALUE	**$**	**6,300,000**
ATC Realty One LLC		
HDR Parcels		
F-25	$	2,740,000
F-26	$	2,800,000
Subtotal	**$**	**5,540,000**
Commercial Parcels		
F-32	$	1,640,000
F-33	$	1,640,000
F-34	$	1,390,000
Subtotal	**$**	**4,670,000**
TOTAL VALUE ATC PROP.	**$**	**10,210,000**

FINAL CONCLUSION OF VALUE

The appraised properties represent various parcels within Fiddyment Ranch, a master planned community located within the West Roseville Specific Plan of the City of Roseville. The appraised properties consist of 421 finished residential lots, 56 homes under construction, 5 commercial parcels and 5 multifamily (high density residential) parcels. There are also 139 completed single-family homes within the boundaries of the CFD not currently assessed for an improvement value by the Placer County Assessor; as such, a not-less-than estimate of market value for the smallest floor plan constructed within each subdivision was appraised and assigned to each respective Assessor's parcel within the CFD.

As a result of our analysis, it is our opinions the cumulative, or aggregate, values, in accordance with the assumptions and conditions set forth in the attached document (please refer to pages 6 through 8), as of the date of inspection (value), February 1, 2017, are:

Aggregate Value of Appraised Properties	**$**	**165,950,000**
Aggregate Retail Value of Existing Homes Based on Assessed Value*	**$**	**578,241,598**
Total Aggregate Value of Appraised and Assessed Properties in the District	**$**	**744,191,598**

*Provided by Willdan Financial Services

The estimate of value above represents a "not-less-than" value due to the fact we were requested to provide a market value of the smallest floor plan (by project) on each single-family residential lot improved with a completed home without an assessed value assigned.

The estimate of value is subject to the hypothetical condition the City of Roseville Fiddyment Ranch Community Facilities District No. 1 Bonds (Series 2005/2006) have been refunded by the City of Roseville Community Facilities District No. 1 Refunding Bonds (Series 2017).

Any properties within the CFD not subject to the Lien of the Special Tax securing the Bonds (public and quasi-public land use sites), in addition to those lots/parcels with completed improvements with an assigned assessed value for both land and improvements, are not a part of this appraisal. We were requested to include the assigned assessed value for both land and improvements for the existing single-family homes (that have assessed values) to provide the total aggregate value of the appraised and assessed properties.

Please note the aggregate value noted above ***is not*** the market value of the appraised properties in bulk. As defined by The Dictionary of Real Estate Appraisal, an aggregate value is the "total of multiple market value conclusions.” For purposes of this report, market value is estimated by ownership. The estimates of market value account for the impact of the Lien of the Special Taxes securing the Bonds.

The market value of the appraised properties by Assessor’s parcel can be found in the Appendix of this appraisal report.

The estimates of market value, by ownership, estimated herein specifically assume the appraised properties within the boundaries of the CFD are not marketed concurrently, which would suggest a market under duress.

Appendix RTC-2

Thomas Law Group

Response to Center Joint Unified School District Comment Letter

T|L|G Thomas Law Group

TINA A. THOMAS
MEGHAN M. DUNNAGAN
AMY R. HIGUERA
CHRISTOPHER J. BUTCHER

455 CAPITOL MALL, SUITE 801
SACRAMENTO, CA 95814

ONE KAISER PLAZA, SUITE 875
OAKLAND, CA 94612

Telephone: (916) 287-9292 Facsimile: (916) 737-5858
www.thomaslaw.com

NICHOLAS S. AVDIS
LESLIE Z. WALKER
Of Counsel

October 12, 2017

Julie Newton
Sacramento County Environmental Coordinator
Office of Planning and Environmental Review
827 7th Street, Room 225
Sacramento, CA 95814

RE: Northborough Project (PLNP2013-00056)
Response to Center Joint Unified School District Comment Letter

Dear Ms. Newton:

On September 11, 2017, the Center Joint Unified School District (Center) submitted a comment letter on the Nothborough Project (Project) Draft Environmental Impact Report (EIR). The comment letter expressed concerns regarding school funding and included questions concerning the analysis in the Draft EIR for the Project.

Following submittal of the letter, Gibson Ranch, LLC (GRLLC) met with Center to discuss Center's financial concerns. GRLLC also hired Gibbs & Associates to prepare a detailed school facility fee analysis to provide Center with further information concerning the financial benefits of the Project. (See Attachment A, Gibbs & Associates, School Facility Fee Memorandum.)

As demonstrated in the School Facility Fee Memorandum, the Project will fully mitigate its financial impact on Center with a combination of Level I School Fees, fair share local bond proceeds, and estimated State funds. These sources of funding cumulatively total approximately $29 million, which is about double the revenue required for Center to fund the estimated cost of facilities necessary to serve the Project's 487 K-12 students. Thus, the Project will result in a net financial benefit for the Center.

The School Facility Fee Memorandum is attached to this letter for the County's review and consideration. However, it is important to note that the financial considerations addressed in that memorandum exceed the scope of the environmental analysis required by the California Environmental Quality Act (CEQA) and included in the Project's Draft EIR. Therefore, the remainder of this letter focuses on the environmental comments raised by Center in its comment letter and not these financial considerations.

