

**REPORT OF THE APPRAISAL
FOR
RANCHO MURIETA COMMUNITY SERVICES DISTRICT**

**MELLO-ROOS COMMUNITY FACILITIES DISTRICT
RANCHO MURIETA SOUTH**

Clark - Wolcott

October 15, 1990

Rancho Murieta Community Services District
P. O. Box 1050
Rancho Murieta, California 95683

Attention: Ms. Marion C. Cravens, Manager

SUBJECT: Appraisal Report
Mello-Roos Community Facilities District
Rancho Murieta South

89/96

Dear Ms. Cravens:

Pursuant to your request and authorization, we have prepared an appraisal of the fee simple interest in the above referenced property. During the preparation of the appraisal, the property was inspected and an investigation was made of the relevant market indicators and conditions.

Based on the analysis of the data obtained from the inspection and investigation, we have estimated the market value of the fee simple interest as of *October 1, 1990*. A summary of the appraisal, our conclusions, and estimates of value are described in the attached **Executive Summary**.

The report that follows sets forth in further detail the descriptive and factual data, assumptions and limiting conditions, and the analysis, findings, and conclusions that lead to and support the value estimates.

Respectfully submitted,

CLARK-WOLCOTT COMPANY, INC.

EXECUTIVE SUMMARY

The appraisal involves the valuation of six properties which collectively form a Mello-Roos Community Facilities District which is located at Rancho Murieta, California. The purpose for the formation of this community facilities district is to provide additional public facilities needed for the development of the properties within the district through the sale of bonds.

The appraisal has been prepared for the use of the client, Rancho Murieta Community Services District, as an aid in the underwriting process relating to the proposed sale of the bonds. The date of valuation is *October 1, 1990*.

The properties appraised are located in the unincorporated community of Rancho Murieta, about 24 miles southeast of the central business district of the city of Sacramento. Rancho Murieta is a controlled access, master-planned community of approximately 3,500 acres which was approved by Sacramento County planned development ordinance in 1969. Historically viewed primarily as a retirement community, the bulk of Rancho Murieta is dedicated to single-family residential and open space uses. However, supporting commercial development has occurred in response to the more immediate needs of the local population. In addition to residential and related uses, the community accommodates two 18-hole championship golf courses and country club, tennis courts, a lodge, a 100-acre equestrian center, an F.A.A. approved airport, five man-made lakes, a country store and shopping center, a business park, an operating engineers' training center, a post office, and a mini-storage facility. The current population of Rancho Murieta is about 3,200 residents, and the total population at build-out is projected to be about 12,800.

Since approval of the initial planned development ordinance in 1969, numerous additional ordinances have been approved which have continued to temper the nature of the community's development as a whole. The properties appraised are designated

for single-family residential use in the master plan and generally enjoy the amenities of a golf course and/or riparian orientation.

Rancho Murieta possesses many physical and aesthetic amenities which make it a desirable location for residential and other forms of urban development. This factor, coupled with the strong demand for housing in the Sacramento area generally, have resulted in a great deal of recent investment being directed toward Rancho Murieta by production homebuilders. Prior to these more recent events, residential development in Rancho Murieta occurred on a lot-by-lot basis, without the involvement of production homebuilders.

The appraisal properties collectively form the project area which is generally bounded on the north by the Cosumnes River, on the south and west by Highway 16, and on the east by an expanse of undeveloped land. The easterly boundary of the project area also comprises a portion of the easterly boundary of the larger Rancho Murieta community. The geographic area of the project is commonly referred to as *Rancho Murieta South*.

The appraisal properties range in area from 20.45 to 84.40 net acres and are designated for single-family residential use. Density varies among the appraisal properties from 2.90 to 5.49 dwelling units per net acre. Although the bulk of the appraisal properties is comprised of undeveloped land, one of the properties has partially completed infrastructure, and the construction of homes has begun. Single-family residential use reflects the highest and best use of the appraised properties.

Generally, the topography of the properties appraised varies from gently rolling to sloping, and the elevated areas afford attractive views of the community, the golf course, and the surrounding countryside. The properties support a vegetative cover of native grasses and oak woodlands. Riparian vegetation and topographical characteristics typify the areas adjoining the Cosumnes River, which constitutes the general northerly border of the project area.

Utility services available in Rancho Murieta include electricity, telephone, cable television, public water, sewerage, and storm drainage. There is no natural gas service to the community at this time. Full-time fire protection and ambulance services are also available within the community, and additional supporting services in these regards are located nearby.

The Rancho Murieta Community Services District became operational in 1983 and has the responsibility for providing water, sewerage, storm drainage facilities, and security services to the community. Municipal improvement bonds were subsequently sold for the purposes of acquiring and expanding certain existing water and sewerage facilities necessary for the further development of the community. Continued expansion of these and other public facilities is proposed through the additional sale of bonds appurtenant to the Mello-Roos Community Facilities District which is the subject of the appraisal.

The appraisal is based upon the assumption that all public improvements which are proposed to be installed pursuant to the formation of the District are in place and available for immediate use on the date of valuation. Although five of the appraisal properties are comprised of unimproved land, a finished lot condition has been assumed for the bulk of Special Tax Rate Area No. 1A. However, the value of building improvements located on this property has not been included. The assumed condition of the appraisal properties, in concert with their highest and best use, form the basis for selecting the Sales Comparison Approach as the primary method of measuring value.

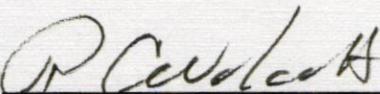
Clark - Wolcott

Incorporated

The individual market values and the aggregate retail value of the appraisal properties, as of *October 1, 1990*, are estimated as follows:

SPECIAL TAX RATE AREA NO. 1A	\$21,968,000
SPECIAL TAX RATE AREA NO. 1B	\$ 9,020,000
SPECIAL TAX RATE AREA NO. 2	\$ 2,867,000
SPECIAL TAX RATE AREA NO. 3	\$ 8,307,000
SPECIAL TAX RATE AREA NO. 4	\$ 6,380,000
SPECIAL TAX RATE AREA NO. 5	<u>\$ 5,612,000</u>
AGGREGATE RETAIL VALUE	\$54,154,000

CLARK-WOLCOTT COMPANY, INC.

By:  Date 10/15/90
Richard C. Wolcott, MAI

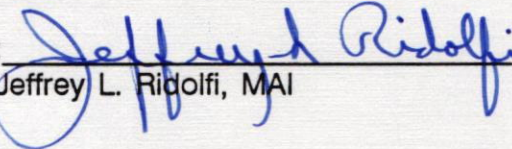
By:  Date 10/15/90
Jeffrey L. Ridolfi, MAI

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INTRODUCTION

SCOPE OF THE APPRAISAL ASSIGNMENT

This appraisal involves the valuation of six properties which collectively form a Mello-Roos Community Facilities District which is located at Rancho Murieta, California. The purpose for the formation of this community facilities district is to provide additional public facilities needed for the development of the properties within the district through the sale of bonds.

The appraisal properties range in area from 20.45 to 84.40 net acres and are designated for single-family residential use. Density varies among the appraisal properties from 2.90 to 5.49 dwelling units per net acre. Although the bulk of the appraisal properties is comprised of undeveloped land, one of the properties has partially completed infrastructure, and the construction of homes has begun.

The appraisal is concerned with the land value of the subject properties, inclusive of infrastructure and other offsite improvements completed and/or assumed to be completed as of the date of valuation. The valuation assumes that all public improvements to be constructed with the bond sale proceeds are in place and available for immediate use on the date of valuation. The value of building improvements has not been included.

The assignment requires an inspection of the appraisal properties and an investigation and analysis of recent real estate market activity in the Sacramento Metroplex. The Sales Comparison Approach is employed as the primary basis for the analysis and estimates of value necessary to the appraisal. The Sales Comparison Approach involves a comparison and analysis of reasonably comparable sales to the properties appraised.

PROPERTY IDENTIFICATION AND OWNERSHIP

The appraisal properties are identified by *Special Tax Rate Area No.* as shown on the following table. Supplemental identification of each property is made by the corresponding Sacramento County Assessor's Parcel number. A more complete description of each property is included in the Addenda of this report under Exhibit A.

SUBJECT PROPERTIES

SPECIAL TAX RATE AREA NO.	ASSESSOR'S PARCEL NO.	GROSS AREA (ACRES)	NET AREA (ACRES)	OWNERSHIP
1A	128-0080-087 128-0210-001 THROUGH 057 128-0220-001 THROUGH 040	84.40	84.40	FN PROJECTS, INCORPORATED
1B	128-0080-086 (Portion)	65.60	63.60	FN PROJECTS, INCORPORATED
2	073-0790-004	20.45	20.45	N.T. HILL, INCORPORATED
3	073-0790-005 (Portion)	47.66	38.80	N.T. HILL, INCORPORATED
4	073-0790-006 (Portion)	40.40	36.10	WINNCREST HOMES, INCORPORATED
5	073-0790-007 (Portion)	57.35	42.05	WINNCREST HOMES, INCORPORATED

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject properties, exclusive of any and all building improvements located thereon.

FUNCTION OF THE APPRAISAL

This appraisal has been prepared for the use of the client, Rancho Murieta Community Services District, as an aid in the underwriting process relating to the proposed sale of public improvement bonds appurtenant to a Mello-Roos Community Facilities District.

PROPERTY RIGHTS APPRAISED

This appraisal is of the fee estate and is subject only to exceptions, easements, and rights-of-way of record.

DATE OF VALUATION

The properties appraised are valued as of *October 1, 1990*.

DEFINITIONS OF VALUE

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

- a. buyer and seller are typically motivated;
- b. both parties are well informed or well advised, and each acting in what he considers his own best interest;
- c. a reasonable time is allowed for exposure in the open market;
- d. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e. 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.

[Reference: Federal Home Loan Bank Board Insurance Regulation 563.17-1a(b)(2), effective January 7, 1988].

Aggregate Retail Value shall mean the sum total of the market values estimated for each of the properties appraised. It does not indicate the value of the properties appraised if sold in a single transaction at a bulk (discounted) sale price.

Bulk Sale Value shall mean the market value of an entire property if sold in a single transaction at a bulk (discounted) sale price.

PRIOR SALES HISTORY

Special Tax Rate Area Nos. 1A and 1B were purchased by FN Projects, Incorporated, from Rancho Murieta Properties, Incorporated, as evidenced by corporation grant deed recorded on December 30, 1988 in Book 88 1230, Page 4790, Sacramento County Records.

The purchase agreement between the parties was executed in August, 1988. The sale property contains an area of 150.0 acres and sold for a total consideration of \$11,491,967 or \$76,613 per acre. Included in the total sale price reported is an outstanding bond balance of \$2,991,967, plus an additional sum of \$1,000,000 in costs paid by the buyer beyond the nominal purchase price of \$7,500,000.

Special Tax Rate Area No. 2 was purchased by N.T. Hill, Incorporated, from Rancho Murieta Properties, Incorporated, as evidenced by the corporation grant deed recorded on March 21, 1990 in Book 90 0321, Page 1143, Sacramento County Records. The purchase agreement between the parties was executed in February, 1989.

The sale property contains an area of 20.45 acres and sold for a total consideration of \$1,578,928 or \$77,194 per acre. Included in the total sale price reported is an outstanding bond balance of \$385,490, plus an additional sum of \$68,468 in costs paid by the buyer beyond the nominal purchase price of \$1,124,970.

Special Tax Rate Area No. 3 was purchased by N.T. Hill, Incorporated, from Rancho Murieta Properties, Incorporated, as evidenced by the corporation grant deed recorded on March 21, 1990 in Book 90 0321, Page 1146, Sacramento County Records. The purchase agreement between the parties was executed in January, 1989.

The sale property contains an area of 47.664 acres and sold for a total consideration of \$2,631,039 or \$55,200 per acre. Included in the total sale price reported is an outstanding bond balance of \$776,622, plus an additional sum of \$159,537 in costs paid by the buyer beyond the nominal purchase price of \$1,694,880.

Special Tax Rate Area No. 4 was purchased by Winncrest Homes, Incorporated, from Rancho Murieta Properties, Incorporated, as evidenced by the corporation grant deed recorded on March 21, 1990 in Book 90 0321, Page 1149, Sacramento County Records. The purchase agreement between the parties was executed in December, 1988.

The sale property contains an area of 40.403 acres and sold for a total consideration of \$2,209,109 or \$54,677 per acre. Included in the total sale price reported is an outstanding bond balance of \$678,839, plus an additional sum of \$135,270 in costs paid by the buyer beyond the nominal purchase price of \$1,395,000.

Special Tax Rate Area No. 5 was purchased by Winncrest Homes, Incorporated, from Rancho Murieta Properties, Incorporated, as evidenced by the corporation grant deed recorded on March 21, 1990 in Book 90 0321, page 1152, Sacramento County Records. The purchase agreement between the parties was executed in February, 1989, but the nominal purchase price was established by an option to purchase executed in August, 1988.

The sale property contains an area of 57.354 acres and sold for a total consideration of \$3,919,699 or \$68,342 per acre. Included in the total sale price reported is an outstanding bond balance of \$739,677, plus an additional sum of \$731,277 in costs paid by the buyer beyond the nominal purchase price of \$2,448,745.

The previous information has been included in this report to summarize the known market activity involving the appraisal properties during the three-year period prior to the date of valuation. The outstanding bond balances previously reported do not include the debt obligation related to the properties' inclusion in the Mello-Roos Community Facilities District that is the subject of this appraisal.

Each of the appraisal properties was designated in the community master plan for residential development at the time of sale but sold without approved subdivision maps. This factor, coupled with the significant time-value increases characteristic of the residential real estate market in the Sacramento Metroplex during the interval period, substantially dilute the significance of these sale transactions to the appraisal task at hand.

ASSUMPTIONS AND LIMITING CONDITIONS

This Appraisal Report and Valuation contained herein are expressly subject to the following assumptions and/or conditions:

1. Title to the Fee Estate Interest in the property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. Clark-Wolcott Company, Inc., has not examined title and makes no representations relative to the condition thereof.
2. Clark-Wolcott Company, Inc., has made no survey of property boundaries, and boundaries as they appear on the ground or as represented by the client or client representative, are assumed to be correct.

Maps, sketches, photographs and other exhibits depicting the appraisal property are intended for illustrating purposes to supplement the narrative description of the properties and are not intended nor should they be construed to represent an exact survey or location of property boundaries.

3. All factual data furnished by the property owner, owner's representative, or persons designated by the owner to supply said data are accurate and correct unless otherwise specifically noted in the appraisal report. Unless otherwise specifically noted in the appraisal report, Clark-Wolcott Company, Inc., has no reason to believe that any of the data furnished contains any material error. Information and data referred to in this paragraph includes, without being limited to, lot and block numbers, Assessor's parcel numbers, land dimensions, acreage or area of the land, net farmable areas, usable areas, rent schedules, income data, historic operating expenses, budgets, and related data. Any material error in any of the above data has a substantial impact on the value reported. Thus, Clark-Wolcott Company, Inc., reserves the right to amend the value reported if made aware of any such error. Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusions within ten days after the date of delivery of this report and should immediately notify Clark-Wolcott Company, Inc., of any questions or errors.
4. All information and data furnished by others in connection with the preparation of this report are accurate and correct, and Clark-Wolcott Company, Inc., has no reason to believe to the contrary unless such is specifically noted in the body of the report. Information included in this context refers to comparable rental and sales data, verification of factual data, and general market data.
5. No responsibility is assumed for building permits, zone changes, engineering or any other services or duty connected with legally utilizing the subject property. Unless otherwise noted in the body of the report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density or shape are being considered.
6. The appraisal has been prepared on the premise that there are no encumbrances or other matters not of record prohibiting utilization of the property under the appraiser's statement of highest and best use.
7. Unless otherwise noted in the body of the report, it is assumed that there are no mineral or sub-surface rights of value involved in this appraisal and that there are no air or development rights of value that may be transferred.

8. This report may not be duplicated in whole or in part without the specific written consent of Clark-Wolcott Company, Inc., nor may this report or copies hereof be transmitted to third parties without said consent, which consent Clark-Wolcott Company, Inc., reserves the right to deny. Exempt from this restriction are duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the owner of the property, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without the express written consent of Clark-Wolcott Company, Inc. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on their own independently secured advise for any decision in connection with this property. Clark-Wolcott Company, Inc., shall have no accountability or responsibility to any such third party.
9. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of Clark-Wolcott Company, Inc., to buy, sell, or hold the property at the value appraised. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
10. The real estate market is in a state of constant flux, as is the value of the U.S. dollar. Clark-Wolcott Company, Inc., can offer no assurances that the reported value will remain stable or improve in terms of current dollars. The passage of time or changing economic conditions could result in a change in value, as could a change in the relative value of the U.S. dollar. If the client believes such has occurred, an updated valuation may be in order.
11. The appraiser shall not be required to give testimony or appear in court by reason of this appraisal with reference to the property described herein unless prior arrangements have been made.
12. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did Clark-Wolcott Company, Inc., become aware of such during the appraiser's inspection. Clark-Wolcott Company, Inc., has no knowledge of the existence of such materials on or in the property unless otherwise stated. Clark-Wolcott Company, Inc., however, is not qualified to test for the presence of such substances or conditions. If the presence of such substances, such as asbestos, ureaformaldehyde, foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no such condition on or in the property or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.

If questions in these areas are critical to the decision process of the reader, the advice of competent engineering or environmental consultants should be obtained and relied upon. If engineering or environmental consultants retained should report negative factors, of a material nature, relative to the condition of the property, such negative information could have a substantial negative impact on the value reported in this appraisal. Accordingly, if negative findings are reported by engineering or environmental consultants, Clark-Wolcott Company, Inc., reserves the right to amend the value reported herein.

SPECIAL ASSUMPTIONS AND LIMITING CONDITIONS

- This appraisal assumes that all public improvements to be constructed with bond sale proceeds are in place and are available for immediate use on the date of valuation.
- This appraisal addresses only the land value of the subject properties and certain site improvements located within Special Tax Rate Area No. 1A. The value of building improvements located on the appraisal properties has not been included.
- The appraisal is based on the assumption that tentative subdivision maps for the proposed development of Special Tax Rate Areas 1A (portion), 1B, 2, 3, 4, and 5 have been approved. Interviews with representatives of the Rancho Murieta Community Services District and the Sacramento County Planning Department indicated that map preparation and/or approvals are in process. The proposed use of the properties is consistent with the master plan for Rancho Murieta. There are no apparent negative factors, and approval of the maps is expected by or during the Summer of 1991.
- The estimates of the aggregate retail value and bulk sale value for Special Tax Rate Area No. 1A are based on the assumption that certain subdivision improvements have been completed and certain finished lots are available for sale on the effective date of the appraisal. Subdivision improvements are to be completed to Sacramento County standards and in accordance with the plans and specifications available as of the date of the appraisal.
- This appraisal reflects a summation of the individual values of properties located within a proposed community facilities district. It does not indicate the value of the district or major portions thereof if sold to a single purchaser at a bulk (discounted) sale price.

