

# APPRAISAL REPORT

## COMMUNITY FACILITIES DISTRICT NO. 2023-2 OF THE CITY OF MENIFEE (Cimarron Ridge Improvement Area 1) 2025 Series Bonds

City of Menifee, Riverside County, California  
(Appraiser's File No. 2025-1303)



Prepared For  
City of Menifee  
29844 Haun Road  
Menifee, California 92586

Prepared By  
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**KITTY SIINO & ASSOCIATES, INC.**  
**REAL ESTATE APPRAISERS & CONSULTANTS**

March 11, 2025

Travis Hickey, Chief Financial Officer  
**City of Menifee**  
29844 Haun Road  
Menifee, California 92586

Reference: Appraisal Report – City of Menifee  
Community Facilities District No. 2023-2  
Cimarron Ridge Improvement Area 1 (2025 Bond Financing)  
Menifee, California

Dear Mr. Hickey:

At the request and authorization of the City of Menifee, we have completed an Appraisal Report for Community Facilities District No. 2023-2 Improvement Area No. 1 (Cimarron Ridge) of the City of Menifee ("Menifee CFD No. 2023-2 IA 1") for the 2025 series bonds. Menifee CFD No. 2023-2 IA 1 consists of a new home master planned community known as Cimarron Ridge by Pulte Home Company, LLC ("Pulte"). It is our understanding this is the first of two issues of bonds to be sold on CFD No. 2023-2 IA 1. Cimarron Ridge includes a total of 424 proposed single-family detached homes within three neighborhoods known as: Pathway at Cimarron Ridge ("Pathway"), Greenway at Cimarron Ridge ("Greenway"), and Meadows at Cimarron Ridge ("Meadows"). A portion of the Pathway community is being sold to Invitation Homes 7 LP ("Invitation Homes"), which is within a publicly traded Real Estate Investment Trust ("REIT") that purchases completed homes and rents them to individuals. Pathway includes 238 proposed homes, with three plans ranging from 1,959 to 2,824 square feet with 72 closed to individuals, 72 closed in several sales to a single owner (Invitation Homes), 55 in escrow to Invitation Homes and 16 in escrow to individuals. Greenway includes 70 proposed homes, with three plans ranging in size from 1,959 to 3,301 square feet and has closed 60 completed homes to individuals with another four in escrow. Meadows includes 116 proposed homes, with four plans ranging in size from 2,550 to 3,994 square feet, and has closed 65 completed homes to individuals, with an additional 14 homes in escrow. The lots which have not yet closed are owned by Pulte and range from models to production homes over 95 percent to production homes under construction and finished lots.

The valuation method used in this report is the Sales Comparison Approach along with a mass appraisal technique as defined within this report. The fee simple estate of the subject property has been valued subject to the Menifee CFD No. 2023-2 IA 1 special tax lien. The fee simple estate valuation includes two bulk sale values due to multiple homes under two separate ownerships. This report is written with the hypothetical condition that the subject property is enhanced by the improvements and/or fee credits to be funded by bonds issued by City of Menifee CFD No. 2023-2 IA 1. As a result of our investigation, the concluded market value for the subject property is shown on the following page.

Travis Hickey  
**CITY OF MENIFEE**  
March 11, 2025  
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**Cimarron Ridge – Improvement Area 1**

Pulte Ownership (108 lots & 47 houses)	\$ 46,829,907
Invitation Homes Ownership (72 houses)	30,146,782
Individual Owners (197 houses)	<u>128,285,175</u>
<b>Total Aggregate Value Menifee CFD No. 2023-2 IA 1</b>	<b><u>\$ 205,261,864</u></b>

The above values are stated subject to the Assumptions and Limiting Conditions of this report, the Appraiser's Certification and as of January 31, 2025.

Some supporting documentation concerning the data, reasoning and analyses may be retained in the appraiser's files. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. This Appraisal Report is intended to comply with both the Uniform Standards of Professional Appraisal Practice ("USPAP" January 2022) and with the Appraisal Standards of the California Debt and Investment Advisory Commission ("CDIAC"). The appraiser is not responsible for unauthorized use of this report. The appraised value contained within this report is being estimated with the hypothetical condition of the special tax lien of the 2024 series of Menifee CFD No. 2023-2 IA 1 bonds.

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

Respectfully submitted,

**KITTY SIINO & ASSOCIATES, INC.**



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

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### **ADDENDA**

CFD No. 2023-2 Boundary Maps  
Tract Map Nos. 36658-1, 36658-2, 36658-3 and 36658-4  
Menifee General Plan High Fire Map  
Discounted Cash Flow Analyses  
Residential Land Sales Map and Summary Chart  
Improved Residential Sales Map and Summary Chart  
Appraiser's Qualifications

## **ASSUMPTIONS AND LIMITING CONDITIONS**

1. This report might not include full discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Some supporting documentation concerning the data, reasoning and analyses may be retained in the appraiser's files. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised subject to the special tax lien of the 2025 series of bonds for City of Menifee CFD No. 2023-2 IA 1.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable, however, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material used in this report are included only to assist the reader in visualizing the property and may not be to scale.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures that would render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
11. Any sketch included in this report may show approximate dimensions and is included only to assist the reader in visualizing the properties. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee regarding accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.

12. It is assumed that the utilization of the land and improvements are within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert relating to asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials that may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. Proposed improvements, if any, are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
15. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings, if any, must not be used in conjunction with any other appraisal and are invalid if so used.
16. The Americans with Disabilities Act ("ADA") became effective on January 26, 1992. The appraiser has made no specific compliance survey and analysis of the property to determine whether they conform to the various detailed requirements of the ADA, nor is the appraiser a qualified expert regarding the requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect upon the value of the property. Since the appraiser has no direct evidence relating to this issue, a possible noncompliance with requirements of the ADA in estimating the value has not been considered.
17. It is assumed there are no environmental concerns that would slow or thwart development of the subject property and that the soils are adequate to support the highest and best use conclusion.
18. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper qualification and only in its entirety. Permission is given for this appraisal to be published as a part of the Official Statement or similar document in association with the Menifee CFD No. 2023-2 IA 1 Special Tax Bonds.

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### **HYPOTHETICAL CONDITION**

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1. It is assumed that all improvements and/or benefits to the subject property, which are to be funded by the 2025 series of the Menifee CFD No. 2023-2 IA 1 Special Tax Bond proceeds, are completed and in place or have accrued to the property.

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### **EXTRAORDINARY ASSUMPTION**

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1. It is an extraordinary assumption that the reported sales and remaining land development costs as received from the builder are true and accurate. We have reviewed both the sales and cost information and they appear reasonable. We have reviewed sample sales against public records in order to verify the sample sales, however we have not reviewed each sale against public record. Additionally, we are not experts in cost estimating and if the cost estimates change, it may change the value conclusions.

It is an extraordinary assumption that the park is completed in a timely manner and does not slow or thwart development or sale of any homes within Menifee CFD No. 2023-2 IA 1. Pulte and the City of Menifee recently updated the development agreement to increase the number of homes which can obtain building permits prior to the completion of the park.



City of Menifee  
Community Facilities District No. 2023-2  
(Cimarron Ridge)  
(Appraisal for Improvement Area 1 Only)





## **PURPOSE OF THE APPRAISAL**

The purpose of this appraisal report is to estimate the value of the fee simple interest of the subject property, subject to the special tax lien of the City of Menifee CFD No. 2023-2 IA 1, 2025 Special Tax Bonds.

## **THE SUBJECT PROPERTY**

The subject property is located between Goetz Road and Valley Boulevard both north and south of Thornton Avenue in the northwestern most portion of the City of Menifee. It is encompassed by Menifee CFD No. 2023-2 IA 1 and is proposed for 424 single-family detached homes spread over four tract maps (Tract Map Nos. 36658-1, 36658-2, 36658-3 and a portion of 36658-4) being built out as Improvement Area 1 of Cimarron Ridge. Pulte Homes is the builder of Cimarron Ridge. Pulte is selling homes within three product lines: Pathways at Cimarron Ridge consisting of 238 proposed homes, Greenway at Cimarron Ridge consisting of 70 proposed homes and Meadows at Cimarron Ridge consisting of 116 proposed homes. While Pulte is building all the homes within Pathways, Invitation Homes (a publicly held Real Estate Investment Trust - "REIT") is purchasing 127 of the 238 homes as they are completed. As of the date of value of this report, Cimarron Ridge (including all three product lines) has a total of 197 completed homes closed to individuals, 72 completed homes closed to Invitation Homes, seven model homes (one in escrow), 40 production homes over 95 percent complete (22 in escrow to individuals), 40 houses under construction (9 in escrow to individuals and 25 in escrow to Invitation Homes), and 68 additional finished lots (two in escrow to individuals and 30 in escrow to Invitation Homes). A more detailed table showing the status and ownership of the lots is on the following page:

Description	No. Lots	Owner	Condition/Status
<b>Pathway at Cimarron Ridge – Lots 27-34, 48-88, 101-107, 120-127 of 36658-1; Lots 1-104 of 36658-3 and Lots 12-81 of 36658-4</b>			
Lots 27-34, 48-72, 80-88, 101-107, and 120-127 of 36658-1 and Lots 78-79, 82-93 and 95 of 36658-3	72	Individuals	Completed Homes
Lots 1-67, and 100-104 of 36658-3	72	Invitation Homes	Completed Rental Homes
Lots 75-76 of 36658-1	2	Pulte	Model Homes (0 in escrow)
Lots 68-77, 80-81, 94, 96-99 of 36658-3	17	Pulte	Over 95% Complete (12 in escrow)
Lots 12-15, 21-27, 38, 41-46, 52-64 and 80-81 of Tract 36658-4	33	Pulte	Under Construction (4 in escrow to homeowners and 25 in escrow to Invitation Homes)
Lots 73-74 and 77-79 of 36658-1; Lots 16-20, 28-37, 39-40, 47-51, and 65-79 of 36658-4	<u>42</u>	Pulte	Finished Lots (0 in escrow to individuals and 30 in escrow to Invitation Homes)
<b>Pathways Subtotal</b>	<b><u>238</u></b>		
<b>Greenway at Cimarron Ridge - Lots 1-26, 45-47, 90-100, 108-119 and 128-134 of 36658-1</b>			
Lots 5-23, 38-47, 89-100, 108-119 and 128-134 of Tract 36658-1	60	Individuals	Completed Homes
Lots 1-2 of Tract 36658-1	2	Pulte	Model Homes (1 in escrow)
Lots 24-26 and 35-37 of 36658-1	6	Pulte	Over 95% Complete (1 in escrow)
N/A	0	N/A	Under Construction
Lots 3-4 of 36658-1	<u>2</u>	Pulte	Finished Lots (2 in escrow)
<b>Greenway Subtotal</b>	<b><u>70</u></b>		
<b>Meadows at Cimarron Ridge - Lots 1-116 of 36658-2</b>			
Lots 16-19, 21-52, 54-55, 57-60, 66, 68-70, 72, 75-77 and 102-116 of 36658-2	65	Individuals	Completed Homes
Lots 1-3 of 36658-2	3	Pulte	Model Homes
Lots 20, 53, 56, 61-65, 67, 71, 73-74 and 86-90 of 36658-2	17	Pulte	Over 95% Complete (9 in escrow)
Lots 83-85 and 91-94 of 36658-2	7	Pulte	Under Construction (5 in escrow)
Lots 4-15, 78-82 and 95-101 of 36658-2	<u>24</u>	Pulte	Finished Lots (0 in escrow)
<b>Meadows Subtotal</b>	<b><u>116</u></b>		
<b>Menifee CFD No. 2023-2 IA 1 Total</b>	<b><u>424</u></b>		

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## INTENDED USE OF THE REPORT

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It is the appraiser's understanding that the client, the City of Menifee, will utilize this report in disclosure documents associated with selling the first series of bonds for Menifee CFD No. 2023-2 IA 1 and that this report is to be included in the Official Statement or similar document to be distributed in connection with the offering of the bonds. It is the appraiser's understanding that there are no other intended uses of this report.

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## DEFINITIONS

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### **Market Value**

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

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."<sup>1</sup>

Inherent in the Market Value definition is exposure time or the time the property would have had to have been exposed on the open market prior to the appraisal in order to sell at the concluded values. In the case at hand and considering current market conditions the exposure time for the builder-owned lots and houses, the Invitation Homes-owned houses or for an individually owned home is under one year.

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<sup>1</sup> The Appraisal of Real Estate, 13<sup>th</sup> Edition

### **Minimum Market Value**

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

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

### **Mass Appraisal**

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

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

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

### **Bulk Sale Value**

The term “Bulk Sale Value” is defined in CDIAC as:

“The most probable price, in a sale of all parcels within a tract or development, to a single purchaser or sales to multiple buyers, over a reasonable absorption period discounted to present value, as of a specified date, in cash, or in terms equivalent to cash, for which the property rights should sell after reasonable exposure, in a competitive market under all conditions requisite to a fair sale, with buyer and seller each acting prudently, knowledgeable, and for self-interest, and assuming that neither is under undue stress”.

It is further stated within CDIAC that “the bulk sales value, in a land secured financing appraisal, is really a hypothetical definition of value, as a forced sale of the entire property ownership most likely will never occur. Nonetheless, the assumptions embedded in bulk sale value can and should be market driven.”

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<sup>2</sup> USPAP 2020-2021 Edition



### **Hypothetical Condition**

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

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

The Hypothetical Condition within this report is that subject property is enhanced by the improvements and/or fee credits to be funded by bonds issued by the 2025 series of bonds for Menifee CFD No. 2023-2 IA 1.

### **Extraordinary Assumption**

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

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

The first extraordinary assumption in this report is that the reported sales information and remaining land development cost information, as received from the builder, are true and accurate. We have reviewed the sales information and verified samples against public record information; however, all sales have not been verified through public record. In addition, we have reviewed the costs and they appear reasonable; however, we are not experts in the field of cost estimating. It should be noted that these costs were relied upon in the valuation of the subject properties and if the actual costs differ, it could alter the value conclusions.

The second extraordinary assumption in this report is that the completion of the park does not slow or thwart the obtaining of building or certificate of occupancy permits on the homes. Per the current development agreement Pulte can obtain 485 building permits prior to the park being completed. Per a new amendment to the development agreement, which was approved February 19, 2025, the 485 building permits is changed to 635 building permits due to delays outside of the builder’s control. To date, 406 building permits have been issued within Cimarron Ridge in total. Pulte believes this issue will not affect the obtaining of building or certificate of occupancy permits on the project. It is assumed that construction, completion and occupancy of the homes is not affected by this issue.

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## **PROPERTY RIGHTS APPRAISED**

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The property rights being appraised are of a fee simple interest, subject to easements of record and both series of Menifee CFD No. 2023-2 IA 1 bonds. The definition of “fee simple estate” is defined by USPAP as:

“absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

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## **EFFECTIVE DATE OF VALUE**

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The subject property is valued as of January 31, 2025.

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## **DATE OF REPORT**

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The date of this report is March 11, 2025.

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## **SCOPE OF APPRAISAL**

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

- County of Riverside Description
- City of Menifee Description
- Immediate Surroundings
- Brief Description of City of Menifee CFD No. 2023-2 IA 1
- Subject Property Description
- Riverside County Housing Market Discussion
- Highest and Best Use Analysis
- Valuation Procedures, Analyses and Conclusions
- Appraisal Report Summary

The subject property consists of 424 proposed single-family houses within three neighborhoods. There are 197 homes completed and closed to individuals and 72 homes closed to Invitation Homes, seven models (one in escrow), 40 homes over 95 percent complete (22 in escrow to individuals), 40 homes under construction (nine in escrow to individuals and 25 in escrow to Invitation Homes), and 68 generally finished lots (two in

escrow to individuals and 30 in escrow to Invitation Homes). In valuing the subject property, the value estimates will be based upon the highest and best use conclusion using the Sales Comparison Approach. The Sales Comparison Approach to value is defined as:

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

In the Sales Comparison Approach, market value is estimated by comparing properties similar to the subject property that have recently been sold, are listed for sale or are under contract. Along with the Sales Comparison Approach, a Discounted Cash Flow Analysis is considered for both the builder-owned existing homes and the Invitation Homes-owned existing houses. Due to the number of homes under a single ownership, a bulk value is needed in order to determine the current market value. Neither a cost nor income approach was utilized as they were not considered necessary to arrive at credible results.

The due diligence of this appraisal assignment included the following:

1. Compiled demographic information and related that data to the subject properties to perform a feasibility/demand analysis.
2. Gathered and analyzed information on the subject marketplace, reviewed several real estate brokerage publications on historical and projected growth in the subject market and researched the micro and macroeconomics within Riverside County and the Menifee area.
3. Inspected the subject property between January 1, 2025, and February 4, 2025.
4. Had the property flown for an aerial photograph on February 1, 2025.
5. Interviewed representatives from the builders to obtain available information on the subject property.
6. Reviewed Preliminary Title Reports on the subject property.

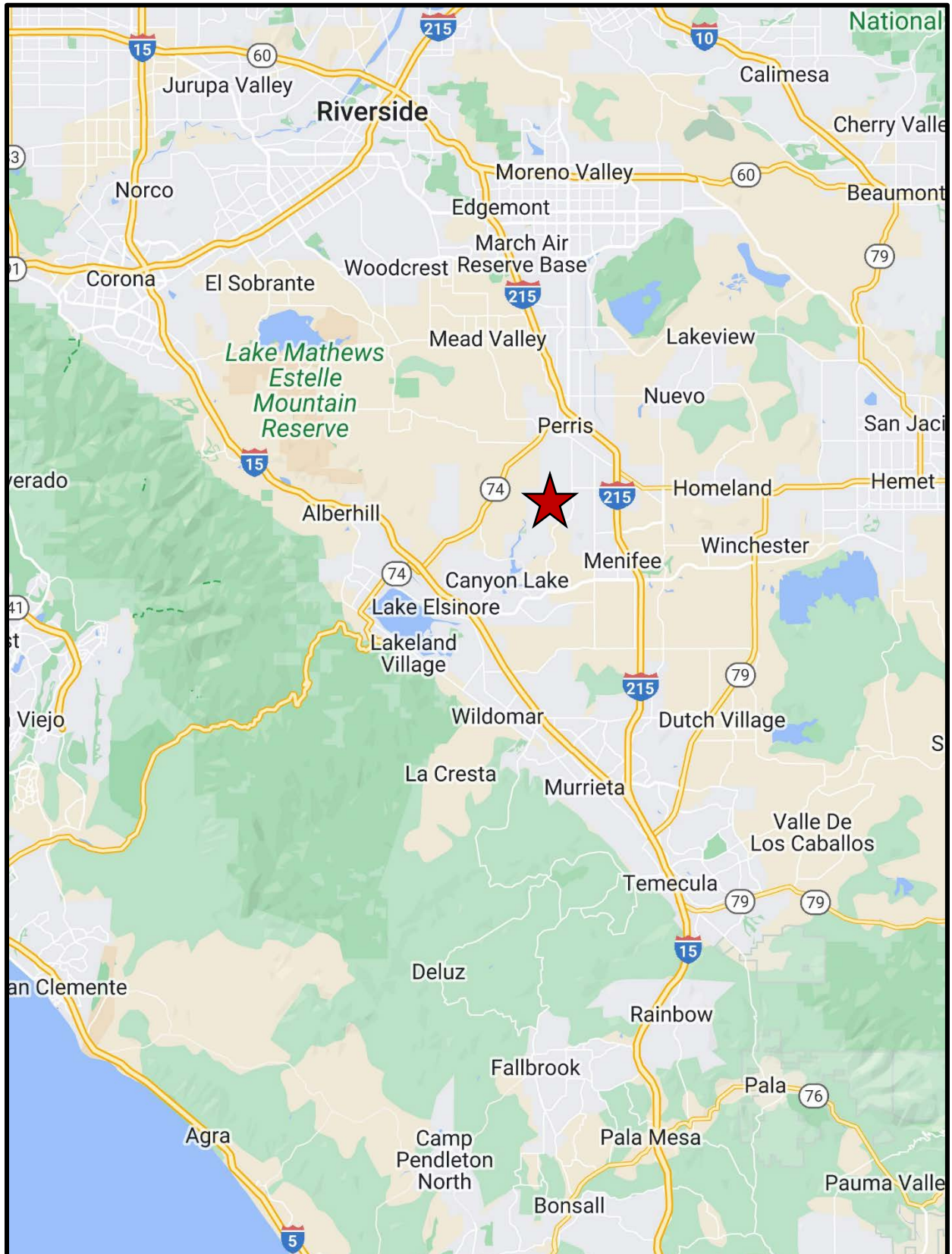
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<sup>3</sup>Dictionary of Real Estate Appraisal, 4<sup>th</sup> Edition, 2002

7. Reviewed the City of Menifee General Plan Land Use Map, Zoning Map, Specific Plan, tentative map/site plan and recorded Tract Maps regarding entitlements and allowances on the subject site.
8. Reviewed the Cimarron Ridge Specific Plan along with the Amendments to the Specific Plan.
9. Reviewed the Development Agreements along with the first and second amendments in order to research the condition of park completion in relation to the construction of the homes.
10. Searched the area for relevant comparable new home residential projects, including sales prices and concessions and interviewed representatives from each comparable neighborhood.
11. Reviewed sales brochures and sales information on each of the subject neighborhoods.
12. Reviewed actual builder sales information on all closed homes and current escrows for each neighborhood.
13. Reviewed Multiple Listing Service ("MLS") information on re-sales and current listings of existing homes within City of Menifee CFD No. 2023-2 IA 1.
14. Inspected the subject property for any for-sale or property listing signs that may not be listed on the MLS yet.



## REGIONAL AREA MAP



## **COUNTY OF RIVERSIDE AREA DESCRIPTION**

### **Location**

The subject property is located in the southwest portion of Riverside County (the "County") west of I-215 along the east side of Goetz Road south of Ethanac Road in the northwestern most portion of the City of Menifee ("City"). The County encompasses approximately 7,300 square miles, and includes large expanses of undeveloped deserts, valleys, canyons, and mountains. The County is a major beneficiary of outward urban pressure from Orange and Los Angeles Counties as well as growth from San Diego County to the south. Although located at the periphery of most urban activity in Southern California, Riverside County, particularly the western area, has been a major growth area and is perceived by most observers as an area expected to continue to grow. Riverside and San Bernardino Counties are considered distinct from Los Angeles and Orange Counties and belong to the same Metropolitan Statistical Area ("MSA"). This area, consisting of San Bernardino and Riverside Counties, is commonly referred to as the Inland Empire.

### **Transportation**

The subject property is situated northeast of I-15, west of I-215, south of McLaughlin Road, along both the north and south of Thornton Road between Goetz Road and Valley Boulevard in Menifee. I-15 travels in a northerly/southerly direction about eight miles west and provides access to Barstow and Nevada to the north and San Diego to the south. Highway 74 is approximately three miles north of the subject and provides access to the west into Orange County on what is also known as Ortega Highway and access to the east into the Cities of Perris and Hemet. Interstate 215 is approximately 1.5 miles east, travels in a northerly/southerly direction within the County, branching off from I-15 and heading generally north where it parallels I-15 to the east and merges back into I-15 approximately 40 miles northwest of the subject in San Bernardino County. In addition, the 60 Freeway runs in an east-west direction approximately 15 miles north of the subject providing access into Los Angeles County to the west and merges with Interstate 10 to the east which provides access across California and into Arizona.

The County is served by Amtrak and Metrolink as well as several rail freight lines. The Ontario International Airport provides regional air service and is located approximately 30 miles northwest of the subject property while the Orange County Airport is located approximately 38 miles west and the San Diego International Airport is located about 68 miles south. In addition, the County has extensive trucking corridors along the previously referred to interstates, highways, and state freeways.

### **Population**

The County has experienced population growth for several decades and is anticipated to continue to do so in the foreseeable future. Per the California Department of Finance, the January 1, 2024 (most recent available), County population was 2.442 million, representing a one-year increase of 0.6 percent. This compares to an average annual growth rate over the past thirteen years of about 0.8 percent, and an average annual growth rate of approximately 2.5 percent for the previous eighteen-year period. It should be noted however, California's overall population increased for the first time in 2024 by 0.2 percent following three years of decreasing population statewide. Current State projections for Riverside County suggest the population is anticipated to reach approximately 2.525 million by 2030, indicating an average annual increase of approximately 0.6 percent over the next six years. The current growth of 0.6 percent is lower than the previous twelve-year annual average of about 0.8 percent likely due to the COVID pandemic disruption, and significantly lower than the previous 18-year average (2.5 percent) likely due to the Great Recession. Future growth is predicted assuming a more stable market than was seen prior to the Great Recession.

### **Economy**

The U.S. economy in the past few years has experienced challenging times due to reactions from the COVID disruption. These economic challenges included significant inflation, increasing interest rates, banks' instability and reaching an agreement on the debt ceiling. During COVID, the Federal, State, County and City Governments ("Governments") originally shut down non-essential businesses and areas where social gatherings occur in order to slow the spread of the virus. This created a strain on small and large businesses alike. Restaurants and hotels were hit hard, and travel reduced

drastically as citizens were urged to stay home. Layoffs occurred with reports of 40 million people filing for unemployment in the first few months of the pandemic. The Governments attempted to curtail the job losses and hardships with the approval of over \$5.6 trillion in COVID relief to our nation. In addition, the Federal Reserve Board (“Board”) reduced interest rates and started quantitative easing by buying bonds. This legislation helped shore up the U.S. economy; however, due to the significant amount of new money introduced into the economy, inflation began occurring at a rate not seen for 40 years. As of January 2025, the national inflation rate was at 3.0 percent; up from a low of 2.4 in September 2024, and down from the peak in June 2022 of 9.1 percent. The year 2021 had an annual inflation rate of 4.7 percent as inflation began after the origination of the COVID pandemic. This compares to a 1.24 annual percent rate for 2020 and an average of 1.74 percent annual rate for the previous ten years. In 2024, the annual inflation growth rate was 2.9 percent.

In an effort to curb inflation, the Federal Reserve Board (“Board”) began raising interest rates. Between March 2022 and August 2023, there were eleven interest rate increases rising the Federal Funds Rate (“FFR”) from 0.25 – 0.50 percent to 5.25 – 5.50 percent. The Board has not increased rates since August 2023 due to the decrease in inflation coupled with other signs in the economy. In the last quarter of 2024, the Board decreased the FFR three times with the year-end rate at 4.48 percent. Unfortunately, these FFR rate decreases have not translated into a significant drop in mortgage rates. The eleven FFR increases in 2022 and 2023 increased a typical 30-year fixed mortgage rate from 2.98 percent as of November 10, 2021, to the high of 7.79 percent as of October 2023; however, the current rate is 6.95 percent as of January 30, 2025 (per Federal Reserve Economic Data-St. Louis). This steep increase significantly affected the real estate market.

The COVID disruption to the economy also caused extreme volatility in the stock market with the Dow Jones Industrial Average (“DJIA”) dropping from 29,398 in February 2020 to 19,174 in March 2020, a drop of 37 percent. The Government interventions resulted in a bounce back in the DJIA to 27,111 by June 2020 with the stock market then climbing up to a peak of 36,799 in January 2022. In February 2022, Russia began invading Ukraine



which caused volatility in world economics followed by U.S. inflation, interest rate increases and instability in the U.S. due to the debt ceiling being reached. In addition, Israel declared war on Hamas on October 7, 2023, which added to the global strain. All of these factors caused a drop in the DJIA of over ten percent from January 2022 to the low on October 27, 2023 (32,418); however, the Federal Reserve Board's pausing of the interest rate increases coupled with strong economic news, brought the stock market to a new near all-time high of 44,545 (January 31, 2025). The change in the U.S. Administration appears to have led to a stabilized stock market, at least during the first two weeks. Current concerns on the U.S. economy include the new Administration as many watch to see how the Country will react including Washington D.C. working on the debt limit. The partisanship in our government caused a stand-off in increasing the debt limit which has been in danger of being reached numerous times with several temporary deals being reached, however, no permanent agreements at this time.

