

Appraisal Report

Small Residential Income Property Appraisal Report

15B556PS  
File # 1500221438

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

SUBJECT

Property Address **137 E Mesquite Ave** City **Palm Springs** State **CA** Zip Code **92264**  
 Borrower **Rick Schwartz** Owner of Public Record **Ntc & Co** County **Riverside**  
 Legal Description **LOT 18 MB 017/040 PALOS VERDES TR**  
 Assessor's Parcel # **508291003** Tax Year **2014** R.E. Taxes \$ **3,950**  
 Neighborhood Name **Tahquitz River Estates** Map Reference **786 E4** Census Tract **0448.05**  
 Occupant  Owner  Tenant  Vacant Special Assessments \$ **0.00**  PUD HOA \$ **0**  per year  per month  
 Property Rights Appraised  Fee Simple  Leasehold  Other (describe)  
 Assignment Type  Purchase Transaction  Refinance Transaction  Other (describe)  
 Lender/Client **Catalyst Lending Inc.** Address **6530 S Yosemite St #310, Greenwood Vlg, CO 80111**  
 Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal?  Yes  No  
 Report data source(s) used, offering price(s), and date(s). **Subject was listed for sale on DAMLS on 01/07/2015 per MLS#15824785PS with a listing price of \$649000 with a total of 49 DOM.**

CONTRACT

I  did  did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed. **The sale contract was reviewed and considered to be a standard sales contract with no unusual provisions. Three Counteroffers and One addendum.**  
 Contract Price \$ **615,000** Date of Contract **02/19/2015** Is the property seller the owner of public record?  Yes  No Data Source(s) **RealQuest**  
 Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower?  Yes  No  
 If Yes, report the total dollar amount and describe the items to be paid.

NEIGHBORHOOD

**Note: Race and the racial composition of the neighborhood are not appraisal factors.**

Neighborhood Characteristics		2-4 Unit Housing Trends		2-4 Unit Housing		Present Land Use %	
Location <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural	Property Values <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining	PRICE	AGE	One-Unit	<b>86 %</b>		
Built-Up <input checked="" type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%	Demand/Supply <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply	\$ (000)	(yrs)	2-4 Unit	<b>1 %</b>		
Growth <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow	Marketing Time <input checked="" type="checkbox"/> Under 3 mths <input type="checkbox"/> 3-6 mths <input type="checkbox"/> Over 6 mths	<b>310</b>	Low <b>37</b>	Multi-Family	<b>1 %</b>		
Neighborhood Boundaries <b>Market area is the City of Palm Springs bounded by Whitewater River(north), San Jacinto mtns(west), Santa Rosa Mnts(south and Gene Autry Dr(east)</b>		<b>560</b>	High <b>82</b>	Commercial	<b>12 %</b>		
Neighborhood Description <b>A mix of fee and leasehold properties originally developed in the 1950's as a winter playground for the Hollywood movie people. Older mid-century design architecture is prized. The area is renown for its winter part-time residences. The area has an international airport. Property values are highest in mid-market are centered around the town center and are lowest in the north where the area is subject to winds coming through the mountain passes. See addendum.</b>		<b>420</b>	Pred. <b>61</b>	Other	<b>%</b>		

Market Conditions (including support for the above conclusions) **Data from MCRReport: Median prices show a large increase. However, income properties are sold on a ROI basis and this is measured by what investors are paying for income and measured on a GRM basis. GRMs show stability (See addendum). Marketing times are in 1 to 2 month range. Unsold inventory indicates 3.8 months per Actives (8) and the last 6 months sales (5).**

SITE

Dimensions **60' x 135'** Area **7,841 sf** Shape **Rectangular** View **Residential**  
 Specific Zoning Classification **R2** Zoning Description **Residential Medium Density**  
 Zoning Compliance  Legal  Legal Nonconforming (Grandfathered Use)  No Zoning  Illegal (describe)  
 Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use?  Yes  No If No, describe **Present Use satisfies all four requirements for the H&BU.**  

Utilities	Public	Other (describe)	Public	Other (describe)	Off-site Improvements - Type	Public	Private
Electricity	<input checked="" type="checkbox"/>		Water	<input checked="" type="checkbox"/>	Street <b>Asphalt</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gas	<input checked="" type="checkbox"/>		Sanitary Sewer	<input checked="" type="checkbox"/>	Alley <b>None</b>	<input type="checkbox"/>	<input type="checkbox"/>

 FEMA Special Flood Hazard Area  Yes  No FEMA Flood Zone **X500** FEMA Map # **06065C1566G** FEMA Map Date **08/28/2008**  
 Are the utilities and/or off-site improvements typical for the market area?  Yes  No If No, describe  
 Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)?  Yes  No If Yes, describe

IMPROVEMENTS

General Description		Foundation		Exterior Description materials/condition		Interior materials/condition	
Units <input type="checkbox"/> Two <input checked="" type="checkbox"/> Three <input type="checkbox"/> Four	<input checked="" type="checkbox"/> Concrete Slab <input type="checkbox"/> Crawl Space	Foundation Walls	<b>Concrete/Ave</b>	Floors	<b>Tile/Ave</b>		
<input type="checkbox"/> Accessory Unit (describe below)	<input type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement	Exterior Walls	<b>Brick/Ave</b>	Walls	<b>PntedWlbd/Ave</b>		
# of Stories <b>1</b> # of bldgs. <b>1</b>	Basement Area <b>0</b> sq.ft.	Roof Surface	<b>CompTile/Ave</b>	Trim/Finish	<b>3"/Ave</b>		
Type <input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det/End Unit	Basement Finish <b>0</b> %	Gutters & Downspouts	<b>Yes/Ave</b>	Bath Floor	<b>Tile/Ave</b>		
<input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.	<input type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump	Window Type	<b>Wood-GSldg/Ave</b>	Bath Wainscot	<b>Tile/Ave</b>		
Design (Style) <b>Cabin</b>	Evidence of <input type="checkbox"/> Infestation	Storm Sash/Insulated	<b>None</b>		<b>Car Storage</b>		
Year Built <b>1933</b>	<input type="checkbox"/> Dampness <input type="checkbox"/> Settlement	Screens	<b>Yes/Ave</b>	<input type="checkbox"/> None			
Effective Age (Yrs) <b>35</b>	<b>Heating/Cooling</b>		<b>Amenities</b>		<input checked="" type="checkbox"/> Driveway	# of Cars	<b>5</b>
Attic <input checked="" type="checkbox"/> None	<input checked="" type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant	<input checked="" type="checkbox"/> Fireplace(s) # <b>2</b>	<input type="checkbox"/> Woodstove(s) # <b>0</b>	Driveway Surface	<b>Concrete</b>		
<input type="checkbox"/> Drop Stair <input type="checkbox"/> Stairs	<input type="checkbox"/> Other Fuel <b>Gas</b>	<input checked="" type="checkbox"/> Patio/Deck <b>2</b>	<input checked="" type="checkbox"/> Fence <b>Wood</b>	<input type="checkbox"/> Garage	# of Cars	<b>0</b>	
<input type="checkbox"/> Floor <input type="checkbox"/> Scuttle	Cooling <input checked="" type="checkbox"/> Central Air Conditioning	<input checked="" type="checkbox"/> Pool <b>Pool</b>	<input type="checkbox"/> Porch <b>None</b>	<input type="checkbox"/> Carport	# of Cars	<b>0</b>	
<input type="checkbox"/> Finished <input type="checkbox"/> Heated	<input type="checkbox"/> Individual <input type="checkbox"/> Other	<input type="checkbox"/> Other		<input type="checkbox"/> Att. <input type="checkbox"/> Det. <input type="checkbox"/> Built-in			
# of Appliances	Refrigerator <b>3</b>	Range/Oven <b>3</b>	Dishwasher	Disposal <b>3</b>	Microwave	Washer/Dryer <b>2</b>	Other (describe)
Unit # 1 contains:	<b>3</b> Rooms	<b>1</b> Bedrooms	<b>1</b> Bath(s)	<b>658</b> Square Feet of Gross Living Area			
Unit # 2 contains:	<b>3</b> Rooms	<b>1</b> Bedrooms	<b>1</b> Bath(s)	<b>702</b> Square Feet of Gross Living Area			
Unit # 3 contains:	<b>5</b> Rooms	<b>2</b> Bedrooms	<b>2</b> Bath(s)	<b>1,228</b> Square Feet of Gross Living Area			
Unit # 4 contains:	Rooms	Bedrooms	Bath(s)	Square Feet of Gross Living Area			

Additional features (special energy efficient items, etc.). **No special energy items noted at inspection.**

Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). **Appraiser review of the property found it in good condition with no repairs obvious to the appraiser. Flooring is tile;**

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<b>IMPROVEMENTS</b>	Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, describe.
	Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If No, describe.
	Is the property subject to rent control? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, describe

The following properties represent the most current, similar, and proximate comparable rental properties to the subject property. This analysis is intended to support the opinion of the market rent for the subject property.																	
FEATURE	SUBJECT	COMPARABLE RENTAL # 1			COMPARABLE RENTAL # 2			COMPARABLE RENTAL # 3									
Address	<b>137 E Mesquite Ave Palm Springs, CA 92264</b>	<b>2093 S Caliente Dr Palm Springs, CA 92264</b>			<b>1382 S Camino Real Palm Springs, CA 92264</b>			<b>735 S Riverside Dr Apt 4 Palm Springs, CA 92264</b>									
Proximity to Subject		1.01 miles SE			0.49 miles SE			0.26 miles NE									
Current Monthly Rent	\$ 3,165	\$ 1,325			\$ 1,000			\$ 875									
Rent/Gross Bldg. Area	\$ 1.22 sq.ft.	\$ 1.40 sq.ft.			\$ 1.18 sq.ft.			\$ 1.29 sq.ft.									
Rent Control	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No									
Data Source(s)	<b>Lease contracts</b>	<b>MLS#214004021</b>			<b>MLS#214011086</b>			<b>MLS#EV14079769</b>									
Date of Lease(s)	<b>07/14-10/15</b>	<b>01/29/15 - 01/28/16</b>			<b>08/29/04 - 08/28/15</b>			<b>05/30/14 - 05/29/15</b>									
Location	<b>Tahquitz River</b>	<b>Canyon South 1</b>			<b>Warm Sands/Biltmore</b>			<b>Tahquitz River</b>									
Actual Age	<b>82</b>	<b>41</b>			<b>42</b>			<b>40</b>									
Condition	<b>Average</b>	<b>Average</b>			<b>Average</b>			<b>Average</b>									
Gross Building Area	<b>2,588</b>	<b>945</b>			<b>847</b>			<b>680</b>									
Unit Breakdown	Rm Count		Size Sq. Ft.	Rm Count		Size Sq. Ft.	Monthly Rent	Rm Count		Size Sq. Ft.	Monthly Rent						
	Tot	Br	Ba	Tot	Br	Ba		Tot	Br	Ba							
Unit # 1	3	1	1	658			\$	3	1	1	847	\$ 1,000	5	2	1	680	\$ 875
Unit # 2	3	1	1	702			\$				\$					\$	
Unit # 3	5	2	2	1,228	5	2	2	945			\$ 1,325					\$	
Unit # 4							\$				\$					\$	
Utilities Included	<b>Water, Gas,</b>		<b>Water, Gas</b>			<b>Water, Gas</b>			<b>Water, Gas</b>								
Pool	<b>Pool</b>		<b>Pool</b>			<b>Pool</b>			<b>Pool</b>								

Analysis of rental data and support for estimated market rents for the individual subject units reported below (including the adequacy of the comparables, rental concessions, etc.) **Rents are from multi-unit properties which are considered competitive with small unit duplex to triplex properties that have a pool amenity. The rents are typical for these units.**

