

1 **THE TUROCI FIRM**

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7 UNITED STATES BANKRUPTCY COURT

8 CENTRAL DISTRICT OF CALIFORNIA

9 RIVERSIDE DIVISION

10 In Re:

11 RIVER CREST ESTATES, LLC,

12 Debtor.

Case No.: 6:17-bk-15755SC

Chapter 11

**MOTION FOR ORDER (1) APPROVING
THE SALE OF REAL PROPERTY OF
THE ESTATE AS IS WITH ALL FAULTS
PURSUANT TO 11 U.S.C. SECTION
363(b)(1); (2) APPROVING OVERBID
PROCEDURES AS PROPOSED HEREIN;
(3) DETERMINING THAT THE
PROPOSED BUYER IS A "GOOD FAITH
PURCHASER" UNDER 11 U.S.C.
SECTION 363(m); AND (4) WAIVER OF
THE STAY UNDER FRBP 6004(h)**

HEARING:

DATE: 11/14/17

TIME: 1:30 P.M.

PLACE: VIDEO COURTROOM 126

US BANKRUPTCY COURT

3420 TWELFTH ST

RIVERSIDE CA 92501

**[Real Property: Vacant Land APN 220-04-
137, Bullhead City, AZ]**

1 **TO THE HONORABLE SCOTT CLARKSON, UNITED STATES BANKRUPTCY**
2 **JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE AND ALL INTERESTED**
3 **PARTIES:**

4 River Crest Estates, LLC ("Debtor") hereby brings this motion for an order approving the
5 sale of real property of the estate as is with all faults, subject to overbid.

6 The Court has jurisdiction in this matter pursuant to 28 U.S.C. sections 134 and 157.

7 **SUMMARY**

8 Debtor has received an offer from Roger Jaegar ("Buyer") to purchase the real property
9 that it owns. Declaration of Earl Coleman, attached hereto; Declaration of Roger Jaegar, attached
10 hereto. The real property is vacant land located in Bullhead City, Arizona (the "Property"), more
11 fully described in Exhibit 1 attached hereto. Buyer's offer is for \$665,000¹ plus a 15% share in
12 the development profits, subject to overbids. See Real Estate Purchase and Sale Agreement ("the
13 Purchase Agreement"), attached hereto as Exhibit 2; Coleman Declaration; Jaegar Declaration.
14 There are no liens on the Property other than for unpaid property taxes, which will be paid through
15 escrow. Coleman Declaration. Through the sale, Debtor is expected to net approximately \$1.5
16 million for the benefit of the bankruptcy estate and its creditors. Coleman Declaration; Jaegar
17 Declaration.

18 **RELEVANT FACTS**

19 **A. Case Background**

20 Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code on
21 July 10, 2017 ("Petition Date"). Debtor is a debtor in possession pursuant to 11 U.S.C section
22 1107(a).²

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27 ¹ This price includes the development plans owned by River Crest Development, LLC. See sections B and C.

28 ² All statutory references are to Title 11 of the United States Code unless otherwise specified.

1 **B. The Property**

2 Debtor listed the Property on Schedule A/B with a value of \$665,000. The only debt
3 against the Property is for unpaid property taxes to the Mojave County Treasurer.³ Since the
4 Petition Date, the property was appraised for \$630,000 on September 11, 2017. See Appraisal,
5 attached hereto as Exhibit 3; see also Declaration of Wade Clark attached hereto.

6 The Property is approximately 22 acres of vacant land that has been approved for a “55
7 and older” planned residential community. Coleman Declaration. Over the past several years,
8 Debtor and its affiliate River Crest Development, LLC (“RCD”) have started the planning and
9 subdivision process for the Property. Id. RCD owns the development plans for the Property (the
10 “Plans”), which it values at \$75,000.⁴

11 **C. The Terms of Sale**

12 Buyer has offered to purchase the Property along with the Plans for \$665,000 plus a 15%
13 share in the profits of the developed Property. Ex. 2. The purchase price is allocated \$590,000 for
14 the Property and \$75,000 for the Plans.