In its comment letter, Center suggested that the Project's potential impacts on school facilities is similar to the impact of the project in *Chawanakee Unified School Dist. v. County of Madera* (2011) 196 Cal.App.4th 1016 (*Chawanakee*). The facts in *Chawanakee* are readily distinguishable from the facts at issue here. Specifically, the unpublished portion of the *Chawanakee* decision explains that the project at issue in *Chawanakee* would generate "a school-age population of about 3,200 students" and, even before the project was developed, the school district's elementary, middle, and high schools "were projected to be over capacity in the 2008-2009 school years." (See http://caselaw.findlaw.com/ca-court-of-appeal/1571661.html.) The number of students generated by the project in *Chawanakee* and the existing overcrowded conditions within the Chawanakee Unified School District are critical factors supporting the court's holding in *Chawanakee.* (*Id.* ["Nearby schools that might provide services to the residents with school-age children are operating over their intended capacity."].)

Here, in contrast to *Chawanakee*, the Project will generate only approximately 487 school-age children. Moreover, unlike in *Chawanakee*, Center's schools are not operating under overcrowded conditions; instead, Center has substantial existing excess capacity. (See Attachment A, Gibbs & Associates, School Facility Fee Memorandum, p. 3 ["Center has 2,645 students of excess capacity"].) Thus, unlike in *Chawanakee* where "overcrowding [was] created by the project's students" that required "construction to alleviate the overcrowding" (*Chawanakee*, *supra*, 196 Cal.App.4th at p. 1029), Center can accommodate the students generate by the Project without the need to construct additional facilities.[1]

While Center may use revenues generated by the Project to further enhance its additional school facilities, as no new construction is required to accommodate students generated by the Project, any evaluation of environmental impacts associated with facility improvements the Center may undertake with revenues generated by the Project is necessarily speculative. Nevertheless, to further support the conclusion in the Draft EIR that school-related environmental impacts associated with the Project are less than significant, GRLLC requested expert consultants Kimley Horn and AECOM to provide additional conservative evaluations of potential traffic, air quality, and noise impacts associated use of existing off-site schools and potential impacts associated with future school-related construction activities.

<u>Potential Traffic Impacts Associated with Student Attendance at Off-Site School Facilities</u>

As demonstrated in the Supplemental School Trip Evaluation performed by Kimley Horn, external school trips generated by the Project "do not result in additional impacts beyond those previously documented in the original traffic study" and analyzed in the Draft EIR. (See Attachment B, Kimley Horn, Supplemental School Trip Evaluation, p. 3.) The Kimley Horn analysis is based on a number of highly conservative assumptions.

---

[1] / As discussed in the Draft EIR, an elementary school is anticipated to be constructed within the Project area. The Draft EIR fully analyzed potential impacts associated with construction of this new school facility.

First, Spinelli Elementary is currently operating as a K-6 grade school and Riles Middle School is operating as a 7-8 grade school. Center intends to transition to a K-5 and 6-8 curriculums. To conservatively account for maximum student generation at both Spinelli Elementary and Riles Middle School, Kimley Horn evaluated traffic impacts assuming both schools included 6th grade. In other words, the Kimley Horn analysis double counts 6th grade traffic because Project generated 6th grade students would either attend Spinelli Elementary or Riles Middle School; the students will not, and could not, attend both schools at the same time.

Second, as analyzed in the Draft EIR, "home-to-school trips are inherent to the Northborough project's Existing plus Project trip assignment representing trips to Spinelli Elementary School, Riles Middle School, and Center High School." (See Attachment B, Kimley Horn, Supplemental School Trip Evaluation, p. 2.) Nevertheless, Kimley Horn conducted a supplemental analysis "assuming an addition of 262 elementary school students, 117 middle school students, and 159 high school students traveling to and from their respective [off-site] schools." (*Ibid.*)

Third, although Center provides free busing for its students, the supplemental traffic analysis only assumes that five percent of Project-generated students will travel to their respective schools on a bus. (See Attachment B, Kimley Horn, Supplemental School Trip Evaluation, p. 2.)

In consideration of these conservative assumptions, an additional 179 net new AM peak hour trips and 55 net new PM peak hour trips are estimated to be generated as a result of use of off-site schools (Spinelli Elementary School, Riles Middle School, and Center High School). As demonstrated in Table 3 of the Supplemental School Trip Evaluation, the addition of these trips will not result in any new exceedances of the County's Level of Service (LOS) thresholds at studied intersections.

As discussed in the Draft EIR, three intersections (Watt Ave. & PFE Rd., 16th St. & Elverta Rd., and 28th St. & Elverta Rd.) are anticipated to operate at levels in excess of the County's LOS standard after implementation of the Project with and without the additional off-site school-related trips estimated in the Supplemental School Trip Evaluation. As discussed in the Draft EIR, implementation of the improvements set forth in Mitigation Measures TR-3 and TR-4 would reduce these impacts to a less than significant level and Mitigation Measures TR-3 and TR-4 require the Project applicant to pay a fair share towards these improvements. The improvements identified in Mitigation Measures TR-3 and TR-4 remain adequate to reduce the impacts at these three intersections to a less than significant level taking into account the additional off-site school-related trips estimated in the Supplemental School Trip Evaluation. (See Attachment B, Kimley Horn, Supplemental School Trip Evaluation, p. 3.)