<b>Rent Schedule:</b> The appraiser must reconcile the applicable indicated monthly market rents to provide an opinion of the market rent for each unit in the subject property.									
Unit #	Lease Date		Actual Rents				Opinion of Market Rent		
	Begin Date	End Date	Per Unit		Total Rents	Per Unit		Total Rents	
			Unfurnished	Furnished		Unfurnished	Furnished		
1	07/07/2014	07/31/2015	\$ 975	\$	\$ 975	\$ 950	\$	\$ 950	
2	08/10/2014	08/16/2015	895		895	925		925	
3	09/22/2014	10/31/2015	1,295		1,295	1,300		1,300	
4									
Comment on lease data <b>Subject leases per contracts reviewed by appraiser</b>			Total Actual Monthly Rent		\$ 3,165	Total Gross Monthly Rent		\$ 3,175	
			Other Monthly Income (itemize)		\$	Other Monthly Income (itemize)		\$	
			Total Actual Monthly Income		\$ 3,165	Total Estimated Monthly Income		\$ 3,175	
Utilities included in estimated rents <input checked="" type="checkbox"/> Electric <input checked="" type="checkbox"/> Water <input checked="" type="checkbox"/> Sewer <input checked="" type="checkbox"/> Gas <input type="checkbox"/> Oil <input checked="" type="checkbox"/> Trash collection <input type="checkbox"/> Cable <input type="checkbox"/> Other									
Comments on actual or estimated rents and other monthly income (including personal property) <b>Competitive market rental rates for the 1/1 unit is estimated by the 1/1 graph in the addendum indicating a rate for the 658 sf unit #1 at \$1.37/sf and for Unit #2 \$1.35. The 2/2 configuration market rents appear to be \$1.00/sf (See addendum for data). Actual rents are per lease agreements on subject units.</b>									

<b>PRIOR SALE HISTORY</b>	I <input checked="" type="checkbox"/> did <input type="checkbox"/> did not research the sale or transfer history of the subject property and comparable sales. If not, explain			
	My research <input type="checkbox"/> did <input checked="" type="checkbox"/> did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.			
	Data Source(s) <b>RealQuest</b>			
	My research <input type="checkbox"/> did <input checked="" type="checkbox"/> did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.			
	Data Source(s) <b>RealQuest</b>			
	Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).			
ITEM	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3
Date of Prior Sale/Transfer	07/24/2009	06/11/2004	04/28/2011	01/02/2013
Price of Prior Sale/Transfer	\$246,000	\$500,000	\$455,297	\$0
Data Source(s)	Doc#385375	Doc#453183	Doc#186243(Trustee)	Doc#651(Quit Claim)
Effective Date of Data Source(s)	02/19/2015	02/19/2015	02/19/2015	02/19/2015
Analysis of prior sale or transfer history of the subject property and comparable sales <b>Subject had no prior sale in past three years. No other sale of a Comparable within the one year reporting period was noted.</b>				

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There are <b>8</b> comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ <b>249,000</b> to \$ <b>875,000</b>																							
There are <b>11</b> comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ <b>310,000</b> to \$ <b>560,000</b>																							
FEATURE			SUBJECT			COMPARABLE SALE # 1			COMPARABLE SALE # 2			COMPARABLE SALE # 3											
Address			<b>137 E Mesquite Ave Palm Springs, CA 92264</b>			<b>665 S Camino Real Palm Springs, CA 92264</b>			<b>1152 E San Jacinto Way Palm Springs, CA 92262</b>			<b>970 E Parocela Pl Palm Springs, CA 92264</b>											
Proximity to Subject						0.46 miles NE			2.05 miles NE			0.58 miles NE											
Sale Price			\$ <b>615,000</b>			\$ <b>470,000</b>			\$ <b>535,000</b>			\$ <b>560,000</b>											
Sale Price/Gross Bldg. Area			\$ <b>238.00</b> sq.ft.			\$ <b>192.70</b> sq.ft.			\$ <b>251.76</b> sq.ft.			\$ <b>180.65</b> sq.ft.											
Gross Monthly Rent			\$ <b>3,175</b>			\$ <b>2,975</b>			\$ <b>2,825</b>			\$ <b>3,800</b>											
Gross Rent Multiplier			<b>193.70</b>			<b>157.98</b>			<b>189.38</b>			<b>147.37</b>											
Price per Unit			\$ <b>205,000</b>			\$ <b>117,500</b>			\$ <b>133,750</b>			\$ <b>140,000</b>											
Price per Room			\$ <b>55,909</b>			\$ <b>39,167</b>			\$ <b>44,583</b>			\$ <b>40,000</b>											
Price per Bedroom			\$ <b>153,750</b>			\$ <b>117,500</b>			\$ <b>133,750</b>			\$ <b>112,000</b>											
Rent Control			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No											
Data Source(s)						MLS#14802339PS/DOM 54			MLS#214084773/DOM 35			MLS#214087303/DOM 66											
Verification Source(s)						Doc#452766			Doc#448101			Doc#41703											
VALUE ADJUSTMENTS		DESCRIPTION		DESCRIPTION		+(-) Adjustment		DESCRIPTION		+(-) Adjustment		DESCRIPTION		+(-) Adjustment									
Sale or Financing				Cash		0		Conventional		0		Conventional		0									
Concessions				None		0		None		0		None		0									
Date of Sale/Time				11/26/2014				11/21/2014				02/02/2015											
Location		Tahquitz River		Warm Sands				Movie Colony		-50,000		Warm Sands											
Leasehold/Fee Simple		Fee Simple		Fee Simple				Fee Simple				Fee Simple											
Site		7,841 sf		6534 sf		+20,000		7841 sf				10344 sf		-37,545									
View		Residential		Residential				Residential				Residential											
Design (Style)		Cabin		Cabin				Cabins				Cabin											
Quality of Construction		Average		Average				Average+		-25,000		Average											
Actual Age		82		59		0		79		0		67		0									
Condition		Average		Average				Average				Average											
Gross Building Area		2,588		2,439		+14,900		2,125		+46,300		3,100		-51,200									
Unit Breakdown		Total		Bdrms		Baths		Total		Bdrms		Baths		Total		Bdrms		Baths					
Unit # 1		3		1		1		3		1		1		3		1		1					
Unit # 2		3		1		1		3		1		1		3		1		1					
Unit # 3		5		2		2		5		2		2		5		2		2					
Unit # 4								1				1		3		1		1					
Basement Description		0		0				0				0				0							
Basement Finished Rooms		0		0				0				0				0							
Functional Utility		Average		Average				Average				Average				Average							
Heating/Cooling		HVAC		HVAC				HVAC				HVAC				HVAC							
Energy Efficient Items		Average		Average				Average				Average				Average							
Parking On/Off Site		5/on site/Open		4/on site/Open				0 1 Garage/Open		-6,000		6/on site/Open		0									
Porch/Patio/Deck		Cov'd patio		Cov'd patio				Cov'd patio				Cov'd patio				Cov'd patio							
Pool		Pool		Pool				Pool				Pool				Pool							
Net Adjustment (Total)				<input checked="" type="checkbox"/> + <input type="checkbox"/> -		\$ <b>34,900</b>		<input type="checkbox"/> + <input checked="" type="checkbox"/> -		\$ <b>-34,700</b>		<input type="checkbox"/> + <input checked="" type="checkbox"/> -		\$ <b>-88,745</b>									
Adjusted Sale Price of Comparables				Net Adj. 7.4 %				Net Adj. 6.5 %				Net Adj. 15.8 %				Gross Adj. 15.8 %		\$ <b>471,255</b>					
Adjusted Price Per Unit (Adj. SP Comp / # of Comp Units)		\$ <b>126,225</b>						\$ <b>125,075</b>						\$ <b>117,814</b>									
Adjusted Price Per Room (Adj. SP Comp / # of Comp Rooms)		\$ <b>42,075</b>						\$ <b>41,692</b>						\$ <b>33,661</b>									
Adjusted Price Per Bedrm (Adj. SP Comp / # of Comp Bedrooms)		\$ <b>126,225</b>						\$ <b>125,075</b>						\$ <b>94,251</b>									
Value per Unit		\$ <b>119,000</b> X		3		Units = \$ <b>357,000</b>		Value per GBA \$ <b>182</b> X		2,588		GBA = \$ <b>471,016</b>											
Value per Rm.		\$ <b>39,000</b> X		11		Rooms = \$ <b>429,000</b>		Value per Bdrms. \$ <b>110,750</b> X		4		Bdrms. = \$ <b>443,000</b>											
Summary of Sales Comparison Approach including reconciliation of the above indicators of value.												<b>The Market Timing adjustment reflects the difference in value due to estimated market price movements. Location adjustment reflects the average higher values in central Palm Springs (C2) and the lower values in northern Palm Springs (C4). Site adjustment reflects the market value for different lot sizes in this market area. GLA adjustment made at \$100/SF. Quality adjustment reflects the tiel roof, smooth stucco walls and other superior features in Comp 2. The Garage and Pool adjustments are made at the market value for these amenities in this market area. NOTE: Comp 1's actual configuration is 3x 1/1; 1x 2/2; studio for 5 units. The studio is non-permitted but market value assigned. Comp 4's rental income is estimated at market as none noted by the agent.</b>											
Indicated Value by Sales Comparison Approach \$ <b>490,000</b>																							
Total gross monthly rent \$ <b>3,175</b> X gross rent multiplier (GRM) <b>186</b> = \$ <b>590,550</b>												Indicated value by the Income Approach											
Comments on income approach including reconciliation of the GRM <b>The GRM is selected from the GRMs noted in the addendum. It is supported by the Comparable's GRM in the analysis and is within the range of acceptable GRMs in the recent sales of similar properties.</b>																							
Indicated Value by: Sales Comparison Approach \$ <b>490,000</b>												Income Approach \$ <b>590,550</b>						Cost Approach (if developed) \$ <b>447,330</b>					
<b>See the addendum for the Sales Reconciliation and the Final Reconciliation of the Approaches to Value. The Indicated Value assumes a marketing period of 4 months and a reasonable exposure time of 4 months. The Cost Approach to Value was not considered to be a good value indicator and only the Sales and Income Approaches to Value were used as a value indicators.</b>																							
<b>NOTE: Indicated Value exceeds the highest Sale Price but does not exceed the highest GRM. In order to have a higher sale price the appraiser would have to use properties with higher unit &amp; Bed counts and significantly higher GLAs.</b>																							
This appraisal is made <input checked="" type="checkbox"/> "as is", <input type="checkbox"/> subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, <input type="checkbox"/> subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or <input type="checkbox"/> subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair:																							
Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ <b>570,000</b> , as of <b>02/26/2015</b> , which is the date of inspection and the effective date of this appraisal.																							