15 Buyer will pay \$165,000 as a down payment with \$75,000 to go to RCD for the Plans and
16 \$90,000 to go to Debtor towards the Purchase Price of the Property. Debtor will then receive a
17 note and deed of trust on the property for \$500,000. The unpaid principal balance will earn 5%
18 interest per annum. Payments will be due on the note when lots are sold. Additionally, Debtor
19 will receive 15% of the profits from the development. See Exhibit 2 for full details.

20 The Property and Plans are being sold as is with all faults. Debtor is making no
21 representations, warranties, either express or implied, as to the Property’s condition, prior or
22 present uses, or otherwise.

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26 ³ Debtor is in the process of obtaining a Preliminary Title Report and will supplement this motion with it when
received.

27 ⁴ River Crest Development, LLC is in its own Chapter 11 proceeding, case number 6:17-bk-15757SC. RCD has
28 brought a motion to sell the development plans in its case and will be heard simultaneously with this motion.

D. Employment of Real Estate Broker, Marketing Efforts and Basis for the Value of the Property

Debtor is not using a real estate broker for this sale. Coleman Declaration. The Property has not been listed with a real estate broker. *Id.* The purchase price of the Property is based on the recent appraisal. Ex. 3.

The Property is in the process of being developed into a “55 and Over” residential community with approximately 120 homes. Coleman Declaration. The value to the Property is not its current raw land state but its development potential. Debtor’s best option is selling the Property to an experienced developer, who can undertake the development process and complete the planned community.

Debtor believes this sale is the best possible option because it enables Debtor to participate in the profits as well as sell the Property and Plans for a fair price. Moreover, the sale is subject to overbids, so it is anticipated that Debtor will receive the best and highest value for the Property.

All costs of sale including escrow fees, will be paid at closing along with all outstanding real property taxes.

E. Qualifications of Buyer

The Buyer, Roger Jaegar, has been in the construction business for 40 years. Jaegar Declaration; Resume of Roger Jaegar and letters of reference, attached hereto as Exhibit 4. He has worked as the project manager for residential developments including housing tracts and apartment complexes. Jaegar Declaration. He has also built commercial and industrial complexes. *Id.* Attached as Exhibit 5 is a bank statement showing the down payment.

Buyer is well-suited to purchase and develop the Property. His experience in large construction projects is extensive and will enable him to complete the sale, complete the project, and maximize the return to Debtor and ultimately its creditors.

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Debtor estimates the following proceeds from the down payment:

OVERBID PROCEDURES

3. Overbids must be accompanied by certified funds in an amount equal to 5% of the overbid purchase price.

1 4. The bidder must also provide evidence of having sufficient specifically committed
2 funds to complete the transaction, or a lending commitment for the bid amount and such
3 other documentation relevant to the bidder's ability to qualify as the purchaser of the
4 Property and ability to close the sale and immediately and unconditionally pay the winning
5 bid purchase price at closing.

6 5. The bidder must seek to acquire the Property on terms and conditions not less
7 favorable to the Estate than the terms and conditions to which the Buyer has agreed to
8 purchase the Property as set forth in Exhibit 2 including the provision that the bidder must
9 perform within the same time frame as the Buyer is obligated to perform under the Purchase
10 Agreement

11 6. All competing bids must acknowledge that the Property is being sold on an "AS IS"
12 basis without warranties of any kind, expressed or implied, being given by Debtor
13 concerning the condition of the Property, the quality of the title thereto, or any other matters.
14 Bidders are purchasing the Property as a result of their own investigations and are not
15 buying the Property pursuant to any representation made by any broker, agent, accountant,
16 attorney, or employee acting at the direction or on behalf of Debtor. Bidders must
17 acknowledge that they have inspected the Property, and upon closing of escrow, bidders
18 forever waive for themselves and their heirs, successors, and assigns, all claims against the
19 bankruptcy estate, Debtor, its attorneys, agents, and employees.

20 7. If overbids are received, the final bidding round for the Property shall be held at the
21 hearing on this motion in order to allow all potential bidders the opportunity to overbid and
22 purchase the Property. At the final bidding round, Debtor or its counsel will in the exercise
23 of their business judgment and subject to court approval, accept the bidder who has made
24 the highest and best offer to purchase the Property, consistent with the Bidding Procedures
25 ("Successful Bidder").