The conclusions reached by Kimley Horn are further supported by the fact that the schools have sufficient capacity to serve the Project. Spinelli Elementary School, Riles Middle School, and Center High School were all designed to accommodate circulation patterns necessary to service the schools at their intended capacity. As excess capacity will remain at each of these schools after development of the Project, the type of traffic concerns at issue in the *Chawanakee* decision, and resulting from the addition of several thousand students to schools already operating under overcrowded conditions are not present here.

Potential Air Quality Impacts Associated with Student Attendance at Off-Site School Facilities

As demonstrated in the Supplemental Air Quality Analysis performed by AECOM, potential school construction and external school vehicle trips generated by the Project do not have the potential to result in any additional air quality impacts, will not require any additional mitigation measures, and do not result in a substantial increase in estimated emissions beyond the levels anticipated in the Draft EIR. (See Attachment C, AECOM, School-Related Air Quality & Noise Analysis.) The AECOM analysis is based on a number of highly conservative assumptions.

First, in evaluating additional emissions from school-related vehicle trips, AECOM added transportation emissions from the Project's 487 K-12 students to the emission analysis set forth in the Draft EIR. (See Attachment C, AECOM, School-Related Air Quality & Noise Analysis, p. 1.) AECOM did not offset this analysis by the amount of on- or off- site school-related trips already assumed within the Draft EIR's air quality analysis.

Second, notwithstanding the fact that capacity exists at Center's schools to serve students generated by the Project, to produce a highly conservative construction-related emission analysis AECOM assumed that the Center would constructed new off-site school facilities sufficient to house all of the Project's students. (See Attachment C, AECOM, School-Related Air Quality & Noise Analysis, p. 2.) AECOM also conservatively assumed that this off-site construction occurred at the same time as the on-site elementary school construction. (*Ibid.*)

Third, in evaluating energy-related greenhouse gas emissions, AECOM added energy use associated with off-site school operations conservatively assuming students generated by the Project would be housed in newly constructed off-site facilities rather than in existing facilities. Thus, school related energy use was assumed to be in addition to Center's existing energy use rather than subsumed in full or in part by the Center's existing energy use.

As discussed in the Draft EIR, with the exception of operational ROG emissions and consistency with the State Implementation Plan (SIP), the Project's construction and operational air quality impacts are less than significant. The Draft EIR includes Mitigation Measure AQ-1 to reduce the Project's ROG emissions to a less than significant level. Implementation of AQ-1 will remain sufficient to reduce the Project's ROG emissions to a less than significant level taking into consideration the conservative ROG emission assumptions set forth in the School-Related Air Quality & Noise Analysis. (See Attachment C, AECOM, School-Related Air Quality & Noise Analysis, p. 1.)

With respect to SIP consistency, the Draft EIR concluded that because the SIP assumed the project site would be developed at a lower density than proposed by the Project, the Project is inconsistent with the SIP. The supplemental discussion of emissions associated with use of off-site schools has no impact on this conclusion.

Finally, with respect to greenhouse gas emissions, Mitigation Measure CC-1 requires that the Project meet the per capita emission thresholds anticipated to be included in the County's yet-to-be-adopted greenhouse gas standard. Therefore, while the conservative greenhouse emission assumptions included in the School-Related Air Quality & Noise Analysis result in a slight increase in anticipated emissions before mitigation, implementation of Mitigation Measure CC-1 will ensure the Project achieves the required per capita emission thresholds. (See Attachment C, AECOM, School-Related Air Quality & Noise Analysis, p. 3.)

Potential Noise Impacts Associated with Student Attendance at Off-Site School Facilities

As demonstrated in the Supplemental Noise Analysis performed by AECOM, potential noise associated with use of off-site schools would be "less than 1 decibel (dB)" greater than assumed in the Draft EIR. (See Attachment C, AECOM, School-Related Air Quality & Noise Analysis, p. 4.) A noise increase of less than 1 dB "is an imperceptible change" in noise. (*Ibid.*) Thus, even based on conservative assumptions regarding use of off-site school facilities by students generated by the Project, after implementation of Mitigation Measure NO-1, potential traffic noise impacts associated with the Project would remain less than significant. (*Ibid.*)

Potential Future Projects Considered in the Cumulative Analysis

CEQA provides that a lead agency may evaluate cumulative impacts in consideration of either (1) "[a] list of past, present, and probable future projects producing related or cumulative impacts," or (2) "[a] summary of projections contained in an adopted local, regional or statewide plan, or related planning document." (CEQA Guidelines, § 15130, subd. (b)(1)(A)-(B).) In preparing the Draft EIR, the County conservatively used of combination of these approaches by using projections contained in adopted General Plans and related planning documents, as well as known major reasonably foreseeable other projects. Additionally, the Draft EIR incorporated assumption from the Sacramento Area Council of Government's (SACOG) Sacramento Activity-Based Travel Simulation Model's (SACSIM) cumulative 2035 conditions scenario.

