

APPRAISAL REPORT - APARTMENTS

Client	Premier Money Source	File No.
Client Contact	www.premiermoneysource.com	
Appraiser	George Hatch	License No. AG006455
Appraiser Contact	2588 El Camino Real #F-305 Carlsbad, CA 92008	License Expires 03/2023 Phone 760.434.9950 ghatch760 @ gmail.com
Borrower	Daneshgar	
Property Address	1830 Oregon Street	
City	Bakersfield	County Kern State CA
Property Rights	Fee Simple	Map Reference 93305
Property Owner	Jonathan/Daneshgar, et al	Census Tract .0012.02
Property Use	Apartments	APN 138-101-14
	Use as Appraised	Apartments

Legal Description:

CITY PILND, BLOCK 387, LOT P

ADDITIONAL ASSIGNMENT ELEMENTS

Intended Users	The Intended Users are limited to the Premier Money Source. No other intended users are identified
Intended Uses	The Intended Use is for mortgage related decisions. No other intended users are identified or assumed.
Type of Value	Market Value
Hypothetical Conditions	None noted.
Extraordinary Assumptions	None noted. The standard assumptions and limitations are listed in the addendum.

Other Assignment Conditions applicable to this assignment; includes written appraisal policies, guidelines, or other instructions identified at the time of engagement.

The standard assumptions and limiting conditions are noted in the attached addendum. Additional instructions are limited to those included in the letter of engagement. This appraisal was prepared for Premier Money Source and is intended to meet the requirements of their appraisal policies. Other users are not intended by the appraiser.

SALES HISTORY ANALYSIS

Property Owner	Jonathan/Daneshgar, et al		
Date of Purchase:	09/20/2022	Doc No. 144219	Price \$550,000.00
Prior Sale:	06/06/2019	Doc No. 65836	Price \$326,000
Current Seller		List Price	Terms
Current Buyer		Contract Price	
Comments:	Data sources researched include NCCData.com, CRMLS, Loopnet and other data sources.		
	This property was most recently listed in 08/2022 for \$550,000 before going under contract 2 weeks later, and eventually closed at the listing price. There is a prior sale reported for 2019 which was also apparently the result of an MLS listing.		
	According to the data sources listed above and the current property owner the subject property has not otherwise been listed or sold within the last 3 years.		

SALIENT CONCLUSIONS

Year Built	1971	Potential Gross Income	\$47,940
Building Area	3,740 sf	Net Operating Income	\$29,747
Site Area	12,632 sf	Capitalization Rate for Income Approach	5.75%
Site Coverage	30%	Insurable Value Opinion	N/A
Site Zoning	R3 Multiple Family Dwelling Zone	Cost Approach	Not Developed
Impr. Status	Legal Conforming	Income Approach	\$520,000
Highest Best Use	Existing Use as 5 units	Sales Comparison Approach	\$540,000
Use as Appraised	Apartments	FINAL VALUE CONCLUSION	\$540,000

NEIGHBORHOOD ANALYSIS

Uses	Use	Supply	Vac %	Location	Urban	City of Bakersfield
Single Family	80%	Balanced	0-5	Development Trend	Stable	(For Residential)
Multi-Family	10%	Balanced	~5	Value Trend	Stable	(For Residential)
Office	<5	Balanced	--	Vacancy Trend	Stable	(For Residential)
Retail	10%	Balanced	--	Rental Demand	Local	Niles Ave @ Williams St
Industrial	<5	Balanced	--	Distance - Services	Local	Hwy-178 @ Mt Vernon
Vacant	<5	Balanced	--	Distance - CBD	1 Mile West	Downtown Bakersfield
Built Up	100%			Distance - Freeway	Local	Hwy-178 @ Niles

Neighborhood Boundaries:

(N) – Hwy-178; (E) – Mt Vernon Ave; (S) – BNSF Rail line; (W) – Union Ave

Analysis / Comments:

The subject neighborhood is located on the north side of the East Bakersfield district in the city of Bakersfield. This area was initially mapped back when this area was mapped by the railroad 120 years ago and was initially built out with 1-4s, mostly built between 1900-1960. Medium sized and additional street retail were added after that until about 1990, and some additional development has occurred then in the form of redevelopment of previously underimproved parcels. Most supporting services including schools are located within the neighborhood. Employment centers in town are located in the downtown area to the west as well as other parts of town to the west and south.

90% of the homes in this area are less than 1600sf in size and were built prior to 1960. Overall quality is Average, observed physical conditions range from fair to Average, although there are also some remodels and rehab/flip activity. Non residential uses consist mostly of street retail, small office and service uses, although there are also a handful of older industrials and a handful of newer retail uses.

Proximate Uses:

Proximate uses to this site include other small sized multi-family and 1-4s.

MARKET SEGMENT ANALYSIS

Geographic Areas in Market Segment:

The geographic areas in which the subject competes includes the subject's neighborhood as described above as well as competing neighborhoods in nearby areas on the east side of Bakersfield

Property Types in Market Segment:

Based on the results of the Highest and Best Use Analysis on page 4 of this report, the property types with which the subject competes includes other multi-family use properties in the 5-15 unit ranges. Please note that 2-4 unit properties are not considered part of this market segment because those properties are classified as residential dwellings rather than apartments and are subject to more readily available and more lenient residential lending programs as opposed to the shorter term commercial loans that apply to the 5+ apartment properties.

Rental Demand in Market Segment:

The observed vacancy rates for rental units similar to the subject's in this area are about 3%. Asking rental rates tend to be based on a unit basis for 1bd units and ranges from about \$650-\$850 per month depending on quality and condition. 2Bd listings in the older buildings range as high as \$1100/month

Sales Activity in Market Segment:

The pace of sales within the subject's market segment have increased somewhat within the last 24 months relative to the preceding 4 years and there have been a few comparables sales within this market segment within the last 18 months. Unlike other apartment neighborhoods, pricing appears to be a little more stable and cap rates are still below 6%, indicating still-strong investor expectations for rents and values.

