

## APPRAISAL REPORT

# COMMUNITY FACILITIES DISTRICT NO. 2022-1 OF THE CITY OF MENIFEE (Quartz Ranch by Lennar) 2024 Series Bonds

City of Menifee, Riverside County, California  
(Appraiser's File No. 2024-1295)



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**

July 15, 2024

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

Reference: Appraisal Report – City of Menifee  
Community Facilities District No. 2022-1 (Quartz Ranch)  
Quartz Ranch by Lennar (2024 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. 2022-1 (Quartz Ranch) of the City of Menifee ("Menifee CFD No. 2022-1") for the 2024 series bonds. Menifee CFD No. 2022-1 consists of a new home community known as Quartz Ranch by Lennar Homes of California, LLC ("Lennar"). We completed an appraisal of Menifee CFD No. 2022-1 in 2023 for the first bond sale. It is our understanding this is the final issuance of bonds for the subject property. Quartz Ranch includes a total of 379 proposed single-family detached homes within three neighborhoods known as: Meadow Walk at Quartz Ranch ("Meadow Walk"), Ridgeline at Quartz Ranch ("Ridgeline"), and Canyon View at Quartz Ranch ("Canyon View"). Meadow Walk includes 158 proposed homes, with five plans ranging in size from 1,823 to 2,590 square feet, and has closed 88 completed homes to individuals, with an additional 25 homes in escrow. Ridgeline includes 96 proposed homes, with four plans ranging in size from 1,950 to 2,767 square feet, and has closed out all 96 completed homes to individuals (including three models). Canyon View includes 125 proposed homes, features the largest homes with four plans ranging in size from 2,649 to 4,134 square feet, and has closed 94 completed homes to individuals, with an additional 23 homes in escrow. The remainder of the lots are owned by Lennar and range from models to production homes over 95 percent to production homes under construction and finished and partially 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. 2022-1 special tax lien. This report is written with the hypothetical condition that the subject property is enhanced by the improvements and/or fee credits to be funded by bonds issued by City of Menifee CFD No. 2022-1. As a result of our investigation, the concluded market value for the subject property is:

**Quartz Ranch**

Lennar Ownership (77 lots & 24 houses)	\$ 26,348,322
Individual Owners (278 houses)	<u>164,598,620</u>
<b>Total Aggregate Value Menifee CFD No. 2022-1</b>	<b><u>\$ 190,946,942</u></b>

Travis Hickey  
**CITY OF MENIFEE**  
July 15, 2024  
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The above values are stated subject to the Assumptions and Limiting Conditions of this report, the Appraiser's Certification and as of June 17, 2024.

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. 2022-1 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.**

A handwritten signature in cursive script, reading "K. Siino".

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

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### **ADDENDA**

CFD No. 2022-1 Boundary Map  
Tract Map Nos. 28786, 28791, 28792, 28793, and 28794  
Discounted Cash Flow Analysis  
Residential Land Sales Map and Summary Chart  
Improved Residential Sales Map and Summary Chart  
Appraiser's Qualifications

## **ASSUMPTIONS AND LIMITING CONDITIONS**

1. This report 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 both series of bonds for City of Menifee CFD No. 2022-1.
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. 2022-1 Special Tax Bonds.

### **HYPOTHETICAL CONDITION**

1. It is assumed that all improvements and/or benefits to the subject property, which are to be funded by the 2024 series of the Menifee CFD No. 2022-1 Special Tax Bond proceeds, are completed and in place or have accrued to the property.

### **EXTRAORDINARY ASSUMPTION**

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.



**City of Menifee**  
**Community Facilities District No. 2022-1 (2024 Series Bonds)**  
**(Quartz Ranch)**





## **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 both series of the City of Menifee CFD No. 2022-1 Special Tax Bonds.

## **THE SUBJECT PROPERTY**

The subject property is located south of La Piedra Road on both the east and west sides of Evans Road in Menifee. It is encompassed by Menifee CFD No. 2022-1 and is proposed for 379 single-family detached homes spread over five tract maps (Tract Map Nos. 28786, 28791, 28792, 28793, and 28794) being built out as Quartz Ranch by Lennar. The 379 lots encompass three product lines: Meadow View at Quartz Ranch, Ridgeline at Quartz Ranch, and Canyon View at Quartz Ranch. As of the date of value of this report, Quartz Ranch (including all three product lines) has a total of 278 completed homes closed to individuals, five model homes (in addition to three that have already closed to individual owners), 19 production homes over 95 percent complete (all in escrow), 51 houses under construction (29 in escrow and due to close upon completion), and 26 additional finished and/or partially finished lots (none in escrow). The status and ownership of the lots are detailed on the following page:

Description	No. Lots	Owner	Condition/Status
<b>Meadow Walk at Quartz Ranch (Lots 36-44 of Tract 28786; Lots 3-73 of Tract 28792; Lot 79 of Tract 28792; Lots 1-77 of Tract 28793)</b>			
Lots 21-36, 53-54, 79 of Tract 28792; Lots 1-51, 60-77 of Tract 28793	88	Individuals	Completed Homes
Lots 38-40 of Tract 28786	3	Lennar	Model Homes (0 in escrow)
Lots 52-59 of Tract 28793	8	Lennar	Over 95% Complete (8 in escrow)
Lots 3-20, 37-45, 65-73 of Tract 28792	36	Lennar	Under Construction (17 in escrow)
Lots 36-37, 41-44 of Tract 28786; Lots 46-52, 55-64 of Tract 28792	<u>23</u>	Lennar	Finished Lots (0 in escrow)
Meadow Walk Subtotal	158		
<b>Ridgeline at Quartz Ranch (Lots 47-49 of Tract 28786; Lots 1-80 of Tract 28791; Lots 1-2, 74-78, 80-85 of Tract 28792)</b>			
Lots 47-49 of Tract 28786; Lots 1-80 of Tract 28791; Lots 1-2, 74-78, 80-85 of Tract 28792	<u>96</u>	Individuals	Completed Homes
Ridgeline Subtotal	96		
<b>Canyon View at Quartz Ranch (Lots 1-35, 45-46, 50-72 of Tract 28786; Lots 1-65 of Tract 28794)</b>			
Lots 1-24, 57-72 of Tract 28786; Lots 1-35, 47-65 of Tract 28794	94	Individuals	Completed Homes
Lots 45-46 of Tract 28786	2	Lennar	Model Homes (0 in escrow)
Lots 36-46 of Tract 28794	11	Lennar	Over 95% Complete (11 in escrow)
Lots 25-35, 53-56 of Tract 28786	15	Lennar	Under Construction (12 in escrow)
Lots 50-52 of Tract 28786	<u>3</u>	Lennar	Finished Lots (0 in escrow)
Canyon View Subtotal	125		
<b>Menifee CFD No. 2022-1 Total</b>	<b>379</b>		

## INTENDED USE OF THE REPORT

It is the appraiser's understanding that the client, the City of Menifee, will utilize this report in disclosure documents associated with selling the 2024 bonds for Menifee CFD No. 2022-1 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.

## DEFINITIONS

### **Market Value**

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

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

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

### **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."

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

## **Mass Appraisal**

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

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

## **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 both series of bonds for Menifee CFD No. 2022-1.

## **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 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.

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



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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. 2022-1 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 June 17, 2024.

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## DATE OF REPORT

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The date of this report is July 15, 2024.

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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. 2022-1
- 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 379 proposed single-family houses within three neighborhoods. There are 278 homes completed and closed to individuals, five models, 19 homes over 95 percent complete (all in escrow), 51 homes under construction (29 in escrow), and 26 additional finished/partially finished lots (none in escrow). 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. Neither a cost or income approach was utilized as they were not considered necessary to arrive at credible results.

The due diligence of this appraisal assignment included the following:

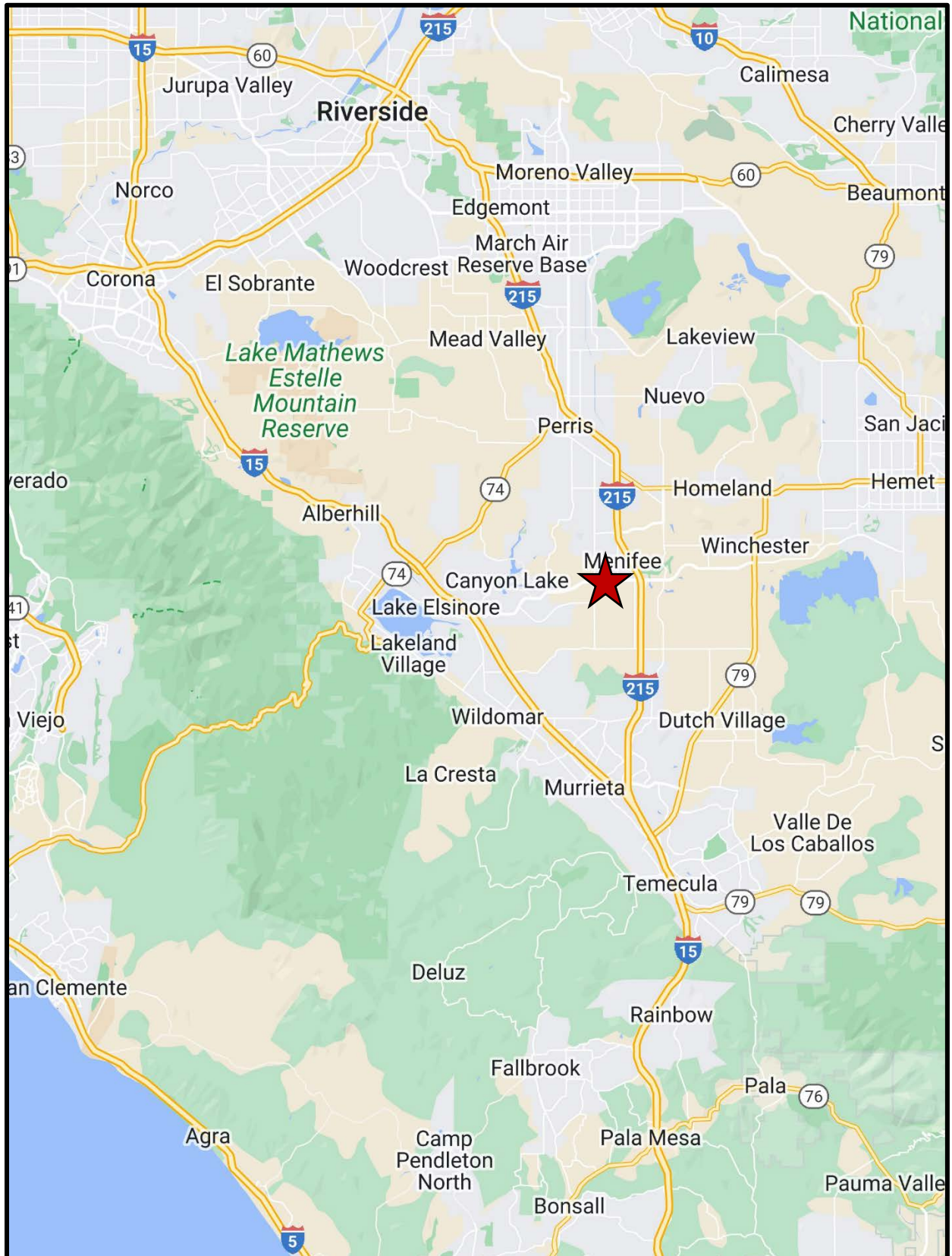
1. Compiled demographic information and related that data to the subject properties to perform a feasibility/demand analysis.
2. Gathered and analyzed information on the subject marketplace, reviewed several real estate brokerage publications on historical and projected growth in the subject market and researched the micro and macroeconomics within Riverside County and the Menifee area.
3. Inspected the subject property between May 15, 2024 and June 17, 2024.
4. Had the property flown for an aerial photograph on June 2, 2024.
5. Interviewed representatives from the builders to obtain available information on the subject property.
6. Reviewed Preliminary Title Reports on the subject property.
7. Reviewed a Soils Report on the property.
8. 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.

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

9. Searched the area for relevant comparable new home residential projects, including sales prices and concessions and interviewed representatives from each comparable neighborhood.
10. Reviewed sales brochures and sales information on each of the subject neighborhoods.
11. Reviewed actual builder sales information on all closed homes and current escrows for each neighborhood.
12. Reviewed Multiple Listing Service ("MLS") information on re-sales and current listings of existing homes within City of Menifee CFD No. 2022-1.
13. 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 and south of Newport Road in 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 east of I-15, west of I-215, south of Newport Road and north of Scott Road, on the south side of La Piedra Road at Evans Road in Menifee. I-15 travels in a northerly/southerly direction and provides access to Barstow and Nevada to the north and San Diego to the south. Highway 74 is approximately seven miles northwest 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 City of 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 18 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 35 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 64 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, 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 include 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 May 2024, the national inflation rate was at 3.3 percent; up from a low of 2.97 in July 2023, and down from the peak in June 2022 of 9.1 percent. 2021 had an annual inflation rate of 4.7 percent as inflation began after COVID. 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. Whether it is a result of the world turmoil, supply chain issues due to COVID or from the additional money entering the economy, inflation has been hitting Americans hard.

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. While the eleven increases appeared to help slow inflation, the quick, significant increases strained bank balance sheets. Three major banks failed in early 2023 with the government taking unprecedented action to help shore them up. At the most recent Board meeting in June 2024, they continued to pause the increases for the sixth meeting in a row and stated the economic outlook is uncertain and the Board remains highly attentive to inflation risks. In addition to causing bank instability, the FFR increases over the past couple years 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 rate has dropped to 6.95 percent as of June 13, 2024 (per Federal Reserve Economic Data-St. Louis). This steep increase between March 2022 and August 2023 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, in Israel declared war on Hamas on October 7, 2023, which added to the 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 all-time high of 40,003 (May 17, 2024) with the current average at 38,835 (as of June 18, 2024). It appears the recent Board's decision not to increase rates further and their suggestion that a decrease may occur within this calendar year has been well received by investors. Current concerns on the U.S. economy include the nation's debt limit which can only be increased through government approvals. The current partisanship in our government caused a stand-off in increasing the debit 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, both wage and price increases, and persistent inflation. 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 homebuilder's 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 and allowed 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. The limited availability of existing homes on the market has resulted in new homes capturing a much larger share of the 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 April 2024 National unemployment rate at 3.5 percent (Employment Development Department, not seasonally adjusted). The unemployment rate for the MSA was estimated at 4.8 percent (as of April 2024 per the Employment Development Department). 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 April 2024, Riverside County's unemployment rate was 4.9 and San Bernardino County had a 4.8 percent unemployment rate. The current unemployment rate for the MSA of 4.8 percent is the same as the California rate at 4.8 percent and higher than the April 2024 National rate of 3.5 percent. Below is a table comparing Riverside County's unemployment rate to the unemployment rates of the surrounding counties as of April 2024.

Jurisdiction	As of	Unemployment Rate*
Los Angeles County	April-2024	4.5%
Riverside County	April-2024	4.9%
San Bernardino County	April-2024	4.8%
Orange County	April-2024	3.7%
San Diego County	April-2024	4.1%

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

The latest UCLA Anderson Forecast ("Forecast") was issued March 13, 2024, and stated the possibility of a recession has faded due to expansionary fiscal policy, new national industrial policy, and the fact that consumers are still spending despite the perception of economic uncertainty. GDP growth in the fourth quarter of 2023 came in at a higher-than-

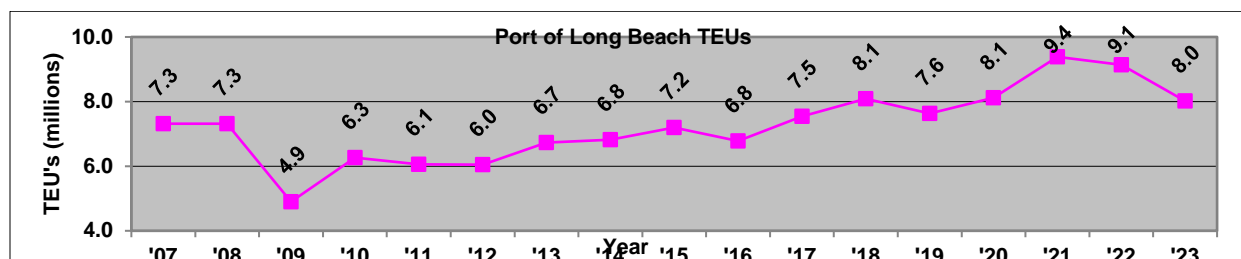
expected 3.2 percent annual rate of growth that was mostly due to strong consumer spending but also to inventory replacement after the holidays. The Forecast is now for the first quarter 2024 growth to be 2.2 percent. They believe the impact of higher interest rates will restrain growth in 2024. Inflation is still higher than the target 2.0 percent primarily because of residential rents, automobile repair and new health insurance premiums. The upside of the Forecast is productivity growth thanks to new technology that drives higher wages and higher GDP. The Forecast mentions that risks to their current forecast include a possible shutdown of government, geopolitical events and the possibility of a different national economic policy in 2025 due to the election.

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 not much faster than the U.S. They believe that the unemployment rate for the first quarter of 2024 will average 4.7 percent (currently 5.3 percent) with the 2024 yearly average of 4.6 percent, then 3.8 percent in 2025 and 3.9 percent in 2026. The housing market in California is still misbehaving as higher interest rates should send prices lower; however, the median price of an existing single-family home sold in the state has climbed significantly since December 2022 by 9.3 percent in San Diego; 9.0 percent in Los Angeles and 3.9 percent in San Francisco. With existing home sales numbers at depression levels, builders are responding with new developments with the Forecast stating that 32 percent of all developers interviewed in Northern California and 55 percent in Southern California are planning to begin one or more new multi-family projects in 2024. The Forecast is estimating 123,000 net new units to be permitted in California in 2024 and grow to 159,500 by the end of 2026.

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, coupled with homebuilders offering to buy-down interest rates to help new home buyers. While new homes historically captured 10 – 13 percent of total home sales; over the past year new homes are 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 this month with the current April 2024 median home price in Riverside County again at the peak of \$650,000 (all statistics per the California Association of Realtors). It should be noted that the median home price in Riverside County is up 5.7 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 with the exception of a slight dip in 2016 and again in 2019 which ended with a 5.6 percent downturn. The 2022 calendar year saw a decrease of 2.6 percent from the previous year; however, 2023 saw the largest percentage decrease of 12.2 percent year over year (8,018,668 versus 9,133,657 total TEUs). It should be noted that consumer demand cooled in mid-2022 leaving fewer TEUs needed. For the calendar year 2024, thus far TEUs are up over 16 percent.



