

**Integra Realty Resources**  
**Los Angeles**

**Appraisal of Real Property**

**Altis Beaumont**  
Residential Subdivision  
Discovery Way  
Beaumont, Riverside County, California 92223

**Prepared For:**  
City of Beaumont

**Date of the Report:**  
February 28, 2025

**Report Format:**  
Appraisal Report

**IRR - Los Angeles**  
File Number: 219-2025-0002



# Subject Photographs



**Altis Beaumont**  
Discovery Way  
Beaumont, California

# Aerial Photograph



Date of photo: January 28, 2025



February 28, 2025

Ms. Elizabeth Gibbs  
City Manager  
City of Beaumont  
550 E. 6th St.  
Beaumont, CA 92223

SUBJECT:       Market Value Appraisal  
                  Altis Beaumont  
                  Discovery Way  
                  Beaumont, Riverside County, California 92223  
                  IRR - Los Angeles File No. 219-2025-0002

Dear Ms. Gibbs:

Integra Realty Resources – Los Angeles is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value, by ownership pertaining to the fee simple interest in the property, as well as the aggregate, or cumulative, value of the appraised properties. The client for the assignment is the City of Beaumont and the intended use of the report is for bond underwriting purposes.

City of Beaumont CFD No. 2016-3 is comprised of residentially zoned land in the city of Beaumont, and is bounded by Starlight Avenue to the west, N. Highland Springs Avenue to the east, and Cougar Way to the north. Specifically, the territory within CFD No. 2016-3 includes 704 lots being marketed as Altis at Beaumont, a 55+ gated community with a community center ("The VuePoint"), offering several swimming pools, sports courts, billiards lounge, fitness club, as well as studios and outdoor event spaces. There are six product lines within Altis at Beaumont (4 of which have sold out) on lots ranging in size from 3,850 to 5,775 square feet, which feature floor plans ranging in size from 1,419 - 2,559 square feet. Current pricing ranges from \$420,000 to \$526,000. Of the 704 Assessor's parcels within the boundaries of CFD No. 2016-3, 567 parcels are improved with a completed single-family home, of which 402 have transferred to individual homeowners, or represent model homes, and have a complete assessed value for both land and improvements and are not the

subject of this Appraisal. A more detailed legal and physical description of the subject property is contained within the attached report.

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, and applicable state appraisal regulations. The Appraisal Report is also prepared in accordance with the Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (CDIAC) (2004).

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

Based on the valuation analysis in the accompanying Appraisal Report, and subject to the hypothetical condition, definitions, assumptions, and limiting conditions expressed in the report, the concluded opinions of value, as of the date of value, January 17, 2025, is as follows:

<b>Value Conclusions</b>		
Value Premise	Lots/Units	Aggregate Value
<b>Aggregate Value of Appraised Properties</b>		
<i>Individual Homeowners</i>		
Completed Homes	154	\$70,293,000
<i>TriPointe Homes</i>		
Finished Lots	97	\$13,694,000
Homes Under Construction	40	\$7,488,000
Completed Homes	<u>11</u>	<u>\$5,092,000</u>
Total	302	\$96,567,000
<b>Aggregate Value of Assessed Properties</b>	402	\$180,692,091
<b>Total Aggregate Value of Appraised and Assessed Properties</b>		<b>\$277,259,091</b>

#### **Extraordinary Assumptions and Hypothetical Conditions**

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

None

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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 analysis.

1. The value derived herein is based on the hypothetical condition that certain proceeds to be financed by the CFD No. 2016-3 Revenue Bonds, Series 2025, will be available to reimburse for certain public infrastructure already completed.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.



Ms. Elizabeth Gibbs  
City of Beaumont  
February 28, 2025  
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The opinions of value represent a "not-less-than" value due to the fact we were requested to provide a market value for the smallest floor plan in each community improved with a completed home without a complete assessed improvement value reflected on the County of Riverside Assessor's Tax Roll.

Please note the aggregate of the appraised values 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 Appraisal Report, market value is estimated by ownership.

As a condition of this assignment, the Assessed Values for certain Assessor's Parcels with completed and sold homes with a complete Assessed Value for both Land and Improvements is presented herein for illustration purposes only. As requested, these Assessor's Parcels are not appraised with a not-less-than market value; instead, the assigned County of Riverside Assessor's value will be relied upon for underwriting purposes.

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

**Integra Realty Resources - Los Angeles**



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# Executive Summary

Property Name	Altis Beaumont
Address	Discovery Way Beaumont, Riverside County, California 92223
Property Type	Residential Subdivision - Single Family
Owner of Record	Pardee Homes (TriPointe Homes) and individual homeowners
Tax ID	See Addenda
Land Area	149.39 acres; 6,507,428 SF
Land Area (Usable)	149.39 acres; 6,507,428 SF
Zoning Designation	PA 30, 31, 33, 34, Planning Area (Sundance Specific Plan) Low, Low-Medium and Medium Density Residential
Highest and Best Use	Single family residential
Exposure Time; Marketing Period	12 months; 12 months
Effective Date of the Appraisal	January 17, 2025
Date of the Report	February 28, 2025
Property Interest Appraised	Fee Simple

## Value Conclusion

Value Type & Appraisal Premise	No. of Parcels	Value Conclusion
Aggregate Value of Appraised Properties	302	\$96,567,000
Aggregate Value of existing Homes based on Assessed Value	402	\$180,692,091
<b>Total Aggregate Value of Appraised and Assessed Properties in the District</b>	<b>704</b>	<b>\$277,259,091</b>

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than City of Beaumont may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

## Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

None

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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 analysis.

1. The value derived herein is based on the hypothetical condition that certain proceeds to be financed by the CFD No. 2016-3 Revenue Bonds, Series 2025, will be available to reimburse for certain public infrastructure already completed.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.



## Identification of the Appraisal Problem

### Subject Description

City of Beaumont CFD No. 2016-3 is comprised of residentially zoned land in the city of Beaumont, and is bounded by Starlight Avenue to the west, N. Highland Springs Avenue to the east, and Cougar Way to the north. Specifically, the territory within CFD No. 2016-3 includes 704 lots being marketed as Altis at Beaumont, a 55+ gated community with a community center ("The VuePoint"), offering several swimming pools, sports courts, billiards lounge, fitness club, as well as studios and outdoor event spaces. There are six product lines within Altis at Beaumont (4 of which have sold out) on lots ranging in size from 3,850 to 5,775 square feet, which feature floor plans ranging in size from 1,419 - 2,559 square feet. Current pricing ranges from \$420,000 to \$526,000. Of the 704 Assessor's parcels within the boundaries of CFD No. 2016-3, 567 parcels are improved with a completed single-family home, of which 402 have transferred to individual homeowners, or represent model homes, and have a complete assessed value for both land and improvements and are not the subject of this Appraisal.

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### Property Identification

Property Name	Altis Beaumont
Address	Discovery Way Beaumont, California 92223
Tax ID	See Addenda
Owner of Record	Pardee Homes (TriPointe Homes) and individual homeowners

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### Sale History

The Appraisal Report has been conducted in accordance with appraisal standards and guidelines found in the Uniform Standards of Professional Appraisal Practice (USPAP). The properties comprising the subject of this Appraisal Report have been the subject of previous and recent transactions. Based on the scope of work for this assignment, a detailed sales history was not performed on a parcel-by-parcel basis, as many parcels were, and continue to be, involved in transactions as completed single-family homes from the merchant builder to individual home buyers.

Note the sale history of the completed homes to individuals is not presented, but each sale is believed to be consistent with the market at the time of the respective sale.

### Pending Transactions

Based on discussions with the appropriate contacts, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date. However, some individual homes that are under construction are in contract from Tri Pointe Homes to individual homeowners.

## Appraisal Purpose

The purpose of this Appraisal Report is to estimate the market value (fee simple estate), by Assessor's parcel, and the cumulative, or aggregate value of the appraised properties comprising City of Beaumont CFD No. 2016-3 (Altis), subject to the hypothetical condition certain proceeds from the 2025 Special Tax Bonds will be available to reimburse the master developer for various improvements, as of the effective date of the appraisal, January 17, 2025. The date of the report is February 28, 2025. The appraisal is valid only as of the stated effective date. The home values are based on a "not-less-than" value for (each or smallest floor) plan, without consideration for upgrades and lot premiums. Further, we have excluded any contributory value of unfinished homes, but consider the value of permits and impact fees paid for lots with either construction underway or not yet begun.

## Value Type Definitions

The definitions of the value types applicable to this assignment are summarized below.

### 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.<sup>1</sup>

### Assessed Value

The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value.<sup>2</sup>

## Property Rights Definitions

The property rights appraised which are applicable to this assignment are defined as follows.

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<sup>1</sup> Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also, Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472

<sup>2</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

**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.<sup>3</sup>

**Client and Intended User(s)**

The client and intended user is the City of Beaumont. No party or parties beyond the clients and the finance team with this proposed issuance may use or rely on the information, opinions, and conclusions contained in this report; however, this appraisal report may be included in the offering document provided in connection with the issuance and sale of the Bonds.

**Intended Use**

The intended use of the appraisal is for bond underwriting purposes. The appraisal is not intended for any other use.

**Applicable Requirements**

This appraisal report conforms to the following requirements and regulations:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;
- Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (CDIAC) (2004).

**Report Format**

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis used to develop the opinion of value.

**Prior Services**

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have previously appraised the property that is the subject of this report. We have provided no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

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<sup>3</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

**Appraiser Competency**

No steps were necessary to meet the competency provisions established under USPAP. The assignment participants have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, appraiser competency provisions are satisfied for this assignment. Appraiser qualifications and state credentials are included in the addenda of this report.

# Scope of Work

## Introduction

The appraisal development and reporting processes require gathering and analyzing information about the assignment elements necessary to properly identify the appraisal problem. The scope of work decision includes the research and analyses necessary to develop credible assignment results, given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

To determine the appropriate scope of work for the assignment, the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors were considered. The concluded scope of work is described below.

## Research and Analysis

The type and extent of the research and analysis conducted are detailed in individual sections of the report. Although effort has been made to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

## Subject Property Data Sources

The legal and physical features of the subject property, including size of the site, flood plain data, seismic zone designation, property zoning, existing easements and encumbrances, access and exposure, and condition of the improvements (as applicable) were confirmed and analyzed.

## Inspection

Details regarding the property inspection conducted as part of this appraisal assignment are summarized as follows:

<b>Property Inspection</b>		
Party	Inspection Type	Inspection Date
Eric Segal, MAI	On-site	January 7, 2025
Kevin Ziegenmeyer, MAI	On-site	N/A
Kari Tatton	None	N/A

## Valuation Methodology

Three approaches to value are typically considered when developing a market value opinion for real property. These are the cost approach, the sales comparison approach, and the income capitalization approach. Use of the approaches in this assignment is summarized as follows:

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### Approaches to Value

Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

The valuation began by employing the sales comparison approach to estimate the not-less-than market value for the completed single-family homes, based on the smallest floor plan being marketed within each project with a completed home.

The market value of the residential lots was estimated by utilizing the sales comparison approach and land residual analysis to value of the subject's lots. In valuing the subject lots, we selected a benchmark lot category. In the sales comparison approach, adjustments were applied to the prices of comparable bulk lot transactions, and a market value for the benchmark lot category was concluded. Finally, we utilized a land residual analysis, which was reconciled with the sales comparison approach conclusion. In the land residual analysis (a variation of the cost approach and income capitalization approaches combined), all direct and indirect costs are deducted from an estimate of the anticipated gross sales price of the improved product; the resultant net sales proceeds are then discounted to present value at an anticipated discount rate over the development and absorption period to indicate the residual value of the lots. After reconciling the two approaches to value, we apply a lot size adjustment factor to account for differing lot sizes from the benchmark lot category.

As a condition of this assignment, the Assessed Values for certain Assessor's Parcels with completed and sold homes with a complete Assessed Value for both Land and Improvements is presented herein for illustration purposes only. As requested, these Assessor's Parcels are not appraised herein with a not-less-than market value; instead, the assigned County of Riverside Assessor's value will be relied upon for underwriting purposes.

This appraisal will utilize the term **"improved lot"** to denote a residential lot that has all off-sites and on-sites in place, and includes any impact fees due up until building permit. Building permits and fees due at building permit are excluded for finished lot. Terminology for this type of improved lot can vary by market area, and is sometimes referred to as a "loaded lot".

The market value estimates for the various taxable land use components described above were then assigned to the various assessor's parcels comprising the appraised properties in order to derive the cumulative, or aggregate, value of CFD No. 2016-3. Our analysis excluded a typical cost approach since the subject property represents land. However, costs associated with home construction were taken into consideration as part of the land residual analysis and determination of financial feasibility. Given the limited, if any, income producing potential of the land, an income approach was not utilized.

# Economic Analysis

## Area Analysis – Riverside County

### Introduction

Riverside County is part of a region known as the Inland Empire of southern California, southeast of Los Angeles. The county is bordered by San Bernardino County to the north, Orange County to the west, San Diego and Imperial counties to the south, and the state of Arizona to the east. Major cities in the county include Riverside, Moreno Valley, Corona, Murrieta and Temecula. In general, Riverside County is one of California’s fastest growing metropolitan areas as new residents locate here from the more expensive metropolitan areas of Los Angeles and San Diego.

### Population

The county has a population of 2.44 million and has grown at an average rate of 0.2% per year over the past five years. The following table illustrates recent population trends for Riverside County.

Population Trends							
City	2019	2020	2021	2022	2023	2024	%/Yr (5-year)
Banning	31,068	30,595	30,535	30,744	31,046	31,213	0.1%
Beaumont	49,913	53,275	53,920	54,208	56,275	57,416	3.0%
Blythe	19,530	18,778	17,362	17,418	17,224	17,378	-2.2%
Calimesa	9,015	10,020	10,589	10,930	10,909	10,867	4.1%
Canyon Lake	11,021	11,060	11,044	10,932	10,846	10,832	-0.3%
Cathedral City	53,308	51,319	51,540	51,383	51,045	50,911	-0.9%
Coachella	47,318	41,866	41,856	41,783	42,179	43,173	-1.8%
Corona	166,937	156,670	157,202	156,879	156,268	156,615	-1.2%
Desert Hot Springs	30,019	32,389	32,208	32,276	32,380	32,654	1.8%
Eastvale	65,735	69,685	70,401	69,797	69,123	68,884	1.0%
Hemet	84,354	89,252	89,170	88,856	89,333	89,663	1.3%
Indian Wells	5,351	4,755	4,740	4,765	4,733	4,797	-2.1%
Indio	90,112	88,722	88,973	89,226	89,978	90,680	0.1%
Jurupa Valley	106,056	104,801	105,120	105,117	104,599	104,721	-0.3%
Lake Elsinore	63,270	70,370	70,951	71,586	71,351	71,452	2.6%
La Quinta	40,663	37,473	37,660	37,523	37,824	38,370	-1.1%
Menifee	94,710	102,383	104,230	107,120	109,401	111,560	3.6%
Moreno Valley	207,190	208,069	208,008	207,549	206,903	207,146	0.0%
Murrieta	113,207	110,706	110,916	110,291	109,364	109,177	-0.7%
Norco	26,473	26,628	24,640	24,957	24,893	25,068	-1.1%
Palm Desert	53,695	50,655	50,590	50,439	50,274	50,889	-1.0%
Palm Springs	47,410	44,169	44,235	44,007	43,802	43,791	-1.5%
Perris	78,095	78,550	78,724	78,191	78,424	79,311	0.3%
Rancho Mirage	18,397	16,574	16,519	16,787	16,868	16,992	-1.5%
Riverside	327,076	317,624	313,145	317,821	315,747	316,690	-0.6%
San Jacinto	49,655	53,791	54,100	54,108	53,746	53,538	1.6%
Temecula	112,561	109,731	109,676	109,071	108,173	108,700	-0.7%
Wildomar	36,878	36,691	36,646	36,306	36,093	36,327	-0.3%
Unincorporated	380,040	391,584	394,465	397,762	399,779	403,563	1.2%
<b>Total</b>	<b>2,419,057</b>	<b>2,418,185</b>	<b>2,419,165</b>	<b>2,427,832</b>	<b>2,428,580</b>	<b>2,442,378</b>	<b>0.2%</b>

Source: California Department of Finance

Riverside is the fourth most populous county in California, following Los Angeles, San Diego and Orange Counties. The majority of residents live within incorporated areas, the largest of which is the City of Riverside, with a population of nearly 317,000.

### Employment & Economy

The California Employment Development Department (EDD) has reported the following employment data for Riverside County over the past five years.

Employment Trends						
	2018	2019	2020	2021	2022	2023
Labor Force	1,090,100	1,106,200	1,118,900	1,130,500	1,145,700	1,157,900
Employment	1,041,700	1,059,500	1,006,200	1,047,700	1,097,200	1,102,300
Annual Employment Change	27,500	17,800	-53,300	41,500	49,500	5,100
Unemployment Rate	4.4%	4.2%	10.1%	7.3%	4.2%	4.8%

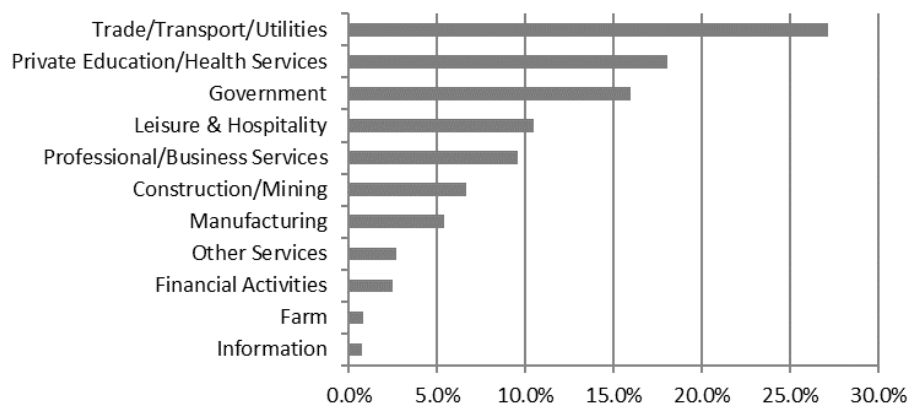
Source: California Employment Development Department

Riverside County saw declining unemployment rates in 2004-2006, increases from 2007 to 2010, declines between 2011 and 2019, a significant increase in 2020 due to the pandemic followed by improvement in 2021 and 2022. A slowing economy contributed to rising unemployment during 2023.

The California Employment Development Department reported an unemployment rate of 5.4% in Riverside County in November 2024, up from 5.2% a year ago and compared to 5.3% for California and 4.0% for the nation.

As of November 2024, it was reported 27,300 non-farm jobs were gained in the Riverside-San Bernardino-Ontario MSA year-over-year. The greatest growth was in Private Education/Health Services with 20,100 jobs gained, followed by Government with 9,800 jobs gained. The greatest job loss was in Manufacturing and Construction with losses of 3,400 and 3,000 jobs, respectively. The following chart indicates the percentage of total employment for each sector in the metro.

#### EMPLOYMENT BY SECTOR



Source: California Employment Development Department



The region’s largest employment sector, accounting for roughly 27% of total employment, is Trade/Transportation/Utilities, which includes wholesale and retail trade; followed by Private Education/Health Services (18%) and Government (16%).

The region’s largest employers are listed in the following table.

<b>Top Employers - Riverside County</b>			
Employer	Location	Description	No. of Employees
County of Riverside	Multiple Locations	County Government	23,772
Amazon	Multiple Locations	E-Commerce	14,317
University of California, Riverside	Riverside	University	8,593
State of California	Multiple Locations	State Government	8,398
Walmart	Multiple Locations	Retail Store	6,465
Moreno Valley Unified School District	Moreno Valley	Educational Services	6,020
Kaiser Permanente Riverside Medical Center	Riverside	Health Care	5,817
Riverside Unified School District	Riverside	Educational Services	5,431
Mt. San Jacinto College	San Jacinto	Educational Services	4,638
Stater Bros	Multiple Locations	Retail Grocery	4,990
Marie Callender Wholesalers, Inc.	Corona	Food Wholesale	4,454
Temecula Valley Unified School District	Temecula	Educational Services	4,022
Eisenhower Medical Center	Rancho Mirage	Health Care	4,001
Pechanga Resort & Casino	Temecula	Hospitality	4,000
Hemet Unified School District	Hemet	Educational Services	3,960
Home Depot	Multiple Locations	Retail Store	3,549
Murrieta Valley Unified School District	Murrieta	Educational Services	3,552
Starcrest of California	Perris	E-Commerce	3,450
McDonalds	Multiple Locations	Restaurant	3,405
Palm Springs Unified School District	Palm Springs	Educational Services	3,328
Lake Elsinore Unified School District	Lake Elsinore	Educational Services	3,267
Jurupa Unified School District	Jurupa Valley	Educational Services	2,749
City of Riverside	Riverside	Government	2,700
Target	Multiple Locations	Retail Store	2,609
Coachella Valley Unified School District	Thermal	Educational Services	2,581
Albertsons	Multiple Locations	Retail Grocery	2,342
Lowe's Home Improvement	Multiple Locations	Retail Store	2,276
Riverside Community College District	Riverside	Educational Services	2,228
Desert Regional Medical Center	Palm Springs	Health Care	2,200
Agua Caliente Band of Cahuilla Indians	Rancho Mirage	Tribal Government / Casinos	2,200
Spa Resort & Casino	Palm Springs	Hospitality	2,120
Beaumont Unified School District	Beaumont	Educational Services	2,053
Abbott Vascular, Inc.	Temecula	Medical Device Manufacturing	2,011
Hemet Valley Medical Center	Hemet	Hospital	1,963
Alvord Unified School District	Corona	Educational Services	1,936
Riverside County Office of Education	Multiple Locations	Educational Services	1,712
Kroger	Multiple Locations	Retail Grocery	1,688
Msr Desert Resort LP	La Quinta	Hospitality	1,500
Desert Community College District	Palm Desert	Educational Services	1,200
Medline Professional Hospital Supply	Temecula	Medical Manufacturing	1,200

Source: Riverside County Economic Development Agency, with source cited as "Data Axle, Econovue, Websites, and Public Records, 2024"

## 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. According to Claritas Spotlight data reporting service, the median household income estimated for Riverside County in 2025 is \$89,604, which is lower than the state of California’s median income of \$94,758.