Specifically, the Draft EIR incorporated the following eight foreseeable projects into the cumulative assumptions included in the County's General Plan and SACOG's SACSIM model:

(1) Elverta Specific Plan (#19990351)
(2) Stop and Lock (#PLNP2010-00138)
(3) Downtown Rio Linda Specific Plan (#PLNP2013-00145)
(4) Blue Oak Commercial (#PLNP2013-00139)
(5) Gaston Harrison Senior Living (#PLNP2009-00028)
(6) Barrett Ranch East (#PLNP2011-00156)
(7) Placer Vineyards
(8) Sutter Pointe Specific Plan

Center's comment letter suggested that the following five additional future projects should also have been manually incorporated into the cumulative assumptions in the County's General Plan and SACOG's SACSIM model:

(1) Riolo Vineyards Project
(2) Sierra Vista Project
(3) Regional University Project
(4) North Precinct Project (Natomas North Precinct Area)
(5) Dry Creek Project

SACOG's SACSIM model already incorporates anticipated development of three of the five projects requested for inclusion in the cumulative analysis by Center (Riolo Vineyards, Sierra Vista, and the Regional University). The remaining two projects are not included in the County's General Plan or SACOG's SACSIM model assumptions and were not manually added to the cumulative projects considered within the cumulative analysis.

These two projects were not included because neither is considered a probably future project based on the current status of the projects. "CEQA does not require that an EIR consider the potential cumulative impacts of every proposed future project; it requires only that an EIR consider the cumulative impacts of 'probable future projects.'" (*City of Maywood v. Los Angeles Unified School Dist.* (2012) 208 Cal.App.4th 362, 398 (*Maywood*).)

With respect to the "Dry Creek Project," the County is not aware of such a project. However, for the purposes of this response it is assumed that the Center is referring to the Curry Creek Community Plan Project. The Curry Creek Community Plan area is located within Placer County. No planning efforts have been undertaken with respect to this community plan area for over a decade. As recently described in a report prepared for the City of Roseville by Seevers Jordan Ziegenmeyer, the Curry Creek Community Plan "has not yet been planned for suburban development and there are no plans to develop this property in the near term." (Attachment D, Seevers Jordan Ziegenmeyer, City of Roseville Community Facilities District No. 1 (Fiddyment Ranch) Report, p. 35.) Therefore, based on the current status of the Curry Creek Community Plan, it does not constitute a probable future project. For this reason, the County properly exercised its discretion to exclude it from the cumulative analysis.

Similarly, at the time the Notice of Preparation (NOP) was issued for the Northborough Project, no project application had been submitted fort the North Precinct Project (Natomas North Precinct Area). After the NOP was issued for the Project, an application was submitted for the North Precinct Project (Natomas North Precinct Area). However, the application remains in the early stages of review at the County. CEQA does not require that a lead agency incorporate all projects for which an application has been submitted, or an NOP has been issued, into the cumulative analysis. (*Maywood*, *supra*, 208 Cal.App.4th at p. 398 [rejecting petitioner's argument that because a NOP was issued for a project the lead agency was required to include it within its cumulative analysis].) Here, because the application was filed after the Project's NOP was issued and given the current status of the application, the County's decision not to include the project in the cumulative analysis for this EIR is reasonable and consistent with the requirements of CEQA.

CONCLUSION

As demonstrated above, use of off-site schools by the 487 school-age children anticipated to be generated by the Project does not have the potential to result in any new significant impacts after mitigation or to otherwise significantly increase the severity of any significant and unavoidable impact identified in the Draft EIR.

If the County has any questions regarding this letter, the attached exhibits, or GRLLC's meetings with the Center to address their comment letter, please let us know.

Sincerely,

THOMAW LAW GROUP

Nicholas S. Avdis
Attorneys for Gibson Ranch, LLC

Appendix RTC-3

Kimley Horn

Supplemental School Trip Evaluation
Northborough – Sacramento County

Memorandum

To: Bret Hogge, River West Investments

From: Makinzie Clark
Matt Weir, P.E., T.E., PTOE

Re: Supplemental School Trip Evaluation
Northborough – Sacramento County, California

Date: October 10, 2017

The purpose of this memorandum is to document a focused evaluation of school trips originating from or terminating in the Northborough project location under interim conditions prior to the completion of the elementary school within the project site. Specifically, this evaluation examines whether the anticipated number of trips along the routes between the Northborough project site and the Center Joint Unified School District schools results in additional impacts to the study intersections and roadway segments not previously identified in our original traffic study[1] under Existing plus Project Conditions.