## **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.

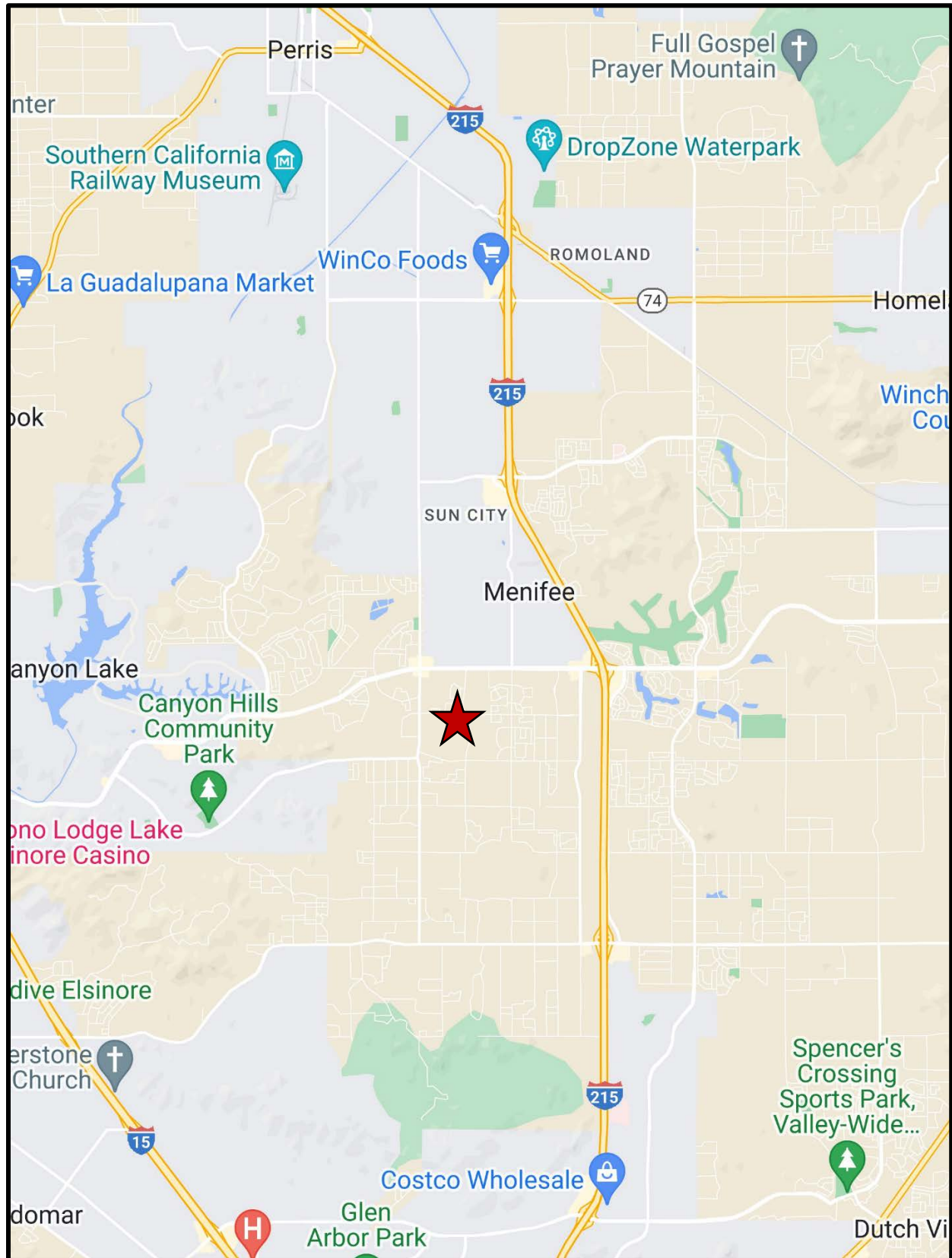
### **Education**

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.

### **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. 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 stubborn inflation, the high prices of homes, higher interest rates, supply chain issues, possible government shutdowns 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 near the center of the City, 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 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 Economic Development website, there are six commercial projects under active construction and an additional 18 commercial projects either under review or in the plan review process (City of Menifee CIP/Land Development Dashboard, June 11, 2024).

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 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, Shadow Mountain, Quartz Ranch (subject), Country View, Mountain's Edge, Sumac Ridge and Rockport Ranch and 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, along with several completed new home neighborhoods including: Camden Place by Taylor Morrison; The Townes; Union Place and The Village by Lennar; and Artesa, a large upscale apartment project. 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 has been caught in litigation for three years with contractor lawsuits. The City has recently adopted a resolution declaring the Krikorian theater a public nuisance with orders to tear down what is left of the theatre construction. 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 Dominigoni 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 June 9, 2024, Ryness Report (a new home sales tracking and research company), there are 49 new home projects currently selling in the South Riverside submarket with 18 of the 49 new home projects located in Menifee. The average year-to-date sales rate per project for the week ending June 9, 2024, in the South Riverside submarket was 4.6 homes per month which is stronger than the average 2023 sales rate per project was 3.8 sales per month.

In summary, the future growth of Menifee should continue. There are 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. 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.

## IMMEDIATE SURROUNDINGS

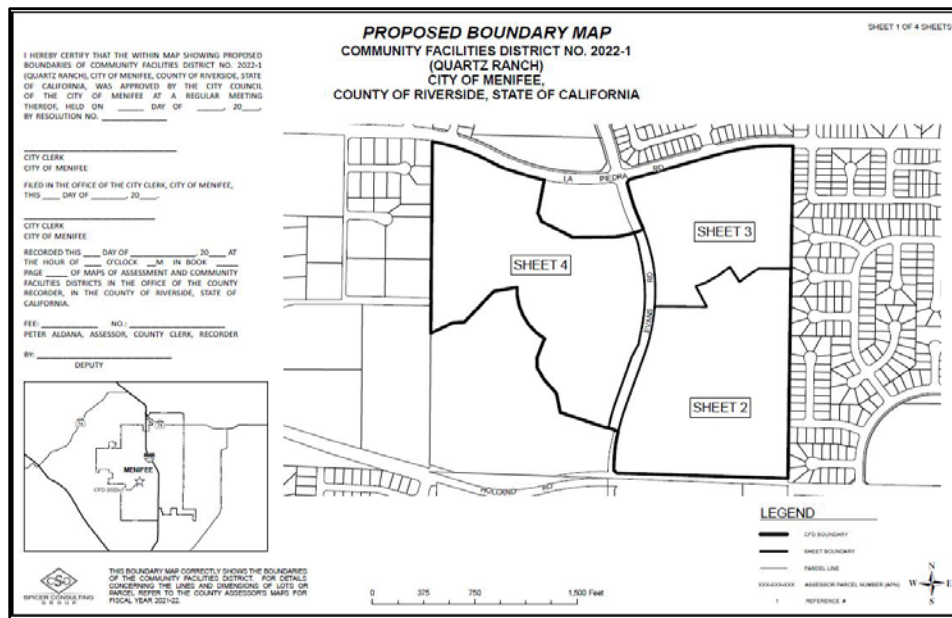
The subject site is located north of Holland Road, south of La Piedra Road along both sides of Evans Road in the central portion of the City, west of I-215 and south of Newport Road. The project has access both from I-215 and from I-15 via Canyon Hills Road which turns into Holland Road (via I-15) and Newport Road (via I-215). The area is generally made up of existing homes to the north and east and more rural existing homes along with vacant lands to the south and west. North of the subject across La Piedra Road is Evans Ranch Elementary School along with the Menifee Preschool. Menifee Town Center, a mixed-use master planned community is located about one mile northeast of the subject. The subject property was generally level at surrounding street grade it was purchased in a raw condition by Lennar in September of 2020.

Shopping is available to the community 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 ten 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 shopping and entertainment, the community is about 3.5 miles away from Loma Linda University Medical Center.

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, less than one mile southeast of the subject; Menifee Valley Middle School located a little over one mile southwest of the subject; and, Evans Ranch Elementary School within walking distance from the subject (adjacent to the subject at the northwest corner of Evans Road and La Piedra Road).

## CITY OF MENIFEE CFD NO. 2022-1

Menifee CFD No. 2022-1 was formed per the Resolution of Intention of the City Council of the City of Menifee dated April 6, 2022. Per the City of Menifee CFD No. 2022-1 CFD Report, the CFD is comprised of approximately 80 taxable acres within Tract Maps 28786, Tract 28791, Tract 29792, Tract 29793, and Tract 28794 which in total encompasses 379 single family detached lots proposed for 379 single-family homes. The overall boundary map is shown below with a larger version of the overall map along with the additional Sheets 2, 3 and 4 located in the Addenda.



Per the CFD Report prepared by Spicer Consulting Group and dated May 18, 2022, the types of facilities that are proposed by Menifee CFD No. 2022-1 consist of the construction, purchase, modification, expansion, rehabilitation and/or improvement of (i) drainage, library, park, landscaping, roadway, traffic, administration and general government facilities, animal shelter facilities, fire and safety, law enforcement 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, 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 \$3,441,017 for City Fees, \$5,654,550 for City Facilities, \$6,398,657 for Eastern Municipal Water District and \$3,279,405 for Menifee Union School District for a total eligible Fees/Improvements estimated at \$18,773,629 along with incidental Financing Costs estimated at \$2,951,371 for a total estimated Bond Proceeds of \$21,725,000. Per the CFD Report, the Assigned Special Tax per developed unit ranges from \$2,781 to \$3,882 depending on the square footage of the home. The first series of bonds for Menifee CFD 2022- 1 (Series 2023-A) were sold in the amount of \$11,525,000 in July 2023. It is the appraiser’s understanding that this is the second and final bond issuance for City of Menifee CFD No. 2022-1. Per the latest sources and uses of funds for the 2024 series of bonds dated June 18, 2024, they are projecting a bond par amount of \$9,465,000 along with a premium of \$202,260 which includes \$8,452,798 of project fund deposits, a debt service reserve fund of \$848,825 and costs of issuance and underwriter’s discount of \$365,637 (all estimated amounts subject to change). A larger copy of the City of Menifee CFD No. 2022-1 boundary map is located in the Addenda for your review.

## SUBJECT PROPERTY DESCRIPTION

The subject property consists of 379 proposed single-family homes within the community known as Quartz Ranch being developed by Lennar. The 379 lots are divided among three single-family detached neighborhoods within the Quartz Ranch community: Meadow Walk, Ridgeline and Canyon View.



**Location:** South side of La Piedra Road along both sides of Evans Road, Menifee, California

**Legal Description:** Lots 1-72 of Tract No. 28786; Lots 1-80 of Tract No. 28791; Lots 1-85 of Tract No. 28792; Lots 1-77 of Tract No. 28793; Lots 1-65 of Tract 28794, all located in City of Menifee, County of Riverside, California.

**Owner of Record:** Individual owners as to: Lots 1-24, 47-49 and 57-72 of Tract 28786; Lots 1-80 of Tract 28791; Lots 1-2, 21-36, 53-54 and 74-85 of Tract 28792; Lots 1-51 and 60-77 of Tract 28793; and Lots 1-35 and 47-65 of Tract 28794. Lennar Homes of California, LLC as to: Lots 25-46, 50-56 of Tract 28786; Lots 3-20, 37-52 and 55-73 of Tract 28792; Lots 52-59 of Tract 28793; and Lots 36-46 of Tract 28794.



**Three-Year  
Sales History:**

Lennar purchased the 379 lots from Pinehurst LLC in September 2020 for \$21,500,000 per public record documents. The property closed in an unimproved condition, with recorded tract maps. Of the 379 proposed homes, 278 homes have closed to individual homebuyers with closing dates between October 18, 2022 and June 14, 2024. As of June 17, 2024, an additional 48 proposed homes are in escrow and due to close upon completion.

**Assessor's Parcel  
Numbers:**

The subject 379 lots encompass Assessor's Parcel Numbers 360-890-016 through -034; 360-891-001 through -005; 360-900-001 through -017; 360-901-001 through -020; 360-902-001 through -011; 360-910-001 through -016; 360-911-001 through -013; 360-920-001 through -029; 360-921-001 through -006; 360-922-001; 360-930-001 through -017; 360-931-001 through -038; 360-932-001 through -025; 360-940-001 through -017; 360-941-001 through -006; 360-942-001 through -019; 360-943-001 through -004; 360-950-001 through -017; 360-951-001 through -016; 360-952-001 through -008; 360-953-001 through -012; 360-960-001 through -012; 360-961-001 through -008, -010 through -045; 360-962-001 through -005; and 360-963-001 through -002.

**Property Taxes:**

We have reviewed the Riverside County Tax Collector's 2023 tax bill for APN 360-902-003, a sample lot within Quartz Ranch. The 2024 tax bill is not available on the County web site at this time. Per the tax collector the total 2023 property tax invoice is \$11,828.88 based on an assessed value of \$630,741. The general-purpose taxes are \$6,307.40; the miscellaneous charges (includes Perris Union HS, Mt. San Jacinto Jr. College, MWD East, EMWD IMP U-35 and 36, and MWD East 1301999) total \$1,111.74; the Special Assessment charges (including the subject CFD 2022-1 Quartz Ranch) total \$4,409.74. This calculates to a total tax rate of 1.88 percent. The overall property taxes are anticipated to be in the 1.8 – 2.0 percent range once all of the Menifee 2022-1 bonds are sold. 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 118.882 gross acres and 89.361 net acres per recorded Tract Map Nos. 28786, 28791, 28792, 28793, and 28794. The difference between the gross and net acreage includes internal streets, several linear open space/landscaping lots, surrounding streets and setback areas, and a 5.52-acre park (known as Lot 66) located in Tract 28794, which is not included within the CFD boundary lines.

**Zoning:** Per the City of Menifee Land Use Map, the subject site is shown as the Newport Estates Specific Plan. The Newport Estates Specific Plan was adopted by the Riverside County Board of Supervisors in July of 2001. Per Specific Plan No. 140-W, Amendment No. 2/Substantial Conformance No. 1, the subject lands are a portion of Planning Areas 3 and 4. Planning Areas 3 and 4 are designated for Medium Density Residential with minimum lot sizes of 7,200 square feet with Planning Area 3 allowed for up to 3.3 dwelling units per acre and Planning Area 4 allowed up to 3.9 dwelling units per acre. Planning Areas 3 and 4 are approved for up to 379 dwelling units per the Specific Plan.

**Entitlements:** The subject property is covered by Tract Map Nos. 28786, 28791, 28792, 28793, and a portion of 28794. All five tract maps were recorded on November 15, 2018. Three of the 379 lots have a slightly smaller size of just under 7,000 square feet; however, the average lot size within Quartz Ranch is over 9,000 square feet. 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>
28786	24.134	18.800	72	3.83
28791	22.425	15.836	80	5.05
28792	23.723	17.207	85	4.94
28793	20.730	16.243	77	4.74
28794	<u>27.870</u>	<u>21.275</u>	<u>65</u>	<u>3.05</u>
<b>Totals</b>	<b>118.882</b>	<b>89.361</b>	<b>379</b>	

\*The net acreage of Tract No. 28794 also includes a 5.52-acre community park which is not included in the CFD boundary lines.

The 379 total lots over the 118.882 gross acres equates to a density of 3.2 dwelling units per acre which is within the allowed density per the Specific Plan. It should be noted that Tract 28786 and 28794 with the lowest density house the model complex and Canyon View which are the largest sized homes. Copies of the above tract maps are located within the Addenda of this report.

**Topography:** The original topography was generally level at street grade of surrounding streets (La Piedra and Holland Roads). The terrain is hilly to the southeast of the subject, but the subject land themselves appear to have been generally level. After grading, the lots are at street level of both the surrounding and internal streets. The lands have been graded and developed into single-family detached lots. Drainage is within an engineered street drainage system with three detention/water quality basins onsite, one adjoining the park site.

**Soils Condition:** We have reviewed an Update Geotechnical Evaluation for Proposed Residential Development of Pacific Mayfield Project (covering Tract Map Nos. 28786, 28791, 28792, 28793, and 28794) prepared by

GeoTek, Inc. and dated February 29, 2016. The report concludes that the proposed development is feasible from a geotechnical standpoint, assuming all recommendations presented in the report are adhered to during construction. 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 the soil's reports were adhered to during construction. This is supported by existing development on the subject lands.

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 County of Riverside, the subject is not located in a Fire Hazard Zone.

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 five Preliminary Title Reports on the subject Tract Map Nos. 28786, 28791, 28792, 28793, and 28794 all prepared by Lennar Title. The Reports are dated and numbered as followed: Tract No. 28786 (Canyon View) covered by Order No. 192002-001185 and dated February 23, 2023; Tract No. 28791 (Ridgeline) covered by Order No. 192002-001186 and dated March 7, 2023; Tract No. 28792 (Ridgeline/Meadow Walk) covered by Order No. 192002-001187 and dated March 7, 2023; Tract No. 28793 (Meadow Walk) covered by Order No. 192002-001188 and dated March 7, 2023; and Tract No. 28794 (Canyon View) covered by Order No. 192002-001189 and dated February 23, 2023. We have reviewed the title reports and they appear typical for subject-type lands. As a sample we are providing the exceptions from Order No. 192002-001185 dated February 23, 2023, which covers the builder-owned lots within Tract 28786. All five title reports are similar. The exceptions within the sample report are as follows:

Item Nos. 1-2 pertains to property taxes and assessments on the property. Item No. 3 states the property is within EMWD CFD No. 2002-07 which was recorded in 2003 and amended in 2014. Item No. 4 refers to CFD No. U-1 for water and sewer facilities which was recorded in 1990. Item No. 5 states the site is within CFD No. 94-1 for Menifee Union School District which was recorded in 1994. Item No. 6 states the property is within CFD No. 2015-2 (City of Menifee) for maintenance services. Item Nos. 7 and 8 refer to the subject CFD No. 2022-1 recorded on the property in 2022. Item Nos. 9, 12, 14,

20, 21, 22, 23, 24, 25, and 29-39 refer to easements for public utilities, cable, open space, public streets and solar. Item Nos. 10 and 11 refer to a memorandum of understanding between MUSD and a previous landowner (Pinehurst LLC). Item No. 13 refers to a notice of conditional cancellation of special taxes between Perris Union High School District and the Menifee Union School District. Item No. 15 refers to rights of access to surrounding streets. Item No. 16 is regarding the School Facilities Funding and Mitigation Agreement recorded in 2019. Item No. 17 pertains to water rights. Item Nos. 18 and 19 refer to water service and a notification of low-pressure water. Item No. 26 refers to CC & Rs recorded on the property in 2022. Item No. 27 pertains to the notice of builder's election of handling construction claims. Item No. 28 refers to the solar notice CC & Rs. Item No. 40 states no known matters were deleted from the report which would affect the property.

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. 2022-1 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.

It is an assumption in this report that the subject property is free and clear of any liens and/or encumbrances with the exception of Menifee CFD No. 2022-1 and the other aforementioned special assessments.

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-215 to Newport Road, west about 1.4 miles to Evans Road and south 0.5 mile past La Piedra Road and into the Quartz Ranch community.

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.

Newport Road is a major commercial arterial through the City of Menifee with on/off ramps to I-215. West of the Freeway at the City limits Newport Road becomes Railroad Canyon Road providing access into the Cities of Canyon Lake and Lake Elsinore. East of the Freeway Newport Road becomes Domenigoni Parkway and

provides access into the area of Hemet and to Diamond Valley Lake, a large reservoir in Riverside County.

Evans Road is a small north/south access road through central Menifee that starts north of the subject at Newport Road, and runs approximately two miles, terminating south of the subject at Garbani Road.