## **Transportation**

Access to and through Riverside County is provided by several major routes, including the 10, 15 and 215 Freeways, as well as State Routes 60, 62, 74, 79, 86, 91, 111 and 243. The 10 Freeway is the primary east-west connector while the 15 and 215 Freeways are the primary north-south routes. The 91 Freeway provides travel from the Inland Empire to Los Angeles County and Orange County, via the 55 Freeway.

The 10 Freeway is a major east-west route in Southern California, connecting the Pacific coast (Santa Monica) with the Arizona state line before traveling further east through the southern states and terminating in Jacksonville, Florida. The 10 Freeway links the coast of California, from the City of Santa Monica, Los Angeles and San Bernardino Counties, with Riverside County and the desert cities of the Coachella Valley.

As a primary north-south connector, the 15 Freeway connects the counties of San Bernardino, Riverside and San Diego. The route extends north through Nevada, Arizona, Utah, Idaho and Montana to the Canadian border. The 15 Freeway is a major thoroughfare for traffic between San Diego and the Inland Empire, as well as between Southern California and Las Vegas, Nevada. The 215 Freeway comprises approximately 55 miles of interstate highway in the Inland Empire, generally traveling parallel with the 15 Freeway. The southern terminus of the 215 is at the junction of the 15 Freeway in Murrieta in south Riverside County and travels through Perris before briefly merging with the 60 Freeway in Moreno Valley and continuing north from the 60 Freeway interchange to San Bernardino County and reconnecting with the 15 Freeway at Cajon. This interstate provides an alternative to the 15 Freeway for travel within Riverside and San Bernardino Counties.

Public transportation is provided by various agencies. Riverside Transit Agency serves the western third of Riverside County, SunLine Transit Agency serves Palm Springs and the Coachella Valley area, Palo Verde Valley Transit Agency serves Blythe near the Arizona border, Pass Transit serves the San Gorgonio Pass communities, and Corona Cruiser serves the community of Corona. In addition, Riverside County is also served by Greyhound buses and Amtrak passenger trains.

The county’s main airport is the Palm Springs International Airport. This two-runway airport is located about two miles east of downtown Palm Springs and is highly seasonal, with most flights operating during the winter.

## **Recreation & Culture**

Riverside County offers innumerable recreational and cultural opportunities, including many public parks, schools, golf courses, museums and performing arts venues. Popular attractions include the Botanical Gardens at the University of California, Riverside; the historic Mission Inn in downtown Riverside; March Field Air Museum, an aviation museum near Moreno Valley and Riverside, adjacent to the March Air Reserve Base; Temecula Valley, a tourist destination in the southern part of the

county with numerous wineries, wine tasting rooms, bed and breakfast inns and wedding venues; and Castle Park, an amusement park. Annual events in the county include the Festival of Lights in Riverside, known for its display of nearly three million Christmas lights; Ghost Walk Riverside; Temecula Valley Balloon and Wine Festival; and Harvest Wine Celebration.

Riverside County is home to multiple higher education institutions including, but not limited to, the University of California Riverside, California Baptist University, California Southern Law School, California State University San Bernardino and Mt. San Jacinto College.

### **Conclusion**

In general, Riverside County is one of the fastest growing areas in the state. New residents have been relocating here from the more expensive metropolitan areas of Los Angeles and San Diego. The region offers diverse employment opportunities, numerous colleges and universities, extensive transportation routes, shopping centers, public services and recreational activities.

Employment conditions declined sharply in 2020 after the onset of the pandemic and though market and economic conditions have since improved, ongoing macroeconomic factors, specifically high inflation and interest rates, have reintroduced uncertainty in the market. Recovery in the market is expected to be gradual and the long-term outlook for the region is good.

### Area Map



## Surrounding Area Analysis

This section of the Appraisal 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.”

### Boundaries

The boundaries of a neighborhood identify the physical area that influences the value of the subject property. 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 subject property is located within the city of Beaumont, which is located in Riverside County, within the Inland Empire region of Southern California. It is bordered on the north by the unincorporated community of Cherry Valley, on the east by the City of Banning, on the south by the City of San Jacinto and on the west by the City of Calimesa. It has a land area of 30.9 square miles and an elevation of 2,500-3,000 feet above sea level. It is situated at the peak of the San Gorgonio Pass between the cities of San Bernardino and Palm Springs.

### Access and Linkages

Since the San Gorgonio Pass was discovered in 1853, it has been at the center of transportation in the region, beginning with early trails, then railroads, highways and interstates. Today, Beaumont is still a transportation hub with major routes extending in every direction. Three major interstates/highways intersect at what is known as the Beaumont Avenue interchange: Interstate 10, State Route 60 and State Route 79.

Interstate 10 is the primary transportation corridor through the city, with access to Santa Monica and the Pacific Ocean to the west and eastward to the low desert cities of Palm Springs and Indio, to the Southwest regions in Arizona and New Mexico, terminating in Jacksonville Florida on the east coast. The 60 Freeway is a major east/west transportation route linking Interstate 5 in downtown Los Angeles with Interstate 10 in Beaumont. The 60 Freeway provides direct access to most of the north/south freeways in the greater Los Angeles area, including the 215, 15, 91, 57, 605, 710 and 5 freeways. State Route 79 provides access to Hemet, Winchester and Temecula to the south. To the north, State Route 79 is Beaumont Avenue and provides access to the neighboring community of Cherry Glen and on to the scenic apple country of Oak Glen.

Public transit is available through the City of Beaumont Transit System, which also operates the Pass Transit System in collaboration with the City of Banning Transit. The system offers eight fixed routes and a commuter link to Calimesa, the San Bernardino Metrolink and the Loma Linda Veteran's Hospital. Additional services include Dial-A-Ride and curb-to-curb service for ADA certified and seniors 65 years and older within Beaumont and parts of Cherry Valley.

In terms of air travel, there are several proximate airports available to residents of Beaumont. Palm Springs International Airport is the nearest major airport, located approximately 30 miles to the east and the LA/Ontario International Airport is located approximately 40 miles west in Ontario. Six additional airports offering commercial international and/or domestic flights are located within 100 miles. Local airports include the Banning Municipal Airport located less than 10 miles to the east; the Redlands Municipal Airport approximately 18 miles northwest; the Hemet-Ryan Airport 18 miles to the south; and several others in San Bernardino, Riverside and Colton, all within approximately 30 miles of Beaumont.

## Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

<b>Surrounding Area Demographics</b>					
2024 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	92223 (Beaumont, CA)	Riverside County, CA
Population 2020	10,460	54,385	83,303	59,025	2,418,185
Population 2024	11,549	58,456	88,395	63,336	2,500,920
Population 2029	12,919	63,765	95,213	69,006	2,623,551
Compound % Change 2020-2024	2.5%	1.8%	1.5%	1.8%	0.8%
Compound % Change 2024-2029	2.3%	1.8%	1.5%	1.7%	1.0%
Households 2020	3,460	19,194	29,520	19,424	763,283
Households 2024	3,790	20,673	31,281	20,777	791,632
Households 2029	4,215	22,543	33,636	22,558	832,792
Compound % Change 2020-2024	2.3%	1.9%	1.5%	1.7%	0.9%
Compound % Change 2024-2029	2.1%	1.7%	1.5%	1.7%	1.0%
Median Household Income 2024	\$93,999	\$82,088	\$79,163	\$97,961	\$84,882
Average Household Size	3.1	2.8	2.8	3.0	3.1
College Graduate %	22%	23%	22%	25%	24%
Median Age	38	41	42	39	38
Owner Occupied %	82%	75%	75%	78%	67%
Renter Occupied %	18%	25%	25%	22%	33%
Median Owner Occupied Housing Value	\$464,853	\$429,228	\$431,852	\$465,288	\$548,183
Median Year Structure Built	2005	2000	1998	2003	1989
Average Travel Time to Work in Minutes	38	36	35	36	35

Source: Claritas

As shown above, the current population within a 3-mile radius of the subject is 58,456, and the average household size is 2.8. Population in the area has grown since the 2020 census, and this trend is projected to continue over the next five years. Compared to the subject's 92223 zip code overall, the population within a 3-mile radius is projected to grow at a similar rate.

Median household income is \$82,088, which is lower than the household income for the 92223 zip code. Residents within a 3-mile radius have a lower level of educational attainment than those of the 92223 zip code, while median owner-occupied home values are also lower.

## Recreation & Community Facilities

The City of Beaumont offers adequate recreational opportunities and community facilities, with additional services accessible within 20-30 miles (30-40-minute driving time) in the larger cities of San Bernardino, Riverside and Moreno Valley. Beaumont hosts a number of family-oriented events throughout the year. The largest event is the Cherry Festival, which celebrated its 100<sup>th</sup> anniversary in May/June 2018. It is a four-day community festival with food and drinks, games, music, entertainment, rides and booths.

Beaumont offers two championship golf courses: Oak Valley Golf Club and Morongo Golf Club at Tukwet Canyon, which was formerly owned and operated by the PGA. Antique shops along 6<sup>th</sup> Street have long been a well-known attraction in Beaumont, providing a unique shopping experience. The nearby Cabazon Outlet Mall provides additional shopping, featuring 65,000 square feet of shops, representing 18 specialty retailers. Adjacent to this project, is the Desert Hills Premium Outlet Center, an upscale outdoor shopping center which includes over 900,000 square feet and features 180 retailers; this center represents the largest premium outlet center in California.

The nearest hospital is the San Geronio Memorial Hospital located just outside the Beaumont city limits, in Banning. The Beaver Medical Group, with offices throughout the Inland Empire, offers primary care, urgent care and laboratory services at its Beaumont location.

The city is served by seven elementary schools, two middle schools, two high schools and an adult school. Secondary education is accessible within approximately five to 20 miles in nearby communities, including Mt. Jacinto Community College with the San Geronio Pass Campus located in Banning and the main campus located in San Jacinto; Crafton Hills College in Yucaipa; Moreno Valley College in Moreno Valley; and University of Redlands in Redlands.

The Beaumont Civic Center houses two memorials. The Veteran's Memorial honors local veterans who served from World War I through present-day operations. The Public Safety Memorial honors police officers and firefighters who died in the line of duty or served in the community during their lifetime. In addition, the Centennial Memorial Bridge, located off Oak Valley Parkway, honors individuals who made significant contributions to the community within its first 100 years.

## Land Uses

Land uses in the immediate area include primarily residential, with supporting commercial services located proximate to Interstate 10.

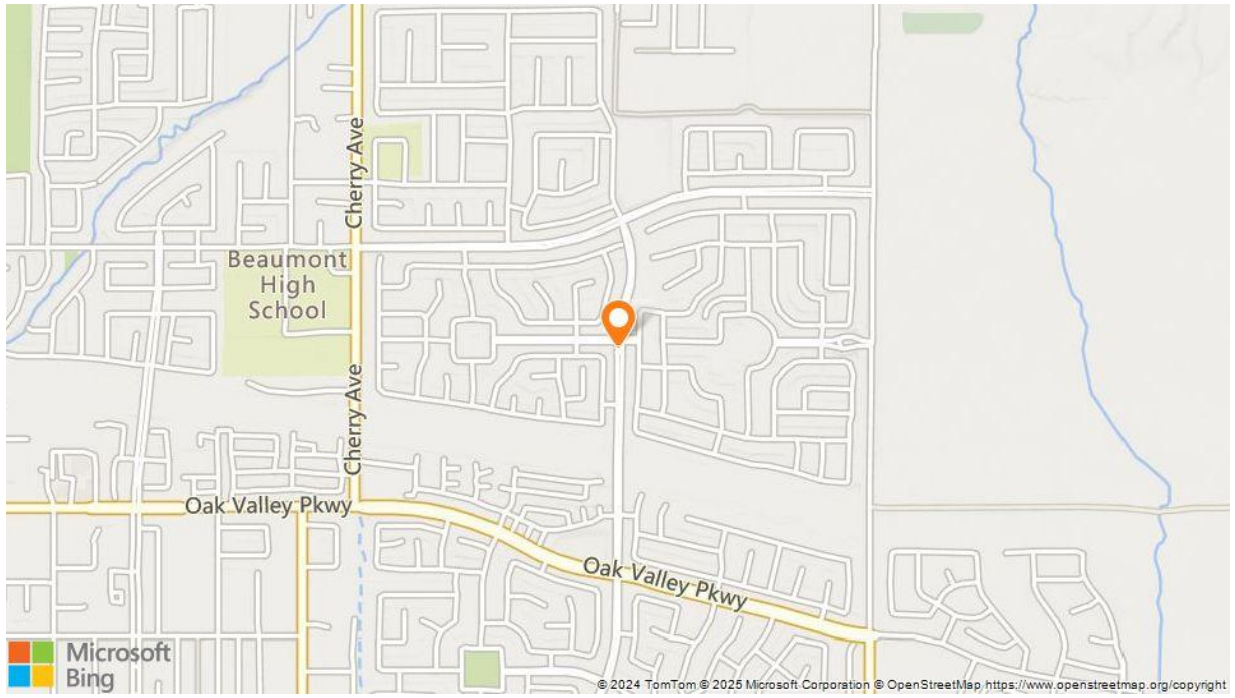
A neighborhood retail center anchored by Stater Bros. Market is located at the northeast corner of Oak valley Parkway and Beaumont Avenue. A Food 4 Less anchored retail center is located at the southeast corner of North Highland Springs Avenue and East 6<sup>th</sup> Street. Just south of Interstate 10 at North Highland Springs Avenue is a high concentration of retail development, including Best Buy, Ross Dress for Less, Bed Bath & Beyond, The Home Depot and Wal-Mart, among other retailers. Just east of Best Buy, in the city of Banning, is Sun Lakes Village Shopping Center, which is anchored by Hobby Lobby, Rite Aid and Albertsons.

**Outlook and Conclusions**

In conclusion, the subject's immediate neighborhood is growing in residential uses. The area is considered to be a middle-income neighborhood with adequate support facilities in proximity. The overall condition and quality of the neighborhood is rated as average. The subject property is considered to have average transportation characteristics, including proximity to major neighborhood thoroughfares and freeway access. Overall, the subject is expected to perform reasonably well over the long term.



### Surrounding Area Map



## Residential Market Analysis

Given prevailing land use patterns and the subject's zoning, a likely use of the property is for residential development. In the following paragraphs, we examine supply and demand indicators for residential development in the subject's area.

### Submarket Overview

The subject is located in the city of Beaumont. The subject is adjacent to newer home construction and planned future development and is considered to have good transportation linkages. The neighborhood is characterized as a suburban area that appeals to both local workers and commuters. Based on existing surrounding homes and new projects under development, the subject characteristics best support a project designed for a combination of move-up home buyers and buyers looking to downsize.

### Single-Family Building Permits

Single-family building permits for the city of Beaumont as well as Riverside County totals are shown in the following table. When we compare the trend in permitting, population and price, there can be a relationship. More supply of homes could eventually mean lower prices, whereas conversely a lower number of permits pulled could eventually mean higher prices. Further, the number of permits pulled shows builder confidence in the current market when compared to other years.

#### Single-Family Building Permits

Year	City of Beaumont	% Change	County of Riverside	% Change
2014	454	--	5,058	--
2015	466	2.64%	4,325	-14.49%
2016	450	-3.43%	5,136	18.75%
2017	741	64.67%	5,827	13.45%
2018	684	-7.69%	7,327	25.74%
2019	535	-21.78%	6,267	-14.47%
2020	271	-49.35%	8,344	33.14%
2021	442	63.10%	7,428	-10.98%
2022	790	78.73%	8,211	10.54%
2023	91	-88.48%	8,349	1.68%

Source: SOCDs Building Permits Monthly Request

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### Single-Family Building Permits: 2024 Preliminary Data

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Month	City of Beaumont	County of Riverside
January	33	663
February	41	667
March	5	636
April	0	673
May	13	762
June	20	598
July	10	769
August	50	645
September	29	544
October	18	517
November	0	466
<b>Total</b>	<b>219</b>	<b>6,940</b>

Source: SOCDs Building Permits Monthly Request

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### Active New Home Projects Pricing and Absorption

The city of Beaumont is located within the North Central Riverside submarket of the Inland Empire. The Ryness Report provides a comparison of sales activity between various regions and markets, including year-to-date totals from the same week of the previous year. Their surveys and reports include sales, buyer traffic, and financing rates on activity in major residential developments throughout California, Arizona, and Nevada. The report for the Inland Empire for the week ending January 12, 2025, is included as follows.

# THE RYNNESS REPORT

A New Home Sales, Marketing & Research Company

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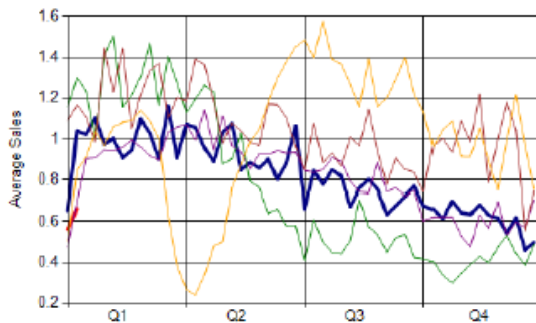
## Inland Empire

Week 2

Ending: Sunday, January 12, 2025

Counties / Groups	Projects	Traffic	Sales	Cancel	Net Sales	Avg. Sales	Year to Date		Prev. 13 Wks.			
							Avg.	Diff.	Avg.	Diff.		
Central-North Central Riverside	52	568	58	7	51	0.98	0.73	35%	0.60	65%		
Desert Riverside	16	205	15	2	13	0.81	0.66	24%	0.43	91%		
Murrieta - Temecula	6	160	6	1	5	0.83	1.00	-17%	1.00	-17%		
Northwest Riverside	30	411	28	5	23	0.77	0.68	12%	0.49	57%		
South Riverside	45	615	38	12	26	0.58	0.58	-1%	0.72	-20%		
Central-East San Bernardino	26	189	14	4	10	0.38	0.44	-13%	0.59	-35%		
Desert San Bernardino	12	107	3	3	0	0.00	0.17	-100%	0.41	-100%		
NW-SW San Bernardino	26	1623	15	2	13	0.50	0.58	-13%	0.68	-27%		
<b>Current Week Totals</b>	Traffic : Sales 22 : 1		<b>213</b>	<b>3878</b>	<b>177</b>	<b>36</b>	<b>141</b>	<b>0.66</b>	<b>0.61</b>	<b>8%</b>	<b>0.61</b>	<b>9%</b>
Per Project Average		18		0.83	0.17	0.66						
<b>Year Ago - 01/14/2024</b>	Traffic : Sales 17 : 1		<b>248</b>	<b>4688</b>	<b>278</b>	<b>21</b>	<b>257</b>	<b>1.04</b>	<b>0.84</b>	<b>23%</b>	<b>0.60</b>	<b>72%</b>
<b>% Change</b>		-14%		-17%	-36%	71%	-45%	-36%	-28%	1%		

52 Weeks Comparison



Year to Date Averages Through Week 2

Annual

Graph Legend	Year	Avg. Weekly Projects	Avg. Weekly Traffic	Avg. Weekly Sales	Avg. Weekly Cancel	Avg. Project Sales	Year End Avg. Proj. Sales
2020	2020	240	31	0.78	0.10	0.88	1.01
2021	2021	213	24	1.23	0.10	1.12	1.05
2022	2022	186	28	1.34	0.11	1.23	0.74
2023	2023	236	19	0.73	0.15	0.59	0.82
2024	2024	248	18	0.93	0.08	0.84	0.83
2025	2025	214	16	0.75	0.14	0.61	0.61
<b>% Change:</b>		-14%	-13%	-20%	60%	-28%	-26%

\*Averages rounded for presentation. Change % calculated on actual numbers.