26 8. At the hearing on the Motion, the Debtor will seek entry of an order, inter alia,
27 authorizing and approving the sale of the Property to the Successful Bidder. The hearing
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1 on the motion may be adjourned or rescheduled without notice other than by an
2 announcement of the adjourned date at the hearing on the motion.

3 9. In the event the Successful Bidder fails to close on the sale of the Property within
4 the time parameters approved by the Court, the Successful Bidder's deposit shall be non-
5 refundable, and that forfeiture shall be construed as liquidated damages. Debtor will be
6 released from its obligation to sell the Property to the Successful Bidder. Debtor may then
7 sell the Property to the first back-up bidder approved by the Court at the hearing on the
8 motion.

9 A Notice of Sale of Estate Property will be filed with the court so that notice of the sale of
10 the Property may be posted on the court's website under the link "Current Notices of Sales,"
11 thereby giving notice to any potential interested parties.

12 Based on the forgoing, the Debtor believes that under the circumstances of this case, the
13 Property will have been appropriately marketed for bidding.

14 **THE SALE IS IN THE BEST INTERESTS OF THE ESTATE AND CREDITORS**

15 Section 363(b)(1) provides that "[t]he trustee, after notice and a hearing, may use, sell, or
16 lease, other than in the ordinary course of business, property of the estate" A debtor in
17 possession under chapter 11 has virtually of the rights and powers of a trustee, including the power
18 to sell under section 363(b). 11 U.S.C. § 1107(a).

19 Courts will ordinarily approve a proposed sale if there is a good business reason for the
20 sale and the sale is in the best interest of the estate. *In re Wilde Horse Enterprises, Inc.*, 136 B.R.
21 830, 841 (Bankr. C.D. Cal. 1991); *In re Lionel Corp.*, 722 F.2d 1063, 1069 (2nd Cir. 1983). The
22 trustee, or in this case the debtor in possession, is given substantial deference and discretion in this
23 regard. *See In re Canyon Partnership*, 55 B.R. 520 (S.D. Cal. 1985).

24 In this case, the Property is Debtor's main asset. Debtor does not have the resources to
25 continue to develop the Property itself, and therefore must sell the Property. Debtor is proposing
26 to sell the Property for its current value plus 15% of the profits as the individual lots are sold.
27 Debtor and the Buyer anticipate that it will take approximately five years to fully develop the
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1 property and sell all of the lots. During that time, Debtor will be earning interest on the balance
2 of the purchase price. Bankruptcy reorganization plans routinely last five years and even longer,
3 so the length of time in full payment to Debtor and the resulting payments to creditors is not
4 unusual.

5 Debtor and Buyer anticipate that the development when completed will result in net profits
6 of approximately \$6 million, which will give Debtor and RCD an estimated \$900,000 in addition
7 to the sale price of the Property. If the Property were to be sold in a normal lump sum transaction,
8 it would have to sell for an amount significantly higher than its current value in order for Debtor
9 and its creditors to realize a similar gain.

10 **BUYER IS A GOOD FAITH PURCHASER**

11 Debtor seeks an order determining that Buyer is a “good faith purchaser” within the context
12 of section 363(m) so that any appeal of the order granting this motion, even if successful, will not
13 affect the validity of the sale unless a stay pending appeal is obtained.

14 Buyer participated in the negotiations of the Purchase Agreement. Coleman Declaration;
15 Jaegar Declaration. He is not a relative, general partner, member, or creditor of Debtor, RCD, or
16 Debtor’s principal so he is not insider as defined in section 101(31). Coleman Declaration; Jaegar
17 Declaration. There is no relationship between Debtor, RCD, and Buyer. Coleman Declaration;
18 Jaegar Declaration. Buyer knows Earl Coleman, Debtor’s general manager, and has had business
19 dealings with him before that were wholly unrelated to Debtor or RCD. Coleman Declaration;
20 Jaegar Declaration.

21 The proposed sale is an arms-length transaction and is proposed in good faith. Thus Buyer
22 is a “good faith purchaser” and this Court should make that finding.