The significant increase in mortgage rates over the past two years is just one part of the puzzle affecting the impact of new housing on the broader economy. Additional risks include homebuilders trying to find balanced inventory levels, supply chain issues and both wage and price increases. Over the past 25 years, the Inland Empire economy has had significant cycles with home prices almost doubling from 1995 to 2005, then falling by over 50 percent during the Great Recession, taking prices back to 2002 levels. Home values appeared to hit bottom in 2009 then remained essentially flat for two to three years with the majority of the Inland Empire housing market seeing an improvement beginning in mid-2012. Contrary to homebuilders' original thoughts of a slowdown due to the pandemic, new home buyers stepped up in the spring of 2020 and new home sales were significantly higher during the second half of 2020 versus the previous year and continued extremely strong throughout 2021. This exceptional activity in new home sales was the one bright spot in the COVID disruption and is thought to be due to several factors, including: a tight supply of resale homes; historically low interest rates; millennials finally buying homes; and the work from home factor which began during the pandemic allowing residents to live in more suburban areas without long commutes. As rates began increasing in early 2022, there was a significant slowdown in sales within the Inland Empire. The high mortgage rates have significantly slowed existing homeowners from

moving as they do not want to trade in their existing under four percent mortgages for a current near seven percent mortgage. The limited availability of existing homes on the market has resulted in new homes capturing a much larger share of total home sales.

While most jobs have come back, job losses were significant during the COVID recession as the Nation's unemployment rate went from 3.5 percent in February 2020 to 14.4 percent in April 2020, with the December 2024 National unemployment rate at 3.8 percent (Employment Development Department, not seasonally adjusted). The unemployment rate for the MSA was estimated at 4.9 percent as of December 2024. This reflects a decrease from the peak during the Great Recession of 15.1 percent in 2010 and a decrease from the peak during COVID of 14.9 percent. As of December 2024, Riverside County's unemployment rate was 5.0 and San Bernardino County had a 4.8 percent unemployment rate. The current unemployment rate for the MSA of 4.9 percent is similar to the California rate at 4.8 percent and higher than the December 2024 National rate of 3.8 percent. Below is a table comparing Riverside County's unemployment rate to the unemployment rates of the surrounding counties as of December 2024.

Jurisdiction	As of	Unemployment Rate*
Los Angeles County	Dec-2024	5.7%
Riverside County	Dec-2024	5.0%
San Bernardino County	Dec-2024	4.8%
Orange County	Dec-2024	3.8%
San Diego County	Dec-2024	4.3%

Source: State of California E.D.D.; \*Not Seasonally Adjusted

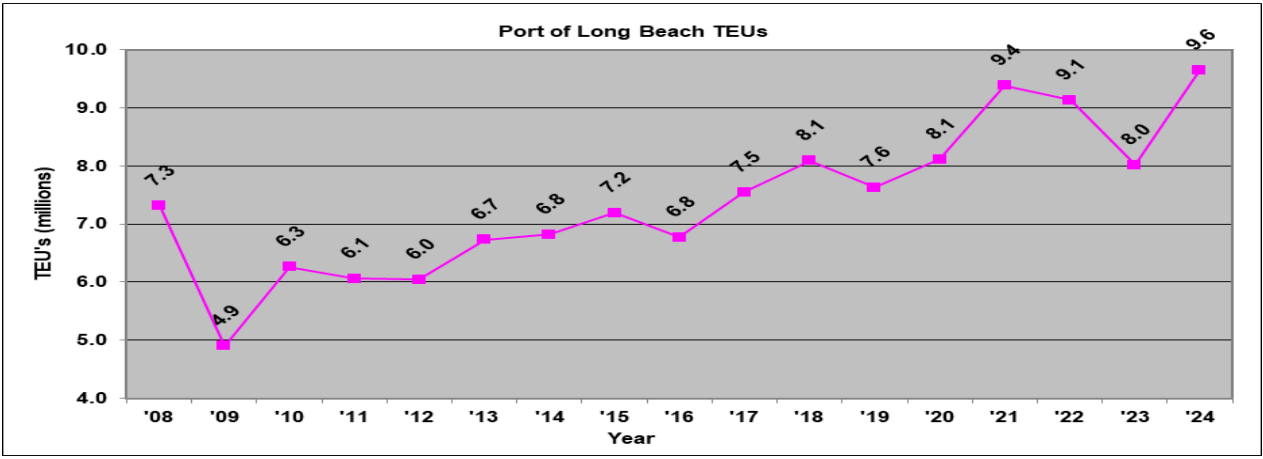
The latest UCLA Anderson Forecast ("Forecast") was issued December 10, 2024, and discussed the uncertainties amid the new Administration's discussed policies which include increased tariffs, deportations, tax cuts and deregulation. While details of all of these issues are uncertain, the Forecast states they all point in the direction of impacting the cost of living. The Forecast believes this will raise inflation to just above three percent and raise consumer prices by just under one percent. They believe the impact of deportations will create the need for wages to rise and that tariffs will lead to lower GDP growth which they anticipate to dip below two percent in the second half of 2025. They do believe GDP will recover by the end of 2026 as the economy adjusts to the tariffs and the changing composition and size of the labor force.

The UCLA Forecast for California is typically more positive than the overall Nation due to job growth in California; however, this Forecast suggests a slower-growing California economy with the growth similar to that of the U.S. They believe that the new Administration's immigration policy will have two effects on California. The first is the withdrawal of millions of workers due to deportation while the Forecast believes the H1B visas (typically tech industry workers) suggests growth in California high tech industry. The Forecast states their assumptions are based on the new Administration's policies as based on the pronouncements that were made during the campaign. With these assumptions, they anticipate unemployment to be 5.5 percent in 2025 and 5.0 percent in 2026 in California. In the California housing market, despite higher interest rates, the continued demand for the limited amount of housing stock, coupled with state policies inducing new home building should result in the beginning of a recovery in the housing market by the end of 2025. The Forecast is estimating 143,000 new housing units by the end of 2026; however, it should be noted the last Forecast (about three months ago) estimated 159,500 new homes in 2026. It should be noted that the Forecast was completed prior to the Los Angeles fires in January 2025, which destroyed over 16,000 structures. This rebuilding will put pressure on both labor and material prices, making building more expensive for California; however, the government is stating it will streamline the approval process which is needed in the State.

One bright spot in the current economy is sales of new homes. While existing homeowners are reluctant to put their houses on the market due to their under-four percent mortgages, new home sales continue. Even with rates in the seven percent range, new homes are still selling. This is partially due to the extremely limited availability of existing homes on the market. While builders were buying down interest rates in 2023 and 2024, this appears to be lessening as homebuyers adjust to the new higher mortgage rates. While new homes historically captured 10 – 13 percent of total home sales; over the past year new homes are now capturing around 25 percent of total home sales. This rush to new home purchases has put pressure on pricing, even while interest rates have soared. During the Great Recession median housing prices (existing) in Riverside County dropped from a high of \$431,713 in June 2006 to a low of \$171,480 in April 2009. Median prices surpassed the pre-recession high in April 2020 (\$435,000), hit a peak in May 2022

of \$650,000 and decreased until April 2024 when the median home price in Riverside County was again at the peak of \$650,000 while the current December 2024 median home price is \$624,790 (all statistics per the California Association of Realtors). It should be noted that the median home price in Riverside County is up 3.3 percent year over year. This will be discussed further in the Riverside County Housing Market section later within this report.

As a final indicator of overall economic activity for the region, we have reviewed the rise and fall of TEUs (Twenty-foot Equivalent Units – i.e., containers) being processed in the local ports. This is especially important for the Inland communities, as it represents much of the growth in development of West Coast distribution centers and warehouses in the Inland Empire linked to supply-chain nodes in the Pacific Rim. The chart below shows TEU activity at the Port of Long Beach. Generally, there had been increases since 2009 except for slight dips in 2016, 2019, 2022 followed by an over 12 percent dip in 2023 due to cooling consumer demand. The calendar year 2024 saw an over 20 percent increase which has wiped out the negative growth years and put TEU's back on a more normal growth trend.



**Government**

A Board of Supervisors oversees the County as the governing body of the County, certain County special districts, and the County Housing Authority. The Supervisors enact ordinances and resolutions, adopt the annual budget, approve contracts, and appropriate



funds, determine land use zoning for unincorporated areas, and appoint certain County officers and members of various boards and commissions. The Board of Supervisors is elected from five different districts within the County.

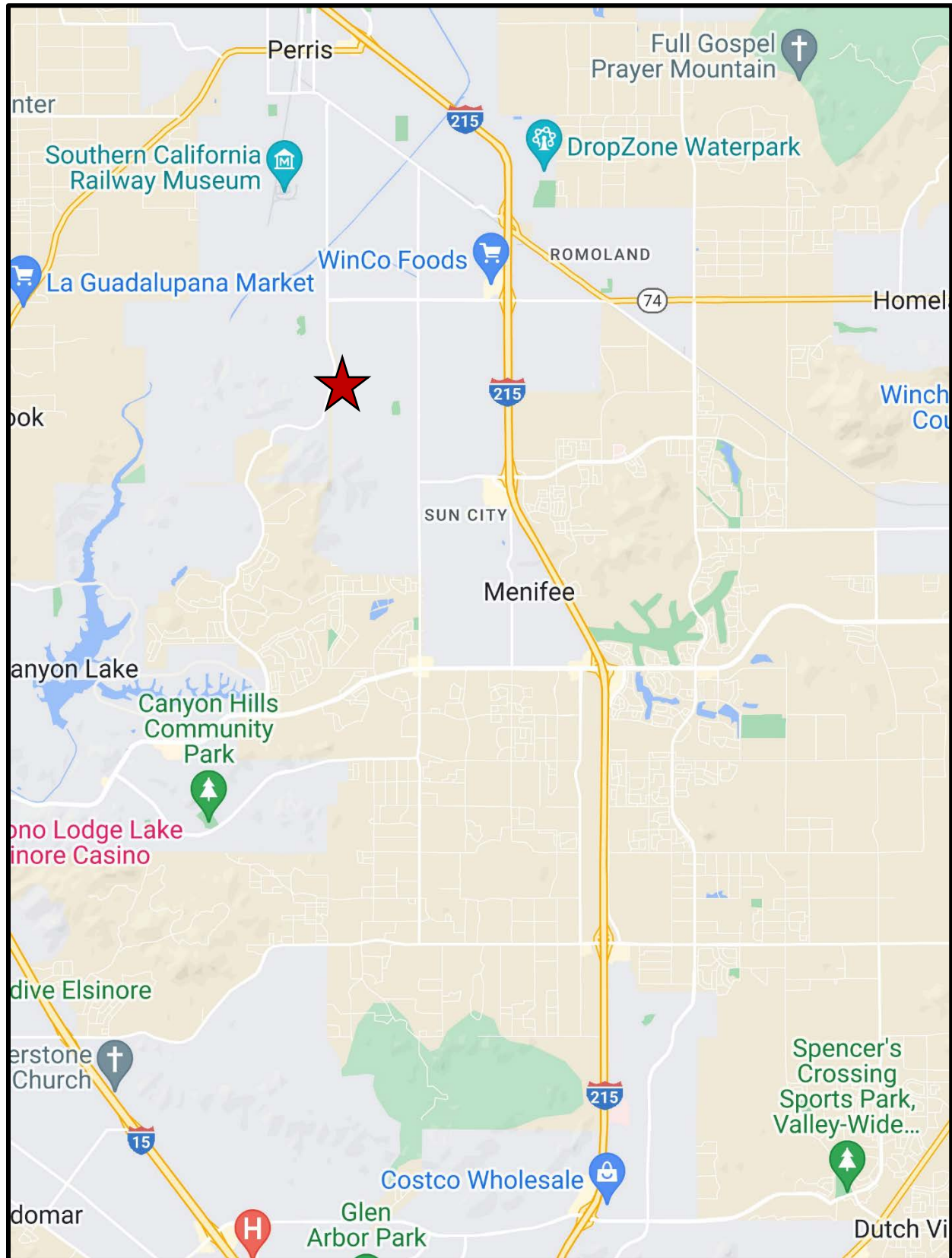
### **Education**

Menifee Union School District (K thru 8<sup>th</sup>) and the Perris Union High School District serve the subject area. The Menifee Union School District operates 11 elementary schools and four middle schools, one K-8 school (Harvest Hill STEAM Academy), two alternative schools and one preschool. Perris Union High School District covers a larger area than Menifee Union and operates five high schools, four alternative high schools and one alternative middle school to serve the greater Perris area including Menifee. Higher education is available within an hour's drive at the University of California campuses at Riverside and Irvine or California State University campuses in San Bernardino, San Marcos, Fullerton, and Pomona along with several additional private colleges. The closest community college is Mt. San Jacinto College, which has a campus in Menifee.

### **Conclusion**

Population in the County has increased over the past 20 years with predictions for continued population growth. The Nation's economy has been slowing after the Board increased the FFR over five percent to fight historical inflation which began during COVID. One bright spot during COVID was housing; the region's relative affordability and low interest rates, coupled with the rising prices in the coastal market and the demand for housing, set up a new housing boom in the Inland Empire. This was followed by a significant drop in existing home sales due to existing homeowners being unwilling to give up their low-rate mortgages, which turned out to be a boon for new homes. Current concerns for the Inland Empire economy include the unknowns of the new Administration, stubborn inflation, the high prices of homes, higher interest rates, supply chain issues and labor, along with the Russian/Ukraine and Israel/Palestine conflicts, which are all creating volatility in both local and global financial markets. In conclusion, the County is expected to continue to grow in population due to its Southern California location, the availability of land, and the relatively lower land and housing prices in comparison to adjacent Orange, Los Angeles, and San Diego Counties.

## MENIFEE AREA MAP



## **CITY OF MENIFEE DESCRIPTION**

The subject property is located in the northwest corner of the City of Menifee, which is located in the southwestern portion of the County. Menifee became a city in October 2008 after voting to incorporate. Menifee was the 26<sup>th</sup> city within the County of Riverside and is located along both sides of I-215 between Murrieta and Perris. The City includes the diverse lifestyle communities of Menifee, Sun City, Quail Valley, and portions of Romoland. The City is bordered by unincorporated lands and the City of Murrieta to the south, the cities of Lake Elsinore and Canyon Lake to the west, the City of Perris, area of Winchester and unincorporated lands to the north and unincorporated lands (portion known as the French Valley) to the east.

In the 1960s, early development of the Menifee Valley began when the concept of an active retirement community was envisioned for Sun City. Since that time the Menifee Valley has grown substantially. At incorporation in 2008, the City of Menifee had a total population of 60,000 residents. The Menifee Valley includes some portions of Romoland that are not included within the city limits. Although this area currently serves as a bedroom community for the workforces of North San Diego County, Temecula, Riverside, Corona and Orange County, economic development groups are in the process of recruiting future quality employers to relocate in the Menifee Valley. There have been several new commercial developments in the past 15 years on the I-215 corridor south of McCall Boulevard including major shopping centers at the Newport Road off ramp, the Menifee Town Center west of the off ramp and an additional shopping center at Clinton Keith Road. Per the City of Menifee there are 42 new commercial projects within 22 centers either recently opened, coming soon or under construction within the overall City. A more micro view of planned development within the subject's neighborhood (in the northwestern portion of the City of Menifee, west of I-215 and north of Newport Road), there are two small commercial projects planned, a gas station/convenience store at Goetz Road and Ethanac and a Truck Stop/Diesel gas station at Ethanac and the I-215 offramp. In addition, there are eight residential projects either in planning or engineering with the closest being three tract maps to the south and east (generally condominiums) and three larger tract maps (single family detached) to the south and southwest. Finally,

there are eight industrial projects north of McLaughlin, south of Ethanac and west of I-215 either in the planning or engineering stages. North of Ethanac is the City of Perris with Green Valley Ranch (immediately north of Ethanac), a master planned community originally approved in the early 1990s and proposed for over 4,000 homes. There are currently several neighborhoods selling including Silverstone and Amber Ridge by Lennar and a Seasons Collection by Richmond American.

Between 1990 and 2003, there was an extraordinary growth rate of 48 percent in the community of Menifee. The population is estimated at 111,560 as of January 2024 per the California Department of Finance (most recent available), representing a growth of 2.0 percent year-over-year. This compares to the Riverside County past year's growth of 0.6 percent from January 2023 to January 2024. The City's higher growth rate than the County is due to the wide expanses of land available for development within the City, and because of the planned communities such as Cimarron Ridge (subject), Shadow Mountain, Town Center, Quartz Ranch, Countryview, Rockport Ranch and Banner Park along with the future development known as Legado (near I-215 and McCall), as well as single new home tracts.

In the past 15 years Menifee has had exceptional growth in the commercial and retail sector. Prior to the Great Recession several shopping centers were either constructed or planned. Included are the Town Center Marketplace, which is anchored by Aldi Market, PetSmart, and several national restaurants (located at the southwest corner of Haun and Newport Roads), and the popular Menifee Countryside Marketplace, which is anchored by Target, Lowe's, Kohls, Ulta, TJ Maxx, Best Buy and Home Goods along with numerous restaurants (located at the southeast corner of Haun and Newport Roads). The Town Center Specific Plan ("TCSP") includes 170 acres of mixed use with a proposed City Hall, a Fairfield Inn & Suites by Marriott on Town Center Drive, the recently opened Family and Civil Courthouse, along with several completed new home neighborhoods and Riverwalk Village at Town Center by Richmond American which is currently selling. Prior to the COVID pandemic shutdowns, the Krikorian theaters were under construction within TCSP along with a Krikorian retail center planned adjacent to the theaters, however, the shutdown of the economy stopped construction. The theater had been caught in litigation

for three years with contractor lawsuits. The City adopted a resolution declaring the Krikorian theater a public nuisance with orders to tear down what is left of the theatre construction and demolition began January 24, 2025. Aside from the Krikorian theater, other new commercial development has proceeded with both Center Pointe (retail northwest of the theaters) and Menifee Plaza (retail northeast of theaters), which front Newport Road, opening. Along the north side of Newport at Haun Road is a newer commercial area that houses the Menifee Union School District's administration building, the existing City Hall, a Post Office, and several national chain restaurants.

The Menifee community also benefits from its proximity to Diamond Valley Lake, which was dedicated on March 18, 2000, and initially filled by the end of 2002. Diamond Valley Lake is located approximately five miles east of the City and is a 13,000-acre site with a 4,500-acre reservoir for boating and fishing. There is no swimming, water skiing or personal watercraft allowed in Diamond Valley Lake. The reservoir contains 800,000 acre-feet (260 billion gallons) of water and is owned by the Metropolitan Water District. Access to Diamond Valley Lake is via Newport Road, which becomes Domenigoni Parkway east of I-215, and State Route 79, which was completed in 2008.

Land prices in the Menifee area have been historically lower than prices in the Murrieta and Temecula areas. As housing prices increased in the early 2000s, the price difference narrowed between Menifee and Murrieta/Temecula, however, there is still a variance. The price difference appears to be due to the Murrieta/Temecula area being along the I-15 corridor, which commands a premium due to easier commuting to adjacent counties. Menifee is located along the I-215 corridor, which creates a slightly longer commute to employment centers.

As discussed under the economy section under County of Riverside Area Description, new home sales had prospered during the COVID pandemic and Menifee is no exception. Per the January 28, 2025, Ryness Report (a new home sales tracking and research company), there are 45 new home projects currently selling in the South Riverside submarket with 15 of the 45 new home projects located in Menifee. This compares to 54 new home projects within the South Riverside submarket selling one year ago, suggesting

a reduction of 17 percent of new homes projects in the past year. The average sales rate per project for the week ending January 28, 2025, in the South Riverside submarket was 3.8 homes per month which is similar to the average 2024 sales rate per project of 3.6 sales per month. In comparing with the overall Inland Empire, the average sales rate per project year to date as of January 28, 2025, the sales rate per month was 2.8 sales while the average 2024 sales rate per project was at 3.6 sales per month.

In summary, the future growth of Menifee should continue. While there are fewer projects than one year ago, there are still a significant number of new residential projects in Menifee, both currently selling and planned in the area. Housing is less expensive than the Murrieta/Temecula neighboring communities, which is attractive to homebuyers as price points are important in today's Inland Empire housing market. The South Riverside submarket, which houses the subject property, is experiencing a higher-than-average sales rate when compared to the overall Inland Empire. Diamond Valley Lake is another asset to the Menifee Valley area. The lower land prices and the availability of land for development combine to make Menifee an excellent candidate for future growth.

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### **CIMARRON RIDGE SPECIFIC PLAN**

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The Cimarron Ridge Specific Plan ("Specific Plan") was originally adopted by the City of Menifee on October 21, 2015, with the intent to develop a master-planned community that would contain a variety of innovative housing types and functional open spaces. The original Specific Plan allowed for 756 planned single family detached homes on lots ranging in size from 5,000 to 10,000 square feet on an overall 240 gross acres. On October 12, 2022, Pulte Home Company LLC filed a formal application requesting to amend the Cimarron Ridge Specific Plan and their request was approved with the new Cimarron Ridge Specific Plan being adopted April 3, 2024. The Amended Specific Plan allows for the same number of homes on the same sized lots, however moved the park from Planning Area 5 to Planning Area 4. The current Specific Plan Land Use Map is shown on the exhibit on the following page with the subject property comprising Planning



Menifee CFD No. 2023-2 IA 1 (Cimarron Ridge Improvement Area 1) - 2025 Series Bonds  
Kitty Siino & Associates, Inc.





In the Specific Plan, Planning Areas 1, 3, 4 and 5 were approved for 5,000 square foot lots, Planning Area 6 for 5,500 square foot lots, Planning Area 7 for 6,500 square foot lots and Planning Area 2 for 10,000 square foot lots. Within the subject property (Planning Areas 1, 2, 3 and a portion of 4) there are minimum 5,000 square foot lots and minimum 10,000 square foot lots allowed.

The original Development Agreement was approved in 2017 and noted that the Park within Phase 5 (Planning Area 5B) would be constructed prior to the completion of Phase 5. Amendment No. 1 of the Development Agreement revised the approvals to develop Planning Areas 5 and 6 as a private and gated age-restricted, active adult community with certain private recreational amenities and to relocate the public neighborhood park from Planning Area 5 to Planning Area 4. Amendment No. 2 to the Development Agreement (recorded 5/17/24), among other items, changed the construction of the Sports Park to be completed no later than the earlier of (i) twelve months following commencement of construction and (ii) issuance of the 485<sup>th</sup> building permit. Amendment No. 3 to the Development Agreement, which is going through approvals at this time, among other things increases the number of building permits in the project that may be issued prior to the completion of the Sports Park from 485 permits to 635 permits, due to substantial delays outside of the developer's control. It is the appraiser's understanding that 406 building permits have been pulled to date within the entirety of Cimarron Ridge. It is an extraordinary assumption that the completion of the park does not slow or thwart development or the obtaining of building or occupancy permits within the subject property.

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### **IMMEDIATE SURROUNDINGS**

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The subject site is located both north and south of Thornton Avenue between Goetz Road and Valley Boulevard west of I-215 and south of Ethanac Road in the northwesternmost portion of the City, near the City of Perris border. The project has access both from I-215 via Ethanac Road and from I-15 via Railroad Canyon Road and Goetz Road. The immediate area is generally made up of existing homes to the northwest (Monument Ranch in Perris), to the east (Sun Ranch) and the southeast (along the east side of Valley

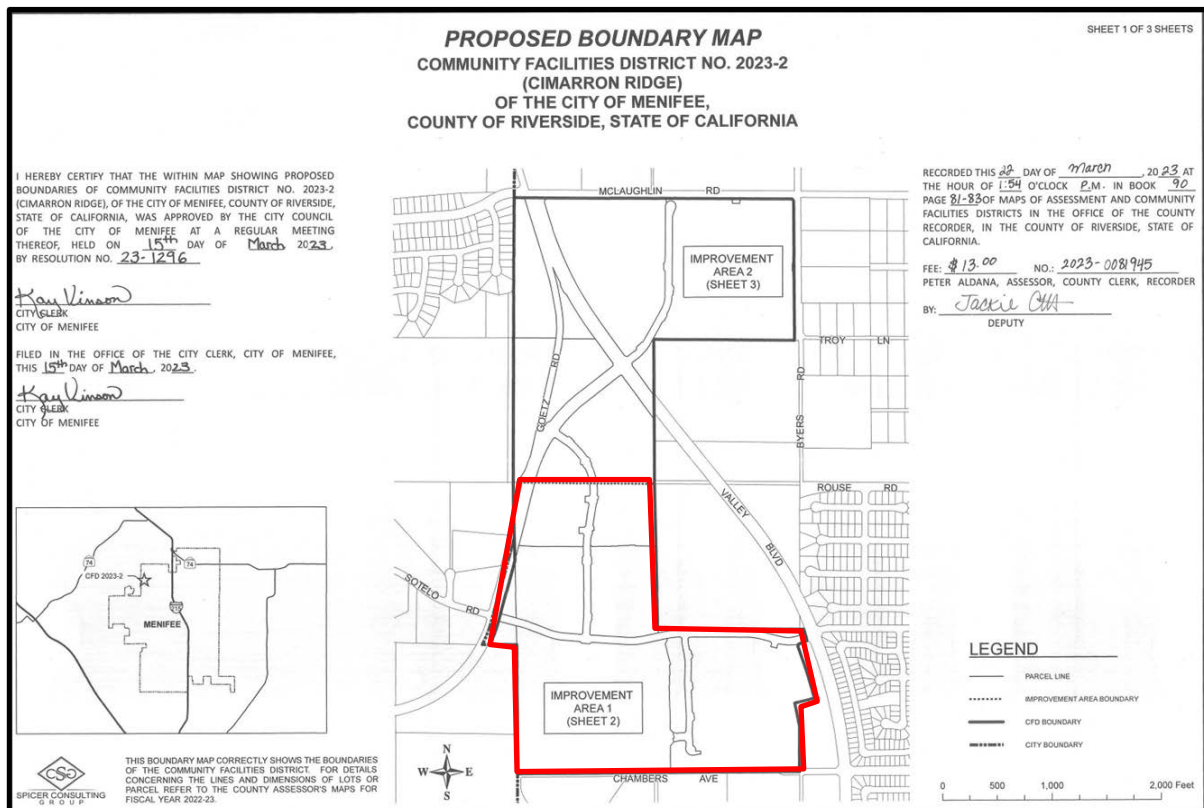
Boulevard) interspersed with some undeveloped lands to the south and west. There is also some rural housing to the west at Thornton Road (known as Sotelo Road west of Goetz Road). The subject property was raw and generally hilly with hills and valleys when it was purchased in a raw condition by Pulte in September of 2020. Beyond Ethanac Road to the north (the City of Menifee border with the City of Perris is the master planned community of Green Valley Ranch, with three new home communities currently selling.