## WEEKLY FINANCIAL NEWS

Financing			Market Commentary
	RATE	APR	Residential construction remains lackluster. On a year-to-date basis, single-family housing starts were up 7.2% in November, while multifamily starts were down 27%. Heavy supply of new apartments has underpinned the downturn in multifamily construction. Filings for apartment building permits have fallen off as well, signaling weak activity in the coming months. Conditions are brighter in the single-family market. The National Association of Home Builders' gauge for future sales rose three points to 66 in December, which is the highest since 2022. While mortgage rates continue to trend up, single-family home builders have used price cuts and other incentives to alleviate affordability challenges. We look for total housing starts to increase 2.4% in December to a 1.320K-unit annual pace. Source: Wells Fargo Bank Weekly Economic and Financial Commentary
CONV	6.63%	6.91%	
FHA	6.38%	7.27%	
10 Yr Yield	4.78%		



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The absorption within the Inland Empire has increased 1% from a year ago. The number of projects within Inland Empire varies year by year due to the extended entitlement and development timelines.

The Ryness Report has identified 25 active projects in the North Central Riverside submarket, with 11 of those within the city of Beaumont. These projects are summarized as follows:

Development Name	Developer	City Code	Notes	Type	Projects Participating: 25												
					Units	New Rel.	Rel'd Rm'g	Traffic	Wk's Sales	Wk's Cans	Sold to Date	Sold YTD	Av. Sls /Week	Av. Sls /YTD			
<b>Central-North Central Riverside   North Central Riverside</b>					Units	New Rel.	Rel'd Rm'g	Traffic	Wk's Sales	Wk's Cans	Sold to Date	Sold YTD	Av. Sls /Week	Av. Sls /YTD			
Iris Park	Beazer	MV		DTMU	81	0	8	7	0	0	43	0	0.76	0.00			
Canterbury II	Crestwood	BA		DTMU	56	0	2	27	1	0	11	1	0.32	0.50			
Augusta at The Fairways	DR Horton	BE		DTMU	400	0	2	13	1	0	371	2	1.93	1.00			
Bella Sera	DR Horton	MV		DTMU	110	3	3	17	1	0	31	2	1.09	1.00			
SkyLar Pointe	DR Horton	MV		DTMU	84	0	2	8	0	0	70	2	1.24	1.00			
Stella Pointe	DR Horton	MV		DTMU	159	6	3	24	4	0	47	4	1.65	2.00			
Windsong	DR Horton	MV		DTMU	93	3	3	17	3	0	71	5	1.26	2.50			
Brisa at Nuevo Meadows	KB Home	NU		DTMU	154	0	12	11	0	0	142	1	1.26	0.50			
Cielo at Nuevo Meadows	KB Home	NU		DTMU	153	0	5	11	0	0	112	1	1.00	0.50			
Palmetto	KB Home	MV		DTMU	104	0	25	16	1	1	31	0	0.77	0.00			
Vista Robles	KB Home	BA		DTMU	143	5	15	60	4	0	4	4	2.80	2.00			
Fairways Azalea	Meritage	BE		DTMU	111	0	2	4	1	0	75	2	0.84	1.00			
Fairways Holly	Meritage TSO	BE		DTMU	65	0	TSO	4	0	0	52	0	0.55	0.00			
Fairways Magnolia	Meritage	BE		DTMU	111	0	2	4	0	0	78	1	0.83	0.50			
Seasons at The Fairways	Richmond American	BE		DTMU	62	0	1	5	0	0	59	1	0.47	0.50			
Olivewood Classic	Taylor Morrison	BE		DTMU	236	0	2	12	1	0	227	1	1.04	0.50			
Olivewood Premier	Taylor Morrison	BE		DTMU	275	0	1	12	1	0	267	1	1.22	0.50			
Olivewood Signature	Taylor Morrison	BE		DTMU	171	0	2	12	0	0	164	0	0.84	0.00			
Ciena at Atwell	TRI Pointe	BA		DTMU	165	0	8	11	1	1	19	0	0.72	0.00			
Crown at Tournament Hills	TRI Pointe	BE		DTMU	144	0	3	4	1	0	141	1	0.96	0.50			
Lina at Altis	TRI Pointe	BE		AASF	103	0	7	3	1	0	66	1	0.46	0.50			
Linwood at Atwell	TRI Pointe	BA		DTMU	173	0	6	11	0	1	108	0	1.21	0.00			
Rosa at Altis	TRI Pointe	BE		AASF	174	0	7	4	0	0	108	0	0.75	0.00			
Rosetta at Atwell	TRI Pointe	BA		DTMU	282	2	10	12	0	0	119	1	1.32	0.50			
Southcreek at Atwell	TRI Pointe	BA		DTMU	295	0	7	12	3	0	220	4	2.13	2.00			
<b>TOTALS: No. Reporting: 25</b>					<b>Avg. Sales: 0.84</b>			<b>Traffic to Sales: 13 : 1</b>			<b>138</b>	<b>321</b>	<b>24</b>	<b>3</b>	<b>2636</b>	<b>35</b>	<b>Net: 21</b>
City Codes: MV = Moreno Valley, BA = Banning, BE = Beaumont, NU = Nuevo																	

Project Types:	AAAT = Active Adult ATT , AASF = Active Adult SFD , ATMU = Attached Move-up , ATST = Attached Starter , ATT = Single Family Attached , COHT = Condo/Hotel , CONV = Conversion , DTMU = Detached Move-up , DTST = Detached Starter , HIGH = High Rise , LOFT = Loft , MIDR = Mid-Rise , RWHS = Row Houses , SFD = Single Family Detached
Abbreviations:	SO = Sold Out, TSO = Temporarily Sold Out

Projects considered most similar to the subject are further detailed in the following table.

Active Projects									
Project Name	Community	Developer	Average Price	Avg. Home Size (SF)	Average Price/SF	Units Planned	Units Sold	Avg. Sales/Week	Avg. Sales/Month
Augusta at The Fairways	Beaumont	DR Horton	\$541,750	1,990	\$272.30	400	371	1.93	7.72
Fairways Azalea	Beaumont	Meritage	\$611,695	2,541	\$240.73	111	75	0.84	3.36
Fairways Holly	Beaumont	Meritage	\$624,000	2,887	\$216.14	65	52	0.55	2.20
Fairways Magnolia	Beaumont	Meritage	\$592,298	2,665	\$222.29	111	78	0.83	3.32
Seasons at The Fairways	Beaumont	Richmond American	\$689,232	2,525	\$272.96	62	59	0.47	1.88
Olivewood	Beaumont	Taylor Morrison	\$632,449	2,494	\$253.59	682	658	1.03	4.13
Crown at Tournament Hills	Beaumont	TriPointe	\$578,819	1,795	\$322.46	144	141	0.96	3.84
Lina at Altis	Beaumont	TriPointe	\$504,667	2,036	\$247.87	103	66	0.46	1.84
Rosa at Altis	Beaumont	TriPointe	\$448,333	1,582	\$283.40	174	108	0.75	3.00
			Minimum	\$448,333	1,582	\$216.14			1.84
			Maximum	\$689,232	2,887	\$322.46			7.72
			Average	\$580,360	2,279	\$259.08			3.48

Source: Ryness Reports and Developer's Websites.

The absorption within projects most similar to the subject ranged from 1.84 to 7.72 sales per month with an average of 3.48 sales per month. Though, it's worth noting, while the subject property (Lina at Altis and Rosa at Altis) is the only active adult community within the survey above, the absorption rates are generally consistent with the balance of the market. According to the Builder, absorption has been slow in recent quarters. This may likely be due to a growing number of competing (active adult) communities targeting buyers throughout competing markets in the Inland Empire.

## Resale Pricing

The following table shows historical resale data for more recently built homes (2015 and newer) in the city of Beaumont. We restricted our search to lot sizes with less than 12,000 square feet. The resale market is analyzed as a further gauge of buyer demand for housing. Often home buyers are considering housing purchase options that cover both the new home market, as well as the resale market.

Resales									
Address	Sale Date	Living Area (SF)	Sale Price	Last List Price	Sales Price/SF	Sale/List	Year Built	Days on Market	Lot Size (SF)
1566 Park Haven DR	1/15/2025	2,186	\$600,000	\$620,000	\$274	96.77%	2023	22	6,425
1638 Dodson LN	1/6/2025	2,116	\$545,000	\$539,999	\$258	100.93%	2017	5	8,276
1484 E 8th ST	12/30/2024	1,868	\$530,000	\$520,000	\$284	101.92%	2019	6	9,583
1663 Ocala LN	12/22/2024	2,243	\$540,000	\$520,000	\$241	103.85%	2020	9	7,039
35481 Alexandria Way	12/21/2024	2,720	\$667,000	\$679,000	\$245	98.23%	2022	23	4,948
1360 Alpine Ave	12/20/2024	1,764	\$540,000	\$525,000	\$306	102.86%	2016	51	5,663
14145 Bosana Ln	12/20/2024	2,401	\$570,000	\$585,000	\$237	97.44%	2019	106	9,583
1559 Turningcrest Ln	12/16/2024	1,419	\$435,000	\$438,500	\$307	99.20%	2023	53	4,491
1676 Milford Way	12/16/2024	1,764	\$490,000	\$490,000	\$278	100.00%	2016	8	5,663
1556 Triton Ln	12/13/2024	1,757	\$570,000	\$559,000	\$324	101.97%	2018	20	10,454
1631 Ocala Ln	12/13/2024	2,438	\$578,000	\$609,900	\$237	94.77%	2016	29	7,841
35345 Smith Ave	12/13/2024	3,669	\$630,000	\$639,888	\$172	98.45%	2016	170	10,019
1542 Big Horn	12/11/2024	2,038	\$517,000	\$517,500	\$254	99.90%	2015	130	6,098
1446 Galaxy Dr	12/10/2024	1,971	\$530,000	\$519,999	\$269	101.92%	2018	34	5,663
11357 Lexi Ln	12/7/2024	1,557	\$511,000	\$500,000	\$328	102.20%	2017	15	4,792
1761 Arcus Ct	12/6/2024	1,757	\$555,000	\$559,000	\$316	99.28%	2020	79	6,913
1671 Milford Way	12/3/2024	1,948	\$515,000	\$525,000	\$264	98.10%	2016	40	5,227
14109 Bosana Ln	12/2/2024	3,013	\$655,000	\$655,000	\$217	100.00%	2018	112	9,583
1551 Williamson	11/30/2024	1,738	\$495,000	\$525,000	\$285	94.29%	2017	78	4,356
1364 Groveland St	11/29/2024	1,757	\$533,750	\$525,000	\$304	101.67%	2019	7	9,514
1309 Moonstone Ave	11/26/2024	1,757	\$524,900	\$529,900	\$299	99.06%	2017	68	5,227
36787 Cordoba Trail	11/26/2024	2,261	\$563,000	\$569,000	\$249	98.95%	2021	62	6,534
14216 Tuscany Pl	11/25/2024	2,040	\$575,000	\$590,000	\$282	97.46%	2018	50	9,148
1682 Park Village Dr	11/24/2024	1,534	\$434,900	\$434,900	\$284	100.00%	2022	103	6,473
477 Harvard Peak	11/20/2024	1,561	\$462,500	\$464,900	\$296	99.48%	2016	14	6,534
1570 Park Haven	11/19/2024	1,934	\$475,000	\$489,900	\$246	96.96%	2023	62	6,425
451 Princeton Peak	11/15/2024	1,706	\$445,000	\$464,900	\$261	95.72%	2016	156	7,841
1380 Pumice Ln	11/15/2024	1,544	\$535,000	\$519,000	\$347	103.08%	2018	4	8,712
1635 Ocala Ln	11/15/2024	2,116	\$525,000	\$539,000	\$248	97.40%	2016	56	7,841
<b>Total Sales</b>	<b>29</b>	<b>2,020</b> <b>(avg.)</b>	<b>\$536,105</b> <b>(avg.)</b>	<b>\$552,639</b> <b>(avg.)</b>	<b>\$273</b> <b>(avg.)</b>	<b>99.69%</b> <b>(avg.)</b>	<b>2018</b> <b>(avg.)</b>	<b>50</b> <b>(avg.)</b>	<b>7,107</b> <b>(avg.)</b>

Source: Local Multiple Listing Service (MLS)

## Ability to Pay

The subject property contains six different product lines, four of which have sold out. The Developer is currently constructing six floor plans (within two product lines) ranging in size from 1,419 to 2,186 square feet. In this section, we will examine the ability to pay among prospective buyers for a representative price point of \$475,000. 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 rate of 7.00%, 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). Property tax payments are accounted for in the analysis as well as homeowner's insurance and homeowner's association. The following table shows the estimate of the annual household income that would be required to afford homes priced at the representative price point.

### Income Required

Home Price	\$475,000	
Loan % of Price (Loan to Value)	80%	
Loan Amount	\$380,000	
Interest Rate	7.00%	
Mortgage Payment	\$2,528	
Property Taxes	\$575	Based on 1.297010% and direct charges of \$735
CFD No. 2016-3	\$131	
Homeowner's Association Fee	\$305	
Property Insurance	\$99	
Total Monthly Obligation	\$3,638	
Mortgage Payment % of Income	40%	
Monthly Income	\$9,095	
Annual Income	\$109,137	

We have obtained income data from Claritas Spotlight by Environics Analytics, for a 10-mile radius surrounding the subject property, which is considered representative of typical buyers for the subject property. In the following table we show the income brackets within the noted area, along with estimates of the percentage of households able to afford homes priced at the representative price point within each income bracket.

### Household Ability

Household Income	Households	Percent of Households	Percent Able to Pay	Households	Households Able to Pay
< \$15,000	8,412	5.9%	0.0%	0	0.0%
\$15,000 - \$24,999	6,325	4.5%	0.0%	0	0.0%
\$25,000 - \$34,999	6,310	4.5%	0.0%	0	0.0%
\$35,000 - \$49,999	10,762	7.6%	0.0%	0	0.0%
\$50,000 - \$74,999	19,542	13.8%	0.0%	0	0.0%
\$75,000 - \$99,999	17,751	12.5%	0.0%	0	0.0%
\$100,000 - \$124,999	15,755	11.1%	63.5%	9,997	7.1%
\$125,000 - \$149,999	12,946	9.1%	100.0%	12,946	9.1%
\$150,000 - \$199,999	17,084	12.1%	100.0%	17,084	12.1%
\$200,000 - \$249,999	9,994	7.1%	100.0%	9,994	7.1%
\$250,000 - \$499,999	10,668	7.5%	100.0%	10,668	7.5%
\$500,000+	<u>6,109</u>	<u>4.3%</u>	100.0%	<u>6,109</u>	<u>4.3%</u>
	141,658	100.0%		66,798	47.2%

Generally, interest rates have an inverse relationship on the affordability of a home. In short, all else being equal, higher interest rates lower the price point for buyers based on income. Over the past several years, interest rates have remained historically low, often at or below 3.0%. Current mortgage interest rates more closely resemble historic rates and for the most part the home buyer pool appears to recognize that the 3% mortgage rate environment was the anomaly and rates around the 6-7% level are most likely into the foreseeable future.

Conversations with sales agents in multiple new home projects noted there was a slowing in demand for new residential homes in the second half of 2022 and early 2023. The combination of historically



high new home prices and rising interest rates priced some buyers out of entry-level (lower-priced) homes. Most homebuilders noted pace of sales slowed from the historic highs, which prompted many homebuilders to begin offering concessions in the form of buying down interest rates and discounted options, instead of decreasing their base prices. In some markets, there was enough downward pressure on the market for homebuilders to offer concessions as well as drop their base prices.

Prior to mid-2022, homebuilders were able to sell homes faster than they were able to construct them, but with the rising interest rates this has since moderated pace of sales to a level more in line with builders' ability to deliver. The recent increases in interest rates impacted the pace of sales as well as pricing in most markets. However, there are signs the residential market is beginning to stabilize. Since Spring 2023, markets have generally been stronger than expected. Homebuyers that previously were waiting on the sidelines either in anticipation of decreasing home prices, or due to interest rate volatility, are beginning to adjust their budgets to the new higher interest rates as home pricing stabilizes. In addition, low inventory and a tight resale market make new construction more attractive. According to market participants in the spring, absorption rates have remained steady or increased slightly with some homebuilders having small increases in base prices since the First Quarter 2023

### **Conclusions**

Demand for homes in the subject's market area remains active as indicated by the overall trend of building permit activity, new home sales prices and activity in recent quarters as well as the absorption rate within new home projects in the subject's area.

## Property Analysis

### Land Description and Analysis

#### Land Description

Land Area	149.39 acres; 6,507,428 SF
Source of Land Area	Public Records
Primary Street Frontage	Discovery
Shape	Irregular
Corner	Yes
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed

Flood Area Panel Number	06065C0805G
Date	August 28, 2008
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

#### Zoning; Other Regulations

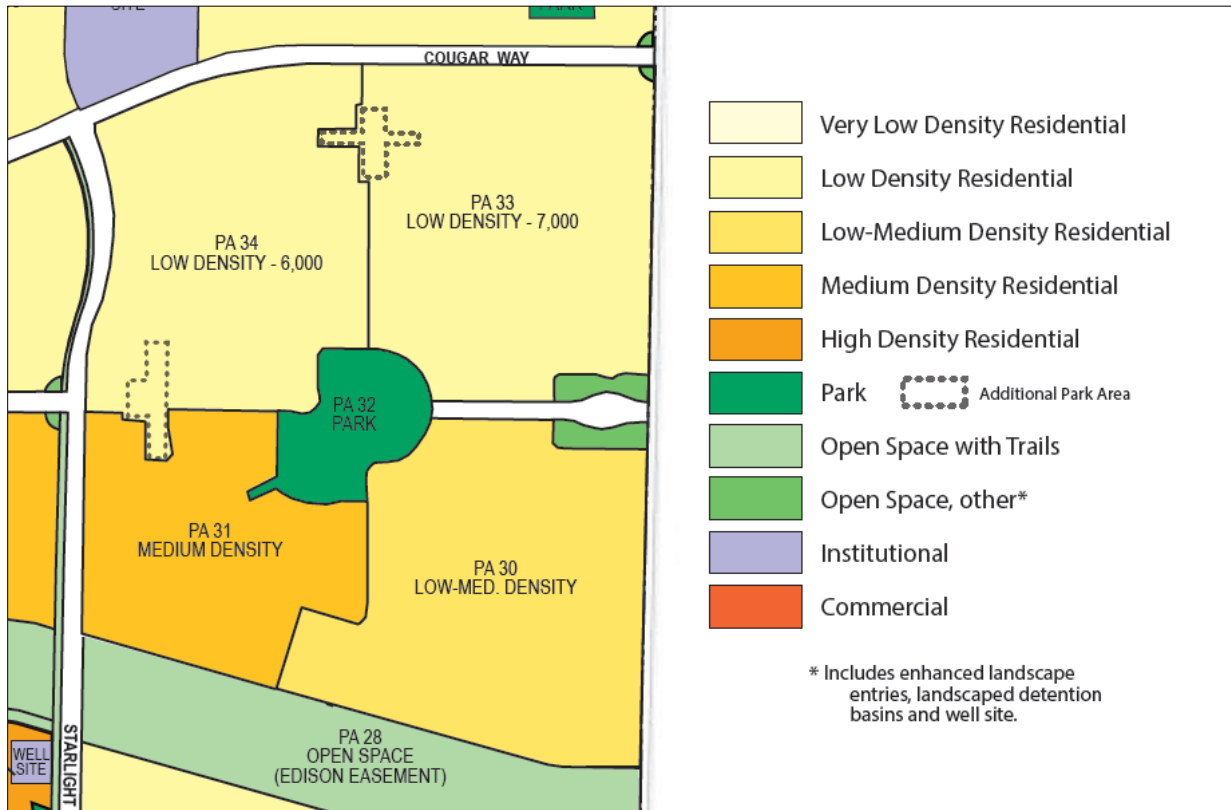
Zoning Jurisdiction	City of Beaumont
Zoning Designation	PA 30, 31, 33, 34
Description	Planning Area (Sundance Specific Plan) Low, Low-Medium and Medium Density Residential
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	Detached single-family units with a variety of densities
Minimum Lot Area	3,000 - 7,000
Maximum Building Height	35'
Density	4.2 - 7.5 du/acre
Parking Requirement	2 enclosed
Other Land Use Regulations	None reported or observed

#### Utilities

Service	Provider
Water	Beaumont-Cherry Valley Water District
Sewer	City of Beaumont
Electricity	Southern California Edison
Natural Gas	SoCalGas Company
Local Phone	Various providers

### Zoning

The subject is comprised of four planning areas allowable densities, show as follows:



We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required.

### Entitlements

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

Entitlement Status	
Description	No. of Homes/Lots
Completed Single-Family Homes without Complete Assessed Improvement Value	165
Partially Complete Single Family Homes (Under Construction)	40
Finished Single Family Lots	97
<b>Total</b>	<b>302</b>

The balance of CFD No. 2016-3, 402 single-family residential homes, are reflected on the County of Riverside Assessor's Tax Roll with a complete assessment for both land and improvements and are not a part of this Appraisal Report.