The following is a summary of the number of students residing in Northborough expected to attend the following elementary, middle, and high schools[2]:

- 262 students to Spinelli Elementary School
- 117 students to Riles Middle School
- 159 students to Center High School

The study intersections located along the logical travel routes between the project site and these schools include the following:

- Watt Avenue @ PFE Road
- Walerga Road @ PFE Road
- 16th Street @ Elverta Road
- Rivergreen Drive @ Elverta Road
- Bellingrath Drive @ Elverta Road
- 28th Street @ Elverta Road
- Watt Avenue @ Elverta Road
- 16th Street @ Tan Wood Road
- 16th Street @ Street 9

The number of trips anticipated to be generated by the Northborough project was originally approximated[1] using data included in *Trip Generation, 9th Edition*, published by the Institute of Transportation Engineers (ITE). Due to the presence of the on-site elementary school, 50-percent of school trips were assumed to occur internally within the Northborough project site. The combined trips associated with Northborough residential units and the elementary school are provided in Table 1. As shown in Table 1, the Northborough elementary school was estimated to generate 58 AM peak-hour trips and 20 PM peak-hour trips on external roadways.

---

[1] *Northborough Traffic Impact Analysis*, Kimley-Horn and Associates, Inc., January 23, 2015.
[2] Email from Chris Butcher, Thomas Law Group, September 21, 2017.

Table 1 – Northborough Project Trip Generation

Land Use (ITE Land Use Code)	Size	Total Daily Trips	AM Peak-Hour					PM Peak-Hour				
			Total	IN		OUT		Total	IN		OUT	
			Trips	%	Trips	%	Trips	Trips	%	Trips	%	Trips
Single-Family Detached Housing (210)	1,189-units	10,142	842	25%	211	75%	631	975	63%	614	37%	361
Elementary School (520)	258-students	334	116	55%	64	45%	52	39	49%	19	51%	20
Subtotal Trips:		*10,476*	*958*		*275*		*683*	*1,014*		*633*		*381*
Internal Trip Reduction+	50%	-167	-58		-32		-26	-20		-10		-10
Net New External Trips:		***10,309***	***900***		***243***		***657***	***994***		***623***		***371***

Source: *Trip Generation Manual, 9th Edition*, ITE

+ Approximated reduction applied to Elementary School land use only

As described in the original traffic study[1], assignment of project trips to the external network was based on trip distribution assumptions documented in the *Elverta Specific Plan EIR*[3]. Consistent with traditional "four-step" travel demand modeling methodology, these trip distribution assumptions represent a mix of trip purposes, including home-based school trips. Therefore, home-to-school trips are inherent to the Northborough project's Existing plus Project trip assignment representing trips to Spinelli Elementary School, Riles Middle School, and Center High School. Nevertheless, to conservatively account for changes in travel patterns during the interim period prior to the completion of the elementary school within the project site, a supplemental analysis was conducted to reevaluate Existing plus Project Conditions assuming an addition of 262 elementary school students, 117 middle school students, and 159 high school students traveling to and from their respective schools. School trips were derived using data included in the *Trip Generation Manual, 9th Edition*.

During the AM peak hour, 13-percent[4] of all outbound trips (trips exiting the school sites) were assumed to be made by stay-at-home parents who would return to Northborough during the AM peak-hour. Similarly, during the PM peak hour, 13-percent of all inbound trips (trips entering the school sites) were assumed to originate at the Northborough residences. As noted above, the remaining trips are already accounted for on the roadway network and were, therefore, analyzed as a part of the original traffic study. In addition, school bus trips were assumed to account for 5-percent of all school vehicle trips. Table 2 presents the number of trips associated with the off-site elementary, middle, and high schools.

Table 2 – Northborough School Trips to the Elementary, Middle, and High Schools

Land Use (ITE Land Use Code)	Size (students)	Total Daily Trips	AM Peak-Hour					PM Peak-Hour				
			Total	from NB		to NB*		Total	from NB*		to NB	
			Trips	%	Trips	%	Trips	Trips	%	Trips	%	Trips
Elementary School (520)	262	338	118	55%	65	-	7	39	-	2	51%	20
Middle School (522)	117	190	63	56%	35	-	4	19	-	1	53%	10
High School (530)	159	272	68	68%	46	-	3	21	-	1	52%	11
Subtotal Trips:		*800*	*249*		*146*		*14*	*79*		*4*		*41*
Bus Trip Reduction	*5%*	*-40*	*-12*		*-7*		*-1*	*-4*		*0*		*-2*
Net New External Trips To/From Northborough:		***760***	***237***		***139***		***13***	***75***		***4***		***39***

Source: *Trip Generation Manual, 9th Edition*, ITE. NB = Northborough

*Note: Table shows 13% of total AM Peak-Hour Outbound trips and PM Peak-Hour Inbound trips; Other trips are already accounted for on the network

---

3 *Revised Draft Environmental Impact Report, Elverta Specific Plan and Associated Subdivision Map Known as Countryside Equestrian Estates,* County of Sacramento Department of Environmental Review and Assessment, January 2006.