Shopping is available at a large neighborhood shopping center known as Perris Crossings, about 1.5 miles northeast of the subject along Ethanac just west of I-215. Perris Crossings is anchored by a Winco Supermarket and a Home Depot. About two miles southeast at the southwest quadrant of McCall Boulevard and I-215 are two additional shopping centers anchored by Stater Bros and Von's Supermarkets. More regional shopping is available about 3.5 miles southeast at Menifee Countryside Marketplace at the southwest intersection of Newport Road and I-215. Countryside Marketplace is anchored by a Target, Home Depot, and a Kohls. There is an Aldi supermarket across from the Countryside Marketplace along with a Stater Brothers Market at Murrieta Road and Newport Road. Just north of Newport across from Menifee Town Center on Haun Road is commercial center which houses the existing City Hall for Menifee. In addition, there are several medical office buildings in this center. Approximately fifteen miles south is Promenade Temecula, a major shopping mall anchored by Macy's and JC Penney, located off the I-15 near the intersection of I-215 and Winchester Road (State Route 79). In addition to the aforementioned shopping and entertainment, the community is about eight miles away from Loma Linda University Medical Center in Murrieta.

The subject property is located within the Menifee Union School District (K-8<sup>th</sup>) and the Perris Union High School District (9<sup>th</sup> -12<sup>th</sup>). The community is served by Paloma Valley High School, about 4.5 miles southeast; Kathryn Newport Middle School located about 2.5 miles south of the subject; and Ridgemoor Elementary School about 1.5 miles south of the subject property.

## CITY OF MENIFEE CFD NO. 2023-2 (CIMARRON RIDGE)

Menifee CFD No. 2023-2 (Cimarron Ridge Improvement Areas 1 and 2) was formed per the Resolution of Intention of the City Council of the City of Menifee dated March 15, 2023. Per the City of Menifee CFD No. 2023-2 CFD Report, the CFD is comprised of approximately 209 gross acres anticipated to include 756 residential properties at buildout. There are two separate Improvement Areas included within the boundaries of CFD 2023-2. Improvement Area No. 1 includes three separate Tax Zones within Tract Map Nos. 36558-1, 36558-2, 36558-3 and a portion of 36658-4 which will cover 424 proposed single family detached residential properties (subject property). Improvement Area No. 2 will also include three separate Tax Zones within the remaining portion of Tract Map 36658-4 and Tract Map Nos. 36658-5, 36658-6 and 36658-7 which will cover a total of 332 proposed single family detached residential properties. The overall boundary map is shown below with the approximate shape of the subject property outlined in red. A larger version of the overall map along with the additional Sheets 2 and 3 showing the Improvement Areas and Tax Zones are located in the Addenda.



Per the CFD Report prepared by Spicer Consulting Group and dated April 19, 2023, the types of facilities that are proposed by Menifee CFD No. 2023-2 consist of the construction, purchase, modification, expansion, rehabilitation and/or improvement of (i) drainage, library, park, roadway, traffic, administration and general government facilities, animal shelter facilities, fire and safety and other public facilities of the City including the foregoing public facilities which are included in the City's fee programs with respect to such facilities and authorized to be financed under the Mello-Roos Community Facilities Act of 1982, as amended (the "City Facilities"); (ii) water and sewer facilities including the acquisition of capacity in the sewer system and/or water system of the Eastern Municipal Water District which are included in EMWD's water and sewer capacity and connection fee programs (the "Water District Facilities") and (iii) interim and permanent school facilities of the Menifee Union School District, Romoland School District and Perris Union High School District, including classrooms, multi-purpose facilities, administration and auxiliary space at school facilities, athletic fields, playgrounds and recreational facilities and improvements thereto, landscaping, access roadways, drainage, sidewalks and gutters and utility lines, furniture, equipment and technology, including technology upgrades and mobile devices and infrastructure therefore, with a useful life of at least five (5) years at such school facilities (the "School Facilities") (the City Facilities, the Water Facilities, and the School Facilities shall be referred to as the "Facilities"), and all appurtenances and appurtenant work in connection with the foregoing Facilities, including the cost of engineering, planning, designing, materials testing, coordination, construction staking, construction management and supervision for such Facilities. In addition, incidental expenses include the cost of engineering, planning and designing the Facilities; and all costs including costs of the property owner petitioning to form the District, associated with the creation of the District, the issuance of the bonds, the determination of the amount of special taxes to be levied and costs otherwise incurred in order to carry out the authorized purposes of the District and any other expenses incidental to the construction, acquisition, modification, rehabilitation, completion and inspection of the Facilities.

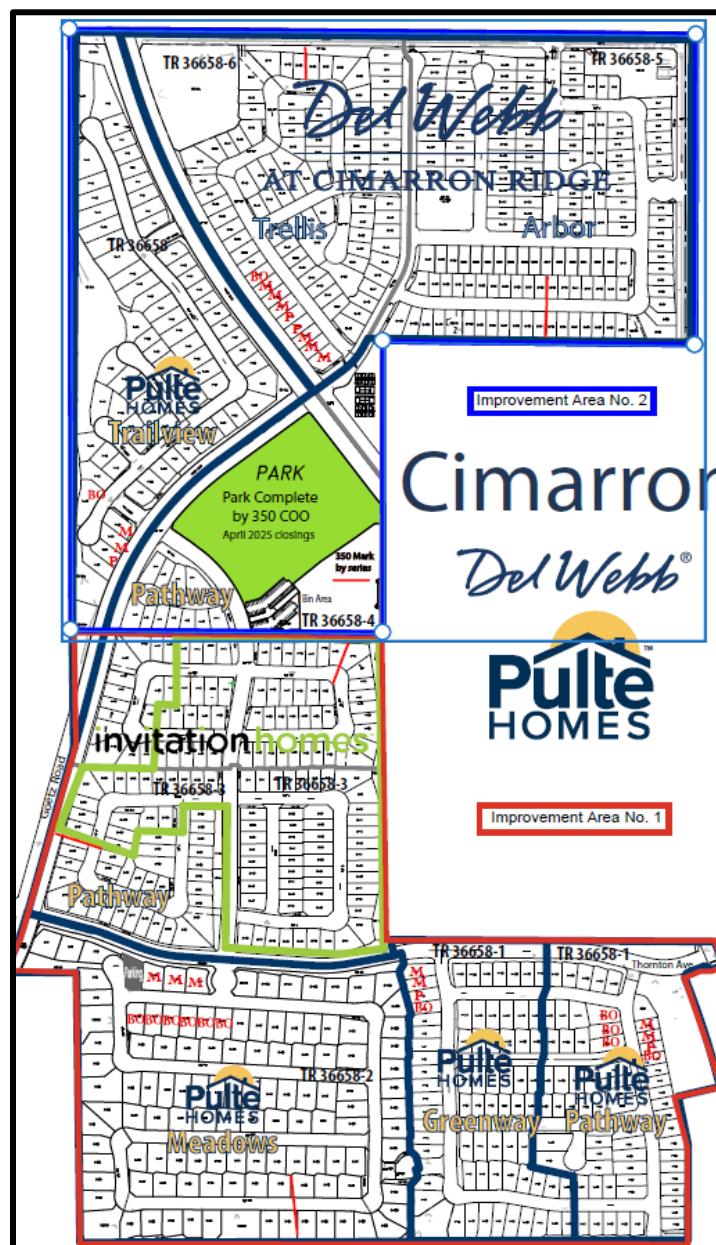
According to the CFD Report, the Cost Estimate of the eligible facilities are \$5,460,657 for Improvement Area 1 and \$7,982,676 for Improvement Area 2 based on fiscal year

2022-23 dollars. For Improvement Area 1 the estimates include \$3,925,165 for City Fees, \$1,535,492 for City Facilities, and no EMWD or School District Fees along with \$1,099,343 of incidental financing costs for a total bond amount for Improvement Area 1 of \$6,560,000. For Improvement Area 2 the estimates include \$3,073,478 in City Fees, \$3,035,648 in City Facilities, \$682,214 in EMWD Fees and \$1,191,336 in EMWD Facilities along with \$1,517,324 in financing costs for a total of \$9,500,000 for Improvement Area 2. It should be noted that within Improvement Area 2 the EMWD Fees estimate includes an estimated \$5,004,809 EMWD CFD credit and the above stated \$682,214 is the remaining amount after the CFD credit to be funded via City of Menifee CFD 2023-2. Per the CFD Report, the Assigned Special Tax within Improvement Area 1 ranges from \$801 to \$1,069 in Tax Zone 1, \$1,252 to \$1,464 in Tax Zone 2 and \$254 to \$843 in Tax Zone 3. Within Improvement Area 2 the Assigned Special Tax ranges from \$1,617 to \$1,920 in Tax Zone 1, \$1,543 to \$1,873 in Tax Zone 2 and \$1,681 to \$1,869 in Tax Zone 3. All of the above assigned special taxes are based on 2022-23 dollars and shall increase by two percent of the amount each July 1. It is the appraiser's understanding that the Improvement Area 1 bonds will be sold in two series with this being the first series of Improvement Area 1 bonds.

Per the latest sources and uses of funds for the first series of bonds for Improvement Area 1 of Menifee CFD 2023-2 dated March 10, 2025, they are projecting a bond par amount of \$4,635,000 along with a premium of \$1,206 and \$148,725 funds on hand totaling \$4,784,931. The expenditures include \$4,007,377 of project fund deposits, a debt service reserve fund of \$403,029 and costs of issuance, underwriter's discount and administrative expense of \$374,525 (all estimated amounts subject to change).

## SUBJECT PROPERTY DESCRIPTION

The subject property consists of 424 proposed single-family homes within the community known as Cimarron Ridge being developed by Pulte. The 424 lots are divided among three single-family detached neighborhoods within the Cimarron Ridge community: Pathway, Greenway and Meadows. A portion of the Pathway community is being purchased by Invitation Homes, an REIT that is planning on renting out the homes and holding them for investment. Below is a map showing all of Cimarron Ridge with the subject property outlined in red, essentially the bottom half of the map.



Location: Both north and south side of Thornton Avenue between Valley Boulevard and Goetz Road, Menifee, California

Legal Description: Lots 1-134 of Tract No. 36658-1; Lots 1-116 of Tract No. 36658-2; Lots 1-104 of Tract No. 36658-3 and Lots 12-81 of Tract No. 36658-4, all located in City of Menifee, County of Riverside, California.

Owner of Record: Individual owners as to Lots 5-23, 27-34, 38-72, 80-134 of Tract 36658-1; Lots 16-19, 21-52, 54-55, 57-60, 66, 68-70, 72, 75-77 and 102-116 of Tract 36658-2; Lots 78-79, 82-93 and 95 of Tract 36658-3.

Invitation Homes 7 LP as to Lots 1-67 and 100-104 of Tract 36658-3.

Pulte Home Company LLC as to Lots 1-4, 24-26, 35-37 and 73-79 of Tract 36658-1, Lots 1-15, 20, 53, 56, 61-65, 67, 71, 73-74, 78-101 of Tract 36658-2; Lots 68-77, 80-81, 94, 96-104 of Tract 36658-3 and Lots 12-81 of Tract 36658-4.

Three-Year  
Sales History:

Pulte Home Company, LLC purchased the entire Cimmaron Ridge property (both Improvement Area 1 and 2) consisting of 756 proposed single-family residential lots from Cimmaron Ridge, LLC (a related entity to Van Daele Investment Properties, LLC) on July 16, 2021, for \$47,000,000 per public record documents. The property closed in an unimproved condition, with tract maps ready to record. The subject property is known as Improvement Area 1 and consists of 424 of the total 756 proposed lots which is essentially the bottom half of the project. At time of purchase, it is the appraiser's understanding that 127 of the proposed lots within Improvement Area 1 (Lots 1-67 and 100-104 of Tract 36658-3 and Lots 12-15 and 28-37, 41-81 of Tract 36658-4) were included in a sales agreement between Invitation Homes 7 LP and Pulte Home Company LLC dated March 19, 2021. Invitation Homes 7 LP is within a REIT that purchases homes, property manages them and rents them out to individuals. Invitation Homes is purchasing the 127 homes as they get completed by Pulte. The takedown schedule between Pulte and Invitation Homes shows homes closing between March 2024 and December 2025. As the homes are completed, Invitation Homes closes on typically six at a time. Seventy-two homes have closed at this time with the additional 55 currently anticipated to be taken down monthly beginning in May 2025 through December 2025 (schedule may be updated). We have reviewed the summarized sales information provided by Pulte and Invitation Homes and have considered it in our analysis, however, due to the confidential nature we are retaining the information in our files. The price for the homes was determined in March of 2021. Out of the total 424 subject homes in Improvement Area 1, 197 homes have closed to individual



homebuyers with closing dates between October 24, 2023 and January 31, 2025 and 72 homes have closed to Invitation Homes between March 2024 and December 2024. As of January 31, 2025, an additional 34 proposed homes are in escrow to individuals (due to close upon completion) and an additional 55 homes are in escrow to Invitation Homes).

**Assessor's Parcel Numbers:**

The subject 424 lots encompass Assessor's Parcel 335-550-001 thru 058; 335-560-001 thru 056; 335-570-001 thru 028; 335-571-001 thru 018; 335-572-001 thru 008; 335-573-001 thru 032 and 038 thru 041. In addition, the subject encompasses 335-070-057 (Tract Map -4) and 335-530-various and 335-540-various. The AP Maps for Tract Map -4 and 335-530 and 335-540 are not available from First American Title at this time.

**Property Taxes:**

We have reviewed the Riverside County Tax Collector's 2024 tax bill for APN 355-550-002, a sample lot within Cimarron Ridge. The 2025 tax bill is not available on the County web site at this time. Per the tax collector the total 2024 property tax invoice is \$10,389.08 based on an assessed value of \$580,330. The general-purpose taxes are \$5,803.29; the miscellaneous charges (includes Perris Union HS, Mt. San Jacinto Jr. College, MWD East 1301999, Menifee School, FLD CNTL Stormwater/Cleanwater, EMWD Infrastructure availability charge and MWD Standby East which total \$763.45; the Special Assessment charges include CFD 2017-1 Maintenance Services for \$916.34, CFD 2023-2 (subject) for \$1,407.60, Perris Union HS CFD 92-1 for \$336.26 and MUSD CFD No. 2020-1 for \$1,162.14. This equates to a total tax rate of 1.79 percent based on the assessed value. This amount is typical for new homes in the subject market area.

**Flood Zone:**

Per the County of Riverside a flood plain review is not required.

**Size and Shape:**

The neighborhood is irregular in shape and includes 141.62 gross acres and 100.41 net acres per recorded Tract Map Nos. 36658-1, -2, -3 and -4. It should be noted that Tract Map 36658-4 includes eleven residential lots which are not included in the subject property (Lots 1-11 of Tract 36658-4). The estimated gross acreage for these 11 lots has been extracted from the net acreage reported above. The difference between the gross and net acreages reported above includes internal streets, several open space/landscaping lots, surrounding streets and setback areas, along with a 12.6-acre park/open space (known as Lots 83 and 84) located in Tract 36658-4, which are not included within the CFD boundary lines.

**Zoning:**

Per the City of Menifee Land Use Map, the subject site is shown as the Cimarron Ridge Specific Plan. The current Cimarron Ridge Specific Plan was adopted by the City of Menifee on April 3, 2024.

Per the Specific Plan, the subject property includes Planning Areas 1, 2, 3 and a portion of 4 and allows for 424 single family detached lots with sizes ranging from 5,000 square feet up to 10,000 square feet, 116 with a minimum lot size of 10,000 square feet (the Meadows neighborhood consisting of Tract Map 36658-2) and 308 with a minimum lot size of 5,000 square feet (Greenway neighborhood with 70 lots in Tract 36658-1 and Pathways neighborhood with 238 lots in Tract 36658-1, 36658-3 and a portion of 36658-4).

**Entitlements:** The subject property is covered by Tract Map Nos. 36658-1 (recorded December 23, 2022), 36658-2 (recorded June 27, 2003), 36658-3 (recorded September 15, 2023) and a portion of 36658-4 (Lots 12-81 of Tract 36658-4 which recorded December 6, 2024). The maps are detailed in the table below:

<b>Tract No.</b>	<b>Gross Ac.</b>	<b>Net Ac.</b>	<b>No. Lots</b>	<b>Density</b>
36658-1	36.75	27.03	134	3.64
36658-2	41.75	31.96	116	2.78
36658-3	26.22	18.08	104	3.97
36658-4*	33.90*	23.34*	70	2.06
<b>Totals</b>	<b>138.62</b>	<b>100.41</b>	<b>424</b>	<b>3.06 Avg</b>

\*Both the net and gross acreage of Tract No. 36658-4 has been reduced by 2.49 acres which is the estimated acreage for Lots 1-11 which are not included in the CFD boundary lines.

Dividing the 424 total lots over the 138.62 gross acres equates to a density of 3.06 dwelling units per acre which is within the allowed density per the Specific Plan. Copies of the above tract maps are located within the Addenda of this report.

**Topography:** The original topography was hilly with hills and valleys. The property has been graded into 424 single family lots. Due to the topography, there are slopes and/or retaining walls on some of the lots. The property is at street grade of Goetz Road which forms the western border and along Thornton Road which bisects the site. The terrain is hilly to the south and west of the subject with flatter lands to the east and north. After grading, the lots are at street level of both the surrounding and internal streets, however some have slopes in the yards between the houses. The lands have been graded and developed into single-family detached lots. Drainage is within an engineered street drainage system with drainage outlets and retention basins where needed (one large retention basin is constructed along the east side of the site along the south side of Thornton Avenue near Valley Boulevard).

**Soils Condition:** We have not received a soils report for our review. It is an assumption of this report that the soils are adequate to support the highest and best use conclusion and that all recommendations made within any soil's reports were adhered to during construction. This is supported

by existing development on the subject lands which was overseen by City inspectors.

Seismic

Conditions:

Per the County of Riverside, the subject is not located in a Fault Zone or in a Liquefaction Area.

Fire Hazard Map:

Per the City of Menifee general plan High Fire Zone Map, the subject is located in a High Fire Zone, however not in a Very High Fire Severity Zone. A copy of the map with the subject shown as a blue star is located in the Addenda for your review.

Environmental

Concerns:

We have not received an environmental report to review. The builder and/or their representatives have stated (and this appraisal assumes) that there are no environmental issues that would slow or thwart development of the site. This is supported by existing development on the subject lands which were overseen by City inspectors.

Easements/

Encumbrances:

We have reviewed four Preliminary Title Reports on the subject Tract Map Nos. 36658-1, 36658-2, 36658-3 and 36658-4 all prepared by First American Title. The Reports are dated and numbered as followed: Tract No. 36658-1 (Greenway and a portion of Pathway) is covered by Order No. NHSC-6720436 and dated October 15, 2024; Tract No. 36658-2 (Meadows) is covered by Order No. NHSC-6720440 and dated October 8, 2024; Tract No. 26658-3 (a portion of Pathway) is covered by Order No. NHSC-6720444 and dated October 10, 2024; and Tract No. 36658-4 (a portion of Pathway) is covered by Order No. NHSC-6720445 and dated September 26, 2024. We have reviewed the title reports and most of the exceptions appear typical for subject-type lands. As a sample we are providing the exceptions from Order No. NHSC-6720440 dated October 8, 2024, which covers the builder-owned lots within Tract 36658-1. All four title reports are similar. The exceptions within the sample report are as follows:

Item Nos. 1-6 pertain to property taxes and assessments on the property including CFD 2018-1 (Cimarron Ridge – since been deleted), CFD 2020-1 (Menifee Union School District), CFD 2023-2 (subject CFD) and CFD 2017-1 (Maintenance Services). Item No. 7 refers to a right of way for ditches and canals recorded in 1915. Item Nos. 8 and 11 refer to the School Facilities Mitigation Agreement. Item No. 9 pertains to a notice of non-compliance for unapproved grading recorded in 2008, prior to the current ownership. Item No. 10 is regarding a Development Agreement. Item Nos. 12, 13, 20, 21, 29, 30 and 31 all refer to easements for public roads, public utilities and drainage on the property. Item No. 14 refers to an agreement between the City and property owner regarding a CFD on the site. Item No. 15 pertains to a cooperative Agreement by Riverside

County Flood Control and the property owner. Item No. 17 refers to an agreement and notification of high-water pressure. While No. 18 refers to the agreement for water service. Item No. 19 pertains to open space lands on the recorded map. Item No. 22 refers to the environmental constraints on said map. Item No. 23 states the property is within the Homeland/Romoland drainage plan and subject to such fees while Item No. 24 states the landowner deferred payment of drainage fees until actual permit issuance. Item No. 25 pertains to CC & R's recorded on the site. Item No. 26 is regarding a document entitled master dispute resolution declaration. Item No. 27 and 27 pertain to solar energy. Item Nos. 32 thru 38 refer to liens for unsecured property taxes recorded in August 2023, September 2023, October 2023 and July 2024. These liens total \$6,147.65 per the report dated October 8, 2024. Item No. 39 refers to the right of parties in possession while Item No. 40 pertains to water rights.

It should be noted that Item No. 9 (notice of non-compliance for unapproved grading filed in 2008) and Item Nos. 32-38 (unsecured property tax liens) are unusual for subject type lands. Our research has resulted in the liens not being associated with the subject property. It appears Item No. 9 is no longer an issue as the site has been graded into finished lots. It is an assumption in this appraisal report that the subject lands are free and clear of any liens and/or encumbrances except for Menifee CFD No. 2023-2 IA 1 and the aforementioned assessments and CFDs. The appraiser is not a title expert, and it is recommended that any concerns relating to title should be addressed to the appropriate experts.

**Utilities:**

All normal utilities serve the subject site by the following companies:

- Electrical: Southern California Edison Company
- Natural Gas: The Gas Company
- Sewer/Water: Eastern Municipal Water District
- Schools: Menifee Union School District /  
Perris Union High School District

**Streets/Access:**

Access to the subject is via I-15 to Railroad Canyon Road, east about five miles to Goetz Road and north about four miles to the subject property. Additional access is from I-215 to Ethanac Road, west about two miles to Goetz Road and south about a mile to the subject. It should be noted that there is construction on Goetz Road at the subject property at this time, thus detours are needed via Thornton Road and Valley Road. It should be noted that The Meadows community which encompasses Tract Map 36658-2 contains the larger lots (10,000 square foot minimum) and is a gated community with entrances off Thornton Avenue and off Diamond Crest Way.

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

Railroad Canyon Road is a major arterial from I-15 providing access into eastern Lake Elsinore and the master planned community of Canyon Hills, the City of Canyon Lake and Menifee and the master planned community of Audie Murphy Ranch where it becomes Newport Road. West of I-15 Railroad Canyon Road is known as Diamond Drive which provides access into the Summerly master planned community.

Goetz Road begins at Newport Road in the City of Menifee and is generally a rural road north forming the southeastern border of the City of Canyon Lake, the community of Quail Valley and some undeveloped areas south of the subject. North of the subject Goetz Road terminates in the City of Perris.

I-215 is a major Southern California Freeway beginning at the I-15 in Murrieta in Southern Riverside County and providing access north through Riverside and into San Bernardino where it combines with I-15 once again.

Ethanac Road is an arterial with on/off ramps from I-215 and provided the original access into Sun City (prior to Menifee's incorporation). West of I-215 Ethanac Road now provides access to the master planned community of Green Valley Ranch (along the north side in the City of Perris. Ethanac Road currently terminates about one mile west of Goetz Road. East of I-215 Ethanac becomes Case Road.

Internal public streets within the subject portion of Cimmaron Ranch include: White Quartz Way, Mountain Violet Way, Zircon Road, Basalt Drive, Indigo Bush Road, Breccia Way, Denali Peak Road, Butte Drive, Felsic Drive, Loan Oak Drive, Gold Stone Drive, Sand Drive, Bronzite Way, Thornton Avenue, Ametrine Street, Circle Stone Drive, Picket Range Way, Diamond Crest Way. Stone Cliff Court, Luna Peak Road, Golden Nugget Street and Summer Creek Drive. The following streets are private within the gated area of Meadows - Greythorn Drive, Lapis Drive, Desert Sage Drive, Sand Wedge Drive, Zeolite Road, River Peak Drive, Elk Hill Drive and Diamond Crest Way. It should be noted there are two entrances which will be gated at the terminus of White Quartz Way and from the adjacent neighborhood at Diamond Crest way.

Current Condition: The subject property has been developed into 424 single-family detached lots, 116 which have a minimum lot size of 10,000 square feet (The Meadows community which is gated) and 308 lots with a

minimum lot size of 5,000 square feet (The Greenway and Pathways neighborhoods), however the average lot size is closer to 6,000 square feet. The lots have been graded with streets completed and utilities stubbed to each lot. One hundred ninety-seven of the completed homes have closed to individuals and 72 have closed to Invitation Homes. In addition, there are seven completed model homes, an additional 40 production homes are over 95 percent complete, 40 homes under construction (under 95 percent complete) and 68 finished and/or partially finished lots.

Conditions of  
Approval:

It is the appraiser's understanding that there is one condition remaining that affects the subject property on the completion of the park. The development agreement originally stated that the park needed to be complete prior to the 486<sup>th</sup> building permit being pulled. Due to delays outside of the builder's control, this number has been increased to 635 permits. At this time 406 building permits have been pulled across all projects within Cimarron Ridge. It is the appraiser's understanding that this request is going through the approval process with the city at this time. It is an Extraordinary Assumption of this report that no building permits or certificates of occupancy are held up due to the completion of the park.

Remaining  
Costs:

The majority of the subject lots are in a physically finished lot condition with estimated remaining hard costs and fees for land development including development fees (not funded by Menifee CFD 2023-2), landscaping, walls, streets, dry utilities and consultant costs are estimated to be \$7,100,000. This takes into account the CFD funded fees and improvements. The remaining costs for the subject property of \$7,100,000 are associated with all of the builder-owned property which includes 155 lots (47 homes over 95 percent complete, 40 lots with homes under construction and 68 remaining lots) suggesting an average amount of \$45,806.45 per lot in remaining costs for each of the builder-owned parcels. These costs will be taken into consideration in the valuation section later within this report.

HOA Amounts:

There is a Homeowner's Association at Cimarron Ridge which maintains the community lighting, a small pocket park and landscaping. The HOA monthly assessment for the overall community is \$91 per month per home at build-out. Additionally, Planning Area 2 (also known as Tract 36658-2) is gated and has an additional \$78 per month (total \$169 per month) to maintain the gates and internal streets.

Other:

Within the Pathway community in Planning Area 3 and 4 (Tract Maps 36658-3 and 36658-4) Invitation Homes is purchasing 127 of the 238 homes with 72 of the homes closed to date. Invitation Homes is part of an REIT that purchases homes, property manages the homes and

rents them to individuals. Upon our inspection the rental homes do not appear to be any different from the individually owned homes. That is, landscaping, upkeep and condition of the homes are all identical. The Invitation Homes-owned houses do have the same blinds on all windows and have a Ring doorbell, both of which could be seen during our inspection. Per the Pulte sales information, no options or upgrades are purchased for the Invitation Homes houses and very little incentives are offered (average for the 72 closed homes is under \$1,000 per home). The Pathway homes representative in the model home complex stated there have not been any issues with selling homes to individuals that are in the Invitation Homes neighborhood. Per Pulte, this fact is disclosed in both the white report and in their community report. She stated Invitation Homes has a very strict vetting process for their tenants and the renters are typically professionals.

Improvement  
Description:

Cimarron Ridge by Pulte includes three neighborhoods known as Pathway, Greenway and Meadows. The Meadows are larger homes on 10,000 square foot lots in a gated community while Greenway and Pathway are built on 5,000 square foot minimum lots; however, nearer a 6,000 square foot average.