SALES COMPARISON APPROACH

INCOME

RECONCILIATION

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ADDITIONAL COMMENTS	<b>SPECIAL CERTIFICATION:</b> I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.	
	<b>INTENDED USE AND USER:</b> The Intended User of this appraisal report is the Lender/Client. There are no other Intended Users. Lender/Client agrees to maintain the confidentiality of the appraisal report and agrees not to disclose any part of it to any other person or entity. Lender/Client further agrees to defend, indemnify and hold appraiser harmless from any claims arising from Lender/Client's unauthorized distribution of the appraisal report. Should the Lender/Client wish to disclose any part of the report or its contents, appraiser may authorize such disclosure in his sole discretion. Any such authorization must be in writing. Such authorization does not abrogate Lender/Client's duty to defend, indemnify and hold appraiser harmless. The Intended Use of this appraisal report is to evaluate the property that is the subject of this appraisal for a mortgage finance transaction, subject to the stated Scope of Work, purpose of the appraisal, reporting requirements of this appraisal form and Definition of Market Value (12 CFR 34.42(g)).	
	<b>SCOPE OF WORK:</b> The appraiser's scope of work in determining the Indicated Market Value of the subject property as of the Value Date is as follows:	
	1) Investigate the subject property to determine appropriate living area, quality of construction and amenities, condition of improvements; including any encroachments, adverse easements, potential hazards or other site characteristics that may impact value.	
	2) define the market area,	
	3) review all market area sales utilizing the RealQuest database with emphasis given to the local MLS sales and Pending Sales in the market area that have been recorded within a reasonable time of the Value Date,	
	4) verify all sales used by public recorded documents	
	5) determine the subject's lot values by investigation of lot sales in the market area,	
	6) review all public data and MLS sales comments to determine the quality and condition of the sales comparables used; interview agents, owners and/or sellers in an attempt to verify sale prices, terms and special conditions including condition of property as sold,	
	7) conduct a field review of the existing properties,	
	8) apply matched pair analysis and market derived values to arrive at adjustments that assist in determining an objective Indication of Value as of the Value Date,	
	9) conduct a survey of comparable market rents for rental units competitive with the subject units,	
10) review the rental market for demand/supply characteristics, concessions, etc,		
11) establish a market GRM by analysis of income property sales in the market area to determine the market GRM for competitive properties,		
12) establish the methodology that buyers are presently using in this market to purchase income properties and apply this methodology to determine an appropriate indication of value for the subject property.		
<b>GLA-</b> The appraiser's measurements are within acceptable limits conforming to assessor data. The GLA used is the assessor's posted GLA which is the publicly accepted living area and used by the agents in marketing the property.		
<b>PROXIMITY:</b> There is no geo-difference in value and no Location adjustment was required.		
<b>PREDOMINATE VS INDICATED VALUE:</b> The Indicated Value exceeds the predominate value due to the subject's good location and its slightly larger GLA. It is not considered to be an overimprovement and normal marketing efforts should suffice.		
<b>ADJUSTMENTS:</b> Adjustments exceed guidelines as there are few comps and adjustments were made market at market value.		
<b>COST APPROACH TO VALUE (not required by Fannie Mae)</b>		
Provide adequate information for the lender/client to replicate the below cost figures and calculations.		
Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value)		<b>Site value is estimated by extraction. Few recent lot sales in this area. The lot value is estimated by past sales and listings.</b>
COST APPROACH	ESTIMATED <input type="checkbox"/> REPRODUCTION OR <input checked="" type="checkbox"/> REPLACEMENT COST NEW	OPINION OF SITE VALUE ..... = \$ <b>150,000</b>
	Source of cost data <b>Averag</b>	DWELLING <b>2,588</b> Sq.Ft. @ \$ <b>150.00</b> ..... = \$ <b>388,200</b>
	Quality rating from cost service <b>Averag</b> Effective date of cost data <b>12/2014</b>	<b>0</b> Sq.Ft. @ \$ ..... = \$
	Comments on Cost Approach (gross living area calculations, depreciation, etc.)	..... = \$
	Estimate of Improvement Cost New utilized <b>Marshall and Swift</b>	Garage/Carport Sq.Ft. @ \$ ..... = \$
	Residential Cost Handbook cost data. Economic life estimated at <b>65 years. Depreciation calculated by the Modified Age Life Method. Cost to Replace is estimated to be lower than the Indicated Value due to the income nature of the property.</b>	Total Estimate of Cost-New ..... = \$ <b>388,200</b>
		Less Physical Functional External
		Depreciation <b>135,870</b> ..... = \$( <b>135,870</b> )
		Depreciated Cost of Improvements ..... = \$ <b>252,330</b>
		"As-is" Value of Site Improvements ..... = \$ <b>45,000</b>
Estimated Remaining Economic Life (HUD and VA only) <b>30</b> Years	<b>INDICATED VALUE BY COST APPROACH</b> ..... = \$ <b>447,330</b>	
<b>PROJECT INFORMATION FOR PUDs (if applicable)</b>		
Is the developer/builder in control of the Homeowners' Association (HOA)? <input type="checkbox"/> Yes <input type="checkbox"/> No Unit type(s) <input type="checkbox"/> Detached <input type="checkbox"/> Attached		
Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.		
Legal Name of Project		
Total number of phases	Total number of units	Total number of units sold
Total number of units rented	Total number of units for sale	Data source(s)
Was the project created by the conversion of existing building(s) into a PUD? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, date of conversion.		
Does the project contain any multi-dwelling units? <input type="checkbox"/> Yes <input type="checkbox"/> No Data Source		
Are the units, common elements, and recreation facilities complete? <input type="checkbox"/> Yes <input type="checkbox"/> No If No, describe the status of completion.		
Are the common elements leased to or by the Homeowners' Association? <input type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe the rental terms and options.		
Describe common elements and recreational facilities.		

## Small Residential Income Property Appraisal Report

15B556PS  
File# 1500221438

This report form is designed to report an appraisal of a two- to four-unit property, including a two- to four-unit property in a planned unit development (PUD). A two- to four-unit property located in either a condominium or cooperative project requires the appraiser to inspect the project and complete the project information section of the Individual Condominium Unit Appraisal Report or the Individual Cooperative Interest Appraisal Report and attach it as an addendum to this report.

This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions, and certifications. Modifications, additions, or deletions to the intended use, intended user, definition of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization, are permitted.

**SCOPE OF WORK:** The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the interior and exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparable sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

**INTENDED USE:** The intended use of this appraisal report is for the lender/client to evaluate the property that is the subject of this appraisal for a mortgage finance transaction.

**INTENDED USER:** The intended user of this appraisal report is the lender/client.

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

\*Adjustments to the comparables must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third party institutional lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

**STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS:** The appraiser's certification in this report is subject to the following assumptions and limiting conditions:

1. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it, except for information that he or she became aware of during the research involved in performing this appraisal. The appraiser assumes that the title is good and marketable and will not render any opinions about the title.
2. The appraiser has provided a sketch in this appraisal report to show the approximate dimensions of the improvements, including each of the units. The sketch is included only to assist the reader in visualizing the property and understanding the appraiser's determination of its size.
3. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in this appraisal report whether any portion of the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
4. The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand, or as otherwise required by law.
5. The appraiser has noted in this appraisal report any adverse conditions (such as needed repairs, deterioration, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property or that he or she became aware of during the research involved in performing this appraisal. Unless otherwise stated in this appraisal report, the appraiser has no knowledge of any hidden or unapparent physical deficiencies or adverse conditions of the property (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) that would make the property less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, this appraisal report must not be considered as an environmental assessment of the property.
6. The appraiser has based his or her appraisal report and valuation conclusion for an appraisal that is subject to satisfactory completion, repairs, or alterations on the assumption that the completion, repairs, or alterations of the subject property will be performed in a professional manner.

**Small Residential Income Property Appraisal Report**15B556PS  
File# 1500221438**APPRAISER'S CERTIFICATION:** The Appraiser certifies and agrees that:

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
2. I performed a complete visual inspection of the interior and exterior areas of the subject property, including all units. I reported the condition of the improvements in factual, specific terms. I identified and reported the physical deficiencies that could affect the livability, soundness, or structural integrity of the property.
3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison and income approaches to value. I have adequate market data to develop reliable sales comparison and income approaches to value for this appraisal assignment. I further certify that I considered the cost approach to value but did not develop it, unless otherwise indicated in this report.
5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.
6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year prior to the date of sale of the comparable sale, unless otherwise indicated in this report.
7. I selected and used comparable sales that are locationally, physically, and functionally the most similar to the subject property.
8. I have not used comparable sales that were the result of combining a land sale with the contract purchase price of a home that has been built or will be built on the land.
9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.
10. I verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property.
11. I have knowledge and experience in appraising this type of property in this market area.
12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.
13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable sources that I believe to be true and correct.
14. I have taken into consideration the factors that have an impact on value with respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value. I have noted in this appraisal report any adverse conditions (such as, but not limited to, needed repairs, deterioration, the presence of hazardous wastes, toxic substances, adverse environmental conditions, etc.) observed during the inspection of the subject property or that I became aware of during the research involved in performing this appraisal. I have considered these adverse conditions in my analysis of the property value, and have reported on the effect of the conditions on the value and marketability of the subject property.
15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.
16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions, and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.
17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective personal interest or bias with respect to the participants in the transaction. I did not base, either partially or completely, my analysis and/or opinion of market value in this appraisal report on the race, color, religion, sex, age, marital status, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owners or occupants of the properties in the vicinity of the subject property or on any other basis prohibited by law.
18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or the attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application).
19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report. If I relied on significant real property appraisal assistance from any individual or individuals in the performance of this appraisal or the preparation of this appraisal report, I have named such individual(s) and disclosed the specific tasks performed in this appraisal report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in this appraisal report; therefore, any change made to this appraisal is unauthorized and I will take no responsibility for it.
20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.

# Small Residential Income Property Appraisal Report

 15B556PS  
 File # 1500221438

21. The lender/client may disclose or distribute this appraisal report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent. Such consent must be obtained before this appraisal report may be disclosed or distributed to any other party (including, but not limited to, the public through advertising, public relations, news, sales, or other media).

22. I am aware that any disclosure or distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations. Further, I am also subject to the provisions of the Uniform Standards of Professional Appraisal Practice that pertain to disclosure or distribution by me.

23. The borrower, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.


24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar state laws.

**SUPERVISORY APPRAISER'S CERTIFICATION:** The Supervisory Appraiser certifies and agrees that:

1. I directly supervised the appraiser for this appraisal assignment, have read the appraisal report, and agree with the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
2. I accept full responsibility for the contents of this appraisal report including, but not limited to, the appraiser's analysis, opinions, statements, conclusions, and the appraiser's certification.
3. The appraiser identified in this appraisal report is either a sub-contractor or an employee of the supervisory appraiser (or the appraisal firm), is qualified to perform this appraisal, and is acceptable to perform this appraisal under the applicable state law.
4. This appraisal report complies with the Uniform Standards of Professional Appraisal Practice that were adopted and promulgated by the Appraisal Standards Board of The Appraisal Foundation and that were in place at the time this appraisal report was prepared.
5. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.

## APPRAISER

Signature   
 Name Thomas Sidenfaden  
 Company Name Appraisal Solutions Group  
 Company Address 57 San Simeon Court, Rancho Mirage, CA 92270  
 Telephone Number (760) 202-2917  
 Email Address appraisalsolutions@hotmail.com  
 Date of Signature and Report March 03, 2015  
 Effective Date of Appraisal 02/26/2015  
 State Certification # AR016497  
 or State License # \_\_\_\_\_  
 or Other (describe) \_\_\_\_\_ State # \_\_\_\_\_  
 State CA  
 Expiration Date of Certification or License 04/27/2016

## ADDRESS OF PROPERTY APPRAISED

137 E Mesquite Ave  
Palm Springs, CA 92264

APPRAISED VALUE OF SUBJECT PROPERTY \$ 570,000

## LENDER/CLIENT

Name \_\_\_\_\_  
 Company Name Catalyst Lending Inc.  
 Company Address 6530 S Yosemite St #310, Greenwood Vlg, CO 80111  
 Email Address \_\_\_\_\_

## SUPERVISORY APPRAISER (ONLY IF REQUIRED)

Signature \_\_\_\_\_  
 Name \_\_\_\_\_  
 Company Name \_\_\_\_\_  
 Company Address \_\_\_\_\_  
 Telephone Number \_\_\_\_\_  
 Email Address \_\_\_\_\_  
 Date of Signature \_\_\_\_\_  
 State Certification # \_\_\_\_\_  
 or State License # \_\_\_\_\_  
 State \_\_\_\_\_  
 Expiration Date of Certification or License \_\_\_\_\_

## SUBJECT PROPERTY

- Did not inspect subject property  
 Did inspect exterior of subject property from street  
 Date of Inspection \_\_\_\_\_  
 Did inspect interior and exterior of subject property  
 Date of Inspection \_\_\_\_\_

## COMPARABLE SALES

- Did not inspect exterior of comparable sales from street  
 Did inspect exterior of comparable sales from street  
 Date of Inspection \_\_\_\_\_