23 **WAIVER OF 14-DAY STAY**

24 Federal Rule of Bankruptcy Procedure 6004(h) provides that “[a]n order authorizing the
25 use, sale or lease of property other than cash collateral is stayed until the expiration of 14 days
26 after entry of the order, unless the Court orders otherwise.” Fed. Rule Bankr. P. 6004(h).

1 Debtor desires to close the sale of the Property as soon as practicable after entry of an order
2 approving the sale. Accordingly, Debtor requests that the Court waive the 14-day stay requirement.

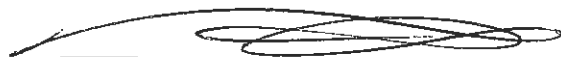
3 **WHEREFORE**, based upon the foregoing, Debtor respectfully submits that good cause
4 exists for granting the motion and requests that the Court enter an order as follows:

- 5 1. Approving the Bidding Procedures set forth above for the sale of the Property;
- 6 2. Authorizing Debtor to sell the Property on an as-is, where-is basis, without any
7 warranties or representations, to the Buyer (or Successful Bidder) pursuant to the terms and
8 conditions as set forth in the Purchase Agreement attached as Exhibit 2;
- 9 3. Authorizing Debtor to pay from the proceeds of the sale of the Property all ordinary
10 and customary costs of sale, including escrow fees;
- 11 4. Authorizing Debtor to sign any and all documents convenient and necessary in
12 pursuit of the sale as set forth above, including but not limited to any and all conveyances
13 contemplated by the Purchase Agreement;
- 14 5. Determining that Buyer is a good faith purchaser pursuant to section 363(m);
- 15 6. Waiving the 14-day stay of the order approving the sale of the Property under
16 Federal Rule of Bankruptcy Procedure 6004(h); and
- 17 7. For such other and further relief as the Court deems just and proper under the
18 circumstances.

19 Respectfully submitted,

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21 Dated: 10/16/17

THE TUROCI FIRM

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24 Todd Turoci
25 Attorney for River Crest Estates, LLC
26 Debtor and Debtor in Possession
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DECLARATION

DECLARATION OF EARL COLEMAN

I, Earl Coleman, declare and state as follows:

I am the General Manager of River Crest Estates, LLC, the debtor herein. I have personal knowledge of the facts alleged herein and if called upon as a witness, I could and would competently testify thereto.

1. Debtor has received an offer from Roger Jaegar ("Buyer") to purchase the real property that it owns. The real property is vacant land located in Bullhead City, Arizona (the "Property"), more fully described in Exhibit 1 attached hereto. The Property is approximately 22 acres of vacant land that has been approved for a "55 and older" planned residential community. Over the past several years, Debtor and its affiliate River Crest Development, LLC ("RCD") have started the planning and subdivision process for the Property. RCD owns the development plans for the Property (the "Plans"), which it values at \$75,000.

2. The purchase price for the Property and the Plans is \$665,000 plus a 15% share in the development profits. A true and correct copy of the Real Estate Purchase and Sale Agreement is attached hereto as Exhibit 2. The purchase price is allocated \$590,000 for the Property and \$75,000 for the Plans. There are no liens on the Property other than for unpaid property taxes to the Mojave County Treasurer of approximately \$6,000, which will be paid through escrow.

3. This sale should net Debtor approximately \$1.5 million for the benefit of the bankruptcy estate and its creditors. This consists of \$590,000 plus interest from the purchase price and an estimated \$900,000 from the share of the profits.

4. Debtor is not using a real estate broker for this sale. The Property has not been listed with a real estate broker. The value to the Property is not its current raw land state but its development potential. Debtor's best option is selling the Property to an experienced developer, who can undertake the development process and complete the planned community.

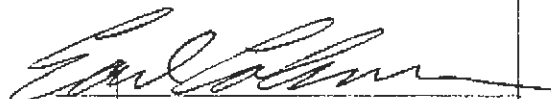
5. I believe this sale is the best possible option because it enables Debtor to participate in the profits as well as sell the Property and Plans for a fair price.