Pathway includes three floorplans, featuring one and two-stories, ranging in size from 1,959 to 2,824 square feet. It should be noted that Plan 1 is being marketed as 1,959 square feet, however, it is shown as 2,024 square feet on the building permit. We have used the smaller of the two sizes in our analysis. Greenway also has three plans with the smallest sized single-story plan identical to Pathway's single-story plan however the remaining plans are significantly larger than Pathway homes. The homes range in size from 1,959 to 3,301 square feet. Again, it should be noted there is a difference in the marketed square feet on Plan 3 which is 3,410 while the building permit square footage is shown as 3,301. We have used the smaller of the two sizes in our analysis. Meadows has four plans, both one single-story and three two-story homes ranging in size from 2,550 to 3,994 square feet. All of the homes offer attached two or three-car garages, concrete tile roofs, roll-up insulated garage doors, gourmet kitchens with granite countertops, interior laundry rooms and primary suites with dual sinks and walk-in closets. Interiors include 9-foot ceilings, raised panel interior doors, bullnose corners, vinyl flooring at kitchen, dining, laundry, and bathrooms. Homes include high efficiency heat pump water heaters, energy efficient HVAC units, kitchen islands open to great rooms, stainless steel Whirlpool appliances, LED lighting and drought tolerant front yard landscaping. Greenway has a few upgrades over Pathway which includes an extra hose bib, tile at entryway and maple cabinetry in the kitchen (versus white cabinetry in Pathway) and a five-burner stove along with undermount sinks in the master bedroom. Meadows additionally

includes tile rather than vinyl in some areas and an undermount sink in the kitchen.

One hundred and ninety-seven of the 424 proposed homes have closed to individual homebuyers with closing dates between October 24, 2023, and January 31, 2025. Additionally, 72 homes have closed to Invitation Homes with closing dates between March 2024 and December 2024. Actual sales prices to individuals (including premium, upgrades, options, and incentives) within Cimarron Ridge ranged from \$487,421 to \$974,829. Actual sales prices to Invitation Homes with pricing retained in our files. There are an additional 34 homes in escrow to individuals which are due to close upon completion with estimated pricing from \$582,888 to \$938,426. There are an additional 55 homes in escrow to Invitation Homes with pricing from \$508,454 to \$554,806 (note the pricing was determined at time of sales agreement in 2021) which are due to close upon completion prior to December 2025. Base pricing at project opening in December 2022 ranged from \$514,990 to \$699,990 with current base pricing ranging from \$562,990 to \$778,990. It should be noted that Pulte is offering concessions including an interest rate buy-down for quick move-in homes. Concessions within Cimarron Ridge ranged from \$0 to upwards of \$80,000 with the average concession per home equating to around \$18,000. All plans have seen a base price increase 7.1 to 12.9 percent with no plans seeing decreases.

Our search of the MLS revealed no closed resales however two homes on the re-sale market within Cimarron Ridge. Our physical search noted all homes appeared to be in excellent condition. The plans are detailed below.

<b>Cimarron Ridge by Pulte</b>						
Plan	Bd/Ba	Floors/ Parking	Sq. Ft.	Ind. Owned	Invitation Owned	Bldr. Owned
<b>Pathway</b>						
1	4 / 2	1 / 2	1,959	22	25	5
2	5 / 2.5	2 / 2	2,397	26	24	9*
3	5 / 3	2 / 2	2,824	<u>24</u>	<u>23</u>	<u>5*</u>
<i>Subtotal Pathway:</i>				<u>72</u>	<u>72</u>	<u>19</u>
<b>Greenway</b>						
1	4 / 2	1 / 2	1,959	19	N/A	1
2	3 / 2.5	2 / 2	3,125	21	N/A	4*
3	4 / 2.5	2 / 3	3,301	<u>20</u>	N/A	<u>3*</u>
<i>Subtotal Greenway:</i>				<u>60</u>		<u>8</u>
<b>Meadows</b>						
1	4 / 3	1 / 3	2,550	10	N/A	9*
2	5 / 4	2 / 3	3,520	16	N/A	6*
3	6 / 4	2 / 3	3,699	21	N/A	2
4	6 / 4.5	2 / 3	3,994	<u>18</u>	N/A	<u>3*</u>
<i>Subtotal Meadows:</i>				<u>65</u>		<u>20</u>
<b>Total Cimarron Ridge</b>				<b>197</b>	<b>72</b>	<b>47</b>

\*One of each of these plans is a model home. There are an additional 40 homes under construction, and 68 additional finished lots.



## **RIVERSIDE COUNTY HOUSING MARKET**

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

### **Population**

The County population grew 0.6 percent between January 2023 and January 2024 (latest available statistics per the Department of Finance). This compares to an average annual growth rate over the past ten years of about 0.8 percent, and an average annual growth rate of approximately 2.5 percent for the previous eighteen-year period. Predictions are for the County to grow at an average annual rate of 0.6 percent over the next five years. This equates to an increase of approximately 15,000 residents per year, suggesting the need for about 5,500 homes per year within the County.

### **Economic Conditions**

Over the past twenty-five years the Inland Empire has seen various cycles in the housing market. The Great Recession impacted the Inland Empire significantly and resulted in a longer recovery period than that of other Southern California regions. The rise and then fall of housing prices in the Inland Empire between 2004 and 2009 were considerably steeper than almost anywhere in the State. Unfortunately, this meant that the people who bought near the peak of the market likely faced significant negative equity at the bottom of the market. After essentially remaining flat for a few years, housing prices began to increase in late 2012 through January 2020. Once the COVID pandemic hit in March 2020, the economy entered what is now known as the COVID disruption. The housing market slowed down significantly early on, but by May 2020, new homes were going under contract and selling at well above average absorption rates from May 2020 through Spring of 2022 in the region. Beginning in mid-2022, the new home market saw a slowdown in absorption rates due to the increasing interest rates, the high prices of homes, and the high rate of inflation which was shaking consumer confidence. While the economy is still challenging with inflation higher than two percent and unemployment generally on the rise, the new home market is holding steady with generally good absorption rates.

Economic growth in the Inland Empire was strong generally between 2015 (after the Great Recession), and until the economic shutdown due to COVID. The second half of 2020 and all of 2021 saw economic growth, however the first two quarters of 2022 saw GDP shrinking as interest rates rose and consumer confidence slowed. The most recent unemployment rate for the MSA is 4.9 percent (per the December 2024 EDD report) which is lower than the previous month (5.3 percent) and similar to one year prior (5.0%). While unemployment rates are still near historical lows, the inflation factor has significantly affected the economy.

The housing market played a large role in the past two recessions. In the Great Recession, due to increased interest rates and rising home prices between June 2004 and mid-2006, the market reaction was to create non-conventional financing alternatives, such as sub-prime and non-conventional mortgages, to artificially maintain the boom housing market of 2004 and 2005. By 2007, the housing market saw a shake-up because of the problems in the sub-prime and non-conventional mortgage markets, which played a role in the 2008 upheaval of Wall Street and contributed significantly to the U.S. economic downturn of the Great Recession. Due to stricter income verification on new loans and the lack of available credit, coupled with job losses and declining home prices, sales of new homes slowed for the next few years and essentially remained flat until mid-2012 when home prices began a steady climb.

During the COVID disruption, new home sales were one of the brightest spots in both the local and national economies. While new home sales slowed in March and April 2020 due to the onset of the COVID pandemic, both sales and prices increased significantly due to strong demand from May 2020 throughout COVID until spring 2022 when interest rate increases began affecting the home-buying market. The rising interest rates alone did not seem to slow sales in Spring 2022. However, a combination of increasing home prices and falling consumer confidence, added to the significant interest rate increases, slowed new home sales significantly beginning in mid-2022. Due to the significantly higher mortgage interest rates, existing homeowners are not moving which has stifled the existing home market, making the new home market the only option for some. In January 2022 mortgage rates were 3.22 percent (for a typical 30-year fixed conventional

mortgage) while as of January 30, 2025, the rate for the same loan is 6.95 percent. On a \$600,000 mortgage, the monthly payment for this loan has increased from \$2,594 to \$3,949 or over 52 percent. Not only have mortgage interest rates increased, insurance costs have also risen significantly with an average 25.9 percent annual increase as of December 2024 reported in California. The recent wildfires in Los Angeles will add to these insurance cost increases.

The larger public homebuilders began offering significant interest rate buy-downs in early 2023 in order to keep absorption rates steady, which reportedly cost between \$30,000 and \$100,000 in incentives per home. The builders are attempting to find the “sweet spot” in incentives. Per John Burns, the new home sale is much more personalized with the homes being more spec homes but the builders working with buyers to figure out the magic combination of incentives to get the buyer across the finish line. The possible help options include rate buy-downs, help with closing costs or design options. Across the Country, 53 percent of builders starts were planned on spec homes. This allows the builder to build homes quicker and rein in the costs, along with focusing on the custom sales process. These incentives are a huge advantage for builders. Despite offering all the incentives, the builders have a bigger advantage over the resale market as they can help buyers in this constrained affordability environment.

Per the Zonda Riverside-San Bernardino Market Report dated January 2025, the number of new home sales in the past year is down 9.6 percent at 10,514 sales in San Bernardino and Riverside. The year 2024 started off positively with increasing sales numbers from November 2023 until March 2024 when sales began slowing. Per John Burns, a new home marketing company, homebuilders are excited about 2025 and are putting 2024 in the rear view when uncertainties the second half of the year prevailed. There is thought that even with the election behind us, there is still some uncertainty in 2025 with the talks of tariffs and immigration which may affect inflation and labor resulting in higher home costs. As of the end of 2024, homebuilders across the nation when surveyed, were expecting double digit growth across sales, starts and closings and community counts. In the Inland Empire, double digit increases shouldn't be hard to reach due to new home

sales being down 9.6 percent annually in December and active projects being down 16 percent from one year ago.

Home loan mortgage rates have been and are still playing a huge part in the housing market. The Board held rates at all-time lows after the Great Recession and again after the COVID Recession in an attempt to assist the housing market's recovery. Low rates helped home sales during this time. However, first-time buyers are now having a hard time entering the housing market due to high prices and high interest rates. In early 2024 rates dropped as the Federal Reserve Board began dropping the FFR. However, the last two decreases by the Board in November and December 2024 did not reflect as much on mortgage rates. Interest rates began rising in mid-2022 as the Board increased the rate eleven times between March 2022 and August 2023. This increased the FFR from 0-0.25 percent to 5.25-5.50 percent. The Board stopped the increases after August 2023 and the market began anticipating decreases in 2024. The financial markets had been anticipating a possible March 2024 decrease which caused volatility in the financial markets. The FFR increases are supposed to help slow the high inflation rate in the Nation, which appeared to happen as the latest reports are showing inflation in January 2025 at 3.0 percent, significantly down from a high of 9.1 percent in June 2022 however slightly higher than other recent readings.

While new home builders are showing optimistic for 2025, this is partly based on slower than normal sales in 2024. New home sales in the Inland Empire decreased between 2023 and 2024 by 9.6 percent to an annualized rate of 10,514 units. Existing homeowners that are locked into an under-four percent mortgage are not moving up due to the current 6.5 to 7.0 percent mortgage rates. This is creating a supply issue for existing homes. New home sales are benefiting from this supply issue as in some cases, the only option for homebuyers are new homes. Per Zonda, historically, new homes captured 10 to 13 percent of all home sales; however, due to the limited supply of existing homes currently on the market, new homes are capturing closer to 25 percent of all home sales in the Inland Empire.

## **Residential Land Development**

While there had been little land development going on in most of the Inland Empire during the Great Recession years of 2008-2011, the second half of 2012 saw a resurgence in the more coveted areas of the Inland Empire. The increase in housing prices since 2012 combined with the limited availability of supply made land development feasible once again for homebuilders. It is thought that the increase in regulations, which has significantly increased the timeline for processing entitlements, has limited the master developers' further entitlement of developable land in California. While prior to the recession it was not unusual to see numerous large master-planned communities selling lots to various builders, there are few currently available in the subject area with Green Valley and the new Legado the only master plans currently available to sell to various builders in the area. The majority of land sales over the past few years include single tracts of land with maps ready to record or a public builder purchasing a larger piece of land but developed the land for its own use such as Cimarron Ridge by Pulte (subject property). It should be noted that Pulte is diversifying the approximately 750 lots within Cimarron Ridge with about 300 slated for their age qualified Del Webb community. Additionally, Pulte partnered with Invitation Homes to purchase 127 of the 750 proposed homes to hold for investment as rental homes.

Land sales in the Inland Empire slowly grew from 2012 until home sales exploded in May 2020 with land sales following. In 2022 as rates rose, home builders slowed on buying land which has created a lower supply of lots at this time. According to Zonda's survey, there are 9,930 vacant developed lots as of the end of the 4<sup>th</sup> quarter 2024 in the Inland Empire which is 11.7 percent lower than one year prior. It should be noted that the number of vacant developed lots in 4<sup>th</sup> quarter 2023 was also 20 percent below one year prior. According to Zonda's survey of builders regarding residential land purchases, as of January 2023 only 2 percent of builders surveyed were "full steam ahead," and almost 40 percent were pausing transactions or bidding lower on land transactions. As of March 2024, these percentages had changed drastically with 49 percent stating they are going "full steam ahead" and 46 percent moving "cautiously forward." While optimism has increased once again, the slowdown in 2022 and 2023 in land sales has resulted in fewer vacant lots available for development.

### **New Home Sales and Pricing**

We have researched new single-family homes within the subject's market in order to reflect residential trends. It should be noted these sales numbers and prices pertain to new home sales while later in this section we discuss existing home sales. In reviewing new home sales in the Inland Empire market area, per the January 28, 2025, Ryness Report, the year-to-date average sales rate (2.8 sales per month) is significantly lower than the same time period of the previous year (4.1 sales per month). It should be noted that the final week of January saw an uptick to 3.3 homes per month. The lower year-to-date sales is partly due to the uncertainty with the Administration change coupled with the mortgage rates essentially staying the same during the past two FFR decreases. The last two years sales rates of generally over three homes per month, even with the higher mortgage rates, suggest homebuyers are accepting the higher rates as the new normal with new homes enjoying a boost due to the limited supply of existing homes. One additional negative is that as interest rates rise, purchasing power becomes lower and therefore fewer people purchase new homes and amenities. Along with home sales comes a demand for appliances, furniture, building materials and services such as insurance, mortgage services, inspections, interior designers, and landscapers, all contributing to the area economy.

When comparing the January 28, 2025, Inland Empire Ryness Report to one year prior, there are 29 fewer projects (248 in January 2024 and 219 in January 2025) and sales are about 30 percent lower year-to-date than the previous year at 2.8 sales per month. Looking back, in 2024 the average sales rate per project in the Inland Empire was 3.6 sales per month, with 2023 at 3.6 sales per month, with 2022 at 3.2 sales per month, 2021 at 4.5 homes per month, 2020 at 4.3 homes per month while in 2019, prior to COVID, the average sales rate was 3.3 homes per month per project, similar to this past week in the Inland Empire.

New single-family home pricing (combines both attached and detached) in the Inland Empire has also seen changes. The average new home price in the Inland Empire changed from the peak value of \$437,200 in the third quarter of 2006 to \$268,155 in early 2009 (during the Great Recession, a decrease of 39 percent) while the current Inland Empire median new home price is \$615,301 which is up 6.3 percent from one year prior per Zonda. New home sales prices fluctuate based on the land value and competition

more than on the cost of building the home. While finishes and sizes of homes can change, the basic costs on a per square foot basis typically do not fluctuate as much as land values; however, there have been inflationary increases in construction costs adding to this increase. Construction materials have increased an estimated 40 percent since 2019 and with the new proposed tariffs, this increase may rise.

Within our search for the most comparable actively selling new home communities, we searched the subject's city of Menifee and adjacent to the north in the City of Perris, which have a multitude of actively selling new homes communities. Because the market area currently holds so many new communities, we focused on those with the most similar product and that were nearest in proximity to the subject. Our search for similar new home projects to the subject area resulted in 11 new home projects (including the subject's three product lines) with base pricing ranging from \$527,990 to \$945,000, with the majority of base pricing in the \$550,000 to \$750,000 range. The subject's most recent base pricing falls within the comparables price range, with the majority of the floorplans falling in the low to mid-range.

### **Existing Homes Sales and Pricing**

While the previous section looked at new home sales and pricing, this section refers to existing homes in the Inland Empire. According to the California Association of Realtors' most recent sales data, within overall Southern California, the median price paid for an existing single-family home in December 2024 (\$850,000) reflects an increase of 7.6 percent from the previous year (\$790,000 in December 2023) and the same as the previous month. Existing home sales in Southern California overall were up 16.3 percent year-over-year as of December 2024, and 8.1 percent from the previous month. The overall Southern California numbers compare to Riverside County with \$624,790 as the median price paid for an existing home in the County in December 2024, down 0.5 percent from the previous month and up 3.3 percent from one year ago. Sales of existing homes in the County were up 13.9 percent month-over-month and up 11.0 percent year-over-year. Sales slowed significantly for existing homes in 2022 and 2023 reflecting homeowners not ready to sell due to the changing market. Thus, in 2024 existing home sales rose, however are still below historical averages. Historically, the new home market captures 10-13 percent of the overall home sales; however, in the past year, new home



sales are capturing about 25 percent of total home sales. Below is a table showing the sales and prices for the Southern California area by County per the California Association of Realtors.

Southern California Existing Home Sales						
County	Dec.2024	Nov. 2024	Dec. 2023	Price MTM % Change	Price YTY % Change	Sales YTY % Change
Los Angeles	\$912,370	\$937,000	\$853,340	(2.6%)	6.9%	16.2%
Orange	\$1,362,000	\$1,375,000	\$1,300,000	(0.9%)	4.8%	20.7%
Riverside	\$624,790	\$628,000	\$605,000	(0.5%)	3.3%	11.0%
San Bernardino	\$490,950	\$510,000	\$475,000	(3.7%)	3.4%	4.2%
San Diego	\$975,000	\$975,000	\$911,500	0.00%	1.4%	27.0%
Ventura	\$895,000	\$912,000	\$822,500	1.9%	7.6%	25.5%
Southern Calif.	\$850,000	\$850,000	\$790,000	0.0%	7.6%	16.3%

Source: California Association of Realtors

Based on December 2024 median existing homes prices, in comparison to the majority of the surrounding counties, Riverside County has a definite price advantage. The “Riverside County Advantage” (price difference between Riverside and surrounding counties) is \$287,580 as compared to Los Angeles County, \$270,210 as compared to Ventura County, \$350,210 as compared to San Diego County and \$737,210 as compared to Orange County. That is, in December 2024, the median priced home in Riverside County was \$737,210 less (or over 50 percent less) than the median priced home in Orange County (\$1,362,000). However, San Bernardino County has a \$133,840 price advantage over Riverside County. Typically, as the price advantage widens, homebuyers are more open to commuting to further out areas. With the work-from-home concept, the suburban areas have seen more growth which put pressure on home prices in the Inland Empire. It’s worth noting that the majority of Southern California counties showed median price decreases from the previous month suggesting that pricing may have peaked.

In a separate attempt to capture the neighborhood specific price changes, the resale activity of existing homes in the subject area (per Redfin.com’s Housing Market Trends) has been reviewed. The number of sales and sale prices of existing homes within market areas in the immediate area of the subject are shown in the table on the following page.

ZIP Code/Community Name	Border To Subject	Sales of Homes Jan. 2025	Sales % Change from Jan. 2024	Jan 2025 Price Median	Price % Change from Jan. 2024	Jan. 2025 PSF Median
92584 (Menifee)	South	155	3.3%	\$620,000	3.3%	\$289
92586 (Subject Zip – Sun City area of Menifee)	Subject	105	9.3%	\$409,900	9.9%	\$292
92587 (Canyon Lake)	West	58	34.8%	\$660,000	8.1%	\$335
92570 (Perris)	West	73	12.1%	\$560,000	(9.0%)	\$349
92596 (Winchester)	East	170	(3.9%)	\$606,000	16.5%	\$304
92563 (Murrieta Hot Springs)	Southeast	136	43%	\$691,000	6.3%	\$304
92595 (Wildomar)	South	34	39%	\$669,000	2.4%	\$277
92585 (Perris)	Northwest	81	3.7%	\$573,955	3.5%	\$290

Source: Redfin.com Housing Market Trends January 2025

The median price of a detached resale home in the subject's market area is \$409,900, the lowest of the surrounding area due to the location being in the Sun City area of Menifee, generally with older and smaller homes. The above price fluctuations from year to year relate to the California Association of Realtors overall Riverside County detached home resale price increase of 3.3 percent year-over-year and 11.0 percent sales decrease from December 2023 to December 2024.

### **Cimarron Ridge Sales, Pricing and Competition**

Cimarron Ridge opened for sale in December 2022 with opening base pricing ranging from \$514,990 to \$699,990. The current (or final) base pricing at Cimarron Ridge ranges from \$556,990 to \$778,990, with all plans showing base price increases. Within all of the communities base pricing has increased from 7.1 to 12.9 percent, or \$37,000 to \$79,000. It is important to note that the vast majority of the homes within Cimarron Ridge are closing with premiums, upgrades and options along with incentives, which are common in today's marketplace. Actual closed prices, including options, upgrades, and premiums, along with taking all concessions into consideration, have ranged from \$487,421 to \$974,829. Within the subject, Pulte has closed 197 homes to individuals between October 2023, and January 31, 2025, with an additional 34 homes in escrow to individuals which are due to close upon completion. Additionally, Invitation Homes has closed on 72 completed houses with prices determined at time of their sales agreement in 2021. The total of 231 sales equates to an average overall absorption rate of 9.2 homes per month. When looking at each product line individually, the absorption is 3.5 homes per month for Pathway, 2.5 homes per month for Greenway (with temporary sell outs) and 3.2 homes per month for Meadows. These are considered to be average to good absorption rates

for the subject marketplace, generally, slightly higher than the Inland Empire's overall average sales rate (2.8 sales per month). According to the Ryness Report dated January 28, 2025, there are currently 45 new home projects in the South Riverside submarket which includes the communities of Winchester, Menifee, Wildomar, Lake Elsinore and the French Valley. The 45 projects include 15 projects within Menifee. The average absorption rate within the 45 South Riverside communities' year to date per the January 28, 2025, Ryness Report is 2.8 sales per month. The subject sales rates in the 2.6 to 3.5 sales per month range compares favorably to the overall average in the area.

### **Summary**

Riverside County has seen a substantial increase in pricing since 2012 with most areas, including the subject, showing astronomical increases from Mid-2020 through today. While existing home sales were originally down when COVID began in spring/early summer 2020, new home sales subsequently shot up due to the existing home market supply being constrained and interest rates hitting all-time lows. The past year has seen a slowdown in sales which appears to be due to limited inventory, high pricing and high interest rates. However, buyers appear to be resilient to the increases. The subject market area saw an increase in pricing consistent with most of Southern California over the past few years. While sales slowed and prices softened due to uncertainty in the economy, the past year has seen both price increases and builders offering incentives. Builders' optimism appears to have returned with the majority of builders generally believing prices will increase slightly in 2025. Despite uncertainty hitting the market due to the change in Administration, interest rates and inflation, most observers agree that the Inland Empire housing market is healthy and population growth is still estimated to occur in the area. It is believed that as the population continues to increase, housing growth will also continue.

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## HIGHEST AND BEST USE ANALYSIS

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

*"the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value"<sup>4</sup>*

Proper application of this analysis requires the subject properties to first be considered "As If Vacant" in order to identify the "ideal" improvements in terms of use, size and timing of development. The existing improvements (if any) are then compared to the "ideal" improvements to determine if the use should be continued, altered or demolished preparatory to redevelopment of the site with a more productive or ideal use.

### **"As If Vacant"**

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

### **Physically Possible Uses**

The subject property consists of an estimated 138.62 gross acres in an irregular shaped parcel on both sides of Thornton Road between Goetz Road and Valley Road in Menifee. The site has access from I-15 via Railroad Canyon Road to Goetz Road, north to the subject. Additional access is from I-215 to Ethanac Road, west to Goetz Road and south to the subject. The site was hilly with hills and valleys, however, has been graded to be generally level at street grade of Thornton Road, which is paved and bisects the site. The property has been graded and developed into 424 generally level, mostly finished lots with internal streets in and utilities stubbed to each lot. The property is surrounded by

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<sup>4</sup> The Appraisal of Real Estate, 11<sup>th</sup> Edition

vacant lands in a natural, hilly condition to the south and west with some rural housing to the west along Thornton Avenue (known as Sotelo Road to the west of Goetz Road). North of the east side of the subject are vacant lands which are bisected by Valley Boulevard (ties in with Goetz Road north of the subject) beyond which is a portion of Improvement Area 2 of Cimarron Ridge. North of the west side of the subject is also Improvement Area 2 of Cimarron Ridge beyond which is some rural housing, then Ethanac Road beyond which is the master planned community of Green Valley Ranch in the City of Perris. Ethanac Road is the dividing line between Menifee and Perris in the subject area. East of the subject property are existing tract homes including the community known as Sun Ranch (developed around 2005) and other tracts developed in the 1970s and 1980s, beyond which is a large mobile home community known as Hillside Mobile Estates. This area east and southeast of the subject is known as Sun City which was an original retirement area that was incorporated into Menifee when the city was formed. We have not reviewed a geotechnical report or an environmental report for our review. It is an assumption of this report that the soils are adequate to support the highest and best use conclusion and that there are no environmental issues which would slow or thwart development of the site. This is evidenced by City approvals along with City inspectors on site during construction. There is a 9.56-acre park site located north of the subject (not within the subject property, however within Cimarron Ridge) which is beginning development. An engineered drainage system appears to have been designed to alleviate any potential flooding problems and to control project water runoff with detention basins throughout the site incorporated into the development. All standard utilities serve the subject property. There is neighborhood shopping and major shopping centers within two miles of the subject site.

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

## **Legality of Use**

The subject property is located within the City of Menifee, the entity responsible for land use and zoning regulation. Per the City's Land Use Map, the subject site is designated as the southern portion of the Cimarron Ridge Specific Plan. Per the Cimarron Ridge Specific Plan, the subject lands include Planning Areas 1, 2 and 3 along with a portion of Planning Area 4 which allows for 424 single family detached lots with sizes ranging from 5,000 to 10,000 square feet. In addition, Recorded Tract Map Nos. 36658-1, 36658-2, 36658-3 and a portion of 36658-4 subdivide the subject 138.64 estimated gross acres into 424 single-family lots with sizes ranging from 5,000 to over 10,000 square feet. This equates to a density of 3.06 dwelling units per acre. The approved mapping is consistent with the current Specific Plan entitlements on the property. There is a limitation on the number of building permits which can be issued prior to the builder turning over the neighborhood park to the City. It is an extraordinary assumption of this report that this limitation does not slow or thwart construction or sales of the homes as discussed under the property description section. Based on the legality of use analysis, the type of development for which the subject properties can be utilized is narrowed to residential use. This is consistent with the findings of the physically possible uses.

## **Feasibility of Development**

The third and fourth considerations in the highest and best use analysis are economic in nature, i.e., the use that can be expected to be most profitable. As discussed under the Riverside County Housing Market section earlier within this report, the market had shown strong increases in both sales and pricing since COVID. There was a slowdown in sales in late 2022 when high home prices and increasing interest rates began to slow sales. Overall home sales have slowed down significantly, partially due to existing homeowners not moving due to the higher interest rates, which is stifling the existing home market, at times leaving new homes the only option for homebuyers. Interest rates seem to have stabilized in the 6.5 to 7.0 percent range and new home buyers appear to have adapted to the new rates as they are still purchasing homes.