### **Remaining Site Development Costs**

Land development for the project has been completed; however, the master developer, Tri Pointe Homes, is obligated for a proportionate share of City infrastructure improvements encompassing all of the Sundance Specific Plan area, of which the subject property is a part. According to the Developer, there are approximately \$5 million dollars in remaining costs benefiting all 4,299 lots/homes within the Sundance Specific Plan. The proportionate share of costs allocable to the Altis at Beaumont project (subject property) is estimated at \$819,000 (704 lots/4,299 lots x \$5mm). Applied to the 97 finished lots and 40 lots with homes under construction equates to \$5,978 per lot (\$819,000 / 137 lots), which will be accounted for in the valuation section later in this Appraisal Report.

### **Permits and Fees**

Permits and fees represent all fees payable upon obtaining building permit for the construction of the proposed units and include school fees and impact fees. Based on information provided by the homebuilder, impact fees (DIF) are captured in the site development costs cited above.

Building permits and fees are projected to range from approximately \$2,300 per unit to \$3,200 per unit. For the purposes of this analysis, we have assumed building permits and fees at \$3,000 per unit.

It is important to again note which fees the local market includes in the definition of an improved lot. Though all of the fees above and on the previous page are due at or near building permit, the local market recognizes water fees, school fees, and impact fees as part of an improved lot value. Building permits are excluded from the improved lot value.

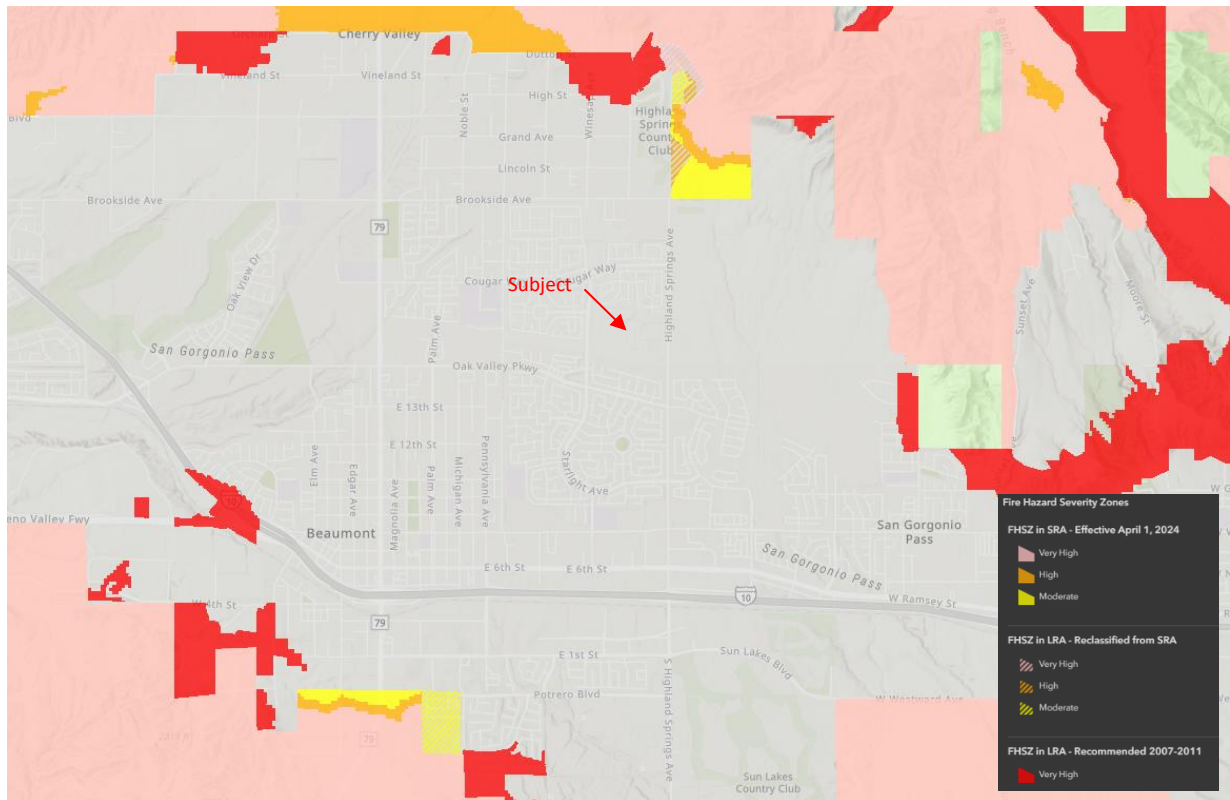
In the upcoming extraction analysis, only building permits (estimated at \$3,000 per unit) will be deducted, as the remaining impact fees are included in the definition of an improved lot. These estimates of building permits and fees are consistent with our experience with other new home projects throughout Southern California. Any DIF or impact fees not yet paid will be deducted from the improved lot value conclusion to derive an estimate of market value for the subject lots.

### **Seismic Hazards**

According to the Seismic Safety Commission, the subject site is located within Zone 4, which is considered to be the highest 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 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. In general, a number of faults are located in the Southern California and throughout California; thus, the area is subject to severe ground shaking during earthquakes. Competitive sites face similar seismic risk.

**Fire Hazard Risk**

The City of Beaumont is served by the Riverside County Fire Department, which operates two fire stations in the city. Additionally, a third station (West Side Fire Station) broke ground in September of this year and is expected to improve response times for nearby communities including Olivewood, Tournament Hills and Tukwet. The City of Beaumont is heavily urbanized, subject primarily to urban structural fires. According to the CAL FIRE Fire and Resource Assessment Program, the subject is not located within a state responsibility area. The following map identifies areas of the city of Beaumont that have been classified as Fire Hazard Severity Zones. As shown in the following map, the subject is not located within a Very High Fire Hazard Severity Zone (VHFHSZ); however, many adjacent areas are.



**Environmental Hazards**

An environmental assessment report was not provided for review, and during our inspection, we did not observe any obvious signs of contamination on or near the subject. However, environmental issues are beyond our scope of expertise. It is assumed that the property is not adversely affected by environmental hazards.

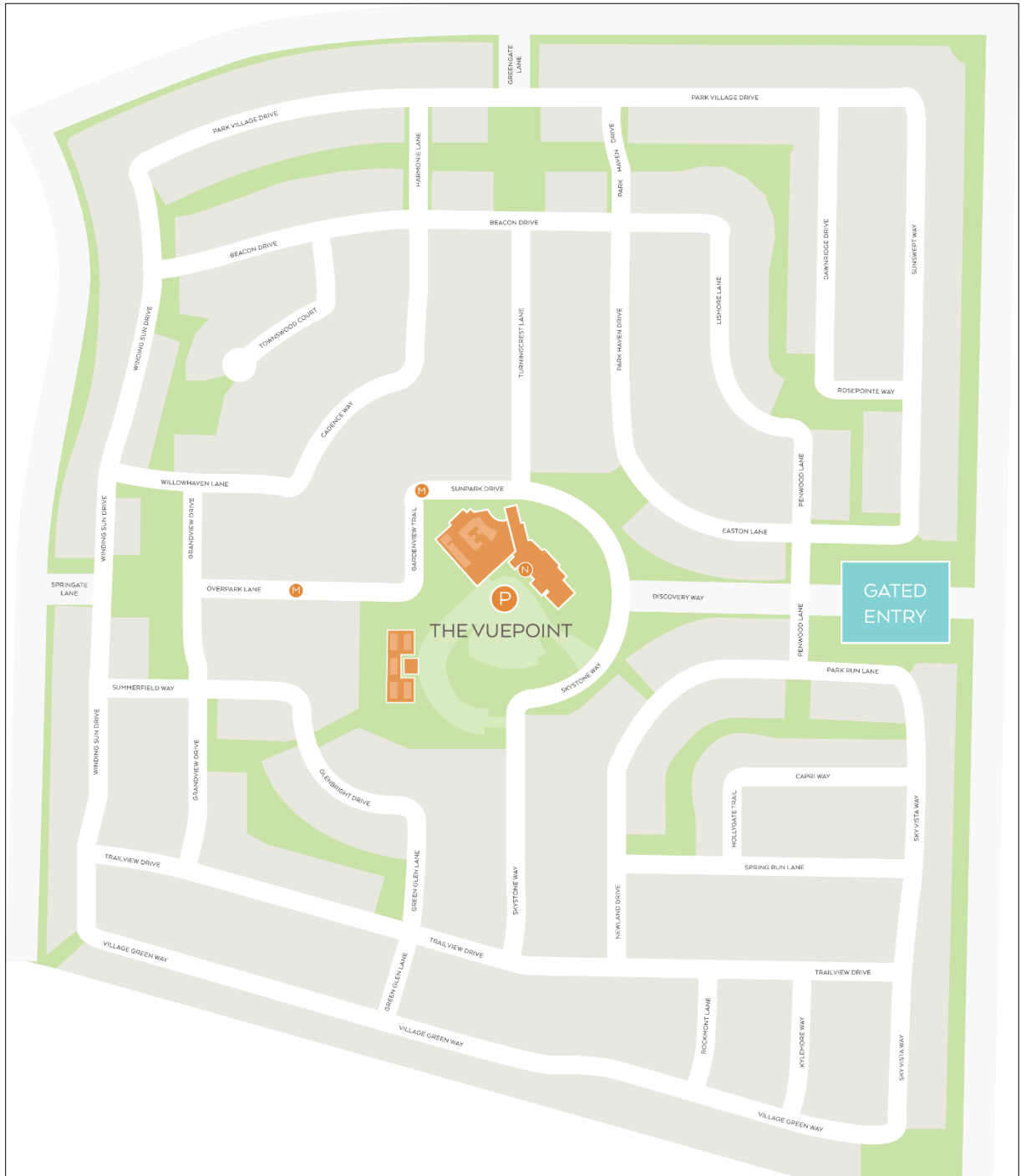
**Easements, Encroachments and Restrictions**

We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

**Conclusion of Site Analysis**

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include detached single-family units with a variety of densities. We are not aware of any other particular restrictions on development.

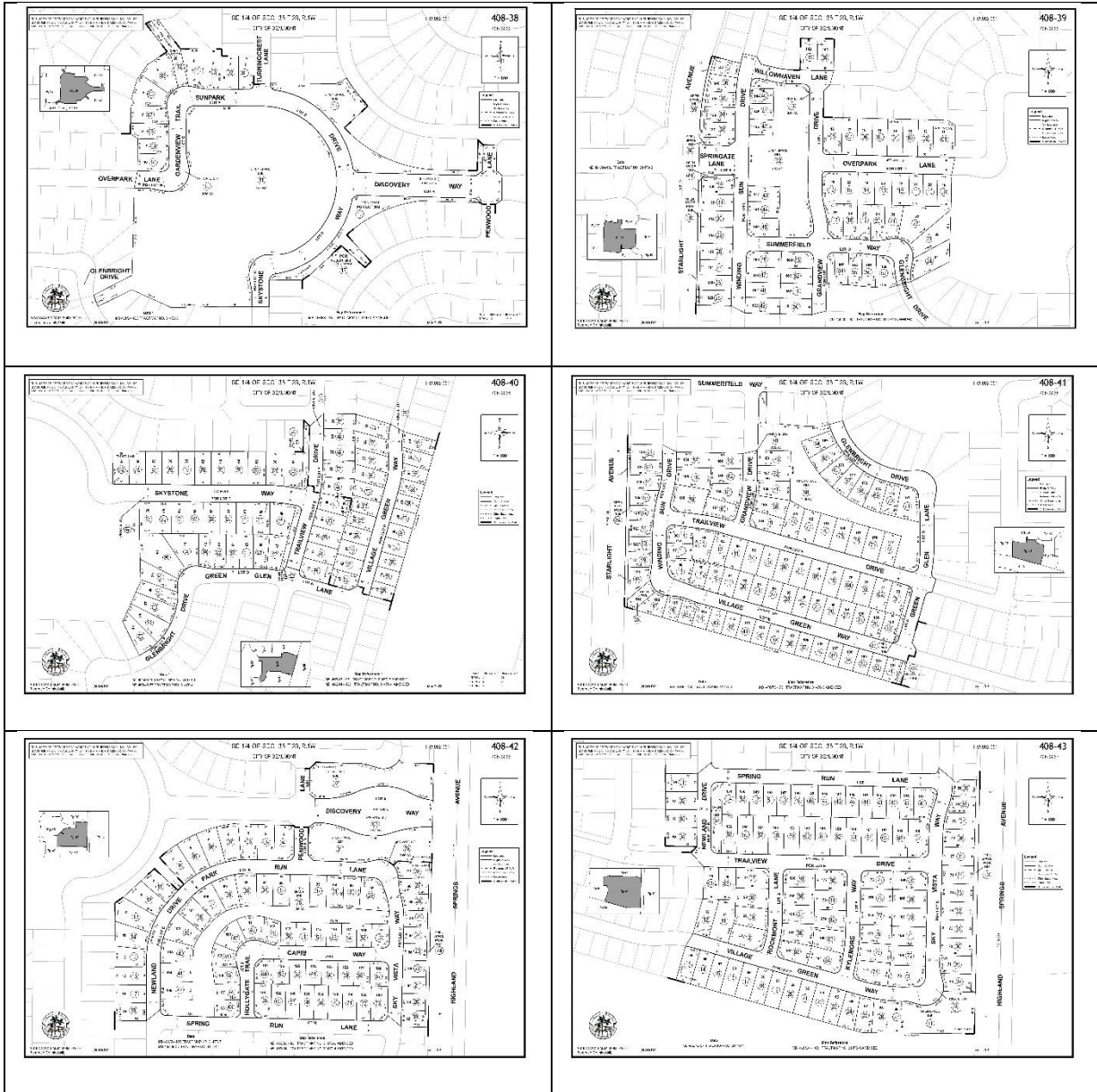
# Site Plan

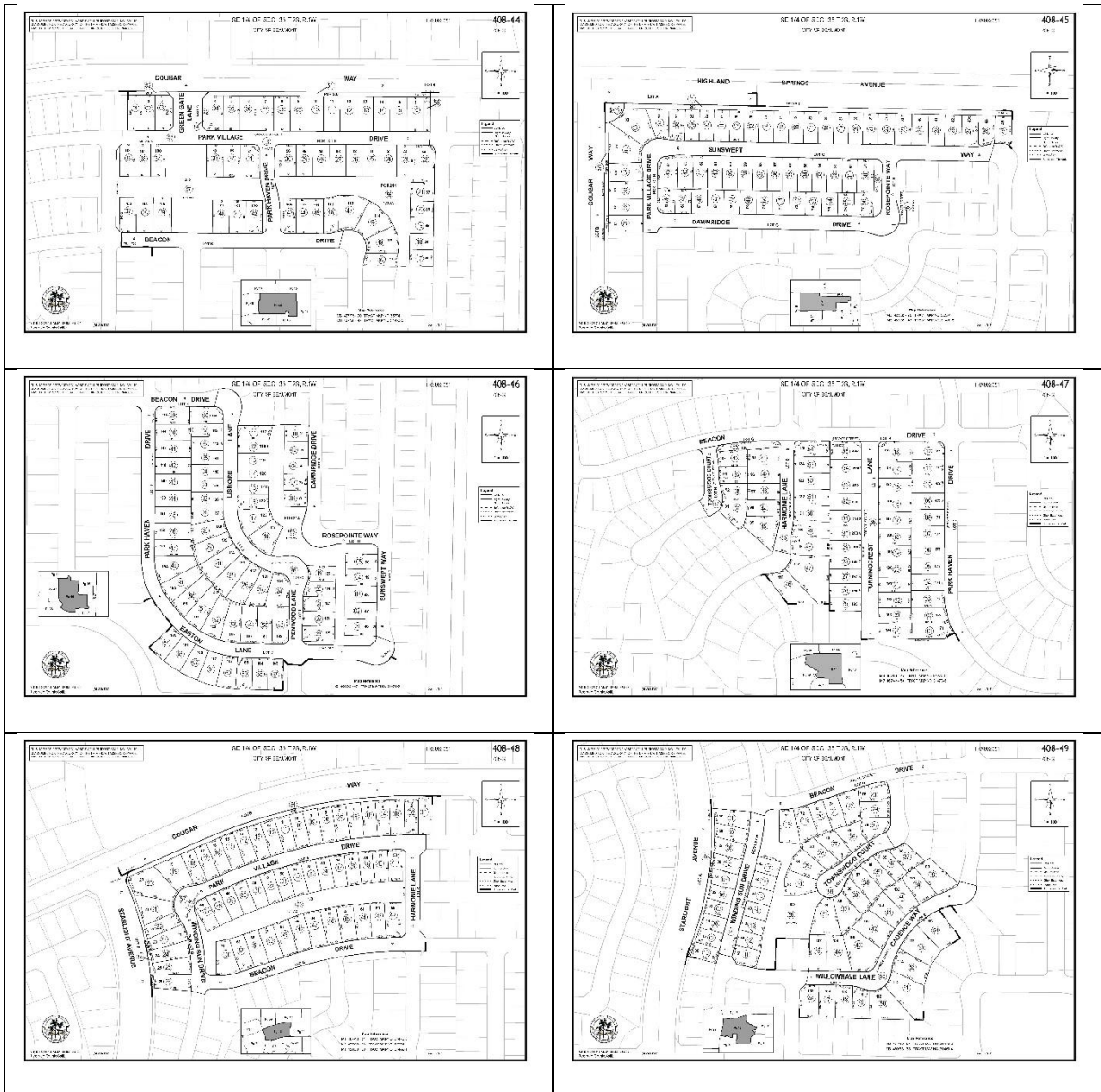






### Parcel Maps





## Aerial



Date of photo: January 28, 2025

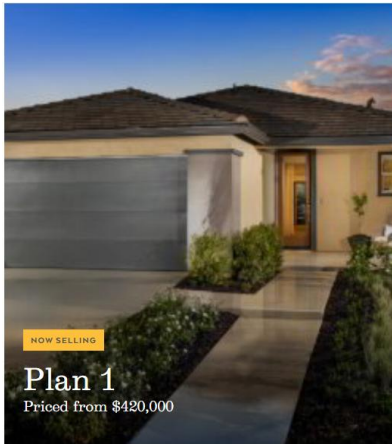
## Proposed Improvements Description

### Overview

The subject property is being developed by TRIPointe and details of the active (and recently sold out) product lines is presented in the following table.

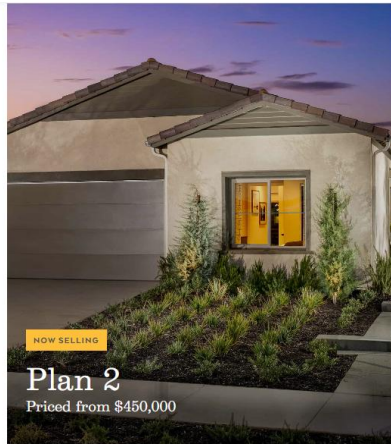
Floor Plan Summary								
Project Name	Living	Bedroom	Bathroom	Stories	Garage	Typical Lot Size (SF)	Developer's Base	
	Area (SF)						Price	Comments
<b>Rosa at Altis</b>								
Plan 1	1,419	2	2.0	One	2-Car	4,725	\$420,000	
Plan 2	1,563	3	2.0	One	2-Car	4,725	\$450,000	
Plan 3	1,763	4	2.5	One	2-Car	4,725	\$475,000	
<b>Lina at Altis</b>								
Plan 1	1,934	2	2.0	One	2-Car	5,250	\$485,500	
Plan 2	1,989	2	2.0	One	2-Car	5,250	\$502,500	
Plan 3	2,186	2	2.0	One	2-Car	5,250	\$526,000	
<b>Vita at Altis</b>								
Plan 1	1,473	2	2.0	One	2-Car	3,850	N/Av	Sold Out
Plan 2	1,534	2	2.0	One	2-Car	3,850	N/Av	Sold Out
Plan 3	1,682	2	2.0	One	2-Car	3,850	N/Av	Sold Out
<b>Elan at Altis</b>								
Plan 1	2,278	2	2.5	One	2-Car	5,775	N/Av	Sold Out
Plan 2	2,404	2	2.5	One	2-Car	5,775	N/Av	Sold Out
Plan 3	2,559	2	2.5	One	2-Car	5,755	N/Av	Sold Out
<b>Mira at Altis</b>								
Plan 1	1,970	2	2.0	One	2-Car	4,725	N/Av	Sold Out
Plan 2	2,174	2	2.5	One	2-Car	4,725	N/Av	Sold Out
Plan 3	2,230	2	2.0	One	2-Car	4,725	N/Av	Sold Out
<b>Avid at Altis</b>								
Plan 1	1,661	2	2.0	One	2-Car	5,250	N/Av	Sold Out
Plan 2	1,802	2	2.0	One	2-Car	5,250	N/Av	Sold Out
Plan 3	1,929	2	2.0	One	2-Car	5,250	N/Av	Sold Out

The interior finish profile is considered to be of a typical quality for the area, which is generally average to good overall quality (please refer to the Builder's website for a complete description of interior finishes). The subject's floor plans are shown on the following pages.