SITE ANALYSIS

Site size	12,632	SqFt	Topography	Level
Dimensions	75 x 170		Drainage	Appears Adequate
Frontage	75ft @ Oregon Street		FEMA Flood Zone	"X"
View Amenity	None		Panel No. / Date	060075-1840E Eff 09/2008
Access	Average	Improvements	Utility Providers	
Frontage	Average	Maintenance	Electricity	Pacific Gas and Electric
Shape	Average	Street Width	Gas	Pacific Gas and Electric
Functional Utility	Typical for Res	Street Paving	Water	E Niles Community Service district
Visibility	Typical for Res	Sidewalks	Sewer	E Niles Community Service district
Exposure	Typical for Res	Curbs/Gutters	Telephone	AT&T
Traffic Pattern	Minimal	Storm Sewers	Easements	Public Utilities
Daily Traffic	N/A	Lighting	Encroachments	None Noted
Current Zoning	R3 Multiple Family Dwelling Zone		Maximum Density	1 Dwelling unit per 1250sf
Allowable Uses	Residential uses up to medium density		Min. Parking Req.	1.2 Spaces/Unit
Allowable Uses			Improvements Status	Legal Conforming

Zoning Summary:

17.16.020 **Uses permitted.**

The following uses are permitted in an R-3 zone:

- A. Any use permitted in the R-1 and R-2 zones;
- B. Multiple-family dwellings and apartment houses;

The subject's existing use as 5 units on this site amounts to a density factor of 1 unit / 2250 sf. This is a permissible use and a permissible density.

Site Analysis / Comments:

Title and soils reports were not reviewed for this assignment. The subject site consists of a typical subdivision parcel that's located on the north side of Oregon Street, 125ft east of West Drive. In this location those are both typical subdivision streets which are subject only to local traffic exposure. There is no alley for this block so vehicular access is limited to the street frontage.

The offsite improvements (paving, sidewalks, curbs, gutters, utility mains, etc) are complete. The parcel is rectangular in shape and the topo is level. Lot utility is rated at or near 100%. No apparent adverse conditions noted.

PROPERTY TAX ASSESSMENT - 2022

Assessor Parcel Number	Land	Building	Total	Current Taxes	Forecasted
138-101-14	\$44,549	\$298,139	\$342,688	\$7,829.88	\$7,986.48

Analysis / Comments:

This site is not reported to be subject to special assessments. Under current property tax laws the potential for increases in property tax assessments amounts to 1% of full market value plus tax indebtedness, capped at a maximum inflation rate of no more than 2%/year. In the event of a closed sales or transfer the property is subject to be reassessed based on the market value at the time of assessment.

IMPROVEMENTS ANALYSIS

Property Type				Construction Type			No. of Bldgs	
Units				Frame/Stucco			2	
Bldg	Floor	Gr SqFt	Net	Unit Mix	No of Units	No of Rooms	Parking:	
1		2,460	2,460	1bd Units	2 Un	6 Rms	On Site	Yes
2		1,280	1,280	2bd Units	3 Un	12 Rms	Adequacy	Yes
				3bd Units			Paved	Yes
Total			3,740	Totals	5 Units	18 Rms	No. Spaces	6
Building Efficiency Ratio			100%	Average Unit Size	748 sf		Spaces/Unit	1.00
Year Built	Econ Life	Remainder	Eff Age	Floor Area Ratio	29.61%	Excess Land	N/A	
1971	50	30	20	Ground Coverage Ratio	29.61%	Other Structures	Carport w/ storage	
Foundation	Concrete Slab			Conditions Ratings:				
Frame	Wood			Floorplan	Typical for age range			
Roof Truss	Wood			Constr. Quality	Average-			
Roof Cover	Comp shingle			Exterior Condition	Average-			
Exterior Walls	Stucco			Interior Condition	Average-			
Interior Walls	Drywall Partitions			Roof Cover	Average			
Flooring	Resilient			Electrical	Average			
HVAC	Individual wall units + evaporative coolers			Landscaping	Average			
Gas/Electric	Individually metered			Garages	Average			
Kitchens	Stock cabinetry and appliances, tile counters, vinyl flooring			Kitchens	Average			
Baths	Stock cabinetry, fiberglass wainscots and vinyl flooring			Baths	Average			

Analysis / Comments:

The structural improvements consist of 2 buildings. The front building includes (3) 2bd/1ba units, the rear building includes (2) 1bd units. Each unit features wall heaters, vinyl flooring, and kitchen/bath buildouts which are typical of buildings in this age range. Each unit also has a small fenced rear yard area.

Other site improvements include the concrete paved driveway, carport, chain link fencing and front yard landscaping.

Observed Physical Conditions:

Please note the physical observations process used for this appraisal is based on typical protocols used for the valuation process only, and should not be confused with a comprehensive technical inspection as would be performed by a professional building inspector or engineer. If desired, the reader is strongly encouraged to seek a technical inspection from a qualified inspector or engineer.

At the time of inspection the subject improvements were in generally average condition when compared to other multi-family properties in this market segment. Kitchen and bath finishes were updated at some point but not recently. The building is ready for interior/exterior paint but the buildings are otherwise in serviceable and marketable condition.

Hazardous Materials Conditions:

The Appraiser is not qualified in environmental screening or technical inspections for environmental hazards. The scope of the inspection/observation process used for this appraisal was limited to visual observation of the exposed areas only, and is only deemed sufficient to enable the development of a value opinion, consistent with that used by other sales, financing and valuation professionals. The subject property is currently being used as a residential apartment property. This type of use is not listed as using hazardous materials during the normal course of business.

It is beyond the scope of this appraisal to determine whether or not there has been contamination, beyond that apparent from casual observation. This appraisal assumes that there are no hazardous materials conditions onsite that would adversely affect the value or the marketability of the subject property. If further investigation is desired, the reader is urged to seek field-related expert opinion from a qualified environmental site assessor or other environmental professional.

HIGHEST AND BEST USE ANALYSIS

The definition of Market Value upon which this appraisal is based includes an assumption that the typical buyers and sellers for a given property will be adequately informed or advised about the basis upon which the property would be valued. This is necessary in order to ascertain which types of buyers are most likely to pay the most for the subject property; which of the subject's attributes are of most effect on the value; which unit of comparison is most relevant to the valuation; and finally, which types of properties would be considered the most comparable. The process of developing an opinion of Highest and Best Use involves an analysis of all primary alternatives within the context of the following four criteria:

LEGALLY PERMISSIBLE USES:

The current zoning of R-3 allows for multi-family residential use of this site, with a maximum density of up to 1 unit/1250sf of lot area. As a general use type, the existing multi-family use is considered a legally conforming use.

PHYSICALLY POSSIBLE USES:

The subject site is a typical interior lot of ~12632 SqFt. The site fronts a residential street and has adequate exposure and access for those uses that would be legally permitted under the current zoning. All available utilities are connected to the site. Site topography includes a level terrace at street grade and lot utility is rated at or near 100%. In addition to the existing use this site is also of sufficient size to be developed with up to 10 units, including the requisite onsite parking.