6. I have reviewed the Plans with Mr. Jaegar as well as discussed his own additional plans for the development. We anticipate that it will take approximately five years to fully develop the

1 property and sell all of the lots. We expect that the net profits of the completed development will
2 be approximately \$6 million. This will give Debtor and RCD an estimated \$900,000 in addition
3 to the sale price of the Property.

4 7. Mr. Jaegar participated in the negotiations of the Purchase Agreement. He is not a relative,
5 general partner, member, or creditor of Debtor, RCD, or me. There is no relationship between
6 Debtor or RCD and Mr. Jaegar. I personally have known Mr. Jaegar for many years. I have had
7 several business dealings with him before that were wholly unrelated to Debtor or RCD.

8 I declare under penalty of perjury under the laws of the United States that the foregoing is
9 true and correct to the best of my knowledge. Executed this 6th day of October, 2017 at Temecula,
10 California.

11 
12 Earl Coleman

DECLARATION

DECLARATION OF ROGER JAEGER

I, Roger Jaegar, declare and state as follows:

I have personal knowledge of the facts alleged herein and if called upon as a witness, I could and would competently testify thereto.

1. I have made an offer to purchase the real property owned by Debtor along with the development plans for the Property owned by River Crest Development, LLC. The purchase price for the Property and the Plans is \$665,000 plus a 15% share in the development profits. A true and correct copy of the Real Estate Purchase and Sale Agreement is attached hereto as Exhibit 2. The purchase price is allocated \$590,000 for the Property and \$75,000 for the Plans. I will pay \$165,000 upon opening of Escrow and offer a non-recourse Note and Deed of Trust in the amount of \$500,000 to cover the balance. This note will bear an interest rate of 5%. The Note will be repaid to the Debtor on a pro-rata basis as the units are sold. In addition, the Debtor's share of the profits will be distributed to Debtor as the units are sold. I anticipate sales to begin in one year from close of escrow.

2. I have been in the construction business for 40 years. A true and correct copy of my resume along with reference letters are attached hereto as Exhibit 4. During that time, I have worked as the project manager for several large developments. I have the knowledge and experience to develop this Property. In addition, I have the financial wherewithal to do the project. My net worth is over \$3 Million and my credit score is over 750. I have already received interest commercial real estate bankers regarding funding this project (see Gladberry letter attached). I have cash equal to \$165,000 at my disposal now to close this deal. A true and correct copy of a bank account statement for one of my businesses is attached hereto as Exhibit

5.

3. I have reviewed the Plans with the General Manager of the Debtor, Earl Coleman, as well as discussed my own additional plans for the development. I anticipate that it will take approximately five years to fully develop the property and sell all of the lots. Based on this experience I expect the profit from the project to be about \$6 million, this would net the debtor an additional \$900,000 above the initial purchase price.

1 4. I participated in the negotiations of the Purchase Agreement. I am not a relative, general
2 partner, member, or creditor of Debtor, RCD, or Mr. Coleman. I have no relationship with
3 Debtor or RCD. I personally have known Mr. Coleman for many years. I have had several
4 business dealings with him before that were wholly unrelated to Debtor or RCD.

5 I declare under penalty of perjury under the laws of the United States that the foregoing is
6 true and correct to the best of my knowledge. Executed this 16th day of October, 2017 at
7 Temecula, California.

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9 /s/ Roger Jager
10 Roger Jaeger
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DECLARATION

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DECLARATION OF WADE CLARK

1, Wade Clark, hereby declare as follows:

1. I am over the age of 18 and a resident of the State of Arizona. I have personal knowledge of the following facts, and if called upon to testify in this action, I could and would testify competently thereto.

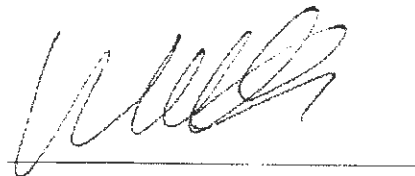
2. I have been a real estate appraiser since 1985 and have been certified by the State of Arizona since 1991

3. On September 11, 2017, I appraised the vacant land located at North of Ramar Road, West of Goldrush Road, Bullhead City, Mohave County, Arizona. (hereinafter "the subject property").

4. I am familiar with the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Standards Board of The Appraisal Foundation and I appraised the subject property in accordance with those standards.