CERTIFICATION

The undersigned do hereby certify that, except as otherwise noted in this appraisal report:

1. We have personally inspected the property which is the subject of this appraisal and which can be identified as the Mello-Roos Community Facilities District located at Rancho Murieta, California.
2. We have no present or contemplated future in the real estate that is the subject of this appraisal report.
3. We have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
4. The professional fee for the appraisal service rendered is dependent solely upon completion of the service evidenced by delivery of this report and is in no way contingent upon the conclusions or value estimate reported.
5. To the best of our knowledge and belief the statements of fact contained in this appraisal report, upon which the analysis, opinions and conclusions expressed herein are based, are true and correct.
6. This appraisal report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the undersigned) affecting the analysis, opinions and conclusions contained in this report.
7. This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Practice of the American Institute of Real Estate Appraisers of the National Association of Realtors including review by its duly authorized representatives.
8. The American Institute of Real Estate Appraisers conducts a program of continuing education for its designated members. As of the date of this report, the undersigned, Richard C. Wolcott, MAI, and Jeffrey L. Ridolfi, MAI, have completed the requirements of the continuing education program of the American Institute of Real Estate Appraisers.
9. No one other than the undersigned prepared the analysis, conclusions and opinions concerning real estate that are set forth in this appraisal report.

By: Jeffrey L. Ridolfi Date: 10/15/90
By: R. C. Wolcott Date: 10/15/90

PROJECT DESCRIPTION

Pursuant to the Mello-Roos Community Facilities Act of 1982, special tax bonds are to be sold to fund the construction of the following works and facilities, together with the dedication of appurtenant easements and rights-of-way which are necessary for the construction, operation, and maintenance of said works and facilities. Also included in the community facilities district financing program are the costs associated with the planning, engineering design, construction administration, inspection, supervision, soils engineering, and miscellaneous fees necessary to design and construct these works and facilities.

The works and facilities to be designed and constructed are generally described as follows:

- **Water Transmission Pipeline**

Construction of a water transmission pipeline from the existing water treatment plant southerly along the westerly shore of Lake Clementia, then southerly across the Cosumnes River to a proposed storage reservoir (See "Water Storage Reservoir" below) to be located easterly of the current boundary of the Rancho Murieta Community Services District, then westerly through Rancho Murieta South to a point of connection with an existing water pipeline near the Jackson Road Bridge crossing the Cosumnes River.

- **Water Storage Reservoir**

Construction of a water storage reservoir to be located south of the Cosumnes River and east of the current boundary of the Rancho Murieta Community Services District.

- **Drainage Pump Station**

Construction of a drainage pump station to be located near the Michigan Bar Levee.

- **Sewer Pump Station**

Construction of a sewer pump station to be located near the Michigan Bar Levee.

- **Sewer Force Main**

Construction of a sewer force main from the proposed sewer pump station (See "Sewer Pump Station" above) to be located near the Michigan Bar Levee, southerly through Rancho Murieta South and across Jackson Road to a point of connection in the existing wastewater treatment plant.

- **Wastewater Treatment Plant - Phase II**

Construction of an expansion of the existing secondary and tertiary wastewater treatment plants.

- **Water Treatment Plant - Phase III**

Construction of an expansion of the existing water treatment plant.

- **Cosumnes River Bridge**

Replacement of the old steel bridge located just upstream of the Jackson Road Bridge over the Cosumnes River.

- **Fire Equipment**

Funding of a portion of the purchase price of fire suppression and emergency services equipment in cooperation with the American River Fire Protection District.

- **Alameda Drive Water Transmission Pipeline**

Construction of a water transmission pipeline from the existing transmission pipeline in Murieta Parkway, southerly along Alameda Drive to a point of connection with the existing water system near the Rancho Murieta Country Club complex.

Regional Location



STUDY AREA

METROPOLITAN SACRAMENTO REGION AND AREA DATA

The property appraised is located in an unincorporated portion of southeastern Sacramento County which is considered to be a portion of the Sacramento Metroplex in northern California. Additional data pertaining to this region can be found in the Addenda of this report as Exhibit B.

NEIGHBORHOOD CHARACTERISTICS

The unincorporated community of Rancho Murieta is located in southeastern Sacramento County, approximately 24 miles southeast of the central business district of the city of Sacramento. The common boundary line of Sacramento, El Dorado, and Amador Counties lies approximately two miles to the east of Rancho Murieta.

Rancho Murieta is located in the lower foothills of the Sierra Nevada mountain range, with elevations varying from about 110 to 350 feet above sea level. The topography of the area varies from nearly level to sloping, and there are numerous bluffs located throughout Rancho Murieta which afford attractive views of the community and the surrounding countryside.

The undeveloped portions of the community display a vegetative cover of native grasses and oak woodlands. Also, riparian vegetation and topographical characteristics typify the community's numerous man-made lakes and the Cosumnes River, which traverses a southerly portion of Rancho Murieta. Its location places about 80% of the community north of the river. The remaining 20% of the community lies south of the river and/or State Highway 16, the primary traffic arterial which connects the community to the central Sacramento area.

State Highway 16 runs southeasterly from the city of Sacramento, through the foothills of the Sierra Nevada mountain range, and intersects with State Highway 49 in Amador County. That portion of State Highway 16 within Sacramento County is a two-lane roadway that is somewhat narrow and undulating in some areas. Another means of access to Rancho Murieta from the central Sacramento area is via U.S. Highway 50 to Sunrise Boulevard, and then south to State Highway 16. U.S. Highway 50 is a major freeway corridor which extends easterly from Sacramento toward the California/Nevada state line. Sunrise Boulevard is a major traffic arterial with high local and regional identity.

Rancho Murieta is a controlled access, master-planned community of approximately 3,500 acres which was approved by Sacramento County planned development ordinance in 1969. The community was owned by the Pension Trust Fund for Operating Engineers which began the community's development in the early 1970's. Historically viewed primarily as a retirement community, the bulk of Rancho Murieta is dedicated to single-family residential and open space uses. However, supporting commercial development has occurred in response to the more immediate needs of the local population. In addition to residential and related uses, the community accommodates two 18-hole championship golf courses and country club, tennis courts, a lodge, a 100-acre equestrian center, an F.A.A. approved airport, five man-made lakes, a country store and shopping center, a business park, the operating engineers' training center, a post office, and a mini-storage facility.

The current population of Rancho Murieta is about 3,200 residents, and the total population at build-out is projected to be about 12,800. The community's approved master plan allows for the construction of 5,189 dwelling units. However, more recent community planning activities suggest a somewhat lower ultimate population. This is in response primarily to the desires of the marketplace for larger homesites and the limited service capabilities of the community infrastructure, particularly relating to the supply of domestic water.

The bulk of Rancho Murieta's existing housing stock is located within four units containing a total of 1,534 developable lots which are located north of Highway 16 and northwest of Murieta Parkway, the community's primary neighborhood thoroughfare. To date, construction has been completed or is underway on about 70% of these lots. Being a community of diverse amenities and physical characteristics, detached home prices generally range from the high-\$100,000's to the mid-\$300,000's, with custom homes in more prestigious locations bringing substantially higher prices. A similar diversity in finished lot prices is also apparent. However, the bulk of recent sales of finished lots ranges in price from \$60,000 to \$90,000, without country club (golf) membership.

Historically, residential development in Rancho Murieta has occurred on a lot-by-lot basis, without the involvement of production homebuilders. This factor, among others, has contributed to the community's relatively slow rate of growth to date. Recently, however, several tracts of land which are collectively known as Rancho Murieta South have been sold to such builders in an effort to target the more mainstream segment of the Sacramento area housing market, and these tracts of land are the subject properties of this appraisal. Rancho Murieta South includes that portion of the community lying between the Cosumnes River on the north and State Highway 16 on the south, and home construction within Units 1A and 1B has recently begun. Many finished lots in Rancho Murieta South will enjoy a golf course orientation (without golf membership) as well as the amenities of river proximity. Another sale to a production homebuilder involving golf course oriented property has also recently occurred in the area north of the river.

Another factor which has negatively impacted the historic rate of growth of Rancho Murieta is its access relative to the central Sacramento area. State Highway 16 has proved to be a less than desirable commute route for the working residents of the community. However, improvement of State Highway 16 to provide wider lanes, paved shoulders, and a less undulating and curving roadbed is presently under study

by the California Department of Transportation (Caltrans). Caltrans currently anticipates construction of these highway improvements to begin in 1994-95. However, the easterly growth of metropolitan Sacramento along the U.S. Highway 50 corridor has tended to lessen the distance and driving time between Rancho Murieta and the employment centers in the easterly section of metropolitan Sacramento.

During the two-year period from September, 1988 to September, 1990, home completions in Rancho Murieta averaged about eight units per month, and vacant lot sales averaged about the same monthly total. However, in more recent months, market activity, particularly involving vacant lots, has demonstrated a significant increase, and is now more typical of the greater Sacramento market. In the period from January 1, 1990 to August 12, 1990, vacant lot sales in Rancho Murieta (including opened escrows) averaged about 12 lots per month. The current level of market activity, coupled with various problems currently associated with development in other areas of the Sacramento Metroplex, have stimulated the development community's interest in Rancho Murieta. This interest has seemingly manifested itself in a substantial investment in Rancho Murieta by the development community. As a result, it is projected that Rancho Murieta will experience significant growth during the next three to five years.

The developer of Rancho Murieta South, Units 1A and 1B, began taking reservations for homes on July 14, 1990, and to date, 75 dwelling units have been completed or are currently under construction. Market activity has been brisk, with an average of 4.80 reservations per week (approximately 20 per month) since July 14, and a total traffic count of 156 during the final week of September. Home prices range from approximately \$135,000 for half-plex units to \$285,000 for larger, detached dwellings. Although not all reservations are likely to be captured as final sales, the market activity to date provides meaningful support which suggests the community can sustain a strong rate of growth within the foreseeable future.

With the advent of production housing in Rancho Murieta, it is believed a generally younger group of homebuyers will be attracted by the amenities of the community. Aside from the ample open space and recreational opportunities the community offers, Rancho Murieta is located within a reasonable commute time (30-45 minutes) from the major Sacramento employment centers and is also located within the desirable Elk Grove School District. Although there are currently no schools located within Rancho Murieta, two school sites are included in the community master plan, and consideration is currently being given to the development of an elementary school on one of the approved sites. Also, the community master plan offers areas for additional commercial and light industrial development.

In summary, the properties appraised are located in the unincorporated community of Rancho Murieta, about 24 miles southeast of the central business district of the city of Sacramento. Rancho Murieta is a master-planned community which possesses many physical and aesthetic amenities which make it a desirable location for residential and other forms of urban development. This factor, coupled with the strong demand for housing in the Sacramento area generally, have resulted in a great deal of recent investment being directed toward Rancho Murieta by production homebuilders. Future development activity in Rancho Murieta will be influenced primarily by public policy toward allowable densities, the availability of public services (particularly domestic water), and market trends. Rancho Murieta possesses locational advantages which, it is believed, will ultimately outweigh the near-term political and physical detriments it faces. Several ongoing and proposed projects in the community seem to support this notion. In conclusion, the economic outlook for the community is positive throughout the foreseeable future.

RESIDENTIAL REAL ESTATE MARKET OVERVIEW

Current market conditions for new single-family housing and residential lots in Rancho Murieta, as well as the entire Sacramento metropolitan area, are generally good. This is due to the strong local economy, reasonable interest rates, and rapid population growth. As a result, new home sales in 1988 continued an upward trend by setting a new record over sales in 1987. The favorable market conditions continued for the duration of 1989 and are expected to remain so throughout 1990, although some softening in the market has recently become apparent.

Housing demand in the area is now more primarily focused on products at the entry level and toward the move-up buyer than in the past. The high level of sales during the last two years of homes priced above \$200,000 has slowed in recent months. Although prices of such products have not noticeably declined, marketing times are longer, and the supply of such available housing has increased.

Major lenders are currently quoting a typical interest rate of 10.25% to 10.50% for a fixed-rate, 30-year loan. These fixed conventional loan rates are based upon a maximum loan amount of \$168,700, while larger loans, commonly referred to as "jumbo loans," are available at somewhat higher interest rates. Typical adjustable rate loans are available with interest rates starting at about 8.25% on a 30-year payment schedule, with lifetime interest rate caps of 5% to 6%. A maximum loan amount of up to \$500,000 is available on an adjustable rate mortgage.

The demand for housing, which is being fed in large part by the immigration of residents from other portions of the state, has had a significant impact on the population growth of the Sacramento metropolitan area. Statistics compiled by the California Department of Finance, Population Research Unit, indicate an annual average population growth rate within the Sacramento Metropolitan Statistical Area of

approximately 3.33% from 1980 to 1990, and a similar rate of population growth is projected over the next five years. In comparison, the average annual population growth rate for the state as a whole was approximately 2% from 1980 to 1990.

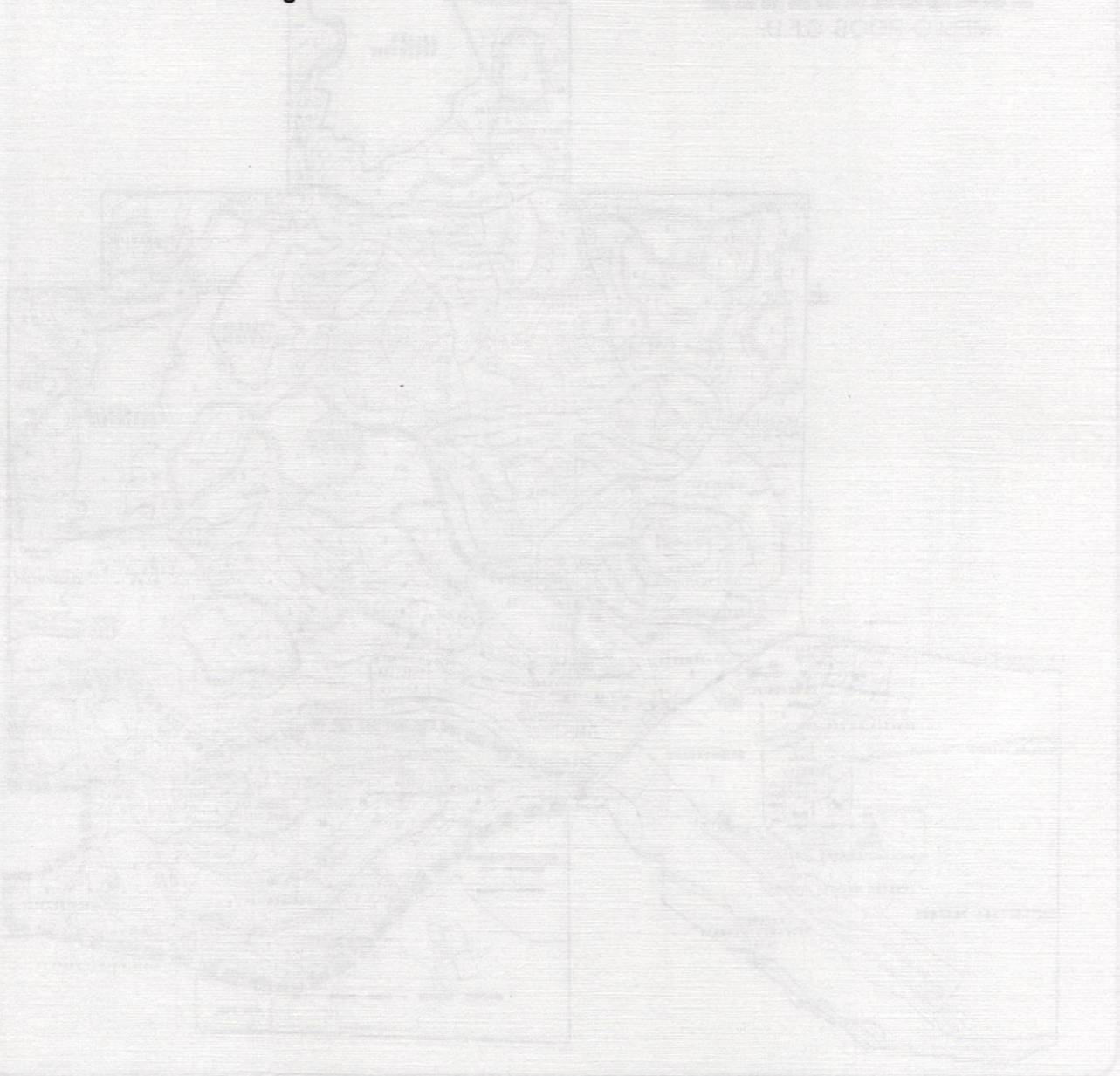
The Bureau of Economic Analysis of the United States Department of Commerce indicates that the Sacramento Metropolitan Statistical Area is currently one of the ten fastest growing metropolitan areas in the nation. The Bureau has projected the average annual population growth rate until the year 2000 at a level approaching that of the previous decade. This projection suggests a continuance of the strong demand for housing products the area has recently experienced.

The recent demand for housing in the lower and mid-market segments has been so strong in the Sacramento area that it has far outpaced the ability of developers and merchant builders to supply product. The result is a current shortage of land available for immediate development, and waiting lists and lotteries have occurred for housing products and residential lots in the more desirable portions of the area.

This super-heated market has also resulted in an extraordinary escalation of land prices, with sellers commanding price and term concessions of buyers with minimal negotiations. Examples of price increases exceeding 10% per month have been common in both individual residential lot sales as well as in bulk transfers. However, as previously stated, a deceleration in the market relative to price escalations has recently become apparent, and this slowing has had an effect of increasing many developers' inventories. Generally, however, prices have not receded, and strong demand remains for well-located and desirable properties.

Considering the current and future projected demand for single-family housing and, to a lesser extent, the physical constraints restricting the ultimate supply of residential lots, the potential for a long-term, overbuilt market condition is unlikely. This assertion is believed to be particularly applicable to the type and price range of housing which

is generally characteristic of the Sacramento area. However, the prospect for the continuance of substantial land price escalations in the near term is also considered unlikely. This is due primarily to a weakening overall economic climate and a subsidence of immigration into the area as other less healthy real estate markets continue to show signs of decline.