FINANCIALLY FEASIBLE USES:

This category includes consideration of those uses that have potential to add any value above and beyond the site value as vacant. Considering the supply and demand factors present in this area would seem to rule out most of the remaining uses except for the subject's existing use (as improved.)

MOST PROFITABLE USE:

This category narrows down any remaining feasible alternatives to the one option that can reasonably be considered the most profitable within the context of the current market conditions. The subject's use is considered to be among those uses that are legally permissible, physically possible, financially feasible and is considered by the Appraiser to be an adequate expression of the concept of Highest and Best Use. Further, there are no legal uses that would economically justify the removal of the existing improvements at this time.

Since the definition of Market Value used for this appraisal can only be adequately met if that property is valued according to its highest and best use, the remainder of this appraisal is based on the above conclusion

Highest and Best Use: Existing Use as 5 units

APPRAISAL METHODOLOGY

Among buyers, sellers, and brokers for this property type the methodology used to develop listing and sale prices is generally limited to development of the Sales Comparison Approach and the Income Approach. The Cost Approach is usually not developed due to the near total lack of vacant site sales data and the difficulty in quantifying accrued depreciation.

The process of developing the Income Approach includes researching and analyzing rental data, expense data and rates of return in the market for comparison with the subject's historical income/expense data. After developing a projected income stream, the resulting net income is then converted into a value indication by applying a capitalization rate, which has also been extracted from the market data. The results of this process provide a value indication by Income Approach.

The process of developing a Sales Comparison for this property type includes researching the available sales data in search of the most recent, proximate and similar site sales data. These data are chosen based on their respective similarities, particularly with regard for location, building size and condition. The sales data are analyzed based on their most relevant attributes and using the dominant unit of comparison, which in this case is the Price/SqFt of building area. Adjustments are applied for the other variables to result in a range of adjusted value indicators as presented by the comparable data. This range of values is then refined to a value indicator for the subject using a qualitative analysis wherein the subject is ranked among the comparable data based on its attributes.

After the different approaches to value are developed a final value conclusion is developed by reconciling the quantity and quality of data available between the approaches used, this is done within the context of the actions demonstrated by the buyers and sellers in this market segment.

INCOME APPROACH - RENT SURVEY

	Subject	Rental #1	Rental #2	Rental #3
Address	1830 Oregon Street	2103 Niles Ave	1520 Palm Drive	1840 Quincy Street
Proximity	---	3 Blocks East	2 Blocks North	3 Blocks North
Year Built	1971	1955	1964	1965
Gross Bldg Area	3,740 sf	5,706 sf	10,402 sf	5,160 sf
Lot Area / Coverage	12,632 sf	30% 23,958 sf	24% 17,424 sf	60% 7,000 sf
Construction	Frame/Stucco	Frame/Stucco	Frame/Stucco	Frame/Stucco
Number of Units	5	8	8	7
Bldg Type	1-story	1.5 Story	2-Story	2-Story

	Subject			Rental #1			Rental #1			Rental #1		
Tenant Size	Unit	SqFt	Rent	Unit	SqFt	Rent	Unit	SqFt	Rent	Unit	SqFt	Rent
	1bd/1ba	640	\$690	1bd/1ba	454	\$708	1bd/1ba	560	\$845			
	2bd/1ba	820	\$845	2bd/1ba	720	\$900	2bd/1ba	765	\$1,100	2bd/1ba	870	\$975
Utilities Included	Water/Sewer/Trash			Water/Sewer/Trash			Water/Sewer/Trash			Water/Sewer/Trash		
Rent Concessions	None Reported			None Reported			None Reported			None Reported		
Location	Niles			Niles			Average			Average		
Quality	Average			Average			Average			Average		
Condition	Average-			Average-			Average			Average		
Parking	Caports			Open			Carports			Open		
Comparability				Similar condition			SI superior condition			SI superior condition		

Analysis / Comments:

The subject property consists of a 1971yb multi-family with 1-story units and slightly below average condition (mostly paint). The above units are located within a few blocks and are currently listed for rent. Note that the reported rents for the sales are all generally lower.

Based on the above rental comps and other rental data in the area, the base rents for the subject units is estimated based on \$1,200/month, with the ground floor units being adjusted further based on their different sizes.

SUBJECT RENTS

No of Units	Rooms	Unit Size	Term	Rent/Un	Subtotal - Contr.Rents	Mkt Rents	Subtotal Mkt Rents	Forecasted Rents	
2	1bd/1ba	3	640	Mo-Mo	\$675	\$1,350	\$700	\$1,400	\$1,350
1	2bd/1ba	4	820	Mo-Mo	\$845	\$845	\$900	\$900	\$845
2	2bd/1ba	4	820	Mo-Mo	\$900	\$1,800	\$900	\$1,800	\$1,800
					Totals	\$3,995		\$4,100	\$3,995

Analysis / Comments:

Multi-family properties are subject to state rent controls which limit the rate of annual rent increases. For this reason the contract rents are used in the analysis. The subject rents are running a little lower than is shown in the rental survey but higher than is being reported among most of the sales and listings.

The following income/expense analysis is based on a combination of review of the prior operating history as well as projections based on current and forecasted expenses.

INCOME / EXPENSE FORECAST

	Yr 2022	Forecast	Comments
Gr. Potential Income	\$46,020	\$47,940	Contract Rents per rent controls
Vacancy/Collection		<u>-\$1,438</u>	3% Vacancy
Eff. Gross Income	\$46,020	\$46,502	
Property Taxes		\$9,000	Per Sales Comparison @ 1.65%
Insurance		\$1,100	\$.35/sf
Management		\$1,395	Owner-managed; administrative exp only
Utilities		\$2,500	Water/Sewer/Trash
Maintenance		\$930	2% of Effective Gross Income
Misc. Expense		\$900	Landscaping/exterior
Reserves		<u>\$930</u>	2% of Effective Gross Income
Total Expenses	-\$19,553	-\$16,755	Vac+Exp / Potential Gr. Income: -37.95%
Net Operating Income	\$26,467	\$29,747	

Analysis / Comments:

The property tax rate for this area is higher than normal so that leads to the tax assessment consuming 16% of the gross income all by itself. Other expenses are in line with multi-family. The combine vacancy+collection loss of 38% is a little high but that's attributable to the low rents for the area and the relatively higher rate of property taxes.