Within Menifee CFD No. 2023-2 IA 1, out of 424 proposed houses, there have been 231 home sales to individuals to date including 197 home closings to individuals along with 72 homes closed to Invitation Homes, a REIT that is planning on holding the homes for

investment purposes. All structures appear to be in excellent condition with no physical depreciation apparent. Within the new home market in Menifee and the surrounding area, we found eight additional projects to be comparable to the three subject communities within Cimarron Ridge. Homebuilding had not been able to keep up with the demand during COVID with low interest rates, millennials joining the home buying market and the work from home factor all adding to the demand. As interest rates increased, the market softened, however the limited supply of existing homes on the market has increased the capture of new homes in the overall real estate market. The Menifee housing market is priced slightly higher when compared to the nearby areas of Perris and Lake Elsinore, however lower than Murrieta and Temecula (adjoining north San Diego County). Population growth is still occurring in the area and will continue to create the need for housing. Our search of the Menifee and immediately surrounding area for comparable land sales resulted in eight land sales in the subject marketplace in the past ten months, including neighboring Winchester and Perris.

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

### **Maximum Productivity**

Based on the market activity of residential lands in the immediate area, we have concluded there is a need/demand for residential lands.

### **Highest and Best Use Conclusion – “As If Vacant”**

The final determinant of highest and best use, as vacant, is the interaction of the previously discussed factors (i.e., physical, legal, financial feasibility and maximum productivity considerations). Based upon the foregoing analysis, it is our opinion that the highest and best use for the subject property “As if Vacant” is for residential development.

### **Highest and Best Use – “As Improved”**

The subject property consists of the community known as Cimarron Ridge which has three neighborhoods known as Pathway, Greenway and Meadows, all being built, marketed, and sold by Pulte Homes. Cimarron Ridge opened for sale in December 2022

and sold 231 homes to individuals resulting in a total combined sales rate over the three projects of 9.2 sales per month. When reviewing each neighborhood, Meadows has sold 79 homes suggesting an average sales rate of 3.2 homes per month. Greenway has sold 64 homes, suggesting a sales rate of 2.6 homes per month, however, there have been some temporary sold-out periods within Greenway (when all of the released homes are sold and new homes are not available for release). Pathway has sold 88 homes to individuals, suggesting a sales rate of 3.5 homes per month. In addition, 72 homes within Pathway have sold to Invitation Homes (discussed below). There are 45 actively marketing new home communities in the subject's South Riverside submarket (15 of those within Menifee) that have a year-to-date average absorption rate of about 2.8 sales per month (according to the Ryness Report dated January 28, 2025). All three projects have higher or similar average sales rates than the overall market area. When comparing the subject project's sales rates of 2.6 to 3.5 home sales per month to the overall Inland Empire, the average sales rate is 2.8 sales per month, slightly lower than the average of the three subject projects. It appears all three neighborhoods have been well received and are selling at or near the correct price points for the area. Our search within the subject area found eight additional projects considered to be comparable with similar sized homes in the Menifee market area. The absorption or sales rates within the comparable projects used in our analysis range from 2.5 to 5.7 sales per month.

Base pricing within the three neighborhoods within Cimarron Ridge have had price adjustments since opening, with all showing significant price increases ranging from 7.1 percent to 12.9 percent between grand opening in December 2022 to current base pricing. Within Pathway, pricing has increased between 9.3 to 11.9 percent; within Greenway base pricing has increased between 7.1 and 9.3 percent while within Meadows base pricing has increased between 10.9 and 12.9 percent. While base pricing has seen significant increases since opening base pricing, the seller is offering incentives which generally range from \$5,000 to \$10,000 for sales incentives and an average of around \$13,000 for closing incentives that may include a buy-down of the interest rate. This is typical for public builders in the Inland Empire as they attempt to keep their absorption rates up as the interest rates have increased.



Invitation Homes is a publicly held Real Estate Investment Trust that is involved in an agreement with Pulte Homes to purchase a total of 127 homes within Cimarron Ridge. When Pulte purchased Cimarron Ridge in 2020, the number of lots (over 750 in total) was an extremely large undertaking at the time, so they agreed to sell 127 of the completed homes, as they were finished, to Invitation Homes to add to their portfolio. The agreement between Pulte and Invitation Homes was struck in early 2021 with the home prices determined at that time (amount has been retained in our files due to confidentiality purposes). As of January 31, 2025, seventy-two of the homes have closed escrow to Invitation Homes and a reported forty-four have been leased to individuals. For purposes of this analysis, we are considering a bulk value for the 72 owned homes owned by Invitation Homes.

The sales rates within the subject and the competitive projects in the immediate area suggest there is demand for the subject homes in the current market at the right price points. All of the homes are of good design and appear to be of good quality workmanship. In addition there are a significant number of homes in escrow. Based on Cimarron Ridge's sales rates, current demand and the condition of the homes, it is our conclusion that the highest and best use for the subject property is for the continued use of new homes for sale, as improved.

## VALUATION ANALYSIS AND CONCLUSIONS

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

The valuation will be presented as follows. First, a discussion of the single-family detached lot market data will be given. Each of the comparable market data (on a finished lot basis) will be detailed along with a comparison discussion of their relationship to the subject property. The remaining construction costs and development fees for the subject site will be taken into consideration. This analysis will be followed by a finished lot value conclusion for the subject property. Houses which are under construction (under 95 percent complete) will be valued on the basis of a finished lot rather than attribute value to a partially complete improvement.

In determining the value of the Invitation Homes owned houses, a bulk sale value will be concluded due to the single ownership of 72 homes. That is, the 72 Invitation Homes owned houses are being rented out for investment purposes. Invitation Homes is purchasing the homes as they are completed by Pulte. This appraisal, per the CDIAC standards is for the fee simple value of the property. It is our opinion that a bulk sales value for the Invitation Homes owned houses should be considered. In valuing the homes, the Sales Comparison Approach to value will be used to conclude on a retail base value for each plan, followed by a Discounted Cash Flow ("DCF") Analysis due to the

“bulk” or single ownership. The DCF will consider the fair market value of the completed homes, the costs associated with the property management of the homes during any remaining rental period along with a cost to re-paint, re-carpet and complete repairs if needed, prior to selling. In addition, the marketing and carrying costs associated with selling off the homes, a profit due to the risk of the developer or investor selling off the homes along with a discount rate reflecting both the risk associated with selling off the homes along with the time value of money during the estimated absorption period.

In the case of the completed (over 95 percent complete) builder-owned models and production units, the homes will be valued similar to the Invitation Homes-owned houses using a DCF due to the “bulk” or single ownership of the homes. The DCF will consider the fair market value of the completed homes (utilizing the Sales Comparison Approach), any remaining land development costs and fees, the marketing and carrying costs associated with selling off the homes, a profit due to the developer of the homes, and a discount rate reflecting both the risk associated with selling off the homes along with the time value of money during the estimated absorption period.

In the case of the individually owned homes, a concluded base value will be used for each plan and a mass appraisal technique will be addressed. In determining the concluded base value, new home sales in the area will be reviewed and compared with sales of the subject completed homes using standard methodology and statistical testing. In addition, resales, if any, will be taken into consideration. All of the value conclusions will take into consideration improvements funded by the Menifee CFD No. 2023-2 IA 1 Special Tax Bonds and their lien. A summary of the final value conclusions will be reported at the end of this valuation section.

### **Market Data Discussion – Detached Residential Lots**

Cimarron Ridge consists of 197 individually owned homes, 72 Invitation Homes owned houses, seven model homes, 40 production homes over 95 complete (22 in escrow), 40 homes under construction (under 95 percent complete, nine in escrow to individuals and 25 in escrow to Invitation Homes) and 68 remaining lots which are either in a finished condition or in a nearly finished condition (two in escrow to individuals and 30 in escrow

to Invitation Homes). The Pathway and Greenway lots have a minimum of 5,000 square feet but the majority of the lots are nearer 6,000 square feet. The Meadows lots are larger with a minimum of 10,000 square feet. The homes under construction (under 95 percent complete) will be valued on the basis of a finished lot rather than attribute value to a partially completed improvement, therefore, we will value 108 lots (68 lots plus 40 lots with homes under construction that are under 95 percent complete).

We have searched the area and found the eight land transactions summarized in the Addenda. A discussion of each transaction in relation to the subject site is below.

**Land Sale No. 1** refers to the most recent closed residential land transaction found in our search of the subject area. The lands are located along the south side of Salt Creek Drive, east of Leon Road in Winchester, about 6.5 miles southeast of the subject property. This area was originally entitled prior to the great recession, was stalled in development for about ten years and is now being built out. Richmond American purchased 186 cluster lots in January 2025 for \$172,661 based on a finished lot estimated price of \$257,000, assuming a CFD on the site similar to the subject. Cluster lots are typically in the 2,500 to 4,000 square foot range with typically four to six homes in a “cluster” with a shared driveway. The lots were in a blue-topped condition with approved mapping at time of closing. In comparison to the subject property these lots are considered significantly inferior in size to the subject’s generally 6,000 to 10,000 square foot lots. The location is considered to be similar. While located in Winchester, both sites are in newly developing areas with similar distances to freeway access for commuters.

**Land Sale No. 2** is also located in the area of Winchester, about eight miles east of the subject property at the northeast corner of Winchester Road and Stetson Avenue. Lennar purchased 527 lots ranging in size from 5,000 to 7,200 square feet in December 2024 for \$31,500,000 or \$59,772 per lot based on an estimated finished lot price of \$230,000, assuming a CFD on the site similar to the subject. Due to the number of lots within this transaction, it is believed that Lennar got a discount (“bulk sale”). That is, typically builders purchase lots in the range of 100 to 200 for a community. Out of the subject eight transactions we have considered to be comparable to the subject, five are within the “typical number of lots” (or range from 80 to 186) while the remaining three transactions

are for over 300 lots which would command a discount due to the time to develop and sell off the homes. This project purchased by Lennar is known as Villages North. In comparison to the subject Cimarron Ridge, the lots are slightly smaller in size (5,000 – 7,200 square foot lots versus the subject's generally 6,000 to 10,000 square foot lots). In addition, this location is further out for commuters in an area that is just beginning development which is considered to be slightly inferior to the subject site's location which is near the new Green Valley Ranch master plan and several existing neighborhoods.

**Land Sale No. 3** is known as Planning Area 4 of Park West, a master planned community located in Perris, about five miles northeast of the subject property. While the Park West Specific Plan was approved in 2006, this appears to be the first planning area to be developed. However, there are several master planned communities that have recently been developed to the north and northwest. KB Home purchased the 184 mapped lots in a blue-topped condition for \$34,478,042 or \$187,381 per lot based on a finished lot of \$257,500 assuming a CFD on the site similar to the subject. The lots have a minimum lot size of 5,000 square feet. In comparison to the subject property this site is considered to be slightly inferior in location as Perris is further out for commuters and slightly inferior in lot size. This site was purchased in an unimproved condition which is considered inferior to the subject's finished lots. While the costs of development are taken into consideration, there is risk associated with the grading and development of the lots which need to be considered.

**Land Sale No. 4** is located in the northernmost portion of the City of Lake Elsinore and west of Canyon Lake along Little Valley Road about five miles southwest of the subject property. The Little Valley area is essentially not developed at this time with difficult access and consists of rolling hills and valleys with some rural housing. Access is currently off Greenwald Avenue from Highway 74, south about two miles through a rural community. Greenwald Avenue also provides access to the North Security Gate into Canyon Lake where Greenwald Avenue becomes Vacation Drive. The gate is for Canyon Lake residents only and is not open to the public. KB Home purchased the 335 lots in an unimproved condition with approved mapping for 335 minimum 5,000 square foot lots. The site was purchased for \$13,000,000 or for \$38,806 per lot based on an estimated

finished lot price of \$247,000 assuming a CFD similar to the subject. In comparison to the subject site, this location is considered to be inferior due to the access, the lot size is considered inferior (5,000 square foot minimum lots versus the subject's generally 6,000 – 10,000 square foot lots) and the condition is considered inferior. In addition, this is considered to be a bulk sale as there are over 300 lots in the transaction.

**Land Sale No. 5** is located at Holland and Evans Road in Menifee, about four miles south of the subject property. This is the most recent land sale our search found within the City of Menifee. The lands were mapped for 80 lots with a minimum lot size of 7,200 square feet and were developed into a finished condition prior to the sale. Lennar purchased the 80 lots in September 2024 for \$22,076,500 or for \$275,956 per lot based on an estimated finished lot price of \$300,000 assuming a CFD similar to the subject. The remainder of the costs are for fees which are to be paid outside of the CFD. The surrounding area is being developed with new homes currently being sold in the area. In comparison to the subject property this is the most similar sale. It is slightly closer into economic areas making it slightly superior for commuters in location. Additionally, the minimum lot size is 7,200 square feet, larger than the subject's minimum 5,000 square feet.

**Land Sale No. 6** is known as Nautical Cove Phase I and is located at the northwest corner of Briggs Road and Holland Road in Menifee about six miles southeast of the subject site. KB Home purchased the site which was in an unimproved condition at time of sale and mapped for 120 lots with a minimum lot size of 6,000 square feet. The lots sold for \$6,143,330 or \$51,194 per lot based on a \$253,000 finished lot with a similar CFD to the subject. This is the first take-down on a total of 230 lots that are anticipated to be phased in three takedowns at the reported price per lot. The phasing of the purchase is due to agency permits needed on the remaining 110 lots. The second phase is estimated to close in March 2025, once the permits are obtained. This site is located adjacent to The Lakes master planned community in the eastern portion of Menifee within walking distance to a park and elementary school. In comparison to the subject site this location is considered to be slightly superior due to the walkability to schools. The unimproved condition is considered to be inferior to the subject's finished lots.

**Land Sale No. 7** is known as Canterwood Phase II and is located at the northwest corner of Leon Road and Craig Avenue in Menifee, about seven miles southeast of the subject property and about one mile east of Land Sale No. 6. KB Home purchased the 53 lots, with a minimum lot size of 5,500 square feet, in June 2024. They are scheduled to purchase Phase 3 consisting of an additional 93 lots in February 2025. The lots were purchased in an unimproved condition with approved final mapping for \$4,246,364 or \$80,120 per lot based on an estimated finished lot price of \$227,500 with a similar CFD to the subject property. In comparison to the subject property this location is considered similar as it does not have the walkability that Land Sale No. 6 has. The lot size is considered to be inferior when comparing the 5,500 square foot lots to the subject's 6,000 – 10,000 square foot lots and the condition and date of negotiation are considered inferior.

**Land Sale No. 8** is located about two miles east of the subject at the southeast corner of Rouse Road and Encanto Drive just east of I-215 in Menifee. The site is also known as Phase 1 of Legado, a large master planned community which has been in the planning stages for over ten years. Lennar purchased the 491 lots with minimum 5,000 square feet and minimum 7,000 square feet in March 2024 for \$22,500,000 or for around \$45,825 per lot based on a blended finished lot in the \$240,000 range. This site had been graded at time of sale and had an approved final map. In comparison to the subject property, the lot size is slightly smaller which is considered inferior. However, the location is considered to be slightly superior as it has excellent access to I-215. In addition, the number of lots in this transaction (491) is considered a bulk sale as builders typically purchase between 100 and 200 lots in a transaction which makes it inferior to the subject also.

The chart on the following page summarizes the considerations used in adjusting the market data to the subject lot.

<b>Data No.</b>	<b>Location</b>	<b>Date of Sale</b>	<b>Lot Size</b>	<b>Finished Lot Price</b>	<b>Comparison to Subject</b>
1	Winchester	1 / 25	Cluster	\$257,000	Inferior – Lot Size
2	Winchester	12 / 24	5,000 – 7,000	\$230,000	Inferior Condition, Lot Size & # of Lots
3	Perris	12 / 24	5,000	\$257,500	Inferior – Lot Size & Location
4	Lake Elsinore	10 / 24	5,000	\$247,000	Inferior – Lot Size, Condition & Access/Location & # of Lots
5	Menifee	9 / 24	7,200	\$300,000	Superior – Location & Lot Size
6	Menifee	7 / 24	6,000	\$253,000	Superior – Location Inferior – Condition
7	Menifee	6 / 24	5,500	\$227,500	Inferior – Condition & Lot Size, Date of Negotiation
8	Menifee	3 / 24	5,000 – 7,000	\$240,000	Superior – Access/Location Inferior – Lot Size & # of Lots

The market data has an overall finished lot range from \$227,500 to \$300,000. Data No. 7, at the lowest end of the range is located in Menifee in a similar area, however, has smaller lots and was negotiated in early 2022, prior to a substantial amount of appreciation in the subject marketplace. The most recent sale is Data No. 1 which closed in January at \$257,000 per finished lot, however the lots are in a cluster format which is significantly inferior to the subject's conventional lots ranging in size from generally 6,000 to 10,000 square feet. Data No. 5, at the high-end of the finished lot range is the most similar to the subject in condition (finished lots, minimum 7,200 square foot lots and in Menifee), however it is located in a slightly superior location with easier access and closer in for commuters. The subject lots are generally in a physically finished condition with no remaining development risk. The above market data is considered to be good and plentiful. Fifty-five of the remaining lots are currently under an option agreement between Pulte and Invitation Homes to be purchased once the homes are completed, however, this appraisal is for the current market value of the fee simple interest of the property and does not take into account the option agreement.

We have concluded that the subject lots have a current market value of \$275,000 for the blended price of the generally 6,500 to 10,000 square foot lots. As discussed under the Property Description Section, there are remaining costs associated with developing the subject property into true finished lots. These costs are estimated at \$45,806.45 per lot. The value conclusion for the final lot within Cimarron Ridge is calculated below:



108 Lots x \$275,000	\$ 29,700,000
Less: Remaining Costs (\$45,806.45 x 108)	<u>( 4,947,097)</u>
Current Value for Remaining Lots	<b><u>\$ 24,752,903</u></b>

### **Retail House Valuations**

Due to the single ownership of multiple houses by Pulte (including model homes and production homes over 95 percent complete) and by Invitation Homes (72 total homes), a Discounted Cash Flow (“DCF”) analysis is needed in order to arrive at a bulk sale value for each ownership. First, a retail value for each plan will be concluded followed by a DCF for the builder-owned lots, which will consider the absorption time to sell off the houses, the costs associated with selling off the homes and any remaining costs owed by the builder. The resulting revenue will be discounted using an appropriate rate to determine the builder-owned bulk value. This will be followed by a DCF for the Invitation Homes-owned houses which will again use the retail value for each plan and consider a property management fee and refurbishment cost for the rental homes, the absorption time to sell off the houses, the costs associated with selling off the homes along with an appropriate discount rate on the resulting revenue. The DCF analyses will be followed by a reporting of the concluded values for the individually owned homes using the concluded base retail value for each plan with a separate check of the analysis utilizing a mass appraisal technique based on actual sales prices of the homes and considering any re-sale market data.

Cimarron Ridge consists of 197 individually owned homes, 72 completed homes owned by Invitation Homes, seven model homes (one in escrow), 40 homes over 95 percent complete (22 in escrow), 40 houses under construction (nine in escrow to individuals and 25 in escrow to Invitation Homes), and 68 additional finished lots (two in escrow to individuals and 30 in escrow to Invitation Homes). The homes under construction and the lots have been valued above. The 47 builder-owned homes over 95 percent complete (including seven model homes) are addressed in this section with a separate valuation for each plan.

Below is a summary of the floor plans within Pathway, Greenway and Meadows at Cimarron Ridge. A listing of the improved residential comparable properties is located in

the Addenda of this report. All of the improved residential properties are located within the subject area of Menifee or nearby in Green Valley Ranch in Perris. Our search of the subject property and the local Multiple Listing Service (MLS) has resulted in no closed resales and two current resale listings within Cimarron Ridge.

The plans are detailed below.

Cimarron Ridge by Pulte						
Plan	Bd/Ba	Floors/ Parking	Sq. Ft.	Ind. Owned	Invitation Owned	Bldr. Owned
<b>Pathway</b>						
1	4 / 2	1 / 2	1,959	22	25	5
2	5 / 2.5	2 / 2	2,397	26	24	9*
3	5 / 3	2 / 2	2,824	24	23	5*
<i>Subtotal Pathway:</i>				72	72	19
<b>Greenway</b>						
1	4 / 2	1 / 2	1,959	19	N/A	1
2	3 / 2.5	2 / 2	3,125	21	N/A	4*
3	4 / 2.5	2 / 3	3,301	20	N/A	3*
<i>Subtotal Greenway:</i>				60		8
<b>Meadows</b>						
1	4 / 3	1 / 3	2,550	10	N/A	9*
2	5 / 4	2 / 3	3,520	16	N/A	6*
3	6 / 4	2 / 3	3,699	21	N/A	2
4	6 / 4.5	2 / 3	3,994	18	N/A	3*
<i>Subtotal Meadows:</i>				65		20
<b>Total Cimarron Ridge</b>				<b>197</b>	<b>72</b>	<b>47</b>

\*One of each of these plans is a model home. There are an additional 40 homes under construction, and 68 additional finished lots that are all owned by Pulte (not shown on the above table).

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

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	1	4 / 2	1 / 2	1,959	--
2	1	4 / 2	1 / 2	1,959	\$284.32
3	1	4 / 3	1 / 3	2,550	\$270.19
5	1	3 / 2	1 / 2	1,942	\$284.03
5	2	4 / 2	1 / 2	2,194	\$259.34
7	1	3 / 2.5	1 / 2	2,021	\$261.25
9	1	4 / 2	1 / 2	2,336	\$274.44
10	1	3 / 2	1 / 2	1,939	\$329.17

All new home comparables are located within either Menifee or Green Valley Ranch. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. It should be noted that Greenway's price (Data No. 2), reflects the base price in May 2024 which is

when the project sold out with the exception of the final build-out which is under construction now. The new home comparables have a base price range from \$259.34 to \$329.17 per square foot. Plan 1 has a current base asking price of \$287.39 per square foot. There have been 22 closings of Pathway Plan 1 to individuals with sales prices ranging from \$220.82 to \$296.89 per square foot. There are currently four escrows of Pathway Plan 1, with a price range of \$287.99 to \$299.22 per square foot with the escrows reflecting the appreciation which has occurred in the marketplace. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder while the concluded value relates to a base price for the plan considering concessions. The builder is currently giving concessions which may include an interest rate buy-down. Invitation Homes purchased 25 of Pathway Plan 1 with pricing ranging from \$250.71 to \$250.82 as the price for each plan was set at time of negotiation of the purchase sale agreement in 2021. The price is currently under market value when comparing the Invitation Homes prices with the current escrows. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Pathway Plan 1 has a base current market value of \$285.00 per square foot. This calculates as follows:

$$1,959 \text{ sf} \times \$285.00 = \$558,315$$

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

<b>Data</b>	<b>Model</b>	<b>Rm. Ct.</b>	<b>Flrs/Pkg.</b>	<b>Sq. Ft.</b>	<b>Price/SF</b>
Subj.	2	5 / 2.5	2 / 2	2,397	--
1	3	5 / 3	2 / 2	2,824	\$223.79
4	1	4 / 3	2 / 2	2,583	\$229.16
6	3	4 / 3.5	2 / 2	2,370	\$253.66
8	5	4 / 3	2 / 2	2,219	\$289.10
9	2	4 / 3	2 / 2	2,590	\$229.63
11	2	4 / 3	2 / 2	2,239	\$285.84
11	3	5 / 3	2 / 2	2,311	\$281.26

All new home comparables are located within either Menifee or Green Valley Ranch. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new home comparables have a base price range from \$223.79 to \$289.10 per square foot with the lowest price per square foot for the largest sized home and the highest price per square

foot for the smallest sized home. This is due to the economy of scale obtained during construction. Plan 2 has a current base asking price of \$249.47 per square foot. There have been 26 closings of Pathway Plan 2 to individuals with sales prices ranging from \$218.28 to \$265.08 per square foot. There are currently five escrows of Pathway Plan 2, with a price range of \$248.21 to \$264.17 per square foot with the escrows reflecting the appreciation which has occurred in the marketplace. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder while the concluded value relates to a base price for the plan considering concessions. The builder is currently giving concessions which may include an interest rate buy-down. Invitation Homes purchased 24 of Pathway Plan 2 with pricing ranging from \$220.50 to \$220.60 as the price for each plan was set at time of negotiation of the purchase sale agreement in 2021. The price is currently under market value when comparing the Invitation Homes prices with the current escrows. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Pathway Plan 2 has a base current market value of \$245.00 per square foot. This calculates as follows:

$$2,397 \text{ sf} \times \$245.00 = \$587,265$$

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

<b>Data</b>	<b>Model</b>	<b>Rm. Ct.</b>	<b>Flrs/Pkg.</b>	<b>Sq. Ft.</b>	<b>Price/SF</b>
Subj.	3	5 / 3	2 / 2	2,824	--
1	2	5 / 2.5	2 / 2	2,397	\$249.47
2	2	3 / 2.5	2 / 2	3,125	\$206.40
3	2	5 / 4	2 / 3	3,520	\$211.08
4	2	5 / 3	2 / 2	3,010	\$210.75
6	4	4 / 3.5	2 / 2	2,680	\$234.26
9	3	3 / 3.5	2 / 2	3,091	\$223.52
10	3	4 / 2.5	2 / 2	2,835	\$262.64

All new home comparables are located within either Menifee or Green Valley Ranch. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. It should be noted that Greenway's price (Data No. 2), reflects the base price in May 2024 which is when the project sold out with the exception of the final build-out which is under construction now. The remaining new home comparables have a base price range from \$206.40 to

\$262.64 per square foot. Plan 3 has a current base asking price of \$223.79 per square foot. There have been 24 closings of Pathway Plan 3 to individuals with sales prices ranging from \$201.37 to \$241.74 per square foot. There are currently five escrows of Pathway Plan 3, with a price range of \$221.74 to \$238.50 per square foot. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder while the concluded value relates to a base price for the plan considering concessions. There is one Pathway Plan 3 currently listed for resale. The home originally sold in January 2024 for \$594,000. The current asking price is \$764,000 (a reduction from \$769,000). The house has been on the market for 117 days. The builder is currently giving concessions which may include an interest rate buy-down. Invitation Homes purchased 23 Pathway Plan 3 houses with pricing ranging from \$196.10 to \$196.18 as the price for each plan was set at time of negotiation of the purchase sale agreement in 2021. The price is currently under market value when comparing the Invitation Homes prices with the current escrows. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Pathway Plan 3 has a base current market value of \$220.00 per square foot. This calculates as follows:

$$2,824 \text{ sf} \times \$220.00 = \$621,280$$

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

<b>Data</b>	<b>Model</b>	<b>Rm. Ct.</b>	<b>Flrs/Pkg.</b>	<b>Sq. Ft.</b>	<b>Price/SF</b>
Subj.	1	4 / 2	1 / 2	1,959	--
1	1	4 / 2	1 / 2	1,959	\$287.39
3	1	4 / 3	1 / 3	2,550	\$270.19
5	1	3 / 2	1 / 2	1,942	\$284.03
5	2	4 / 2	1 / 2	2,194	\$259.34
7	1	3 / 2.5	1 / 2	2,021	\$261.25
9	1	4 / 2	1 / 2	2,336	\$274.44
10	1	3 / 2	1 / 2	1,939	\$329.17