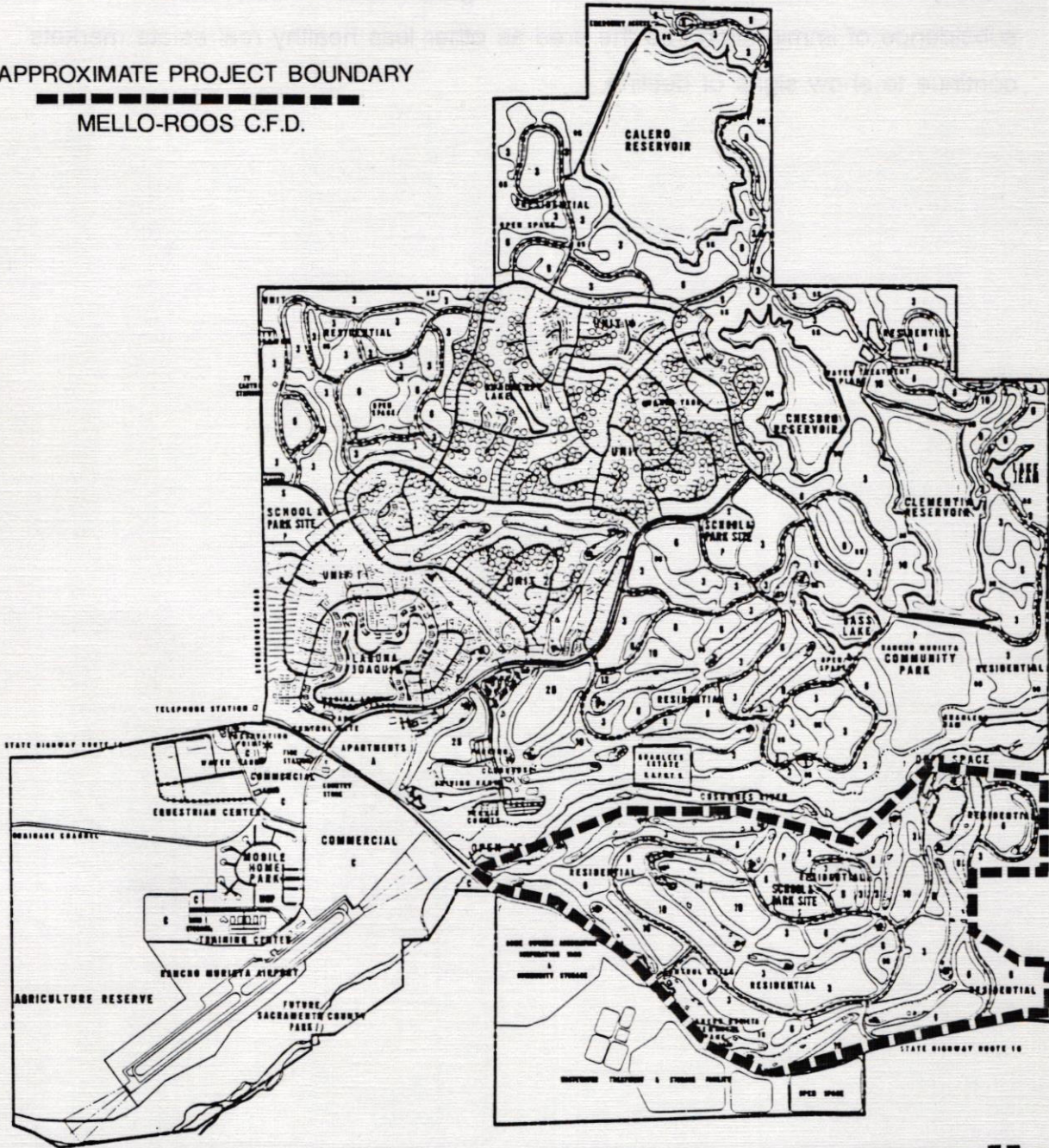


Rancho



Murieta

APPROXIMATE PROJECT BOUNDARY
 MELLO-ROOS C.F.D.



Master Plan

Legend

RESIDENTIAL/EXISTING DENSITIES

- ESTATE LOTS 3 PER ACRE MAXIMUM
- CIRCLE LOTS 3 PER ACRE MAXIMUM
- COTTAGE LOTS 6 PER ACRE MAXIMUM
- TOWNHOUSES 10 PER ACRE MAXIMUM
- APARTMENTS 25 PER ACRE MAXIMUM

RESIDENTIAL/PROPOSED DENSITIES

- 3 PER ACRE MAXIMUM
- 6 PER ACRE MAXIMUM
- 10 PER ACRE MAXIMUM
- 25 PER ACRE MAXIMUM

- PARKS
- OPEN SPACE
- COMMERCIAL
- SCHOOL SITES
- MOBILE HOME PARK
- GOLF COURSE

- EXISTING STREETS
- PROPOSED STREETS
- RESERVOIRS
- RESOURCE PROTECTION LINE
- RANCHO MURIETA BOUNDARY
- UNIT BOUNDARIES

SOURCE: SATWOOD PLAN AND ASSOCIATES



PROPERTY DESCRIPTION

The properties appraised are generally similar with respect to size, physical characteristics, locational amenities, and ultimate use. A complete and thorough description of each property is included in later sections of this appraisal report. The following discussion provides information of a more generic nature relating to the common characteristics of the properties appraised.

The properties appraised are located in the unincorporated community of Rancho Murieta in southeastern Sacramento County, California. Rancho Murieta is a master-planned community which was initially approved by Sacramento County planned development ordinance in 1969. Since then, numerous additional ordinances have been approved which have continued to temper the nature of the community's development as a whole. The properties appraised are designated for single-family residential use in the master plan and generally enjoy the amenities of a golf course and/or riparian orientation.

The appraisal properties collectively form the project area which is generally bounded on the north by the Cosumnes River, on the south and west by Highway 16, and on the east by an expanse of undeveloped land. The easterly boundary of the project area also comprises a portion of the easterly boundary of the larger Rancho Murieta community. The geographic area of the project is commonly referred to as *Rancho Murieta South*.

The following table is included to describe and summarize the individual properties relative to size and dwelling unit density:

SPECIAL TAX RATE AREA NO.	GROSS AREA (ACRES)	NET AREA (ACRES)	TOTAL DWELLING UNITS	DWELLING UNITS PER NET ACRE
1A	84.40	84.40	373	4.42
1B	65.60	63.60	205	3.22
2	20.45	20.45	61	2.98
3	47.66	38.80	213	5.49
4	40.40	36.10	145	4.02
5	57.35	42.05	122	2.90

Generally, the topography of the properties appraised varies from gently rolling to sloping, and the elevated areas afford attractive views of the community, the golf course, and the surrounding countryside. The properties support a vegetative cover of native grasses and oak woodlands. Riparian vegetation and topographical characteristics typify the areas adjoining the Cosumnes River, which constitutes the general northerly border of the project area.

Utility services available in Rancho Murieta include electricity, telephone, cable television, public water, sewerage, and storm drainage. There is no natural gas service to the community at this time. Full-time fire protection and ambulance services are also available within the community, and additional supporting services in these regards are located nearby.

The Rancho Murieta Community Services District became operational in 1983 and has the responsibility for providing water, sewerage, storm drainage facilities, and security services to the community. Municipal improvement bonds were subsequently sold for the purposes of acquiring and expanding certain existing water and sewerage facilities necessary for the further development of the community. Continued expansion of these and other public facilities is proposed through the additional sale of bonds appurtenant to the Mello-Roos Community Facilities District which is the subject of this appraisal.

The Cosumnes River is currently the sole source of water for the Rancho Murieta community. During periods of high river flows, water is diverted from the river into water storage reservoirs for use during the summer when river flows are nonexistent. The raw water is then delivered from the reservoirs to a water treatment plant prior to distribution for domestic use.

Upon the conclusion of public hearings on July 18, 1990, the Rancho Murieta Community Services District adopted a policy statement which indicates that in order to be able to supply adequate water to serve the ultimate needs of the community, the existing water supply must be augmented. In accordance with the policy statement, the District will take reasonable and timely steps to plan and develop additional raw water sources and storage capacity to serve the full buildout of the community. However, at the present time, there is an adequate water supply to serve the needs of all the appraisal properties without such augmentation.

ANALYSIS AND VALUATION

PROPERTY EVALUATION

The appraisal properties are located in a growing suburban community which possesses many facilities necessary to maintain self-sufficiency and an adequate supply of vacant land to accommodate the support services needed to augment future residential growth. The physical and recreational amenities of the location area are collectively unique to the region and contribute to the desirability of Rancho Murieta as a place to live.

The appraisal properties are generally similar to the other developed and undeveloped residential portions of the community with respect to physical and locational characteristics. The properties have access to urban utilities and services and will have good street access upon completion of the project area infrastructure.

The relative isolation of the location area and the lack of a convenient transportation route for commuters are negative factors which have historically impacted market demand for residential properties in Rancho Murieta. However, solutions to the transportation problem are currently being studied and, based upon the more recent development and absorption trends within the community, these negative factors are seemingly of less significant consequence than in years past.

The location area is within a time period of accelerating growth and development. The combination of demand for a less urban environment in which to live and the future utility and transportation infrastructure expansion planned and proposed for the area has created a firm foundation for future development. These events and factors contribute to a currently good market environment and future potential for the appraised properties.

HIGHEST AND BEST USE

In estimating the highest and best use of the appraised properties, the physical, legal, and economic factors affecting the properties are considered. Of the various uses determined possible, the use that results in the maximized land value is concluded to be the highest and best use.

Due to the topographical and size characteristics of the appraised properties, there is a variety of physically possible uses which they could accommodate. However, the legal use of the properties is restricted to single-family residential development, and a rezoning to alternate land uses is considered unlikely.

The economic factors affecting the conclusion of highest and best use are based on the principle that the land will be developed to the use that will produce the highest net return. At the present time, there is a good demand for single-family housing in the location area, as well as the Sacramento region in general. As previously discussed in this appraisal, existing single-family housing products in the location area are experiencing strong market acceptance, and pre-sale activity involving the appraised properties has been brisk. Recent sales activity in Rancho Murieta suggests that a strong demand exists for the type and variety of housing products the location area offers. Other types of development, such as industrial, commercial, or multifamily residential, have sufficient land designated for these purposes within the community master plan and are not judged to be the most appreciably marketable uses for the appraised properties.

Based upon the foregoing, the highest and best use of the appraised properties is for single-family residential development. The specific dwelling unit density of each property is based upon the number of sewer and water entitlements allotted within the Mello-Roos Community Facilities District that is the subject of this appraisal and upon the strong likelihood that such dwelling unit densities will be approved by the

appropriate governmental agencies for those properties which currently do not have such approval.

The densities indicated in this appraisal report are generally less than those approved by the existing community master plan. However, they are more reflective of current market trends regarding such developments and the community's long-term concerns relating to the adequacy of water supplies.

VALUATION CONSIDERATIONS AND METHODOLOGY

This appraisal involves the valuation of six properties which collectively form a Mello-Roos Community Facilities District. The highest and best use of the appraisal properties is concluded to be for single-family residential subdivisions, and dwelling unit densities vary from property to property.

The appraisal is based upon the assumption that all public improvements which are proposed to be installed pursuant to the formation of the District are in place and available for immediate use on the date of valuation. Although five of the appraisal properties are comprised of unimproved land, a finished lot condition has been assumed for the bulk of Special Tax Rate Area No. 1A. However, the value of building improvements located on this property has not been included.

The assumed condition of the appraisal properties, in concert with their highest and best use, form the basis for selecting the Sales Comparison Approach as the primary method of measuring value. In this analysis, an appraised property is compared to recent indicators of land prices, and the nominal price indications are adjusted to reflect significant differences between properties, if any. The value indications from each indicator are then correlated into a final value estimate for an appraised property.

The sale prices reported reflect cash transactions or involve large down payments with seller financing at market rates. No financing adjustments are warranted. Existing assessment district bond debt assumed by the buyer at the time of purchase is included in the sale price reported, if applicable.

An extensive investigation was conducted in the immediate vicinity of the properties appraised for recent sales considered comparable in terms of development potential, amenities, location, and size. With regard to finished lots, adequate sales data were available in the location area to complete the appraisal task, although no individual, finished lot sales involving the appraisal property (Special Tax Rate Area No. 1A) were available on the date of valuation. The data properties are analyzed on a price per square foot unit of comparison with consideration given to total value on a per-site basis.

The valuation of the unimproved portion of Special Tax Rate Area No. 1A and the five remaining appraisal properties is based upon recent sales of tracts of unimproved land which were purchased for single-family residential development. Each of these data properties is located adjacent to or near an existing or proposed 18-hole golf course. Although several sales which involve the appraisal properties have occurred within the last two years, these sales are not judged to be indicative of current values, and particularly under the assumed conditions of this appraisal. However, one sale of such land in Rancho Murieta, located north of the Cosumnes River, has been included in this analysis and provides an element of comparison between the location area and the locations of the remaining data properties, which are situated in southwestern Placer County in the communities of Roseville and Rocklin.

These data properties are analyzed on a price per potential lot basis of comparison. This unit of comparison is the most widely used in the market within which the appraisal properties compete. The data properties sold with and without approved tentative subdivision maps at the time of sale.

VALUATION DATA AND FACTORS

The characteristics and value components of the respective appraisal properties and the applicable methods of valuation require a variety of data in order to develop the analysis and/or support the results. Foremost amongst this data are fee simple indicators of land value. Another element of the valuation process developed during the investigation includes the indicated range of discount margins applicable to bulk sales of finished residential lots. This data is applicable only in the valuation of Special Tax Rate Area No. 1A.

LAND SALES DATA

To estimate unit land value of the appraisal properties in fee simple, market data relating to the different land use types have been divided into two data base groups. The data bases are designated as follows:

- **Data Base A:** Individual finished lots purchased for single-family residential development.
- **Data Base B:** Bulk sales of paper (unfinished) lots purchased for single-family residential development.

From the market data developed and available for investigation, a total of ten sales of individual finished lots and nine sales of bulk paper lots have been selected on the basis of their similarity to the condition and potential of the appraised properties and their representation of current land prices. The factual elements and a brief discussion of the market data included in each data base follow:

DATA BASE A

Ten finished lots located within Units 3 and 4 of Rancho Murieta have been selected for the purposes of comparison to the finished lot products associated with Special Tax Rate Area No. 1A. The sales of the data properties occurred during the interval from January to May, 1990. This time period was characterized by general appreciation in the prices of similar properties throughout the region. However, during the summer months of 1990, a deceleration in market activity and property appreciation occurred which has had a stabilizing effect on prices throughout the market generally.

The data properties selected are representative of two types of finished lot products available in the developed portion of the Rancho Murieta community. Circle lots, ninety feet in diameter, are located within common areas and enjoy access from improved thoroughfares via private driveways. Estate lots have more conventional configurations with ownership extending to the right-of-way of the street. However, estate lots are significantly larger than the circle lots and are also larger than the typical lots within Special Tax Rate Area No. 1A, which have base lot sizes ranging from 6,500 to 10,000 square feet.

The data properties represent a generic sampling of lots with limited or no special amenities. These lots have been selected in order to estimate base lot values within Special Tax Rate Area No. 1A. To the estimated base lot values, adjustments will be made on a lot-by-lot basis for amenities such as atypical size, golf course orientation, and the like in order to estimate the individual lot values of the appraised property.

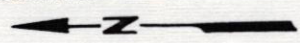
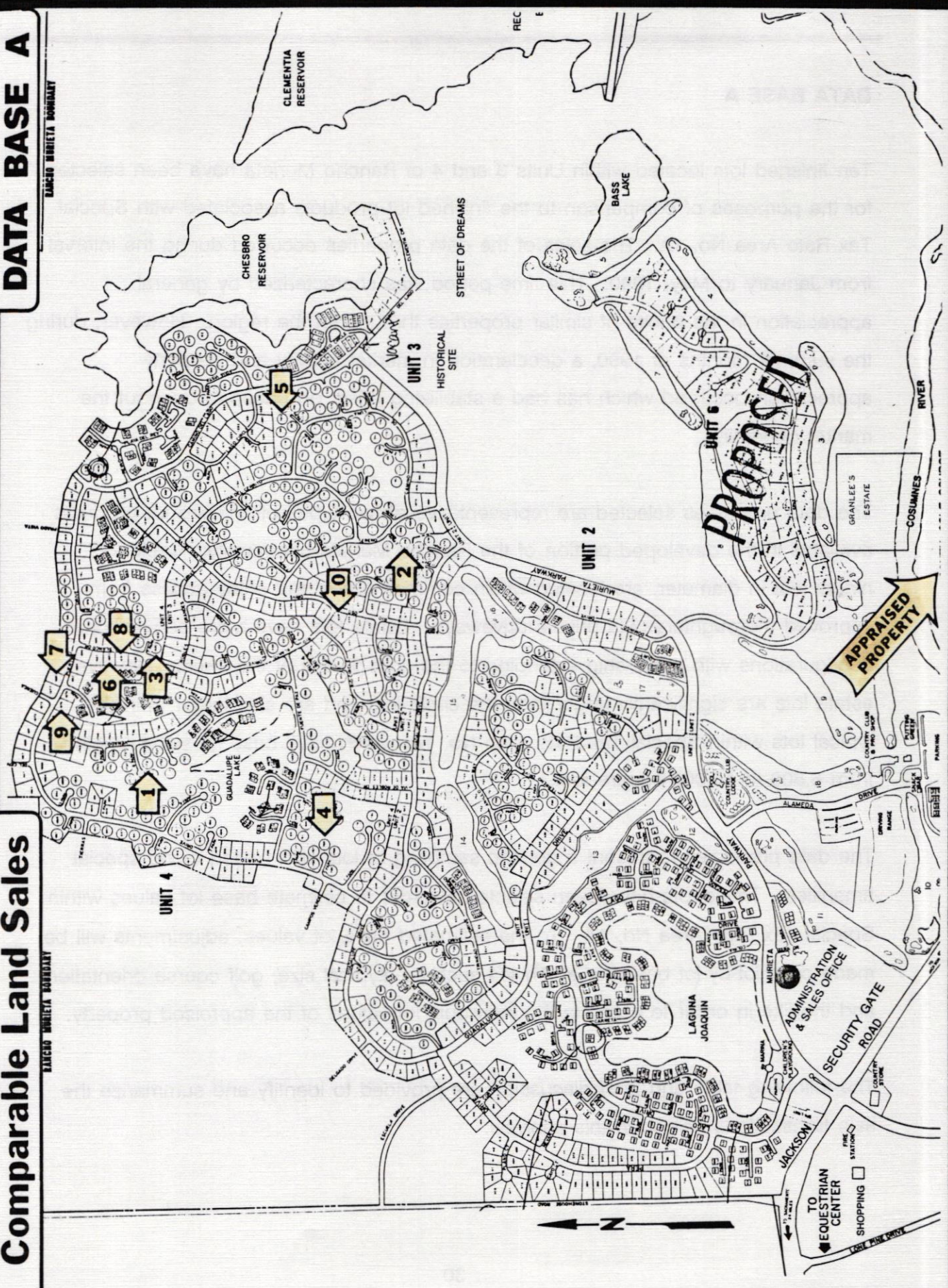
The following table and brief discussion are provided to identify and summarize the sale transactions utilized in this analysis:

Comparable Land Sales

LANERO MURIELA BOUNDARY

DATA BASE A

LANERO MURIELA BOUNDARY



**DATA BASE A
FINISHED RESIDENTIAL LOTS**

DATA	LOCATION	SALE DATE	SALE PRICE*	SIZE (S.F.)	PRICE PER S.F.	COMMENTS
1	14982 VENADO DRIVE (APN 073-0720-007)	04/90	\$58,527	6,360	\$ 9.20	CIRCLE LOT ON CUL-DE-SAC
2	1008 VIA SERENO (APN 073-0610-005)	04/90	\$62,000	6,360	\$ 9.75	CIRCLE LOT AT END OF CUL-DE-SAC
3	6327 RIO BLANCO DRIVE (APN 073-0710-003)	05/90	\$60,527	6,360	\$ 9.52	TYPICAL CIRCLE LOT/NO AMENITIES
4	6521 PUERTO DRIVE (APN 073-0750-006)	03/90	\$62,027	6,360	\$ 9.75	CIRCLE LOT AT END OF CUL-DE-SAC
5	1085 CAMINO DE LUNA (APN 073-0650-036)	05/90	\$70,527	6,360	\$11.09	WOODED CIRCLE LOT ON CUL-DE-SAC
6	6238 RIO BLANCO DRIVE (APN 073-0710-033)	03/90	\$63,027	11,176	\$ 5.64	TYPICAL ESTATE LOT/NO AMENITIES
7	6136 PUERTO DRIVE (APN 073-0710-012)	04/90	\$84,027	13,106	\$ 6.41	WOODED ESTATE LOT/VIEW AND SIZE AMENITIES
8	6246 RIO BLANCO DRIVE (APN 073-0710-034)	02/90	\$64,527	11,680	\$ 5.52	TYPICAL ESTATE LOT/NO AMENITIES
9	6163 PUERTO DRIVE (APN 073-0710-027)	03/90	\$66,527	12,453	\$ 5.34	TYPICAL ESTATE LOT/NO AMENITIES
10	1228 RIO OSO DRIVE (APN 073-0590-029)	01/90	\$67,000	11,139	\$ 6.01	ESTATE LOT WITH CORNER LOCATION

* SALE PRICE INCLUDES OUTSTANDING ASSESSMENT DISTRICT BOND OBLIGATION ASSUMED BY BUYER, IF ANY.