DIRECT CAPITALIZATION RATE

Sale	Address	Yrbit	GBA	Sale Date	Sale Price	Net Income	Cap Rate
1	919 Niles Street	1978	4,100	07/05/2022	\$485,000	\$29,165	6.01%
2	2207 River Blvd	1952	3,144	01/28/2022	\$480,000	\$29,760	6.20%
3	1429 Baker Street	1973	5,824	11/24/2021	\$685,000	\$34,596	5.05%
4	1314 Lake Street	1957	4,148	11/24/2021	\$450,000	\$26,003	5.78%
5	1710 Oregon Street	1963	4,200	Active	\$550,000	\$28,229	5.13%

Analysis / Comments:

The sales data from the Sales Comparison (see next page) are presented above along with their respective income/expense projections. In the listings, a couple of these used unrealistically low expense ratios which distorted their cap rates so I adjusted those to 40% of gross income inclusive of reserves and maintenance.

The subject's existing income is higher than most of these comparable sales and these properties are encumbered with rent controls which limit the potential rent increases for a new buyer. Since the subject is already closer to the market rents than the others that justifies the use of a more aggressive overall capitalization rate, so the cap rate chosen is at the bottom (more aggressive) end of the range.

DIRECT CAPITALIZATION	NOI	/ OAR	= VALUE	VALUE BY INCOME APPROACH
	\$29,747	0.0575	\$517,333	<u>\$520,000</u>

SALES COMPARISON APPROACH

	Subject			Sale #1			Sale #2			Sale #3		
Address	1830 Oregon Street Bakersfield 93305			919 Niles Street Bakersfield 93305			2207 River Blvd Bakersfield 93305			1429 Baker Street Bakersfield 93305		
APN	138-101-14			015-210-05			126-320-12			013-270-01		
Proximity	--			10 Blocks West			1 Mile North			½ Mile N/West		
Year Built	1971			1978			1952			1973		
Bldg Area	3,740 sf			4,100 sf			3,144 sf			5,824 sf		
Site Area	12,632 sf			7,405 sf			8,712 sf			12,632 sf		
Quality	Average			Average			Average			Average		
Condition	Average			Average			Average			Average		
Parking	6 Carport Spaces			Carport Spaces			Carport Spaces			8 Open Spaces		
No of Units	5 Units			5 Units			5 Units			7 Units		
No of Rooms	18 Rooms			20 Rooms			17 Rooms			28 Rooms		
Average Unit size	748 sf			820 sf			629 sf			832 sf		
Unit Mix	Type	No	Rooms	Type	No	Rooms	Type	No	Rooms	Type	No	Rooms
	1bd Units	2	6	1bd Units		0	1bd Units	4	12	1bd Units		0
	2bd Units	3	12	2bd Units	5	20	2bd Units		0	2bd Units	7	28
	3Bd Units		0	3Bd Units		0	3Bd Units	1	5	3Bd Units		0
	Total	5	18	Total	5	20	Total	5	17	Total	7	28
Sale Date	09/20/2022		144219	07/05/2022		104514	01/28/2022		14054	11/24/2021		221385
Sale Price	\$550,000			\$485,000			\$480,000			\$685,000		
Property rights	Fee Simple			Fee Simple			Fee Simple			Fee Simple		
Financing	\$420,000			No 1 st			No 1 st			No 1 st		
Conditions of Sale	N/A			Market Sale			Market Sale			Market Sale		
Excess Land	None			None			None			None		
Adj. Sale Price	\$550,000			\$485,000			\$480,000			\$685,000		
Price/Unit	\$110,000			\$97,000			\$96,000			\$97,857		
Price/Room	\$30,556			\$24,250			\$28,235			\$24,464		
Price/SF	\$147.06			\$118.29			\$152.67			\$117.62		
Gross Inc. Multiplier	11.47			10.31			10.00			12.28		
Potential Gr. Income	\$47,940	GIM	11.47	\$47,040	GIM	10.31	\$48,000	GIM	10.00	\$55,800	GIM	12.28
Proj. Net Income / OAR	\$29,747	OAR	0.0541	\$29,165	OAR	0.0601	\$29,760	OAR	0.0620	\$34,596	OAR	0.0505
Analysis/Comments:												

The subject property consists of a 1970s multi-family with 1-story units and carport parking, located in the East Bakersfield area. The above apartment properties are among the most similar in terms of location and unit mix that were available at the time of this appraisal. Sales data from other areas or from further back in time are not considered as directly comparable overall.

Sales #1 and #3 are more similar in age but feature all-2bd units. Sales #2 and #4 are older in age and include a mix of units. Sale #5 is an active on the subject's street but has already been exposed to the market for 3+ months, and its list is in excess of the other sales. I also considered the subject's own prior sale in 09/2022 but no moreso than any of the other sales.

These sales data are adjusted by use of an income ratio multiplier analysis, which applies the differences in rental attributes to the units of comparison from the sales, thereby adjusting for differences in room count, location and overall quality. Of the units of comparison, the price/room indicator is given greatest weight. Note that the subject's reported rents are higher than the most recent sales, so this contributes to why it sold for more in 2022 and why its valued higher in the current analysis.

Price/Room Indicator	Price	x	Rooms	= Value	VALUE BY SALES COMPARISON
	\$30,000		18	\$540,000	<u>\$540,000</u>

SALES COMPARISON APPROACH

	<u>Subject</u>			<u>Sale #4</u>			<u>Sale #5</u>			<u>Sale #6</u>		
Address	1830 Oregon Street Bakersfield 93305			1314 Lake Street Bakersfield 93305			1710 Oregon Street Bakersfield 93305					
APN	138-101-14			015-320-12			138-110-12					
Proximity	--			6 Blocks West			1 Block West					
Year Built	1971			1957			1963					
Bldg Area	3,740 sf			4,148 sf			4,200 sf					
Site Area	12,632 sf			7,405 sf			7,840 sf					
Quality	Average			Average			Average					
Condition	Average			Average			Average					
Parking	Carport Spaces			8 Open Spaces			Carport/Open					
No of Units	5 Units			5 Units			5 Units					
No of Rooms	18 Rooms			21 Rooms			16 Rooms					
Average Unit size	748 sf			830 sf			840 sf					
Unit Mix	Type	No	Rooms	Type	No	Rooms	Type	No	Rooms	Type	No	Rooms
	1bd Units	2	6	1bd Units		0	1bd Units	4	12	1bd Units		
	2bd Units	3	12	2bd Units	4	16	2bd Units	1	4	2bd Units		
	3Bd Units	0	0	3Bd Units	1	5	3Bd Units		0	3Bd Units		
	Total	5	18	Total	5	21	Total	5	16	Total		
Sale Date	09/20/2022		144219	11/24/2021		221428	Active					
Sale Price	\$550,000			\$450,000			\$550,000					
Property rights	Fee Simple			Fee Simple			Fee Simple					
Financing	\$420,000			\$210k 1 st			No 1st Rec'd					
Conditions of Sale	N/A			Market Sale			Market Sale					
Excess Land	None			None			None					
Adj. Sale Price	\$550,000			\$450,000			\$550,000					
Price/Unit	\$110,000			\$90,000			\$110,000					
Price/Room	\$30,556			\$21,429			\$34,375					
Price/SF	\$147.06			\$108.49			\$130.95					
Gross Inc. Multiplier	11.47			10.73			12.08					
Potential Gr. Income	\$47,940	GIM	--	\$41,940	GIM	10.73	\$45,530	GIM	12.08			GIM
Proj. Net Income / OAR	\$29,747	OAR	--	\$26,003	OAR	0.0578	\$28,229	OAR	0.0513			OAR

Note that S#5 is an active with a more aggressive GIM and cap rate, and it's list price doesn't fit the trends demonstrate by the other sales.