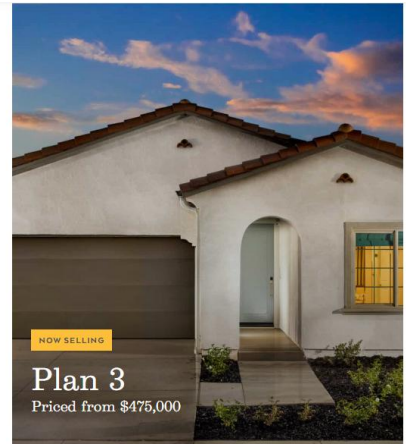
1,419	2	2	2
SQ. FOOTAGE	BEDS	BATHS	GARAGE

PLAN 1



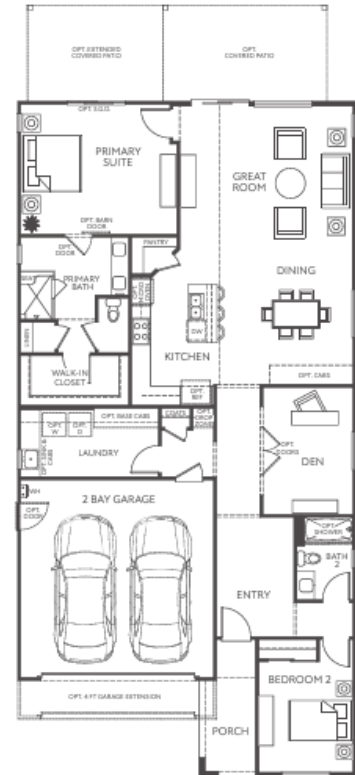
1,563	2	2	2
SQ. FOOTAGE	BEDS	BATHS	GARAGE

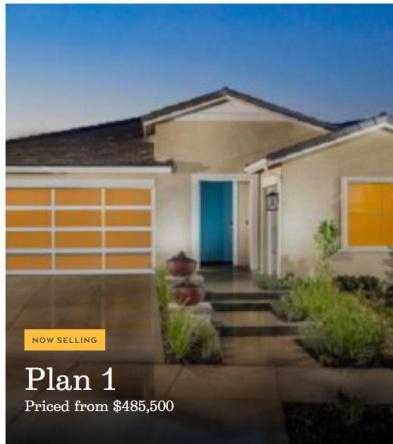
PLAN 2



1,763	2	2-2.5	2
SQ. FOOTAGE	BEDS	BATHS	GARAGE

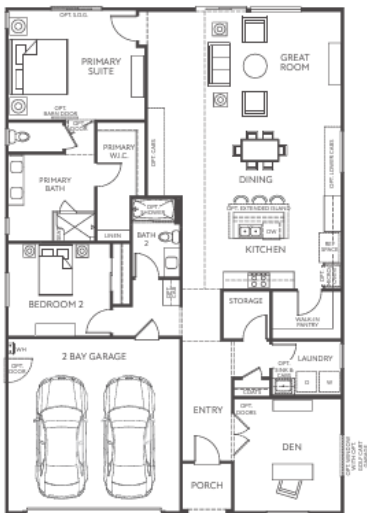
PLAN 3





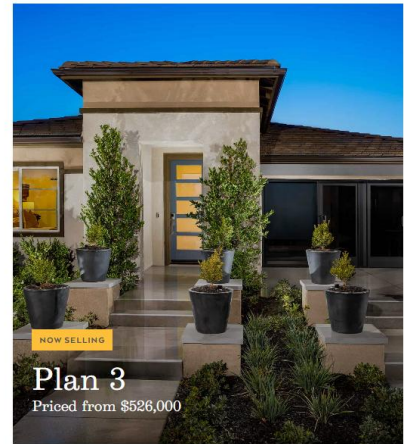
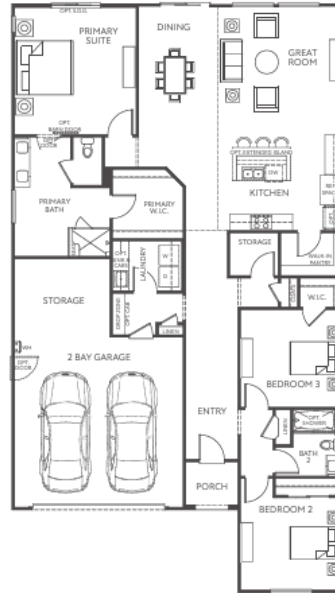
1,934	2 - 3	2 - 3	2
SQ. FOOTAGE	BEDS	BATHS	GARAGE

PLAN 1BR



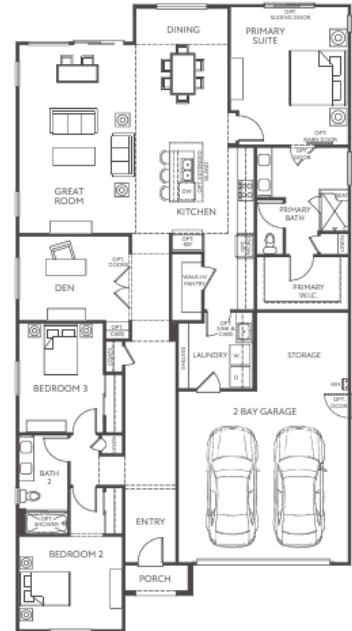
1,989	2 - 3	2 - 2.5	2
SQ. FOOTAGE	BEDS	BATHS	GARAGE

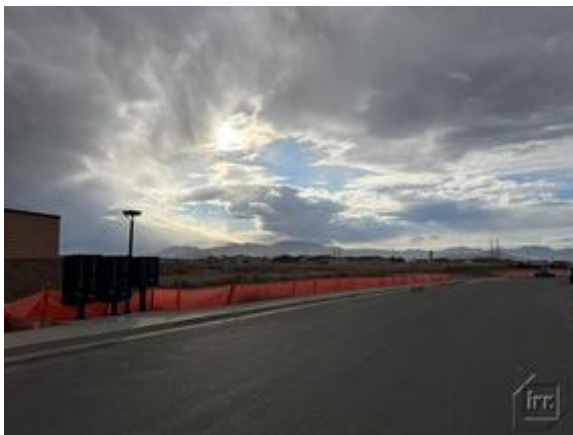
PLAN 2AR



2,186	2 - 3	2 - 2.5	2
SQ. FOOTAGE	BEDS	BATHS	GARAGE

PLAN 3C















## Real Estate 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 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 direct charges. Bonded indebtedness approved prior to 1978, and any bonds subsequently approved by a two-thirds vote of the district in which the property is located, can be added to the 1% tax rate.

### Ad Valorem Taxes

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 Riverside County Treasurer-Tax Collector's Office, the subject has a tax rate of 1.297010% for tax year 2024/25, based on assessed value. In addition, the appraised properties are subject to direct charges. Based on a survey of surrounding residential properties, it is estimated the subject would have direct charges of approximately \$735 per lot.

### Special Assessments

All of the appraised properties are encumbered by a Special Tax Lien associated with the City of Beaumont CFD No. 2016-3 (Altis) that also increases 2% per year. With respect to special taxes, we have relied upon information provided by the special tax consultant, for the annual special tax levy on the appraised properties, which are shown as follows for tax year 2024/25:

#### Special Tax Table (Fiscal Year 2024-2025)

Land Use Category	Square Footage Category	Assigned Special Tax
Residential Property	Less than 1,426 SF	\$1,366 per unit
Residential Property	1,426 - 1,575 SF	\$1,436 per unit
Residential Property	1,576 - 1,725 SF	\$1,520 per unit
Residential Property	1,726 - 1,875 SF	\$1,590 per unit
Residential Property	1,876 - 2,025 SF	\$1,659 per unit
Residential Property	2,026 - 2,175 SF	\$1,785 per unit
Residential Property	2,176 - 2,325 SF	\$1,855 per unit
Residential Property	2,326 - 2,475 SF	\$1,980 per unit
Residential Property	Greater than 2,475 SF	\$2,058 per unit

Source: Rate and Method of Apportionment of Special Taxes

## Highest and Best Use

### Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Physically possible.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

### Highest and Best Use As If Vacant

#### Legally Permissible

The site is zoned PA 30, 31, 33, 34, Planning Area (Sundance Specific Plan) Low, Low-Medium and Medium Density Residential. Permitted uses include detached single-family units with a variety of densities. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. The subject property has an approved tentative/final map for 704 single-family homes on individual lots and associated improvements. The subject's present entitlements are the result of significant planning and review, and any rezone or land use different than currently approved is unlikely. Given prevailing land use patterns in the area, only single family residential is given further consideration in determining highest and best use of the site, as though vacant.

#### Physically Possible

The physical characteristics of a site that affect its possible use 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 single-family residential development; at this point the physical characteristics are examined to see if they are suited for the legally permissible use.

Based on our physical inspection of the subject property, we know of no reason why the property would not support development. All utilities are available to the perimeter of the site. The property is not located within an adverse earthquake, flood, or fire zone. Further, the subject is proximate to new development and development appears possible. Surrounding land uses are compatible and/or similar. Development on adjacent properties provides support that soils are adequate for development. Based on the physical characteristics of the subject property, residential development is considered physically possible and most appropriate

#### Financially Feasible

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 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 reflects completion of site development is financially feasible.

### **Maximally Productive**

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 their highest and best use as vacant, is for near-term single-family residential development.

### **As Improved (Proposed)**

As with the highest and best use as though vacant, the four tests of highest and best use must also be applied to the subject property considering the in-place improvements. Consideration must be given to the continued as-is use of the subject, as well as alternative uses for the subject. The potential alternative uses consist of demolition, expansion, conversion or renovation.

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 property as improved exceeds its value as vacant less demolition. The highest and best use of the subject property as improved is for continuing construction of homes, as dictated by demand.

### **Most Probable Buyer**

In conjunction with the definition of market value, this appraisal assumes a hypothetical sale of the subject properties to a probable buyer/user, as of the date of value. The subject is considered to have good appeal for production homes. The most probable buyer would be a developer/homebuilder for the finished lots and homes under construction. The most probable buyer for the completed homes would be an individual homeowner.

# Valuation

## Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Additional analyses often undertaken in the valuation of subdivisions include **extraction, land residual analysis, and the subdivision development method.**

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

<b>Approaches to Value</b>		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Not Applicable	Not Utilized

## Market Valuation – Completed Homes

The market value of the subject’s smallest floor plan is estimated in this section using the sales comparison approach to value. A summary of the smallest floor plans within the subject's active and recently sold-out product lines is presented in the table below:

Smallest Floor Plan Summary								
Floor Plan	Living Area (SF)	Bedroom	Bathroom	Stories	Garage	Typical Lot Size (SF)	Developer's Base Price	Comments
Rosa	1,419	2	2.0	One	2-Car	4,725	\$420,000	
Lina	1,934	2	2.0	One	2-Car	5,250	\$485,500	
Vita	1,473	2	2.0	One	2-Car	3,850	N/Ap	Sold Out
Elan	2,278	2	2.5	One	2-Car	5,775	N/Ap	Sold Out
Mira	1,970	2	2.0	One	2-Car	4,725	N/Ap	Sold Out
Avid	1,661	2	2.0	One	2-Car	5,250	N/Ap	Sold Out

This approach is based on the economic principle of substitution. According to *The Appraisal of Real Estate, 15<sup>th</sup> Edition* (Chicago: Appraisal Institute, 2020), “*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). The comparables utilized in the following analysis are from sales within the subject’s communities, sales from surrounding communities, and the MLS.

The objective of the analysis is to estimate the base price, net of incentives, upgrades and lot premiums. Incentives can take the form of direct price reductions or non-price incentives such as upgrades, interest rate buydowns, or non-recurring closing costs. Further, for the homes with various options of the number of bedrooms or bathrooms, consistent with the “not-less-than” valuation, we will utilize the lesser of the two options.



In order to estimate not-less-than market values for the various floor plans offered within each of the six product lines with completed homes comprising CFD No. 2016-3, a summary of historical home sales, per square foot, for the smallest floor plan within each product line was provided for consideration, and are summarized as following.

#### Historical Sale Summary

Product Line	Floor Plan Size			
	(SF)	Min. Price/SF	Max. Price/SF	Avg. Price/SF
Rosa	1,419	\$276	\$336	\$298
Lina	1,934	\$232	\$285	\$250
Vita	1,473	\$201	\$329	\$258
Elan	2,278	\$162	\$293	\$216
Mira	1,970	\$176	\$357	\$245
Avid	1,661	\$203	\$318	\$230

A summary of the most recent sales within the city of Beaumont is included in the following table.

#### Comparable Home Sale Summary

No.	Address	Close of		Living Area				Year Built	Lot Size (SF)	
		Escrow	Sale Price	Sale Price/SF	(SF)	Bedroom	Bathroom			Garage
1	1581 Winding Sun Dr	10/29/2024	\$424,571	\$299	1,419	2	2.0	2-Car	2024	5,262
2	1574 Turningcrest Ln	9/3/2024	\$438,059	\$309	1,419	2	2.0	2-Car	2024	6,105
3	35160 Vidalia Ln	8/27/2024	\$483,322	\$314	1,541	3	2.0	2-Car	2024	7,030
4	35327 Garcia St	12/17/2024	\$520,595	\$320	1,628	3	2.0	2-Car	2024	5,000
5	14223 Sicily Ct	10/19/2024	\$514,990	\$299	1,722	3	2.5	2-Car	2024	5,227
6	1570 Park Haven	11/19/2024	\$475,000	\$246	1,934	3	2.0	2-Car	2023	6,425
7	35173 Savory Ln	8/8/2024	\$499,686	\$255	1,957	3	2.5	2-Car	2024	4,214
8	1644 Park Village Dr	12/2/2024	\$539,673	\$271	1,989	3	2.0	2-Car	2024	6,270
9	35244 Guldahl Ct	12/2/2024	\$553,595	\$254	2,176	4	2.5	2-Car	2024	6,970
10	1566 Park Haven Dr	1/15/2025	\$600,000	\$274	2,186	3	2.5	2-Car	2023	6,425
11	14079 Dandolo Ln	8/7/2024	\$564,575	\$250	2,261	4	3.0	2-Car	2024	5,749

## Discussion of Adjustments

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Upgrades and Incentives	The objective of the analysis is to estimate the base value 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 included in the sales have been considered in this analysis.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	All of the comparables represent fee simple estate transactions. Therefore, consideration for this factor is not necessary.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	No consideration is required for this factor.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	All of the comparable transactions represent arm's-length, market transactions.
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.	As demonstrated in the previous market analysis section, new home pricing has been fluctuating over the past twelve months in the subject's market area, as well as within the region overall. Home pricing over the past 6 months has remained somewhat stable, as incentives in the form of interest rate buy downs remains a popular program for many homebuilders; as such, no adjustments are considered for market conditions as of the date of value.
Location	Location is a very important factor to consider when making comparisons. The comparables	The comparables are located within the City of Beaumont and no

Adjustment Factor	Accounts For	Comments
Community Appeal	<p>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.</p> <p>Community characteristics that may influence sale prices include a gated amenity or the condition of surrounding development.</p>	<p>consideration is warranted for this category.</p> <p>The subject and all of the comparables have similar community appeal and adjustments are not considered.</p>
Lot Size	<p>The lot size adjustment pertains to the differences between the subject's average lot size 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.</p>	<p>Considering the typical lot sizes of the subject's projects, an adjustment factor is considered for those comparables with appreciably larger lots.</p>
Lot Premiums/ Discounts	<p>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.</p>	<p>The comparables are similar to the subject's projects; no consideration is necessary</p>
Design and Appeal/Quality of Construction	<p>Design and appeal of a floor plan is consumer specific. One exterior may appeal to one buyer, while another appeal to a different buyer. These types of features for new homes with similar functional utility are not typically noted in the base sales prices.</p> <p>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.</p>	<p>The comparables are similar to the subject property in regard to design and appeal.</p> <p>In terms of quality of construction, the subject property represents average-to-good construction quality. All of the comparable sales feature similar construction quality and do not require consideration.</p>

<b>Adjustment Factor</b>	<b>Accounts For</b>	<b>Comments</b>
Age/Condition	When comparing resale to resale, the market generally reflects a difference of 1% per year of difference in effective age.	The sales represent new construction at the time with a similar effective age as the subject property; no consideration for differences in age/condition is necessary.
Functional Utility	Ability to adequately provide for its intended purpose.	The appraised properties and comparables represent traditional detached single-family residential construction on similar lot size categories as the subject. Adjustments for this factor do not apply.
Number of Stories	For similar size units, the differences between the number of stories is typically a buyer preference. One buyer might prefer a single-story versus a two-story unit.	All the subject floor plans comprise single-story designs. In current market conditions, single story floor plans typically demand a slight premium. As such, consideration is given to story differences.
Parking/Garage	Number of garage spaces	The subject's floor plans and all of the comparables offer two-car garages. No adjustments are considered.

## Conclusion of Home Values

As shown at the beginning of this section, the recent and historical sales within the subject suggest a market value between \$162 and \$357 per square foot, all else being equal, with the low end reflective of the largest floor plan offered (and the earliest sales). These figures are supported by the comparable sales at competing projects. Based on the analysis herein, and reported sales from the active single-family subdivisions within the subject property, the following table reflects a not-less-than market value estimate for the representative floor plans/homes within the subject property:

<b>Floor Plan Value Conclusions</b>								
Floor Plan	Living Area (SF)	Bedroom	Bathroom	Stories	Garage	Typical Lot Size (SF)	Market Value/SF	Concluded Base Retail Value (Rd)
Rosa	1,419	2	2.0	One	2-Car	4,725	\$295	<b>\$420,000</b>
Lina	1,934	2	2.0	One	2-Car	5,250	\$250	<b>\$484,000</b>
Vita	1,473	2	2.0	One	2-Car	3,850	\$300	<b>\$442,000</b>
Elan	2,278	2	2.5	One	2-Car	5,775	\$250	<b>\$570,000</b>
Mira	1,970	2	2.0	One	2-Car	4,725	\$250	<b>\$493,000</b>
Avid	1,661	2	2.0	One	2-Car	5,250	\$299	<b>\$497,000</b>

The conclusions above will be incorporated in the market value by ownership section at the end of this Appraisal Report.

## Land Residual Analysis

The land residual analysis is employed as an additional indicator of market value for the subject's benchmark lot size. The subject contains four lot size categories ranging in size from 3,825 to 5,775 square feet, with counts ranging from 125 to 205. For the purposes of this analysis, we will utilize a benchmark lot size of 4,725 square feet with a typical market transaction size of 60 lots.

This valuation method is used in estimating land value when subdivision and development are the highest and best use of the land being appraised. All direct and indirect costs are deducted from an estimate of the anticipated gross sales price of the improved product; the resultant net sales proceeds are then discounted to present value at an anticipated rate over the development and absorption period to indicate the value of the land. The land residual analysis is conducted on a quarterly basis. As a discounted cash flow analysis, the land residual analysis consists of four primary components summarized as follows:

**Revenue** – the gross income is based on the sale of completed homes.

**Absorption Analysis** – the time frame required for sell off. Of primary importance in this analysis is the allocation of the revenue over the absorption period – including the estimation of an appreciation factor (if any).

**Expenses** – the expenses associated with the sell-off are calculated in this section – including direct and indirect construction costs, administration, marketing and commission costs, as well as taxes and special taxes.

**Discount Rate** – an appropriate discount rate is derived employing a variety of data.

Discussions of these four concepts follows below, with the discounted cash flow analysis offered at the end of this section.

### Revenue

The projected sales price for the average unit within the project will vary, as the ultimate sales price is affected by unit size, location within the project, site influences, construction costs, anticipated premiums achievable at the point of retail sale, as well as external influences such as adjacent land uses.

The benchmark lot category has 60 lots with a typical lot size of 4,725 square feet. Based on the Residential Market section of this report and considering current asking prices, we estimate a typical average-sized home on the subject would contain approximately 1,800 square feet and would have a corresponding base price of \$475,000. These estimates will be utilized in the analysis.

### Closing Projections

The typical time required for the construction of units has been approximately three to six months from start to closing. It is assumed that initial closings will occur within three to six months of the date of sale. The premise is that the builder constructs efficiently as homes are sold. These assumptions are reflected in the projected construction schedule shown in the land residual models at the end of this

section. Since the land residual analysis is conducted on a quarterly basis, closings are reflected in the following period, as most construction will be substantially completed prior to initiation of sales.

### **Changes in Market Conditions (Price Increases or Decreases)**

The subject's market area has experienced rapid market appreciation in home prices for the past few years; however, since early 2022 the Federal Reserve Bank began raising the benchmark federal-funds rate (from near zero in March 2022) in an effort to manage rising inflation. The fed-funds rate is greater than 5%, which has resulted in a substantial rise in mortgage interest rates, which now average 6.5%-7.0% and have moderated from a high of 8.0% in October of 2023. The rise in mortgage interest rates has impacted the affordability of homes for a certain segment of the homebuyer market, which may impact pricing in the near term. Consequently, under current market conditions, forecasting home appreciation during the absorption period is speculative, and several homebuilders surveyed indicate they typically do not trend/forecast home appreciation during the sell-off period. Therefore, for purposes of this analysis, the home price revenue will be held constant during the sell-off period.