Data Properties 1 through 5 are circle lots which sold during the months of March through May, 1990. Each lot contains 6,360 square feet and sold within the range of \$9.20 to \$11.09 per square foot.

Data Properties 6 through 10 are estate lots which sold over a somewhat earlier interval period of January to April, 1990. The estate lots vary in size from 11,139 to 13,106 square feet and sold within the range of \$5.34 to \$6.41 per square foot.

An inverse relationship between lot size and unit price is noted between the two data property groups. That is, as lot sizes increase, the corresponding unit prices decrease. This is a typical market expectation in consideration of the substantial difference in size between the two data property groups.

However, this size/price relationship becomes less apparent within each data property group when analyzed individually. In such cases, the amenities (or lack of amenities) of each property seem to be the more predominant factors influencing site value, although size considerations are also recognized to some extent. These, again, are generally typical market expectations for such properties.

Based upon the previous factors, and after the application of the necessary adjustments, base lot values for the appraisal property are estimated in the range of \$63,500 to \$68,000. Additional discussion of the reasoning for the range in estimated base lot values and the estimation of applicable lot premiums is included in the valuation of Special Tax Rate Area No. 1A.

DATA BASE B

Nine bulk land sales involving unfinished (paper) lots are included in this appraisal. The sales of the data properties occurred during the interval from November, 1989, to September, 1990. As previously discussed, this time period was characterized by general appreciation in the prices of such properties throughout the region. However, during the summer months of 1990, a deceleration in market activity and property appreciation occurred which has had a stabilizing effect on prices throughout the market generally.

Properties of the type included in this data base are characterized in the marketplace as unimproved subdivision land or acreage in a "raw" state. That is, although the land is zoned and/or approved for residential development to a specific or approximate density, the final engineering and approvals necessary to record the subdivision map have yet to be obtained. In addition, the infrastructure required to create a finished lot product (internal streets, utilities extensions, etc.) has yet to be installed. The costs associated with final engineering and the completion of infrastructure are typically borne by the developer of the unimproved land and are ultimately passed on to the individual lot or home buyers, in addition to the associated holding and selling costs and entrepreneurial profit.

Data Properties 11 through 15 are located in northwestern Roseville and lie adjacent to or near a proposed 18-hole public golf course. Data Properties 17 through 19 are located in the master-planned community of Stanford Ranch in the city of Rocklin. These properties lie adjacent to or near a future golf course currently being planned by the Landmark Land Company, a well-known developer of championship golf courses and related residential communities.

The cities of Roseville and Rocklin are located in southwestern Placer County in an area experiencing rapid growth and development. Commute distances from these cities to the central business district of Sacramento are somewhat shorter than that of Rancho Murieta but involve the use of Interstate 80, the area's most congested freeway system. As such, actual commuting times from Roseville and Rocklin are generally similar to that from Rancho Murieta.

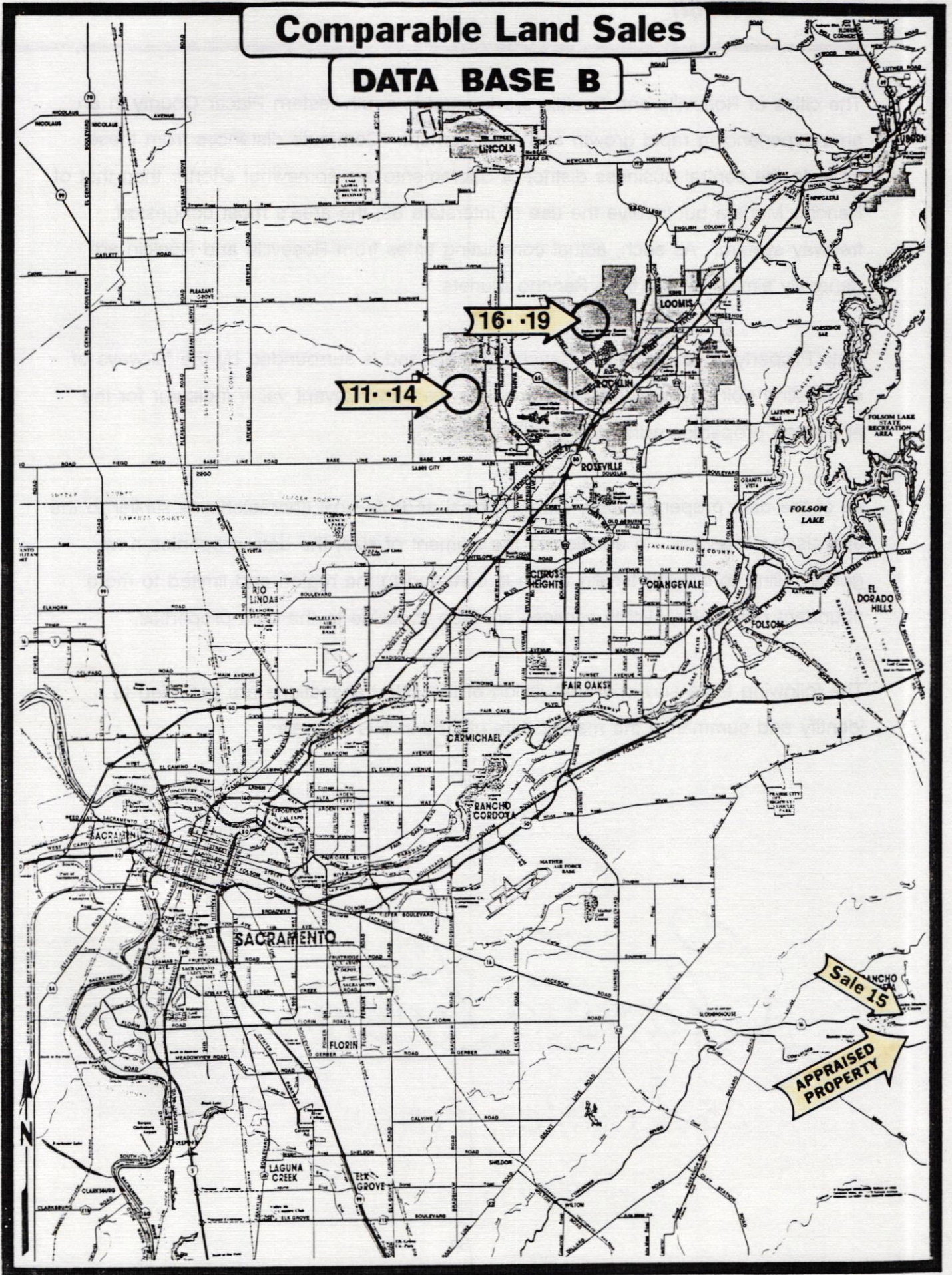
Data Property 15 is located in Rancho Murieta and is surrounded by the fairways of an existing golf course. This sale provides the only relevant value indicator for the appraised properties within the location area.

All of the data properties have topographical and physical characteristics similar to the appraised properties. In addition to the element of size, the data properties have gently rolling to sloping terrain which is common to the region and limited to more abundant tree cover. Utility services are also available to the data properties.

The following table and brief discussion of the sale transactions are provided to identify and summarize the market data utilized in this analysis:

Comparable Land Sales

DATA BASE B



**DATA BASE B
BULK PAPER LOTS**

DATA	LOCATION	SALE DATE	SALE PRICE*	SIZE (ACRES)	TOTAL LOTS	LOTS/ACRE	PRICE PER PAPER LOT	APPROVED MAP ON SALE DATE	COMMENTS
11	WEST SIDE OF FOOTHILLS BOULEVARD, 1/2 MILE NORTH OF JUNCTION BOULEVARD, ROSEVILLE (APN 477-100-05, 06)	03/90	\$5,832,771	59.101	204	3.45	\$28,592	NO	SALE PRICE ESTABLISHED IN JUNE, 1989. PARTIAL GOLF COURSE VIEWS.
12	NORTHEAST CORNER OF PLEASANT GROVE BOULEVARD AND COOK-RIOLO ROAD, ROSEVILLE (APN 477-100-13)	03/90	\$7,025,000	51.324	156	3.04	\$45,032	NO	PROPERTY IS ADJACENT TO FUTURE GOLF COURSE.
13	NORTHEAST AND SOUTHEAST QUADRANTS OF COOK-RIOLO ROAD/PLEASANT GROVE INTERSECTION, ROSEVILLE (APN 477-100-01, 08)	03/90	\$7,380,000 (\$3,465,000) (\$3,915,000)	54.608 (23.939) (30.669)	177 (77) (100)	3.24 (3.22) (3.26)	\$41,695 (\$45,000) (\$39,150)	NO YES	SURROUNDED BY GOLF COURSE FAIRWAYS. NO GOLF COURSE ORIENTATION.
14	EAST SIDE OF COOK-RIOLO ROAD, 2/3 MILE NORTH OF PLEASANT GROVE BOULEVARD, ROSEVILLE (APN 477-090-03)	ESCROW 09/90	\$3,982,000	26.829	181	6.75	\$22,000	YES	ADJACENT TO FUTURE GOLF COURSE. POWERLINE AFFECTS VIEW AMENITY.
15	SOUTH SIDE OF MURIETA PARKWAY, 3/4 MILE NORTH OF HIGHWAY 16, RANCHO MURIETA (APN 073-0790-012)	02/90	\$4,425,908*	50.100	110	2.20	\$40,235	YES	SURROUNDED BY GOLF COURSE FAIRWAYS.
16	EAST SIDE OF WYCKFORD BOULEVARD, 2/10 MILE NORTH OF PARK DRIVE, STANFORD RANCH, ROCKLIN (APN 017-360-16, 17)	12/89	\$4,964,000	32.120	146	4.55	\$34,000	YES	PURCHASE FOR PRODUCTION HOUSING NEAR A FUTURE GOLF COURSE.
17	SOUTH SIDE OF PARK DRIVE OPPOSITE WYCKFORD BOULEVARD, STANFORD RANCH, ROCKLIN (APN 017-360-21)	12/89	\$5,976,000	39.520	166	4.20	\$36,000	YES	PROPERTY LIES ADJACENT TO A FUTURE GOLF COURSE.
18	NORTH SIDE OF PARK DRIVE, 2/10 MILE EAST OF WYCKFORD BOULEVARD, STANFORD RANCH, ROCKLIN (APN 017-360-18, 19, 20)	11/89	\$8,181,500	53.070	171	3.22	\$47,845	NO	VIEW PROPERTY INCLUDING POSSIBLE FRONTAGE ON FUTURE GOLF COURSE.
19	WEST SIDE OF WYCKFORD BOULEVARD, 2/10 MILE NORTH OF PARK DRIVE, STANFORD RANCH, ROCKLIN (APN 017-360-11)	02/90	\$5,542,000	30.700	163	5.31	\$34,000	YES	PURCHASE FOR PRODUCTION HOUSING NEAR A FUTURE GOLF COURSE.

*SALE PRICE INCLUDES OUTSTANDING ASSESSMENT DISTRICT BOND OBLIGATION, IF APPLICABLE.

Data Property 11 contains 59.101 acres and sold in March, 1990 for a nominal sale price of \$5,832,771 or \$28,592 per paper lot. The sale price was determined in negotiations and the purchase agreement executed in June, 1989. The property was purchased on the basis of 204 paper lots, but no approved tentative subdivision map was included in the sale. The property is located across the street from a proposed golf course and will have some golf course view lots. The nominal purchase price of the data property must be adjusted upward to reflect the significant time-value increases which have occurred since the date the price was determined.

Data Property 12 contains 51.324 acres and sold in March, 1990 for a nominal purchase price of \$7,025,000 or \$45,032 per paper lot. The property was purchased on the basis of 156 paper lots, but no approved tentative subdivision map was included in the sale. The property is located at the intersection of two primary neighborhood thoroughfares and has an abundance of fairway frontage on a proposed golf course.

Data Property 13 involves the sale of two noncontiguous tracts of land containing a total area of 54.608 acres which sold in March, 1990 for a total sale price of \$7,380,000 or \$41,695 per paper lot. The data property includes 77 paper lots which were sold without an approved tentative subdivision map at a nominal purchase price of \$45,000 per paper lot. This portion of the data property is surrounded by golf course fairways. In addition, the data property includes 100 paper lots which were sold with an approved tentative subdivision map at a nominal purchase price of \$39,150 per paper lot. This portion of the data property is located at the intersection of two major neighborhood thoroughfares but has no golf course orientation or views.

Data Property 14 contains an area of 26.829 acres and is currently in escrow for a nominal purchase price of \$3,982,000 or \$22,000 per paper lot. Escrow is scheduled to close on or before March 31, 1991, and is contingent on the seller obtaining an approved tentative subdivision map for 181 paper lots prior to the close of escrow.

The data property lies adjacent to one of the fairways of a proposed golf course, but some views from the property are impacted by the presence of an overhead electrical towerline which is located near the easterly boundary line of the property. The nominal purchase price also reflects a relatively high density in comparison to the remainder of the data properties.

Data Property 15 contains an area of 50.10 acres and sold in February, 1990 for a total purchase price of \$4,425,908 or \$40,235 per paper lot. Included in the sale price reported is an outstanding assessment district bond balance of \$545,908 which was assumed by the buyer in the transaction. The sale included an approved tentative subdivision map for 110 paper lots. The data property is commonly known as Unit #6 of Rancho Murieta and is located north of the Cosumnes River, approximately 1/4 mile from the nearest appraisal property. The data property is entirely surrounded by the fairways of an existing golf course and has some attractive water-view amenities to the east. The sale price reported does not include any sale commission which is normally paid by the seller and must be adjusted upward for this factor. An upward adjustment for time-value increases is also appropriate.

Data Property 16 contains an area of 32.12 acres and sold in December, 1989 for a nominal purchase price of \$4,964,000 or \$34,000 per paper lot. The property was purchased with an approved tentative subdivision map for 146 paper lots. The property was purchased for production housing and is located near a proposed golf course. However, the property has no golf course orientation or views. An upward adjustment is warranted for time-value increases which have occurred since the date of sale.

Data Property 17 contains an area of 39.52 acres and sold in December, 1989 for a nominal purchase price of \$5,976,000 or \$36,000 per paper lot. The property was purchased for production housing and lies adjacent to a proposed golf course.

The property sold with an approved tentative subdivision map for 166 paper lots, many of which will have golf course frontage and/or views. An upward adjustment is warranted for time-value increases which have occurred since the date of sale.

Data Property 18 contains an area of 53.07 acres and sold in November, 1989 for a nominal purchase price of \$8,181,500 or \$47,845 per paper lot. The property sold with an approved tentative subdivision map for 230 paper lots. However, the buyer elected to ignore the approved map and has since re-mapped the property for 171 paper lots. The property has rolling terrain and a significant view amenity, including views of a proposed golf course. Although the data property adjoins the proposed Landmark Land Company development, its actual proximity to the fairways is unknown. The sale price is indicative of the demand in the region for quality residential properties with golf course proximity. However, the amenities of the data property and the particular motivations of this buyer suggest an upper limit of value in comparison to the appraisal properties.

Data Property 19 contains an area of 30.70 acres and sold in February, 1990 for a nominal purchase price of \$5,542,000 or \$34,000 per paper lot. The property was purchased with an approved tentative subdivision map for 163 paper lots and was purchased for production housing. The property is located near a proposed golf course but has no such orientation or view amenity.

The data properties indicate a range of value from \$22,000 to \$47,845 per paper lot for the properties appraised. Generally, there is a correlation among the data relative to density and price. That is, as density increases, the price per paper lot decreases. This is a typical market expectation that is also applicable to the appraised properties.

However, the data properties represent a diverse mixture of amenities. It is clear from an analysis of the data that, in addition to density, the market also acknowledges factors such as golf course proximity and view amenities as significant in affecting land prices. Indeed, the upper limits of the indicated value range are determined by the particular data properties with such amenities.

The significance of the passage of time is also demonstrated by the data. Particular attention in this regard is focused upon Data Property 11 and the similar portion of Data Property 13. These data properties indicate an average monthly increase in price of 4% during the interval period.

In consideration of all the market data analyzed, and after the application of the necessary adjustments, it has been concluded that the unit land values of the appraised properties fall within the range of \$39,000 to \$47,000 per paper lot, depending upon the particular factors affecting valuation previously discussed.

BULK SALE DISCOUNT MARGIN

A not infrequent practice in the residential market is for one developer to complete the finished lot products and sell the project in blocks or in total to a second developer who builds the houses on the lots and sells the completed residential packages individually. When selling the finished lots in this fashion, the lot developer escapes or limits certain of his costs such as sales and marketing expense and the holding costs he would otherwise incur. The lot developer may also accept a lesser (but quicker) profit for his effort by a total sellout of the lot product.

For these reasons, bulk sales involving large numbers of finished lots generally reflect a discount margin between the bulk (wholesale) price and the retail price of individual lots. However, the data investigated during the appraisal indicates that this margin

may not be as great as was typical several years ago. The strong housing market and the rapid rate of appreciation in land prices more typical of recent times have reduced the size of these margins from prior levels.

The available data allows for two methods of estimating a reasonable discount margin applicable to the appraised property. The first method is based upon an enumeration of the factors previously discussed and a second is based on the discount margins indicated by bulk finished lot sales.

By a direct bulk sale from lot developer to dwelling builder, sales and marketing expenses, overhead, and contingencies are minimized. Based on the amount of these factors, the indicated discount margin can be estimated as follows:

Sales Commissions	5%
Marketing Expense	1%
Overhead and Contingency	3%
Profit	<u>5% to 10%</u>
Total Discount	14% to 19%

An indication of the bulk sale discount can be obtained by comparing the average lot price in bulk sales to the actual or probable retail price of individual lots. In order to measure the discount in this manner, an investigation was made to obtain data on recent bulk lot sales and listings. The investigation did reveal sufficient data involving five transactions from which to estimate a discount margin. The data is identified and the relevant information summarized on the following table:

BULK FINISHED LOT SALES

SALE NO.	LOCATION	DATE	NO. LOTS	PRICE	AVERAGE PRICE PER LOT	ESTIMATED RETAIL PRICE	DISCOUNT MARGIN
1	UNITS 12A AND 12B GOLD RIVER, SACRAMENTO	05/89	110	\$5,615,000	\$51,045	\$65,000	21.8%
2	VILLAGE 2 NATOMA STATION, FOLSOM	04/89	146	\$6,862,000	\$47,000	\$58,000	18.9%
3	VILLAGE 6 NATOMA STATION, FOLSOM	03/89	136	\$6,392,000	\$47,000	\$58,000	18.9%
4	CAMEROSA CIRCLE CAMERON PARK	09/88	33	\$1,155,000	\$35,000	\$40,000	12.5%
5	TIMBERLINE RIDGE ESTATES EL DORADO HILLS	LISTING	34	\$3,349,510	\$90,000	\$98,515	8.6%
SUBJECT		10/90	373				

The previous market data display a strong level of consistency with respect to date, lot quantity, and the indicated discount margins. That is, as the transaction dates become more current and as lot numbers decrease, discount margins tend to demonstrate a corresponding decrease. This would be a typical expectation in light of the improving market conditions over the data interval period and the minimization of the buyer's risk as lot numbers decline.