All new home comparables are located within either Menifee or Green Valley Ranch. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new home comparables have a base price range from \$259.34 to \$329.17 per square foot. The most recent base price for Plan 1 was in May 2024 and was \$284.32 per square foot. There

have been 19 closings of Greenway Plan 1 with sales prices ranging from \$260.56 to \$310.94 per square foot. There are no current escrows of Greenway Plan 1. There is one Greenway Plan 1 that is offered on the market as a resale. The home originally sold in February 2024 for \$552,000 and is on the market at an asking price of \$649,000 with no offers to date. It should be noted that the reported builder sales prices include upgrades, premiums, and options along with any concessions given by the builder while the concluded value relates to a base price for the plan considering concessions. The builder is currently giving concessions which may include an interest rate buy-down. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Greenway Plan 1 has a base current market value of \$285.00 per square foot. This calculates as follows:

$$1,959 \text{ sf} \times \$285.00 = \$558,315$$

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

<b>Data</b>	<b>Model</b>	<b>Rm. Ct.</b>	<b>Flrs/Pkg.</b>	<b>Sq. Ft.</b>	<b>Price/SF</b>
Subj.	2	3 / 2.5	2 / 2	3,125	--
1	3	5 / 3	2 / 2	2,824	\$223.79
2	3	4 / 2.5	2 / 3	3,301	\$199.93
3	2	5 / 4	2 / 3	3,520	\$211.08
4	2	5 / 3	2 / 2	3,010	\$210.75
6	5	5 / 3.5	2 / 2	3,040	\$220.68
9	3	3 / 3.5	2 / 2	3,092	\$223.52
10	4	5 / 3.5	2 / 3	3,146	\$253.02

All new home comparables are located within either Menifee or Green Valley Ranch. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new home comparables have a base price range from \$199.93 to \$253.02 per square foot. The most recent base price for Plan 2 was in May 2024 and was \$206.40 per square foot. There have been 21 closings of Greenway Plan 2 with sales prices ranging from \$190.22 to \$230.63 per square foot. There are two current escrows of Greenway Plan 2 with a reported sales price range of \$209.24 to \$229.99 per square foot. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder while the concluded value relates to a base price for the plan considering

concessions. The builder is currently giving concessions which may include an interest rate buy-down. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Greenway Plan 2 has a base current market value of \$210.00 per square foot. This calculates as follows:

$$3,125 \text{ sf} \times \$210.00 = \$656,250$$

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

<b>Data</b>	<b>Model</b>	<b>Rm. Ct.</b>	<b>Firs/Pkg.</b>	<b>Sq. Ft.</b>	<b>Price/SF</b>
Subj.	3	4 / 2.5	2 / 3	3,301	--
1	3	5 / 3	2 / 2	2,824	\$223.79
3	2	5 / 4	2 / 3	3,520	\$211.08
3	3	6 / 4	2 / 3	3,699	\$204.92
4	3	5 / 3.5	2 / 3	4,134	\$199.33
6	5	5 / 3.5	2 / 2	3,040	\$220.68
9	3	3 / 3.5	2 / 2	3,092	\$223.52
10	4	5 / 3.5	2 / 3	3,146	\$253.02

All new home comparables are located within either Menifee or Green Valley Ranch. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new home comparables have a base price range from \$199.33 to \$253.02 per square foot. The most recent base price for Plan 3 was in May 2024 and was \$199.93 per square foot. There have been 20 closings of Greenway Plan 3 with sales prices ranging from \$184.57 to \$230.23 per square foot. There are two current escrows of Greenway Plan 3 with a reported sales price range of \$207.76 to \$263.25 per square foot, however the highest sales price is for the model. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder while the concluded value relates to a base price for the plan considering concessions. The builder is currently giving concessions which may include an interest rate buy-down. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Greenway Plan 3 has a base current market value of \$205.00 per square foot. This calculates as follows:

$$3,301 \text{ sf} \times \$205.00 = \$676,705$$

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

<b>Data</b>	<b>Model</b>	<b>Rm. Ct.</b>	<b>Flrs/Pkg.</b>	<b>Sq. Ft.</b>	<b>Price/SF</b>
Subj.	1	4 / 3	1 / 3	2,550	--
1	1	4 / 2	1 / 2	1,959	\$287.39
3	1	4 / 3	1 / 3	2,550	\$270.19
5	3	3 / 2	1 / 2	2,287	\$254.30
6	2	4 / 3	1 / 2	2,080	\$294.82
7	3	4 / 3	1 / 2	2,420	\$238.84
9	1	4 / 2	1 / 2	2,336	\$274.44
10	2	5 / 3.5	1 / 2	2,752	\$275.05

All new home comparables are located within either Menifee or Green Valley Ranch. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. The new home comparables have a base price range from \$238.84 to \$294.82 per square foot. The current base asking price for Plan 1 is \$270.19 per square foot. There have been ten closings of Meadows Plan 1 with sales prices ranging from \$254.10 to \$299.18 per square foot. There are two current escrows of Meadows Plan 1 with a sales price range from \$254.11 to \$300.72. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder while the concluded value relates to a base price for the plan considering concessions. The builder is currently giving concessions which may include an interest rate buy-down. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Meadows Plan 1 has a base current market value of \$260.00 per square foot. This calculates as follows:  $2,550 \text{ sf} \times \$260.00 = \$663,000$

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

<b>Data</b>	<b>Model</b>	<b>Rm. Ct.</b>	<b>Flrs/Pkg.</b>	<b>Sq. Ft.</b>	<b>Price/SF</b>
Subj.	2	5 / 4	2 / 3	3,520	--
2	3	4 / 2.5	2 / 3	3,301	\$199.93
3	3	6 / 4	2 / 3	3,699	\$204.92
3	4	6 / 4.5	2 / 3	3,994	\$195.04
4	3	5 / 3.5	2 / 3	4,134	\$199.33
6	5	5 / 3.5	2 / 2	3,040	\$220.68
9	4	7 / 4.5	2 / 2	4,134	\$189.43
10	5	7 / 4.5	2 / 3	4,134	\$228.54



All new home comparables are located within either Menifee or Green Valley Ranch. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. It should be noted that Data No. 2 refers to the last asking base price at Greenway which was determined in May 2024. The new home comparables have a base price range from \$189.43 to \$228.54 per square foot. The current base asking price for Plan 2 is \$211.08 per square foot. There have been 16 closings of Meadows Plan 2 with sales prices ranging from \$205.96 to \$260.90 per square foot. There are four current escrows of Meadows Plan 2 with a sales price range from \$222.00 to 242.03 per square foot. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder while the concluded value relates to a base price for the plan considering concessions. The builder is currently giving concessions which may include an interest rate buy-down. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Meadows Plan 2 has a base current market value of \$208.00 per square foot. This calculates as follows:

$$3,520 \text{ sf} \times \$208.00 = \$732,160$$

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

<b>Data</b>	<b>Model</b>	<b>Rm. Ct.</b>	<b>Firs/Pkg.</b>	<b>Sq. Ft.</b>	<b>Price/SF</b>
Subj.	3	6 / 4	2 / 3	3,699	--
2	3	4 / 2.5	2 / 3	3,301	\$199.93
3	2	5 / 4	2 / 3	3,520	\$211.08
3	4	6 / 4.5	2 / 3	3,994	\$195.04
4	3	5 / 3.5	2 / 3	4,134	\$199.33
6	5	5 / 3.5	2 / 2	3,040	\$220.68
9	4	7 / 4.5	2 / 2	4,134	\$189.43
10	5	7 / 4.5	2 / 3	4,134	\$228.54

All new home comparables are located within either Menifee or Green Valley Ranch. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. It should be noted that Data No. 2 refers to the last asking base price at Greenway which was determined in May 2024. The new home comparables have a base price range from

\$189.43 to \$228.54 per square foot. The current base asking price for Plan 3 is \$204.92 per square foot. There have been 21 closings of Meadows Plan 3 with sales prices ranging from \$191.38 to \$237.82 per square foot. There are three current escrows of Meadows Plan 3 with a sales price range from \$218.87 to \$231.87 per square foot. It should be noted that the reported sales prices include upgrades, premiums, and options along with any concessions given by the builder while the concluded value relates to a base price for the plan considering concessions. The builder is currently giving concessions which may include an interest rate buy-down. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Meadows Plan 3 has a base current market value of \$200.00 per square foot. This calculates as follows:

$$3,699 \text{ sf} \times \$200.00 = \$739,800$$

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

<b>Data</b>	<b>Model</b>	<b>Rm. Ct.</b>	<b>Flrs/Pkg.</b>	<b>Sq. Ft.</b>	<b>Price/SF</b>
Subj.	4	6 / 4.5	2 / 3	3,994	--
2	3	4 / 2.5	2 / 3	3,301	\$199.93
3	2	5 / 4	2 / 3	3,520	\$211.08
3	3	6 / 4	2 / 3	3,699	\$204.92
4	3	5 / 3.5	2 / 3	4,134	\$199.33
6	5	5 / 3.5	2 / 2	3,040	\$220.68
9	4	7 / 4.5	2 / 2	4,134	\$189.43
10	5	7 / 4.5	2 / 3	4,134	\$228.54

All new home comparables are located within either Menifee or Green Valley Ranch. All are of similar quality, design, and appeal. Adjustments were considered (when applicable) for location, master plan amenities, lot size, stories, sales concessions, CFD taxes, common area benefits, total square footage, room count, garage space and other amenities. It should be noted that Data No. 2 refers to the last asking base price at Greenway which was determined in May 2024. The new home comparables have a base price range from \$189.43 to \$228.54 per square foot. The current base asking price for Plan 4 is \$195.04 per square foot. There have been 18 closings of Meadows Plan 4 with sales prices ranging from \$187.16 to \$244.07 per square foot. There are four current escrows of Meadows Plan 4 with a sales price range from \$203.53 to \$234.96 per square foot. It should be noted that the

reported sales prices include upgrades, premiums, and options along with any concessions given by the builder while the concluded value relates to a base price for the plan considering concessions. The builder is currently giving concessions which may include an interest rate buy-down. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Meadows Plan 4 has a base current market value of \$195.00 per square foot. This calculates as follows:

$$3,994 \text{ sf} \times \$195.00 = \$778,830$$

### **Bulk Sales Value – Pulte Ownership**

Due to the number of homes under a single ownership (Pulte owns 40 homes over 95 percent complete along with seven model homes), a Discounted Cash Flow Analysis needs to be considered.

### **Retail Value**

Within Cimmaron Ridge there are 47 builder-owned homes over 95 percent complete which includes seven model homes. Per interviews with builders, upgrades, and landscape/hardscape of up to \$150,000 are installed in the model homes, however, the builders generally consider this a marketing cost and do not anticipate recovering this investment on a dollar-for-dollar basis. Based on actual sales information of the subject model homes and the current real estate market, a consideration of a \$75,000 premium has been included with each of the model homes. As concluded above, the retail base value conclusions for the builder-owned homes are calculated as follows:

#### **Pathway:**

Plan 1 (5 x \$558,315)	\$ 2,791,575
Plan 2 (9 x \$587,265)	5,285,385
Plan 3 (5 x \$621,280)	3,106,400

#### **Greenway:**

Plan 1 (1 x \$558,315)	\$ 558,315
Plan 2 (4 x \$656,250)	2,625,000
Plan 3 (3 x \$676,705)	2,030,115

#### **Meadows:**

Plan 1 (9 x \$663,000)	\$ 5,967,000
Plan 2 (6 x \$732,160)	4,392,960
Plan 3 (2 x \$739,800)	1,479,600
Plan 4 (3 x \$778,830)	2,336,490
Model Upgrades (7 x \$75,000)	<u>525,000</u>
Retail Value	<u>\$31,097,840</u>

### Absorption Period

In order to arrive at an absorption period for the 47 builder-owned homes, the absorption rate for the subject neighborhoods along with the surrounding developments has been reviewed. Cimarron Ridge grand opened in December 2022 and there have been 231 sales to individuals since that time, suggesting an average absorption of 9.2 homes per month between the three neighborhoods. The sales rates per community are 3.5 within Pathway 2.6 within Greenway (it should be noted that Greenway was temporarily sold out for a few months), and 3.2 within Meadows. Per the Ryness Report dated January 28, 2025, within the overall Inland Empire the average sales rate per project year to date 2025 is 2.8 sales per month while the average sales rate per project in 2024 was 3.6 sales per month and the average sales rate per project in 2023 was 3.5 sales per month. Within the subject's market area of South Riverside, the average sales per project was 3.8 sales per month. It appears the subject project is near the average per project absorption rate in overall Inland Empire and slightly less than the average sales rate in the South Riverside submarket. Twenty-three of the 47 builder-owned homes are in escrow with closings scheduled as the homes are completed. Taking into consideration the product and concluded sales prices along with the current escrows and current market conditions, it is the appraiser's opinion that the 47 builder-owned homes will be absorbed within a six-month period at the concluded values.

### Remaining Costs

As discussed under the property description section above, there is \$45,806.45 per lot remaining for land development costs and fees associated with the builder-owned property. For the 47 builder-owned homes, this equates to \$2,152,903 ( $\$45,806.45 \times 47$ ) in remaining costs. For analysis purposes this will be spread evenly over the six-month absorption period.

### Expenses

In determining an expense rate, several builders in the subject area have been interviewed as to their expenses on selling existing inventory. Expenses include marketing and general administrative costs. These costs typically range from six to ten percent depending on varying factors such as absorption period, intensity of marketing, etc. Due to possible buy-downs of interest and help with closing costs in the current market, an eight percent

marketing cost is estimated along with two percent for general and administrative costs for a total of ten percent in expenses for this analysis.

### Profit

Several interviews with merchant builders in the area were conducted in order to determine an appropriate profit percentage for the subject properties. In the early 2000s, developers typically attempted to achieve a 10 to 12 percent profit based on gross sales proceeds. During the Great Recession, this range was lowered considerably to six to 10 percent with some builders drastically lowering their profit potential in order to maintain their work force. The subject has experienced a good sales rate. A ten percent profit is considered appropriate in the analysis for this project.

### Discount Rate

In selecting a discount rate, the following was completed:

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

The homes within Cimarron Ridge grand opened in December 2022 with the product being well received in the marketplace with over nine homes per month being sold to date. Based on the sales rate within the subject project, the competition, the product and location, a ten percent discount rate is considered appropriate for this analysis.

### Discounted Cash Flow Summary

The discounted revenue (see DCF Analysis in addenda) for the Pulte-owned homes is \$22,077,004.

### **Pulte Ownership Final Valuation**

The builder-owned homes within Cimarron Ridge consist of seven models along with 40 production homes over 95 percent complete, 40 homes under construction (valued based on a finished lot) and 68 additional finished lots owned by Pulte. The final valuation of the Pulte owned property is shown on the following page:

108 Lots	\$ 24,752,903
47 Houses	<u>22,077,004</u>
<b>Total Pulte Ownership</b>	<b>\$ <u>46,829,907</u></b>

### **Bulk Sales Value – Invitation Homes Ownership**

Invitation Homes has purchased 72 of the homes within Pathway and is leasing them to individuals and holding title to the homes for investment purposes. Due to the single ownership of 72 homes, a bulk sales value is needed. That is, similar to the Pulte-owned homes, if the 72 homes were to be sold, a discounting would be needed in order to account for the time to sell off the homes and for the expenses incurred during the sell-off period.

### **Retail Value**

Within Cimmaron Ridge there are 72 Pathway homes owned by Invitation Homes which consist of 25 Plan 1s, 24 Plan 2s and 23 Plan 3s. All homes were generally “base” homes with minimal to no options, upgrades or premiums included which is what the concluded market value for the homes is based upon. A portion of these homes are currently rented with reportedly 12–18-month leases. Under the hypothetical condition that the bond holders own the property, the fee simple value is determined. Due to the short-term leases, it is assumed the leases will expire as the homes are sold off. As concluded above, the retail base value conclusion for the Invitation Homes owned homes is calculated as follows:

<b>Pathway:</b>	
Plan 1 (25 x \$558,315)	\$ 13,957,875
Plan 2 (24 x \$587,265)	14,094,360
Plan 3 (23 x \$621,280)	<u>14,289,440</u>
Retail Value	<b><u>\$42,341,675</u></b>

### **Absorption Period**

In order to arrive at an absorption period for the 72 Invitation Homes-owned houses, the absorption rate for the Pathway neighborhood along with the absorption rates of the surrounding developments has been reviewed. Pathway grand opened in December 2022 with the builder selling 88 of the homes to date, suggesting an average absorption of 3.5 homes per month. Prior to selling the Invitation Homes-owned houses, they would need to be vacated, and some refreshing of the home may be needed (i.e. re-painting, re-carpet and

thorough cleaning). Based on the actual sales absorption rates within Pathway, along with the competition and condition of the homes, we are considering an absorption rate of 3.2 homes per month for this analysis or over a 22-month time period.

#### Refreshing Costs & Property Management

Prior to the sale of the homes, a refreshing would be needed which may include interior paint, carpet and a deep cleaning. We have estimated \$10,000 per home for the re-paint, re-carpet and a deep cleaning and Property Management during this time. This equates to \$720,000 (72 x \$10,000) for the 72 Invitation Homes-owned houses. For analysis purposes this amount will be spread evenly over the 22-month absorption period.

#### Expenses

In determining an expense rate, we have considered expenses including marketing and general administrative costs during the absorption time. Marketing and general administrative costs typically range from six to ten percent depending on varying factors such as absorption period, intensity of marketing, etc. Due to possible buy-downs of interest and help with closing costs in the current market, an eight percent marketing cost is estimated along with two percent for general and administrative for a total of ten percent in expenses for this analysis.

#### Profit

Several interviews with merchant builders in the area were conducted in order to determine an appropriate profit percentage for the subject properties. In the early 2000s, developers typically attempted to achieve a 10 to 12 percent profit based on gross sales proceeds. During the Great Recession, this range was lowered considerably to six to 10 percent with some builders drastically lowering their profit potential in order to maintain their work force. The subject has experienced a good sales rate. A ten percent profit is considered appropriate in the analysis for this project.

#### Discount Rate

In selecting a discount rate, the following was completed:

1. Interviews with merchant builders in the Menifee area
2. Review of current market conditions including current market rates as well as yields reflected in other markets (i.e., municipal bonds, corporate bonds, etc.)

3. The quality, construction, historical sales, and product on the subject property

The homes within Cimarron Ridge grand opened in December 2022 with the product being well received in the marketplace with over nine homes per month being sold to date. Based on the sales rate within the subject project, the competition, the product, a ten percent discount rate is considered appropriate for this analysis.

**Discounted Cash Flow Summary – Invitation Homes Ownership**

The discounted revenue (see DCF Analysis in Addenda) for the Invitation Homes-owned houses is \$30,146,782.

**Individual Owned Homes Valuation Conclusion**

There are 197 individually owned homes within Cimarron Ridge. Based on the concluded value for each plan, the individually owned homes are valued as:

**Pathway:**

Plan 1 (22 x \$558,315)	\$ 12,282,930
Plan 2 (26 x \$587,265)	15,268,890
Plan 3 (24 x \$621,280)	14,910,720

**Greenway:**

Plan 1 (19 x \$558,315)	\$ 10,607,985
Plan 2 (21 x \$656,250)	13,781,250
Plan 3 (20 x \$676,705)	13,534,100

**Meadows:**

Plan 1 (10 x \$663,000)	\$ 6,630,000
Plan 2 (16 x \$732,160)	11,714,560
Plan 3 (21 x \$739,800)	15,535,800
Plan 4 (18 x \$778,830)	14,018,940

<b>Total Individual Owned</b>	<b><u>\$128,285,175</u></b>
-------------------------------	-----------------------------

In an additional review, we have reviewed the original builder sales prices for the homes within the Cimarron Ridge community. Closings for the 179 homes occurred between October 2023, and January 31, 2025. The reported closing prices by the builder for the individually owned homes total \$133,213,529. The builder's reported prices include premiums, upgrades and purchased options as well as took into consideration the concessions given by the builder. All of the plans have had base price increases since the project opened, ranging from 7.1 to 12.9 percent. The difference between the concluded value of \$128,285,175 and the reported sales price of \$133,213,529 is due to



three factors. The premiums, upgrades and options purchased, the concessions given and the appreciation of the homes. The above valuation is for the minimum market value as it takes into consideration the base plan price only and does not consider any options, premiums or upgrades which were purchased by the buyers. It is our conclusion that the original builder's sales prices further substantiate the concluded minimum market value for the individually owned homes.

## APPRAISAL REPORT SUMMARY

The appraisal assignment was to value the subject property which is within the boundaries of Menifee CFD No. 2023-2 IA 1. The property is being developed into the community of Cimarron Ridge with three neighborhoods known as Pathway, Greenway and Meadows, all by Pulte Homes. Cimarron Ridge has been well received in the marketplace and with all three neighborhoods actively selling at absorption rates that are generally in line with the marketplace.

Cimarron Ridge includes a total of 424 single-family proposed homes with 197 closed to individuals, 72 closed to Invitation Homes and an additional 34 houses are in escrow to individuals and due to close upon completion. We have reviewed the builder sales and reviewed the area's Multiple Listing Service. Our search resulted in no closed resale homes and two current listings of resale homes within the subject property. All homes appear to be in excellent condition with no depreciation apparent. The 197 home closings occurred between October 2023, and January 31, 2025. There are seven models and 40 production homes over 95 percent complete, with an additional 40 homes under construction and 68 finished lots.

The subject property was valued using the Sales Comparison Approach to value and a mass appraisal technique. A minimum value was determined for the existing homes by concluding at a base value for each plan. The valuation considered the improvements/benefits to be funded by both the Menifee CFD No. 2023-2 IA 1 bond proceeds, along with the Menifee CFD No. 2023-2 IA 1 special tax lien. As a result of our investigation, the concluded market value for the subject property is:

### **Cimarron Ridge – Improvement Area 1**

Pulte Ownership (108 lots & 47 houses)	\$ 46,829,907
Invitation Homes Ownership (72 houses)	30,146,782
Individual Owners (197 houses)	<u>128,285,175</u>
<b>Total Aggregate Value Menifee CFD No. 2023-2 IA 1</b>	<b><u>\$ 205,261,864</u></b>

The above values are stated subject to the Assumptions and Limiting Conditions of this report, the Appraiser's Certification and as of January 31, 2025.

## APPRAISER'S CERTIFICATION

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

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



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

# **ADDENDA**

**BOUNDARY MAPS –**

**CITY OF MENIFEE CFD NO. 2023-2**  
**CFD NO. 2023-2 IMPROVEMENT AREA 1**  
**CFD NO. 2023-2 IMPROVEMENT AREA 2**

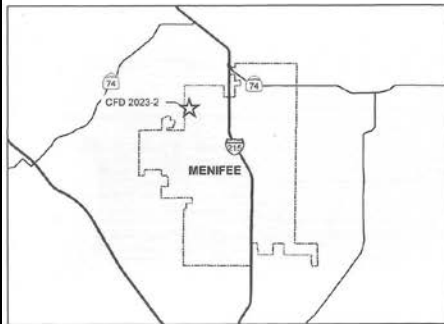
**PROPOSED BOUNDARY MAP**  
**COMMUNITY FACILITIES DISTRICT NO. 2023-2**  
**(CIMARRON RIDGE)**  
**OF THE CITY OF MENIFEE,**  
**COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2023-2 (CIMARRON RIDGE), OF THE CITY OF MENIFEE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, WAS APPROVED BY THE CITY COUNCIL OF THE CITY OF MENIFEE AT A REGULAR MEETING THEREOF, HELD ON 15<sup>th</sup> DAY OF March 2023, BY RESOLUTION NO. 23-1296

Kay Vinson  
 CITY CLERK  
 CITY OF MENIFEE

FILED IN THE OFFICE OF THE CITY CLERK, CITY OF MENIFEE,  
 THIS 15<sup>th</sup> DAY OF March, 2023.

Kay Vinson  
 CITY CLERK  
 CITY OF MENIFEE



THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCEL, REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2022-23.



RECORDED THIS 22 DAY OF March, 2023 AT  
 THE HOUR OF 1:54 O'CLOCK P.M. IN BOOK 90  
 PAGE 81-83 OF MAPS OF ASSESSMENT AND COMMUNITY  
 FACILITIES DISTRICTS IN THE OFFICE OF THE COUNTY  
 RECORDER, IN THE COUNTY OF RIVERSIDE, STATE OF  
 CALIFORNIA.