La Piedra Road is a small east/west access road through central Menifee that starts west of the subject at Murrieta Road, and runs approximately 1.75 miles, terminating east of the subject at Haun Road, near the Menifee Countryside Marketplace.

Internal streets within Quartz Ranch include: Cherry Birch Avenue, Cherry Plum Circle, Painted Daisy Circle, Silver Birch Drive, Canary Palm Circle, Yellow Poplar Circle, Coral Berry Drive, Sycamore Pines Circle, Mountain Ash Circle, Oak Summit Drive, Penny Hedge Drive, Cotch Pine Circle, White Pines Drive, Rodin Circle, Ash Summit Circle, Butte Vista Drive, Noble Fir Drive, Valley Heights Drive, Mesa Vista Drive, Evergreen Crest Circle, Rancho Serena, Douglas Crest Circle, and Evans Road. The models are located at the northwestern corner of the subject on Cherry Plum Circle, near the La Piedra Road entrance via Cherry Birch Avenue.

Current Condition: The subject property has been developed into 379 single-family detached lots. The lots have been graded with streets completed and utilities stubbed to each lot. Two-hundred and seventy-eight of the completed homes have closed to individuals. In addition, there are five completed model homes, an additional 19 production homes are over 95 percent complete, 51 homes under construction (under 95 percent complete) and 26 finished and/or partially finished lots.

Condition of Approval: It is the appraiser's understanding that all conditions of approval have been completed and there are no hindrances to stop from the builders from obtaining the 379 certificates of occupancy within the subject property.

Remaining Costs: The majority of the subject lots are in a physically finished lot condition with estimated remaining hard costs for land development including design planning and engineering, Development Impact Fees, Grading, Wet Utilities, Street Final Cap, Dry Utilities and Parks, Landscaping, Common Area and Walls to be \$4,495,296. This does not include any CFD funded fees as we are assuming the 2023 bonds have been funded and accrued to the property. The remaining costs for the subject property of \$4,495,296 are associated with all of the builder-owned property or 101 lots (24 homes over 95 percent complete, 51 lots with homes under construction and 26 remaining lots) suggesting an average amount of \$44,507.88 per lot in

remaining hard 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 Quartz Ranch which maintains the community lighting and landscaping. The HOA monthly assessment will be \$27/month per home at build-out within Quartz Ranch (regardless of which neighborhood within the community). Per Lennar's community website, the current HOA assessment is estimated at \$72/month.

Improvement Description: Quartz Ranch by Lennar includes three neighborhoods known as Meadow Walk, Ridgeline, and Canyon View. Meadow Walk includes five floorplans, featuring one and two-stories, ranging in size from 1,823 to 2,590 square feet. Ridgeline has four floorplans, all single story and ranging in size from 1,950 to 2,767 square feet. Canyon View features the largest homes with four floorplans ranging in size from 2,649 to 4,134 square feet with one- and two-story plans. Within both Ridgeline and Canyon View there is a NextGen home with separate living quarters including a kitchenette, bedroom, bathroom and living space with a separate entrance for multi-generational living. All floorplans across the three neighborhoods offer attached two or three-car garages, concrete tile roofs, roll-up insulated garage doors, gourmet kitchens with granite or slab quartz countertops, interior laundry rooms and primary suites with dual sinks and walk-in closets. Interiors include raised panel interior doors, bullnose corners, tile floors at entry and Shaw vinyl flooring at kitchen, dining, laundry, and bathrooms. Homes include a Honeywell smart thermostat, kitchen islands open to great rooms, stainless steel GE appliances, tankless water heater, LED lighting and drought tolerant front yard landscaping with irrigation system.

Two-hundred and seventy-eight of the 379 proposed homes have closed to individual homebuyers with closing dates between October 18, 2022 and June 14, 2024. Actual sales prices (including premium, upgrades, options, and incentives) within Quartz Ranch ranged from \$459,428 to \$853,485. There are an additional 48 homes in escrow which are due to close upon completion. Base pricing at project opening in May 2022 ranged from \$557,990 to \$788,990 with current (or last in terms of Ridgeline) base pricing ranging from \$570,990 to \$910,760. It should be noted that Lennar is offering concessions, the most popular being an interest rate buydown. Concessions within Quartz Ranch have ranged from \$0 to upwards of \$100,000 with the average concession per home equating to just over \$42,000. The majority of plans have seen a base pricing increase 3.2 to 17.7, while one plan (the largest plan at Ridgeline) has seen a 1.9 percent decrease in base pricing since grand opening. It should be noted that Ridgeline has closed out with the final sale occurring in April 2024



(final model home). The reported base prices for Ridgeline reflect the final base pricing for that community.

Our search of the MLS revealed two closed resales and no current resale listings within Quartz Ranch. Our physical search noted all homes appeared to be in excellent condition. The plans are detailed below.

<b>Quartz Ranch by Lennar</b>					
Plan	Bd/Ba	Floors/ Parking	Sq. Ft.	Ind. Owned	Bldr. Owned
<b>Meadow Walk</b>					
1	3 / 2.5	2 / 2	1,823	17	2
2	3 / 2	1 / 2	1,950	16	3*
3	4 / 3	2 / 2	2,203	19	2*
4	4 / 3	2 / 2	2,419	18	3*
5	4 / 3	2 / 2	2,590	18	1
<i>Subtotal Meadow Walk:</i>				<u>88</u>	<u>11</u>
<b>Ridgeline</b>					
1	3 / 2	1 / 2	1,950	26	0
2	3 / 2	1 / 3	2,287	22	0
3 (NG)	4 / 3	1 / 3	2,434	23	0
4	4 / 3.5	1 / 2	2,767	25	0
<i>Subtotal Ridgeline:</i>				<u>96</u>	<u>0</u>
<b>Canyon View</b>					
1	4 / 3.5	2 / 3	2,649	23	3
2	4 / 3.5	1 / 2	2,767	23	3
3	4 / 2.5	2 / 2	2,809	26	3*
4 (NG)	6 / 4.5	2 / 3	4,134	22	4*
<i>Subtotal Canyon View:</i>				<u>94</u>	<u>13</u>
<b>Total Quartz Ranch</b>				<b>278</b>	<b>24</b>

\*One of each of these plans is a model home. NG stands for NextGen, representing a floorplan that features a first-floor suite with separate entrance, kitchenette and living area. There are an additional 51 homes under construction, and 26 additional finished lots that are all owned by Lennar (not shown on the above table).

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## RIVERSIDE COUNTY HOUSING MARKET

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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 (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 six 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. Due to the impact of COVID, new home sales in most cities in the County in 2020 through 2022 were higher than the coastal communities due to affordability, the work from home factor, and the fact that millennials are finally entering the housing market.

### **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. 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.

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. The most recent unemployment rate for the County is 4.9 percent (per the April 2024 EDD report). The end of 2022 saw lower unemployment rates than the County's pre-COVID unemployment rate in February 2020 of 4.0 percent, however 2023 saw unemployment rising from 3.6 to a high of 5.5 percent. Thus far in 2024, unemployment has decreased about one-half percent. 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 June 18, 2024, 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.

Per the Zonda National Economic and Housing Market Update in March 2024, the rate of growth of new home sales is off from COVID highs but up from 2022 sales numbers, suggesting a healthy market. Per their survey of over 300 new-home builders nationally, the builders are stating sales are continuing but report they had to adjust pricing and incentives to “find the market.” In the January 2023 survey, 50 percent of builders surveyed were lowering their prices and the remaining 50 percent stated their pricing was flat. In March 2024, the survey resulted in 50 percent of the builders stating their pricing was increasing a little, 46 percent of builders stating their pricing was flat and 4 percent dropping prices. This is a very different dynamic than in January 2023 which was partly due to builder’s readjusting concessions (interest rate buy-downs), and partly due to the market accepting the mortgage rate increases. In today’s market, over 60 percent of new-home builders in the U.S. are offering either full-term or temporary interest rate buy-downs (John Burns Research and Consulting) which is helping to sustain new home sales. Per Zonda, in March 2024, 80 percent of new home builders in the Inland Empire are offering incentives.

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. The builders are attempting to find the “sweet spot” in incentives. In their September 2023 survey of 300 builders nationwide, Zonda asked builders to check all that they were offering and found 70 percent of builders surveyed were offering rate buydowns, 60 percent were offering funds towards closing costs, 33 percent were offering flex dollars, 22 percent were offering lower home prices and 20 percent were offering funds toward options and upgrades. The question is, how long can builders continue to offer these significant incentives. As rates go higher, the extent that builders can buy-down the mortgage rates goes down. In the April 2024 Zonda survey,

61 percent of builders surveyed stated demand was higher than or on-track with expectations, however 39 percent stated demand was slower than anticipated.

Home loan mortgage rates have been and are still playing a huge part in the housing market. The Board held mortgage 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 rising prices and rising interest rates. Mortgage applications had been spiking in late 2020 and 2021 due to the low rates and the fear rates were going to start ticking up, which began happening in March 2022. The Board has increased the rate eleven times between March 2022 and August 2023, which increased the FFR from 0-0.25 percent to 5.25-5.50 percent. At the latest Board meeting in June 2024, they paused the FFR increases for the sixth time and suggested a possible decrease later in the year. 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 appears to be occurring as the latest reports are showing inflation in April 2024 at 3.4 percent, significantly down from a high of 9.1 percent in June 2022 however higher than recent readings.

While new home builders slowed production as sales slowed in 2022, the spring of 2023 brought optimism to builders once again. Sales were up month over month as buyers adjusted to higher mortgage rates and the existing home inventory is at all-time lows. Existing homeowners that are locked into an under-four percent mortgage are not moving up due to the current seven percent 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 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 the new Legado the only master plan 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 develops the land for its own use such as Quartz Ranch by Lennar (subject property).

Land sales in the Inland Empire slowly grew from 2012 up to a peak in 2017, with 2018 and 2019 showing lower land transactions. Once home sales exploded in May 2020, land sales followed with a significant number of residential land sales to builders in the Inland Empire during the second half of 2020 and throughout 2021. In late 2021 and early 2022, prior to the FFR increases, builders were paying significantly more for residential land that was ready to develop as demand was up and supply was shrinking. The beginning of 2022 continued with residential land sales going under contract until May, when new home sales began to fall sharply. 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." The increase in optimism from new home builders outlook is partially due to the extreme slowdown of existing home inventory which is fueling new home sales. Per Zonda in the first quarter 2024 there were about 11,478 vacant developed lots in the Inland Empire, which is down 23 percent from the previous year.



### **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 June 9, 2024, Ryness Report, the year-to-date average sales rate (4.20 sales per month) is about three percent higher than the same time period of the previous year (4.07 sales per month). Surprisingly, even with the increases in pricing and mortgage rates, sales of new homes are occurring at a very good pace; however, this is partially due to the extremely limited supply of existing homes which is creating more demand for new homes. New home sales rates started to level off in late Spring 2022, likely due to the increase in mortgage interest rates; however, with the limited existing homes on the market, new homes are enjoying a boost. One 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 June 9, 2024, Inland Empire Ryness Report to one year prior, there are 16 fewer projects (251 in June 2023 and 235 in June 2024) and sales are about three percent higher year-to-date than the previous year at 4.2 sales per month. Looking back, in 2023 the average sales rate per project in the Inland Empire was 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. Per Zonda's May 2024 Market Report on the Inland Empire, the 12-month annualized average new home sales rate is outpacing both that of California and of the U.S.

New single-family home pricing (combines both attached and detached) in the Inland Empire has also seen changes. The median 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 \$598,490 which is down from a record high of \$650,000 in May 2022 per the California Association of Realtors' latest market report. The current

median price reflects an increase of over 100 percent from the bottom of the cycle and an increase of almost 37 percent over its peak during the Great Recession, however a decrease from the 2022 peak of almost eight percent. In reality, this decrease is actually larger as builders are buying down interest rates which costs the builder, at times, up to \$100,000, however, the amount is not reflected in the recorded sales price. 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.

Within our search for the most comparable actively selling new home communities, we searched the subject's city of Menifee, which has a multitude of actively selling new homes communities. Because the City 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 14 new home projects (including the subject's three product lines) with base pricing ranging from \$546,990 to \$910,760, with the majority of base pricing in the \$590,000 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 and the largest floorplan making up the top end of the 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 May 2024 (\$880,000) reflects an increase of ten percent from the previous year (\$800,000 in May 2023) and the same as the previous month. Existing home sales in Southern California overall were down one percent year-over-year as of May 2024, however up 8.9 percent from the previous month. The overall Southern California numbers compare to Riverside County with \$650,000 as the median price paid for an existing home in the County in May 2024, the same as the previous month and up 3.3 percent from one year ago. Sales of existing homes in the County were up 4.4 percent

month-over-month and down 7.7 percent year-over-year due to limited inventory, higher mortgage rates, and high home prices. Sales slowed significantly for existing homes in 2022 and 2023 reflecting homeowners not ready to sell due to the changing market. Thus far in 2024 existing home sales have risen, 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	May 2024	Apr. 2024	May 2023	Price MTM % Change	Price YTY % Change	Sales YTY % Change
Los Angeles	\$811,610	\$825,970	\$744,770	(1.7%)	9.0%	(2.6%)
Orange	\$1,422,500	\$1,440,000	\$1,256,500	(1.2%)	13.2%	12.2%
Riverside	\$650,000	\$650,000	\$629,000	0.0%	3.3%	(7.7%)
San Bernardino	\$488,900	\$516,080	\$455,000	(5.3%)	7.5%	(2.2%)
San Diego	\$1,025,000	\$1,047,500	\$935,000	(2.1%)	9.6%	0.7%
Ventura	\$925,000	\$940,000	\$925,500	(1.6%)	(0.1%)	(2.1%)
Southern Calif.	\$880,000	\$880,000	\$800,000	0.0%	10.0%	(1.0%)

Source: California Association of Realtors

It is interesting to note that all Southern California Counties have had prices either stay the same or decrease since last month. This may be signaling that pricing has hit the peak at this time. Based on May 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 \$161,610 as compared to Los Angeles County, \$275,000 as compared to Ventura County, \$375,000 as compared to San Diego County and \$772,500 as compared to Orange County. That is, in May 2024, the median priced home in Riverside County was \$772,500 less (or over 50 percent less) than the median priced home in Orange County (\$1,422,500). However, San Bernardino County has a \$161,100 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 below.

ZIP Code/Community Name	Border To Subject	Sales of Homes May 2024	Sales % Change from May 2023	May 2024 Price Median	Price % Change from May 2023	May 2024 PSF Median
92584 (Subject ZIP)	Subject	189	(14.1%)	\$622,000	5.4%	\$281
92586 (Sun City)	North	135	7.1%	\$408,000	11.3%	\$290
92587 (Canyon Lake)	Northwest	70	2.9%	\$650,000	1.1%	\$344
92532 (Lake Elsinore)	West	92	21.0%	\$625,500	7.8%	\$272
92596 (Winchester)	East	224	55.0%	\$623,750	3.9%	\$277
92563 (Murrieta Hot Springs)	Southeast	191	(11.6%)	\$695,000	8.2%	\$290
92595 (Wildomar)	Southwest	89	27.1%	\$655,000	7.4%	\$285
92562 (Murrieta/La Cresta)	South	210	1.4%	\$652,000	1.2%	\$331

Source: Redfin.com Housing Market Trends May 2024

The median price of a detached resale home in the subject's market area is \$622,000, which is mid-way in the range of average resale detached home prices in the subject's surrounding area. 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 7.7 percent sales decrease from May 2023 to May 2024.

### **Quartz Ranch Sales, Pricing and Competition**

Quartz Ranch opened for sale in June 2022 with opening base pricing ranging from \$557,990 to \$788,990. The current (or final) base pricing at Quartz Ranch ranges from \$570,990 to \$910,760, with all but one floorplan showing a base price increase since grand opening. Within Meadow Walk and Canyon View, base pricing has increased from 3.4 to 17.7 percent, or \$19,500 to \$121,770. Base pricing at Ridgeline increased from 3.2 to 8.5 percent (\$20,000 to \$54,000) on three floorplans and decreased 1.9 percent (\$11,000) on its smallest floorplan. The largest floorplan of all three communities (Plan 4 at Canyon View) has seen the most significant dollar increase with a \$121,770 base price increase since grand opening. It is important to note that the vast majority of the homes within Quartz Ranch are closing with significant 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 \$459,428 to \$853,485. Within the subject, Lennar has closed 278 homes to individuals between October 18, 2022, and June 17, 2024, with an additional 48 homes in escrow which are due to close upon completion. While the community grand opened in June 2022, the first

contract was written in May 2022 with the most recent sale in June 2024. The total of 326 sales equates to an average overall absorption rate of 13.6 homes per month. When looking at each product line individually, the absorption is: 4.7 homes per month for Meadow Walk; 4.8 homes per month for Ridgeline (which sold out in February 2024); and 4.9 homes per month for Canyon View. These are considered to be excellent absorption rates for the subject marketplace, all slightly higher than the Inland Empire's overall average sales rate (4.2 sales per month). According to the Ryness Report dated June 9, 2024, there are currently 49 new home projects in the South Riverside submarket which includes the communities of Winchester, Menifee, Wildomar, Lake Elsinore and the French Valley. The 49 projects include 18 projects within Menifee. The average absorption rate within the 49 South Riverside communities' year to date per the June 9, 2024 Ryness Report is 4.6 sales per month. The subject sales rates in the 4.7 to 4.9 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 early 2022. 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 latest statistics suggest a possible slowdown in sales as interest rates have risen substantially; 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 in late 2022 and early 2023, the past year there has been price increases as builders offered incentives. Builders' optimism appears to have returned with the majority of builders generally believing prices will increase slightly in 2024 or remain flat. Despite uncertainty hitting the market due to 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, despite a possible economic slowdown.

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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 sites 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 118.882 gross acres in an irregular shaped parcel on the south side of La Piedra Road at Evans Road in Menifee. The site has good access from I-215 via Newport Road. The site was generally level at street grade of both La Piedra and Evans Roads, which are both paved. The site has been graded and developed into 379 generally level, mostly finished lots with internal streets nearing completion with utilities being stubbed to each lot. The property is surrounded by existing homes, rural housing, and vacant lands. Evans Ranch Elementary School and Menifee Preschool are located north of the subject across La Piedra Road. We have reviewed a geotechnical

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

report which concluded development of the site for residential use was feasible from a geotechnical standpoint if all recommendations were adhered to. We have not received any environmental reports 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 5.52-acre park in the northern portion of the community which is not included in the subject boundary lines. An engineered drainage system appears to have been designed to alleviate any potential flooding problems and to control project water runoff. All standard utilities serve the subject property. The site has good access via I-215 to Newport Road, west to Evans Road and south to the subject property or via I-15 to Railroad Canyon Road (turns into Newport Road) and east to Evans Road, south to the subject. There is currently 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 part of the Newport Estates Specific Plan. Per the Newport Estates Specific Plan, the subject lands are a portion of Planning Areas 3 and 4, which are designated as Medium Density Residential with minimum 7,200 square foot lots. Recorded Tract Map Nos. 28786, 28791, 28792, 28793, and 28794 subdivide the subject 118.872 gross acres into 379 single-family lots with a minimum lot size of 7,200 square feet. This equates to a density of 3.188 dwelling units per acre. The approved mapping is also 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 until 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.