### **Absorption**

Typically multiple product lines would be marketed in a subdivision to create characteristics appealing to as many potential purchasers as possible. Offering home products within a subdivision to different market segments is done with the aim of increasing absorption and reducing the overall development holding period for a project.

Based on the typical marketing and absorption rate data presented in the Residential Market overview, we estimate an absorption rate of approximately 3 units per month or 9 units per quarter. Home sales begin in Period 1, and the subject lots sell out in Period 7, with Period 8 needed to complete construction and close escrow. Our disposition period for the subject lots is over the course of two years. Market conditions are anticipated to remain stable over this time.

### **Expense Projections**

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

Subdivision Budgets															
Developer Classification	Budget Date	No. of Units	Quality	Avg. Home Size (SF)	Typical Lot Size	G & A % of Revenue	Mkt & Sales % of Revenue	Direct Costs/SF	Indirect Costs/SF	Indirect % of Direct Costs	Site Costs/Lot	Permits & Fees/Unit	Cost per Model	Profit % of Revenue	
National	2023	85	Average	1,844	3,000	N/Av	N/Av	\$96.00	N/Av	N/Av	\$65,855	\$48,588	N/Av	N/Av	
National	2023	202	Average	2,342	7,250	N/Av	N/Av	\$72.06	\$11.06	15.35%	\$76,242	\$73,000	N/Av	N/Av	
National	2023	276	Average	2,220	7,200	N/Av	N/Av	\$74.96	\$11.09	14.79%	\$83,185	\$32,800	\$80,339	N/Av	
Regional	2023	52	Average	2,607	6,200	N/Av	5.80%	\$101.86	\$6.86	6.73%	\$164,076	\$73,595	N/Av	10.06%	
National	2023	177	Average	2,112	7,200	N/Av	N/Av	\$77.91	\$9.73	12.49%	\$110,669	\$61,700	N/Av	N/Av	
National	2023	85	Average	2,118	4,800	2.25%	2.25%	\$96.79	\$9.92	10.24%	N/Av	\$88,700	N/Av	N/Av	
National	2023	573	Average	2,327	5,232	N/Av	N/Av	\$99.86	N/Av	2.50%	\$126,003	\$98,422	N/Av	20.00%	
National	2022	150	Average	2,092	5,500	N/Av	N/Av	\$92.11	N/Av	N/Av	\$72,875	\$51,700	N/Av	20.5%	
National	2022	96	Average	2,346	7,350	N/Av	N/Av	\$79.46	N/Av	N/Av	\$124,544	\$68,647	\$164,265	N/Av	
Local	2022	91	Average	2,160	5,475	5.0%	1.0%	\$117.00	N/Av	N/Av	N/Av	\$52,790	N/Av	10.0%	
National	2022	862	Average	2,176	5,306	N/Av	N/Av	\$112.00	N/Av	N/Av	\$161,203	\$52,801	N/Av	N/Av	
National	2022	387	Average	1,771	5,000	6.0%	3.0%	\$105.39	N/Av	N/Av	N/Av	\$43,000	N/Av	28.0%	
National	2022	187	Average	2,420	6,698	N/Av	N/Av	\$95.00	N/Av	N/Av	\$255,045	\$77,870	N/Av	N/Av	
Local	2022	99	Good	2,614	5,500	5.5%	1.2%	\$95-\$105	N/Av	N/Av	\$100,600	\$48,599	\$125,000	29.0%	
Regional	2022	49	Average	2,062	6,600	3.0%	3.9%	\$104.63	N/Av	N/Av	\$82,916	\$56,472	N/Av	20.9%	
Regional	2021	87	Average	1,978	6,500	N/Av	N/Av	\$98.00	N/Av	N/Av	\$96,759	\$63,947	N/Av	N/Av	
Regional	2021	145	Average	2,109	5,775	4.2%	4.25	\$79.86	\$13.01	16.4%	\$94,951	\$37,659	\$54,000	6.8%	
Regional	2021	128	Average	2,009	2,565	3.0%	3.5%	\$87.42	\$16.63	19.0%	N/Av	\$54,371	N/Av	14.0%	
Local	2021	36	Good	2,533	3,450	5.5%	6.6%	\$112.26	\$5.53	4.9%	N/Av	\$55,497	N/Av	15.0%	
National	2021	124	Average	1,753	6,723	N/Av	N/Av	\$102.12	N/Av	N/Av	\$41,505	\$51,458	N/Av	N/Av	
Local	2021	21	Average	2,010	6,050	N/Av	N/Av	\$102.50	N/Av	N/Av	\$78,415	\$44,500	N/Av	N/Av	
Local	2021	12	Good	1,909	3,450	N/Av	1.4%	\$189.48	\$31.64	16.7%	\$96,162	\$36,270	N/Av	20.0%	
Regional	2021	147	Average	2,200	3,825	N/Av	N/Av	\$76.00	N/Av	7.0%	\$43,972	\$48,197	N/Av	N/Av	
Regional	2021	72	Good	2,551	3,800	N/Av	7.4%	\$88.00	N/Av	N/Av	\$112,128	\$63,610	N/Av	9.5%	
Regional	2020	81	Average	1,974	5,775	N/Av	2.5%	\$80.00	\$16.00	20%	\$83,788	\$81,336	N/Av	N/Av	
Local	2020	51	Average	2,106	6,955	3.3%	4.0%	\$91.50	\$10.07	11%	\$122,885	\$66,000	\$38,500	20.0%	
National	2020	14	Average	2,165	3,500	N/Av	3.2%	\$95.00	\$11.02	12%	N/Av	\$68,214	N/Av	N/Av	
National	2020	48	Average	2,102	5,250	2.4%	6.1%	\$124.00	\$20.13	16%	\$102,134	\$53,000	\$126,000	16.1%	
Regional	2020	112	Average	2,060	6,300	4.6%	4.1%	\$80.23	N/Av	10%	\$86,830	\$63,400	\$108,380	13.20%	
Regional	2020	30	Average	2,672	5,000	9.8%	6.3%	\$88.79	N/Av	10%	\$91,600	\$62,730	N/Av	12.2%	

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

**General and Administrative**

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.

**Marketing and Sale**

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 5.0%, or 2.5% for marketing and 2.5% for sales, is estimated in the marketing and sales expense category.

**Property Taxes (Ad Valorem and Special Taxes)**

The subject is located within an area with an effective tax rate of 1.2970%. This amount is applied to the estimated market values and divided by the total number of units to yield an estimate of ad valorem taxes/unit/year for each phase. The tax amounts are applied to unclosed inventory over the sell-off period. Property taxes are increased by 2% per year.

The subject is within the boundary of the City of Beaumont CFD No. 2016-3 (Altis). Special Taxes associated with the subject’s benchmark lot size within the District, for the most recently available tax year amount to \$1,590 per unit, which is utilized in the analysis, in addition to \$735 of additional





direct charges per unit. The total tax expense is gradually reduced over the absorption period, as the land components are sold off.

### **HOA**

A homeowner's association (HOA) is planned for the subject. According to the developer the estimated HOA fee applicable to the subject property is \$305 per home per month, which is similar to other new home projects in the area and will therefore be utilized in the analysis.

### **Permits and Fees**

Based on the information provided, the estimate of net permits and fees for the subject are estimated at \$3,000 per lot.

### **Direct and Indirect Construction Costs**

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 stabilized over the last 12 months. Based on the cost comparables, and considering the product line under development, a direct cost estimate of \$85.00 per square foot is applied the estimated home. This estimate is generally consistent with comparables in the market.

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 10% to 15% of the direct costs (excluding marketing, sales, general and administrative expenses, taxes, which are accounted for separately). An estimate of 15% is considered reasonable for the subject.

**Model Complex**

Based on the product line offered, 3 model homes are utilized to market the homes for the subject property, which is considered to be reasonable.

Model upgrade expenses can vary widely depending upon construction quality, targeted market and anticipated length of time on the market. These upgrades, exterior and interior, including furniture, can range from \$20,000 per model to over \$250,000 per model for executive homes.

Based on the quality of the subject's proposed improvements and the targeted buyer segment, a model upgrade cost of \$75,000 per model is considered reasonable for the subject's lots. Of this amount approximately 30% will be recaptured with the sale of the models reflecting a recapture of \$22,500 per model. Model costs will be incurred in the first period while the recapture amount will be applied evenly over the disposition period.

**Summary**

The following chart summarizes the revenue and expenses discussed on the preceding pages.

**Revenue & Expense Summary****REVENUE SUMMARY**

Floor Plan	No. of Units	Unit Size (SF)	\$/SF	Base Retail Value Per Unit	Extension
Average Unit	60	1,800	\$264	\$475,000	\$28,500,000
Model Recapture	(@ 30% of cost)				\$67,500
	60	1,800 (weighted avg.)			
				<b>Total Revenue Before Appreciation:</b>	<b>\$ 28,567,500</b>
					\$476,125 /unit
				<b>Total Revenue After Appreciation:</b>	<b>\$ 28,567,500</b>
					\$476,125 /unit

**EXPENSES SUMMARY**

General and Administrative	3.0% of total revenue			Total Over Sell-Off Period	
Marketing and Sales	5.0% of total revenue			\$	857,025
Ad Valorem Taxes	\$2,419 /unit/year			\$	1,428,375
Direct Charges	\$735 /unit/year			\$	141,034 (from cash flow)
Special Taxes/Assessments	\$1,590 /unit/year			\$	42,826 (from cash flow)
Homeowner's Association Fees	\$305 /unit/month			\$	92,704 (from cash flow)
Model Costs	3 models			\$	211,365 (from cash flow)
Permits and Fees				\$	225,000 \$75,000 (per model)
Subtotal:				\$	180,000 \$3,000 (per unit)
				\$	3,178,329
Direct Construction Costs (Before Appreciation)	<u>SF</u>	<u>Units</u>	<u>Cost/SF</u>	<u>Extension</u>	
Average/Typical Floor Plan	1,800	60	\$85.00	\$ 9,180,000	\$153,000 /unit
Indirect Construction Costs	15% of Direct Costs			\$	1,377,000 \$22,950 /unit
Subtotal:				\$	10,557,000
				<b>Total Expenses Before Appreciation:</b>	<b>\$ 13,735,329</b>

**Internal Rate of Return and Discount Rate**

According to industry sources, project yield rates historically have ranged anywhere from 5% to 25%. A yield rate is based on the perceived risk associated with the development.

Positive attributes of the subject property include steady demand in the market area and limited new construction. There are some "negative" attributes associated with the subject such as rising construction costs, in addition to the potential for deterioration in market conditions in the residential sector that would result from a change in macroeconomic factors (ex. continued high inflation, unemployment rates, interest rates, etc.).

Using a 5.00% present value factor and 10.00% for developer's incentive, results in an implied internal rate of return (IRR) of 21.900%.

Realty Rates provides expected Developer IRR for California developments as follows:

### California/Pacific Islands: Subdivisions & PUDs

	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
<b>Site-Built Residential</b>	17.52%	38.61%	26.04%	16.82%	37.06%	25.00%
-100 Units	17.52%	33.28%	24.89%	16.82%	31.95%	23.90%
100-500 Units	17.96%	36.61%	26.19%	17.24%	35.15%	25.15%
500+ Units	18.40%	38.27%	26.64%	17.66%	36.74%	25.57%
Mixed Use	18.84%	38.61%	26.42%	18.08%	37.06%	25.37%
<b>Manufactured Housing</b>	18.06%	42.18%	27.94%	17.34%	40.49%	26.82%
-100 Units	18.06%	36.68%	26.82%	17.34%	35.21%	25.75%
100-500 Units	18.51%	40.34%	28.25%	17.77%	38.73%	27.12%
500+ Units	18.97%	42.18%	28.74%	18.21%	40.49%	27.59%
<b>Business Parks</b>	18.04%	40.29%	27.08%	17.32%	38.68%	25.99%
-100 Acres	18.04%	35.04%	26.01%	17.32%	33.63%	24.97%
100-500 Acres	18.50%	38.54%	27.38%	17.76%	37.00%	26.28%
500+ Acres	18.95%	40.29%	27.84%	18.19%	38.68%	26.73%
<b>Industrial Parks</b>	18.15%	34.00%	24.28%	17.42%	32.64%	23.31%
-100 Acres	18.15%	29.56%	23.38%	17.42%	28.38%	22.44%
100-500 Acres	18.60%	32.52%	24.54%	17.86%	31.22%	23.56%
500+ Acres	19.05%	34.00%	24.93%	18.29%	32.64%	23.94%

\*2nd Quarter 2024 Data

Realty Rates Developers Survey 2024 Q4

California/Pacific Islands: CA, Guam, HI

### California/Pacific Islands: Condominiums & Co-Ops

	Actual Rates			Pro-Forma Rates		
	Min	Max	Avg	Min	Max	Avg
<b>Primary Residential</b>	13.08%	21.68%	16.73%	12.20%	20.81%	15.97%
Hi-Rise/Urban Townhouse	13.39%	21.64%	17.16%	12.85%	20.78%	16.48%
Garden/Suburban Townhouse	13.08%	20.76%	16.24%	12.56%	19.93%	15.59%
Mixed Use	13.27%	21.68%	16.77%	12.20%	20.81%	15.85%
<b>Resort &amp; Second Home</b>	14.21%	23.51%	17.56%	13.64%	22.57%	16.86%
Hi-Rise	14.32%	23.51%	18.54%	13.75%	22.57%	17.79%
Garden/Townhouse	14.21%	20.36%	16.59%	13.64%	19.54%	15.93%
<b>Commercial/Industrial</b>	11.74%	22.66%	16.19%	11.27%	21.76%	15.54%
Urban Office	12.52%	21.19%	16.52%	12.02%	20.34%	15.86%
Suburban Office	11.92%	21.15%	15.88%	11.45%	20.31%	15.24%
Retail	12.22%	22.66%	16.74%	11.73%	21.76%	16.07%
Industrial	11.74%	20.79%	15.61%	11.27%	19.96%	14.99%

\*2nd Quarter 2024 Data

Realty Rates Developers Survey 2024 Q4

California/Pacific Islands: CA, Guam, HI

The survey above is primarily focused on raw land development; whereas, the subject property is analyzed herein as if improved (finished lot, or improved site, condition), which carries less risk.

## Conclusion

The land residual analysis is presented as follows:

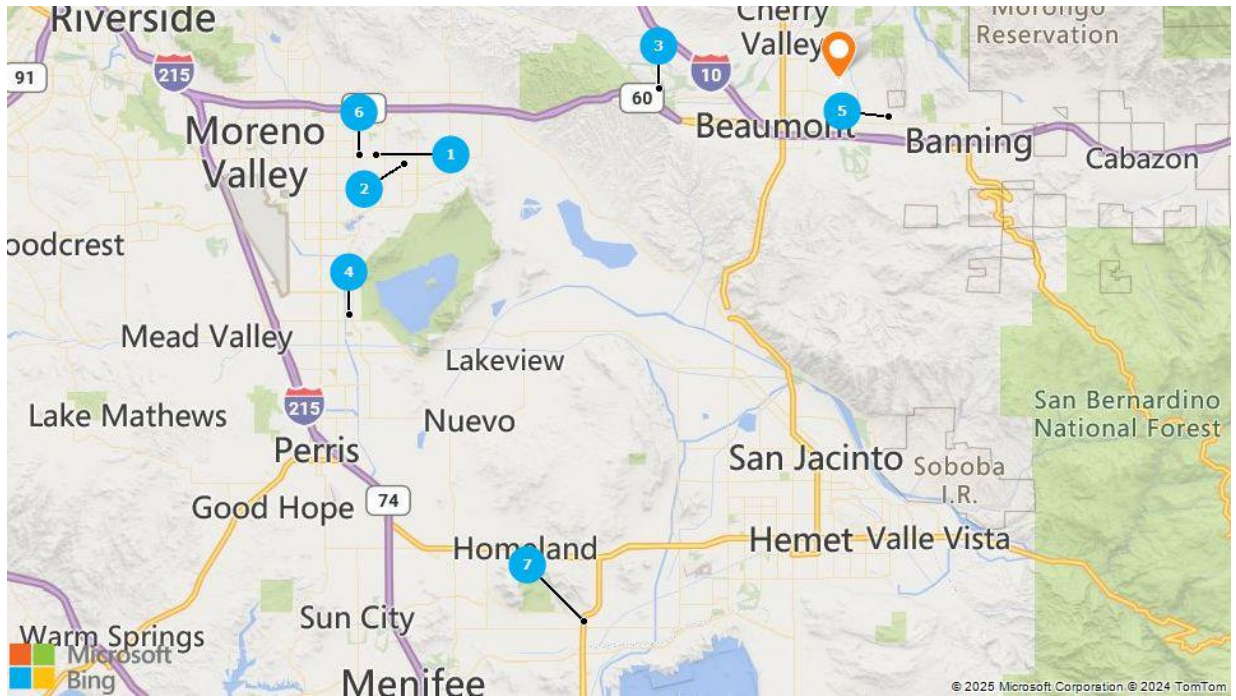
Land Residual Analysis											
Quarter:	0	1	2	3	4	5	6	7	8	Total	
<b>ABSORPTION</b>											
Sales		9	9	9	9	9	9	6	0	60	
Close of Escrow (COE)		0	9	9	9	9	9	9	6	60	
Unsold Inventory	60	51	42	33	24	15	6	0	0		
Sales Revenue (Before Appreciation)		\$ 4,285,125	\$ 4,285,125	\$ 4,285,125	\$ 4,285,125	\$ 4,285,125	\$ 4,285,125	\$ 2,856,750	\$ -		
Annual Appreciation Factor	0%	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000		
Sales Revenue (After Appreciation)		\$ 4,285,125	\$ 4,285,125	\$ 4,285,125	\$ 4,285,125	\$ 4,285,125	\$ 4,285,125	\$ 2,856,750	\$ -	\$ 28,567,500	
<b>Total Sales Revenue (at Close of Escrow)</b>		\$ -	\$ 4,285,125	\$ 4,285,125	\$ 4,285,125	\$ 4,285,125	\$ 4,285,125	\$ 4,285,125	\$ 2,856,750	\$ 28,567,500	
<b>EXPENSES AND CASH FLOWS</b>											
General and Administrative	3.0%	\$ (107,128)	\$ (107,128)	\$ (107,128)	\$ (107,128)	\$ (107,128)	\$ (107,128)	\$ (107,128)	\$ (107,128)	\$ (857,025)	
Marketing and Sales	5.0%	\$ -	\$ (214,256)	\$ (214,256)	\$ (214,256)	\$ (214,256)	\$ (214,256)	\$ (214,256)	\$ (142,838)	\$ (1,428,375)	
Ad Valorem Taxes (\$/unit/yr)	\$2,419	\$ (36,284)	\$ (30,995)	\$ (25,653)	\$ (20,257)	\$ (14,806)	\$ (9,300)	\$ (3,739)	\$ -	\$ (141,034)	
Direct Charges (\$/unit/yr)	\$735	\$ (11,018)	\$ (9,412)	\$ (7,790)	\$ (6,151)	\$ (4,496)	\$ (2,824)	\$ (1,135)	\$ -	\$ (42,826)	
Special Taxes/Assessments (\$/unit/yr)	\$1,590	\$ (23,850)	\$ (20,374)	\$ (16,862)	\$ (13,315)	\$ (9,732)	\$ (6,113)	\$ (2,457)	\$ -	\$ (92,704)	
Homeowner's Association Fees (\$/unit/mo)	\$305	\$ (54,900)	\$ (46,665)	\$ (38,430)	\$ (30,195)	\$ (21,960)	\$ (13,725)	\$ (5,490)	\$ -	\$ (211,365)	
Model Costs		\$ (225,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (225,000)	
Permits and Fees		\$ (27,000)	\$ (27,000)	\$ (27,000)	\$ (27,000)	\$ (27,000)	\$ (27,000)	\$ (18,000)	\$ -	\$ (180,000)	
Subtotal:		\$ (485,180)	\$ (455,831)	\$ (437,120)	\$ (418,303)	\$ (399,379)	\$ (380,346)	\$ (352,206)	\$ (249,966)	\$ (3,178,329)	
Direct Construction Costs		\$ (688,500)	\$ (1,377,000)	\$ (1,377,000)	\$ (1,377,000)	\$ (1,377,000)	\$ (1,377,000)	\$ (1,147,500)	\$ (459,000)		
Annual Appreciation Factor	0%	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000		
Direct Construction Costs (Appreciated)		\$ (688,500)	\$ (1,377,000)	\$ (1,377,000)	\$ (1,377,000)	\$ (1,377,000)	\$ (1,377,000)	\$ (1,147,500)	\$ (459,000)	\$ (9,180,000)	
Indirect Construction Costs	15%	\$ (103,275)	\$ (206,550)	\$ (206,550)	\$ (206,550)	\$ (206,550)	\$ (206,550)	\$ (172,125)	\$ (68,850)	\$ (1,377,000)	
Subtotal:		\$ (791,775)	\$ (1,583,550)	\$ (1,583,550)	\$ (1,583,550)	\$ (1,583,550)	\$ (1,583,550)	\$ (1,319,625)	\$ (527,850)	\$ (10,557,000)	
<b>Total Expenses</b>		\$ (1,276,955)	\$ (2,039,381)	\$ (2,020,670)	\$ (2,001,853)	\$ (1,982,929)	\$ (1,963,896)	\$ (1,671,831)	\$ (777,816)	\$ (13,735,329)	
<b>NET INCOME BEFORE DEVELOPER'S INCENTIVE</b>		\$ (1,276,955)	\$ 2,245,744	\$ 2,264,455	\$ 2,283,272	\$ 2,302,196	\$ 2,321,229	\$ 2,613,294	\$ 2,078,934	\$ 14,832,171	
Developers Incentive	10.00%	\$ -	\$ (428,513)	\$ (428,513)	\$ (428,513)	\$ (428,513)	\$ (428,513)	\$ (428,513)	\$ (285,675)	\$ (2,856,750)	
<b>NET INCOME BEFORE DISCOUNTING</b>		\$ (1,276,955)	\$ 1,817,232	\$ 1,835,943	\$ 1,854,760	\$ 1,873,684	\$ 1,892,716	\$ 2,184,782	\$ 1,793,259	\$ 11,975,421	
<b>Present Value Factors</b>											
Discount Rate	5.00%	0.98765	0.97546	0.96342	0.95152	0.93978	0.92817	0.91672	0.90540		
Discounted Cash Flow		\$ (1,261,190)	\$ 1,772,639	\$ 1,768,781	\$ 1,764,849	\$ 1,760,845	\$ 1,756,771	\$ 2,002,824	\$ 1,623,614	\$ 11,189,134	
<b>Net Present Value (Rounded)</b>										\$ 11,190,000	
									per unit:	\$187,000	
<b>Implied Internal Rate of Return (IRR)</b>	21.900%	\$ (1,276,955)	\$ 2,245,744	\$ 2,264,455	\$ 2,283,272	\$ 2,302,196	\$ 2,321,229	\$ 2,613,294	\$ 2,078,934		
		\$ (11,190,000)	\$ (1,210,671)	\$ 2,018,651	\$ 1,929,813	\$ 1,844,844	\$ 1,763,578	\$ 1,685,857	\$ 1,799,457	\$ 1,357,202	\$ (1,269)

As a check of reasonableness, we have arrayed a number of recent bulk lot transactions in the subject's market area.