FEE: \$13.00 NO.: 2023-0081945  
 PETER ALDANA, ASSESSOR, COUNTY CLERK, RECORDER

BY: Jackie CHA  
 DEPUTY

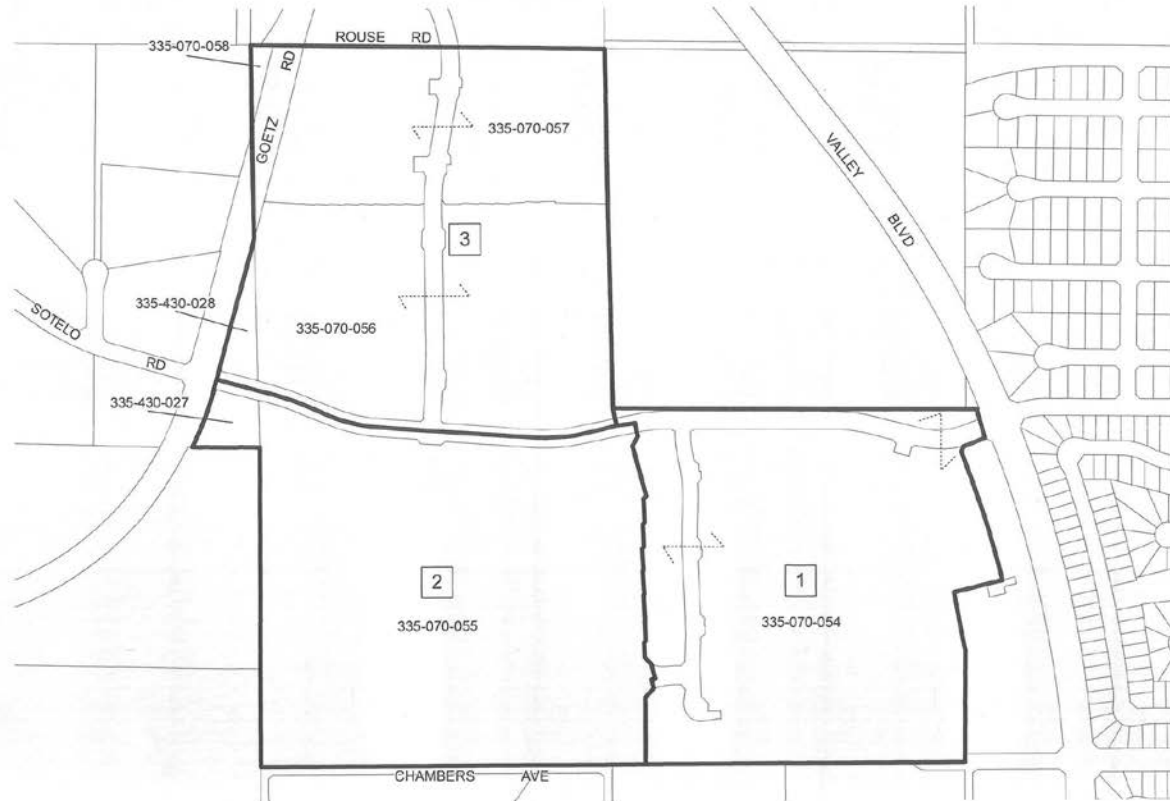
**LEGEND**

- PARCEL LINE
- ..... IMPROVEMENT AREA BOUNDARY
- CFD BOUNDARY
- CITY BOUNDARY

0 500 1,000 2,000 Feet

**PROPOSED BOUNDARY MAP**  
**COMMUNITY FACILITIES DISTRICT NO. 2023-2**  
**(CIMARRON RIDGE)**  
**OF THE CITY OF MENIFEE,**  
**COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**  
**IMPROVEMENT AREA 1**

SHEET 2 OF 3 SHEETS



0 375 750 1,500 Feet

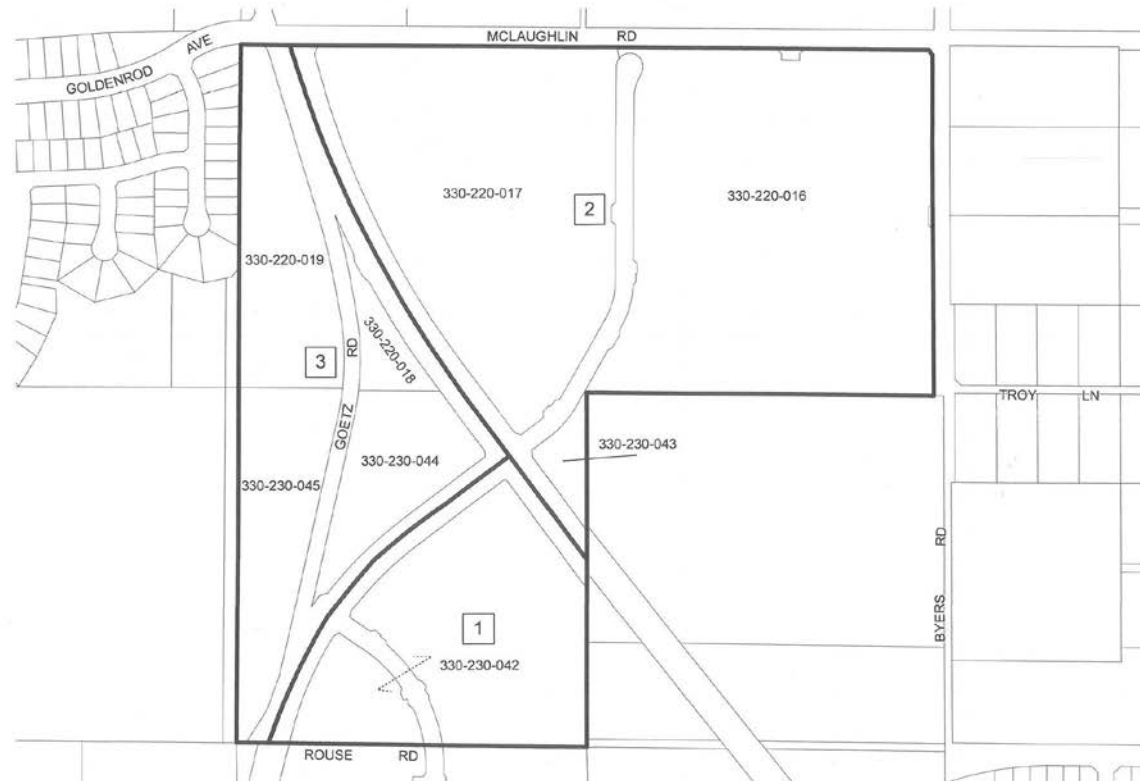


**LEGEND**

- TAX ZONE BOUNDARY
- TAX ZONE
- XXX-XXX-XXX ASSESSOR PARCEL NUMBER

**PROPOSED BOUNDARY MAP**  
**COMMUNITY FACILITIES DISTRICT NO. 2023-2**  
**(CIMARRON RIDGE)**  
**OF THE CITY OF MENIFEE,**  
**COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**  
**IMPROVEMENT AREA 2**




SHEET 3 OF 3 SHEETS



0 375 750 1,500 Feet



**LEGEND**

-  TAX ZONE BOUNDARY
-  TAX ZONE
-  XXX-XXX-XXX ASSESSOR PARCEL NUMBER



**TRACT MAP NOS. 36658-1**  
**36658-2, 36658-3 and 36658-4**

TRACT NO. 36658-1

BEING A SUBDIVISION OF PARCEL 1 AND LOTS "P", "V", "W", "X", "Y", "Z", "10", "11", AND "12" OF  
PARCEL MAP NO. 36097, FILED IN BOOK 248, PAGES 70-87, INCLUSIVE OF PARCEL MAPS, RECORDS OF  
RIVERBEND COUNTY, IN SECTION 20 OF TOWNSHIP 5 SOUTH, RANGE 3 WEST S.R.M.

**adkan**  
ENGINEERS

JUNE 2017

SHEET INDEX MAP

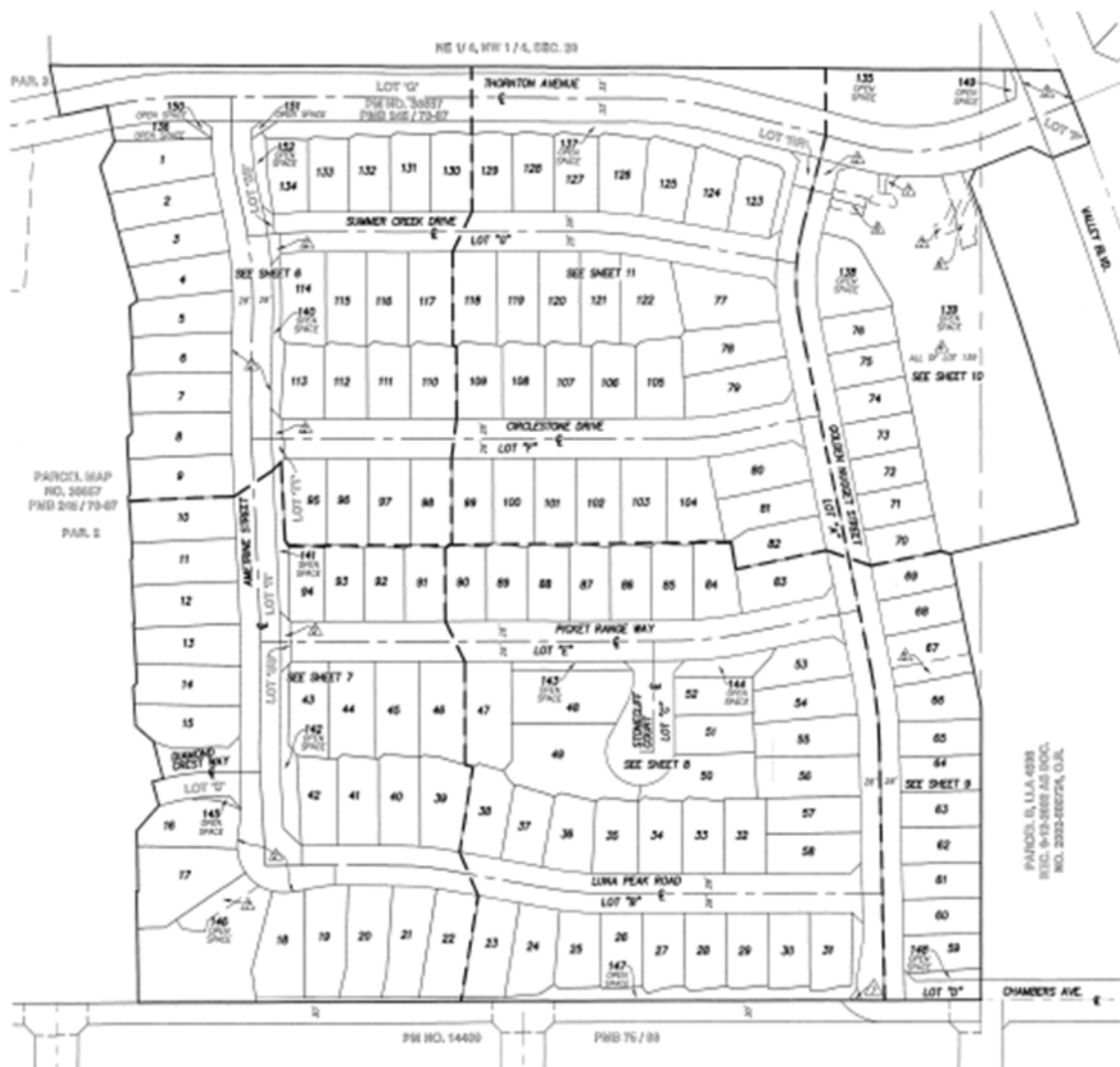
## EASEMENT NOTES

- [illegible]

**NOTE**

DRYING EQUIPMENT SHALL BE KEPT FREE  
OF BUILDUP AND OBSTRUCTIONS.

SEE SHEET 2 FOR SURVEYOR'S NOTES, ENVIRONMENTAL  
CONSTRAINTS, AND C.C.R.'S, AND OPS. NOTES.

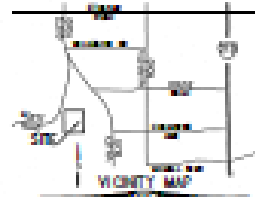


**NOTE:** A combination of factors is used here: (1) "I"; (2) "and"; (3) "of". These words are listed first in order from highest to lowest, and each of them is given its own separate category in the system as well as being included in the category of "others".



This is a detailed plat map of a residential subdivision. The map shows a grid of lots, many of which are numbered. Key features include:

- Top Section:** Labeled "SHEET 5" and "SHEET 6". It shows a "RAILROAD" at the top and "SHEPHERD AVENUE" running horizontally. Lots are numbered 1 through 100.
- Middle Section:** Labeled "SHEET 7" and "SHEET 8". It shows a "100' WIDE" and "100' DEEP" area. Lots are numbered 101 through 200.
- Bottom Section:** Labeled "SHEET 9" and "SHEET 10". It shows a "100' WIDE" and "100' DEEP" area. Lots are numbered 201 through 300.
- Right Side:** Labeled "CITY OF NEW YORK" and "SHEPHERD STREET". It shows a "100' WIDE" and "100' DEEP" area. Lots are numbered 301 through 400.
- Signatures:** "CHAS. E. BROWN" is signed at the bottom right.



IN THE CITY OF MENIFEE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

# TRACT NO. 36658-3

BEING A SUBDIVISION OF PARCEL 3 AND LOTS "M", "N", "O", "P", "Q", "R", "S", "T", "U", "V", "W", "X", "Y", "Z", "AA", "AB", AND "AC" OF PARCEL MAP NO. 36657, FILED IN BOOK 245, PAGES 70-87, INCLUSIVE OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY; IN SECTION 20, OF TOWNSHIP 5 SOUTH, RANGE 3 WEST, S.B.M. JUNE 2017

**adkan**  
ENGINEERS

## INDEX MAP



GRAPHIC SCALE



( IN FEET )  
1 inch = 100 ft.

**NOTE:**  
DRAINAGE EASEMENTS SHALL BE KEPT FREE OF BUILDINGS AND OBSTRUCTIONS.  
SEE SHEET 2 FOR SURVEYOR'S NOTES.  
ENVIRONMENTAL CONSTRAINT NOTE, C.C.R.'S NOTE, AND C.F.D. NOTE.  
SEE SHEET 11 FOR BASIS OF BEARINGS AND GPS CONTROL DIAGRAM.



VICINITY MAP

NE 1/4, NW 1/4,  
SEC. 20

### EASEMENT NOTES:

1. THE UNITED STATES OF AMERICA, HOLD OF RIGHTS OF WAY FOR DITCHES AND CANALS, RESERVED IN DOCUMENT RECORDED NOVEMBER 29, 1915 IN BOOK 7, PAGE 82 OF PATENTS, RECORDS OF RIVERSIDE COUNTY, NOT PLOTTABLE FROM RECORD.
2. ALICE G. HANSEN AND A. A. HANSEN, OWNERS OF 1/2 INTEREST IN ALL OIL AND MINERAL RIGHTS PER DEED RECORDED NOVEMBER 4, 1920 IN BOOK 537, PAGE 292 OF DEEDS, RECORDS OF RIVERSIDE COUNTY.
3. PRIVATE STORM DRAIN, RESERVED HEREON.
4. CALIFORNIA WATER AND TELEPHONE COMPANY, HOLDER OF AN EASEMENT FOR POLE LINES, CONDUITS, OR UNDERGROUND FACILITIES AND INCIDENTAL PURPOSES PER DOCUMENT RECORDED DECEMBER 29, 1961 AS INST. NO. 111982 OF OFFICIAL RECORDS.
5. EASEMENT FOR PUBLIC UTILITY PURPOSES RESERVED IN LOCATION OF GILBERT ROAD PER DOCUMENT RECORDED MARCH 12, 1987 AS INST. NO. 67448 OF OFFICIAL RECORDS.
6. EASEMENT FOR SEWER AND INCIDENTAL PURPOSES IN FAVOR OF EASTERN MUNICIPAL WATER DISTRICT RECORDED OCTOBER 19, 2021 AS INST. NO. 2021-0616691 OF OFFICIAL RECORDS.
7. EASEMENT FOR WATER AND INCIDENTAL PURPOSES IN FAVOR OF EASTERN MUNICIPAL WATER DISTRICT RECORDED OCTOBER 19, 2021 AS INST. NO. 2021-0616692 OF OFFICIAL RECORDS.
8. STORM DRAIN AND MAINTENANCE EASEMENT, DEDICATED HEREON.
9. SOUTHERN CALIFORNIA EDISON COMPANY, HOLDER OF AN EASEMENT FOR PUBLIC UTILITY AND INCIDENTAL PURPOSES, RECORDED JANUARY 04, 2023 AS DOCUMENT NO. 2023-0001698 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY.
10. SOUTHERN CALIFORNIA EDISON COMPANY, HOLDER OF AN EASEMENT FOR PUBLIC UTILITY AND INCIDENTAL PURPOSES, RECORDED JANUARY 04, 2023 AS DOCUMENT NO. 2023-0001704 OF OFFICIAL RECORDS OF RIVERSIDE COUNTY.



TR 29025  
MB 286/16-17

PM NO. 20285  
PMB 132/25-27

PM NO. 20285  
PMB 132/25-27

PARCEL 4  
PM NO. 36657  
PMB 245/70-87

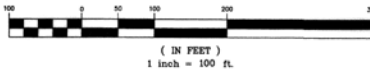
PARCEL 4  
PM NO. 36657  
PMB 245/70-87

TR NO. 36658-2  
MB 490/34-46

TR NO. 36658-1  
MB 488/26-40



GRAPHIC SCALE

adkan  
ENGINEERS

INDEX MAP

## TRACT NO. 36658-4

BEING A SUBDIVISION OF PARCEL 4 AND LOTS "H", "K", "L", "M", "N", "O", "P", "Q", "R", "S", "T", "U", "V", "W", "X", "Y", "Z", "AA", "AB", "AC", "AD", "AE", "AF", "AG", "AH", "AI", "AJ", "AK", "AL", "AM", "AN", "AO", "AP", "AQ", "AR", "AS", "AT", "AU", "AV", "AW", "AX", "AY", "AZ", "BA", "BB", "BC", "BD", "BE", "BF", "BG", "BH", "BI", "BJ", "BK", "BL", "BM", "BN", "BO", "BP", "BQ", "BR", "BS", "BT", "BU", "BV", "BW", "BX", "BY", "BZ", "CA", "CB", "CC", "CD", "CE", "CF", "CG", "CH", "CI", "CJ", "CK", "CL", "CM", "CN", "CO", "CP", "CQ", "CR", "CS", "CT", "CU", "CV", "CW", "CX", "CY", "CZ", "DA", "DB", "DC", "DD", "DE", "DF", "DG", "DH", "DI", "DJ", "DK", "DL", "DM", "DN", "DO", "DP", "DQ", "DR", "DS", "DT", "DU", "DV", "DW", "DX", "DY", "DZ", "EA", "EB", "EC", "ED", "EE", "EF", "EG", "EH", "EI", "EJ", "EK", "EL", "EM", "EN", "EO", "EP", "EQ", "ER", "ES", "ET", "EU", "EV", "EW", "EX", "EY", "EZ", "FA", "FB", "FC", "FD", "FE", "FF", "FG", "FH", "FI", "FJ", "FK", "FL", "FM", "FN", "FO", "FP", "FQ", "FR", "FS", "FT", "FU", "FV", "FW", "FX", "FY", "FZ", "GA", "GB", "GC", "GD", "GE", "GF", "GG", "GH", "GI", "GJ", "GK", "GL", "GM", "GN", "GO", "GP", "GQ", "GR", "GS", "GT", "GU", "GV", "GW", "GX", "GY", "GZ", "HA", "HB", "HC", "HD", "HE", "HF", "HG", "HH", "HI", "HJ", "HK", "HL", "HM", "HN", "HO", "HP", "HQ", "HR", "HS", "HT", "HU", "HV", "HW", "HX", "HY", "HZ", "IA", "IB", "IC", "ID", "IE", "IF", "IG", "IH", "II", "IJ", "IK", "IL", "IM", "IN", "IO", "IP", "IQ", "IR", "IS", "IT", "IU", "IV", "IW", "IX", "IY", "IZ", "JA", "JB", "JC", "JD", "JE", "JF", "JG", "JH", "JI", "JJ", "JK", "JL", "JM", "JN", "JO", "JP", "JQ", "JR", "JS", "JT", "JU", "JV", "JW", "JX", "JY", "JZ", "KA", "KB", "KC", "KD", "KE", "KF", "KG", "KH", "KI", "KJ", "KL", "KM", "KN", "KO", "KP", "KQ", "KR", "KS", "KT", "KU", "KV", "KW", "KX", "KY", "KZ", "LA", "LB", "LC", "LD", "LE", "LF", "LG", "LH", "LI", "LJ", "LK", "LL", "LM", "LN", "LO", "LP", "LQ", "LR", "LS", "LT", "LU", "LV", "LW", "LX", "LY", "LZ", "MA", "MB", "MC", "MD", "ME", "MF", "MG", "MH", "MI", "MJ", "MK", "ML", "MM", "MN", "MO", "MP", "MQ", "MR", "MS", "MT", "MU", "MV", "MW", "MX", "MY", "MZ", "NA", "NB", "NC", "ND", "NE", "NF", "NG", "NH", "NI", "NJ", "NK", "NL", "NM", "NN", "NO", "NP", "NQ", "NR", "NS", "NT", "NU", "NV", "NW", "NX", "NY", "NZ", "OA", "OB", "OC", "OD", "OE", "OF", "OG", "OH", "OI", "OJ", "OK", "OL", "OM", "ON", "OO", "OP", "OQ", "OR", "OS", "OT", "OU", "OV", "OW", "OX", "OY", "OZ", "PA", "PB", "PC", "PD", "PE", "PF", "PG", "PH", "PI", "PJ", "PK", "PL", "PM", "PN", "PO", "PP", "PQ", "PR", "PS", "PT", "PU", "PV", "PW", "PX", "PY", "PZ", "QA", "QB", "QC", "QD", "QE", "QF", "QG", "QH", "QI", "QJ", "QK", "QL", "QM", "QN", "QO", "QP", "QQ", "QR", "QS", "QT", "QU", "QV", "QW", "QX", "QY", "QZ", "RA", "RB", "RC", "RD", "RE", "RF", "RG", "RH", "RI", "RJ", "RK", "RL", "RM", "RN", "RO", "RP", "RQ", "RR", "RS", "RT", "RU", "RV", "RW", "RX", "RY", "RZ", "SA", "SB", "SC", "SD", "SE", "SF", "SG", "SH", "SI", "SJ", "SK", "SL", "SM", "SN", "SO", "SP", "SQ", "SR", "SS", "ST", "SU", "SV", "SW", "SX", "SY", "SZ", "TA", "TB", "TC", "TD", "TE", "TF", "TG", "TH", "TI", "TJ", "TK", "TL", "TM", "TN", "TO", "TP", "TQ", "TR", "TS", "TT", "TU", "TV", "TW", "TX", "TY", "TZ", "UA", "UB", "UC", "UD", "UE", "UF", "UG", "UH", "UI", "UJ", "UK", "UL", "UM", "UN", "UO", "UP", "UQ", "UR", "US", "UT", "UU", "UV", "UW", "UX", "UY", "UZ", "VA", "VB", "VC", "VD", "VE", "VF", "VG", "VH", "VI", "VJ", "VK", "VL", "VM", "VN", "VO", "VP", "VQ", "VR", "VS", "VT", "VU", "VV", "VW", "VX", "VY", "VZ", "WA", "WB", "WC", "WD", "WE", "WF", "WG", "WH", "WI", "WJ", "WK", "WL", "WM", "WN", "WO", "WP", "WQ", "WR", "WS", "WT", "WU", "WV", "WW", "WX", "WY", "WZ", "XA", "XB", "XC", "XD", "XE", "XF", "XG", "XH", "XI", "XJ", "XK", "XL", "XM", "XN", "XO", "XP", "XQ", "XR", "XS", "XT", "XU", "XV", "XW", "XX", "XY", "XZ", "YA", "YB", "YC", "YD", "YE", "YF", "YG", "YH", "YI", "YJ", "YK", "YL", "YM", "YN", "YO", "YP", "YQ", "YR", "YS", "YT", "YU", "YV", "YW", "YX", "YZ", "ZA", "ZB", "ZC", "ZD", "ZE", "ZF", "ZG", "ZH", "ZI", "ZJ", "ZK", "ZL", "ZM", "ZN", "ZO", "ZP", "ZQ", "ZR", "ZS", "ZT", "ZU", "ZV", "ZW", "ZX", "ZY", "ZZ".

JUNE 2017

## NOTE

DRAINAGE EASEMENTS SHALL BE KEPT FREE OF BUILDINGS AND OBSTRUCTIONS.

SEE SHEET 2 FOR SURVEYOR'S NOTES, ENVIRONMENTAL CONSTRAINT NOTE, C.C.R.'S NOTE, AND CTD NOTE.

SEE SHEET 5 FOR BASIS OF BEARINGS AND GPS CONTROL DIAGRAM

## EASEMENT NOTES

1. THE UNITED STATES OF AMERICA, HOLDER OF RIGHTS OF WAY FOR DITCHES AND CANALS, RESERVED IN DOCUMENT RECORDED NOVEMBER 29, 1915, IN BOOK 7, PAGE 82, OF PATENTS, RECORDS OF RIVERSIDE COUNTY. EASEMENT CANNOT BE PLOTTED FROM RECORD.

2. W.G. JENNINGS, HOLDER OF AN EASEMENT FOR PIPELINES, DITCHES, FLUMES, AND WATER CONDUITS PER DOCUMENT RECORDED JANUARY 22, 1930, IN BOOK 836, PAGE 512, OF DEEDS, RECORDS OF RIVERSIDE COUNTY. EASEMENT CANNOT BE PLOTTED FROM RECORD.

3. ROMOLA INCORPORATED, HOLDER OF AN EASEMENT FOR PIPELINES AND DITCHES RESERVED PER DOCUMENT RECORDED FEBRUARY 11, 1930, IN BOOK 839, PAGE 180, OF DEEDS, RECORDS OF RIVERSIDE COUNTY. EASEMENT CANNOT BE PLOTTED FROM RECORD.

4. ROMOLA INCORPORATED, HOLDER OF AN EASEMENT FOR PIPELINES AND DITCHES RESERVED PER DOCUMENT RECORDED FEBRUARY 24, 1930, IN BOOK 841, PAGE 337, OF DEEDS, RECORDS OF RIVERSIDE COUNTY. EASEMENT CANNOT BE PLOTTED FROM RECORD.

5. SOUTHERN CALIFORNIA Edison COMPANY, HOLDER OF AN EASEMENT FOR UNDERGROUND ELECTRICAL SUPPLY AND COMMUNICATION SYSTEM PER DOCUMENT RECORDED SEPTEMBER 12, 2002, AS DOCUMENT NO. 2002-056480, OF OFFICIAL RECORDS OF RIVERSIDE COUNTY.

6. RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, HOLDER OF AN EASEMENT FOR STORM DRAIN AND INCIDENTAL PURPOSES RECORDED MAY 17, 2006 AS DOCUMENT NO. 2006-0359403, OF OFFICIAL RECORDS.

7. CITY OF MENIFEE, HOLDER OF AN EASEMENT FOR PUBLIC STREET, PUBLIC UTILITY AND INCIDENTAL PURPOSES PER PM 36657, PMB 245/70-87.

8. EASTERN MUNICIPAL WATER DISTRICT, HOLDER OF AN EASEMENT FOR SENIOR AND INCIDENTAL PURPOSES RECORDED OCTOBER 19, 2021 AS DOCUMENT NO. 2021-0616891, OF OFFICIAL RECORDS OF RIVERSIDE COUNTY.

9. RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, HOLDER OF AN EASEMENT FOR STORM DRAIN AND INCIDENTAL PURPOSES RECORDED APRIL 13, 2022 AS DOCUMENT NO. 2022-0174735, OF OFFICIAL RECORDS OF RIVERSIDE COUNTY.

10. RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, HOLDER OF AN EASEMENT FOR STORM DRAIN AND INCIDENTAL PURPOSES RECORDED APRIL 13, 2022 AS DOCUMENT NO. 2022-0174736, OF OFFICIAL RECORDS OF RIVERSIDE COUNTY.

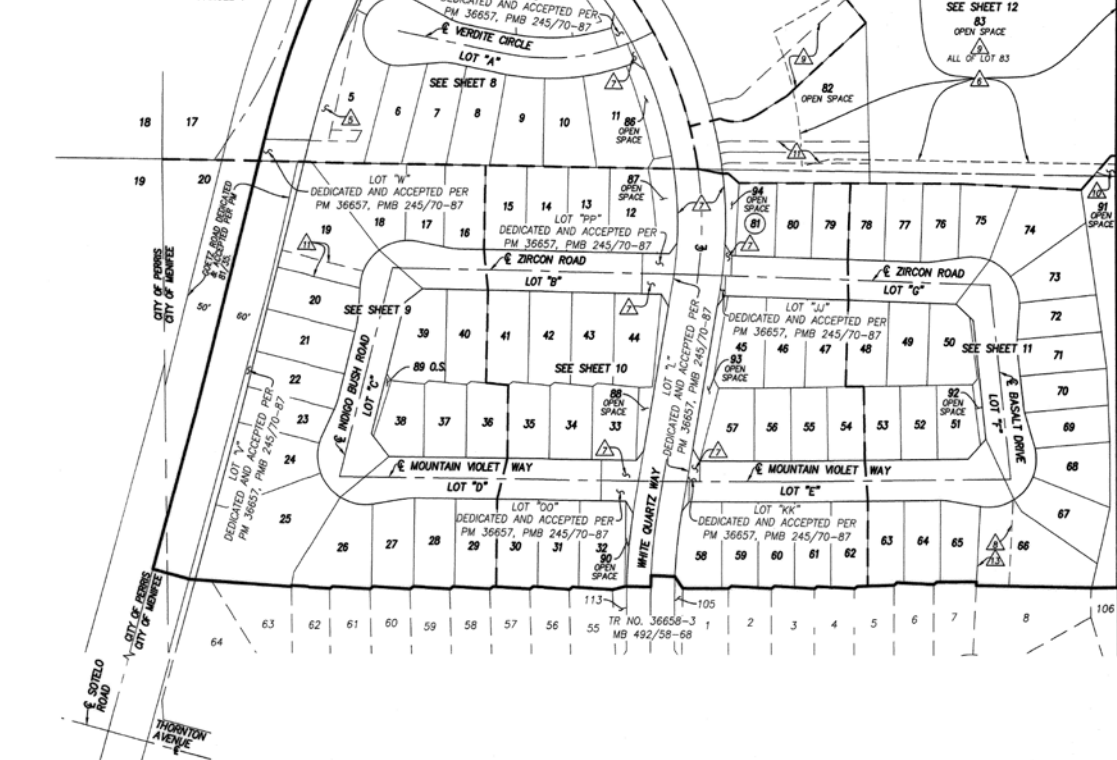
11. RIVERSIDE COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT, HOLDER OF AN EASEMENT FOR STORM DRAIN AND INCIDENTAL PURPOSES RECORDED APRIL 21, 2022, AS DOCUMENT NO. 2022-0188419, OF OFFICIAL RECORDS OF RIVERSIDE COUNTY.