In addition to the above sales, there were other less directly comparable sales data in the area which also generally support the trends demonstrated by the direct comparables above after consideration of their respective differences. Most of these properties involve much older buildings or are located outside of the subject's neighborhood.

GROSS RENT MULTIPLIER

Apartment properties seldom share the same mix of units and therefore tend to generate varying amounts of rents per units, which tends to lead to varying values per unit. Since rental rates are very sensitive to unit attributes such as the number of bedrooms or unit condition or onsite parking the differences in rental attributes can be analyzed to identify the differences in overall values.

The following analysis compares the income characteristics between the subject units and the units from the comparable sales data. The units are analyzed on the basis of price/unit, price/room, price/SqFt and finally a comparison of Gross Rent Multipliers, that factor consisting of sale price / rents. The ratio relationships between the rental rates are then applied to the value indicators to adjust them for their respective differences, the results being considered indicative of the subject's value to a rental income driven investor.

	<u>Subject</u>	<u>Sale #1</u>	<u>Sale #2</u>	<u>Sale #3</u>	<u>Sale #4</u>	<u>Sale #5</u>	<u>Sale #6</u>
Sale Price	N/A	\$485,000	\$480,000	\$685,000	\$450,000	\$550,000	
Gross Income	\$47,940	\$47,040	\$48,000	\$55,800	\$41,940	\$45,530	
No of Units	5	5	5	7	5	5	
No of Rooms	18	20	17	28	21	16	
Bldg Area	3,740	4,100	3,144	5,824	4,148	4,200	
Avg Unit Size	748	820	629	832	830	840	

	<u>Subject</u>	<u>Sale #1</u>	<u>Sale #2</u>	<u>Sale #3</u>	<u>Sale #4</u>	<u>Sale #5</u>	<u>Sale #6</u>
Rent Per Unit	\$9,588	\$9,408	\$9,600	\$7,971	\$8,388	\$9,106	
Comp/Subject Ratio	--	0.98	1.00	0.83	0.87	0.95	
Gross Price/Unit	--	\$97,000	\$96,000	\$97,857	\$90,000	\$110,000	
Adj. Price Per Unit	--	\$98,856	\$95,880	\$117,702	\$102,876	\$115,823	
					Adjusted Price/Unit Indicator		\$110,000

	<u>Subject</u>	<u>Sale #1</u>	<u>Sale #2</u>	<u>Sale #3</u>	<u>Sale #4</u>	<u>Sale #5</u>	<u>Sale #6</u>
Rent Per Room	\$2,663	\$2,352	\$2,824	\$1,993	\$1,997	\$2,846	
Comp/Subject Ratio	--	0.88	1.06	0.75	0.75	1.07	
Gross Price/Room	--	\$24,250	\$28,235	\$24,464	\$21,429	\$34,375	
Adj. Price Per Room	--	\$27,460	\$26,633	\$32,695	\$28,577	\$32,173	
					Adjusted Price/Room Indicator		\$30,000

	<u>Subject</u>	<u>Sale #1</u>	<u>Sale #2</u>	<u>Sale #3</u>	<u>Sale #4</u>	<u>Sale #5</u>	<u>Sale #6</u>
Rent Per Square Foot	\$12.82	\$11.47	\$15.27	\$9.58	\$10.11	\$10.84	
Comp/Subject Ratio	--	0.90	1.19	0.75	0.79	0.85	
Gross Price/SqFt	--	\$118	\$153	\$118	\$108	\$131	
Adj. Price Per SqFt	--	\$132	\$128	\$157	\$138	\$155	
					Adjusted Price/SqFt Indicator		\$145

GROSS RENT MULTIPLIER RECONCILIATION.

Subject							
Price Per Unit	<u>\$110,000</u>	/ Unit	x	<u>5</u>	Units	=	<u>\$550,000</u>
Price Per Room	<u>\$30,000</u>	/ Room	x	<u>18</u>	Rooms	=	<u>\$540,000</u>
Price Per Square Foot	<u>\$145</u>	/ SqFt	x	<u>3,740</u>	SqFt	=	<u>\$542,300</u>
Gross Rent Multiplier	<u>11.00</u>	GIM	x	<u>\$47,940</u>	Gr Income	=	<u>\$527,340</u>

The above analysis shows that of the various units of comparison (\$/unit, \$/room, \$/sf), the one that results in the narrowest range of values is the price/room indicator. This is typical for apartment properties when considering the fact that a 2bd unit generates more rent than a 1bd unit and is therefore more valuable to the investor. The price SqFt indicator is generally given little or no weight and the price/unit indicator only works well when all the comparables have the same unit mix as the subject.

RECONCILIATION OF APPRAISAL

Value By Cost Approach	Not Developed
Value by Income Approach	\$520,000
Value by Sales Comparison Approach	\$540,000

The extent of the development and reporting of this appraisal assignment are intended to meet or exceed the needs of the intended users of this report within the context of the intended use as communicated to the appraiser. Specifically, the client has ordered an appraisal for mortgage lending purposes. Other types of users and other types of users were neither identified at the time of engagement nor assumed by the appraiser.

The Cost Approach was not deemed applicable to this assignment because the improvements are older and there are few relevant site sales data, both conditions of which detract from the development of a reliable indication of value by Cost.

The Income Approach is considered applicable to this assignment because most buyers in this market segment are income investors and a strong relationship exists between the income capacity and the resulting sale prices. For these reasons the Income Approach is given significant weight in the final value conclusion. Note that the property is subject to rent controls so the contract rents are used; which in this case the subject's contract rents are higher than average when considering the property attributes.