#### Summary of Comparable Land Sales

No.	Name/Address	Sale Date; Status	Sale Price; Bond Consideration/Lot	Typical Lot Size	Number of Lots	\$/Lot	Lot Finishing Costs	\$/Finished Lot
1	Alessandro Alessandro Blvd. Moreno Valley Riverside County	Nov-23 Closed	\$16,143,500 \$4,000	3,000	225	\$71,749	\$131,516	\$203,000
	Comments: This is a sale of 225 tentatively mapped lots with a typical lot size of 3,000 square feet. The lots will be developed into clusters; however, it is unclear the exact layout. The finished lot price is estimated at \$201,265 per lot. A building permit is estimated at \$2,000 per lot. It is unclear if the project will utilize bond financing. However, given the surrounding projects also utilize bond financing, it is estimated the property would have an estimated special tax of \$2,000 per lot.							
2	27550 Brodiaea Avenue 27550 Brodiaea Ave. Moreno Valley Riverside County	Jul-23 Closed	\$2,800,055 \$4,000	3,600	67	\$41,792	\$137,877	\$180,000
	Comments: This is a sale of 67 tentatively mapped lots with a typical lot size of 3,600 square feet. The finished lot price is estimated at \$177,669 per lot. A building permit is estimated at \$2,000 per lot. It is unclear if the project will utilize bond financing. However, given the surrounding projects also utilize bond financing, it is estimated the property would have an estimated special tax of \$2,000 per lot.							
3	Fairway Canyon PA 22B Sorenstam Dr. Beaumont Riverside County	Dec-22 Closed	\$7,047,000 \$0	6,000	55	\$128,127	\$66,873	\$195,000
	Comments: This is a sale of 55 finished lots with a typical lot size of 6,000 square feet within the city of Beaumont. The reported finished lot value is \$192,000 per finished lot; however, this does not equate to the purchase price reported on public records. Therefore, this comparable is given guarded reliance. The project is surrounded by open space and a golf course. The building permit is estimated at \$3,000 per lot. It is unclear if the project will utilize bond financing.							
4	Stratford Place II Evans Rd. Perris Riverside County	Nov-22 Closed	\$7,218,990 \$6,214	6,000	90	\$80,211	\$149,789	\$230,000
	Comments: This is a sale of 90 unimproved lots with a tentative map in place and a typical lot size of 6,000 square feet. According to the broker, the lots were purchased at a finished lot price of \$230,000 per lot. The buyer is developing the 270 lots adjacent to the north of this project. It is assumed there was a degree of assemblage influencing a part of the sale, but this was not confirmed. Special taxes are estimated \$3,107 per lot.							
5	Canterberry Mountain Avenue & Red Bluff Ln. Banning Riverside County	Sep-22 Closed	\$1,770,000 \$0	10,000	19	\$93,158	\$81,842	\$175,000
	Comments: This comparable represents the sale 19 finished single family lots with a minimum size of 10,000 square feet, for a finished lot price of \$175,000/lot. Crestwood Communities is constructing three floor plan ranging in size from 1,951 to 2,300 SF, priced at \$579,990 to \$591,900.							
6	Windsong NWQ Alessandro Blvd. and Darwin Dr. Moreno Valley Riverside County	Aug-22 Closed	\$7,500,000 \$4,000	5,000	177	\$42,373	\$197,345	\$240,000
	Comments: This sale encompasses two adjacent parcels purchased by D.R. Horton from two different sellers. D.R. Horton closed on the first 18.01-acre parcel for \$3,755,000 on August 1, 2022 and closed on the second 17.63-acre parcel for \$3,745,000 on August 2, 2022. The site will be developed into a 177-lot subdivision called Windsong. Floor plans will range from 1,898 to 2,537 square feet and the typical lot size will be approximately 5,000 square feet. Finishing costs are estimated at approximately \$197,345 per lot. It is unclear if the project will utilize bond financing. However, given surrounding projects also utilize bond financing, it is estimate the property would have an estimated special tax of \$2,000 per lot.							
7	La Ventana SEC Simpson Rd and La Ventana Rd Winchester Riverside County	Apr-22 Closed	\$8,000,000 \$4,000	6,000	220	\$36,364	\$178,636	\$215,000
	Comments: Site consists of 220 residential lots, along with a park site and a school site. The typical lot size is approximately 6,000 SF. The finished lot price was reportedly \$215,000/lot. It is unclear if the project will utilize bond financing. However, given surrounding projects also utilize bond financing, it is estimate the property would have an estimated special tax of \$2,000 per lot.							
	<b>Subject</b>			4,775	60			
	Altis Beaumont Beaumont, CA							

### Comparable Land Sales Map





Sale 1  
Alessandro



Sale 2  
27550 Brodiaea Avenue



Sale 3  
Fairway Canyon PA 22B



Sale 4  
Stratford Place II



Sale 5  
Canterberry



Sale 6  
Windsong





Sale 7  
La Ventana

The comparables reflect a range of sale prices of \$175,000 to \$242,000 per improved lot. The wide disparity in the unadjusted range is largely attributable to location, as well as differences in permits and fees, remaining site costs and bonds encumbrances. The preceding analysis indicates an improved lot value for the subject's representative lot of \$187,000, which is supported by the range of sales above and considered reasonable.

The subject includes neighborhoods with a typical lot sizes ranging from 3,850 to 5,775 square feet. In consideration of paired sales analyses and sales agent interviews regarding premiums achieved for home sales when isolating lot size, a lot size adjustment factor of \$8.00 per square foot of difference in lot area is applied to the benchmark lot values. In the following table, adjustments for differences in lot size are made to the above-concluded benchmark typical lot and applied to the subject's additional lot size categories.

<b>Lot Size Adjustment</b>					
Planning Area	Total No. of Lots	Typical Lot Size (SF)	Benchmark Lot Value	Lot Size Adjustment	Adjusted Lot Value (Rd)
PA30	186	3,850	\$187,000	(\$7,000)	\$180,000
PA31	188	4,725	\$187,000	\$0	\$187,000
PA33	205	5,250	\$187,000	\$4,200	\$191,000
PA34	125	5,775	\$187,000	\$8,400	\$195,000

The previous analysis indicated values of \$177,000 - \$192,000 per lot (after accounting for differences in lot size). These figures will be utilized as our conclusions in bulk (no further discounting is warranted).

The preceding improved lot values will be assigned to each partially completed home and vacant lots within CFD No. 2016-3. A deduction of \$46,563 will be applied to the finished lots within the CFD without development impact fees paid; additionally, remaining site development costs will also be deducted from each partially completed home and finished lot. As previously discussed, Tri Pointe Homes, is obligated for a proportionate share of City infrastructure improvements encompassing all of the Sundance Specific Plan area, of which the subject property is a part. According to the Developer, there are approximately \$5 million dollars in remaining costs benefiting all 4,299 lots/homes within the Sundance Specific Plan. The proportionate share of costs allocable to the Altis at Beaumont project (subject property) is estimated at \$819,000 (704 lots/4,299 lots x \$5mm). Applied to the 97 finished lots and 40 lots with homes under construction equates to \$5,978 per lot (\$819,000 / 137 lots), which will be accounted for herein.

## Market Value by Ownership

### Introduction

The appraised properties represent 302 lots/homes comprising CFD No. 2016-3. 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.

The appraised properties consist of 97 improved and partially improved residential lots, 40 homes under construction, and 165 completed homes. The balance of the taxable properties in the CFD include 402 single family homes with a complete assessed value for both land and improvements, which are not appraised herein.

Market values for the floor plans developed within the District are assigned to the 165 completed homes held by individual homeowners and the merchant builder.

In light of the fact the merchant builder has a number of lot(s) that could sell in bulk to one buyer within 12 months, no additional discounting is necessary beyond the market value, in bulk, of the various single-family residential lot categories previously estimated.

Based on the previous analysis, the estimates of market value, by ownership, subject to the impact of the Lien of the Special Tax securing the CFD No. 2016-3 (Altis) Bonds, as of January 17, 2025, are estimated in the following table.

Market Value by Ownership						
	Lots/Parcels /Homes	Lot/Home Value	Remaining Site Development Costs	Permits and Fees	Value per Component	Market Value (Rd.)
<b>Individual Homeowners</b>						
Completed Homes						
Rosa	49	\$420,000	\$0	--	\$420,000	\$20,580,000 (Not-Less-Than)
Lina	25	\$484,000	\$0	--	\$484,000	\$12,100,000 (Not-Less-Than)
Vita	56	\$442,000	\$0	--	\$442,000	\$24,752,000 (Not-Less-Than)
Avid	13	\$570,000	\$0	--	\$570,000	\$7,410,000 (Not-Less-Than)
Elan	4	\$493,000	\$0	--	\$493,000	\$1,972,000 (Not-Less-Than)
Mira	7	\$497,000	\$0	--	\$497,000	\$3,479,000 (Not-Less-Than)
<b>Total - Individual Homeowners</b>	<b>154</b>					<b>\$70,293,000</b>
<b>TriPointe Homes</b>						
Finished Lots						
PA 31	4	\$187,000	(\$5,978)	(\$46,563)	\$134,000	\$536,000
PA 33	12	\$191,000	(\$5,978)	(\$46,563)	\$138,000	\$1,656,000
PA 34	81	\$195,000	(\$5,978)	(\$46,563)	\$142,000	\$11,502,000
Homes Under Construction						
Vita	8	\$187,000	(\$5,978)	--	\$181,000	\$1,448,000
Rosa (PA 33)	2	\$191,000	(\$5,978)	--	\$185,000	\$370,000
Rosa (PA 34)	23	\$195,000	(\$5,978)	--	\$189,000	\$4,347,000
Lina	7	\$195,000	(\$5,978)	--	\$189,000	\$1,323,000
Completed Homes						
Rosa	3	\$420,000	\$0	--	\$420,000	\$1,260,000 (Not-Less-Than)
Lina	4	\$484,000	\$0	--	\$484,000	\$1,936,000 (Not-Less-Than)
Vita	3	\$442,000	\$0	--	\$442,000	\$1,326,000 (Not-Less-Than)
Avid	1	\$570,000	\$0	--	\$570,000	\$570,000 (Not-Less-Than)
<b>Total - TriPointe Homes</b>	<b>148</b>					<b>\$26,274,000</b>
<b>Aggregate Market Value, subject to a hypothetical condition</b>	<b>302</b>					<b>\$96,567,000</b>

## Final Opinion of Value

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

<b>Value Conclusions</b>		
Value Premise	No. of Parcels	Aggregate Value
Aggregate Value of Appraised Properties	302	\$96,567,000
Aggregate Value of existing Homes based on Assessed Value	402	\$180,692,091
<b>Total Aggregate Value of Appraised and Assessed Properties in the District</b>	<b>704</b>	<b>\$277,259,091</b>

## Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

None

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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 analysis.

1. The value derived herein is based on the hypothetical condition that certain proceeds to be financed by the CFD No. 2016-3 Revenue Bonds, Series 2025, will be available to reimburse for certain public infrastructure already completed.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

## Exposure Time

Exposure time is the period a property interest would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. In attempting to estimate a reasonable exposure time for the subject property, we looked at both the historical exposure times of a number of sales, as well as current and past economic conditions. Based on a survey of market participants, a transfer of residential land properties in the region typically occurs within **12** months of exposure. It is estimated the exposure time for the subject property, if appropriately priced, would have been within **12** months of initial exposure. As it relates to the completed home component of the subject, current market conditions indicate that 30-to-60-day exposure period is reasonable.

## Marketing Period

Marketing time is an estimate of the time to sell a property interest in real estate at the estimated market value during the period immediately after the effective date of value. A reasonable marketing time is estimated by comparing the recent exposure time of similar properties, and then taking into consideration current and future economic conditions and how they may impact marketing of the subject property.

The marketing time for the subject property is not anticipated to vary significantly from the exposure time. Thus, the marketing time is estimated at **12** months or less.

## Certification

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We 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.
4. We have previously appraised the property that is the subject of this report. We have provided no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. 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.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Eric Segal, MAI, and Kevin Ziegenmeyer, MAI, have made a personal inspection of the property that is the subject of this report. Kari Tatton has not personally inspected the subject.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
14. As of the date of this report, Eric Segal, MAI, and Kevin Ziegenmeyer, MAI, have completed the continuing education program for Designated Members of the Appraisal Institute.



Eric Segal, MAI  
Certified General Real Estate Appraiser  
California Certificate # AG026558



Kevin Ziegenmeyer, MAI  
Certified General Real Estate Appraiser  
California Certificate # AG013567



Kari Tatton  
Certified General Real Estate Appraiser  
California Certificate # 3002218

## Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal



- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
  8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
  9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
  10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
  11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
  12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
  13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
  14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
  15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
  16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
  17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

- conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a 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.
  19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
  20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – Los Angeles, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
  21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
  22. Integra Realty Resources – Los Angeles is not a building or environmental inspector. Integra Los Angeles does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
  23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
  24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the

- appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. Integra Realty Resources – Los Angeles, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
  26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
  27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
  28. The appraisal is also subject to the following:

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### Extraordinary Assumptions and Hypothetical Conditions

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The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

None

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is 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 analysis.

1. The value derived herein is based on the hypothetical condition that certain proceeds to be financed by the CFD No. 2016-3 Revenue Bonds, Series 2025, will be available to reimburse for certain public infrastructure already completed.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

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# **Addendum A**

## **Appraiser Qualifications**

# Eric Segal, MAI

## Experience

Mr. Segal is a Certified General real estate appraiser and holds the Appraisal Institute's MAI designation. In 1998, Mr. Segal began his career in real estate as a research analyst/appraiser trainee for Richard Seevers and Associates. By 1999, he began writing narrative appraisal reports covering a variety of commercial properties, with an emphasis on residential master planned communities and subdivisions. Today, Mr. Segal is a partner in the firm and is involved in appraisal assignments covering a wide variety of properties including office, retail, industrial, multifamily housing, master planned communities, and specializes in the appraisal of Mello Roos Community Facilities Districts and Assessment Districts for land secured municipal financings, as well as multifamily developments under the U.S. Department of Housing and Urban Development's Multifamily Accelerated Processing (MAP) Guide. He has developed the experience and background necessary to deal with complex assignments covering an array of property types, with a particular focus on urban redevelopment in the cities of San Francisco, Oakland, Monterey, Alameda and San Mateo. He has developed the experience and background necessary to deal with complex assignments covering an array of property types. Eric is currently Senior Managing Director of the Integra Los Angeles office, and Managing Director of the Integra Orange County, Integra-San Francisco and Integra-Sacramento offices.

## Professional Activities & Affiliations

MAI Designation, Appraisal Institute Appraisal Institute, January 2016

## Licenses

California, Certified General Real Estate Appraiser, AG026558, Expires February 2027

Nevada, Certified General, A.0207666-CG, Expires January 2027

Arizona, Certified General, CGA - 1006422, Expires January 2026

Washington, Certified General, 20100611, Expires June 2025

## Education

Academic:

Bachelor of Science in Business Administration (Concentrations in Finance and Real Estate & Land Use Affairs), California State University, Sacramento

Appraisal and Real Estate Courses:

Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)

Uniform Standards of Professional Appraisal Practice

Appraisal Principles

Basic Income Capitalization

Highest & Best Use and Market Analysis

Advanced Income Capitalization

Report Writing and Valuation Analysis

Self Storage Economics and Appraisal Seminar

Appraisal Litigation Practice and Courtroom Management

Hotel Valuations: New Techniques for today's Uncertain Times

Computer Enhanced Cash Flow Modeling

Advanced Sales Comparison & Cost Approaches

## Integra Realty Resources - Los Angeles (219)

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# Eric Segal, MAI

## Education (Cont'd)

Advanced Applications  
Subdivision Valuation  
Appraisal of Self-Storage Facilities  
Appraisal of Fast Food Facilities  
Appraisal of Limited Service Hotels  
How Tenants Create or Destroy Value: Leasehold Valuation and its Impact on Value  
Appraisal of Manufactured Homes Featuring Next Generation Manufactured Homes  
Appraisal and Real Estate Courses (cont'd):  
Business Practices and Ethics  
IRS Valuation Update

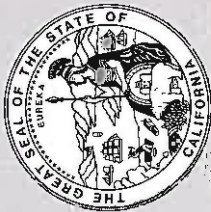
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Business, Consumer Services & Housing Agency  
**BUREAU OF REAL ESTATE APPRAISERS**  
**REAL ESTATE APPRAISER LICENSE**

**Eric A. Segal**

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: AG 026558

Effective Date: February 19, 2025  
 Date Expires: February 18, 2027

*Angela Jemmott*  
 Angela Jemmott, Bureau Chief, BREA

3079030



# Kevin Ziegenmeyer, MAI

## Experience

Mr. Ziegenmeyer is a Certified General real estate appraiser and holds the Appraisal Institute's MAI designation. In 1989, Mr. Ziegenmeyer began his career in real estate as a controller for a commercial and residential real estate development corporation. In 1991 he began appraising and continued to be involved in appraisal assignments covering a wide variety of properties, including office, retail, industrial, residential income and subdivisions throughout the state of California, and Northern Nevada. Mr. Ziegenmeyer handles many of the firm's master-planned property appraisals and over the past two decades has developed expertise in the valuation of Community Facilities Districts and Assessment Districts. In fact, Mr. Ziegenmeyer was one of five appraisers to collaborate with other professionals in developing the appraisal guidelines for the California Debt and Investment Advisory Commission (Recommended Practices in the Appraisal of Real Estate for Land-Secured Financing - 2004). He has developed the experience and background necessary to deal with complex assignments covering an array of property types, with a particular focus on urban redevelopment in the cities and counties of San Francisco, Dublin, Monterey, Newport Beach, Alameda, Napa and San Mateo. In early 2015, Mr. Ziegenmeyer obtained the Appraisal Institute's MAI designation. Kevin is currently Senior Managing Director of the Integra-San Francisco office and Managing Director of the Integra-Sacramento office.