5. I personally inspected the subject property and based upon that inspection, market research, my experience, training and all other factors that compromise a real estate appraisal, I concluded that the subject property had a fair market value of approximately \$630,000.00 as of September 11, 2017.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct to the best of my knowledge. Executed this 13th day of October, 2017 at Tucson, Arizona.



Wade Clark

EXHIBIT 1

LEGAL DESCRIPTION OF THE PROPERTY

The following is that provided by the Mohave County Assessor:

**SEC 24 T20N R22W PARCEL 1 OF PP 2/28 RECORDED 2/15/84 FEE # 84-5417 NOT INCLUDING:
COMMENCING AT THE N4 CORNER OF SAID SEC 24; TH S00DEG05'43"W 1389.89' ALONG
THE E LINE OF SAID NW4; TH S89DEG49'18"W 40' TO A POINT ON THE WLY R/W LINE OF
GOLDRUSH RD PER SAID PP, SAID POINT ALSO THE TPOB; TH S00DEG05'43"W 497.82' ALONG
SAID WLY R/W LINE OF GOLDRUSH RD; TH N43DEG54'51"W 692.16' ALONG THE NELY LINE OF
PARCEL B OF SAID PP; TH N89DEG54'17"E 480.90' TO THE TPOB AND NOT INCLUDING RIVER
CREST ESTATES TRACT 5186 UNIT 1 RECORDED 2/28/2011 FEE # 2011011161 CONT. 916,462
SQ FT / 21.04 AC 220-04-137 (220-04-138 AND 220-62-001 THRU 009 & PARCEL A)**

EXHIBIT 2

REAL ESTATE PURCHASE AND SALE AGREEMENT

This Real Estate Purchase and Sale Agreement (this "Agreement") is made and entered into as of October 16, 2017 (the "Effective Date"), by and between River Crest Estates, LLC, Debtor-in-Possession of Chapter 11 Case No. 6:17-bk-15755SC ("RCE"), River Crest Development, LLC, Debtor-in-Possession of Chapter 11 Case No. 6:17-bk-15757SC ("RCD") (collectively with RCE "Sellers"), and Roger A. Jaeger, or Assignee¹ (the "Buyer"). As used herein the term "Buyer" shall also mean the successful overbidder, if any, at any auction of the Property as defined herein.

RECITALS

A. RCE is the owner of approximately 22 acres of real property located in Bullhead Arizona, more particularly described in Exhibit "A" attached hereto (the "Property"). RCD is the owner of the development plans for the Property (the "Plans").

B. RCE and RCD desire to sell and Buyer desires to purchase the Property and Plans on the terms and conditions set forth herein (the "Sale").

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals, which are hereby incorporated into this Agreement as if fully set forth herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Buyer and Sellers agree as follows:

I. Escrow Instructions. This Agreement also constitutes the joint instructions of Buyer and Sellers to Escrow Holder for the conveyance of the Property. Buyer and Sellers shall execute, deliver and be bound by any reasonable or customary supplemental or additional escrow instructions ("Additional Instructions") of Escrow Holder or other instruments as may be reasonably required by Escrow Holder in order to consummate the transaction contemplated by this Agreement. In the event of any conflict or any inconsistency between this Agreement and such Additional Instructions, this Agreement shall govern unless otherwise specifically agreed to in writing by the Parties.

2. Purchase and Sale. Sellers agree to sell to Buyer, and Buyer agrees to purchase from Sellers, on and subject to the terms and conditions set forth herein, all of the Sellers' right, title and interest in and to the Property and Plans as is and with all faults. Said sale shall be free and clear of all liens and encumbrances as hereinafter provided.

3. Purchase Price. The purchase price for the Property and Plans shall be Six Hundred Sixty-Five Thousand Dollars (\$665,000.00) plus RCE will receive a Fifteen Percent

¹ Whereas Mr. Jaeger is the individual who intends to buy the property and development plans, if he is successful in his bid, his intent is to take title in the name of a newly created LLC.