Current market conditions, the inventory size, and price level estimated for the subject lots are factors that point toward a discount margin in the middle of the indicated ranges, or an estimated 15 to 17 percent. The market characteristics of the appraised property are generally similar to those of all the data properties. However, those data properties indicating the lowest margins reflect the fewest numbers of lots. These factors and the size of the inventory of the appraised property seemingly require a greater margin. Based upon the foregoing, the bulk sale discount margin applicable to Special Tax Rate Area No. 1A is estimated to be 17 percent of the aggregate retail value of the individual lots.


SPECIAL TAX RATE AREA MAP MELLO — ROOS COMMUNITY FACILITIES DISTRICT

RANCHO MURIETA

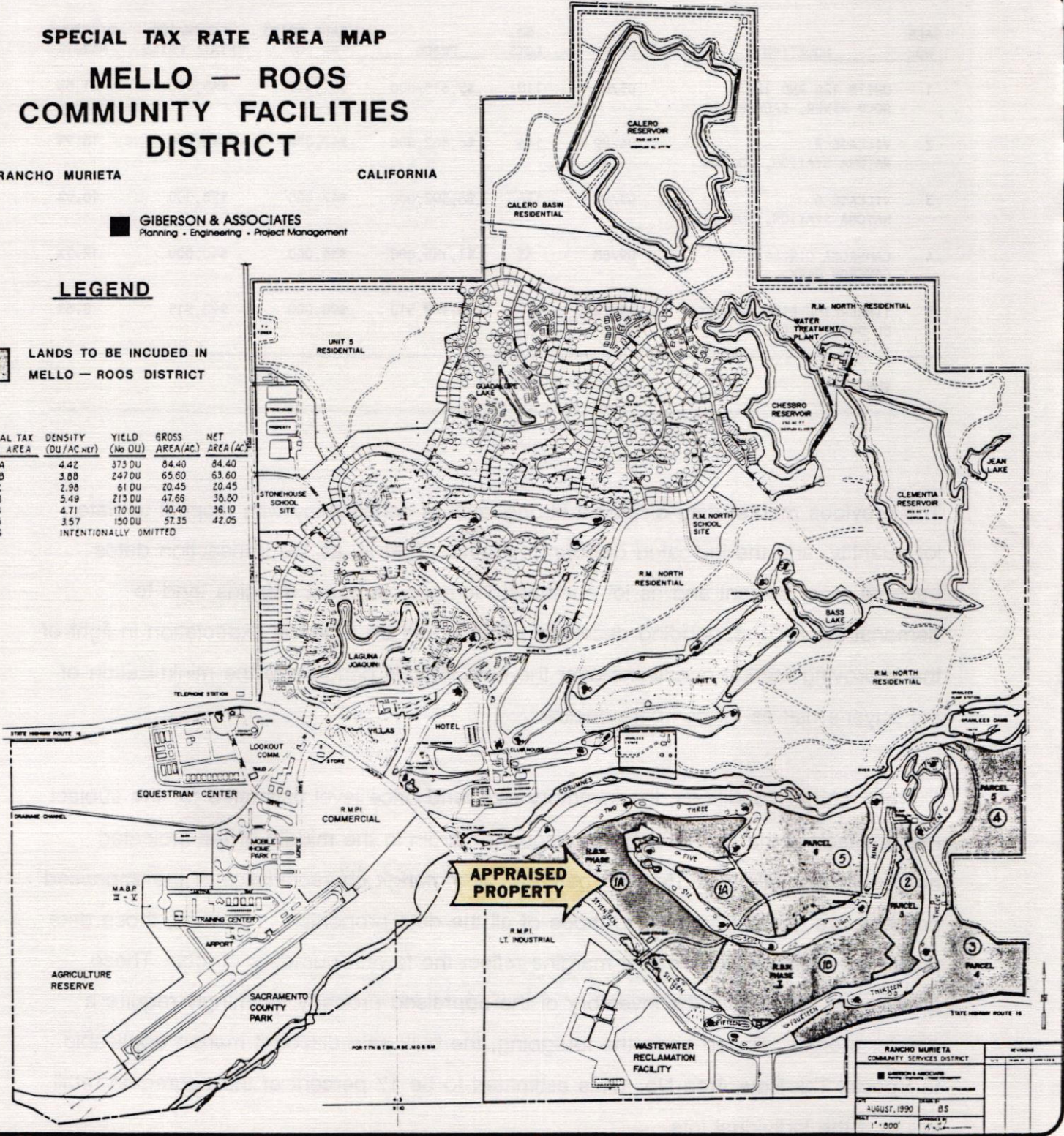
CALIFORNIA

GIBERSON & ASSOCIATES
Planning • Engineering • Project Management

LEGEND

 LANDS TO BE INCLUDED IN
MELLO — ROOS DISTRICT

SPECIAL TAX RATE AREA	DENSITY (DU/AC net)	YIELD (No DU)	GROSS AREA (AC)	NET AREA (AC)
1A	4.42	373 DU	84.40	84.40
1B	3.88	247 DU	65.60	63.60
2	2.98	61 DU	20.45	20.45
3	5.49	213 DU	47.66	38.80
4	4.71	170 DU	40.40	36.10
5	3.57	150 DU	57.35	42.05
6	INTENTIONALLY OMITTED			



RANCHO MURIETA COMMUNITY SERVICES DISTRICT		NO. 10000000
GIBERSON & ASSOCIATES Planning • Engineering • Project Management		
DATE: AUGUST, 1990		BY: BS
SCALE: 1" = 500'		PROJECT NO. A-10000000

**PROPERTY VALUATION
SPECIAL TAX RATE AREA NO. 1A**

PROPERTY DESCRIPTION

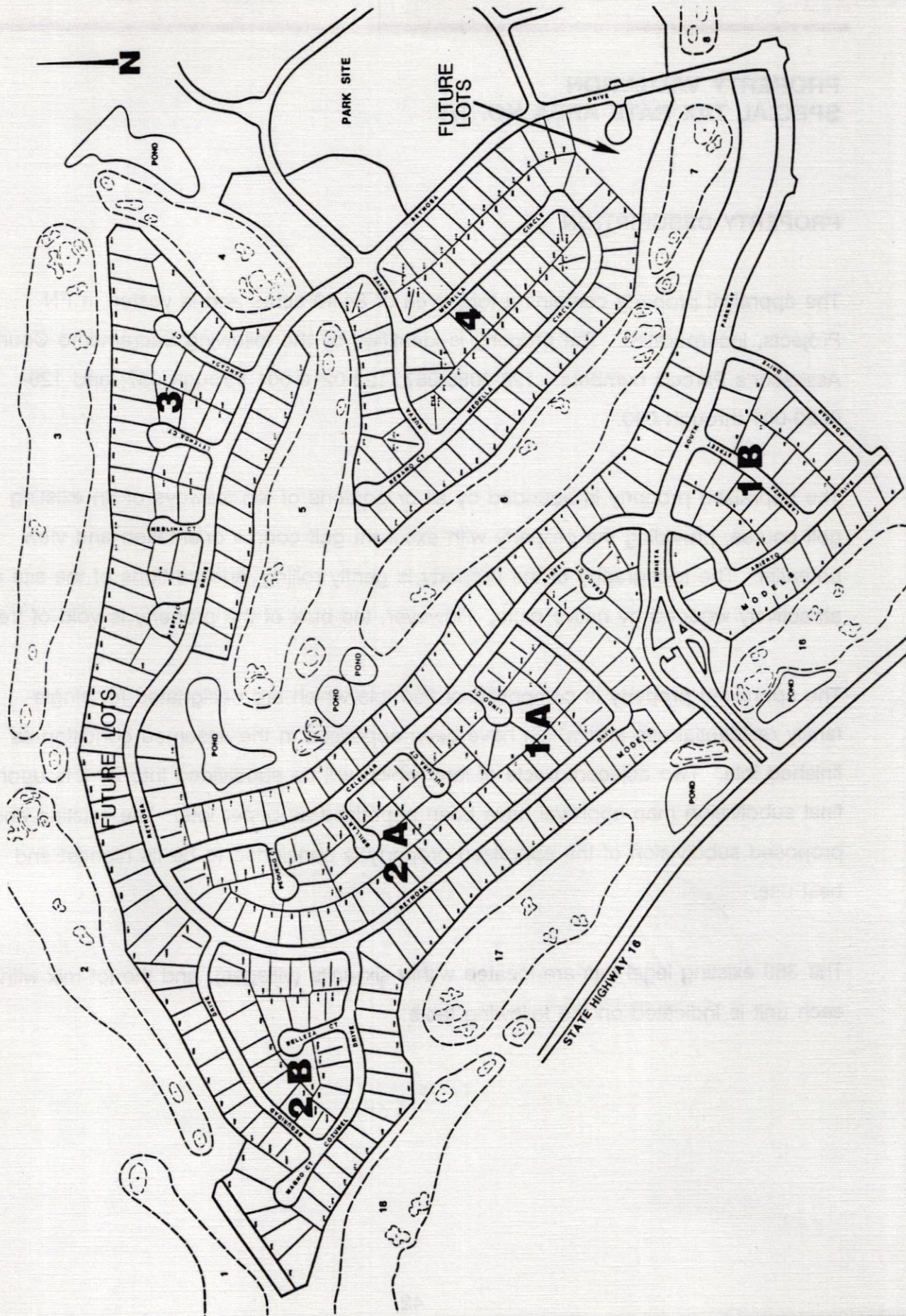
The appraisal property contains a total area of 84.40 acres and is vested in FN Projects, Incorporated. The property is identified by the following Sacramento County Assessor's Parcels numbers: 128-0080-087; 128-0210-001 through 057; and 128-0220-001 through 040.

The appraised property is bounded by all or portions of ten fairways of an existing golf course, providing the property with excellent golf course orientation and view potential. The topography of the property is gently rolling, and portions of the site are attractively wooded by native oaks. However, the bulk of the property is void of trees.

The appraised property is composed of 350 lots which are designated for single-family residential use and which have been appraised in the assumed condition as finished lots. Two adjacent tracts of land which will be subdivided into 23 lots upon final subdivision map approval have been appraised as paper lots. The existing and proposed subdivision of the appraised property is concluded to be its highest and best use.

The 350 existing legal lots are located within six units (villages), and the lot mix within each unit is indicated on the following table:

Site Plan



UNIT	NUMBER OF FINISHED LOTS			TOTAL
	CLASSICS	MASTERS	HALF-PLEX	
1A	43	0	14	57
1B	0	40	0	40
2A	56	5	22	83
2B	3	32	8	43
3	0	45	0	45
4	<u>66</u>	<u>0</u>	<u>16</u>	<u>82</u>
TOTAL	168	122	60	350

Classics and Masters lots average approximately 6,500 and 8,000 square feet, respectively. Half-plex lots average approximately 10,000 square feet (5,000 square feet per dwelling unit). Overall, densities within Units 1A through 4 range from 3.32 to 4.98 lots per acre.

The remaining 23 lots are located within two noncontiguous parcels of land containing a total area of approximately 6.22 acres. This indicates an average density of approximately 3.70 lots per acre for this portion of the property.

Primary access to the appraised property is from South Murieta Parkway. However, in conjunction with the construction of homes which is now occurring within Units 1A and 1B, street and utilities infrastructure within these units has also been completed, and the remaining infrastructure within Units 2A, 2B, 3, and 4 is scheduled (and bonded) for completion during the period from September 30, 1990 to May 1, 1991. These circumstances form the basis for appraising these 350 lots assuming a finished lot condition.

The remaining 23 lots will benefit from the construction of street and utilities infrastructure within the existing units due to the improved proximity of this infrastructure to them. However, final engineering and governmental approvals

involving the 23 lots are not expected to be obtained in such an expeditious fashion. As such, these lots have been appraised in an unfinished condition, with tentative subdivision map approval expected during the Summer of 1991.

PROPERTY VALUATION

Data Base A and Data Base B are employed in the valuation of the appraised property. From Data Base A, base lot values for Classics, Masters, and Half-plex lots are estimated. To the estimated base lot values, adjustments are made on a lot-by-lot basis for atypical amenities (i.e. lot premiums) in order to estimate individual lot values. Data Base B is employed to estimate the value of the unfinished lot products. The summation of the values of the individual lots is then discounted by 17 percent in order to estimate the bulk sale value of the appraised property.

FINISHED LOT VALUATION

With respect to the indicators of value offered by Data Base A, reference is made to the market data and previous discussion on Pages 31 through 33 of this appraisal report.

Adjustments have been applied to the market data for time-value increases, locational amenities, and size factors. The net effect of the adjustments is a slight increase in the indicated value range of the unadjusted data.

Base lot values in this appraisal are believed to be best estimated in consideration of Data Properties 3, 6, 8, and 9 which indicate an unadjusted value range of \$5.34 to \$9.52 per square foot for lots ranging in size from 6,360 to 11,176 square feet. This range in lot sizes brackets the sizes of the basic lot groups within the appraised property. These data properties are also believed to be most representative of the

physical and locational characteristics of the lots within the basic lot groups of the appraised property.

After the application of necessary adjustments, the base lot values of the appraised property are estimated as follows:

- Classics Lots - 6,500 square feet (average)
 $6,500 \text{ S.F.} \times \$9.75/\text{S.F.} = \$63,375$
Rounded to: \$63,500

- Masters Lots - 8,000 square feet (average)
 $8,000 \text{ S.F.} \times \$8.25/\text{S.F.} = \$66,000$

- Half-plex Lots - 10,000 square feet (average)
 $10,000 \text{ S.F.} \times \$6.80/\text{S.F.} = \$68,000$ (\$34,000 per dwelling unit)

Lot premiums for the appraised property have been identified for the following factors:

- Frontage on golf course fairways.
- Size considerations.
- Corner location.
- Cul-de-sac locations.

A paired sales analysis has been completed among the data properties for the purpose of estimating a reasonable premium (or range in premiums) for the aforementioned factors of variation among the individual lots. Although size, corner, and cul-de-sac premiums have been estimated from pairings of the data properties, premiums for golf course frontage could not be estimated from them. As a result, market data involving the pairings of finished housing products located on the appraised property coupled with a land residual analysis have been utilized in the

estimation of such premiums and as a check against the premiums estimated for the remaining factors of variation.

From the analysis of the available and relevant data, lot premiums for the appraised property have been estimated as follows:

- Golf Course Frontage
Classics Lots - \$26,000 (average)
Masters Lots - \$28,000 (average)
- Size: \$2,000 - \$3,000
- Corner Location: \$3,000
- Cul-de-sac Locations: \$2,000 - \$5,000

Based upon the foregoing, the aggregate retail value of the 350 finished lots located within Special Tax Rate Area No. 1A is estimated as follows:

UNIT 1A

43 Classics Lots x \$63,500/Lot	\$2,730,500
14 Half-plex Lots x \$34,000/Lot	\$ 476,000

PREMIUMS

23 @ Golf Course Frontage x \$26,000	\$ 598,000
2 @ Cul-de-sac x \$2,000	\$ 4,000
4 @ Cul-de-sac x \$4,000	\$ 16,000
17 @ Oversized x \$2,000	\$ 34,000
7 @ Corner Location x \$3,000	<u>\$ 21,000</u>
	\$3,879,500

[Average Lot Value = \$68,061]

UNIT 1B

40 Masters Lots x \$66,000 \$2,640,000

PREMIUMS

16 @ Golf Course Frontage x \$28,000 \$ 448,000

8 @ Corner Location x \$3,000 \$ 24,000

15 @ Oversized x \$3,000 \$ 45,000

\$3,157,000

[Average Lot Value = \$78,925]

UNIT 2A

56 Classics Lots x \$63,500 \$3,556,000

5 Masters Lots x \$66,000 \$ 330,000

22 Half-plex Lots x \$34,000 \$ 748,000

PREMIUMS

24 @ Golf Course Frontage x \$26,000 \$ 624,000

5 @ Golf Course Frontage x \$28,000 \$ 140,000

5 @ Cul-de-sac x \$2,000 \$ 10,000

6 @ Cul-de-sac x \$4,000 \$ 24,000

16 @ Oversized x \$2,000 \$ 32,000

5 @ Oversized x \$3,000 \$ 15,000

11 @ Corner Location x \$3,000 \$ 33,000

\$5,512,000

[Average Lot Value = \$66,405]

UNIT 2B

3 Classics Lots x \$63,500	\$ 190,500
32 Masters Lots x \$66,000	\$2,112,000
8 Half-plex Lots x \$34,000	\$ 272,000

PREMIUMS

3 @ Golf Course Frontage x \$26,000	\$ 78,000
21 @ Golf Course Frontage x \$28,000	\$ 588,000
5 @ Cul-de-sac x \$3,000	\$ 15,000
6 @ Cul-de-sac x \$5,000	\$ 30,000
9 @ Oversized x \$3,000	\$ 27,000
4 @ Corner Location x \$3,000	<u>\$ 12,000</u>
	\$3,324,500

[Average Lot Value = \$77,314]

UNIT 3

45 Masters Lots x \$66,000	\$2,970,000
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PREMIUMS

32 @ Golf Course Frontage x \$28,000	\$ 896,000
5 @ Corner Location x \$3,000	\$ 15,000
10 @ Cul-de-sac x \$2,500	\$ 25,000
12 @ Cul-de-sac x \$5,000	\$ 60,000
15 @ Oversized x \$3,000	<u>\$ 45,000</u>
	\$4,011,000

[Average Lot Value = \$89,133]

UNIT 4

66 Classics Lots x \$63,500/Lot	\$4,191,000
16 Half-plex Lots x \$34,000/Lot	\$544,000

PREMIUMS

29 @ Golf Course Frontage x \$26,000	\$754,000
5 @ Cul-de-sac x \$ 2,000	\$10,000
2 @ Cul-de-sac x \$ 4,000	\$8,000
20 @ Oversized x \$ 2,000	\$40,000
8 @ Corner Location x \$3,000	<u>24,000</u>
	\$5,571,000

[Average Lot Value = \$67,939]

PAPER LOT VALUATION

With respect to the indicators of value offered by Data Base B, reference is made to the market data and previous discussion on Pages 34 through 40 of this appraisal report.

Adjustments have been applied to the market data for time-value increases, physical and locational amenities, and size/density considerations. The net effect of the adjustments is a slight increase in the indicated value range of the unadjusted data.