# Small Residential Income Property Appraisal Report

15B556PS  
File # 1500221438

FEATURE	SUBJECT	COMPARABLE SALE # 4			COMPARABLE SALE # 5			COMPARABLE SALE # 6			
Address	<b>137 E Mesquite Ave Palm Springs, CA 92264</b>	<b>482 W Pico Rd Palm Springs, CA 92262</b>			<b>585 S Camino Real Palm Springs, CA 92264</b>			<b>515 S Calle Amigos Palm Springs, CA 92264</b>			
Proximity to Subject		3.39 miles N			0.54 miles NE			0.61 miles NE			
Sale Price	\$ 615,000	\$ 445,000			\$ 599,000			\$ 599,000			
Sale Price/Gross Bldg. Area	\$ 238.00 sq.ft.	\$ 128.02 sq.ft.			\$ 229.15 sq.ft.			\$ 238.08 sq.ft.			
Gross Monthly Rent	\$ 3,175	\$ 3,525			\$ 3,150			\$ 3,150			
Gross Rent Multiplier	193.70	126.24			190.16			190.16			
Price per Unit	\$ 205,000	\$ 89,000			\$ 199,667			\$ 199,667			
Price per Room	\$ 55,909	\$ 34,231			\$ 54,455			\$ 54,455			
Price per Bedroom	\$ 153,750	\$ 89,000			\$ 119,800			\$ 149,750			
Rent Control	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
Data Source(s)		MLS#21471920/DOM 246			MLS#15818323PS/DOM 56			MLS#15818315PS/DOM 56			
Verification Source(s)		Doc#456789			Active Listing			Active Listing			
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) Adjustment		DESCRIPTION	+(-) Adjustment		DESCRIPTION	+(-) Adjustment		
Sale or Financing		Conventional			Cash	0		Cash	0		
Concessions		None	0		None	0		None	0		
Date of Sale/Time		11/14/2013	+20,000		Listing			Listing			
Location	Tahquitz River	Racquet Club W	+100,000		Warm Sands			Warm Sands			
Leasehold/Fee Simple	Fee Simple	Fee Simple			Fee Simple			Fee Simple			
Site	7,841 sf	5989 sf	+28,000		8276 sf	-6,000		7405 sf	0		
View	Residential	Residential			Residential			Residential			
Design (Style)	Cabin	Cabin			Ranch	0		Ranch	0		
Quality of Construction	Average	Average			Average			Average			
Actual Age	82	55	0		59	0		61	0		
Condition	Average	Average			Average			Average			
Gross Building Area	2,588		3,476		-88,800		2,614		0		
Unit Breakdown	Total	Bdrms	Baths	Total	Bdrms	Baths	Total	Bdrms	Baths	Total	
Unit # 1	3	1	1	3	1	1	3	1	1	3	
Unit # 2	3	1	1	3	1	1	3	1	1	3	
Unit # 3	5	2	2	3	1	1	5	3	2	5	
Unit # 4				4	2	1					
Basement Description	0	0		0		0		0		0	
Basement Finished Rooms	0	0		0		0		0		0	
Functional Utility	Average	Average		Average		Average		Average		Average	
Heating/Cooling	HVAC	HVAC		HVAC		HVAC		HVAC		HVAC	
Energy Efficient Items	Average	Average		Average		Average		Average		Average	
Parking On/Off Site	5/on site/Open	Open on site		0		5/on site/Open		Garage/unit		-15,000	
Porch/Patio/Deck	Cov'd patio	Cov'd patio		Cov'd patio		Cov'd patio		Cov'd patio			
Pool	Pool	Pool		No Pool		+20,000		No Pool		+20,000	
Net Adjustment (Total)		<input checked="" type="checkbox"/> + <input type="checkbox"/> -		\$ 59,200		<input checked="" type="checkbox"/> + <input type="checkbox"/> -		\$ 14,000		<input checked="" type="checkbox"/> + <input type="checkbox"/> -	
Adjusted Sale Price of Comparables		Net Adj. 13.3 %		Gross Adj. 53.2 %		Net Adj. 2.3 %		Gross Adj. 4.3 %		Net Adj. 0.8 %	
		\$ 504,200		\$ 613,000		\$ 604,000					
Adjusted Price Per Unit (Adj. SP Comp / # of Comp Units)	\$ 100,840			\$ 204,333				\$ 201,333			
Adjusted Price Per Room (Adj. SP Comp / # of Comp Rooms)	\$ 38,785			\$ 55,727				\$ 54,909			
Adjusted Price Per Bedrm (Adj. SP Comp / # of Comp Bedrooms)	\$ 100,840			\$ 122,600				\$ 151,000			
Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).											
ITEM	SUBJECT	COMPARABLE SALE # 4			COMPARABLE SALE # 5			COMPARABLE SALE # 6			
Date of Prior Sale/Transfer	07/24/2009	11/15/2013			08/02/2001			07/24/2009			
Price of Prior Sale/Transfer	\$246,000	\$360,000			\$282,500			\$226,000			
Data Source(s)	Doc#385375	Doc#541707			Doc#363092			Doc#260902(Trustee)			
Effective Date of Data Source(s)	02/19/2015	02/19/2015			02/19/2015			02/19/2015			
Analysis of prior sale or transfer history of the subject property and comparable sales											
Analysis/Comments <b>Comp 4 is an older sale but to give a 4th Comparable for perspective.</b>											
<b>INDICATED VALUE VS SALES CONTRACT: The appraiser has reviewed the Comparables given by the agent. The Indicated Value is not supported by the competitive sales nor by the competitive GRMs in the market area.</b>											



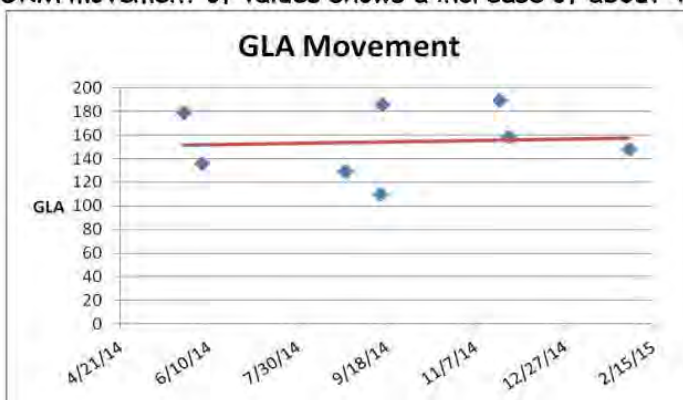
**Addendum - Page 1**

**Neighborhood Description**

Palm Springs is a mix of leasehold and fee simple properties at the base of San Jacinto Mountains, elevation 11,000+ feet. The area is famous for its movie star past and 1950's architecture. The properties in this market area are generally built in the 1950s to 1970s and are mostly custom homes. It is popular for renovation of older houses with architectural significance; Modern, Mid-Century and Contemporary architectural themes dominate. There are many condominium developments in the area and it is considered to be a prime winter second home market. The northern area lies near a break in the mountains in a wind belt area. This northern area has only small one leasehold land area. The central and southern portions of the market area are about 30% leasehold land. Palm Springs has a international airport and is one of the prime vacation destination in the country sporting more than 100 golf courses.

**Market Value Movements Per GRMs**

The MCRreport shows a large increase in median prices but median price measurement is not considered a valid indication of price movements for income properties as they are sold on an ROI basis. There are not many competitive comparables but the using the same data as report in the MCRreport the GRM movement of values shows a increase of about 4.6% over the year.



GLA movements show an increase of less than 5% and the market values are increasing but are considered to be stable moving less than 5% over the term.

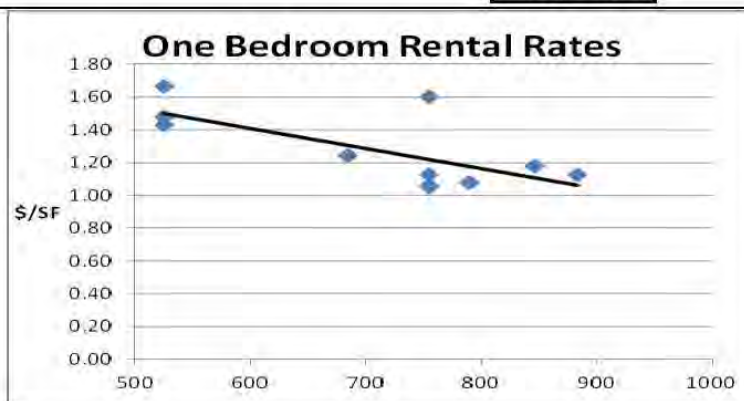
**Subject's Market Rents**

The subject has two 1/1 units and one 2/2 unit. A survey of the subject's immediate market area indicates that the market rents fluctuate.

One Bedroom rents appear to be size sensitive and the competitive rents are shown:

Nbr	Street	Unit	Subdiv	GLA	YrBlt	L-Price	\$/SF	L-Date	Beds
1655	Palm Canyon	502	Smoketree Racquet Cl	755	1974	\$795.00	1.05	11/19/2013	1
1655	Palm Canyon	302	Smoketree Racquet Cl	755	1974	\$800.00	1.06	06/27/2013	1
1050	Ramon	83	Ramon Estados	790	1979	\$850.00	1.08	10/16/2014	1
1655	Palm Canyon	813	Smoketree Racquet Cl	755	1974	\$850.00	1.13	09/01/2014	1
1364	Camino Real		Biltmore	883	1973	\$995.00	1.13	03/27/2013	1
1382	Camino Real		Biltmore	847	1973	\$1,000.00	1.18	08/29/2014	1
1552	Camino Real	234	Biltmore	684	1974	\$850.00	1.24	05/13/2014	1
1111	Palm Canyon	223	Ocotillo Lodge	525	1995	\$750.00	1.43	08/01/2014	1
1111	Palm Canyon	203	Ocotillo Lodge	525	1995	\$775.00	1.48	12/02/2013	1
1655	Palm Canyon	711	Smoketree Racquet Cl	755	1974	\$1,210.00	1.60	12/21/2013	1
1111	Palm Canyon	219	Ocotillo Lodge	525	1957	\$875.00	1.67	06/28/2013	1

Median 1.18  
Average 1.32



**Addendum - Page 2**

Two bedroom rents do not appear to be so size sensitive as shown:

Nbr	Street	Unit	MLS	Subdiv	GLA	YrBlt	L-Price	L-Date	\$/SF	Bed
1900	Palm Canyon	22	214154431	Sandstone Villas	1024	1972	\$895.00	1/30/14	\$0.87	2
1900	Palm Canyon	22	227365419	Sandstone Villas	1024	1972	\$895.00	1/8/15	\$0.87	2
1900	Palm Canyon	65	224919369		1024	1972	\$925.00	12/1/14	\$0.90	2
1708	Palm Canyon		214154307	Royal Hawaiian	1545	1961	\$1,500.00	9/20/13	\$0.97	2
1456	Camino Real		224904589		1163	1973	\$1,150.00	7/15/13	\$0.99	2
1550	Camino Real	121	214154401	Biltmore	889	1974	\$900.00	10/21/13	\$1.01	2
1655	Palm Canyon	506	214154555	Smoketree Racquet Cl	1470	1974	\$1,500.00	12/28/13	\$1.02	2
1404	Camino Real		213003583	Biltmore	1039	1973	\$1,100.00	11/27/13	\$1.06	2
1492	Camino Real	210	214153810	Biltmore	923	1974	\$1,050.00	3/25/13	\$1.14	2

Median \$0.99  
Average \$0.98



**Establishing the GRM (Gross Rent Multiplier)**

The last year's competitive, non-stressed sales of income properties in the subject's market area are shown below. The majority are duplexes. As noted above GRMs are increasing. For the past 12 months, the average GRM for the non-distressed properties is 51; the median 147. The range is 110 to 189 and the lower GRMs are most likely due to under-reported rents and inferior neighborhoods. The higher indication of GRMs is taken for the subject, the highest is located in a superior market area, central Palm Springs. The subject's GRM is considered to be 186.

Nbr	Street	MLS	GLA	YrBlt	Lot	#Units	#Beds	S-Price	S-Date	SP/SF	GRM	DOM	Financing	Desc
508	Desert View	214023012	2412	1960	10119	5	6	\$330,000	9/15/14	\$137	110	94	Cash	
482	W Pico	21471920	3476	1960	8276	4	5	\$445,000	11/14/14	\$128	126	246	Conventional	
580	Desert View	214020808	2200	1954	10200	4	5	\$310,000	8/26/14	\$141	129	95	Cash	
3755	Calle De Ricardo	214000691	2888	1978	10019	3	5	\$340,000	6/6/14	\$118	136	151	Cash	
970	E Parocela	214087303	3100	1948	10344	4	5	\$560,000	2/2/15	\$181	147	66	Conventional	
665	S Camino Real	14802339PS	2439	1956	6534	4	4	\$470,000	11/26/14	\$193	158	54	Cash	
450	Chuckwalla	214173706	2230	1950	10500	4	4	\$420,000	5/27/14	\$188	179	244		
243	Avenida Ortega	214082984	2780	1952	6970	4	4	\$369,900	9/16/14	\$133	186	6	Conventional	
1152	San Jacinto	214084773	2125	1936	7841	4	4	\$535,000	11/21/14	\$252	189	35	Conventional	

Median 147  
Average 151

**Valuation**

The subject's market value is determined by both the Sales Approach and the Income Approach methods of valuation.