(15%) share in the profits realized in the development and eventual sale of the housing units planned for the Property (the "Purchase Price"). The \$665,000 price is allocated \$75,000 to RCD for the Plans and \$590,000 to RCE for the Property. Except for the Deposit, the Purchase Price shall be paid through Escrow as follows:

3.1 Within five (5) days following the entry of an order of the United States Bankruptcy Court authorizing the Debtor to consummate the sale contemplated by this Agreement (the "Effective Date") Sellers and Buyer shall open an escrow (the "Escrow") with First American Title Company ("Escrow Agent") or any other reputable escrow company upon which the Parties may agree, for the conveyance of the Property to Buyer. Escrow shall be deemed open on the date Escrow Holder receives a copy of this Agreement, fully executed by the Parties ("Opening of Escrow"). Buyer and Sellers shall each execute and deliver to the Escrow Agent such escrow instructions as the Escrow Agent may reasonably require in consummate the purchase and sale of the Property in accordance with the terms of this Agreement. The escrow instructions shall not modify or amend the provisions of this Agreement and in the event of any conflict between any escrow instructions executed by the parties and this Agreement, this Agreement will control.

3.2 Concurrent with the opening of Escrow, Buyer shall deliver to the Escrow Agent the sum of One Hundred Sixty-Five Thousand Dollars (\$165,000.00) in the form of a cashier's check and payable to Escrow. Said amount shall represent Buyer's deposit on account of the Purchase Price (the "Deposit").² Escrow shall hold the Deposit until such time as the Bankruptcy Court has entered final non-appealable orders authorizing Sellers to consummate the sale contemplated by this Agreement.

4. Close of Escrow Deliveries.

4.1 The purchase and sale of the Property and Plans will be accomplished through the Escrow. "Close of Escrow" is defined to be the date the Grant Deed from RCE to Buyer is recorded in the Official Records of Riverside County, California. Close of Escrow shall occur within sixty (60) days from the Opening of Escrow.

4.2 RCE shall deposit the following items with the Escrow Agent at least two (2) business days prior to the Close of Escrow (and shall cause such items to be delivered to Buyer at the Close of Escrow):

4.2.1 Certified copy of the Bankruptcy Court Order Authorizing the Sale of the Property to the Buyer;

4.2.2 the Grant Deed, duly executed and acknowledged by the RCE, transferring and conveying the Property to Buyer.

4.3 Buyer shall execute and deliver a Note and Blanket Deed of Trust in favor of RCE in the amount of \$500,000 bearing an annual interest rate of Five Percent (5%) to be

² Seventy-Five Thousand Dollars (\$75,000) of this deposit shall be used to purchase the Plans, and Ninety Thousand (\$90,000) shall be applied towards the purchase of the Property.

recorded against the Property and to be released on a pro-rata basis as the individual homes are developed and sold.

4.4 Buyer shall execute and deliver additional documentation to be recorded against the Property guaranteeing profit participation to RCE at the rate of Fifteen Percent (15%) to be paid upon the sale of each developed lot.

5. Sellers' Disclosures.

5.1 Approval of Bankruptcy Court. The Sale is subject to notice requirements of the U.S. Bankruptcy Code, and approval of the U.S. Bankruptcy Court. Buyer acknowledges that such requirements of the Bankruptcy Code include but are not limited to the requirement that the Sale shall be subject to auction and overbid.

5.2 The United States Bankruptcy Court, Central District of California, retains full jurisdiction over all matters now pending or that may arise at any time in the future concerning any aspects of this transaction.

5.3 If the Sellers are unable to complete the escrow/sale because of unknown defects in the title, or because the liens and encumbrances exceed the amounts known to the Sellers, or by being divested of title by the Bankruptcy Court, or because the income tax consequences of the sale are excessive, or for any other reason, Sellers in their absolute discretion may cancel any escrow or rescind and contract to sell. In such case Buyer's sole damages will be limited to the refund of the Deposit less escrow charges. The Buyer shall have no other right to damages.

5.4 Sellers must approve in writing all disbursements from Escrow. Escrow is not authorized to disburse any funds to anyone without the prior written approval of the Sellers.