The analysis is made more difficult due to the lack of a sufficient number of relevant value indicators within Rancho Murieta from which more comparisons among the data properties can be made. Certainly, the indication of value offered by Data Property 15 fits the general range of value established by the remaining data properties with similar amenities. However, the density of Data Property 15 suggests a higher value indication than the actual sale price reported. As such, while Data Property 15 is

considered in this analysis, greater weight is placed on the remaining indicators of value.

The lower limit of the value range is indicated by Data Property 14 at \$22,000 per paper lot. The nominal purchase price seems to reflect the relatively high density of the property and the impact of the overhead electrical towerline on its view amenities. For these reasons, the data property is judged to be substantially inferior to the property appraised and is given less weight than the remaining indicators of value.

Data Properties 11, 13 (portion), 16, and 19 indicate an unadjusted value range of \$28,592 to \$39,150 per paper lot for properties ranging in density from 3.26 to 5.31 lots per acre. Data Property 11, indicating \$28,592 per paper lot, requires a substantial upward adjustment for time-value increases in comparison to the remaining data properties in this group. These four data properties represent sales to production and semi-custom home builders of properties with no golf course orientation or other amenities. After the application of adjustments, these data properties would seemingly represent the lower limits of value for the appraisal property in consideration of its golf course orientation.

Data Properties 12, 13 (portion), 17, and 18 indicate an unadjusted range of value of \$36,000 to \$47,845 per paper lot for properties ranging in density from 3.04 to 4.20 lot per acre. These data properties are most similar to the appraisal property with respect to golf course orientation and other amenities and are given the greatest weight in this analysis.

Based upon the foregoing, the unit land value of the appraised property is estimated near the middle of the adjusted value range. The total market value estimate for the appraised property is estimated as follows:

$$23 \text{ PAPER LOTS} \times \$44,000/\text{PAPER LOT} = \$1,012,000$$

SUMMARY OF RETAIL VALUES

The aggregate retail value of Special Tax Rate Area No. 1A is estimated as follows:

UNIT 1A	\$ 3,879,500
UNIT 1B	\$ 3,157,000
UNIT 2A	\$ 5,512,000
UNIT 2B	\$ 3,324,500
UNIT 3	\$ 4,011,000
UNIT 4	\$ 5,571,000
PAPER LOTS	<u>\$ 1,012,000</u>
TOTAL	\$26,467,000

BULK SALE VALUE

A bulk sale discount margin of 17 percent has been estimated as being reasonable and applicable to the appraised property. Reference is made to the market data and analysis included on pages 40 through 42 of this appraisal report. Based upon that analysis and the aggregate retail value previously estimated, the bulk sale value of Special Tax Rate Area No. 1A is estimated as follows:

AGGREGATE RETAIL VALUE	\$26,467,000
LESS BULK SALE DISCOUNT MARGIN (17%)	<u>\$ 4,499,390</u>
BULK SALE VALUE	\$21,967,610
ROUNDED TO:	\$21,968,000


SPECIAL TAX RATE AREA MAP MELLO — ROOS COMMUNITY FACILITIES DISTRICT

RANCHO MURIETA

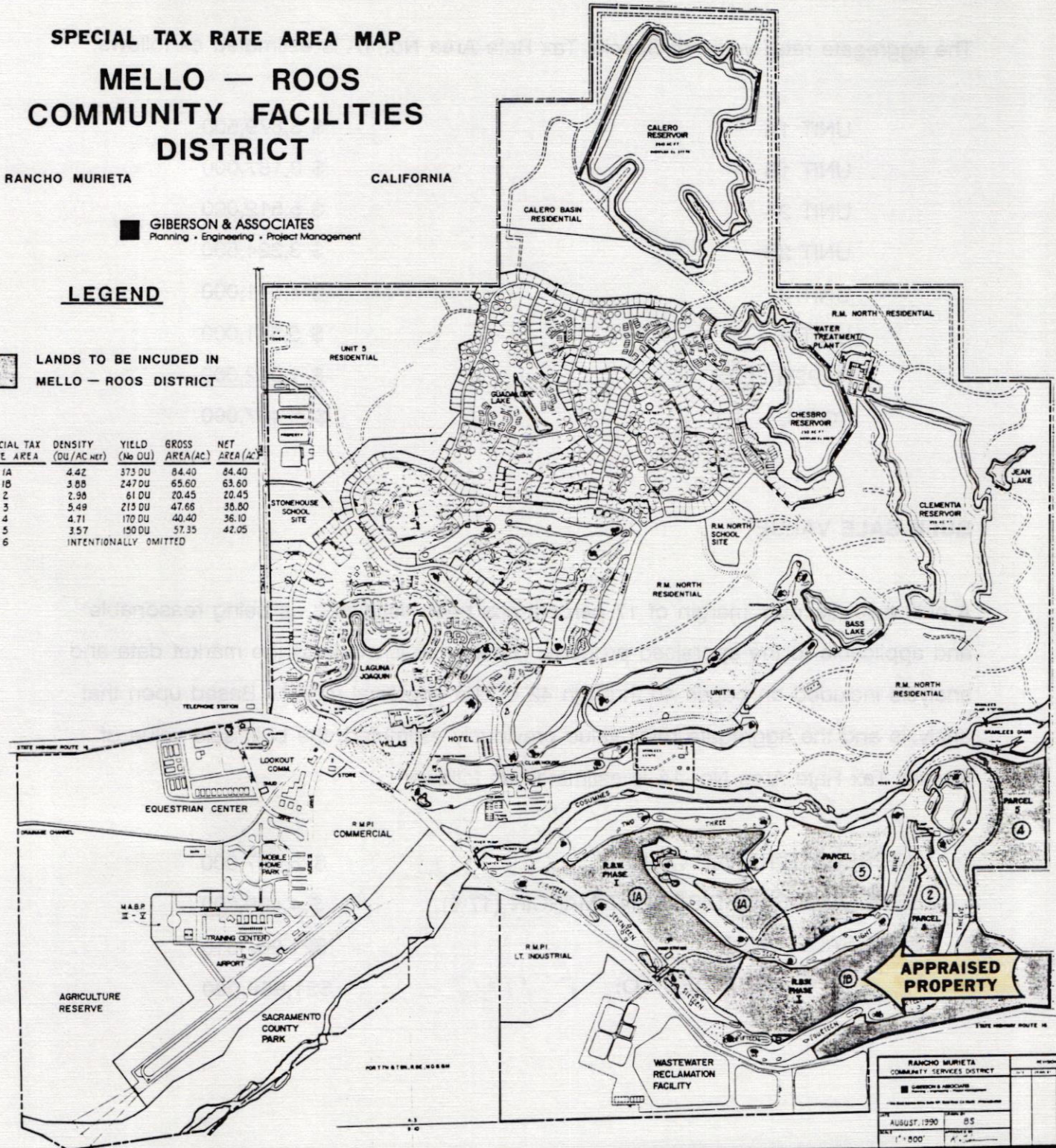
CALIFORNIA

GIBERSON & ASSOCIATES
Planning • Engineering • Project Management

LEGEND

 LANDS TO BE INCLUDED IN
MELLO — ROOS DISTRICT

SPECIAL TAX RATE AREA	DENSITY (DU/AC NET)	YIELD (No DU)	GROSS AREA (AC)	NET AREA (AC)
1A	4.42	373 DU	84.40	84.40
1B	3.88	247 DU	65.60	63.60
2	2.98	61 DU	20.45	20.45
3	5.49	213 DU	47.66	38.80
4	4.71	170 DU	40.40	36.10
5	3.57	150 DU	57.35	42.05
6	INTENTIONALLY OMITTED			



RANCHO MURIETA COMMUNITY SERVICES DISTRICT		REVISIONS
GIBERSON & ASSOCIATES Planning • Engineering • Project Management		
DATE: AUGUST, 1990	BY: BS	
SCALE: 1" = 500'		

SPECIAL TAX RATE AREA NO. 1B

PROPERTY DESCRIPTION

The appraisal property contains a net area of 63.60 acres and is vested in FN Projects, Incorporated. The property is identified as a portion of Sacramento County Assessor's Parcel number 128-0080-086. The gross area of the property, 65.60 acres, includes approximately 2.00 acres of land designated as open space which are excluded from this valuation.

The appraisal property is an irregular shaped tract of land which is bounded by all or portions of seven fairways of an existing golf course, providing the property with excellent golf course orientation and view potential. The topography of the property is gently rolling, and the property enjoys moderate oak tree cover overall. The unwooded portions of the property have a vegetative cover of native grasses.

Currently, access to the appraisal property is by means of an unimproved dirt road. However, in conjunction with the property's development, South Murieta Parkway will be extended through the property to provide its primary permanent access. Utility services are available.

The appraisal property is designated for single-family residential development in the community master plan, and a tentative map subdividing the property into 205 lots has been submitted to the appropriate governmental agencies for approval. Approval of the tentative subdivision map is expected by the Summer of 1991.

The development plan for the appraisal property indicates a density of 3.22 lots per acre. The proposed land use and density of the appraisal property are consistent with the property's legal use as designated in the master plan and are typical of similar properties in the region with which the appraisal property competes. Based upon the foregoing, the highest and best use of the appraisal property is concluded to be the proposed use for 205 single-family residential lots.

PROPERTY VALUATION

With respect to the indicators of value offered by Data Base B, reference is made to the market data and previous discussion on Pages 34 through 40 of this appraisal report.

Adjustments have been applied to the market data for time-value increases, physical and locational amenities, and size/density considerations. The net effect of the adjustments is a slight increase in the indicated value range of the unadjusted data.

The analysis is made more difficult due to the lack of a sufficient number of relevant value indicators within Rancho Murieta from which more comparisons among the data properties can be made. Certainly, the indication of value offered by Data Property 15 fits the general range of value established by the remaining data properties with similar amenities. However, the density of Data Property 15 suggests a higher value indication than the actual sale price reported. As such, while Data Property 15 is considered in this analysis, greater weight is placed on the remaining indicators of value.

The lower limit of the value range is indicated by Data Property 14 at \$22,000 per paper lot. The nominal purchase price seems to reflect the relatively high density of the property and the impact of the overhead electrical towerline on its view amenities.

For these reasons, the data property is judged to be substantially inferior to the property appraised and is given less weight than the remaining indicators of value.

Data Properties 11, 13 (portion), 16, and 19 indicate an unadjusted value range of \$28,592 to \$39,150 per paper lot for properties ranging in density from 3.26 to 5.31 lots per acre. Data Property 11, indicating \$28,592 per paper lot, requires a substantial upward adjustment for time-value increases in comparison to the remaining data properties in this group. These four data properties represent sales to production and semi-custom home builders of properties with no golf course orientation or other amenities. After the application of adjustments, these data properties would seemingly represent the lower limits of value for the appraisal property in consideration of its golf course orientation.

Data Properties 12, 13 (portion), 17, and 18 indicate an unadjusted range of value of \$36,000 to \$47,845 per paper lot for properties ranging in density from 3.04 to 4.20 lots per acre. These data properties are most similar to the appraisal property with respect to golf course orientation and other amenities and are given the greatest weight in this analysis.

Based upon the foregoing, the unit land value of the appraised property is estimated near the middle of the adjusted value range. The market value estimate for Special Tax Rate Area No. 1B is therefore estimated as follows:

$$205 \text{ Paper Lots} \times \$44,000/\text{Paper Lot} = \$9,020,000$$


SPECIAL TAX RATE AREA MAP MELLO — ROOS COMMUNITY FACILITIES DISTRICT

RANCHO MURIETA

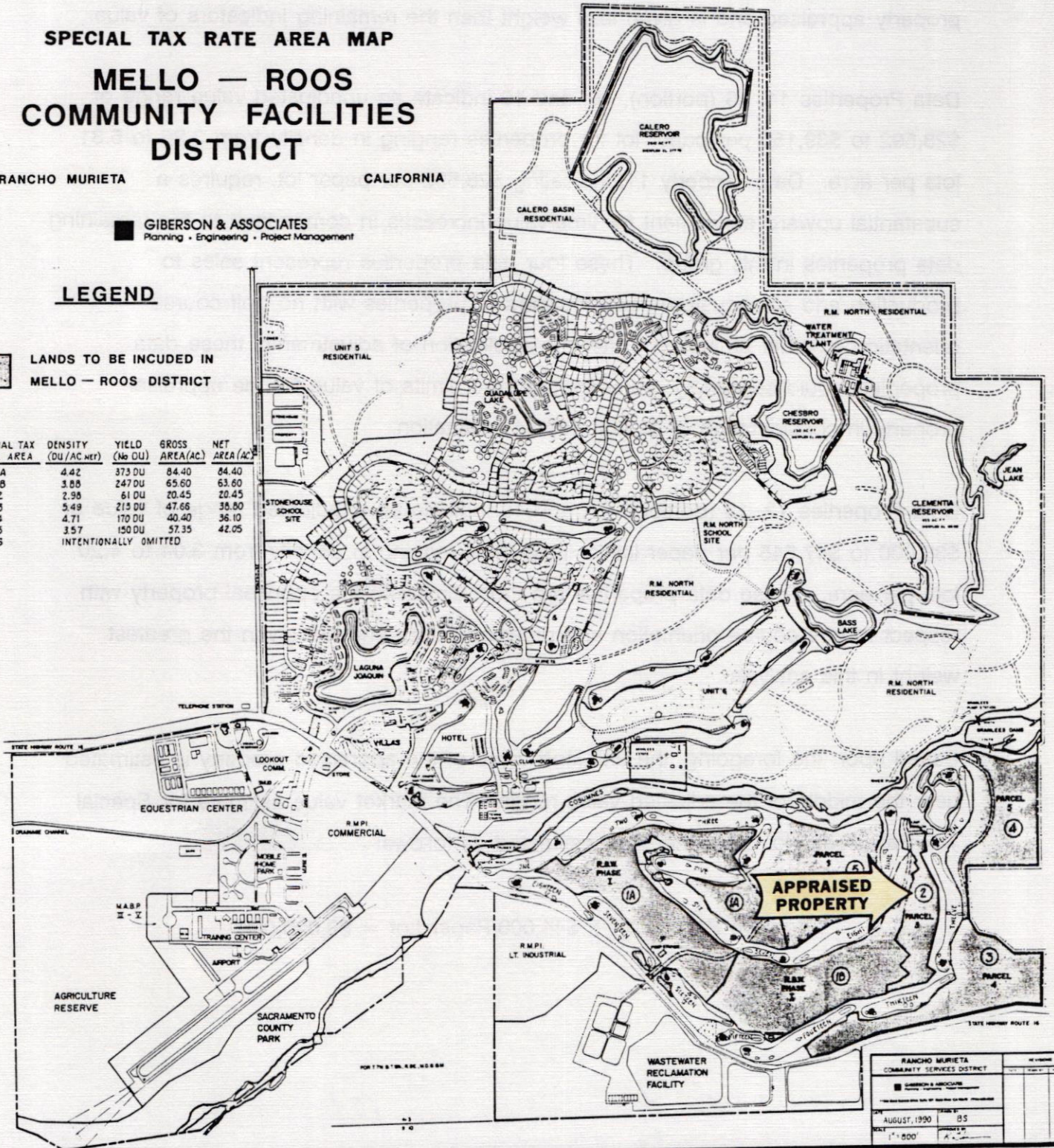
CALIFORNIA

GIBERSON & ASSOCIATES
Planning • Engineering • Project Management

LEGEND

 LANDS TO BE INCLUDED IN
MELLO — ROOS DISTRICT

SPECIAL TAX RATE AREA	DENSITY (DU/AC.net)	YIELD (No DU)	GROSS AREA(AC)	NET AREA(AC)
1A	4.42	373 DU	84.40	84.40
1B	3.88	247 DU	65.60	63.60
2	2.98	61 DU	20.45	20.45
3	5.49	215 DU	47.66	36.80
4	4.71	170 DU	40.40	36.10
5	3.57	150 DU	57.35	42.05
6	INTENTIONALLY OMITTED			



RANCHO MURIETA COMMUNITY SERVICES DISTRICT	
GIBERSON & ASSOCIATES Planning • Engineering • Project Management	
DATE: AUGUST, 1990	PROJECT: BS
SCALE: 1" = 500'	BY: A.L.

SPECIAL TAX RATE AREA NO. 2

PROPERTY DESCRIPTION

The appraisal property contains a net area of 20.45 acres and is vested in N.T. Hill, Incorporated. The property is identified as Sacramento County Assessor's Parcel number 073-0790-004.

The appraisal property is an elongated, irregular shaped tract of land which is bounded by all or portions of five fairways of an existing golf course and a small lake. These amenities provide the property with excellent golf course orientation and both golf course and limited water views.

The topography of the property is gently rolling and has a vegetative cover of native grasses. Oak tree cover is light to moderate and is generally confined to the northerly, easterly, and southerly perimeters of the property. These perimeter areas are also elevated above the adjoining golf course fairways and lake, enhancing the view amenities of the property in these locations.

Currently, access to the appraisal property is by means of an unimproved dirt road. However, in conjunction with the property's development, South Murieta Parkway will be extended through the property to provide its primary permanent access. Utility services are available.

The appraisal property is designated for single-family residential development in the community master plan, and a tentative map subdividing the property into 61 lots has been submitted to the appropriate governmental agencies for approval. Approval of the tentative subdivision map is expected by the Summer of 1991.

The development plan for the appraisal property indicates a density of 2.98 lots per acre. The proposed land use and density of the appraisal property are consistent with the property's legal use as designated in the master plan and are typical of similar properties in the region with which the appraisal property competes. Based upon the foregoing, the highest and best use of the appraisal property is concluded to be the proposed use for 61 single-family residential lots.

PROPERTY VALUATION

With respect to the indicators of value offered by Data Base B, reference is made to the market data and previous discussion on Pages 34 through 40 of this appraisal report.

Adjustments have been applied to the market data for time-value increases, physical and locational amenities, and size/density considerations. The net effect of the adjustments is a slight increase in the indicated value range of the unadjusted data.

The analysis is made more difficult due to the lack of a sufficient number of relevant value indicators within Rancho Murieta from which more comparisons among the data properties can be made. Certainly, the indication of value offered by Data Property 15 fits the general range of value established by the remaining data properties with similar amenities. However, the density of Data Property 15 suggests a higher value indication than the actual sale price reported. As such, while Data Property 15 is considered in this analysis, greater weight is placed on the remaining indicators of value.

The lower limit of the value range is indicated by Data Property 14 at \$22,000 per paper lot. The nominal purchase price seems to reflect the relatively high density of the property and the impact of the overhead electrical towerline on its view amenities.

For these reasons, the data property is judged to be substantially inferior to the property appraised and is given less weight than the remaining indicators of value.

Data Properties 11, 13 (portion), 16, and 19 indicate an unadjusted value range of \$28,592 to \$39,150 per paper lot for properties ranging in density from 3.26 to 5.31 lots per acre. Data Property 11, indicating \$28,592 per paper lot, requires a substantial upward adjustment for time-value increases in comparison to the remaining data properties in this group. These four data properties represent sales to production and semi-custom home builders of properties with no golf course orientation or other amenities. After the application of adjustments, these data properties would seemingly represent the lower limits of value for the appraisal property in consideration of its golf course orientation.