**Sales Approach**

In the Sales Approach, the comparables are adjusted for their physical characteristics. Indications of value are then determined by their different physical determinants: # Of Units, # of Bedrooms, # of Rooms, SP/SF and their adjusted values. In this market area, the normal sale determinants are # of Bedrooms, the adjusted values. Sales Per Unit and Per Room have very poor correlation to market value. These indicators show the following:

### Addendum - Page 3

	Comp 1	Comp 2	Comp 3	Comp 4	Median	Average	Value Indication	Subject Data	Indicated Value
SP/Unit	\$126,225	\$125,075	\$117,814	\$100,840	\$121,445	\$117,489	\$119,000	3	\$357,000
SP/Room	\$42,075	\$41,692	\$33,661	\$37,785	\$39,739	\$38,803	\$39,000	11	\$429,000
SP/Bedroom	\$126,225	\$125,075	\$94,251	\$100,840	\$112,958	\$111,598	\$112,500	4	\$450,000
SP/GBA	\$207	\$235	\$152	\$139	\$180	\$183	\$182	2588	\$471,016
Adjusted SP	\$504,900	\$500,300	\$471,745	\$504,200	\$502,250	\$495,286	\$502,000		\$502,000
All Sale Indicators								Median	\$441,803
Value by Bedroom & Adjusted Values									\$500,000

Each Comparable's physical determinants and their corresponding value indication are set forth above. Each Comp's 'indicated characteristic value' is multiplied by the subject's physical characteristic to arrive at a Value Indicator for each characteristic. This value is multiplied by the subject's physical characteristic to arrive at an Indicated Value for that characteristic.

The median for all value indications is shown as \$441,803. The most important characteristics in this market area have been stated as the Bedroom count and the Adjusted Value in the URAR grid. These two values (\$471,016 & \$502,000) indicate a value of \$500,000. It is this figure that is considered to be the Sales Approach Value Indication.

**Indicated Value by the Sales Approach is \$500,000.**

#### Income Approach

The Income Approach, a study is made to determine what the investors are paying for similar properties. For small income properties that determination is a multiple of the monthly rent called Gross Rent Multiplier (GRM). The recent sales in the area give us a GRM range between 110 and 189. See above section of addendum Establishing the GRM (Gross Rent Multiplier). A GRM multiplier of 186 is chosen which gives us an Indicated Value by the Income Approach of \$590,550; ( $186 \times \$3,175 = \$590,550$ ).

#### Reconciliation of Value Approaches

The final process of valuation is the reconciliation of the different value approaches. In this case the Cost Approach is not considered to be a valid indicator. In the Final Reconciliation section, weights were assigned to each Approach according to the appraiser's opinion as to how representative that Approach is in indicating the subject's market value; in this case both the Sales and Income Approaches are equally weighted. The weighted average is obtained by multiplying each Adjusted Value by its assigned weight, adding the products, and dividing the sum of the products by sum of the weights. The weighted analysis is as follows

This analysis is shown as:

	Sales Approach	Income Approach	Cost Approach
Indicated Value (a)	\$500,000	\$590,550	\$0
Weights (b)	2	8	0
Sum of Wiegthed Values (a x b)	\$1,000,000	\$4,724,400	\$0
Sum of Weights	10		
Sum of Weighted Values	\$5,724,400		
Indicated Weighted Value	\$572,440		

**The Final Indicated Value is \$572,000 (rounded).**

**Note on Indicated Value:** The Indicated Value is slightly higher (\$572,000 vs. \$560,000) than the highest sale price in the subject's competitive range but it is within the ROI/GRM range which is primary indicator for value of an income property.

# Operating Income Statement

## One- to Four-Family Investment Property and Two- to Four-Family Owner-Occupied Property

Property Address

137 E Mesquite Ave  
Street

Palm Springs  
City

CA  
State

92264  
Zip Code

**General Instructions:** This form is to be prepared jointly by the loan applicant, the appraiser, and the lender's underwriter. The applicant must complete the following schedule indicating each unit's rental status, lease expiration date, current rent, market rent, and the responsibility for utility expenses. Rental figures must be based on the rent for an "unfurnished" unit.

	Currently Rented		Expiration Date	Current Rent Per Month	Market Rent Per Month	Utility Expense	Paid By Owner	Paid By Tenant
Unit No. 1	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>		\$ 975	\$ 950	Electricity.....	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Unit No. 2	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>		\$ 895	\$ 925	Gas.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Unit No. 3	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>		\$ 1,295	\$ 1,300	Fuel Oil.....	<input type="checkbox"/>	<input type="checkbox"/>
Unit No. 4	Yes <input type="checkbox"/>	No <input type="checkbox"/>		\$	\$	Fuel (Other).....	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>Total</b>				\$ 3,165	\$ 3,175	Water/Sewer.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>
						Trash Removal.....	<input checked="" type="checkbox"/>	<input type="checkbox"/>

The applicant should complete all of the income and expense projections and for existing properties provide actual year-end operating statements for the past two years (for new properties the applicant's projected income and expenses must be provided). This Operating Income Statement and any previous operating statements the applicant provides must then be sent to the appraiser for review, comment, and/or adjustments next to the applicant's figures (e.g. Applicant/Appraiser 288/300). If the appraiser is retained to complete the form instead of the applicant, the lender must provide to the appraiser the aforementioned operating statements, mortgage insurance premium, HOA dues, leasehold payments, subordinate financing, and/or any other relevant information as to the income and expenses of the subject property received from the applicant to substantiate the projections. The underwriter should carefully review the applicant's/appraiser's projections and the appraiser's comments concerning those projections. The underwriter should make any final adjustments that are necessary to more accurately reflect any income or expense items that appear unreasonable for the market. (Real estate taxes and insurance on these types of properties are included in PITI and not calculated as an annual expense item) Income should be based on the current rents, but should not exceed market rents. When there are no current rents because the property is proposed, new, or currently vacant, market rents should be used.

### Annual Income and Expense Projection for Next 12 months

	By Applicant/Appraiser	Adjustments by Lender's Underwriter
<b>Income</b> (Do not include income for owner-occupied units)		
Gross Annual Rental (from unit(s) to be rented) (Current)	\$ 37,980	\$
Other Income (include sources)	+ 0	+
<b>Total</b>	\$ 37,980	\$
Less Vacancy/Rent Loss	- 1,899 ( 5%)	- ( %)
<b>Effective Gross Income</b>	\$ 36,081	\$
<b>Expenses</b> (Do not include expenses for owner-occupied units)		
Electricity	50	
Gas	250	
Fuel Oil		
Fuel (Type - )		
Water/Sewer	500	
Trash Removal	180	
Pest Control		
Other Taxes or Licenses		
Casual Labor	1,500	
This includes the costs for public area cleaning, snow removal, etc., even though the applicant may not elect to contract for such services.		
Interior Paint/Decorating	500	
This includes the costs of contract labor and materials that are required to maintain the interiors of the living unit.		
General Repairs/Maintenance	150	
This includes the costs of contract labor and materials that are required to maintain the public corridors, stairways, roofs, mechanical systems, grounds, etc.		
Management Expenses 10% of EGI	3,600	
These are the customer expenses that a professional management company would charge to manage the property.		
Supplies		
This includes the costs of items like light bulbs, janitorial supplies, etc.		
Total Replacement Reserves - See Schedule on Pg. 2	2,103	
Miscellaneous		
<b>Total Operating Expenses</b>	\$ 8,833	\$

**Replacement Reserve Schedule**

Adequate replacement reserves must be calculated regardless of whether actual reserves are provided for on the owner's operating statements or are customary in the local market. This represents the total average yearly reserves. Generally, all equipment and components that have a remaining life of more than one year - such as refrigerators, stoves, clothes washers/dryers, trash compactors, furnaces, roofs, and carpeting, etc. - should be expensed on a replacement cost basis.

Equipment	Replacement Cost	Remaining Life	By Applicant/ Appraiser	Lender Adjustments
Stoves/Ranges ..... @ \$ <u>3</u> ea. + <u>12</u> Yrs. x <u>850</u> Units = \$ <u>213</u>				\$
Refrigerators ..... @ \$ <u>3</u> ea. + <u>12</u> Yrs. x <u>900</u> Units = \$ <u>225</u>				\$
Dishwashers ..... @ \$ ..... ea. + ..... Yrs. x ..... Units = \$ .....				\$
A/C Units ..... @ \$ <u>4</u> ea. + <u>15</u> Yrs. x <u>3,500</u> Units = \$ <u>935</u>				\$
C. Washer/Dryers ..... @ \$ ..... ea. + ..... Yrs. x ..... Units = \$ .....				\$
HW Heaters ..... @ \$ <u>3</u> ea. + <u>10</u> Yrs. x <u>870</u> Units = \$ <u>261</u>				\$
Furnace(s) ..... @ \$ ..... ea. + ..... Yrs. x ..... Units = \$ .....				\$
(Other) ..... @ \$ ..... ea. + ..... Yrs. x ..... Units = \$ .....				\$
Roof ..... @ \$ <u>7,500</u> + <u>16</u> Yrs. x One Bldg. =			\$ <u>469</u>	\$

**Carpeting (Wall to Wall)**

(Units)	Total Sq. Yds.	@ \$	Per Sq. Yd.	+ Yrs.	=	\$	\$
(Public Areas)	Total Sq. Yds.	@ \$	Per Sq. Yd.	+ Yrs.	=	\$	\$

**Total Replacement Reserves. (Enter on Pg. 1)**

\$ 2,103 \$

**Operating Income Reconciliation**

\$ <u>36,081</u> Effective Gross Income	-	\$ <u>8,833</u> Total Operating Expenses	=	\$ <u>27,248</u> Operating Income	+ 12 =	\$ <u>2,271</u> Monthly Operating Income
\$ <u>2,271</u> Monthly Operating Income	-	\$ ..... Monthly Housing Expense	=	\$ ..... Net Cash Flow		

(Note: Monthly Housing Expense includes principal and interest on the mortgage, hazard insurance premiums, real estate taxes, mortgage insurance premiums, HOA dues, leasehold payments, and subordinate financing payments.)

**Underwriter's instructions for 2-4 Family Owner-Occupied Properties**

- If Monthly Operating Income is a positive number, enter as "Net Rental Income" in the "Gross Monthly Income" section of Freddie Mac Form 65/Fannie Mae Form 1003. If Monthly Operating Income is a negative number, it must be included as a liability for qualification purposes.
- The borrower's monthly housing expense-to-income ratio must be calculated by comparing the total Monthly Housing Expense for the **subject property** to the borrower's stable monthly income.

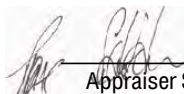
**Underwriter's instructions for 1-4 Family Investment Properties**

- If Net Cash Flow is a positive number, enter as "Net Rental Income" in the "Gross Monthly Income" section of Freddie Mac Form 65/Fannie Mae Form 1003. If Net Cash Flow is a negative number, it must be included as a liability for qualification purposes.
- The borrower's monthly housing expense-to-income ratio must be calculated by comparing the total monthly housing expense for the borrower's **primary residence** to the borrower's stable monthly income.

**Appraiser's Comments (Including sources for data and rationale for the projections)**

**Expenses, equipment expenses and life expectancies are taken from Marshall and Swift Residential Cost Handbook and contractor's in the market area. Income data is taken from the Indicated Monthly Market rents as stated in this report.**

**Thomas Sidenfaden**  
Appraiser Name



Appraiser Signature

**March 03, 2015**  
Date

**Underwriter's Comments and Rationale for Adjustments**

Underwriter Name \_\_\_\_\_ Underwriter Signature \_\_\_\_\_ Date \_\_\_\_\_

# Market Conditions Addendum to the Appraisal Report

15B556PS  
File No. 1500221438

The purpose of this addendum is to provide the lender/client with a clear and accurate understanding of the market trends and conditions prevalent in the subject neighborhood. This is a required addendum for all appraisal reports with an effective date on or after April 1, 2009.