12. SOUTHERN CALIFORNIA Edison COMPANY, HOLDER OF AN EASEMENT FOR PUBLIC UTILITY AND INCIDENTAL PURPOSES RECORDED JUNE 6, 2024, AS DOCUMENT NO. 2024-0164173, OF OFFICIAL RECORDS OF RIVERSIDE COUNTY.

13. STORM DRAIN AND MAINTENANCE EASEMENT, DEDICATED HEREON.

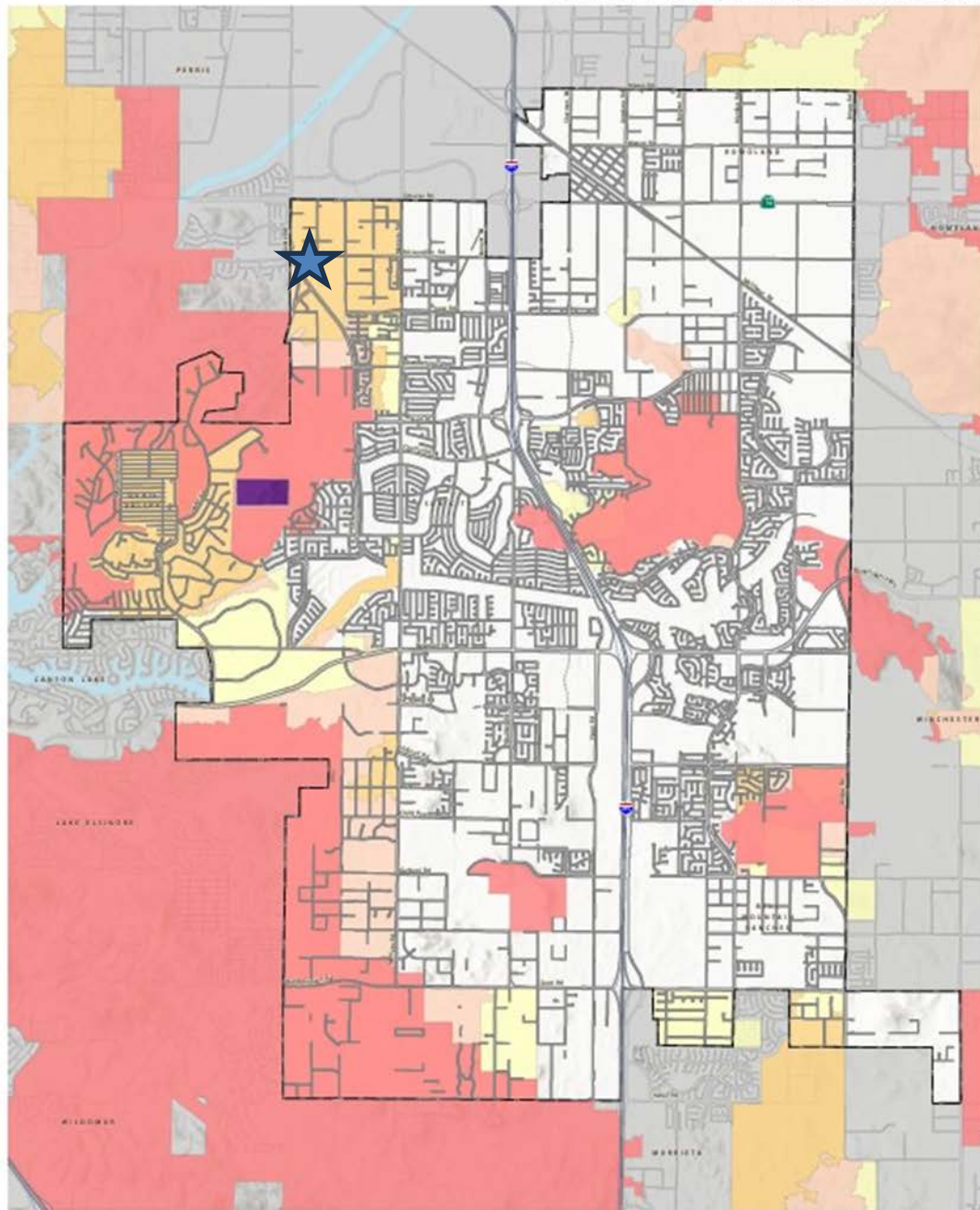


PARCEL 7



**MENIFEE GENERAL PLAN**  
**HIGH FIRE HAZARD AREA MAP**

# EXHIBIT S-6 HIGH FIRE HAZARD AREAS



Source: California Department of Forestry and Fire Protection, 2021



**MENIFEE**  
GENERAL PLAN



Kimley-Horn  
S&B Highways, Inc., 2021

# **DISCOUNTED CASH FLOW ANALYSES**



**Cimarron Ridge Pulte-Owned Houses Discounted Cash Flow Analysis**

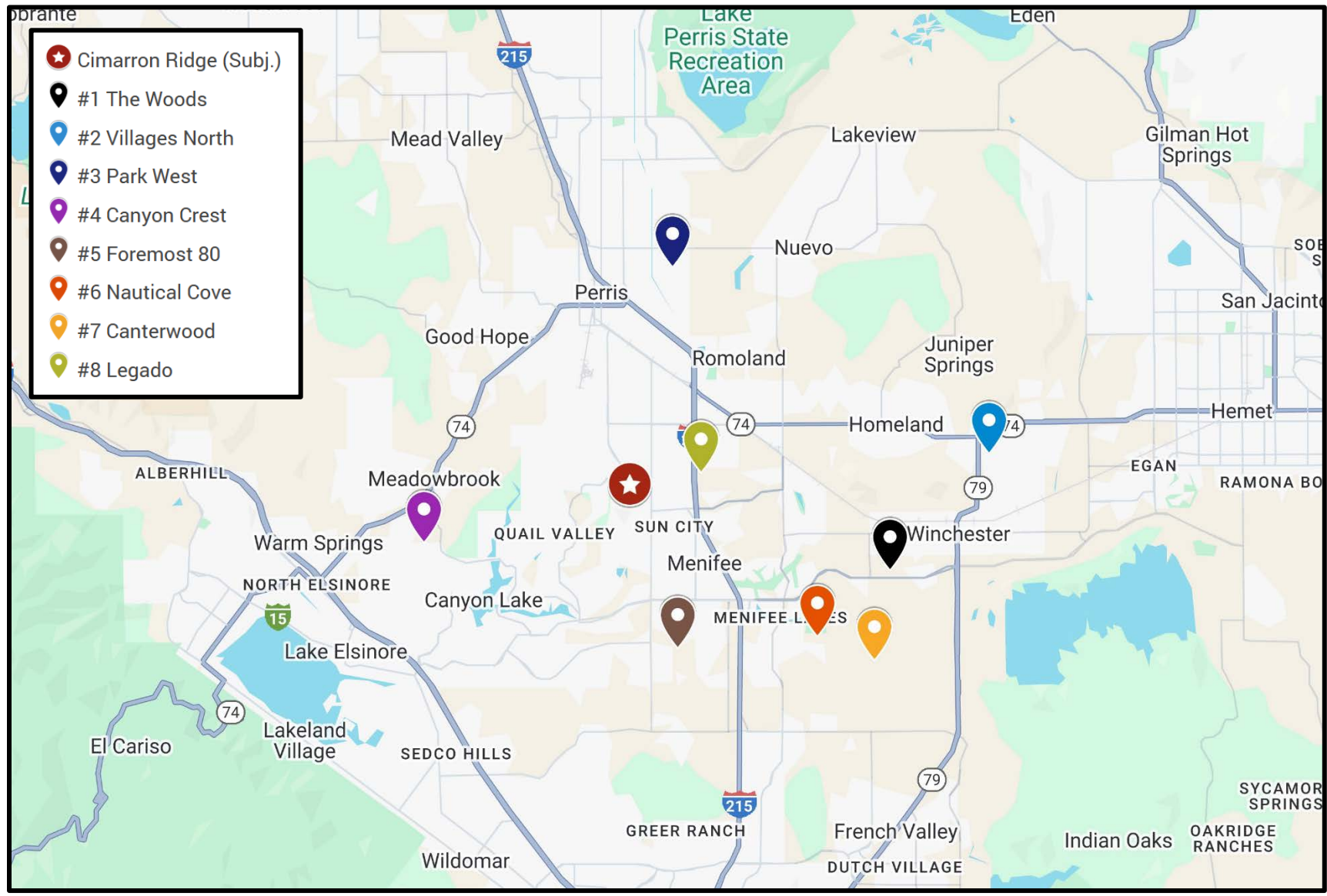
MONTH	Months	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	TOTAL
	6							
INCOME:								
Retail Sales	31,097,840	\$5,182,973	\$5,182,973	\$5,182,973	\$5,182,973	\$5,182,973	\$5,182,973	\$31,097,840
TOTAL INCOME		<u>\$5,182,973</u>	<u>\$5,182,973</u>	<u>\$5,182,973</u>	<u>\$5,182,973</u>	<u>\$5,182,973</u>	<u>\$5,182,973</u>	<u>\$31,097,840</u>
EXPENSES:								
Remaining Costs		(\$358,817)	(\$358,817)	(\$358,817)	(\$358,817)	(\$358,817)	(\$358,818)	(\$2,152,903)
Marketing & Carrying Expense	10%	(\$518,297)	(\$518,297)	(\$518,297)	(\$518,297)	(\$518,297)	(\$518,297)	(\$3,109,784)
Profit	10%	(\$518,297)	(\$518,297)	(\$518,297)	(\$518,297)	(\$518,297)	(\$518,297)	(\$3,109,784)
TOTAL EXPENSES		(\$1,395,412)	(\$1,395,412)	(\$1,395,412)	(\$1,395,412)	(\$1,395,412)	(\$1,395,413)	(\$8,372,471)
NET CASH FLOW		\$3,787,562	\$3,787,562	\$3,787,562	\$3,787,562	\$3,787,562	\$3,787,561	\$22,725,369
Discount Factor	10%	<u>0.9917</u>	<u>0.9835</u>	<u>0.9754</u>	<u>0.9673</u>	<u>0.9594</u>	<u>0.9514</u>	
DISCOUNTED CASH FLOW		\$3,756,260	\$3,725,216	\$3,694,429	\$3,663,897	\$3,633,617	\$3,603,586	\$22,077,004
CUMULATIVE DISCOUNTED CASH FLOW		<u>\$3,756,260</u>	<u>\$7,481,476</u>	<u>\$11,175,905</u>	<u>\$14,839,801</u>	<u>\$18,473,418</u>	<u>\$22,077,004</u>	<u>\$22,077,004</u>

**Cimarron Ridge Invitation Homes-Owned Houses Discounted Cash Flow Analysis**

MONTH	Months 22	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
INCOME:													
Retail Sales	42,341,675	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622
TOTAL INCOME		\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622
EXPENSES:													
Remaining Costs		(\$32,727)	(\$32,727)	(\$32,727)	(\$32,728)	(\$32,727)	(\$32,727)	(\$32,727)	(\$32,728)	(\$32,727)	(\$32,727)	(\$32,727)	(\$32,728)
Marketing & Carrying Exp	10%	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)
Profit	10%	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)
TOTAL EXPENSES		(\$417,651)	(\$417,651)	(\$417,651)	(\$417,652)	(\$417,651)	(\$417,651)	(\$417,651)	(\$417,652)	(\$417,651)	(\$417,651)	(\$417,651)	(\$417,652)
NET CASH FLOW		\$1,506,970	\$1,506,970	\$1,506,970	\$1,506,969	\$1,506,970	\$1,506,970	\$1,506,970	\$1,506,969	\$1,506,970	\$1,506,970	\$1,506,970	\$1,506,969
Discount Factor	10%	0.9917	0.9835	0.9754	0.9673	0.9594	0.9514	0.9436	0.9358	0.9280	0.9204	0.9128	0.9052
DISCOUNTED CASH FLOW		\$1,494,516	\$1,482,165	\$1,469,915	\$1,457,766	\$1,445,720	\$1,433,771	\$1,421,922	\$1,410,170	\$1,398,516	\$1,386,958	\$1,375,496	\$1,364,127
CUMULATIVE DISCOUNTED CASH FLOW		\$1,494,516	\$2,976,681	\$4,446,596	\$5,904,362	\$7,350,082	\$8,783,853	\$10,205,775	\$11,615,945	\$13,014,462	\$14,401,420	\$15,776,916	\$17,141,043
Adj. Months	Rest.Mo												
Adj. Input	Rest.												
Remove Buttons													
MONTH		MONTH 13	MONTH 14	MONTH 15	MONTH 16	MONTH 17	MONTH 18	MONTH 19	MONTH 20	MONTH 21	MONTH 22	TOTAL	
INCOME:													
Retail Sales		\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$42,341,675	
TOTAL INCOME		\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$1,924,622	\$42,341,675	
EXPENSES:													
Remaining Costs		(\$32,727)	(\$32,727)	(\$32,728)	(\$32,727)	(\$32,727)	(\$32,728)	(\$32,727)	(\$32,727)	(\$32,727)	(\$32,728)	\$ (720,000)	
Marketing & Carrying EXPENSES		(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$4,234,168)	
Profit		(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$192,462)	(\$4,234,168)	
TOTAL EXPENSES		(\$417,651)	(\$417,651)	(\$417,652)	(\$417,651)	(\$417,651)	(\$417,652)	(\$417,651)	(\$417,651)	(\$417,651)	(\$417,652)	\$ (9,188,335)	
NET CASH FLOW		\$1,506,970	\$1,506,970	\$1,506,969	\$1,506,970	\$1,506,970	\$1,506,969	\$1,506,970	\$1,506,970	\$1,506,970	\$1,506,969	\$33,153,346	
Discount Factor		0.8977	0.8700	0.8830	0.8757	0.8684	0.8612	0.8541	0.8471	0.8401	0.8331		
DISCOUNTED CASH FLOW		\$1,352,854	\$1,311,064	\$1,330,585	\$1,319,589	\$1,308,683	\$1,297,867	\$1,287,142	\$1,276,504	\$1,265,954	\$1,255,491	\$30,146,782	
CUMULATIVE DISCOUNTED CASH FLOW		\$18,493,898	\$19,804,962	\$21,135,547	\$22,455,136	\$23,763,819	\$25,061,686	\$26,348,827	\$27,625,331	\$28,891,286	\$30,146,777	\$30,146,782	

**RESIDENTIAL LAND SALES MAP**  
**& SUMMARY CHART**

## RESIDENTIAL LAND SALES MAP

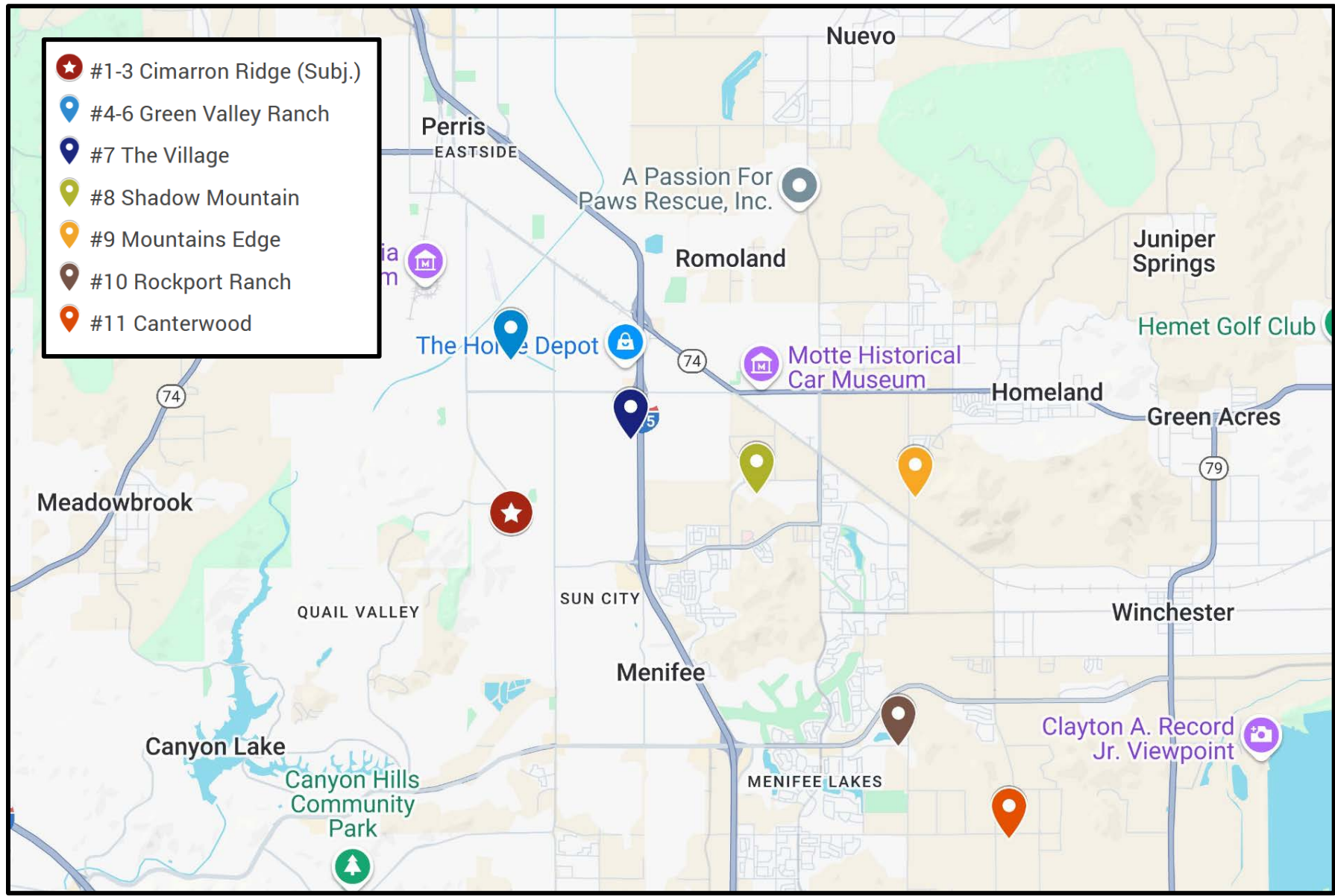


### **FINISHED LOT LAND SALES SUMMARY CHART**

<b>Data No.</b>	<b>Location / APN / Buyer / Seller</b>	<b>Sales Date</b>	<b># Lots</b>	<b>Lot Size</b>	<b>Sales Price / Price per Lot</b>	<b>Est. Finished Lot Price</b>	<b>Comments</b>
1	The Woods / E/O Leon Road northside of Domenigoni Pkwy, Winchester / 416-820-001 / Richmond American / Foremost Pacific	January 2025	186	Cluster	\$32,115,000 / \$172,661	\$257,000	Closed in blue-topped condition with an approved final map.
2	Villages North / NEC Winchester Rd and Stetson Ave, Winchester / 458-250-012 / Lennar / Lansing	December 2024	527	5,000 - 7,200	\$31,500,000 / \$59,772	\$230,000	Closed in an unimproved condition with final map in process.
3	Park West PA 4 / S/O Nuevo Road at Evans Road, Perris / 310-180-072 / KB Home / Mission Pacific	December 2024	184	5,000	\$34,478,042 / \$187,381	\$257,500	Closed in a blue-topped lot condition with an approved final map.
4	Canyon Crest / S/O Little Valley Road at Marcelli Road, Lake Elsinore / 349-240-054 / KB Home / Shopoff	October 2024	335	5,000	\$13,000,000 / \$38,806	\$247,000	Closed in an unimproved condition with an approved final map.
5	Foremost 80 Lots / SEC Holland & Evans Road, Menifee / 358-800-020 / Lennar / Foremost Pacific	September 2024	80	7,200	\$22,076,500 / \$275,956	\$300,000	Closed in a finished lot condition with a recorded final map.
6	Nautical Cove Phase 1 / NWC Briggs Road and Holland Road, Menifee / 364-200-009 / KB Home / Ambient	July 2024	120	6,000	\$6,143,330 / \$51,194	\$253,000	Closed in an unimproved condition with an approved final map. Three phases take down with this the first. 2 <sup>nd</sup> due to close in March 2025 total project includes 230 lots.
7	Canterwood Phase 2, NWC of Leon Road and Craig Avenue, Menifee / 466-310-026 / KB Home / Ambient	June 2024	53	5,500	\$4,246,364 / \$80,120	\$227,500	Closing with an approved Final Map in an unimproved condition. Phase 1 closed 4/22, (Phase 3 additional 93 lots scheduled to close 2/5).
8	Legado Phase 1 / SEC Rouse Road and Encanto Dr/I-215, Menifee / 333-020-020 / Lennar / IHP	March 2024	491	5,000-7,000	\$22,500,000 / \$45,825	\$240,000	Closed with an approved final map in a rough graded condition.

**IMPROVED RESIDENTIAL SALES MAP**  
**& SUMMARY CHART**

## IMPROVED RESIDENTIAL SALES MAP



### IMPROVED RESIDENTIAL SALES SUMMARY CHART

Data No.	Project Name Location/Developer	Plan	Room Count	Floors/ Parking	Size (SF)	Lot Size or Density / Absorption	Base Sales Price	Price/SF
1	Pathway at Cimarron Ridge, Goetz Road and Heard Court, Menifee / Pulte	1	4 / 2	1 / 2	1,959	6,000 sf lots	\$562,990	\$287.39
		2	5 / 2.5	2 / 2	2,397	3.5 sales/mo	\$597,990	\$249.47
		3	5 / 3	2 / 2	2,824		\$631,990	\$223.79
2	Greenway at Cimarron Ridge, Goetz Road and Heard Court, Menifee / Pulte	1	4 / 2	1 / 2	1,959	6,000 sf lots	\$556,990	\$284.32
		2	3 / 2.5	2 / 2	3,125	2.6 sales/mo	\$644,990	\$206.40
		3	4 / 2.5	2 / 3	3,301		\$659,990	\$199.93
3	Meadows at Cimarron Ridge, Goetz Road and Heard Court, Menifee / Pulte	1	4 / 3	1 / 3	2,550	10,000 sf lots 3.2 sales/mo	\$688,990	\$270.19
		2	5 / 4	2 / 3	3,520		\$742,990	\$211.08
		3	6 / 4	2 / 3	3,699		\$757,990	\$204.92
		4 (NG)	6 / 4.5	2 / 3	3,994		\$778,990	\$195.04
4	Amber Ridge at Green Valley Ranch, Goetz Road and W. Elm Pkwy, Perris / Lennar	1	4 / 3	2 / 2	2,583	6,500 sf lots	\$591,910	\$229.16
		2	5 / 3	2 / 2	3,010	5.3 sales/mo	\$634,365	\$210.75
		3	5 / 3.5	2 / 3	4,134		\$824,020	\$199.33
5	Silverstone Ridge at Green Valley Ranch, Goetz Road and W. Elm Pkwy, Perris / Lennar	1	3 / 2	1 / 2	1,942	6,500 sf lots	\$551,580	\$284.03
		2	4 / 2	1 / 2	2,194	4.0 sales/mo	\$568,995	\$259.34
		3	3 / 2	1 / 2	2,287		\$581,580	\$254.30
6	Seasons at Green Valley Ranch / NWC Murrieta Rd and Green Valley Pkwy, Perris / Richmond American	1	3 / 2	1 / 2	1,740	6,500 sf lots 2.6 sales/mo	\$569,600	\$327.36
		2	4 / 3	1 / 2	2,080		\$613,230	\$294.82
		3	4 / 3.5	2 / 2	2,370		\$601,165	\$253.66
		4	4 / 3.5	2 / 2	2,680		\$627,811	\$234.26
		5	5 / 3.5	2 / 2	3,040		\$670,869	\$220.68
7	The Village / SEC McLaughlin Rd and Sun City Blvd, Menifee / Century Communities	1	3 / 2.5	1 / 2	2,021	2,600 sf lots	\$527,990	\$261.25
		2	4 / 3	1 / 2	2,220	5.3 sales/mo	\$559,990	\$252.25
		3	4 / 3	1 / 2	2,420		\$577,990	\$238.84



8	Oak Shade at Shadow Mountain / SW of Palomar Road and Rouse Road, Menifee / KB Home	1	3 / 2	1 / 2	1,472	5,250 sf lots 4.9 sales/mo	\$580,990	\$394.69
		2	3 / 2	1 / 2	1,620		\$592,990	\$366.04
		3	4 / 2	1 / 2	1,846		\$610,990	\$330.98
		4	4 / 3	2 / 2	1,977		\$670,046	\$338.92
		5	4 / 3	2 / 2	2,219		\$641,505	\$289.10
		6	4 / 3	2 / 2	2,454		\$739,990	\$301.54
9	Hidden Terrace at Mountains Edge, Briggs Road and Hillridge Street, Menifee / Lennar	1	4 / 2	1 / 2	2,336	7,000 sf lots 4.0 sales/mo	\$641,085	\$274.44
		2	4 / 3	2 / 2	2,590		\$594,730	\$229.63
		3	3 / 3.5	2 / 2	3,092		\$691,115	\$223.52
		4 (NG)	7 / 4.5	2 / 2	4,134		\$783,085	\$189.43
10	South Shore at Rockport Ranch / SWC of Old Newport Road and Briggs Road, Menifee / Lennar	1	3 / 2	1 / 2	1,939	6,500 sf lots 4.2 sales/mo	\$638,258	\$329.17
		2	5 / 3.5	1 / 2	2,752		\$756,945	\$275.05
		3	4 / 2.5	2 / 2	2,835		\$744,590	\$262.64
		4 (NG)	5 / 3.5	2 / 3	3,146		\$796,005	\$253.02
		5 (NG)	7 / 4.5	2 / 3	4,134		\$944,772	\$228.54
11	Juniper at Canterwood / SEC Holland Rd and Leon Rd, Winchester / D.R. Horton	1	3 / 2	1 / 2	1,576	5,000 sf lots	\$564,990	\$358.50
		2	4 / 3	2 / 2	2,239	5.7 sales/mo	\$639,990	\$285.84
		3	5 / 3	2 / 2	2,311		\$649,990	\$281.26

## **APPRAISER'S QUALIFICATIONS**

## QUALIFICATIONS OF KITTY S. SIINO, MAI

### Education

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

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

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

### Employment

#### 1988 - Present:

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

#### 1986-1988:

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

#### 1981 - 1986

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

#### 1980 - 1981

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

#### Licenses

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

#### Organizations

MAI #11145 - The Appraisal Institute

#### Public Financing

CASTOFF Meetings, 2006, 2007, 2008, 2009, 2010, 2011, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2022 and 2024

Speaker, Mello-Roos & Special Assessment Financing, UCLA Extension Public Policy Program, February 2009 and March 2011