Data Properties 12, 13 (portion), 17, and 18 indicate an unadjusted range of value of \$36,000 to \$47,845 per paper lot for properties ranging in density from 3.04 to 4.20 lots per acre. These data properties are most similar to the appraisal property with respect to golf course orientation and other amenities and are given the greatest weight in this analysis.

The size, small lot inventory, and amenities of the appraisal property require an estimate of value near the higher end of the adjusted value range. Based upon the foregoing, the unit land value of the appraised property is estimated to be \$47,000 per paper lot. The market value estimate for Special Tax Rate Area No. 2 is therefore estimated as follows:

$$61 \text{ Paper Lots} \times \$47,000/\text{Paper Lot} = \$2,867,000$$


SPECIAL TAX RATE AREA MAP MELLO — ROOS COMMUNITY FACILITIES DISTRICT

RANCHO MURIETA

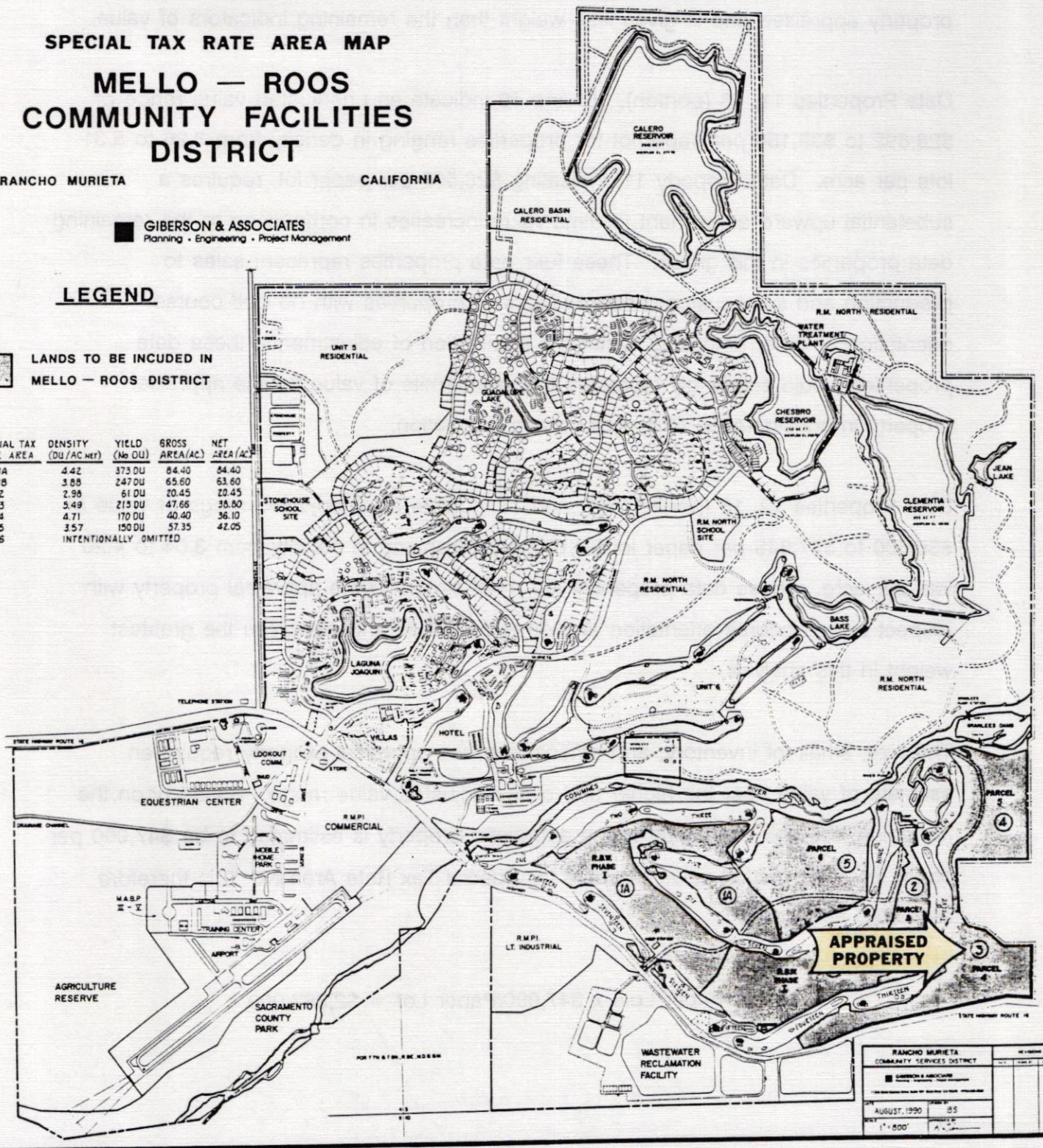
CALIFORNIA

GIBERSON & ASSOCIATES
Planning • Engineering • Project Management

LEGEND

 LANDS TO BE INCLUDED IN
MELLO — ROOS DISTRICT

SPECIAL TAX RATE AREA	DENSITY (DU/AC net)	YIELD (No DU)	GROSS AREA (Ac)	NET AREA (Ac)
1A	4.42	373 DU	84.40	84.40
1B	3.88	247 DU	65.60	63.60
2	2.98	61 DU	20.45	20.45
3	5.49	213 DU	47.66	36.80
4	4.71	170 DU	40.40	36.10
5	3.57	150 DU	57.35	42.05
6	INTENTIONALLY OMITTED			



RANCHO MURIETA COMMUNITY SERVICES DISTRICT	
GIBERSON & ASSOCIATES Planning • Engineering • Project Management	
DATE: AUGUST, 1990	BY: BS
SCALE: 1" = 500'	PROJECT NO.:

SPECIAL TAX RATE AREA NO. 3

PROPERTY DESCRIPTION

The appraisal property contains a gross area of 47.66 acres and a net area of 38.80 acres and is vested in N.T. Hill, Incorporated. The property is identified as a portion of Sacramento County Assessor's Parcel number 073-0790-005. The gross area of the property includes approximately 8.86 acres of land designated for open space and park uses which are excluded from this valuation.

The appraisal property is an elongated, irregular shaped tract of land which is bounded by all or portions of three fairways of an existing golf course. This amenity provides the property with a golf course orientation. However, the location of the fairways and the shape of the property combine to limit the benefits of this amenity to the northerly portion of the property.

The topography of the property is gently rolling to nearly level and has a vegetative cover of native grasses. Oak tree cover is light and generally confined to the northerly and easterly portions of the property.

Although the subject property has an abundance of paved road frontage on Highway 16, access to the property from this location has not been developed. Currently, access to the property is by means of an unimproved dirt road. However, in conjunction with the overall development of Rancho Murieta South, South Murieta Parkway will be extended and will provide primary access to the property in conjunction with several collector streets which will also be constructed. This access plan is intended, in part, to maintain the controlled access system designed for all of Rancho Murieta South. Utility services are available.

The appraisal property is designated for single-family residential development in the community master plan, and a tentative map subdividing the property into 213 lots is to be prepared for submission to the appropriate governmental agencies. Approval of the tentative subdivision map is expected during the Summer of 1991.

The development plan for the appraisal property indicates a density of 5.49 lots per acre. The proposed land use and density of the appraisal property are consistent with the property's legal use as designated in the master plan and are typical of similar properties in the region with which the appraisal property competes. Based upon the foregoing, the highest and best use of the appraisal property is concluded to be the proposed use for 213 single-family residential lots.

PROPERTY VALUATION

With respect to the indicators of value offered by Data Base B, reference is made to the market data and previous discussion on Pages 34 through 40 of this appraisal report.

Adjustments have been applied to the market data for time-value increases, physical and locational amenities, and size/density considerations. The net effect of the adjustments is a slight increase in the indicated value range of the unadjusted data.

The analysis is made more difficult due to the lack of a sufficient number of relevant value indicators within Rancho Murieta from which more comparisons among the data properties can be made. Certainly, the indication of value offered by Data Property 15 fits the general range of value established by the remaining data properties with similar amenities. However, the density of Data Property 15 suggests a higher value indication than the actual sale price reported. As such, while Data Property 15 is

considered in this analysis, greater weight is placed on the remaining indicators of value.

The lower limit of the value range is indicated by Data Property 14 at \$22,000 per paper lot. The nominal purchase price seems to reflect the relatively high density of the property and the impact of the overhead electrical towerline on its view amenities. For these reasons, the data property is judged to be substantially inferior to the property appraised and is given less weight than the remaining indicators of value.

Data Properties 11, 13 (portion), 16, and 19 indicate an unadjusted value range of \$28,592 to \$39,150 per paper lot for properties ranging in density from 3.26 to 5.31 lots per acre. Data Property 11, indicating \$28,592 per paper lot, requires a substantial upward adjustment for time-value increases in comparison to the remaining data properties in this group. These four data properties represent sales to production and semi-custom home builders of properties with no golf course orientation or other amenities. After the application of adjustments, these data properties would seemingly represent the lower limits of value for the appraisal property in consideration of its golf course orientation.

Data Properties 12, 13 (portion), 17, and 18 indicate an unadjusted range of value of \$36,000 to \$47,845 per paper lot for properties ranging in density from 3.04 to 4.20 lots per acre. These data properties are most similar to the appraisal property with respect to golf course orientation and other amenities and are given the greatest weight in this analysis.

The most significant factor affecting the valuation of the appraised property is its relatively high density in relation to the densities of the relevant data properties. This factor, coupled with the shape of the property and limited golf course orientation, require an estimate of value near the lower end of the adjusted value range.

Based upon the foregoing, the unit land value of the appraisal property is estimated to be \$39,000 per paper lot. The market value estimate for Special Tax Rate Area No. 3 is therefore estimated as follows:

$$213 \text{ Paper Lots} \times \$39,000/\text{Paper Lot} = \$8,307,000$$


SPECIAL TAX RATE AREA MAP MELLO — ROOS COMMUNITY FACILITIES DISTRICT

RANCHO MURIETA

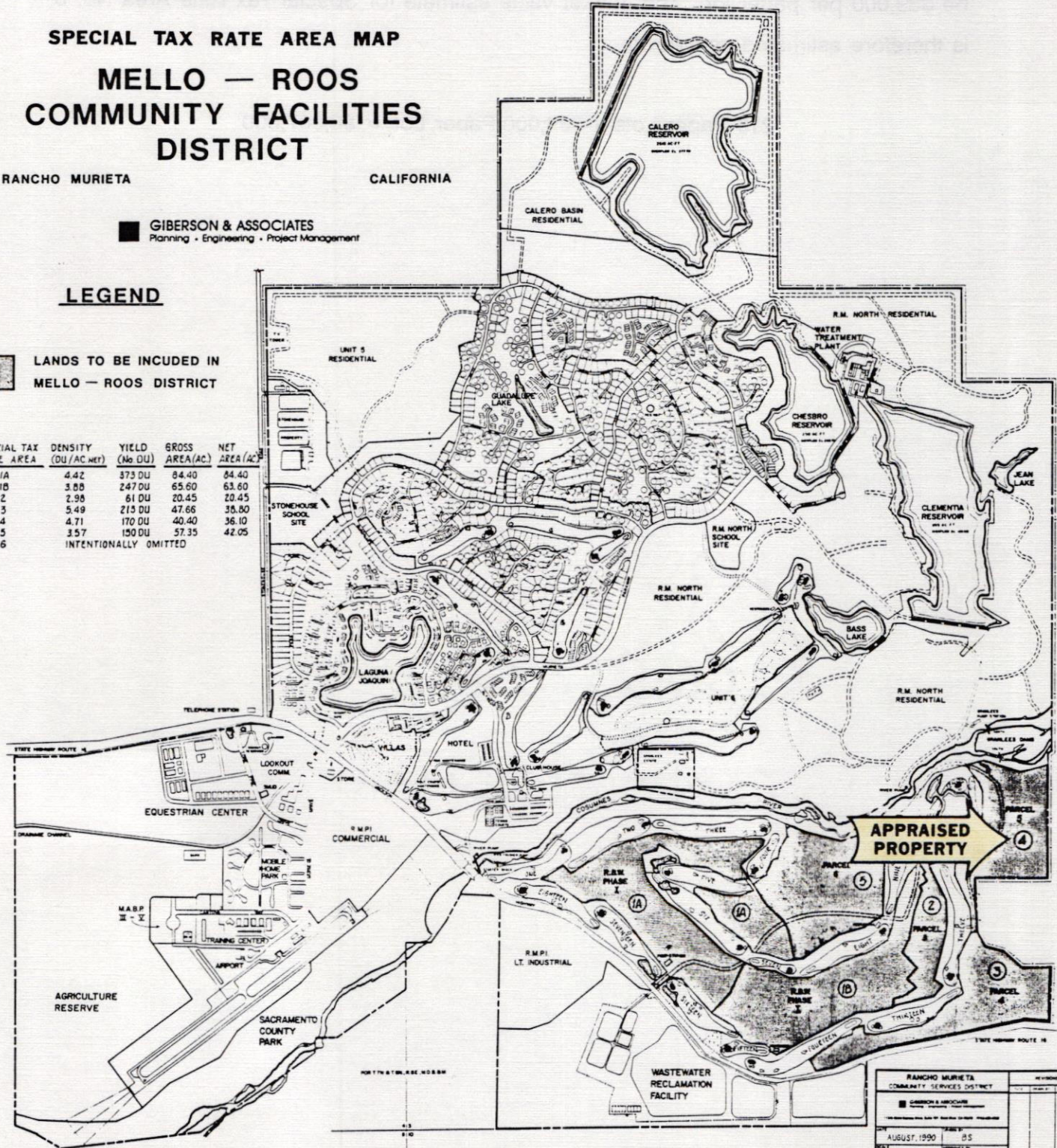
CALIFORNIA

GIBERSON & ASSOCIATES
Planning • Engineering • Project Management

LEGEND

 LANDS TO BE INCLUDED IN
MELLO — ROOS DISTRICT

SPECIAL TAX RATE AREA	DENSITY (DU/AC NET)	YIELD (No DU)	GROSS AREA (AC)	NET AREA (AC)
1A	4.42	373 DU	84.40	84.40
1B	3.88	247 DU	65.60	63.60
2	2.98	61 DU	20.45	20.45
3	5.49	213 DU	47.66	35.50
4	4.71	170 DU	40.40	36.10
5	3.57	150 DU	57.35	42.05
6	INTENTIONALLY OMITTED			



RANCHO MURIETA COMMUNITY SERVICES DISTRICT		MS-2000
GIBERSON & ASSOCIATES PLANNING • ENGINEERING • PROJECT MANAGEMENT		DATE: 08/90
DATE: AUGUST, 1990	BY: BS	SCALE: 1" = 800'

SPECIAL TAX RATE AREA NO. 4

PROPERTY DESCRIPTION

The appraisal property contains a gross area of 40.40 acres and a net area of 36.10 acres and is vested in Winncrest Homes, Incorporated. The property is identified as a portion of Sacramento County Assessor's Parcel number 073-0790-006. The gross area of the property includes approximately 4.30 acres of land designated for open space which are excluded from this valuation.

The appraisal property is a somewhat irregular but generally rectangular shaped tract of land which is bounded by all or portions of three fairways of an existing golf course and a small lake. These amenities provide the property with excellent golf course orientation and a good water view amenity.

Although the topography of the property is gently rolling, the overall elevations of the property decrease from east to west. As such, the property enjoys an uphill slope from the fairways and lake, further enhancing the overall view amenities of the property. The property has a vegetative cover of native grasses and very little oak tree cover.

Currently, access to the appraisal property is by means of an unimproved dirt road. However, in conjunction with the property's development, South Murieta Parkway will be extended to the property to provide its primary permanent access. Utility services are available.

The appraisal property is designated for single-family residential development in the community master plan, and a tentative map subdividing the property into 145 lots has

been submitted to the appropriate governmental agencies for approval. Approval of the tentative subdivision map is expected by the Summer of 1991.

The development plan for the appraisal property indicates a density of 4.02 lots per acre. The proposed land use and density of the appraisal property are consistent with the property's legal use as designated in the master plan and are typical of similar properties in the region with which the appraisal property competes. Based upon the foregoing, the highest and best use of the appraisal property is concluded to be the proposed use for 145 single-family residential lots.

PROPERTY VALUATION

With respect to the indicators of value offered by Data Base B, reference is made to the market data and previous discussion on Pages 34 through 40 of this appraisal report.

Adjustments have been applied to the market data for time-value increases, physical and locational amenities, and size/density considerations. The net effect of the adjustments is a slight increase in the indicated value range of the unadjusted data.

The analysis is made more difficult due to the lack of a sufficient number of relevant value indicators within Rancho Murieta from which more comparisons among the data properties can be made. Certainly, the indication of value offered by Data Property 15 fits the general range of value established by the remaining data properties with similar amenities. However, the density of Data Property 15 suggests a higher value indication than the actual sale price reported. As such, while Data Property 15 is considered in this analysis, greater weight is placed on the remaining indicators of value.

The lower limit of the value range is indicated by Data Property 14 at \$22,000 per paper lot. The nominal purchase price seems to reflect the relatively high density of the property and the impact of the overhead electrical towerline on its view amenities. For these reasons, the data property is judged to be substantially inferior to the property appraised and is given less weight than the remaining indicators of value.

Data Properties 11, 13 (portion), 16, and 19 indicate an unadjusted value range of \$28,592 to \$39,150 per paper lot for properties ranging in density from 3.26 to 5.31 lots per acre. Data Property 11, indicating \$28,592 per paper lot, requires a substantial upward adjustment for time-value increases in comparison to the remaining data properties in this group. These four data properties represent sales to production and semi-custom home builders of properties with no golf course orientation or other amenities. After the application of adjustments, these data properties would seemingly represent the lower limits of value for the appraisal property in consideration of its golf course orientation.

Data Properties 12, 13 (portion), 17, and 18 indicate an unadjusted range of value of \$36,000 to \$47,845 per paper lot for properties ranging in density from 3.04 to 4.20 lots per acre. These data properties are most similar to the appraisal property with respect to golf course orientation and other amenities and are given the greatest weight in this analysis.

The view amenities of the appraisal property are believed to be somewhat offset by its higher density and its peripheral location within Rancho Murieta South. These factors taken collectively require an estimate of value near the middle of the adjusted value range.