Property Address **137 E Mesquite Ave** City **Palm Springs** State **CA** ZIP Code **92264**

Borrower **Rick Schwartz**

**Instructions:** The appraiser must use the information required on this form as the basis for his/her conclusions, and must provide support for those conclusions, regarding housing trends and overall market conditions as reported in the Neighborhood section of the appraisal report form. The appraiser must fill in all the information to the extent it is available and reliable and must provide analysis as indicated below. If any required data is unavailable or is considered unreliable, the appraiser must provide an explanation. It is recognized that not all data sources will be able to provide data for the shaded areas below; if it is available, however, the appraiser must include the data in the analysis. If data sources provide the required information as an average instead of the median, the appraiser should report the available figure and identify it as an average. Sales and listings must be properties that compete with the subject property, determined by applying the criteria that would be used by a prospective buyer of the subject property. The appraiser must explain any anomalies in the data, such as seasonal markets, new construction, foreclosures, etc.

Inventory Analysis	Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend		
Total # of Comparable Sales (Settled)	6	4	1	<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input checked="" type="checkbox"/> Declining
Absorption Rate (Total Sales/Months)	1.00	1.33	0.33	<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input checked="" type="checkbox"/> Declining
Total # of Comparable Active Listings	6	6	8	<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input checked="" type="checkbox"/> Increasing
Months of Housing Supply (Total Listings/Ab.Rate)	6.0	4.5	24.2	<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input checked="" type="checkbox"/> Increasing

Median Sale & List Price, DOM, Sale/List %	Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend		
Median Comparable Sale Price	332,500	452,450	560,000	<input checked="" type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Median Comparable Sales Days on Market	79	21	66	<input checked="" type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Median Comparable List Price	399,250	499,000	587,000	<input checked="" type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Median Comparable Listings Days on Market	181	76	71	<input checked="" type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Median Sale Price as % of List Price	89.27	102.29	93.49	<input checked="" type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining

Seller-(developer, builder, etc.)paid financial assistance prevalent?  Yes  No

Explain in detail the seller concessions trends for the past 12 months (e.g., seller contributions increased from 3% to 5%, increasing use of buydowns, closing costs, condo fees, options, etc.). **No evidence of seller concessions in this market tier.**

Are foreclosure sales (REO sales) a factor in the market?  Yes  No If yes, explain (including the trends in listings and sales of foreclosed properties).

**No REOs found in this price tier data in the past year.**

Cite data sources for above information. **Market activity data for this report is from the local Desert Area MLS (DAMLS). FNMA requires Neighborhood Section & MCRReport to show identical information. Data is composed of properties in the market area with the following characteristics: All income properties with GLAs between 1900 and 3200 sf**

Summarize the above information as support for your conclusions in the Neighborhood section of the appraisal report form. If you used any additional information, such as an analysis of pending sales and/or expired and withdrawn listings, to formulate your conclusions, provide both an explanation and support for your conclusions.

**Sales volume is small and shows a decline over the year. Listing volume has increased. The result is 4X the amount of properties available for sale from the beginning of the year indicating an over-supply. Median Prices show a large increase as do listing prices. The list-to-sale discount is large but moving back towards normal.**

**NOTE: Median prices are not considered a good measure on price movements in the income market as these properties are sold on ROI. See addendum.**

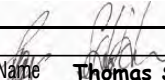
If the subject is a unit in a condominium or cooperative project, complete the following:

Project Name:

Subject Project Data	Prior 7-12 Months	Prior 4-6 Months	Current - 3 Months	Overall Trend		
Total # of Comparable Sales (Settled)				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Absorption Rate (Total Sales/Months)				<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable	<input type="checkbox"/> Declining
Total # of Active Comparable Listings				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing
Months of Unit Supply (Total Listings/Ab.Rate)				<input type="checkbox"/> Declining	<input type="checkbox"/> Stable	<input type="checkbox"/> Increasing

Are foreclosure sales (REO sales) a factor in the project?  Yes  No If yes, indicate the number of REO listings and explain the trends in listings and sales of foreclosed properties.

Summarize the above trends and address the impact on the subject unit and project.

Signature   
 Appraiser Name **Thomas Sidenfaden**  
 Company Name **Appraisal Solutions Group**  
 Company Address **57 San Simeon Court, Rancho Mirage, CA 922**  
 State License/Certification # **AR016497** State **CA**  
 Email Address **appraisalsolutions@hotmail.com**

Signature \_\_\_\_\_  
 Supervisory Appraiser Name \_\_\_\_\_  
 Company Name \_\_\_\_\_  
 Company Address \_\_\_\_\_  
 State License/Certification # \_\_\_\_\_ State \_\_\_\_\_  
 Email Address \_\_\_\_\_

MARKET RESEARCH & ANALYSIS

CONDO/CO-OP PROJECTS

APPRAISER

## Subject's Assessor Report - Page 1

## 137 E Mesquite Ave, Palm Springs, CA 92264-8499, Riverside County



<b>5</b>	<b>2,588</b>	<b>7,841</b>	<b>\$649,000</b>
<b>MLS Beds</b>	<b>MLS Sq Ft</b>	<b>Lot Sq Ft</b>	<b>MLS List Price</b>
<b>4</b>	<b>1933</b>	<b>MLT FAM DW</b>	<b>01/03/2015</b>
<b>Baths</b>	<b>Yr Built</b>	<b>Type</b>	<b>MLS List Date</b>

Active Listing

## Owner Information

Owner Name:	<b>Ntc &amp; Co</b>	Tax Billing Zip:	<b>92108</b>
Mail Owner Name:	<b>Ntc &amp; Co</b>	Tax Billing Zip+4:	<b>3249</b>
Tax Billing Address:	<b>970 Camino De La Reina #39</b>	Owner Occupied:	<b>No</b>
Tax Billing City & State:	<b>San Diego, CA</b>		

## Location Information

Zoning:	<b>R2</b>	Carrier Route:	<b>C049</b>
School District:	<b>Palm Springs</b>	Subdivision:	<b>Palos Verdes Tr</b>
Census Tract:	<b>448.05</b>	Map Page/Grid:	<b>786-E4</b>

## Tax Information

APN:	<b>508-291-003</b>	Tax Area:	<b>011003</b>
Alt APN:	<b>508-291-003</b>	Lot Number:	<b>18</b>
% Improved:	<b>75%</b>		
Legal Description:	<b>LOT 18 MB 017/040 PALOS VERDES TR</b>		

## Assessment &amp; Tax

Assessment Year	2014	2013	2012
Assessed Value - Total	\$258,663	\$257,496	\$252,448
Assessed Value - Land	\$64,665	\$64,374	\$63,112
Assessed Value - Improved	\$193,998	\$193,122	\$189,336
YOY Assessed Change (\$)	\$1,167	\$5,048	
YOY Assessed Change (%)	0.45%	2%	

Tax Year	Total Tax	Change (\$)	Change (%)
2012	\$3,651		
2013	\$3,903	\$252	6.91%
2014	\$3,950	\$47	1.2%

Jurisdiction	Tax Type	Tax Amount
Fld Cntl Stormwater/Cleanwater	Actual	\$2.60
Csa 152-Palm Springs Stormwater	Actual	\$6.84
Palm Springs Sewer Chg	Actual	\$768.00
Coachella Valley Mosquito & RI	Actual	\$4.36
Total Of Special Assessments	Actual	\$781.80

## Characteristics

County Use Code:	<b>Residential 2 Or 3 Units</b>	Total Baths:	<b>4</b>
Universal Land Use Code:	<b>Multi Family Dwelling</b>	Full Baths:	<b>4</b>
Lot Acres:	<b>0.18</b>	Water:	<b>Type Unknown</b>
Lot Area:	<b>7,841</b>	Sewer:	<b>Type Unknown</b>
Basement Type:	<b>MLS: Concrete Slab</b>	Heat Type:	<b>None</b>
Building Sq Ft:	<b>2,588</b>	Cooling Type:	<b>None</b>
# of Buildings:	<b>1</b>	Roof Material:	<b>Composition Shingle</b>
Stories:	<b>1</b>	Construction:	<b>Frame</b>

Courtesy of Thomas Sidenfaden, California Desert Assoc of Realtors

The data within this report is compiled by CoreLogic from public and private sources. If desired, the accuracy of the data contained herein can be independently verified by the recipient of this report with the applicable county or municipality.

## Property Detail

Generated on 02/28/2015

Page 1 of 3

## Subject's Assessor Report - Page 2

Quality:	<b>Average</b>	Pool:	<b>Pool</b>
Total Units:	<b>3</b>	Year Built:	<b>1933</b>
Bedrooms:	<b>Tax: 4 MLS: 5</b>		

## Listing Information

MLS Listing Number:	<b>15818327PS</b>	MLS Current List Price:	<b>\$649,000</b>
MLS Status:	<b>Active</b>	MLS Orig. List Price:	<b>\$649,000</b>
MLS Status Change Date:	<b>01/03/2015</b>	MLS List. Agent Name:	<b>Clw-47312-Lee Sheppard</b>
MLS Listing Date:	<b>01/03/2015</b>	MLS List. Broker Name:	<b>SHEPPARD &amp; CO</b>

<b>MLS Listing #</b>	15824785ps	41427235ps	41427093ps	21332133	21204614
<b>MLS Status</b>	Contingent	Expired	Expired	Expired	Sold
<b>MLS Listing Date</b>	01/07/2015	04/29/2011	04/27/2011	04/21/2008	02/22/2005
<b>MLS Listing Price</b>	\$649,000	\$419,900	\$419,900	\$443,500	\$729,000
<b>MLS Orig Listing Price</b>	\$649,000	\$450,000	\$450,000	\$443,500	\$749,000
<b>MLS Close Date</b>					07/05/2005
<b>MLS Listing Close Price</b>	\$0	\$0	\$0	\$0	\$700,000
<b>MLS Listing Expiration Date</b>		10/29/2011	10/27/2011	12/30/2008	02/21/2006

<b>MLS Listing #</b>	21113339	4902494ps
<b>MLS Status</b>	Sold	Sold
<b>MLS Listing Date</b>	08/16/2001	09/01/1999
<b>MLS Listing Price</b>	\$359,900	\$279,777
<b>MLS Orig Listing Price</b>	\$0	\$279,777
<b>MLS Close Date</b>	01/18/2002	11/17/1999
<b>MLS Listing Close Price</b>	\$335,000	\$265,000
<b>MLS Listing Expiration Date</b>	02/13/2002	11/20/1999

## Last Market Sale &amp; Sales History

Recording Date:	<b>07/24/2009</b>	Sale Type:	<b>Full</b>
Settle Date:	<b>06/30/2009</b>	Deed Type:	<b>Grant Deed</b>
Sale Price:	<b>\$246,000</b>	Owner Name:	<b>Ntc &amp; Co</b>
Price Per Square Feet:	<b>\$95.05</b>	Seller:	<b>Security Fse One-Hundred &amp; Thi</b>

Document Number: **385375**

<b>Recording Date</b>	07/24/2009	06/26/2009	07/05/2005	06/30/2003	01/18/2002
<b>Sale/Settlement Date</b>	06/30/2009	06/11/2009	06/02/2005	06/04/2003	08/30/2001
<b>Sale Price</b>	\$246,000	\$245,650	\$770,000	\$350,000	\$335,000
<b>Buyer Name</b>	Sheppard Leslie	Security Fse One-Hundred & Thi	Brush Thomas E	Lacroix Patrick D	Wilson Robert D
<b>Seller Name</b>	Security Fse One-Hundred & Thi	Ets Services LLC	Ragle Roy M	Wilson Robert D	Irmalou Corp
<b>Document Number</b>	385375	325414	532801	483761	34436
<b>Document Type</b>	Grant Deed	Trustee's Deed	Grant Deed	Grant Deed	Corporation Grant Deed

<b>Recording Date</b>	03/03/2000	11/18/1999	07/19/1989
<b>Sale/Settlement Date</b>	02/22/2000	10/13/1999	06/1989
<b>Sale Price</b>		\$265,000	\$50,000
<b>Buyer Name</b>	Irmalou Corp	Roberts Ross	Deveau Michael
<b>Seller Name</b>	Roberts Ross	Deveau Michael	Pastor Tony L Jr
<b>Document Number</b>	80131	508439	240731
<b>Document Type</b>	Quit Claim Deed	Grant Deed	Grant Deed

## Mortgage History

<b>Mortgage Date</b>	07/24/2009	07/05/2005	06/30/2003	11/18/1999	07/21/1988
<b>Mortgage Amount</b>	\$221,085	\$440,000	\$350,000	\$125,000	\$168,000

Courtesy of Thomas Sidenfaden, California Desert Assoc of Realtors

The data within this report is compiled by CoreLogic from public and private sources. If desired, the accuracy of the data contained herein can be independently verified by the recipient of this report with the applicable county or municipality.