Within Menifee CFD No. 2022-1, out of 379 proposed houses, there have been 326 home sales to date including 278 home closings. All structures appear to be in excellent condition with no physical depreciation apparent. Within the new home market in Menifee, we found 11 additional projects to be comparable to the subject properties. 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 cities of Sun City 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 area for comparable land sales resulted in seven land sales plus two active escrows within Menifee area marketplace in the past 12 months, including neighboring Winchester, Murrieta, and Temecula.

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 Quartz Ranch which has three neighborhoods known as Meadow Walk, Ridgeline, and Canyon View, all being built, marketed, and sold by Lennar. Quartz Ranch opened for sale in June 2022 and has sold 326 homes resulting in a total combined sales rate over the three projects of 13.6 sales per month. When reviewing each neighborhood, Meadow Walk has sold 113 homes suggesting an average sales rate of 4.7 homes per month. Ridgeline has sold all 96 homes, selling the last one in February of this year for an average sales rate of 4.8 sales per month. Canyon View has sold 117 homes to date suggesting an average sales rate of 4.9 homes per month. There are 49 actively marketing new home communities in the subject’s South Riverside submarket (18 of those within Menifee) that have a year-to-date average absorption rate of 4.6 sales per month (according to the Ryness Report dated June 9, 2024). All three projects have higher than average sales rates than the overall market area. When comparing the subject project’s sales rates of 4.7, 4.8 and 4.9 home sales per month to the overall Inland Empire, the average sales rate is 4.2 sales per month, lower than all three of the 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 11 additional projects considered to be comparable with similar sized homes in the Menifee area. The sales rates within the comparable projects range from 2.5 to 5.2 sales per month.

Base pricing within the three neighborhoods within Quartz Ranch have had price adjustments since opening, with all but one floorplan showing significant price increases. Within Meadow Walk (the smallest homes and generally least expensive homes), prices have increased 3.6 to 5.4 percent, or \$19,500 to \$30,290 per plan. At Ridgeline (mid-range sizes), the smallest plan actually decreased 1.9 percent (\$11,000) in base price since opening, but the three larger plans have increased between 3.2 to 8.5 percent, or \$20,000 to \$54,000 per plan. Within Canyon View (generally larger and more expensive homes), all four plans have increased in base pricing since opening, from 10.7 to 17.7 percent, or \$68,825 to \$121,770. While base pricing has generally seen significant increases since opening base pricing, the seller is offering incentives which typically includes a buy-down of the interest rate that ranges from \$0 to \$118,266 within Quartz Ranch with the average incentive just over \$43,000 per home. 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.

The sales rate within the subject and the competitive projects in the immediate area suggest there is demand for new 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 Quartz Ranch's sales rates, it is our conclusion that the highest and best use for the subject property is for the continued use, as improved.

## VALUATION ANALYSIS AND CONCLUSIONS

The Sales Comparison Approach will be used to value the subject property. This approach compares similar properties that have recently sold or are in escrow. In determining the value for the property, a unit of comparison needs to be addressed. For single-family detached lots, the lots are typically sold on a finished lot basis. That is, the sales price is determined by a finished lot value and then the remaining costs to develop the property to a finished lot condition are 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 the case of the completed (over 95 percent complete) builder-owned models and production units, the homes will be valued using the Sales Comparison Approach to value to conclude on a retail base value for each plan, followed by a Discounted Cash Flow ("DCF") Analysis due to the "bulk" or single ownership. The DCF will consider the fair market value of the completed homes (utilizing the Sales Comparison Approach), any remaining 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. 2022-1 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**

Quartz Ranch consists of 278 individually owned homes, five model homes, 19 production homes over 95 complete (all in escrow), 51 homes under construction (under 95 percent complete, 29 in escrow) and 26 remaining lots which are either in a finished condition or in a nearly finished condition. Three lots have a minimum square footage of 6,970 square feet while the rest are 7,200 square foot minimum lot size with the average lot size within the Quartz Ranch over 9,000 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 77 lots (26 lots plus 51 lots with homes under construction that are under 95 percent complete). We have searched the area and found the nine land transactions summarized in the Addenda. A discussion of each in relation to the subject site is below.

**Land Sale No. 1** refers to the most recent closed residential land transaction in the area. Meritage Homes purchased the SEC of Grand Avenue and Leon Road in Winchester in April 2024 for \$10,293,500 or \$45,953 per lot based on an estimated finished lot price of \$205,000. The lands are located about 5.5 miles northeast of the subject in the unincorporated area of Winchester and were unimproved at time of sale with final engineering in process. The 224 lots range in size from a 4,000 square foot minimum to 5,000 square foot minimum to 10,000 square foot minimum. The reported price is a blended price for all three lot sizes. In comparison to the subject property the majority of these lots are considered inferior in size and the location is considered to be inferior. The subject lots are located in the City of Menifee while this location in Winchester is further out for commuters and is in a less developed area.

**Land Sale No. 2** is located about four miles north 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, and this location is considered to be slightly inferior as it is a bit further out for commuters. In addition, the number of lots in this transaction (491) is considered a bulk sale as builders typically purchase between 150 and 250 lots in a transaction which makes it inferior to the subject also.

**Land Sale No. 3** refers to the purchase of 197 single-family detached lots with a minimum lot size of 6,000 square feet located about 3.5 miles east of the subject site along the south side of Domenigoni Parkway at Lindenberger Road in Menifee. Pulte purchased the site from Diamond Brothers Five in January 2024 for \$8,500,000 or \$43,147 per lot based on an estimated finished lot price of \$240,000. The site closed with a recorded final map in an unimproved condition. Pulte is nearing sell-out of their successful Banner Park community which is located just north of this site. In comparison to the subject property, this site is considered to be slightly inferior in location (further out for commuters) and inferior in condition as the subject lots are physically finished. While the costs of development are considered in the comparison, the risk of development is not.

**Land Sale No. 4** is the closest comparable to the subject as it is located about one mile northeast of the subject in Menifee at the southwest corner of Bradley Road and Boynton Lane. Richmond American purchased the 198 lots in December 2023 for \$22,077,500 or \$111,502 per lot based on an estimated finished lot price of \$225,000. The lots have a 3,000 square foot minimum, which is substantially smaller than the subject's average 9,000 square foot lots. This is an infill site within Menifee which was purchased in an unimproved condition, however surrounding streets are in place making finishing costs lower than typical. In comparison to the subject property this site is considered to be significantly inferior due to lot size.

**Land Sale No. 5** refers to the sale of a property located in Temecula about 10 miles south of the subject known as Prado at Date Street and Temecula Center Drive. Meritage Homes purchased the site which is mapped for 237 small lots (minimum 3,000 square feet) in August 2023 for \$37,000,000 or \$156,118 per lot based on an estimated finished lot price of \$255,000. This is located within Planning Area 12 of the successful Harveston Specific Plan which was formerly designated as service commercial however amended in 2020 to have a residential overlay on the site. In addition, an approved final map was processed on the site for 237 lots with a minimum lot size of 3,000 square feet. The site had been mass graded in 2003 (at time of the original approvals for the Specific Plan). In comparison to the subject site this transaction is considered to be significantly inferior in lot size, however slightly superior in location (Temecula versus Menifee). Per Redfin Market Trends, the May 2024, median home price in Temecula was \$725,000 or 25 percent higher than the median home price in Menifee of \$581,394.

**Land Sale No. 6** pertains to the D.R. Horton purchase of a parcel located on the south side of the I-15 in Wildomar at Palomar Street and Starbuck Circle about 6.5 miles southwest of the subject property. The site is zoned R-1 for single-family residential with a minimum lot size of 7,200 square feet. D.R. Horton purchased the site in June 2023 for \$7,000,000 or \$55,555 per lot based on an estimated finished lot price of \$265,000. The development costs are higher due to the offsite improvements which are needed and the fact that the site is unimproved. There is an approved final map for the 126 lots on the site. In comparison to the subject property this location is considered to be similar (Wildomar versus Menifee). This sale is considered to be inferior due to the unimproved nature of the site versus the subject's graded and finished or nearly finished condition. While costs are taken into account in our analysis, the risk associated with the development is not.

**Land Sale No. 7** pertains to the KB Home purchase of 176 lots known as the Enclave in Menifee, west of Murrieta Road and south of McCall Boulevard. This site is hilly and unimproved with a recorded final map for lots with a minimum lot size of 10,000 square feet. KB Home purchased the site in May 2023 for \$8,000,000 or \$45,455 per lot based on a finished lot amount estimated at \$290,000 at time of purchase. A significant amount

of grading will be needed to improve this site. In comparison to the subject property this site is considered to be inferior in condition, however there is view potential for some of the lots. This location is slightly inferior when compared to the subject's site in Menifee in a more developed area.

**Land Sale No. 8** refers to the current escrow of a generally level large lot located at the northwest corner of Briggs Road and Holland Road in Menifee, about 3.5 miles east of the subject site. The property is an in-fill parcel in what is considered a good location, across from an existing elementary school and a block from a regional park. The parcel has an approved final map and is anticipated to close in an unimproved condition. There are existing newer homes to the west and south, and an older mobile home park to the north. North of the mobile home park is Rockport Ranch, a successful new community by Lennar that is currently selling. A public builder is in escrow to purchase the site based on a reported \$253,000 finished lot value. The finished lot value takes into consideration a CFD similar to the subject property. The actual sales amount and buyer has been retained in our files for confidentiality purposes. In comparison to the subject property this is considered to be similar in location however slightly superior in date of sale as this transaction is not yet closed. The transaction was negotiated over a year ago. It is anticipated to close in July 2024, however there are no guarantees.

**Land Sale No. 9** pertains to a current escrow of Canterwood, Phase II at the southeast corner of Holland and Leon Roads in Winchester, about 4.5 miles east of the subject. A public builder is in escrow to purchase the 146 lots with a minimum lot size of 5,000 square feet with an estimated closing date in late June 2024. The builder and actual sale amount have been retained in our files for confidentiality purposes. The property is in escrow based on a \$227,500 finished lot. The first phase of Canterwood sold in April of 2022 to DR Horton with 4,700-square-foot lots based on a finished lot price of \$175,000. The finished lot takes into consideration a CFD similar to the subject. The first phase was sold under the normal market value due to significant offsite work which was needed due to this being an undeveloped area surrounded by vacant parcels. DR Horton is advertising their Willowpoint and Juniper at Canterwood neighborhoods coming soon but no pricing is yet available. In comparison to the subject property, this location is slightly more remote

which is considered inferior. When comparing the current escrow, it is considered superior to the subject as it is not yet a closed sale.

The chart below 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	4 / 24	4,000, 5,000, 10,000	\$205,000	Inferior – Condition & Location
2	Menifee	3 / 24	5,000 – 7,000	\$240,000	Inferior – Condition, Lot Size & Location
3	Menifee	1 / 24	6,000	\$240,000	Inferior – Lot Size & Location
4	Menifee	12 / 23	3,000	\$225,000	Inferior – Condition & Lot Size
5	Temecula	8 / 23	3,000	\$255,000	Superior – Location Inferior – Lot Size
6	Wildomar	6 / 23	7,200	\$265,000	Inferior – Condition
7	Menifee	5 / 23	10,000	\$290,000	Superior – Lot Size and View Potential Inferior – Condition
8	Menifee	Esc.	6,000	\$253,000	Superior – Not Closed Sale Inferior Condition & Lot Size
9	Menifee	Esc.	5,000	\$227,500	Superior – Not Closed Sale Inferior – Condition, Location & Lot Size

The market data has an overall finished lot range from \$205,000 to \$290,000. Data No. 1, at the lowest end of the range is located in Winchester, further out for commuters which makes it inferior. Data No. 7 at the high end of the range refers to slightly larger lots, many which will have view potential. The remaining market data ranges from \$225,000 to \$265,000 on a finished basis. The subject lots are all in a physically finished condition. The above market data is considered to be good and includes two current escrows, showing current activity in the subject marketplace.

We have concluded that the subject lots have a current market value of \$250,000 for the average 9,000 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 \$44,507.88 per lot. The value conclusion for the final lot within Quartz Ranch is calculated below:

77 Lots x \$250,000	\$ 19,250,000
Less: Remaining Costs (\$44,507.88 x 77)	<u>( 3,427,107)</u>
Current Value for Remaining Lots	<b><u>\$ 15,822,893</u></b>

### **Retail House Valuations**

Due to the single ownership of multiple houses by Lennar including model homes and production homes over 95 percent complete, a Discounted Cash Flow (“DCF”) analysis is needed in order to arrive at a bulk value for the homes. 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. 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.

Quartz Ranch consists of 278 individually owned homes, five model homes (none in escrow), 19 homes over 95 percent complete (all in escrow), 51 houses under construction (29 in escrow), and 26 additional finished/partially finished lots (none in escrow). The homes under construction and the lots have been valued above. The 24 builder-owned homes over 95 percent complete (including five model homes) are being addressed in this section with a separate valuation for each plan.

Below is a summary of the floor plans within Meadow Walk, Ridgeline and Canyon View in Quartz Ranch. 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 Menifee. Our search of the subject property and the local Multiple Listing Service (MLS) has resulted in two closed resales and no current resale listings within Quartz Ranch.

The plans are detailed below.

Quartz Ranch by Lennar					
Plan	Bd/Ba	Floors/ Parking	Sq. Ft.	Ind. Owned	Bldr. Owned
<b>Meadow Walk</b>					
1	3 / 2.5	2 / 2	1,823	17	2
2	3 / 2	1 / 2	1,950	16	3*
3	4 / 3	2 / 2	2,203	19	2*
4	4 / 3	2 / 2	2,419	18	3*
5	4 / 3	2 / 2	2,590	18	1
<i>Subtotal Meadow Walk:</i>				<u>88</u>	<u>11</u>
<b>Ridgeline</b>					
1	3 / 2	1 / 2	1,950	26	0
2	3 / 2	1 / 3	2,287	22	0
3 (NG)	4 / 3	1 / 3	2,434	23	0
4	4 / 3.5	1 / 2	2,767	25	0
<i>Subtotal Ridgeline:</i>				<u>96</u>	<u>0</u>
<b>Canyon View</b>					
1	4 / 3.5	2 / 3	2,649	23	3
2	4 / 3.5	1 / 2	2,767	23	3
3	4 / 2.5	2 / 2	2,809	26	3*
4 (NG)	6 / 4.5	2 / 3	4,134	22	4*
<i>Subtotal Canyon View:</i>				<u>94</u>	<u>13</u>
<b>Total Quartz Ranch</b>				<b>278</b>	<b>24</b>

\*One of each of these plans is a model home. NG stands for NextGen, representing a floorplan that features a first-floor suite with separate entrance, kitchenette and living area. There are an additional 51 homes under construction, and 26 additional finished lots that are all owned by Lennar (not shown on the above table).

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

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	1	3 / 2.5	2 / 2	1,823	--
1	2	3 / 2	1 / 2	1,950	\$303.33
1	3	4 / 3	2 / 2	2,203	\$278.84
7	1	3 / 2	1 / 2	1,959	\$284.32
8	3	4 / 2	1 / 2	1,846	\$309.31
8	4	4 / 3	2 / 2	1,977	\$295.90
9	1	3 / 2.5	2 / 2	1,843	\$297.09
11	S2	4 / 3	2 / 2	2,320	\$263.36
13	1	3 / 2	1 / 2	1,764	\$314.20

All new home comparables are located within Menifee. 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 \$263.36 to \$314.20 per square foot. Meadow Walk Plan 1 is the smallest two-story home in the area, thus we have included some single story homes in our analysis. Plan 1 has a current base asking price of \$322.70 per square foot. There have been 17 closings of Meadow Walk Plan 1 with sales prices ranging from \$252.02 to \$329.54 per square foot. There are currently five escrows of Meadow Walk Plan 1, with a price range of \$289.05 to \$321.22 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. For Meadow Walk Plan 1, the concessions range from \$3,519 to \$65,894 or from \$1.93 to \$36.15 per square foot. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Meadow Walk Plan 1 has a base current market value of \$280.00 per square foot. This calculates as follows:

$$1,823 \text{ sf} \times \$280.00 = \$510,440$$

The most appropriate new home comparable data for Meadow Walk 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	1 / 2	1,950	--
1	1	3 / 2.5	2 / 2	1,823	\$322.70
6	1	4 / 2	1 / 2	1,959	\$283.30
7	1	3 / 2	1 / 2	1,959	\$284.32
8	3	4 / 2	1 / 2	1,846	\$309.31
8	4	4 / 3	2 / 2	1,977	\$295.90
11	S1	4 / 2.5	1 / 2	1,910	\$310.99
12	1	3 / 2	1 / 2	1,939	\$321.68
13	1	3 / 2	1 / 2	1,764	\$314.20

All new home comparables are located within Menifee. 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 \$283.30 to \$322.70 per square foot. Meadow Walk Plan 2 has a current base asking price of \$303.33 per square foot. Meadow Walk Plan 2 is the same floorplan

as Ridgeline Plan 1 (seen above as Data #2, Model #1). There have been 16 closings of Meadow Walk Plan 2 with sales prices ranging from \$241.33 to \$301.12 per square foot. There are currently seven escrows of Meadow Walk Plan 2, with a price range of \$281.19 to \$302.43 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. For Meadow Walk Plan 2, the concessions range from \$5,033 to \$68,134 or from \$2.58 to \$34.94 per square foot. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Meadow Walk Plan 2 has a base current market value of \$275.00 per square foot. This calculates as follows:

$$1,950 \text{ sf} \times \$275.00 = \$536,250$$

The most appropriate new home comparable data for Meadow Walk 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	4 / 3	2 / 2	2,203	--
1	1	3 / 2.5	2 / 2	1,823	\$322.70
1	4	4 / 3	2 / 2	2,419	\$259.62
4	1	3 / 2	1 / 2	2,270	\$331.56
6	2	5 / 2.5	2 / 2	2,397	\$246.14
8	5	4 / 3	2 / 2	2,219	\$269.94
9	3	4 / 3	2 / 2	2,203	\$251.16
10	1	4 / 2	1 / 2	2,336	\$248.25
11	S2	4 / 3	2 / 2	2,320	\$263.36

All new home comparables are located within Menifee. 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 \$246.14 to \$331.56 per square foot. Meadow Walk Plan 3 has a current base asking price of \$278.84 per square foot. There have been 19 closings of Meadow Walk Plan 3 with sales prices ranging from \$215.34 to \$272.68 per square foot. There are currently three escrows of Meadow Walk Plan 3, with a price range of \$263.47 to \$279.07 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. For Meadow Walk Plan 3, the concessions range from \$0 to \$85,130 or from \$0 to \$38.64 per square foot. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Meadow Walk Plan 3 has a base current market value of \$255.00 per square foot. This calculates as follows:

$$2,203 \text{ sf} \times \$255.00 = \$561,765$$

The most appropriate new home comparable data for Meadow Walk 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	4 / 3	2 / 2	2,419	--
1	3	4 / 3	2 / 2	2,203	\$278.84
1	5	4 / 3	2 / 2	2,590	\$244.85
6	2	5 / 2.5	2 / 2	2,397	\$246.14
8	6	4 / 3	2 / 2	2,454	\$252.24
10	1	4 / 2	1 / 2	2,336	\$248.25
10	2	4 / 3	2 / 2	2,590	\$230.05
11	S2	4 / 3	2 / 2	2,320	\$263.36
11	S3	4 / 3	2 / 2	2,541	\$245.97
13	2	4 / 3	2 / 2	2,443	\$260.30