Based upon the foregoing, the unit land value of the appraisal property is estimated to be \$44,000 per paper lot. The market value estimate for Special Tax Rate Area No. 4 is therefore estimated as follows:

$$145 \text{ Paper Lots} \times \$44,000/\text{Paper Lot} = \$6,380,000$$


SPECIAL TAX RATE AREA MAP MELLO — ROOS COMMUNITY FACILITIES DISTRICT

RANCHO MURIETA

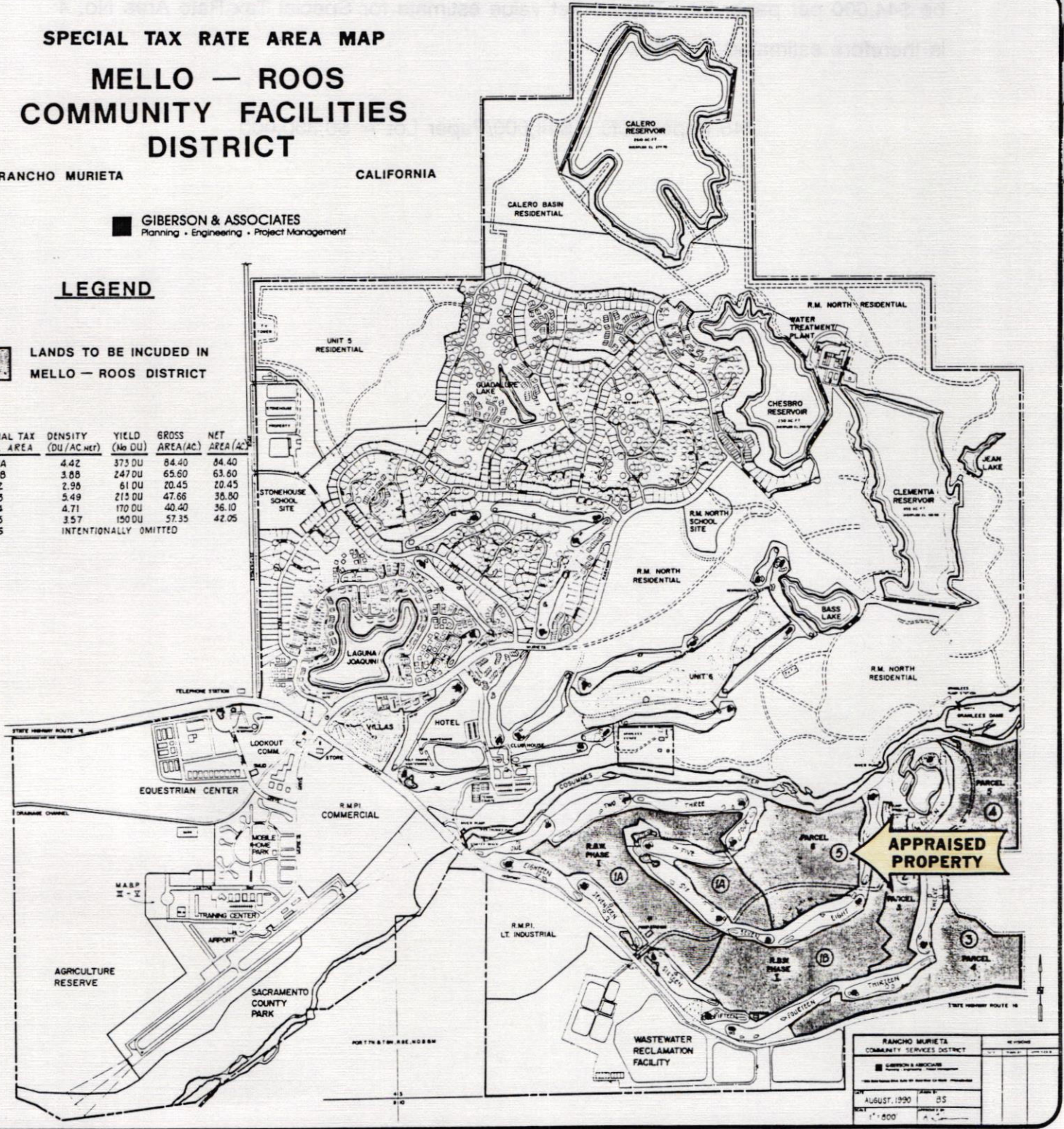
CALIFORNIA

GIBERSON & ASSOCIATES
Planning • Engineering • Project Management

LEGEND

 LANDS TO BE INCLUDED IN
MELLO — ROOS DISTRICT

SPECIAL TAX RATE AREA	DENSITY (DU/AC NET)	YIELD (No DU)	GROSS AREA (AC)	NET AREA (AC)
1A	4.42	373 DU	84.40	84.40
1B	3.88	247 DU	65.60	63.60
2	2.96	61 DU	20.45	20.45
3	5.49	215 DU	47.66	36.80
4	4.71	170 DU	40.40	36.10
5	3.57	150 DU	57.35	42.05
6	INTENTIONALLY OMITTED			



RANCHO MURIETA COMMUNITY SERVICES DISTRICT		NO. 1000000
GIBERSON & ASSOCIATES Planning • Engineering • Project Management		
This Map Shows The Sale Of Districts Of Mello-Roos Properties		
AUGUST, 1990	85	
SCALE	1" = 500'	

SPECIAL TAX RATE AREA NO. 5

PROPERTY DESCRIPTION

The appraisal property contains a gross area of 57.35 acres and a net area of 42.05 acres. The property is vested in Winncrest Homes, Incorporated, and is identified as a portion of Sacramento County Assessor's Parcel number 073-0790-007. The gross area of the property includes approximately 15.30 acres of land designated for park and open space uses which are excluded from this valuation.

The appraisal property is an irregular shaped tract of land which is bounded by three fairways of an existing golf course. In addition, the property enjoys an abundance of frontage on the riparian (open space) area associated with the Cosumnes River which runs parallel to the northerly boundary line of the property. These amenities, coupled with a small pond located within the adjacent open space, provide the property with good golf course orientation and water views/riparian amenities.

The property has gently rolling topography which generally rises from its perimeter boundaries to a plateau located in the northcentral portion of the property. The central portion of the property has a vegetative cover of native grasses with limited tree cover. However, the property has abundant oak tree cover located adjacent to the riparian areas and near the fairways.

Currently, access to the appraisal property is by means of an unimproved dirt road. However, in conjunction with the property's development, South Murieta Parkway will be extended and will provide primary access in conjunction with several collector streets which will also be constructed. Utility services are available.

The appraisal property is designated for single-family residential development in the community master plan, and a tentative map subdividing the property into 122 lots has been submitted to the appropriate government agencies for approval. Approval of the tentative subdivision map is expected by the Summer of 1991.

The development plan for the appraisal property indicates a density of 2.90 lots per acre. The proposed land use and density of the appraisal property are consistent with the property's legal use as designated in the master plan and are typical of similar properties in the region with which the appraisal property competes. Based upon the foregoing, the highest and best use of the appraisal property is concluded to be the proposed use for 122 single-family residential lots.

PROPERTY VALUATION

With respect to the indicators of value offered by Data Base B, reference is made to the market data and previous discussion on Pages 34 through 40 of this appraisal report.

Adjustments have been applied to the market data for time-value increases, physical and locational amenities, and size/density considerations. The net effect of the adjustments is a slight increase in the indicated value range of the unadjusted data.

The analysis is made more difficult due to the lack of a sufficient number of relevant value indicators within Rancho Murieta from which more comparisons among the data properties can be made. Certainly, the indication of value offered by Data Property 15 fits the general range of value established by the remaining data properties with similar amenities. However, the density of Data Property 15 suggests a higher value indication than the actual sale price reported. As such, while Data Property 15 is

considered in this analysis, greater weight is placed on the remaining indicators of value.

The lower limit of the value range is indicated by Data Property 14 at \$22,000 per paper lot. The nominal purchase price seems to reflect the relatively high density of the property and the impact of the overhead electrical towerline on its view amenities. For these reasons, the data property is judged to be substantially inferior to the property appraised and is given less weight than the remaining indicators of value.

Data Properties 11, 13 (portion), 16, and 19 indicate an unadjusted value range of \$28,592 to \$39,150 per paper lot for properties ranging in density from 3.26 to 5.31 lots per acre. Data Property 11, indicating \$28,592 per paper lot, requires a substantial upward adjustment for time-value increases in comparison to the remaining data properties in this group. These four data properties represent sales to production and semi-custom home builders of properties with no golf course orientation or other amenities. After the application of adjustments, these data properties would seemingly represent the lower limits of value for the appraisal property in consideration of its golf course orientation.

Data Properties 12, 13 (portion), 17, and 18 indicate an unadjusted range of value of \$36,000 to \$47,845 per paper lot for properties ranging in density from 3.04 to 4.20 lots per acre. These data properties are most similar to the appraisal property with respect to golf course orientation and other amenities and are given the greatest weight in this analysis.

The relatively low density, location, and amenities of the appraised property require an estimate of value near the upper limit of the adjusted value range. However, these factors are judged to be partially offset by the size of the lot inventory of the appraised property.

Based upon the foregoing, the unit land value of the appraisal property is estimated to be \$46,000 per paper lot. The market value estimate for Special Tax Rate Area No. 5 is therefore estimated as follows:

$$122 \text{ Paper Lots} \times \$46,000/\text{Paper Lot} = \$5,612,000$$

ADDENDA

EXHIBIT A

DESCRIPTION OF SPECIAL TAX RATE AREAS

**DESCRIPTION
SPECIAL TAX RATE AREAS
RANCHO MURIETA COMMUNITY SERVICES DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 1
SEPTEMBER 7, 1990**

All the lands within those certain boundaries of the Rancho Murieta Community Services District Mello-Roos Community Facilities District No. 1, and described individually as follows:

SPECIAL TAX RATE AREA NO. 1A:

That real property situate in the unincorporated area, County of Sacramento, State of California, being a portion of that certain 150 acre parcel described in that certain grant deed recorded in the Office of the Recorder of said County in Book 881230 Official Records at Page 4790 and being further described as all that portion of said 150 acre parcel lying northerly and westerly of the southeasterly boundary of that certain Subdivision Map filed in the Office of the Recorder of said County in Book 202 of Maps, Map Number 11.

SPECIAL TAX RATE AREA NO. 1B:

That real property situate in the unincorporated area, County of Sacramento, State of California, being a portion of that certain 150 acre parcel described in that certain grant deed recorded in the Office of the Recorder of said County in Book 881230 Official Records at Page 4790 and being further described as all that portion of said 150 acre parcel lying southerly and easterly of that real property described in that certain Subdivision Map filed in the Office of the Recorder of said County in Book 202 of Maps, Map Number 11.

SPECIAL TAX RATE AREA NO. 2:

That real property situate in the unincorporated area, County of Sacramento, State of California, being Parcel 3 of that certain Parcel Map filed in the Office of the Recorder of said County in Book 117 of Parcel Maps at Page 15.

SPECIAL TAX RATE AREA NO. 3:

That real property situate in the unincorporated area, County of Sacramento, State of California, being Parcel 4 of that certain Parcel Map filed in the Office of the Recorder of said County in Book 117 of Parcel Maps at Page 15.

SPECIAL TAX RATE AREA NO. 4:

That real property situate in the unincorporated area, County of Sacramento, State of California, being Parcel 5 of that certain Parcel Map filed in the Office of the Recorder of said County in Book 117 of Parcel Maps at Page 15.

SPECIAL TAX RATE AREA NO. 5:

That real property situate in the unincorporated area, County of Sacramento, State of California, being Parcel 6 of that certain Parcel Map filed in the Office of the Recorder of said County in Book 117 of Parcel Maps at Page 15.

SPECIAL TAX RATE AREA NO. 6:

Intentionally omitted.

EXHIBIT B

METROPOLITAN SACRAMENTO REGION AND AREA DATA

METROPOLITAN SACRAMENTO REGION AND AREA DATA

LOCATION AND AREA IDENTIFICATION

The property appraised is located in the Sacramento Metropolitan area of Northern California.

Sacramento is the California State Capital and the county seat of Sacramento County. The city is located at the confluence of the Sacramento and the American Rivers near the center of California's Central Valley, approximately 385 miles north of Los Angeles, 85 miles east of San Francisco, and 95 miles west of the Lake Tahoe resort area.

Sacramento is the center of a metropolitan area that extends from the Sierra Nevada foothills to the valley floor and from the Sacramento-San Joaquin Delta to the farm land of the southern section of the Sacramento Valley.

POPULATION CHARACTERISTICS

The population for Sacramento County is 839,900 with 292,600 people located in the incorporated City of Sacramento. The Sacramento Metropolitan Statistical Area (SMSA) has a population of 1,191,600 and includes Sacramento, Yolo, Placer and El Dorado Counties.

The Sacramento regional population experiences an approximate growth rate of 2.4% per annum. Based on this rate of growth, the SMSA population is projected at 1,687,565 for the year 2000. This population increase will have a significant impact on the regional economy.

LABOR RESOURCES

The Sacramento labor market, which draws from the Counties of Sacramento, Yolo, Placer and El Dorado, amounts to 425,000 people employed. A growth rate of 3.59% is projected to 1985.

By far, the largest segment of the labor market in the Metropolitan area is employed by government, comprising 33% of the work force. Wholesale and retail trade account for the second largest employed segment, comprising 23% of the labor force. The remaining 44% are employed in manufacturing, construction, transportation, services and other various types of employment.

TRANSPORTATION FACILITIES

The Sacramento Metropolitan area is served by an excellent transportation network, a favorable factor for the continued growth in population and business. Highway facilities are particularly good with Interstate Highway 80 and State Highway 50 being major east-west freeways and Interstate 5 and State Highway 99 being major north-south freeways. These freeways connect the downtown area with the suburbs and their intersection, just south of the Central Business District, serves as the junction of the main overland trucking routes. Delivery service is offered to all sections of the West Coast and nearly every other metropolitan area in the United States.

Rail service to all sections of the United States is provided by the Southern Pacific and the Union Pacific. In addition, there are connections to the Transcontinental, Atchison, Topeka and Santa Fe lines via the Central California Traction Company, Union Pacific and Southern Pacific at Stockton. The Sacramento Northern also provides additional freight service to Sacramento Valley markets. Amtrak provides daily passenger service to cities east, west, north and south of Sacramento.

Sacramento Metropolitan Airport provides air freight and passenger service to most principal cities in the United States. Sacramento Executive Airport provides additional facilities for private and business aircraft.

The port of Sacramento, located in eastern Yolo county across the Sacramento River from the City of Sacramento, is a deep water seaport offering shippers one of the most efficient bulk cargo facilities in the world.

Regional Transit provides Sacramento and outlying communities with public bus service. An 18.3 mile light rail system began operating in early 1987 and will be integrated with the existing Rapid Transit system.

EDUCATIONAL, SHOPPING AND RECREATIONAL FACILITIES

There are four community colleges and two universities located in the region. American River Junior College, Sacramento City College, Consumnes River Junior College and Sierra Junior College all offer a wide variety of technical training and educational courses. The University of California at Davis offers a full curriculum of undergraduate and graduate degrees in both masters and doctoral programs. California State University at Sacramento offers undergraduate and graduate programs. The School of Law at U.C. Davis, Lincoln Law School, and McGeorge School of Law, affiliated with the University of Pacific, offer fully accredited legal training.

Shopping facilities in the metropolitan area are excellent and include, in addition to the central shopping district in downtown Sacramento, several regional shopping centers in suburban area.

Recreational opportunities in the immediate metropolitan area are also excellent. The Sacramento and American Rivers, Folsom and Natoma Lakes have good public access and offer boating, water skiing, sailing, river rafting, swimming and fishing.

The area has many parks, 12 golf courses, bike and running trails. To the east, one to two hours driving, are the Sierra-nevada Mountains where recreational areas offer hunting, backpacking, river rafting and winter skiing. One to two hours to the south is the Sacramento-San Joaquin Delta, offering boating, sailing and unsurpassed fishing.

CULTURAL AMENITIES

Sacramento continues to grow as a cultural center for the Central Valley and as a tourist center for the entire county. There is strong support for and recognition of local fine art and crafts, theater and music. The area's cultural and historical resources will draw 10.5 million tourists in 1985 who will seek out Old Sacramento, the State Capitol, Sutter's fort and the Railroad Museum.

In conclusion, it appears that the economic future of Sacramento is good. A strong governmental economic base, and an efficient highway transportation system contribute to the desirability of the area. These factors, along with the projected increases in population, should cause the area to continue the growth pattern that has occurred in the recent past and result in increasing long term property values.

EXHIBIT C

QUALIFICATIONS OF APPRAISERS

RESUME OF RICHARD C. WOLCOTT, MAI

Mr. Wolcott is the Vice President of Clark-Wolcott Company, Inc., and a principal associate in the company. Prior to his association with Clark-Wolcott Company, Mr. Wolcott's experience included employment with the California Division of Highways, a principal in Urban Property Research Company and ten years of managing his own appraisal company.

Mr. Wolcott's real estate experience includes over thirty years of experience as a practicing professional appraiser. During this period he has provided appraisal and consulting services covering major classes of urban and rural real estate and a variety of valuation problems including those involving potential or actual litigation. He has provided these services throughout California, Oregon, Washington and other western states. His experience has included partial emphasis on rural, recreation and resource properties and the development potential of both urban and rural land.

Mr. Wolcott received a Bachelor of Science Degree in Agriculture Economics from the University of California. He has served as an instructor and guest lecturer for the University in the Department of Agricultural Economics at the Davis Campus and in the Real Estate Extension Division. In addition, he has been active in the education program of the American Institute of Real Estate Appraisers along with serving as an instructor in the Institute's rural, condemnation and appraisal standards courses at various locations throughout the United States from 1965 through 1988.

Mr. Wolcott has qualified and testified as an expert valuation witness in the Federal Courts of California and Oregon, the Superior Courts of California and before the Joint Ethics committee of the California Legislature. He has lectured on appraisal and valuation problems before various professional organizations and public groups.

Mr. Wolcott holds the MAI designation of the American Institute of Real Estate Appraisers and is currently certified under the Institute's program of continuing education. He has been active in the appraisal professional, being a past president of the Institute's Northern California Chapter and the Sacramento Chapter of the Society of Real Estate Appraisers. He has served as a member of the Institute's Governing Council, a Regional Vice President, and a member of the Executive Committee. Mr. Wolcott was the Appraisal Institute's National President in 1987 and instrumental in formulating the Institute's position on appraisal legislation.

PUBLICATIONS:

"Problems in Rural Real Estate Appraisal", American Institute of Real Estate Appraisers, 1968 co-author.

"Study of Appraisal Techniques and Procedures Utilized in Connection with Action Related to Federal Public Lands", Public Land Law Review Commission, 1970 co-author.

"A Commentary on Recreational Land Development and Factors of the Recreational land Market," Urban Property Research Company, 1971.

"Rural Property Valuation," American Institute of Real Estate Appraisers, 1983, co-author.

**QUALIFICATIONS OF
JEFFREY L. RIDOLFI, MAI**

PROFESSIONAL EXPERIENCE

Mr. Ridolfi was employed by the Pacific Gas and Electric Company from 1972 until 1988 and held a variety of positions related to real property matters including land surveying, mapping, right-of-way acquisition, land sales and management, eminent domain, and appraisal. Mr. Ridolfi joined the firm of Clark-Wolcott Company, Inc. in 1988.

EDUCATION

B.S. Degree in Business Administration from California State University, Chico.
Graduated 1972.

In addition, Mr. Ridolfi has attended numerous industry-sponsored seminars and lectures relating generally to real estate and covering topics of real estate appraisal and law, easement acquisition and appraisal, condemnation, and industry (market) perspectives.

American Institute of Real Estate Appraisers Courses successfully completed include:

- Course 1A (Appraisal Principles)
- Course 1B (Capitalization Theory and Techniques)
- Course 2A (Case Studies in Real Estate Valuation)
- Course 2B (Valuation Analysis and Report Writing)
- Course 4 (Condemnation Appraisal Techniques)
- Course 6 (Real Estate Investment Analysis)
- Course 7 (Industrial Valuation)
- Course 10 (Market Analysis)
- Standards of Professional Practice

PROFESSIONAL AFFILIATIONS

Member (MAI #7453) American Institute of Real Estate Appraisers
Member International Right-of-Way Association
Affiliate Member of the Sacramento County Board of Realtors