4 United States Census Bureau, America's Families and Living Arrangements: 2016: https://www.census.gov/data/tables/2016/demo/families/cps-2016.html

As shown in Table 2, the school trips result in 237 new vehicle trips during the AM peak-hour and 75 new vehicle trips during the PM peak-hour. As previously mentioned, the prior study's external elementary school trips (58 AM peak-hour and 20 PM peak-hour) were deducted from these values to establish the net new trips for use in this analysis (179 net new external AM peak hour trips and 56 net new external PM peak hour trips).

Table 3 presents the peak hour intersection operating conditions for Existing conditions, Existing plus Project Conditions (per the original study), and Existing plus Project Conditions with additional elementary, middle, and high school trips as described above.

Table 3 – Intersection Level of Service (LOS)

Jurisdiction	ID	Intersection	LOS Policy	Control	Peak Hour	Existing			Existing Plus Project			Existing Plus Project (Elementary, Middle, and High School Trips)		
						Delay	LOS	Signal Warrant	Delay	LOS	Signal Warrant	Delay	LOS	Signal Warrant
Placer County	3	Watt Ave & PFE Rd	D[1]	AWSC	AM	44.8	**E**	Yes	48.3	E	Yes	48.0	E	Yes
					PM	13.8	B	No	16.8	C	No	16.8	C	No
	4	Walerga Rd & PFE Rd	C	Signal	AM	49.0	**D**		51.7	**D**		49.5	**D**	
					PM	24.2	C		24.8	C		24.6	C	
Sacramento County	13	16th St & Elverta Rd	E	SSSC	AM	17.8	C	No	>1000	F	Yes	>1000	F	Yes
					PM	22.2	C	No	>1000	F	Yes	>1000	F	Yes
	14	Rivergreen Dr & Elverta Rd	E	SSSC	AM	16.8	C	No	29.4	D	No	36.7	E	No
					PM	23.6	C	No	45.3	E	No	48.1	E	No
	15	Bellingrath Dr & Elverta Rd	E	SSSC	AM	19.7	C	No	37.6	E	No	47.5	E	No
					PM	21.3	C	No	39.5	E	No	41.5	E	No
	16	28th St & Elverta Rd	E	Signal	AM	68.6	E		158.5	F		193.6	F	
					PM	145.5	F		242.7	F		249.5	F	
	17	Watt Ave & Elverta Rd	E	Signal	AM	33.4	C		46.7	D		48.9	D	
					PM	35.4	D		38.9	D		39.5	D	
	34	16th St & Tan Wood Rd	E	SSSC	AM	Intersection does not exist without project			29.2	D	No	40.2	E	No
					PM				22.9	C	No	22.8	C	No
	35	16th St & Street 9	E	SSSC	AM	Intersection does not exist without project			11.4	B	No	12.1	B	No
					PM				11.0	B	No	11.1	B	No

Notes:

Bold represents unacceptable operations. Shaded represents significant impact.

[1] Intersection was defined under Placer Vineyards Specific Plan boundaries which established LOS D policy

In order for an unsignalized intersection to be considered an impact, it must operate at unacceptable conditions and meet signal warrants.

As shown in Table 3, the additional external school trips on the study intersections do not result in additional impacts beyond those previously documented in the original traffic study. Finally, as shown in Table 4, these school trips on the study roadway segments also do not result in additional impacts to these facilities.

In conclusion, the manual addition of external elementary, middle, and high school trips does not result in significant impacts beyond those previously identified by the original traffic study. Furthermore, where significant impacts were confirmed (16^{th}/Elverta and 28^{th}/Elverta), the previously identified mitigation measures, TR-3 and TR-4, are still appropriate and adequately mitigate the intersection's operations back to acceptable levels.

Kimley»Horn

Table 4 – Roadway Level of Service (LOS)

Roadway Segment		Roadway Classification	LOS Policy	Capacity	Existing			Existing plus Project			Existing Plus Project (Elementary, Middle, and High School Trips)		
					ADT	V/C Ratio	Calc. LOS	ADT	V/C Ratio	Calc. LOS	ADT	V/C Ratio	Calc. LOS
Elverta Rd >	16th St - 28th St	2-Lane Arterial (Moderate Access Control)	E	18,000	8,235	0.46	A	12,256	0.68	B	12,384	0.69	C
	28th St - Watt Ave	2-Lane Arterial (Moderate Access Control)	E	18,000	12,725	0.71	C	16,746	0.93	E	16,874	0.94	E
Watt Ave >	Placer County Line - Elverta Rd	2-Lane Arterial (Moderate Access Control)	E	18,000	8,789	0.49	A	10,026	0.56	A	10,083	0.56	A

Appendix RTC-4

AECOM

School-Related Air Quality, Greenhouse Gas Emissions, and Noise Analysis

AECOM
2020 L Street, Suite 400
Sacramento, CA 95811
www.aecom.com

916.414.5800 tel
916.414.5850 fax

School-Related Air Quality, Greenhouse Gas Emissions, and Noise Analysis

To: Chris Butcher

From: Matthew Gerken

Date: October 11, 2017

Subject: School-Related Information

We understand that there are questions related to the way in which school-related impacts were studied in the draft Northborough EIR. This Memo evaluates the draft EIR analysis of impacts related to schools and supplements this material, as appropriate. As detailed in this Memo, we have intentionally used very conservative methods to provide an analysis of potential increases in off-site, school-related impacts associated with the proposed project. Even using conservative methods, there are no new significant impacts, no need for new or revised mitigation, and no impact that would be substantially increased.