All new home comparables are located within Menifee. 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 \$230.05 to \$278.84 per square foot. Meadow Walk Plan 4 has a current base asking price of \$259.62 per square foot. There have been 18 closings of Meadow Walk Plan 4 with sales prices ranging from \$207.22 to \$248.72 per square foot. There are currently four escrows of Meadow Walk Plan 4, with a price range of \$238.00 to \$258.98 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. For Meadow Walk Plan 4,

the concessions range from \$0 to \$64,455 or from \$0 to \$26.65 per square foot. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Meadow Walk Plan 4 has a base current market value of \$235.00 per square foot. This calculates as follows:

$$2,419 \text{ sf} \times \$235.00 = \$568,465$$

The most appropriate new home comparable data for Meadow Walk Plan 5 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.	5	4 / 3	2 / 2	2,590	--
1	4	4 / 3	2 / 2	2,419	\$259.62
3	1	4 / 3.5	2 / 3	2,649	\$261.54
6	3	5 / 3	2 / 2	2,824	\$219.19
8	6	4 / 3	2 / 2	2,454	\$252.24
10	2	4 / 3	2 / 2	2,590	\$230.05
11	S3	4 / 3	2 / 2	2,541	\$245.97
11	S4	4 / 3	2 / 2	2,771	\$230.24
12	2	5 / 3.5	1 / 2	2,752	\$235.61
13	3	4 / 3	2 / 2	2,612	\$246.59

All new home comparables are located within Menifee. 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 \$219.19 to \$261.54 per square foot. Meadow Walk Plan 5 has a current base asking price of \$244.85 per square foot. There have been 18 closings of Meadow Walk Plan 5 with sales prices ranging from \$180.91 to \$234.47 per square foot. There are currently six escrows of Meadow Walk Plan 5, with a price range of \$233.52 to \$246.20 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. For Meadow Walk Plan 5, the concessions range from \$0 to \$90,413 or from \$0 to \$34.91 per square foot. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Meadow Walk Plan 5 has a base current market value of \$225.00 per square foot. This

calculates as follows:

$$2,590 \text{ sf} \times \$225.00 = \$582,750$$

The most appropriate new home comparable data for Ridgeline 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	3 / 2	1 / 2	1,950	--
1	1	3 / 2.5	2 / 2	1,823	\$322.70
1	2	3 / 2	1 / 2	1,950	\$303.33
6	1	4 / 2	1 / 2	1,959	\$283.30
7	1	3 / 2	1 / 2	1,959	\$284.32
8	3	4 / 2	1 / 2	1,846	\$309.31
9	2	3 / 2	1 / 2	1,950	\$288.39
11	S1	4 / 2.5	1 / 2	1,910	\$310.99
12	1	3 / 2	1 / 2	1,939	\$321.68
13	1	3 / 2	1 / 2	1,764	\$314.20

All new home comparables are located within Menifee. 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 \$283.30 to \$322.70 per square foot. Prior to selling out, Ridgeline Plan 1 had a final base asking price of \$292.82 per square foot. Ridgeline Plan 1 is the same floorplan as Meadow Walk Plan 2 (seen above as Data #1, Model #2). There have been 26 closings of Ridgeline Plan 1 with sales prices ranging from \$240.09 to \$298.10 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. For Ridgeline Plan 1, the concessions range from \$2,500 to \$83,255 or from \$1.28 to \$42.69 per square foot. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Ridgeline Plan 1 has a base current market value of \$275.00 per square foot. This calculates as follows:

$$1,950 \text{ sf} \times \$275.00 = \$536,250$$

The most appropriate new home comparable data for Ridgeline 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	1 / 2	2,287	--
1	2	3 / 2	1 / 2	1,950	\$303.33
1	3	4 / 3	2 / 2	2,203	\$278.84
1	4	4 / 3	2 / 2	2,419	\$259.62
3	2	4 / 3.5	1 / 2	2,767	\$269.61
4	1	3 / 2	1 / 2	2,270	\$331.56
6	1	4 / 2	1 / 2	1,959	\$283.30
8	5	4 / 3	2 / 2	2,219	\$269.94
10	1	4 / 2	1 / 2	2,336	\$248.25
11	S2	4 / 3	2 / 2	2,320	\$263.36

All new home comparables are located within Menifee. 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 \$248.25 to \$331.56 per square foot. Prior to selling out, Ridgeline Plan 2 had a final base asking price of \$278.09 per square foot. There have been 22 closings of Ridgeline Plan 2 with sales prices ranging from \$217.31 to \$286.29 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. For Ridgeline Plan 2 the concessions range from \$4,763 to \$65,306 or from \$2.08 to \$28.56 per square foot. All of the homes appear to be in excellent condition with no depreciation visible. Our review of the local MLS has revealed there were two resales of Ridgeline Plan 2 homes, both resold in February 2024 after less than one month on the market. The first (APN 360-930-010) originally sold for \$587,000 in November 2022 and resold for \$669,000 or \$292.52 per square foot suggesting significant appreciation. The second (APN 360-942-018) originally sold in May 2023 for \$606,000 and resold in February 2024 for \$656,000 or \$286.84 per square foot, again suggesting appreciation. It has been concluded that Ridgeline Plan 2 has a base current market value of \$250.00 per square foot. This calculates as follows:

$$2,287 \text{ sf} \times \$250.00 = \$571,750$$



The most appropriate new home comparable data for Ridgeline Plan 3 (NG) 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 (NG)	4 / 3	1 / 3	2,434	--
1	4	4 / 3	2 / 2	2,419	\$259.62
1	5	4 / 3	2 / 2	2,590	\$244.85
3	4 (NG)	6 / 4.5	2 / 3	4,134	\$220.31
5	1	4 / 3	1 / 3	2,550	\$270.19
5	4 (NG)	6 / 4.5	2 / 3	3,994	\$195.04
6	2	5 / 2.5	2 / 2	2,397	\$246.14
10	1	4 / 2	1 / 2	2,336	\$248.25
10	2	4 / 3	2 / 2	2,590	\$230.05
11	S2	4 / 3	2 / 2	2,320	\$263.36
11	S3	4 / 3	2 / 2	2,541	\$245.97
12	2	5 / 3.5	1 / 2	2,752	\$235.61
12	4 (NG)	5 / 3.5	2 / 3	3,146	\$231.03

All new home comparables are located within Menifee. 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 \$195.04 to \$270.19 per square foot. It is important to note that Ridgeline Plan 3 is a NextGen ("NG") floorplan, meaning it is designed for multi-generational living and features a first-floor suite with separate entrance, living room, laundry, and kitchenette. While NG plans have gained popularity, it is very rare to have a single-story home with NG floorplan, and Ridgeline Plan 3 is the only single-story NG home in the Menifee marketplace. Prior to selling out, Ridgeline Plan 3 (NG) had a final base asking price of \$283.48 per square foot. There have been 23 closings of Ridgeline Plan 3 (NG) with sales prices ranging from \$223.22 to \$295.54 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. For Ridgeline Plan 3 the concessions range from \$0 to \$93,240 or from \$0 to \$38.31 per square foot. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Ridgeline Plan 3 (NG) has a base current market value of \$240.00 per square foot. This calculates as follows:

$$2,434 \text{ sf} \times \$240.00 = \$584,160$$

The most appropriate new home comparable data for Ridgeline 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	4 / 3.5	1 / 2	2,767	--
2	3 (NG)	4 / 3	1 / 3	2,434	\$283.48
3	1	4 / 3.5	2 / 3	2,649	\$261.54
3	2	4 / 3.5	1 / 2	2,767	\$269.61
3	3	4 / 2.5	2 / 2	2,809	\$254.05
4	2	3 / 2.5	1 / 2	2,610	\$315.99
4	3	3 / 2.5	1 / 3	2,780	\$293.16
5	1	4 / 3	1 / 3	2,550	\$270.19
6	3	5 / 3	2 / 2	2,824	\$219.19
12	2	5 / 3.5	1 / 2	2,752	\$235.61

All new home comparables are located within Menifee. 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 \$219.19 to \$315.99 per square foot. Prior to selling out, Ridgeline Plan 4 had a final base asking price of \$250.09 per square foot. Ridgeline Plan 4 is the same floorplan as Canyon View Plan 2 (seen above as Data No. 3, Model No. 2). There have been 25 closings of Ridgeline Plan 4 with sales prices ranging from \$190.46 to \$268.77 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. For Ridgeline Plan 4 the concessions range from \$0 to \$88,101 or from \$0 to \$31.84 per square foot. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Ridgeline Plan 4 has a base current market value of \$220.00 per square foot. This calculates as follows:

$$2,767 \text{ sf} \times \$220.00 = \$608,740$$

The most appropriate new home comparable data for Canyon View Plan 1 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.	1	4 / 3.5	2 / 3	2,649	--
1	4	4 / 3	2 / 2	2,419	\$259.62
1	5	4 / 3	2 / 2	2,590	\$244.85
5	1	4 / 3	1 / 3	2,550	\$270.19
8	6	4 / 3	2 / 2	2,454	\$252.24
10	2	4 / 3	2 / 2	2,590	\$230.05
11	S3	4 / 3	2 / 2	2,541	\$245.97
11	S4	4 / 3	2 / 2	2,771	\$230.24
12	3	4 / 2.5	2 / 2	2,835	\$243.98
13	3	4 / 3	2 / 2	2,612	\$246.59
14	1	3 / 2.5	2 / 2.5	2,780	\$270.63

All new home comparables are located within Menifee. 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 \$230.05 to \$270.63 per square foot. Canyon View Plan 1 has a current base asking price of \$261.54 per square foot. There have been 23 closings of Canyon View Plan 1 with sales prices ranging from \$199.56 to \$235.39 per square foot. There are currently six escrows of Canyon View Plan 1, with a price range of \$235.62 to \$257.54 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. For Canyon View Plan 1 the concessions range from \$12,462 to \$101,081 or from \$4.70 to \$38.16 per square foot. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Canyon View Plan 1 has a base current market value of \$230.00 per square foot. This calculates as follows:

$$2,649 \text{ sf} \times \$230.00 = \$609,270$$

The most appropriate new home comparable data for Canyon View 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	4 / 3.5	1 / 2	2,767	--
2	3 (NG)	4 / 3	1 / 3	2,434	\$283.48
2	4	4 / 3.5	1 / 2	2,767	\$250.09
3	1	4 / 3.5	2 / 3	2,649	\$261.54
3	3	4 / 2.5	2 / 2	2,809	\$254.05
4	2	3 / 2.5	1 / 2	2,610	\$315.99
4	3	3 / 2.5	1 / 3	2,780	\$293.16
5	1	4 / 3	1 / 3	2,550	\$270.19
6	3	5 / 3	2 / 2	2,824	\$219.19
12	2	5 / 3.5	1 / 2	2,752	\$235.61

All new home comparables are located within Menifee. 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 \$219.19 to \$315.99 per square foot. Canyon View Plan 2 has a current base asking price of \$269.61 per square foot. Canyon View Plan 2 is actually the same floorplan as Ridgeline Plan 4 (seen above as Data #2, Model #4). There have been 23 closings of Canyon View Plan 2 with sales prices ranging from \$198.33 to \$241.43 per square foot. There are currently six escrows of Canyon View Plan 2, with a price range of \$234.02 to \$254.32 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. For Canyon View Plan 2 the concessions range from \$0 to \$90,664 or from \$0 to \$32.77 per square foot. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Canyon View Plan 2 has a base current market value of \$225.00 per square foot. This calculates as follows:

$$2,767 \text{ sf} \times \$225.00 = \$622,575$$

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

Data	Model	Rm. Ct.	Flrs/Pkg.	Sq. Ft.	Price/SF
Subj.	3	4 / 2.5	2 / 2	2,809	--
1	5	4 / 3	2 / 2	2,590	\$244.85
3	1	4 / 3.5	2 / 3	2,649	\$261.54
6	3	5 / 3	2 / 2	2,824	\$219.19
10	3	3 / 3.5	2 / 2	3,092	\$221.24
11	S4	4 / 3	2 / 2	2,771	\$230.24
11	S5	5 / 3	2 / 2	2,948	\$220.15
12	3	4 / 2.5	2 / 2	2,835	\$243.98
14	1	3 / 2.5	2 / 2.5	2,780	\$270.63
14	2	3 / 2.5	2 / 3	2,910	\$264.14

All new home comparables are located within Menifee. 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 \$219.19 to \$270.63 per square foot. Canyon View Plan 3 has a current base asking price of \$254.05 per square foot. There have been 26 closings of Canyon View Plan 3 with sales prices ranging from \$186.33 to \$234.06 per square foot. There are currently three escrows of Canyon View Plan 3, with a price range of \$232.18 to \$250.78 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. For Canyon View Plan 3 the concessions range from \$20,400 to \$95,593 or from \$7.26 to \$34.03 per square foot. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Canyon View Plan 3 has a base current market value of \$220.00 per square foot. This calculates as follows:

$$2,809 \text{ sf} \times \$220.00 = \$617,980$$

The most appropriate new home comparable data for Canyon View Plan 4 (NG) 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 (NG)	6 / 4.5	2 / 3	4,134	--
2	3 (NG)	4 / 3	1 / 3	2,434	\$283.48
3	3	4 / 2.5	2 / 2	2,809	\$254.05
5	2	5 / 4	2 / 3	3,520	\$209.66
5	3	6 / 4	2 / 3	3,699	\$203.57
5	4 (NG)	6 / 4.5	2 / 3	3,994	\$195.04
7	3	4 / 2.5	2 / 3	3,410	\$193.55
9	4 (NG)	7 / 4.5	2 / 2	4,134	\$186.44
10	4 (NG)	7 / 4.5	2 / 2	4,134	\$185.16
12	5 (NG)	7 / 4.5	2 / 3	4,134	\$208.60
14	5	4 / 3.5	2 / 3	3,510	\$201.14

All new home comparables are located within Menifee. 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 \$185.16 to \$254.05 per square. It is important to note that Canyon View Plan 4 is a NextGen ("NG") floorplan, meaning it is designed for multi-generational living and features a first-floor suite with separate entrance, living room, laundry, and kitchenette. Canyon View Plan 4 (NG) has a current base asking price of \$220.31 per square foot. There have been 22 closings of Canyon View Plan 4 (NG) with sales prices ranging from \$161.87 to \$206.46 per square foot. There are currently eight escrows of Canyon View Plan 4 (NG), with a price range of \$196.42 to \$228.09 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. For Canyon View Plan 4 the concessions range from \$0 to \$118,266 or from \$0 to \$28.61 per square foot. All of the homes appear to be in excellent condition with no depreciation visible. It has been concluded that Canyon View Plan 4 (NG) has a base current market value of \$180.00 per square foot. This calculates as follows:

$$4,134 \text{ sf} \times \$180.00 = \$744,120$$

### Builder-Owned Retail Value

Within Quartz Ranch there are 24 builder-owned homes over 95 percent complete which includes five model homes. Per interviews with builders, upgrades, and landscape/hardscape of up to \$100,000 are installed in the model homes, however, the builders generally consider this a marketing cost and do not anticipate recovering this investment on a dollar-for-dollar basis. Based on actual sales information of the subject model homes and the current real estate market, a consideration of a \$40,000 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:

#### **Meadow Walk:**

Plan 1 (2 x \$510,440)	\$ 1,020,880
Plan 2 (3 x \$536,250)	1,608,750
Plan 3 (2 x \$561,765)	1,123,530
Plan 4 (3 x \$568,465)	1,705,395
Plan 5 (1 x \$582,750)	582,750

#### **Ridgeline:**

Plan 1 (0 x \$536,250)	\$ 0
Plan 2 (0 x \$571,750)	0
Plan 3-NG (0 x \$584,160)	0
Plan 4 (0 x \$608,740)	0

#### **Canyon View:**

Plan 1 (3 x \$609,270)	\$ 1,827,810
Plan 2 (3 x \$622,575)	1,867,725
Plan 3 (3 x \$617,980)	1,853,940
Plan 4 (NG) (4 x \$744,120)	2,976,480
Model Upgrades (5 x \$40,000)	<u>200,000</u>
Retail Value	<u>\$14,767,260</u>

### Absorption Period

In order to arrive at an absorption period for the 24 builder-owned homes, the absorption rate for the subject neighborhoods along with the surrounding developments has been reviewed. Quartz Ranch grand opened in June 2022 and there have been 326 sales since, suggesting an average absorption of 13.6 homes per month between the three neighborhoods. The sales rates per community are 4.7 within Meadow Walk, 4.8 within Ridgeline, and 4.9 within Canyon View. Each of these rates are considered to be good. Nineteen of the 24 builder-owned homes are in escrow (all but the models) with closings scheduled as the homes are finalized. 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 24 builder-owned homes will be absorbed within a four-month period at the concluded values.

### Remaining Costs

As discussed under the property description section above, there is \$44,507.88 per lot remaining for land development costs and fees associated with the builder-owned property. For the 24 builder-owned homes, this equates to \$1,068,189 ( $\$44,507.88 \times 24$ ) in remaining costs. For analysis purposes this will be spread evenly over the four-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 an exception 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 Quartz Ranch grand opened in June 2022 with the product being well received in the marketplace. 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 Analyses in addenda) for the builder-owned homes is \$10,525,429.