The Sales Comparison Approach is also a dominant approach to value within this market segment and is also given significant weight. There were adequate sales of sufficiently similar attributes for comparison, and after comparison they yielded a reasonably narrow range of value indicators. In addition to the sales data presented in this appraisal as being "most similar and proximate", there were also a number of other, less similar properties that were also analyzed during the course of this appraisal. These other sales data are retained in the workfile and also contributed to the Appraiser's opinion of value.

I also considered the subject's own prior sale in 09/2022 as that sale is actually more recent than any of the closed sales. The price itself is a little higher but that's a function of rounding with the price/room indicator, so the subject's 09/2022 sale can also be considered a reasonable expression of value even though the rounding results in a slightly lower value conclusion for this appraisal.

The opinion of Market Value expressed below is based on an estimated exposure time of 3-4 months, assuming adequate exposure to the market by competent brokerage. In this case, the estimated marketing time is considered to be equal to the estimated exposure time. Any attempts to market the property in less time or by using less than adequate exposure to the market would likely require significant discounting or concessions.

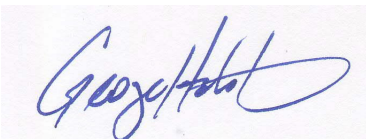
The subject property is appraised in its "As Is" condition based on the definition of value contained herein and within the context of the assumptions and limitations noted. This appraisal was prepared for Premier Money Source and is intended to meet the requirements of their appraisal policies. Other uses or other users are not intended by the Appraiser. Any third parties not otherwise identified as an Intended User of this appraisal are strongly urged to seek a separate appraisal that is specific to their needs and requirements from a duly qualified appraiser.

FINAL VALUE CONCLUSION

Property Rights Appraised	Fee Simple	Effective Date of the Appraisal	1/12/2023
Definition of Value	Market Value		
Appraised Condition	"As Is"	Value of Non-Realty Interests	N/A
Est. Exposure Time	3-4 Months	(Insurable Value)	N/A

APPRAISED MARKET VALUE OF THE FEE SIMPLE INTEREST IS:

\$540,000



George Hatch #AG006455
Certified General Appraiser

Date of Report: 1/19/2023
Personal Inspection: Interior/Exterior

ASSIGNMENT ELEMENTS

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

1. Buyer and Seller are typically motivated;
2. Both parties are well informed and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure on the open market;
4. Payment is made in 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.

[Source: Office of the Comptroller of the Currency, under 12CFR, part 34, Subpart C - Appraisals, 34.42 Definitions (f).]

DEFINITION OF INSURABLE VALUE

1. The portion of the value of an asset or asset group that is acknowledged or recognized under the provisions of an applicable loss policy.

2. Value used by insurance companies as the basis for insurance. Often considered to be replacement or reproduction costs less deterioration and non-insurable items. Sometimes cash value of market value but often entirely a cost concept.

[Source: Marshall Valuation Company of Los Angeles, Commercial Cost Guide]

DATA SOURCES USED IN APPRAISAL

ReaList.Com, LoopNet.com, CRMLS and other subscription data services. Site zoning and requirements were obtained from the jurisdiction in which the subject site is located. Data verification is generally limited to cross checking databases. Personal verification is generally limited to those instances where the database information is considered less than reliable or incomplete. This level of research and verification are considered appropriate within the context of the intended users and intended use of this appraisal.

PHYSICAL INSPECTION OF IMPROVEMENTS

- Exterior Inspection (Only) Assumes interior quality/condition is consistent with that observed on the exterior, and assumes building area as reported is substantially accurate.
- Interior/Exterior Inspection, no physical measurements; assumes building area as reported is substantially accurate.
- Interior/Exterior Inspection, with physical measurements (see diagram). Unless otherwise noted all interior areas were observed.

COST APPROACH (TO MARKET VALUE)

- Not applicable to this assignment and not developed
- Considered applicable to this assignment and is included in this appraisal.

INCOME APPROACH

- Not applicable to this assignment and not developed
- Considered applicable to this assignment and is included in this appraisal.

Comment - See "Appraisal Methodology" section of this report for an explanation of the type and depth of research and analysis applied for this approach to value.

SALES COMPARISON APPROACH

- Not applicable to this assignment and not developed
- Considered applicable to this assignment and is included in this appraisal.

Comment - See "Appraisal Methodology" section of this report for an explanation of the type and depth of research and analysis applied for this approach to value.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal and appraisal report was prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP). In addition to the assumptions and associated limitations resulting from the scope of work used in this assignment, additional assumptions and limitations apply as follows:

- 1 This appraisal was developed using the scope of work as identified throughout this report, the decisions for which were made within the context of the needs of the intended users as communicated to the Appraiser by the Client. This workproduct cannot be assumed to be sufficient for the needs of other users or for other uses than those identified on Page 1 of this report. Specifically, any other third parties are advised to seek another appraisal from a duly qualified appraiser specific to their use.
- 2 The extent of research and analysis performed for this assignment is considered appropriate for the intended use as identified. If desired, the reader may request additional information and analyses, or further clarification. However, the reader is notified that any substantial changes to the assignment conditions may affect the scope of work sufficiently to create a new assignment. If so, additional billing may be charged to cover the additional costs associated with the extra work.
- 3 This appraisal is intended to meet or exceed the requirements set forth under Standard Rule 1 of the Uniform Standards of Professional Practice for appraisal development, including any additional assignment conditions communicated by the Client to the Appraiser. The Appraiser cannot assume responsibility for any applicable assignment conditions that the Client or Intended Users may desire but which were not communicated to the Appraiser at the outset of the assignment.
- 4 Unless otherwise indicated, this Appraisal Report is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it might not include full discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the date, reason gin and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in the report. The appraiser is not responsible for unauthorized use of this report.
- 5 No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in the report.
- 6 The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
- 7 Responsible ownership and competent property management are assumed unless otherwise stated in this report.
- 8 The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
- 9 Any engineering relied upon is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
- 10 It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render is more or less valuable. No responsibility is assumed for such conscience or for arranging fore engineering studies that may be required to discover them.
- 11 It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
- 12 It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
- 13 It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any uses on which the value estimates contained in this report are based.
- 14 Any sketch in this report may show approximated dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
- 15 It is assumed that utilization of the land and improvements is with the boundaries or property lines to the property described and that there is no encroachment or trespass unless otherwise stated in this report.
- 16 The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comments the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waster and/or toxic materials. Such determination would require investigation by a qualified expert in the field or environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value to the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for an environmental conditions, or for any expertise or engineering knowledge required to discover them. The Appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
- 17 Any proposed improvements are assumed to be completed in accordance with the submitted plans and specifications.