## Licenses

California, California Certified General Real Estate Appraiser, AG013567, Expires June 2025

## Education

Academic:

Bachelor of Science in Accounting, Azusa Pacific University, California

Appraisal and Real Estate Courses:

Standards of Professional Practice, Parts A, B & C

Basic Valuation Procedures

Real Estate Appraisal Principles

Capitalization Theory and Techniques, Part A

Advanced Income Capitalization

Report Writing and Valuation Analysis

Advanced Applications

IRS Valuation Summit I & II

2008, 2009, 2010 & 2011 Economic Forecast

Business Practices and Ethics

Contemporary Appraisal Issues with Small Business Administration Financing

General Demonstration Appraisal Report Writing Seminar

7-Hour National USPAP Update Course

Valuation of Easements and Other Partial Interests

2009 Summer Conference

Uniform Appraisal Standards for Federal Land Acquisitions (Yellowbook)

2008 Economic Update

Valuation of Conservation Easements

Subdivision Valuation

2005 Annual Fall Conference

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## Kevin Ziegenmeyer, MAI

### Education (Cont'd)

General Comprehensive Exam Module I, II, III & IV  
Advanced Income Capitalization  
Advanced Sales Comparison & Cost Approaches  
2004 Central CA Market Update  
Computer-Enhanced Cash Flow Modeling  
Forecast 2000, 2001, 2002, 2003 & 2004  
Land Valuation Assignments  
Land Valuation Adjustment Procedures  
Highest & Best Use and Market Analysis  
Entitlements, Land Subdivision & Valuation  
Real Estate Value Cycles  
El Dorado Hills Housing Symposium  
Federal Land Exchanges  
M & S Computer Cost-Estimating, Nonresidential

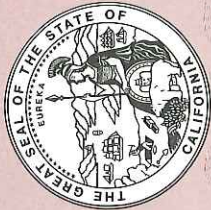
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Business, Consumer Services & Housing Agency  
**BUREAU OF REAL ESTATE APPRAISERS**  
**REAL ESTATE APPRAISER LICENSE**

**Kevin K. Ziegenmeyer**

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: **AG 013567**

Effective Date: June 5, 2023  
Date Expires: June 4, 2025

*Angela Jemmotz*  
Angela Jemmotz, Bureau Chief, BREA

3070756

# Kari Tatton

## Experience

Ms. Tatton is a Certified General real estate appraiser. After completing her bachelor's degree at California State University, Sacramento, Ms. Tatton began her career in real estate in March 2011, and has been writing narrative appraisal reports for a variety of commercial properties including office, retail, industrial, multifamily housing, land and special-purpose properties including self-storage facilities, religious facilities, schools and auto dealerships. She specializes in the appraisal of residential master planned communities and subdivisions, as well as Mello-Roos and Assessment Districts for land-secured municipal financings.

## Licenses

California, California Certified General Real Estate Appraiser, 3002218, Expires June 2026

## Education

Academic:

Bachelor of Arts in Interior Design (Concentration in Interior Architecture)  
California State University, Sacramento

Appraisal and Real Estate Courses:

Basic Appraisal Principles  
Basic Appraisal Procedures  
Site Valuation & Cost Approach  
General Market Analysis & Highest and Best Use  
Sales Comparison Approach  
Income Capitalization Approach Part I  
Income Capitalization Approach Part II  
General Appraiser Report Writing and Case Studies  
Appraisal of Fast Food Facilities  
Appraising Small Apartment Properties  
Appraisal of Land Subject to Ground Leases  
Appraising Automobile Dealerships

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ktatton@irr.com - 916.435.3883 x229





Business, Consumer Services & Housing Agency  
**BUREAU OF REAL ESTATE APPRAISERS**  
**REAL ESTATE APPRAISER LICENSE**

**Kari M. Tatton**

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

**BREA APPRAISER IDENTIFICATION NUMBER: 3002218**

Effective Date: June 2, 2024  
Date Expires: June 1, 2026

*Angela Jemmot*  
Angela Jemmot, Bureau Chief, BREA

3076341

## About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

*Local Expertise...Nationally!*

# irr.com



## **Addendum B**

### **Definitions**

## Definitions

The source of the following definitions is the Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015), unless otherwise noted.

### **As Is Market Value**

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

### **Disposition Value**

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. 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.

This definition can also be modified to provide for valuation with specified financing terms.

### **Effective Date**

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

### **Entitlement**

In the context of ownership, use, or development of real estate, governmental approval for annexation, zoning, utility extensions, number of lots, total floor area, construction permits, and occupancy or use permits.

### **Entrepreneurial Profit**

1. A market-derived figure that represents the amount an entrepreneur receives for his or her contribution to a project and risk; the difference between the total cost of a property (cost of



development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.

2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

#### **Exposure Time**

1. The time a property remains on the market.
2. The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.

#### **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.

#### **Floor Area Ratio (FAR)**

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

#### **Highest and Best Use**

1. 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.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (ISV)
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)

### **Investment Value**

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market.
2. The value of an asset to the owner or a prospective owner for individual investment or operational objectives.

### **Lease**

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

### **Leased Fee Interest**

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

### **Leasehold Interest**

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

### **Liquidation Value**

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. 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.

This definition can also be modified to provide for valuation with specified financing terms.

### **Marketing Time**

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

### **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:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

*(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)*

### **Prospective Opinion of Value**

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

**Addendum C**  
**Value by APN**

**Addendum D**  
**Comparable Data**

## Land Sales

## Location & Property Identification

Property Name: Alessandro  
 Sub-Property Type: Residential, Single Family Development Land  
 Address: Alessandro Blvd.  
 City/State/Zip: Moreno Valley, CA 92555  
 County: Riverside  
 Market Orientation: Suburban  
 IRR Event ID: 3246636



## Sale Information

Sale Price: \$16,143,500  
 Effective Sale Price: \$16,143,500  
 Sale Date: 11/30/2023  
 Recording Date: 12/04/2023  
 Sale Status: Closed  
 \$/Acre(Gross): \$873,566  
 \$/Land SF(Gross): \$20.05  
 \$/Building SF: \$5,381.17  
 \$/Unit (Potential): \$71,749 /Unit  
 Grantor/Seller: Gpalessandro LLC  
 Grantee/Buyer: Taylor Morrison Of California  
 Assets Sold: Real estate only  
 Property Rights: Fee Simple  
 % of Interest Conveyed: 100.00  
 Financing: Cash to seller  
 Conditions of Sale: Arm's-length  
 Document Type: Deed  
 Recording No.: 2023.359986

Adjustment Comments: Estimated bond encumbrance

## Improvement and Site Data

Legal/Tax/Parcel ID: 487-470-022  
 Acres(Gross): 18.48  
 Land-SF(Gross): 804,989  
 Potential Building SF: 3,000  
 No. of Units (Potential): 225  
 Zoning Code: DC  
 Zoning Desc.: Downtown Center  
 Source of Land Info.: Public Records

## Comments

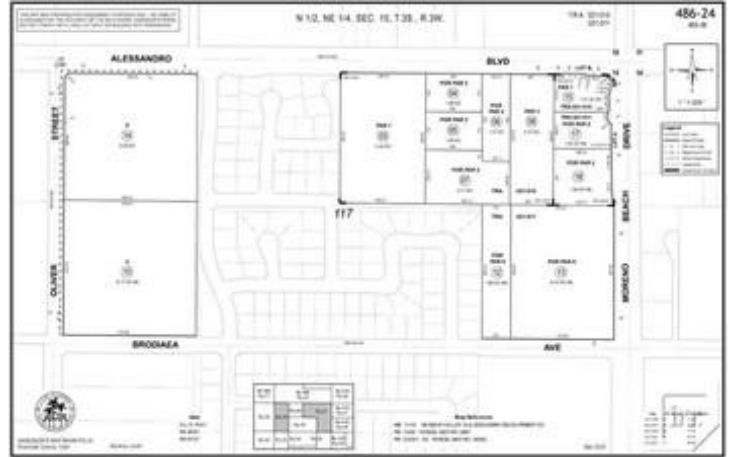
This is a sale of 225 tentatively mapped lots with a typical lot size of 3,000 square feet. The lots will be developed into clusters; however, it is unclear the exact layout. The finished lot price is estimated at \$201,265 per lot. A building permit is estimated at \$2,000 per lot. It is unclear if the project will utilize bond financing. However, given the surrounding projects also utilize bond financing, it is estimated the property would have an estimated special tax of \$2,000 per lot.

## Sale Analysis

Expenditures After Purchase: \$131,516  
 Expenditures Description: Site development and building permit  
 Other Adjustment: \$2,000

## Location & Property Identification

Property Name: 27550 Brodiaea Avenue  
 Sub-Property Type: Residential, Single Family Development Land  
 Address: 27550 Brodiaea Ave.  
 City/State/Zip: Moreno Valley, CA 92555  
 County: Riverside  
 Market Orientation: Suburban  
 IRR Event ID: 3246647



## Sale Information

Sale Price: \$2,800,055  
 Effective Sale Price: \$2,800,055  
 Sale Date: 07/01/2023  
 Sale Status: Closed  
 \$/Acre(Gross): \$319,277  
 \$/Land SF(Gross): \$7.33  
 \$/Building SF: \$777.79  
 \$/Unit (Potential): \$41,792 /Unit  
 Grantor/Seller: Discovery Christian Church Of Moreno Valley  
 Grantee/Buyer: DR Horton Los Angeles Holding  
 Assets Sold: Real estate only  
 Property Rights: Fee Simple  
 % of Interest Conveyed: 100.00  
 Financing: Cash to seller  
 Conditions of Sale: Arm's-length  
 Document Type: Deed

Adjustment Comments: Estimated bond encumbrance

## Improvement and Site Data

Legal/Tax/Parcel ID: 486-240-010  
 Acres(Gross): 8.77  
 Land-SF(Gross): 382,021  
 Potential Building SF: 3,600  
 No. of Units (Potential): 67  
 Zoning Code: R5  
 Zoning Desc.: Suburban Residential  
 Source of Land Info.: Public Records

## Comments

This is a sale of 67 tentatively mapped lots with a typical lot size of 3,600 square feet. The finished lot price is estimated at \$177,669 per lot. A building permit is estimated at \$2,000 per lot. It is unclear if the project will utilize bond financing. However, given the surrounding projects also utilize bond financing, it is estimated the property would have an estimated special tax of \$2,000 per lot.

## Sale Analysis

Expenditures After Purchase: \$137,877  
 Expenditures Description: Site development and building permit  
 Other Adjustment: \$2,000



## Location & Property Identification

Property Name: Fairway Canyon PA 22B  
 Sub-Property Type: Residential, Single Family Development Land  
 Address: Sorenstam Dr.  
 City/State/Zip: Beaumont, CA 92223  
 County: Riverside  
 Market Orientation: Suburban  
 IRR Event ID: 2998964



## Sale Information

Sale Price: \$7,047,000  
 Effective Sale Price: \$7,047,000  
 Sale Date: 12/21/2022  
 Recording Date: 12/28/2022  
 Sale Status: Closed  
 \$/Acre(Gross): \$64,439  
 \$/Land SF(Gross): \$1.48  
 \$/Building SF: \$1,174.50  
 \$/Unit (Potential): \$128,127 /Unit  
 Grantor/Seller: Meritage Homes Of California Inc  
 Grantee/Buyer: DR Horton Los Angeles Holding Company Inc  
 Assets Sold: Real estate only  
 Property Rights: Fee Simple  
 % of Interest Conveyed: 100.00  
 Financing: Cash to seller  
 Conditions of Sale: Arm's-length  
 Document Type: Deed  
 Recording No.: 2022.514695

Expenditures After Purchase: \$66,873

Expenditures Description: Site development and permits and fees

## Improvement and Site Data

Legal/Tax/Parcel ID: 413-790-057  
 Acres(Gross): 109.36  
 Land-SF(Gross): 4,763,722  
 Potential Building SF: 6,000  
 No. of Units (Potential): 55  
 Zoning Code: SP  
 Zoning Desc.: Specific Plan  
 Source of Land Info.: Public Records

## Comments

This is a sale of 55 finished lots with a typical lot size of 6,000 square feet within the city of Beaumont. The reported finished lot value is \$192,000 per finished lot; however, this does not equate to the purchase price reported on public records. Therefore, this comparable is given guarded reliance. The project is surrounded by open space and a golf course. The building permit is estimated at \$3,000 per lot. It is unclear if the project will utilize bond financing.

## Sale Analysis

## Location & Property Identification

Property Name: Stratford Place II  
 Sub-Property Type: Residential, Single Family Development Land  
 Address: Evans Rd.  
 City/State/Zip: Perris, CA 92571  
 County: Riverside  
 Market Orientation: Suburban  
 IRR Event ID: 3014316



## Sale Information

Sale Price: \$7,218,990  
 Effective Sale Price: \$7,218,990  
 Sale Date: 11/01/2022  
 Sale Status: Closed  
 \$/Acre(Gross): \$306,149  
 \$/Land SF(Gross): \$7.03  
 \$/Building SF: \$1,203.16  
 \$/Unit (Potential): \$80,211 /Unit  
 Grantor/Seller: Stratford Ranch Investors LLC  
 Grantee/Buyer: Pulte Home Company LLC  
 Assets Sold: Real estate only  
 Property Rights: Fee Simple  
 % of Interest Conveyed: 100.00  
 Financing: Cash to seller  
 Conditions of Sale: Arm's-length  
 Document Type: Deed  
 Recording No.: 2022.451354

Expenditures Description: Site Improvements and permits and fees  
 Other Adjustment: \$3,107  
 Adjustment Comments: Bond Encumbrance

## Improvement and Site Data

Legal/Tax/Parcel ID: 302-150-049  
 Acres(Gross): 23.58  
 Land-SF(Gross): 1,027,145  
 Potential Building SF: 6,000  
 No. of Units (Potential): 90  
 Zoning Code: R-6,000  
 Source of Land Info.: Public Records

## Comments

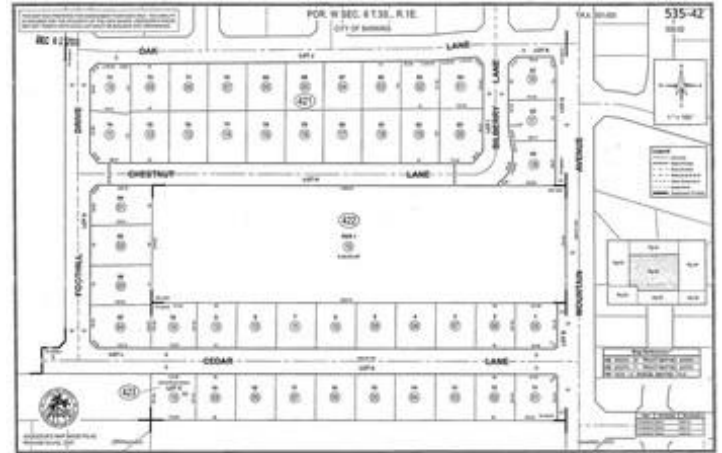
This is a sale of 90 unimproved lots with a tentative map in place and a typical lot size of 6,000 square feet. According to the broker, the lots were purchased at a finished lot price of \$230,000 per lot. The buyer is developing the 270 lots adjacent to the north of this project. It is assumed there was a degree of assemblage influencing a part of the sale, but this was not confirmed. Special taxes are estimated \$3,107 per lot.

## Sale Analysis

Expenditures After Purchase: \$149,789

## Location & Property Identification

Property Name: Canterbury  
 Sub-Property Type: Residential, Finished SFR Lots  
 Address: Mountain Avenue & Red Bluff Ln.  
 City/State/Zip: Banning, CA 92220  
 County: Riverside  
 Market Orientation: Suburban  
 IRR Event ID: 3052090



## Sale Information

Sale Price: \$1,770,000  
 Effective Sale Price: \$1,770,000  
 Sale Date: 09/30/2022  
 Sale Status: Closed  
 \$/Acre(Gross): \$405,963  
 \$/Land SF(Gross): \$9.32  
 \$/Building SF: \$177.00  
 \$/Unit (Potential): \$93,158 /Approved Lot  
 Grantor/Seller: George A Nordquist And Dora J Nordquist Revocable Trust

Grantee/Buyer: Canterbury At Banning LLC  
 Assets Sold: Real estate only  
 Property Rights: Fee Simple  
 % of Interest Conveyed: 100.00  
 Financing: Cash to seller  
 Conditions of Sale: Arm's-length  
 Document Type: Deed

Expenditures Description: Lot finishing costs  
 Sale Price Includes FF&E? No

## Improvement and Site Data

Legal/Tax/Parcel ID: 535-423-001 thru -009;  
 535-422-005 thru -014  
 Acres(Gross): 4.36  
 Land-SF(Gross): 189,922  
 Potential Building SF: 10,000  
 No. of Units (Potential): 19  
 Source of Land Info.: Public Records

## Comments

This comparable represents the sale 19 finished single family lots with a minimum size of 10,000 square feet, for a finished lot price of \$175,000/lot. Crestwood Communities is constructing three floor plan ranging in size from 1,951 to 2,300 SF, priced at \$579,990 to \$591,900.

## Sale Analysis

Expenditures After Purchase: \$81,842

## Location & Property Identification

Property Name:	Windsong
Sub-Property Type:	Residential, Single Family Development Land
Address:	NWQ Alessandro Blvd. and Darwin Dr.
City/State/Zip:	Moreno Valley, CA 92555
County:	Riverside
Market Orientation:	Suburban
IRR Event ID:	3022274



## Sale Information

Sale Price:	\$7,500,000
Effective Sale Price:	\$7,500,000
Sale Date:	08/01/2022
Sale Status:	Closed
\$/Acre(Gross):	\$210,438
\$/Land SF(Gross):	\$4.83
\$/Acre(Usable):	\$210,438
\$/Land SF(Usable):	\$4.83
\$/Building SF:	\$1,500.00
\$/Unit (Potential):	\$42,373 /Approved Lot
Grantor/Seller:	Winco Holdings, Inc & Equitable Moreno Valley II Partnership
Grantee/Buyer:	D.R. Horton
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	2022.0341934 & 2022.0340965

Expenditures After Purchase: \$197,345

Expenditures Description:	Lot finishing costs
Other Adjustment:	\$2,000
Adjustment Comments:	Estimated bond encumbrance

## Improvement and Site Data

Legal/Tax/Parcel ID:	487,470-025 (ptn), 487-470-028, 487-574-001 & 002
Acres(Usable/Gross):	35.64/35.64
Land-SF(Usable/Gross):	1,552,478/1,552,478
Usable/Gross Ratio:	1.00
Potential Building SF:	5,000
No. of Units (Potential):	177
Corner Lot:	Yes
Utilities:	Electricity, Water Public, Sewer, Gas, Telephone
Source of Land Info.:	Public Records

## Comments

This sale encompasses two adjacent parcels purchased by D.R. Horton from two different sellers. D.R. Horton closed on the first 18.01-acre parcel for \$3,755,000 on August 1, 2022 and closed on the second 17.63-acre parcel for \$3,745,000 on August 2, 2022. The site will be developed into a 177-lot subdivision called Windsong. Floor plans will

## Comments (Cont'd)

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range from 1,898 to 2,537 square feet and the typical lot size will be approximately 5,000 square feet. Finishing costs are estimated at approximately \$197,345 per lot. It is unclear if the project will utilize bond financing. However, given surrounding projects also utilize bond financing, it is estimate the property would have an estimated special tax of \$2,000 per lot.

## Location & Property Identification

Property Name:	La Ventana
Sub-Property Type:	Residential, Single Family Development Land
Address:	SEC Simpson Rd and La Ventana Rd
City/State/Zip:	Winchester, CA 92584
County:	Riverside
Market Orientation:	Suburban
IRR Event ID:	3027571



## Sale Information

Sale Price:	\$8,000,000
Effective Sale Price:	\$8,000,000
Sale Date:	04/15/2022
Recording Date:	04/15/2022
Listing Price:	\$8,000,000
Sale Status:	Closed
\$/Acre(Gross):	\$103,896
\$/Land SF(Gross):	\$2.39
\$/Building SF:	\$1,333.33
\$/Unit (Potential):	\$36,364 /Approved Lot
Grantor/Seller:	La Ventana 242, LLC
Grantee/Buyer:	Forestar / DR Horton
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Exposure Time:	39 (months)
Financing:	Cash to seller
Conditions of Sale:	Arm's-length
Document Type:	Deed
Recording No.:	0180333

Expenditures After Purchase: \$178,636

Expenditures Description:	Lot finishing costs
Other Adjustment:	\$2,000
Adjustment Comments:	Estimated bond encumbrance

## Improvement and Site Data

MSA:	Riverside-San Bernardino-Ontario, CA Metropolitan Statistical Area
Legal/Tax/Parcel ID:	APNs: 461-450-001 through -013, -451-001 through -048, -452-001 through -019, -460-001 through -020, -461-001 though -021, -470-001 through -027, -470-001 through -064, -472-001 through -010, -480-001 through -005, -481-001 through -003, -482-001
Acres(Gross):	77.00
Land-SF(Gross):	3,354,120
Potential Building SF:	6,000
No. of Units (Potential):	220
Zoning Code:	SP
Zoning Desc.:	Specific Plan

## Sale Analysis

## Improvement and Site Data (Cont'd)

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Flood Plain:	No
Source of Land Info.:	Broker

## Comments

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Site consists of 220 residential lots, along with a park site and a school site. The typical lot size is approximately 6,000 SF. The finished lot price was reportedly \$215,000/lot. It is unclear if the project will utilize bond financing. However, given surrounding projects also utilize bond financing, it is estimate the property would have an estimated special tax of \$2,000 per lot.