### Builder Ownership Valuation

The builder-owned homes within Quartz Ranch consists of five models along with 19 production homes over 95 percent complete, 51 homes under construction (valued based on a finished lot) and 26 additional finished lots owned by Lennar. The final valuation of the Lennar owned property is:

77 Lots	\$ 15,822,893
24 Houses	<u>10,525,429</u>
<b>Total Lennar Ownership</b>	<b>\$ 26,348,322</b>

### Individual Owned Homes Valuation Conclusion

There are 278 individually owned homes within Quartz Ranch. Based on the concluded value for each plan, the individually owned homes are valued as:

#### **Meadow Walk:**

Plan 1 (17 x \$510,440)	\$ 8,677,480
Plan 2 (16 x \$536,250)	8,580,000
Plan 3 (19 x \$561,765)	10,673,535
Plan 4 (18 x \$568,465)	10,232,370
Plan 5 (18 x \$582,750)	10,489,500

#### **Ridgeline:**

Plan 1 (26 x \$536,250)	\$13,942,500
Plan 2 (22 x \$571,750)	12,578,500
Plan 3-NG (23 x \$584,160)	13,435,680
Plan 4 (25 x \$608,740)	15,218,500

#### **Canyon View:**

Plan 1 (23 x \$609,270)	\$14,013,210
Plan 2 (23 x \$622,575)	14,319,225
Plan 3 (26 x \$617,980)	16,067,480
Plan 4 (NG) (22 x \$744,120)	16,370,640

<b>Total Individual Owned</b>	<b><u>\$164,598,620</u></b>
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In an additional review, we have reviewed the original builder sales prices for the homes within the Quartz Ranch neighborhood. Closings for the 278 homes occurred between October 18, 2022, and June 17, 2024. The reported closing prices by the builder for the individually owned homes total \$161,452,870. The builder's reported prices include premiums, upgrades and purchased options as well as took into consideration the concessions given by the builder. Twelve of the thirteen plans have had base price increases since the project opened, ranging from 3.2 to 17.7 percent. Within Meadow Walk this equated to base price increases from \$19,500 to \$30,290 per plan, at Ridgeline this equated to \$20,000 to \$54,000 per plan and within Canyon View (the larger and more expensive homes) the increases ranged from \$68,825 to \$121,770 per plan. Within Ridgeline the smallest plan's base price decreased 1.9 percent or \$11,000 which what appears to be finding the correct price points for the smaller sized home. The difference between the concluded value of \$164,598,620 and the reported sales prices of \$161,452,870 is 1.9 percent which equates to an average of \$11,315 per home for the 278 closed homes. With base prices generally increasing between \$19,500 to \$121,770 depending on the plan, the concluded values appear reasonable. The increases which have occurred have offset the options, upgrades and premiums which have been purchased by the homeowners. 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.

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## APPRAISAL REPORT SUMMARY

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The appraisal assignment was to value the subject property which is within the boundaries of Menifee CFD No. 2022-1. The property is being developed into the community of Quartz Ranch with three neighborhoods known as Meadow Walk, Ridgeline, and Canyon, all by Lennar. Quartz Ranch has been well received in the marketplace and with all three neighborhoods actively selling at absorption rates in line with the marketplace.

Quartz Ranch includes a total of 379 single-family proposed homes with 278 closed to individuals and an additional 48 in escrow. We have reviewed the builder sales and reviewed the area's Multiple Listing Service. Our search resulted in two closed resale homes and no current listings of a resale home within the subject property. All homes appear to be in excellent condition with no depreciation apparent. The 278 home closings occurred between October 18, 2022, and June 14, 2024. There are five models and 19 production homes over 95 percent complete (all 19 production homes in escrow), with an additional 51 homes under construction (under 95 percent complete with 29 in escrow) and 26 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. 2022-1 bond series proceeds, along with the Menifee CFD No. 2022-1 special tax lien. As a result of our investigation, the concluded market value for the subject property is:

### **Quartz Ranch**

Lennar Ownership (77 lots & 24 houses)	\$ 26,348,322
Individual Owners (278 houses)	<u>164,598,620</u>
<b>Total Aggregate Value Menifee CFD No. 2022-1</b>	<b><u>\$ 190,946,942</u></b>

The above values are stated subject to the Assumptions and Limiting Conditions of this report, the Appraiser's Certification and as of June 17, 2024.

## APPRAISER'S CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased, professional analyses, opinions, and conclusions.
3. The appraiser has no present or prospective interest in the property that is the subject of this report, and no personal interest or bias with respect to the parties involved.
4. The appraiser's compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result or the occurrence of a subsequent event.
5. This appraisal was not based on a requested minimum valuation, a specific valuation or the approval of a loan.
6. The analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
7. Kitty Siino has made a personal inspection of the property that is the subject of this report.
8. Kitty Siino has performed appraisal services on the subject property in the past three years. An appraisal was completed in 2023 for the Menifee CFD 2022-1 first series of bonds.
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**

**CITY OF MENIFEE CFD NO. 2022-1**  
**BOUNDARY MAP**

**PROPOSED BOUNDARY MAP**  
**COMMUNITY FACILITIES DISTRICT NO. 2022-1**  
**(QUARTZ RANCH)**  
**CITY OF MENIFEE,**  
**COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

SHEET 1 OF 4 SHEETS

I HEREBY CERTIFY THAT THE WITHIN MAP SHOWING PROPOSED BOUNDARIES OF COMMUNITY FACILITIES DISTRICT NO. 2022-1 (QUARTZ RANCH), 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 \_\_\_\_ DAY OF \_\_\_\_, 20\_\_\_\_ BY RESOLUTION NO. \_\_\_\_

CITY CLERK  
CITY OF MENIFEE

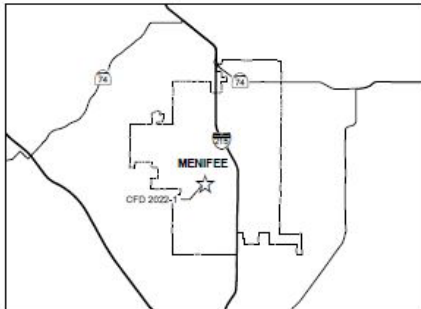
FILED IN THE OFFICE OF THE CITY CLERK, CITY OF MENIFEE,  
THIS \_\_\_\_ DAY OF \_\_\_\_, 20\_\_\_\_.

CITY CLERK  
CITY OF MENIFEE

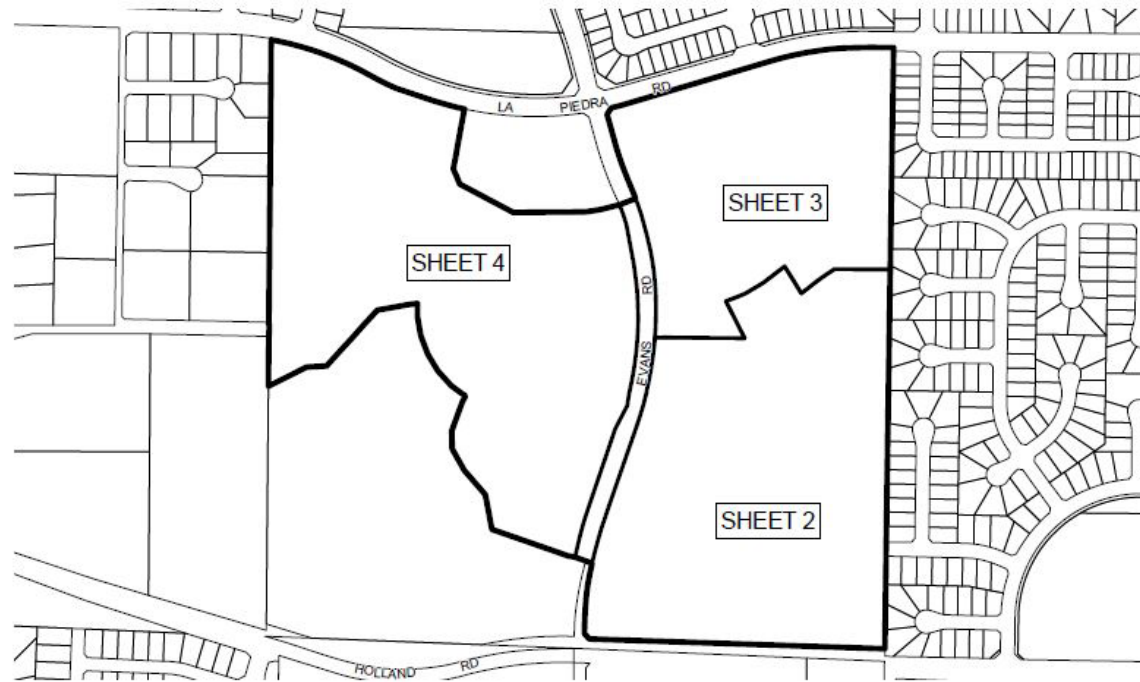
RECORDED THIS \_\_\_\_ DAY OF \_\_\_\_, 20\_\_\_\_ AT  
THE HOUR OF \_\_\_\_ O'CLOCK \_\_\_\_ M IN BOOK \_\_\_\_  
PAGE \_\_\_\_ OF MAPS OF ASSESSMENT AND COMMUNITY  
FACILITIES DISTRICTS IN THE OFFICE OF THE COUNTY  
RECORDER, IN THE COUNTY OF RIVERSIDE, STATE OF  
CALIFORNIA.

FEE: \_\_\_\_ NO.: \_\_\_\_  
PETER ALDANA, ASSESSOR, COUNTY CLERK, RECORDER

BY: \_\_\_\_  
DEPUTY



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 2021-22.



**LEGEND**

- CFD BOUNDARY
- SHEET BOUNDARY
- PARCEL LINE
- XXX-XXX-XXX ASSESSOR PARCEL NUMBER (APN)
- 1 REFERENCE #

0 375 750 1,500 Feet



**PROPOSED BOUNDARY MAP**  
**COMMUNITY FACILITIES DISTRICT NO. 2022-1**  
**(QUARTZ RANCH)**  
**CITY OF MENIFEE,**  
**COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

SHEET 2 OF 4 SHEETS



REFERENCE #	APN	REFERENCE #	APN	REFERENCE #	APN	REFERENCE #	APN	REFERENCE #	APN
1	300-942-011	31	300-951-005	61	300-961-020	91	300-960-010	121	300-941-004
2	300-942-010	32	300-951-006	62	300-961-021	92	300-960-004	122	300-953-001
3	300-942-009	33	300-951-007	63	300-961-022	93	300-960-003	123	300-953-002
4	300-942-008	34	300-951-008	64	300-961-023	94	300-960-009	124	300-953-003
5	300-942-007	35	300-951-009	65	300-961-024	95	300-960-008	125	300-953-004
6	300-942-006	36	300-951-010	66	300-961-025	96	300-960-002	126	300-953-005
7	300-942-005	37	300-951-011	67	300-961-026	97	300-960-001	127	300-953-006
8	300-942-004	38	300-951-012	68	300-961-027	98	300-960-007	128	300-953-007
9	300-942-003	39	300-951-013	69	300-961-028	99	300-960-017	129	300-953-008
10	300-942-002	40	300-951-014	70	300-961-029	100	300-960-008	130	300-953-009
11	300-942-001	41	300-951-015	71	300-961-030	101	300-960-007	131	300-953-010
12	300-952-008	42	300-951-016	72	300-961-031	102	300-960-018	132	300-953-011
13	300-952-007	43	300-961-008	73	300-961-032	103	300-960-015	133	300-953-012
14	300-952-006	44	300-961-007	74	300-961-033	104	300-960-006	134	300-940-017
15	300-952-005	45	300-961-006	75	300-961-034	105	300-960-005	135	300-940-016
16	300-952-004	46	300-961-005	76	300-961-035	106	300-960-014	136	300-940-015
17	300-952-003	47	300-961-004	77	300-961-036	107	300-960-004	137	300-940-014
18	300-952-002	48	300-961-003	78	300-961-037	108	300-960-003	138	300-940-013
19	300-952-001	49	300-961-002	79	300-961-038	109	300-960-013	139	300-940-012
20	300-963-002	50	300-961-001	80	300-961-039	110	300-960-012	140	300-940-011
21	300-963-001	51	300-961-010	81	300-961-040	111	300-960-011	141	300-940-010
22	300-962-001	52	300-961-011	82	300-961-041	112	300-960-002	142	300-940-009
23	300-962-002	53	300-961-012	83	300-961-042	113	300-960-001	143	300-940-008
24	300-962-003	54	300-961-013	84	300-961-043	114	300-960-010	144	300-940-007
25	300-962-004	55	300-961-014	85	300-961-044	115	300-960-009	145	300-940-006
26	300-962-005	56	300-961-015	86	300-961-045	116	300-941-003	146	300-940-005
27	300-951-001	57	300-961-016	87	300-960-012	117	300-941-006	147	300-940-004
28	300-951-002	58	300-961-017	88	300-960-006	118	300-941-005	148	300-940-003
29	300-951-003	59	300-961-018	89	300-960-005	119	300-941-002		
30	300-951-004	60	300-961-019	90	300-960-011	120	300-941-001		

**LEGEND**

- CFD BOUNDARY
- SHEET BOUNDARY
- PARCEL LINE
- ASSESSOR PARCEL NUMBER (APN)
- REFERENCE #



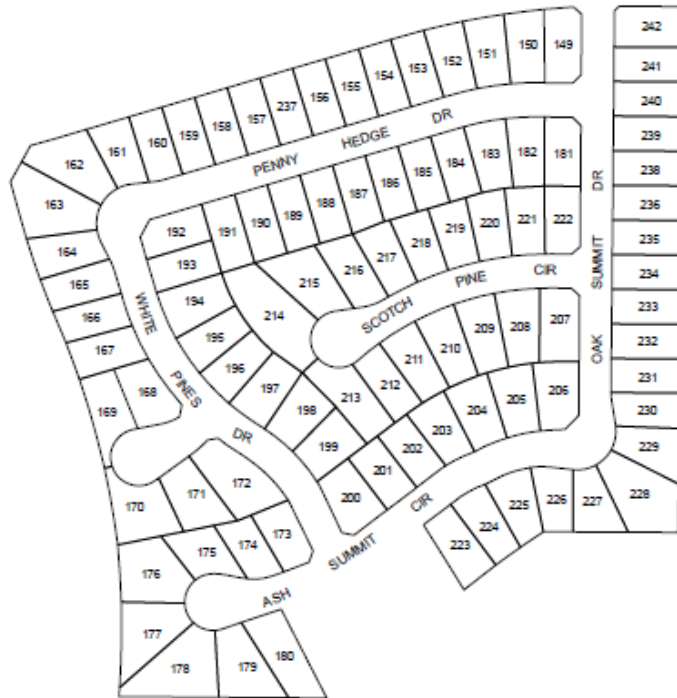
THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCEL REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2021-22.

0 250 500 1,000 Feet



**PROPOSED BOUNDARY MAP**  
**COMMUNITY FACILITIES DISTRICT NO. 2022-1**  
**(QUARTZ RANCH)**  
**CITY OF MENIFEE,**  
**COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

SHEET 3 OF 4 SHEETS



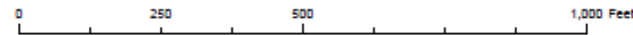
REFERENCE #	APN	REFERENCE #	APN	REFERENCE #	APN	REFERENCE #	APN
149	300-932-005	179	300-942-013	209	300-931-006	239	300-930-004
150	300-932-004	180	300-942-012	210	300-931-007	240	300-930-003
151	300-932-003	181	300-931-020	211	300-931-008	241	300-930-002
152	300-932-002	182	300-931-021	212	300-931-009	242	300-930-001
153	300-932-021	183	300-931-022	213	300-931-010		
154	300-932-020	184	300-931-023	214	300-931-011		
155	300-932-019	185	300-931-024	215	300-931-012		
156	300-932-018	186	300-931-025	216	300-931-013		
157	300-932-016	187	300-931-026	217	300-931-014		
158	300-932-015	188	300-931-027	218	300-931-015		
159	300-932-014	189	300-931-028	219	300-931-016		
160	300-932-013	190	300-931-029	220	300-931-017		
161	300-932-012	191	300-931-030	221	300-931-018		
162	300-932-011	192	300-931-031	222	300-931-019		
163	300-932-010	193	300-931-032	223	300-940-002		
164	300-932-009	194	300-931-033	224	300-940-001		
165	300-932-008	195	300-931-034	225	300-930-017		
166	300-932-007	196	300-931-035	226	300-930-016		
167	300-932-006	197	300-931-036	227	300-930-015		
168	300-932-005	198	300-931-037	228	300-930-014		
169	300-932-004	199	300-931-038	229	300-930-013		
170	300-932-003	200	300-943-001	230	300-930-012		
171	300-932-002	201	300-943-002	231	300-930-011		
172	300-932-001	202	300-943-003	232	300-930-010		
173	300-942-019	203	300-943-004	233	300-930-009		
174	300-942-018	204	300-931-001	234	300-930-008		
175	300-942-017	205	300-931-002	235	300-930-007		
176	300-942-016	206	300-931-003	236	300-930-006		
177	300-942-015	207	300-931-004	237	300-932-017		
178	300-942-014	208	300-931-005	238	300-930-005		

**LEGEND**

	CFD BOUNDARY
	SHEET BOUNDARY
	PARCEL LINE
XXX-XXX-XXX	ASSESSOR PARCEL NUMBER (APN)
1	REFERENCE #

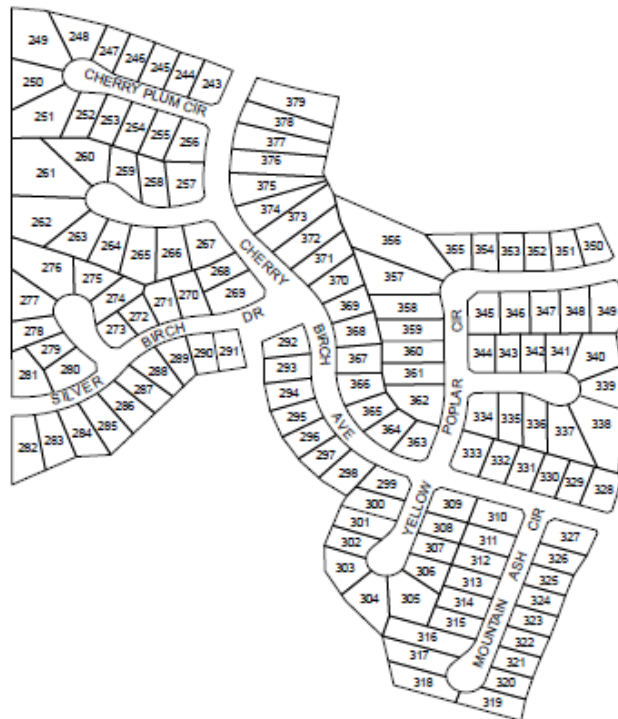


THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2021-22.