ASSUMPTIONS AND LIMITING CONDITIONS

- 18 Unless otherwise stated in the report, the subject property appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
- 19 The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- 20 The exposure period cited as the basis for the appraised value was estimated in part by analyzing the comparable sales and other properties of similar uses from the other parts of the region. This estimated exposure period is based on the assumption of adequate exposure to the open market by competent brokerage. Any attempts to market the property as distressed sale, lender REO, or other quick sale conditions will likely result in significant discounting.
- 21 The area researched for relevant comparable data is limited to the subject's market segment, particularly with regard for the subject property's use and type. Other limitations to the comparable data relate to the economic, political, social and geographic characteristics.
- 22 The appraiser will not be required to give testimony or appear in court as a result of performing this appraisal unless specific arrangements - including additional compensation - are made in advance.
- 23 The client for this assignment is as identified on Page 1 of this report. Except as outlined in the Confidentiality Section of the Ethics Rule of USPAP and applicable local, state or federal law, the Appraiser will not discuss or otherwise disseminate confidential information or assignment results to any party without specific instructions to do so from the Client.
- 24 This appraisal was prepared for a local community based lending institution for mortgage lending decisions. Any third parties contemplating use of this appraisal report, particularly in connection with a sale or for uses other than intended are also recommended to seek a second opinion, specific to their own type of use, by a competent certified appraiser.

APPRAISER'S CERTIFICATION

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

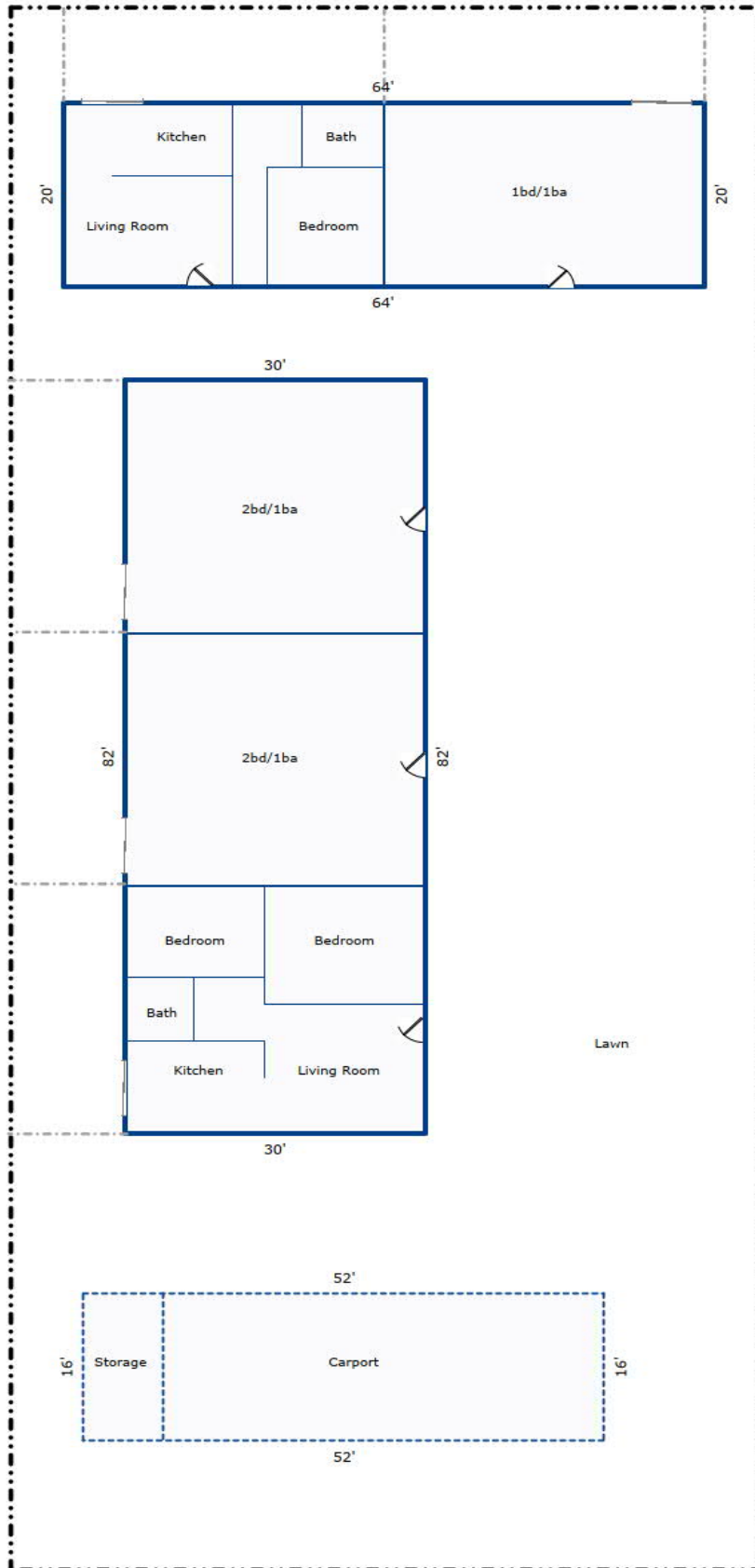
- 1 The statements of fact contained in this report are true and correct.
- 2 The reported analyses, opinions and conclusions are limited only to the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
- 3 I have no present or prospective interest in the property that is the subject of this report and I have no personal interest with respect to the parties involved.
- 4 I have no bias with respect to the property that is the subject of this report or to the parties involved in this assignment.
- 5 My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6 My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 7 This appraisal was not based on a requested minimum valuation, a specific valuation or the approval of a loan.
- 8 My analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice, current as of the date of the appraisal.
- 9 I have made a personal physical inspection of the property that is the subject of this report.
- 10 No one provided significant professional assistance to the person signing this report, unless otherwise indicated.
- 11 I have not performed any other services in conjunction with this property within the prior 3 years.