OPERATIONAL AIR QUALITY

According to the Draft EIR (Page 5-22), the California Emissions Estimator Model (CalEEMod) was used to estimate operational impact based on travel demand (VMT) estimates provided by Kimley-Horn and Associates, the traffic consultant for this project. Use of VMT estimates that are tailored to a project is a way to show the benefits of trip internalization from, for example, on-site schools.

We prepared a CalEEMod run to demonstrate the operational impacts associated with off-site schools – elementary, middle, and high school – the demand for which could be generated by proposed housing within the project.[1] The operational air pollutant emissions estimates associated with the project's student generation for off-site schools are added to the results from the Draft EIR. As shown in Table 1, the additional operational air pollutant emissions do not change the results compared to that published in the County's Draft EIR. NOx, PM10, and PM2.5 impacts remain less than significant. ROG impacts are still potentially significant, but would still be addressed in the project's Air Quality Management Plan (AQMP), as detailed in Mitigation Measure AQ-1 (Draft EIR, page 5-33 and 5-34). The AQMP mitigation measure calls for a 30 percent reduction in ozone precursors compared to an unmitigated project. Applying the 30-percent reduction from Mitigation Measure AQ-1 to ROG emissions would reduce emissions below the SMAQMD significance threshold of 65 pounds per day of ROG.

Our analysis provides very conservative results because it is double counting school trips. This is because school-related trips would be included already in the VMT estimates for the residential portion of the project. The analysis shown in Table 1 adds school-related VMT on a per-student basis to the

[1] Our analysis focuses on Dudley Elementary School, Riles Middle School, and McClellan High School, which appear to the closest off-site schools.

school-related VMT already included in the County's Draft EIR in association with the residential units proposed as a part of the project. Our analysis is intended to show that, even if school-related trips are much longer than originally anticipated, this would not change the EIR findings or require new mitigation.

Table 1
Maximum Operational Air Pollutant Emissions

Scenario	Constituent in Lbs. per Day			
	ROG	NOx	PM10	PM2.5
Operational: Maximum Event	76.2	37.0	40.5	12.2
Off-Site ES, MS, HS (Peak Daily, Unmitigated)	5.4	11.0	6.7	1.9
New Total	81.6	48.0	47.2	14.1
Operational Significance Threshold	65.0	65.0	80.0	82.0
Exceed Operational Threshold?	Yes	No	No	No

Note: ES = Elementary School; MS = Middle School; HS = High School.
Student Generation Rates listed in Table B, Page B-2 PF 264 of the Elverta Specific Plan EIR Appendix were used to estimate project demands.

CONSTRUCTION-RELATED EMISSIONS

The Draft EIR reports on construction-related emissions associated with the proposed project on pages 5-25 through 5-29. As shown in the County's Draft EIR, impacts are below relevant Sacramento Metropolitan Air Quality Management District (SMAQMD) thresholds and less than significant. The Draft EIR analyzes impacts associated with construction of both residential and school-related uses.

We prepared additional analysis to estimate impacts associated with construction of new off-site schools to meet demands generated by the proposed residential development. As shown in Table 2, even if we assume an on-site elementary school is constructed at the same time off-site elementary, middle, and high schools are constructed to meet project demands, this would not change the Draft EIR findings or require any new mitigation. The impacts would remain less than significant.

Table 2
Maximum Construction-Related Air Pollutant Emissions

Maximum Annual Emissions (Lbs./Day)	ROG	NOx	PM10	PM2.5
Draft EIR Maximum Daily	18.6	59.6	9.8	5.9
Off-Site ES, MS, HS (Peak Daily, Unmitigated)	89.4	24.4	7.8	4.5
New Total	108.0	84.0	17.6	10.4
Construction Significance Threshold	N/A	85	80	82
Exceed Construction Threshold?	No	No	No	No

Note: ES = Elementary School; MS = Middle School; HS = High School.

As with our operational analysis, we have used very conservative methods. For example, peak daily emissions are shown for all pollutants and peak daily emissions for the assumed off-site elementary, middle, and high schools are added to the peak daily emissions reported in the Draft EIR. Additionally, the Draft EIR analysis assumes construction of an elementary school on-site – our analysis adds another elementary school to this construction scenario. In addition, rather than constructing new schools sized to meet demands generated by the residential portion of the proposed project, portable classrooms could be installed or students could be assigned to existing schools, which would reduce or eliminate construction-related emissions.

Greenhouse Gas Emissions

As summarized on page 18-8 of the Draft EIR, the project will not exceed the County's 2020 thresholds, but is anticipated to exceed the County's draft 2030 thresholds. Mitigation Measure CC-1 is required to reduce potential GHG emissions to a less than cumulatively considerable level.