## Property Detail

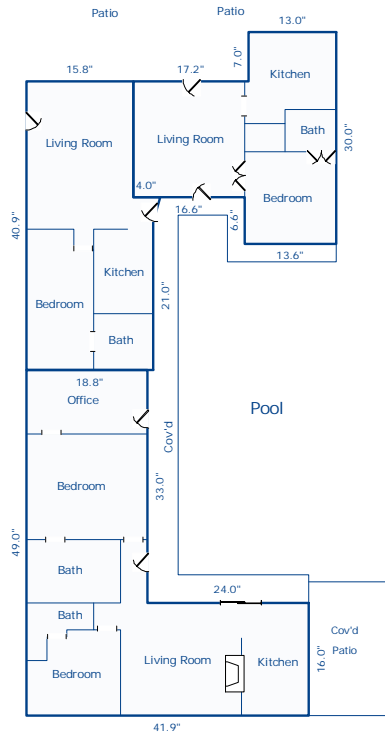
Generated on 02/28/2015

Page 2 of 3



### Building Sketch

Client	Axis Appraisal Management Solutions		
Property Address	137 E Mesquite Ave		
City	Palm Springs	County	Riverside
		State	CA
		Zip Code	92264
Lender	Catalyst Lending Inc.		



Sketch by Apex Sketch v5 Standard™

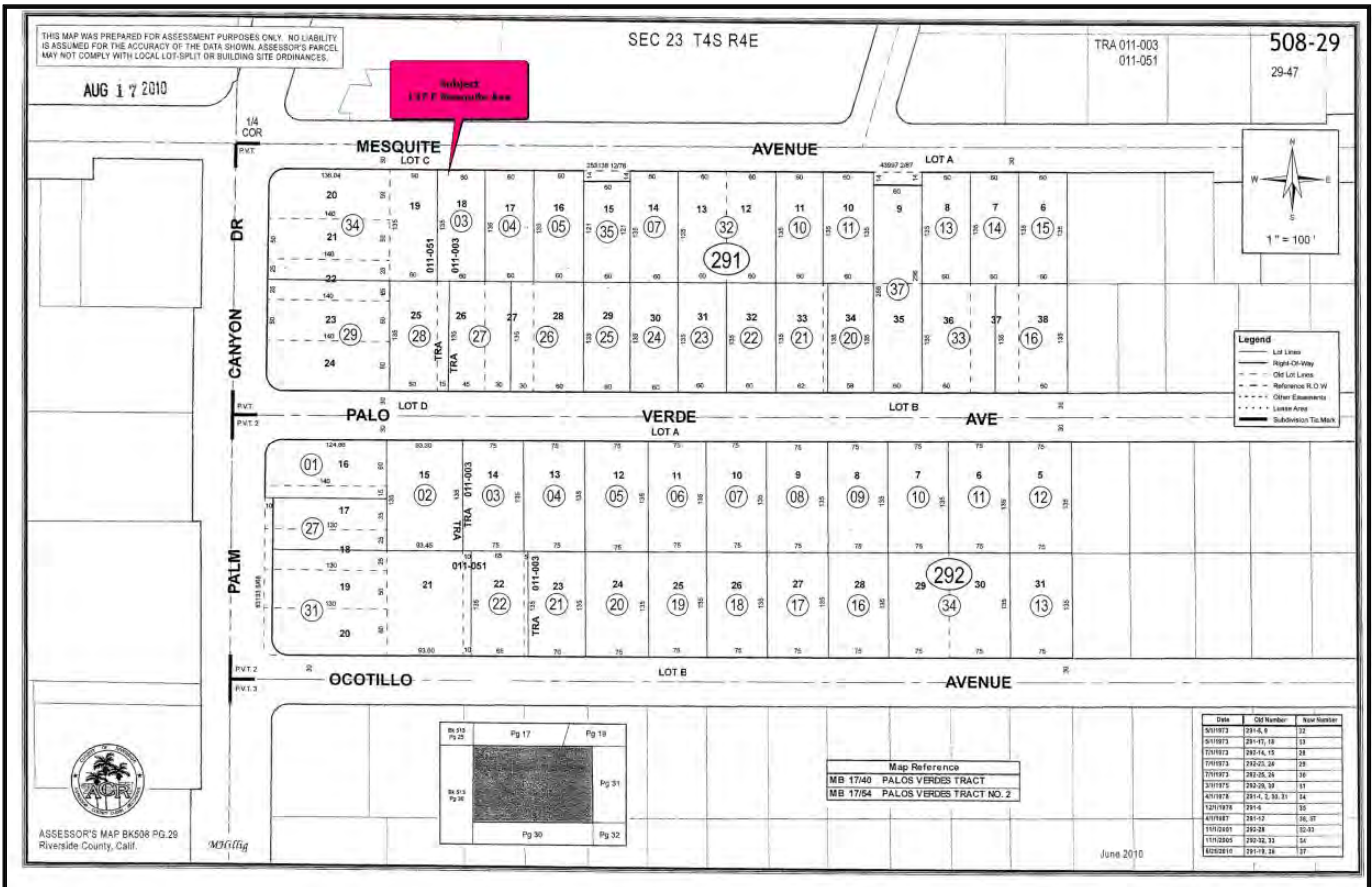
Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GLA1	Unit A	676.04	
	Unit B	721.47	
	Unit B	1261.10	2658.61
Net LIVABLE Area		(rounded)	2659

LIVING AREA BREAKDOWN			
Breakdown			Subtotals
<b>Unit A</b>			
7.0	x	13.0	91.00
6.6	x	13.6	89.76
16.4	x	30.2	495.28
<b>Unit B</b>			
18.8	x	24.5	460.60
16.4	x	15.8	259.12
<b>0.5 x</b>			
1.0	x	3.5	1.75
16.0	x	41.9	670.40
33.0	x	17.9	590.70
8 Items			(rounded) 2659

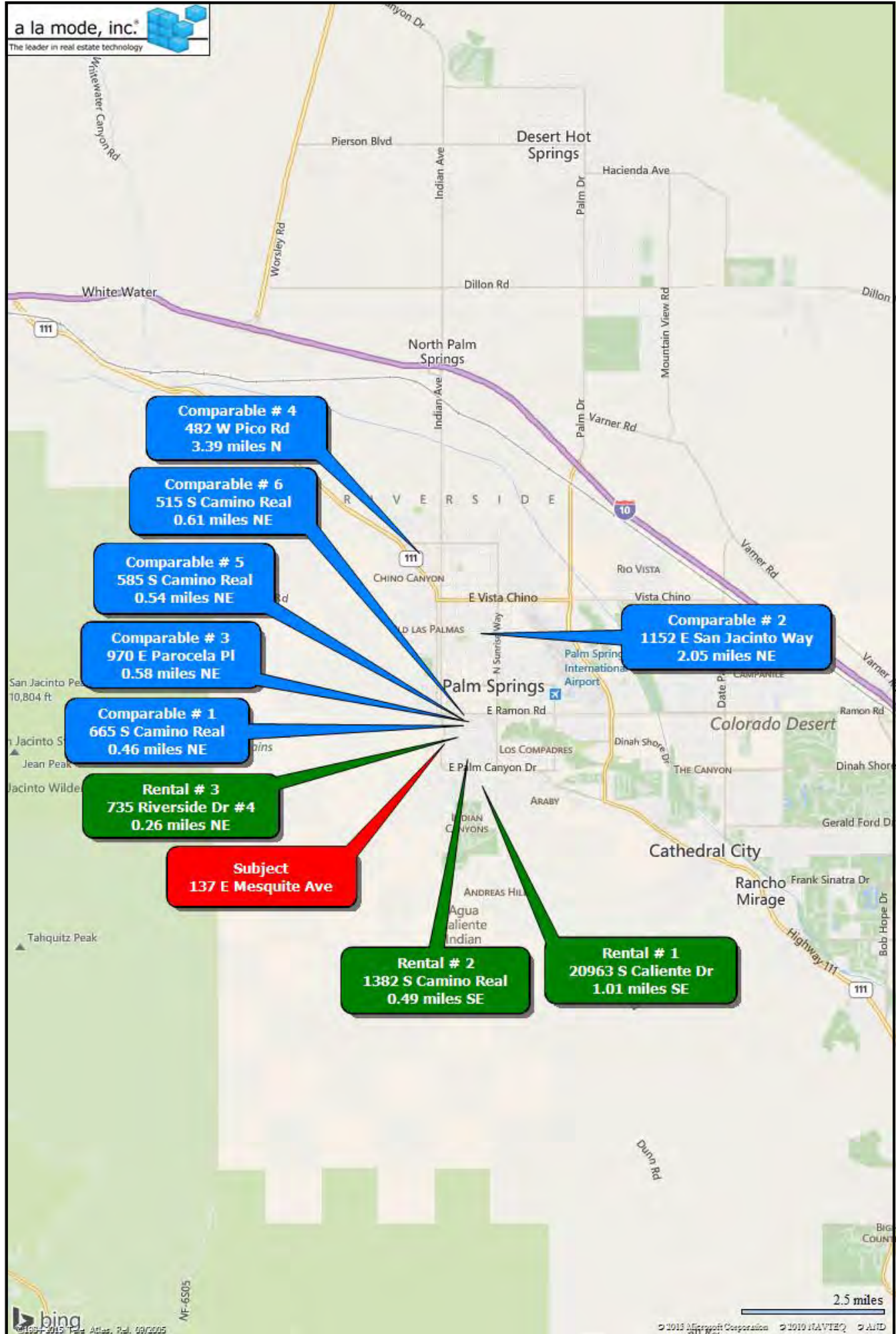
# Subject Plat Map

Client	Axis Appraisal Management Solutions		
Property Address	137 E Mesquite Ave		
City	Palm Springs	County	Riverside State CA Zip Code 92264
Lender	Catalyst Lending Inc.		



### Comparable Sales Map

Client	Axis Appraisal Management Solutions		
Property Address	137 E Mesquite Ave		
City	Palm Springs	County	Riverside
		State	CA
		Zip Code	92264
Lender	Catalyst Lending Inc.		



### Subject Photo Page

Client	Axis Appraisal Management Solutions		
Property Address	137 E Mesquite Ave		
City	Palm Springs	County	Riverside
Lender	Catalyst Lending Inc.	State	CA
		Zip Code	92264



#### Subject Front

137 E Mesquite Ave  
Sales Price 615,000  
Gross Building Area 2,588  
Age 82



#### Subject Rear



#### Subject Street

### Interior Photos

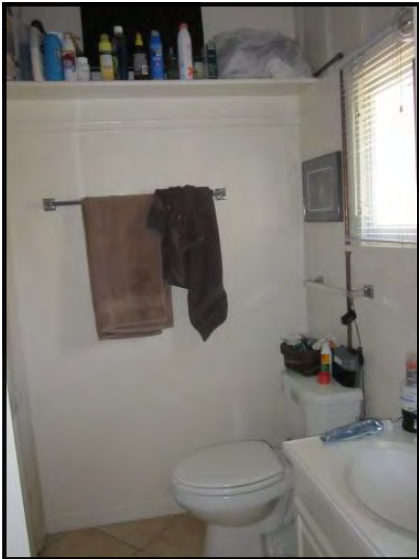
Client	Axis Appraisal Management Solutions						
Property Address	137 E Mesquite Ave						
City	Palm Springs	County	Riverside	State	CA	Zip Code	92264
Lender	Catalyst Lending Inc.						