**PROPOSED BOUNDARY MAP**  
**COMMUNITY FACILITIES DISTRICT NO. 2022-1**  
**(QUARTZ RANCH)**  
**CITY OF MENIFEE,**  
**COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

SHEET 4 OF 4 SHEETS



REFERENCE #	APN	REFERENCE #	APN	REFERENCE #	APN	REFERENCE #	APN	REFERENCE #	APN
243	360-890-034	273	360-901-009	303	360-920-005	333	360-921-006	363	360-922-001
244	360-890-033	274	360-901-008	304	360-920-006	334	360-921-001	364	360-922-011
245	360-890-032	275	360-901-007	305	360-920-007	335	360-921-002	365	360-922-010
246	360-890-031	276	360-901-006	306	360-920-008	336	360-921-003	366	360-922-009
247	360-890-030	277	360-901-005	307	360-920-009	337	360-921-004	367	360-922-008
248	360-890-029	278	360-901-004	308	360-920-010	338	360-921-005	368	360-922-007
249	360-890-028	279	360-901-003	309	360-920-011	339	360-921-006	369	360-922-006
250	360-890-027	280	360-901-002	310	360-920-012	340	360-921-007	370	360-922-005
251	360-890-026	281	360-901-001	311	360-920-013	341	360-921-008	371	360-922-004
252	360-890-025	282	360-900-010	312	360-920-014	342	360-921-009	372	360-922-003
253	360-890-024	283	360-900-009	313	360-920-015	343	360-921-010	373	360-922-002
254	360-890-023	284	360-900-008	314	360-920-016	344	360-921-011	374	360-922-001
255	360-890-022	285	360-900-007	315	360-920-017	345	360-921-012	375	360-891-005
256	360-890-021	286	360-900-006	316	360-920-018	346	360-921-013	376	360-891-004
257	360-890-020	287	360-900-005	317	360-920-019	347	360-921-014	377	360-891-003
258	360-890-019	288	360-900-004	318	360-920-020	348	360-921-015	378	360-891-002
259	360-890-018	289	360-900-003	319	360-920-021	349	360-921-016	379	360-891-001
260	360-890-017	290	360-900-002	320	360-920-022	350	360-921-001		
261	360-890-016	291	360-900-001	321	360-920-023	351	360-921-002		
262	360-901-020	292	360-900-017	322	360-920-024	352	360-921-003		
263	360-901-019	293	360-900-016	323	360-920-025	353	360-921-004		
264	360-901-018	294	360-900-015	324	360-920-026	354	360-921-005		
265	360-901-017	295	360-900-014	325	360-920-027	355	360-921-006		
266	360-901-016	296	360-900-013	326	360-920-028	356	360-921-007		
267	360-901-015	297	360-900-012	327	360-920-029	357	360-921-008		
268	360-901-014	298	360-900-011	328	360-921-001	358	360-921-009		
269	360-901-013	299	360-920-001	329	360-921-002	359	360-921-010		
270	360-901-012	300	360-920-002	330	360-921-003	360	360-921-011		
271	360-901-011	301	360-920-003	331	360-921-004	361	360-921-012		
272	360-901-010	302	360-920-004	332	360-921-005	362	360-921-013		

**LEGEND**

- CFD BOUNDARY
- SHEET BOUNDARY
- PARCEL LINE
- ASSESSOR PARCEL NUMBER (APN)
- REFERENCE #



THIS BOUNDARY MAP CORRECTLY SHOWS THE BOUNDARIES OF THE COMMUNITY FACILITIES DISTRICT. FOR DETAILS CONCERNING THE LINES AND DIMENSIONS OF LOTS OR PARCELS REFER TO THE COUNTY ASSESSOR'S MAPS FOR FISCAL YEAR 2021-22.

0 250 500 1,000 Feet

**TRACT MAP NOS. 28786, 28791, 28792,**  
**28793, and 28794**

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

SHEET 2 OF 7 SHEETS

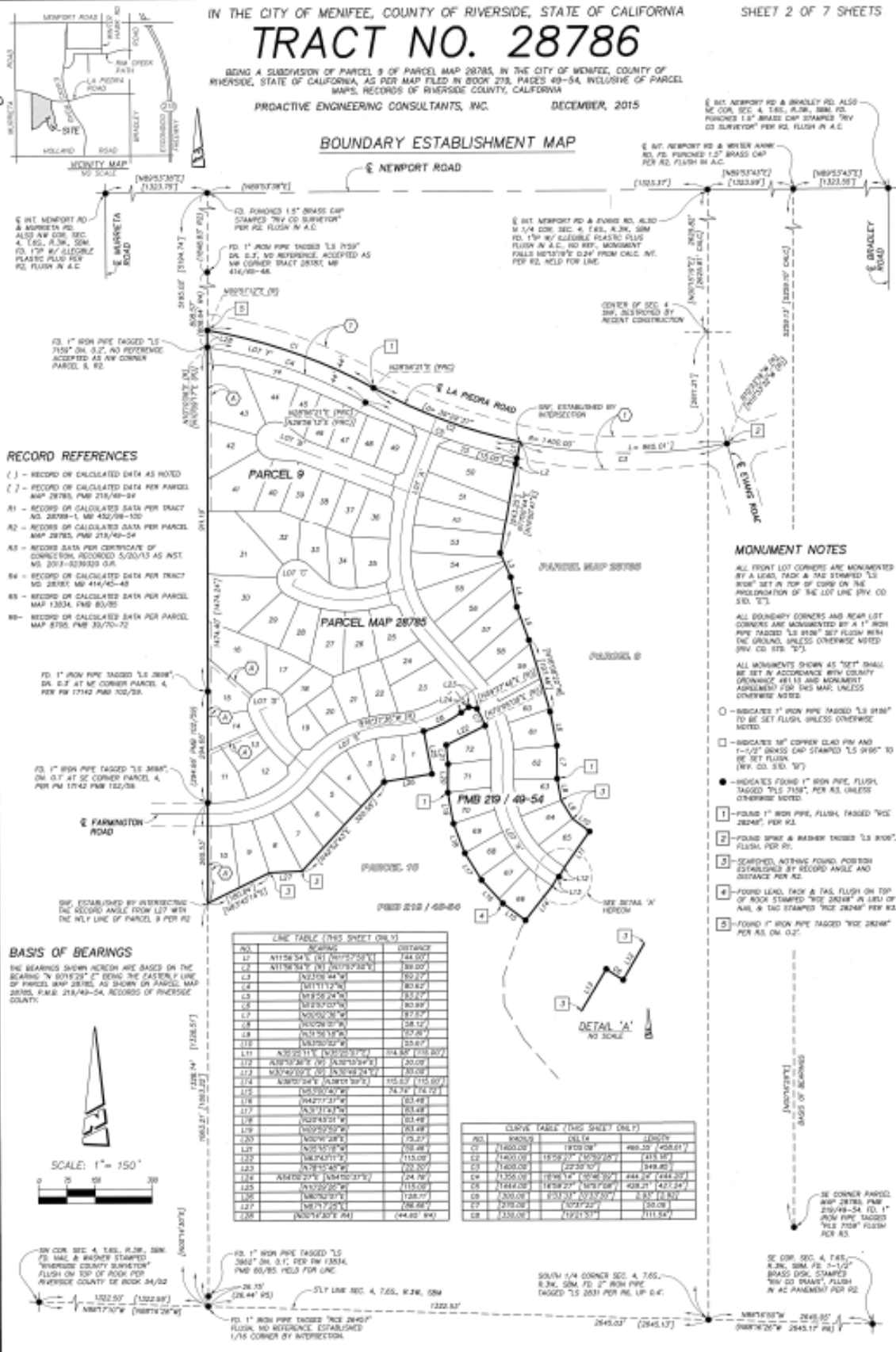
# TRACT NO. 28786

BEING A SUBDIVISION OF PARCEL 9 OF PARCEL MAP 28785, IN THE CITY OF MENIFEE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 278, PAGES 49-54, INCLUSIVE OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA

PRODUCTIVE ENGINEERING CONSULTANTS, INC.

DECEMBER, 2015

## BOUNDARY ESTABLISHMENT MAP





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

# TRACT NO. 28792

BEING A SUBDIVISION OF PARCEL 6 OF PARCEL MAP 28785, IN THE CITY OF MENIFEE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 219, PAGES 49 THROUGH 54, INCLUSIVE OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA

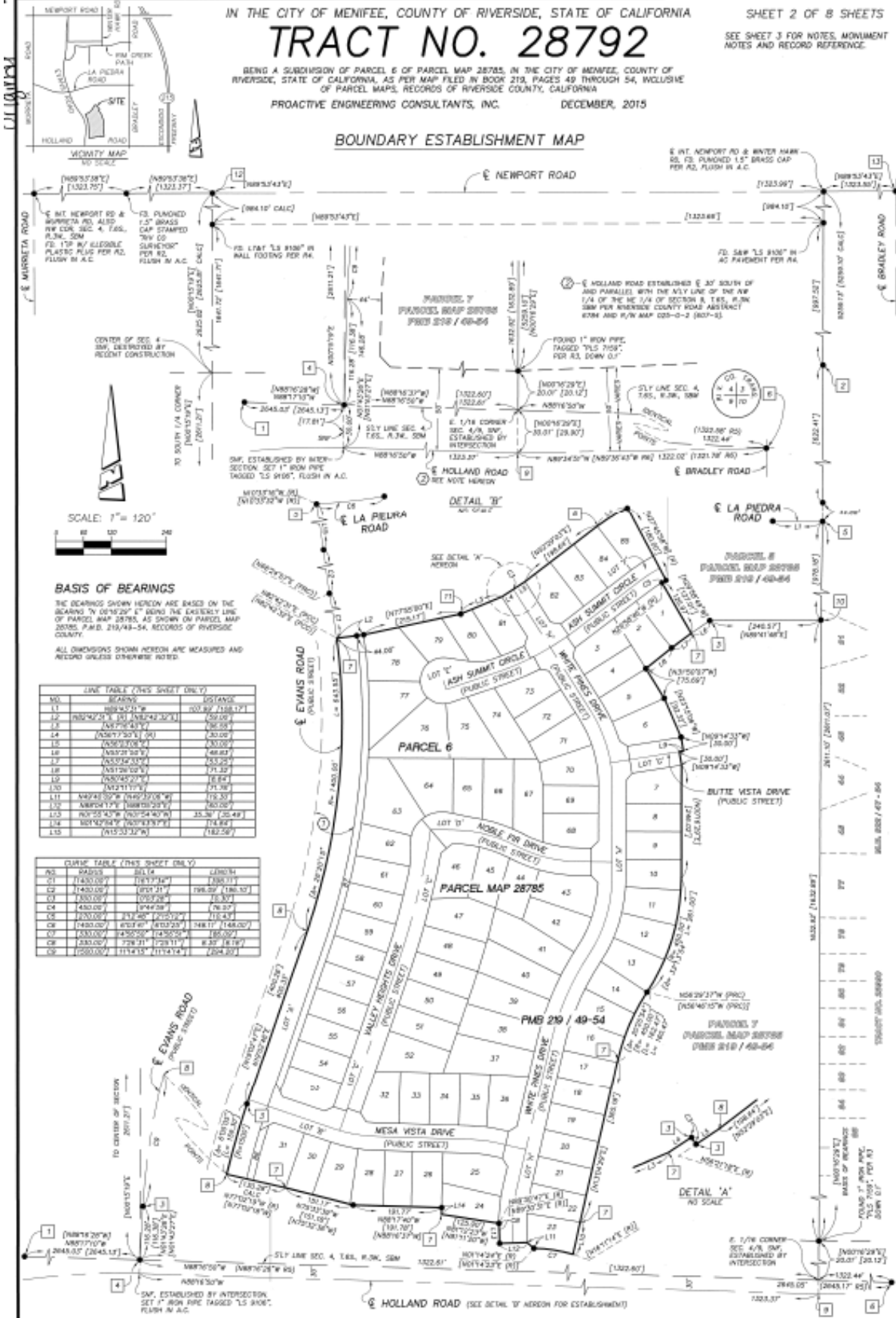
PROACTIVE ENGINEERING CONSULTANTS, INC.

DECEMBER, 2015

SHEET 2 OF 8 SHEETS

SEE SHEET 3 FOR NOTES, MONUMENT NOTES AND RECORD REFERENCE.

## BOUNDARY ESTABLISHMENT MAP



SEE SHEET 3 FOR NOTES, MONUMENT  
NOTES AND RECORD REFERENCE.

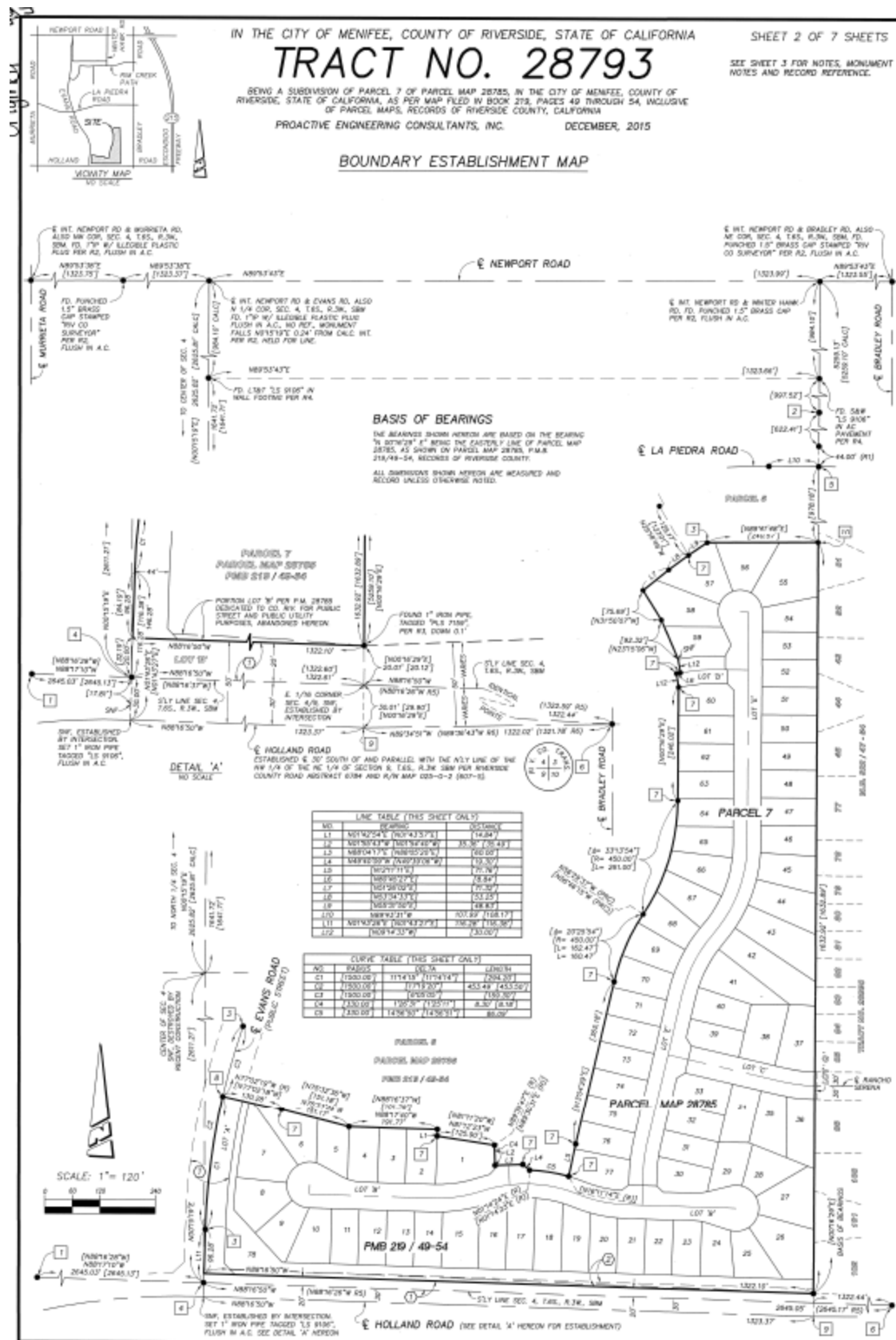
BEING A SUBDIVISION OF PARCEL 7 OF PARCEL MAP 28785, IN THE CITY OF MENFEE, COUNTY OF  
RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 278, PAGES 49 THROUGH 54, INCLUSIVE  
OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA

PROACTIVE ENGINEERING CONSULTANTS, INC. DECEMBER, 2015

PROACTIVE ENGINEERING CONSULTANTS, INC.

DECEMBER, 2015

## BOUNDARY ESTABLISHMENT MAP



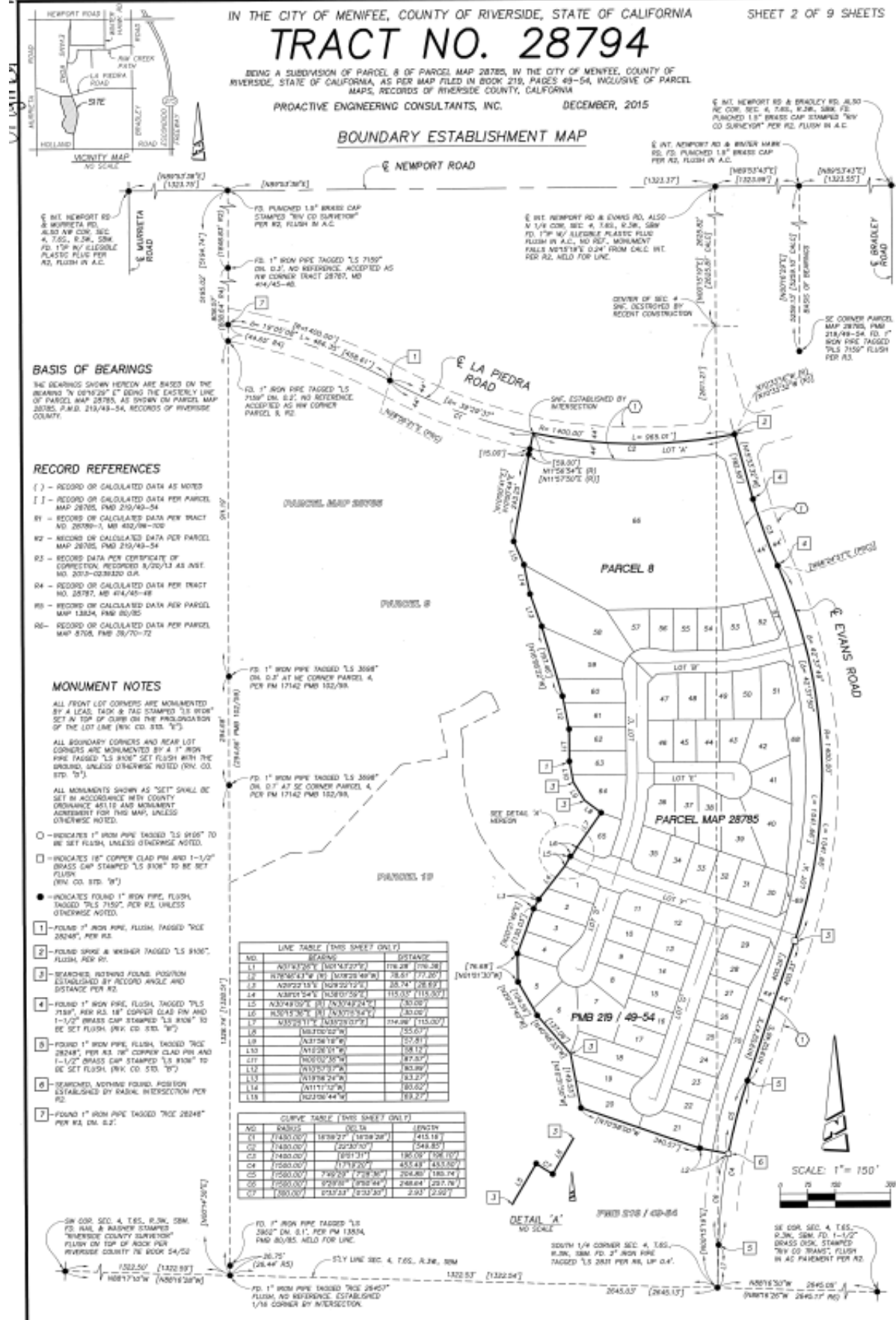


BEING A SUBDIVISION OF PARCEL 8 OF PARCEL MAP 28785, IN THE CITY OF MENFEE, COUNTY OF RIVERSIDE, STATE OF CALIFORNIA, AS PER MAP FILED IN BOOK 219, PAGES 49-54, INCLUSIVE OF PARCEL MAPS, RECORDS OF RIVERSIDE COUNTY, CALIFORNIA

PROACTIVE ENGINEERING CONSULTANTS, INC.