George Hatch #AG006455
Certified General Appraiser

Date of Report: 1/19/2023
Personal Inspection: Interior/Exterior

DIAGRAM



<== Oregon Street ==>

SUBJECT PHOTOS



Subject Front



Subject Carport



Subject Front Units #A/B



Subject Rear Units



Subject Street



Subject Street

SUBJECT PHOTOS



Subject Units #C



Subject Units #D



Subject Front Units #E



Subject Units Rear #D/E



Subject



Subject

SUBJECT PHOTOS



Unit A Living Room



Kitchen



Bedroom



Bedroom



Bathroom

SUBJECT PHOTOS



Unit B Living Room



Kitchen



Bedroom



Bedroom



Bathroom

SUBJECT PHOTOS



Unit #C Living Room



Kitchen



Bedroom



Bedroom



Bathroom

SUBJECT PHOTOS



Unit #D Living Room



Kitchen



Bedroom



Bathroom



Laundry

SUBJECT PHOTOS



Unit E Living Room



Kitchen



Bedroom

SUBJECT PHOTOS



Window Damage



Window Damage



Meters



Meters

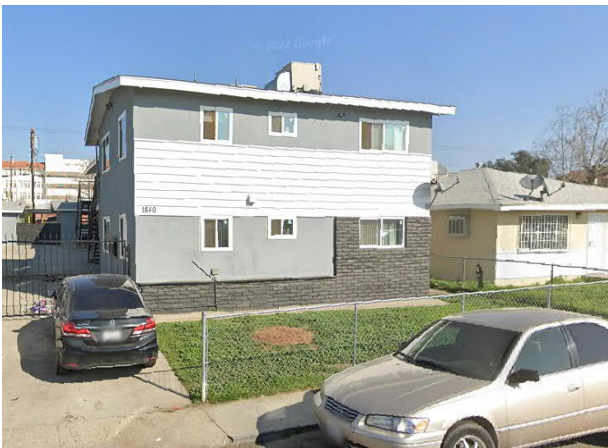
RENTAL COMPARABLES



Rental #1 – 2103 Niles Ave

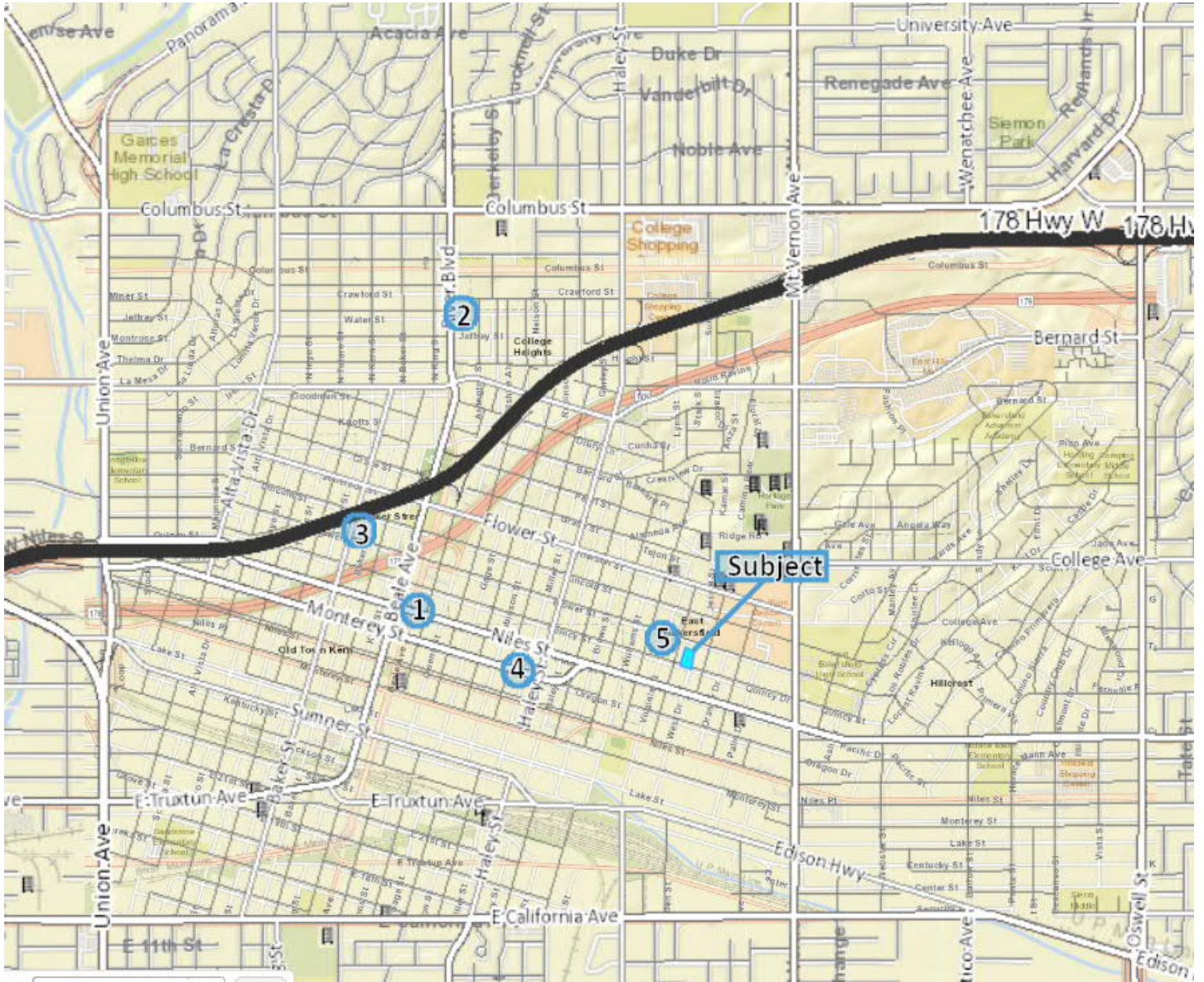


Rental #2 - 1520 Palm Dr



Rental #3 – 1840 Quincy St

LOCATION MAP - SALES DATA



SALES COMPARABLES



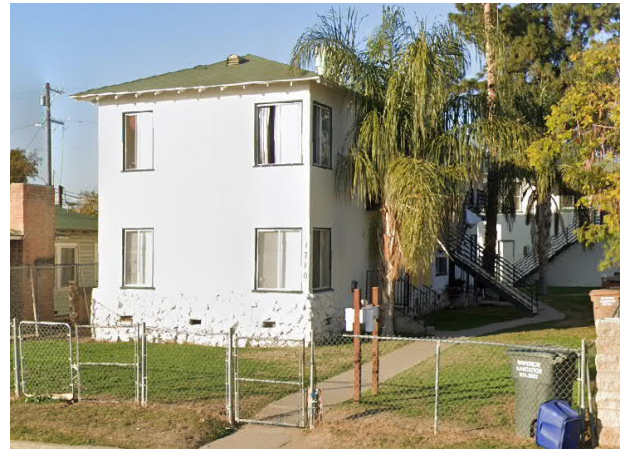
Sale #1- 919 Niles St



Sale #4- 1314 Lake St



Sale #2- 2207 River Blvd



Sale #5- 1710 Oregon St



Sale #3- 1429 Baker St