**Unit 1 Kitchen**



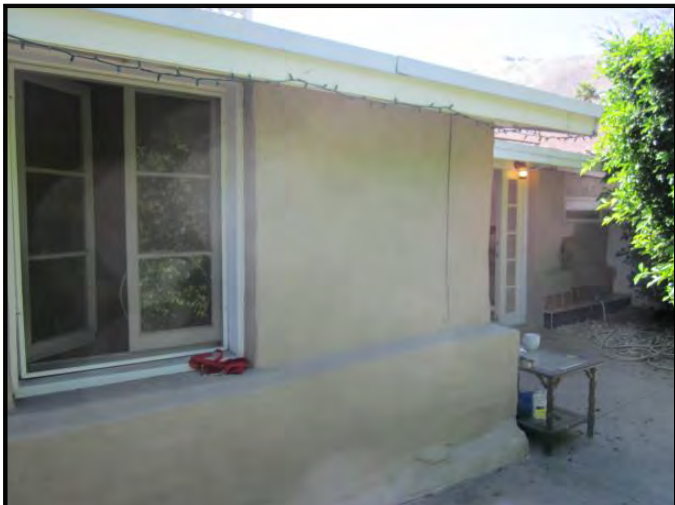
**Unit 1 Bedroom**



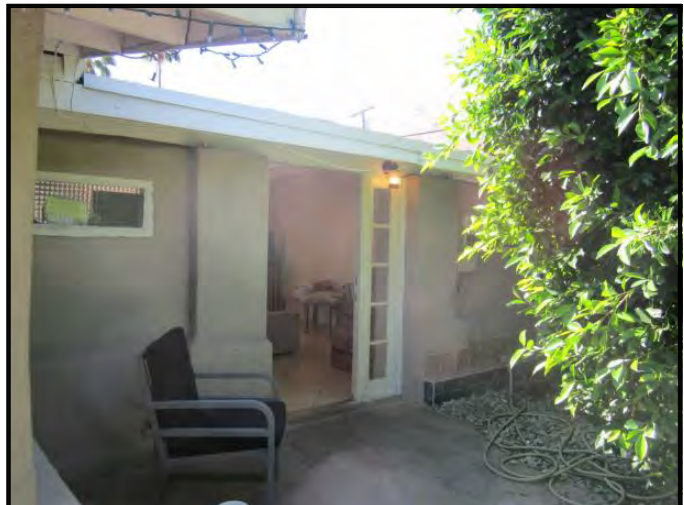
**Unit 1 Bathroom**



**CO Monitor**



**Unit 1 Rear**



**Unit 1 Rear**

### Interior Photos

Client	Axis Appraisal Management Solutions						
Property Address	137 E Mesquite Ave						
City	Palm Springs	County	Riverside	State	CA	Zip Code	92264
Lender	Catalyst Lending Inc.						



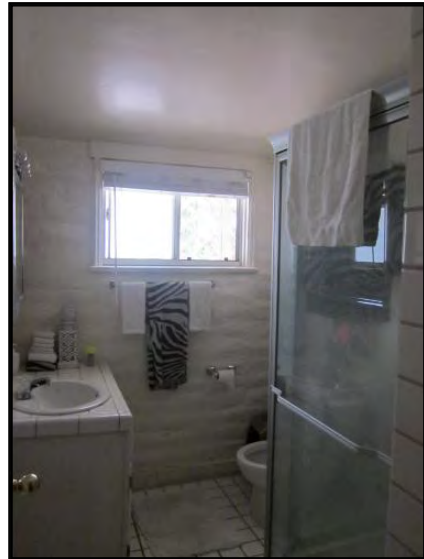
**Unit 1 Water Heater**



**CO Monitor**



**Unit 2 Kitchen**



**Unit 2 Bathroom**



**Unit 2 Bedroom**



**Unit 2 Living Room**

### Interior Photos

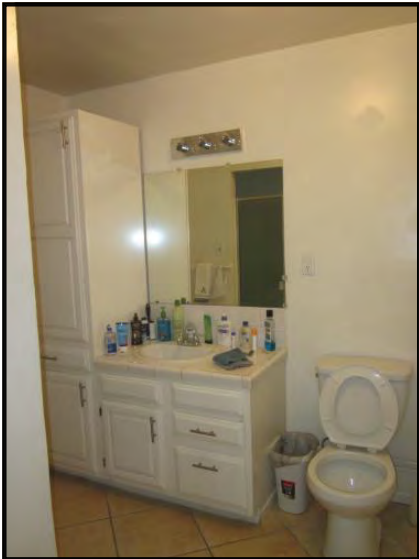
Client	Axis Appraisal Management Solutions						
Property Address	137 E Mesquite Ave						
City	Palm Springs	County	Riverside	State	CA	Zip Code	92264
Lender	Catalyst Lending Inc.						



**Unit 2 Water Heater**



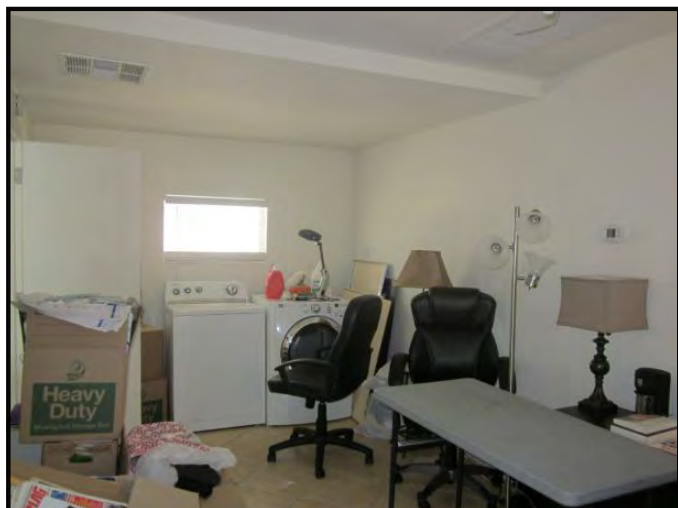
**Unit 2 Rear**



**Unit 3 Bathroom**



**Unit 3 Bedroom**



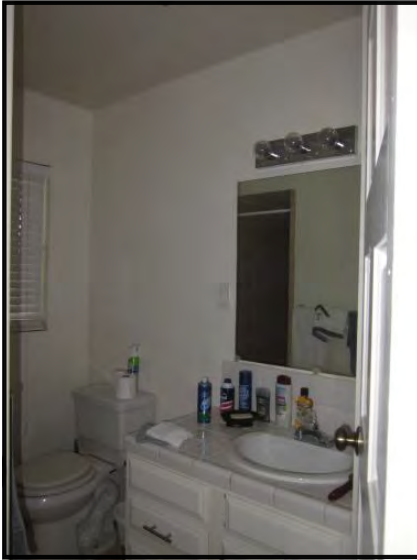
**Unit 3 Office**



**Unit 3 Bedroom**

### Interior Photos

Client	Axis Appraisal Management Solutions						
Property Address	137 E Mesquite Ave						
City	Palm Springs	County	Riverside	State	CA	Zip Code	92264
Lender	Catalyst Lending Inc.						



**Unit 3 Bathroom**



**Unit 3 Kitchen**



**Unit 3 Living**



**Common Covered Patio**



**Pool**



**Gated Pool Entrance**



### Interior Photos

Client	Axis Appraisal Management Solutions						
Property Address	137 E Mesquite Ave						
City	Palm Springs	County	Riverside	State	CA	Zip Code	92264
Lender	Catalyst Lending Inc.						



**Main Entrance**



**Side**



**Unit 3 Water Heater**



**Common Laundry**



**Roof**

### Subject Aerial View

Client	Axis Appraisal Management Solutions				
Property Address	137 E Mesquite Ave				
City	Palm Springs	County	Riverside	State	CA Zip Code 92264
Lender	Catalyst Lending Inc.				



### Comparable Photo Page

Client	Axis Appraisal Management Solutions		
Property Address	137 E Mesquite Ave		
City	Palm Springs	County	Riverside
Lender	Catalyst Lending Inc.	State	CA
		Zip Code	92264



#### Comparable 1

665 S Camino Real  
 Sales Price 470,000  
 Gross Building Area 2,439  
 Age 59



#### Comparable 2

1152 E San Jacinto Way  
 Sales Price 535,000  
 Gross Building Area 2,125  
 Age 79



#### Comparable 3

970 E Parocela Pl  
 Sales Price 560,000  
 Gross Building Area 3,100  
 Age 67

## Comparable Photo Page

Client	Axis Appraisal Management Solutions		
Property Address	137 E Mesquite Ave		
City	Palm Springs	County	Riverside
Lender	Catalyst Lending Inc.	State	CA
		Zip Code	92264



### Comparable 4

**482 W Pico Rd**  
 Sales Price **445,000**  
 Gross Building Area **3,476**  
 Age **55**



### Comparable 5

**585 S Camino Real**  
 Sales Price **599,000**  
 Gross Building Area **2,614**  
 Age **59**



### Comparable 6

**515 S Calle Amigos**  
 Sales Price **599,000**  
 Gross Building Area **2,516**  
 Age **61**

## Rental Photo Page

Client	Axis Appraisal Management Solutions		
Property Address	137 E Mesquite Ave		
City	Palm Springs	County	Riverside
		State	CA
		Zip Code	92264
Lender	Catalyst Lending Inc.		



### Rental 1

**2093 S Caliente Dr**  
 Proximity to Subject **1.01 miles SE**  
 Gross Building Area **945**  
 Age **41**



### Rental 2

**1382 S Camino Real**  
 Proximity to Subject **0.49 miles SE**  
 Gross Building Area **847**  
 Age **42**



### Rental 3

**735 S Riverside Dr Apt 4**  
 Proximity to Subject **0.26 miles NE**  
 Gross Building Area **680**  
 Age **40**

Appraiser's License - Page 1



## Appraiser's License - Page 2

**LEXINGTON INSURANCE COMPANY****WILMINGTON, DELAWARE**

Administrative Offices - 100 Summer Street, Boston, Massachusetts 02110

Certificate Number: 018392982-01  
 This Certificate forms a part of Master Policy Number: 018389876-01  
 Renewal of Master Policy Number : 018389876

**YOUR RISK PURCHASING GROUP MASTER POLICY IS A CLAIMS MADE POLICY.  
 READ THE ATTACHED MASTER POLICY CAREFULLY**

## THE AMERICAN ACADEMY OF STATE CERTIFIED APPRAISERS

## CERTIFICATE DECLARATIONS

1. Name and Address of Certificate Holder: **Thomas Sidenfaden**  
**57 San Simeon Court**  
**Rancho Mirage CA 92270**
2. Certificate Period: Effective Date: **05/01/14** to Expiration Date: **05/01/15**  
 12:01 a.m. Local Time at the Address of the Insured.
- 2a. Retroactive Date: **05/01/04**  
 12:01 a.m. Local Time at the Address of the Insured.
3. Limit of Liability: \$ **1,000,000** each claim  
 \$ **1,000,000** aggregate limit
4. Deductible: \$ **2,500** each claim
5. Professional Covered Services insured by this policy are: REAL ESTATE APPRAISAL SERVICES
6. Advance Certificate Holder Premium: \$ **1,457**
7. Minimum Earned Premium: 25% or \$ **364**

**Forms and Endorsements:**

PRG 3150 (10/05) Real Estate Appraisers Professional Liability Declarations, PRG 3512 (07/12) Real Estate Appraisers Professional Liability Coverage Form, 78713 (07/12) Addendum to the Declarations

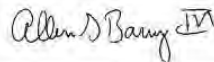
**Additional Endorsements applicable to this Certificate only:**

None

**Agency Name and Address:** **INTERCORP, INC.**  
**1438-F West Main Street**  
**Ephrata, PA 17522-1345**

IT IS HEREBY UNDERSTOOD AND AGREED THAT THE CERTIFICATE HOLDER AGREES TO ALL TERMS AND CONDITIONS AS SET FORTH IN THE ATTACHED MASTER POLICY.

THIS POLICY IS ISSUED BY YOUR RISK PURCHASING GROUP. YOUR RISK PURCHASING GROUP MAY NOT BE SUBJECT TO ALL OF THE INSURANCE LAWS AND REGULATIONS OF YOUR STATE. STATE INSURANCE INSOLVENCY GUARANTY FUNDS ARE NOT AVAILABLE FOR YOUR RISK PURCHASING GROUP.



County: Riverside

Authorized Representative OR  
 Countersignature (in states where applicable)

Date: April 24, 2014

PRG 3152 (10/05)