DECEMBER, 2015

## BOUNDARY ESTABLISHMENT MAP





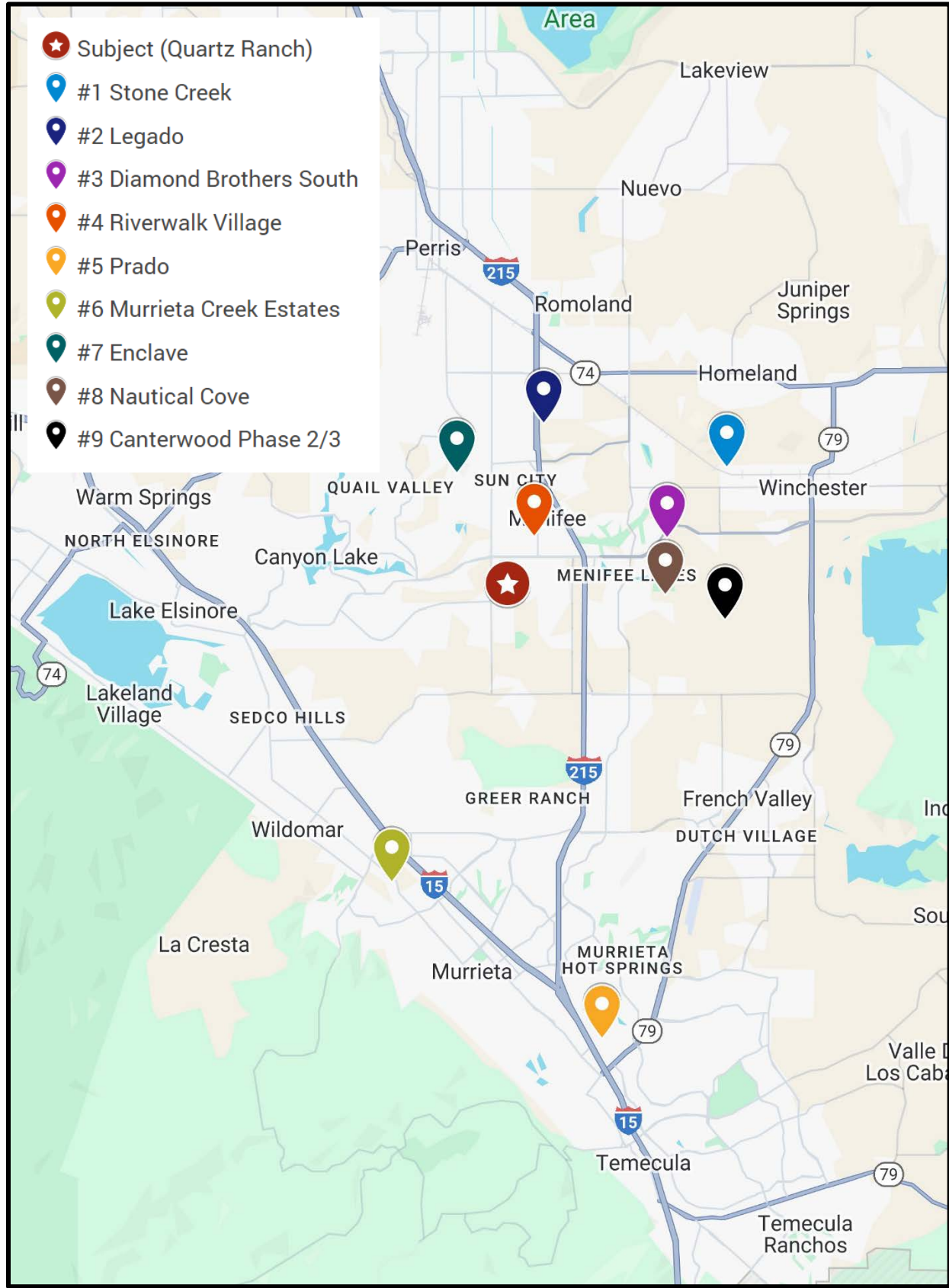
# **DISCOUNTED CASH FLOW ANALYSIS**

### Quartz Ranch - Lennar Owned Houses DCF Analysis

MONTH	Months	<u>MONTH 1</u>	<u>MONTH 2</u>	<u>MONTH 3</u>	<u>MONTH 4</u>	<u>TOTAL</u>
	4					
INCOME:						
Retail Sales	14,767,260	\$3,691,815	\$3,691,815	\$3,691,815	\$3,691,815	\$14,767,260
TOTAL INCOME		<u>\$3,691,815</u>	<u>\$3,691,815</u>	<u>\$3,691,815</u>	<u>\$3,691,815</u>	<u>\$14,767,260</u>
EXPENSES:						
Remaining Costs		(\$267,047)	(\$267,047)	(\$267,047)	(\$267,048)	(\$1,068,189)
Marketing & Carrying Expenses	10%	(\$369,182)	(\$369,182)	(\$369,182)	(\$369,182)	(\$1,476,726)
Profit	10%	(\$369,182)	(\$369,182)	(\$369,182)	(\$369,182)	(\$1,476,726)
TOTAL EXPENSES		(\$1,005,410)	(\$1,005,410)	(\$1,005,410)	(\$1,005,411)	(\$4,021,641)
NET CASH FLOW		\$2,686,405	\$2,686,405	\$2,686,405	\$2,686,404	\$10,745,619
Discount Factor	10%	<u>0.9917</u>	<u>0.9835</u>	<u>0.9754</u>	<u>0.9673</u>	
DISCOUNTED CASH FLOW		\$2,664,203	\$2,642,185	\$2,620,349	\$2,598,692	\$10,525,429
CUMULATIVE DISCOUNTED CASH FLOW		<u>\$2,664,203</u>	<u>\$5,306,388</u>	<u>\$7,926,737</u>	<u>\$10,525,429</u>	<u>\$10,525,429</u>

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

## RESIDENTIAL LAND SALES MAP

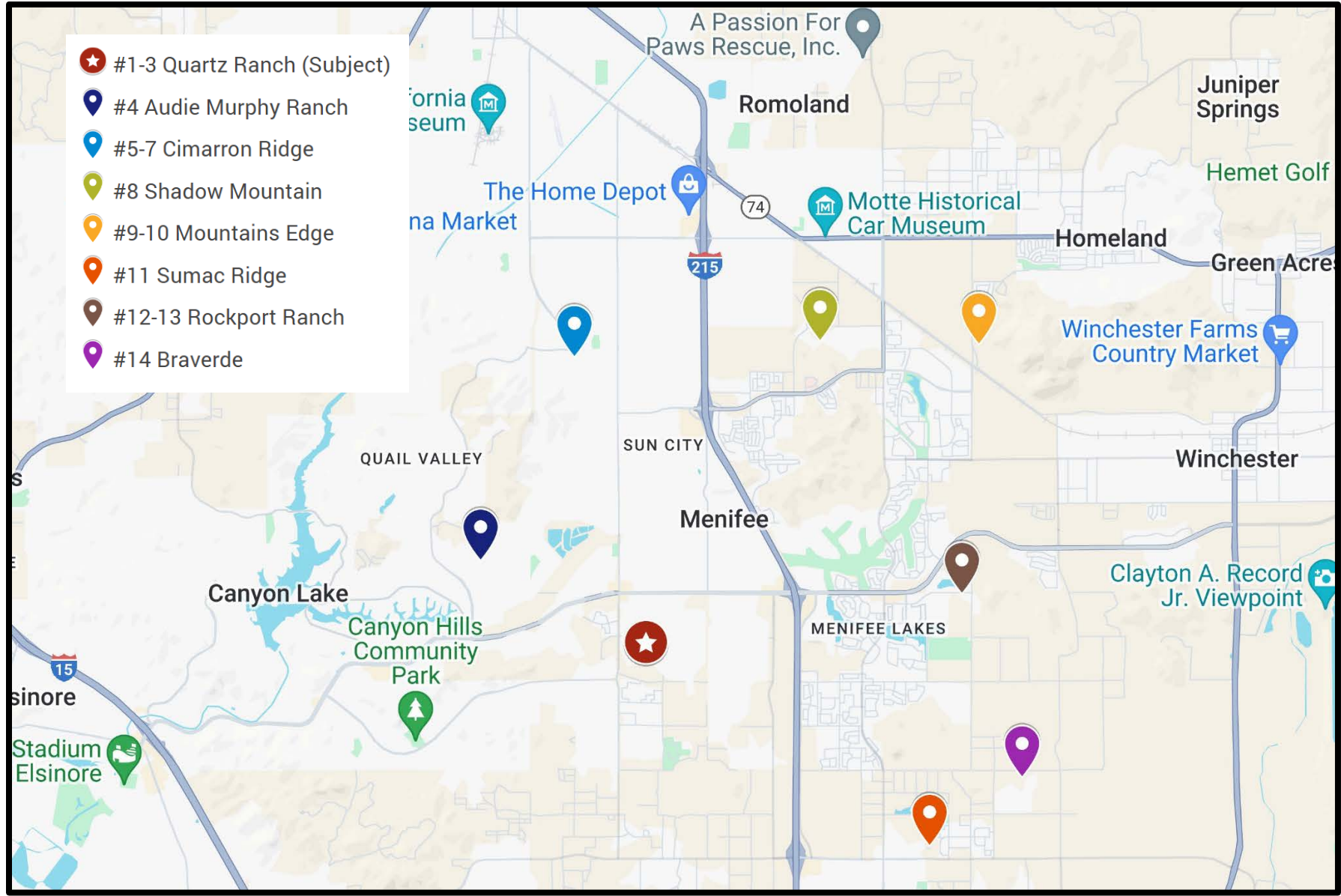


### **FINISHED LOT LAND SALES SUMMARY CHART**

<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	Stone Creek / SEC Grand Avenue and Leon Road, Winchester / 462-020-039 / Meritage / Lansing	April 2024	224	4,000, 5,000, & 10,000	\$10,293,500 / \$45,953	\$205,000	Closed with final engineering in process in an unimproved condition.
2	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.
3	Diamond Brothers South / SE side of Domenigoni Pkwy, N of Lindenberger Rd, Menifee / 340-603-040 / Pulte / Diamond Brothers Five	January 2024	197	6,000	\$8,500,000 / \$43,147	\$240,000	Closed with a recorded final map in an unimproved condition.
4	Riverwalk Village / SWC Bradley Road and Boynton Lane, Menifee / 338-150-046 & 031 / Richmond American / Cal West Homes	December 2023	198	3,000	\$22,077,500 / \$111,502	\$225,000	Purchased with final map approval in unimproved condition. In-fill parcel in Menifee.
5	Prado, Date Street and Temecula Center Drive, Temecula / 916-400-070 / Meritage Homes / AHV Homes	August 2023	237	3,000	\$37,000,000 / \$156,118	\$255,000	Closed with an approved Final Map in an unimproved condition.
6	Murrieta Creek Estates, Palomar Street and Starbuck Circle, Murrieta / 380-210-004 / D.R. Horton / JPR Homes	June 2023	126	7,200	\$7,000,000 / \$55,555	\$265,000	Closed with an approved Final Map in an unimproved condition.
7	Enclave / West of Murrieta Road, South of McCall Blvd, Menifee / 339-531-007 / KB Home / Gordon Youde	May 2023	176	10,000	\$8,000,000 / \$45,455	\$290,000	Closed with a recorded final map in an unimproved condition.
8	Nautical Cove, NWC Briggs Road and Holland Road, Menifee / 364-200-009 / KB Home / Ambient (Escrow)	Escrow	233	6,000	Confidential	\$253,000	Closing with an approved Final Map in an unimproved condition. Three phase take down- Phase 1 scheduled to close 7/15/24.
9	Canterwood Phase 2/3, NWC of Leon Road and Craig Ave., Menifee / 466-310-026 / KB Home / Ambient (Escrow)	Escrow	146	5,000	Confidential	\$227,500	Closing with an approved Final Map in an unimproved condition. Phase 2 scheduled to close 6/20/24 and Phase 3 scheduled to close 2/20/25.

**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	Meadow Walk at Quartz Ranch, Evans and Cherry Birch Avenue, Menifee / Lennar	1	3 / 2.5	2 / 2	1,823	7,200 sf lots 4.7 sales/mo	\$588,280	\$322.70
		2	3 / 2	1 / 2	1,950		\$591,490	\$303.33
		3	4 / 3	2 / 2	2,203		\$614,275	\$278.84
		4	4 / 3	2 / 2	2,419		\$628,020	\$259.62
		5	4 / 3	2 / 2	2,590		\$634,150	\$244.85
2	Ridgeline at Quartz Ranch, Evans and Cherry Birch Avenue, Menifee / Lennar	1	3 / 2	1 / 2	1,950	7,200 sf lots 4.8 sales/mo (SOLD OUT)	\$570,990	\$292.82
		2	3 / 2	1 / 2	2,287		\$635,990	\$278.09
		3 (NG)	4 / 3	1 / 3	2,434		\$689,990	\$283.48
		4	4 / 3.5	1 / 2	2,767		\$691,990	\$250.09
3	Canyon View at Quartz Ranch, Evans and Cherry Birch Avenue, Menifee / Lennar	1	4 / 3.5	2 / 3	2,649	7,200 sf lots 4.9 sales/mo	\$692,815	\$261.54
		2	4 / 3.5	1 / 2	2,767		\$746,000	\$269.61
		3	4 / 2.5	2 / 2	2,809		\$713,640	\$254.05
		4 (NG)	6 / 4.5	2 / 3	4,134		\$910,760	\$220.31
4	Noble at Audie Murphy Ranch / Goetz Road and Audie Murphy Road, Menifee / Richmond American Homes	1	3 / 2	1 / 2	2,270	7,500 sf lots 3.4 sales/mo	\$752,646	\$331.56
		2	3 / 2.5	1 / 2	2,610		\$824,738	\$315.99
		3	3 / 2.5	1 / 3	2,780		\$814,990	\$293.16
		4	3 / 2.5	1 / 3	3,130		\$741,990	\$237.06
5	Meadows at Cimarron Ridge, Goetz Road and Heard Court, Menifee / Pulte	1	4 / 3	1 / 3	2,550	6,000 sf lots 3.0 sales/mo	\$688,990	\$270.19
		2	5 / 4	2 / 3	3,520		\$737,990	\$209.66
		3	6 / 4	2 / 3	3,699		\$752,990	\$203.57
		4 (NG)	6 / 4.5	2 / 3	3,994		\$778,990	\$195.04
6	Pathway at Cimarron Ridge, Goetz Road and Heard Court, Menifee / Pulte	1	4 / 2	1 / 2	1,959	6,000 sf lots 3.2 sales/mo	\$554,990	\$283.30
		2	5 / 2.5	2 / 2	2,397		\$589,990	\$246.14
		3	5 / 3	2 / 2	2,824		\$618,990	\$219.19



7	Greenway at Cimarron Ridge, Goetz Road and Heard Court, Menifee / Pulte	1	3 / 2	1 / 2	1,959	6,000 sf lots 2.5 sales/mo	\$556,990	\$284.32
		2	3 / 2.5	2 / 2	3,125		\$644,990	\$206.40
		3	4 / 2.5	2 / 3	3,410		\$659,990	\$193.55
8	Oak Shade at Shadow Mountain / SW of Palomar Road and Rouse Road, Menifee / KB Home	1	3 / 2	1 / 2	1,472	7,200 sf lots 5.2 sales/mo	\$546,990	\$371.60
		2	3 / 2	1 / 2	1,620		\$556,990	\$343.82
		3	4 / 2	1 / 2	1,846		\$570,990	\$309.31
		4	4 / 3	2 / 2	1,977		\$584,990	\$295.90
		5	4 / 3	2 / 2	2,219		\$598,990	\$269.94
		6	4 / 3	2 / 2	2,454		\$618,990	\$252.24
9	Copper Hill at Mountains Edge, Briggs Road and Hillridge Street, Menifee / Lennar	1	3 / 2.5	2 / 2	1,843	7,000 sf lots 5.0 sales/mo	\$547,540	\$297.09
		2	3 / 2	1 / 2	1,950		\$562,360	\$288.39
		3	4 / 3	2 / 2	2,203		\$553,315	\$251.16
		4 (NG)	7 / 4.5	2 / 2	4,134		\$770,740	\$186.44
10	Hidden Terrace at Mountains Edge, Briggs Road and Hillridge Street, Menifee / Lennar	1	4 / 2	1 / 2	2,336	7,000 sf lots 4.5 sales/mo	\$579,915	\$248.25
		2	4 / 3	2 / 2	2,590		\$595,820	\$230.05
		3	3 / 3.5	2 / 2	3,092		\$684,065	\$221.24
		4 (NG)	7 / 4.5	2 / 2	4,134		\$765,450	\$185.16
11	Sage at Sumac Ridge / NE of Scott Road and Menifee Road, Menifee / Meritage Homes	S1	4 / 2.5	1 / 2	1,910	5,000 sf lots 4.4 sales/mo	\$594,000	\$310.99
		S2	4 / 3	2 / 2	2,320		\$611,000	\$263.36
		S3	4 / 3	2 / 2	2,541		\$625,000	\$245.97
		S4	4 / 3	2 / 2	2,771		\$638,000	\$230.24
		S5	5 / 3	2 / 2	2,948		\$649,000	\$220.15
12	South Shore at Rockport Ranch / SWC of Old Newport Road and Briggs Road, Menifee / Lennar	1	3 / 2	1 / 2	1,939	6,000 sf lots 4.2 sales/mo	\$623,730	\$321.68
		2	5 / 3.5	1 / 2	2,752		\$648,405	\$235.61
		3	4 / 2.5	2 / 2	2,835		\$691,685	\$243.98
		4 (NG)	5 / 3.5	2 / 3	3,146		\$726,830	\$231.03
		5 (NG)	7 / 4.5	2 / 3	4,134		\$862,370	\$208.60

13	North Shore at Rockport Ranch / SWC of Old Newport Road and Briggs Road, Menifee / Lennar	1	3 / 2	1 / 2	1,764	5,000 sf lots 4.3 sales/mo	\$554,245	\$314.20
		2	4 / 3	2 / 2	2,443		\$635,915	\$260.30
		3	4 / 3	2 / 2	2,612		\$644,085	\$246.59
14	Legacy at Braverde / Wickerd Road and El Centro Lane, Menifee / Richmond American	1	3 / 2.5	2 / 2.5	2,780	7,200 sf lots 3.1 sales/mo	\$752,344	\$270.63
		2	3 / 2.5	2 / 3	2,910		\$768,652	\$264.14
		3	3 / 2.5	2 / 3+	3,020		\$797,390	\$264.04
		4	4 / 2.5	2 / 2	3,040		\$741,572	\$243.94
		5	4 / 3.5	2 / 3	3,510		\$705,990	\$201.14

## **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