We prepared additional analysis to estimate impacts in a way that conservatively demonstrates that, even if schools were provided off-site temporarily or permanently, this would not change the findings in the County's Draft EIR or require new mitigation. We prepared a CalEEMod run to demonstrate operational GHG emissions effects associated with off-site operation of an elementary school, middle school, and high school that would serve the project's student generation demands. The operational air pollutant emissions estimates associated with off-site student generation have been added to the results from the Draft EIR.

As shown in Table 3, the additional operational GHG emissions do not change the results compared to that published in the County's Draft EIR. The County focuses on two sources of GHG emissions associated with projects: mobile source emissions and energy-related emissions.

Energy Source Emissions

The County's 2020 threshold for energy-related emissions is 1.33 annual metric tons of carbon dioxide equivalent per capita (MT CO2e/capita). The Draft EIR estimates that the proposed project would generate 1.11 MT CO2e/capita annually, which is below the 2020 threshold for energy source emissions (Draft EIR, page 7-11). The County's 2030 threshold for energy source emissions is 0.78 MT CO2e/capita annually. The Draft EIR estimates that the proposed project would generate energy-source emissions that are approximately 42 percent above the 2030 threshold. If new off-site elementary, middle, and high schools are added to this total, this would still not exceed the County's 2020 energy source threshold, but would be approximately 54 percent above the County's 2030 threshold. This is a very conservative estimate, since it includes analysis of the on-site elementary school, as well as another off-site elementary school that would meet the proposed project's student generation demands.

Mitigation Measure CC-1 (see pages 7-11 and 7-12 of the Draft EIR) requires a Greenhouse Gas Reduction Plan to achieve the County's 2030 significance threshold of 0.78 CO2e/capita.[2] Even considering the conservative approach outlined in this memo, applying this same performance standard with off-site school considered would reduce the impact to a less than cumulatively considerable level.

Mobile Source Emissions

The County's 2020 threshold for energy-related emissions is 2.67 annual metric tons of carbon dioxide equivalent per capita (MT CO2e/capita). The Draft EIR estimates that the proposed project would generate 2.27 MT CO2e/capita annually, which is below the 2020 threshold for mobile source emissions (Draft EIR, page 7-11). The County's 2030 threshold for energy source emissions is 1.57 MT

[2] Mitigation Measure CC-1 in the Draft EIR has a performance standard of 0.78 "CH2e/Capita," which we have assumed should be CO2e/capita.

CO2e/capita annually. The Draft EIR estimates that the proposed project would generate mobile-source emissions that are approximately 45 percent above the 2030 threshold. If new off-site elementary, middle, and high schools are added to this total, this would still not exceed the County's 2020 energy source threshold, but would be approximately 65 percent above the County's 2030 threshold. This is a very conservative estimate, since it would double count the on-site planned elementary school and another off-site elementary school that would meet the project student generation demands. This is also very conservative because this would double count the middle and high school trips with that already assumed as a part of the VMT estimates for the residential portion of the project. Our analysis shows that, even if school-related trips are much longer than originally anticipated, this would not change the EIR findings or require new mitigation. With mitigation requiring a performance standard for mobile source emissions per capita that is consistent with the rate needed statewide to achieve the SB 32 target, this impact would be less than cumulatively considerable.

Table 3
Greenhouse Gas Emissions Estimates

Emissions Source	Metric Tons/Year of CO2e
Draft EIR	
Area	19.6
Energy	3,383.6
Energy per Capita	1.11
Mobile	6,931.0
Mobile per Capita	2.3
Waste	519.7
Water	134.1
Total	**10,988.2**
Off-Site ES, MS, HS	
Area	0.0
Energy	273.1
Mobile	979.2
Waste	82.0
Water	12.2
Total	1,346.6
New Total (Draft EIR + Off-Site ES, MS, HS)	**12,334.8**
Energy	3,656.7
Mobile	7,910.2
Energy per Capita	1.2
Mobile per Capita	2.6

Notes: ES = Elementary School; MS = Middle School; HS = High School.

The Draft EIR reports Energy emissions of 3,83.8, but the appendix reports 3,383.8, which is used in this analysis. The Draft EIR reports on GHG emissions in "CH2e/Capita" in Table CC-4 and Mitigation Measure CC-1, which we have assumed should be CO2e/capita.

TRANSPORTATION NOISE

The Draft EIR includes analysis of transportation noise on pages 13-17 through 13-22, requiring Mitigation Measure NO-1 to reduce potential impacts to a less-than-significant level.

We prepared additional analysis to examine potential transportation noise-related impacts of additional off-site school trips along routes that could be used for off-site school trips. Our analysis is very conservative since it would be double counting at least the off-site middle school and high school trips, since those would be included in the Draft EIR traffic analysis. As shown in Table 4, a substantial increase in off-site school trips would nominally change traffic noise along affected roadway segments – noise levels would increase by less than 1 decibel (dB), which is an imperceptible change (Draft EIR, page 13-3, Table NO-2).

Mitigation Measure NOI-1 uses performance standards for exterior and interior noise. Even with use of the conservative approach outlined in this memo, application of this mitigation would ensure a less-than-significant impact, considering additional off-site school trips.