6. Property and Plans Sold AS-IS and with All Faults.

6.1 Sellers are fiduciaries in bankruptcy, acting in the course of administration of their separate bankruptcy estates known as In re River Crest Estates, LLC, Case Number 6:17-bk-15755SC and In re River Crest Development, LLC, Case Number 6:17-bk-15757SC now pending in the United States Bankruptcy Court, Central District of California, Riverside Division, located at 3420 Twelfth Street, Riverside, California. Sellers are selling the Property and Plans pursuant to the provisions of the Bankruptcy Code and the Bankruptcy Court Orders issued thereunder. Sellers are selling the property in an "as is" condition, with all faults, free and clear of all liens and encumbrances. Sellers make no warranties or representations whatsoever pursuant to California Civil Code Sections 1102-1102.13, or any other provision of California law or otherwise, except as expressly set forth pursuant to terms of the sales agreement and escrow agreement; this Sale is under the auspices and full jurisdiction of the United States Bankruptcy Court.

6.2 Except as otherwise expressly provided in this Agreement, Sellers disclaim the making of any representations or warranties, express or implied, regarding the Property or the Plans or their value or matters affecting the Property, including, without

limitation, the physical condition of the Property, title to or the boundaries of the Real Property, pest control matters, soil condition, hazardous waste, toxic substance or other environmental matters, compliance with the Americans with Disabilities Act of 1990, Fair Housing Act of 1968 (as amended) or other building, health, safety, land use and zoning laws, regulations and orders, structural and other engineering characteristics, traffic patterns and all other information pertaining to the Property. Buyer, moreover, acknowledges (a) that Sellers did not develop or construct the Property, (b) Buyer has entered into this Agreement with the intention of making and relying upon its own investigation of the physical environmental economic and legal condition of the Property and (c) that Buyer is not relying upon any representations and warranties, other than those specifically set forth in this Agreement, made by Sellers or anyone acting or claiming to act on Sellers' behalf concerning the Property, Plans, or their value. Buyer further acknowledges that it has not received from Sellers any accounting, tax, legal, architectural, engineering, property management or other advice with respect to this transaction and is relying solely upon the advice of its own accounting, tax, legal, architectural, engineering, property management and other advisors. Buyer agrees that the Property and Plans are to be sold to and accepted by Buyer in its "AS IS" condition and WITH ALL FAULTS on the Closing Date and assumes the risk that adverse physical, environmental, economic or legal conditions may not have been revealed by its investigation.

6.3 Release. Except with respect to any claims arising out of any breach of covenants, representations or warranties set forth in this Agreement, Buyer, for himself and his agents, affiliates, successors and assigns, hereby (a) releases and forever discharges and (b) holds harmless and indemnifies Seller, his agents, partners, affiliates, successors and assigns from any and all rights, claims and demands at law or in equity, whether past, present or future, and whether known or unknown at the time of this Agreement, arising out of the physical condition of the Property.

BUYER HEREBY SPECIFICALLY WAIVES THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE AND ANY SIMILAR LAW OF ANY OTHER STATE, TERRITORY OR JURISDICTION. SECTION 1542 PROVIDES:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

BY ITS INITIALS IMMEDIATELY BELOW, BUYER HEREBY SPECIFICALLY ACKNOWLEDGES THAT BUYER HAS CAREFULLY REVIEWED THIS PARAGRAPH AND DISCUSSED ITS IMPORTANCE WITH LEGAL COUNSEL AND THAT THE PROVISIONS OF THIS PARAGRAPH ARE A MATERIAL PART OF THIS AGREEMENT.
Buyer's Initials:

R.J.

7. Sellers' Representations and Warranties. Sellers hereby represent and warrant to Buyer that the following are true and correct as of the date hereof and shall be true and correct as of the Close of Escrow:

7.1 RCE has and shall convey to Buyer at the Close of Escrow by Grant Deed all its right, title, and interest in and to the Property, free and clear of all liens and encumbrances pursuant to that certain Bankruptcy Court Order authorizing the sale of the Property.

7.2 RCD has and shall convey to Buyer at the Close of Escrow all its right, title, and interest in and to the Plans, free and clear of all liens and encumbrances pursuant to that certain Bankruptcy Court Order authorizing the sale of the Property.

8. Buyer's Representations and Warranties. Buyer hereby represents and warrants to Sellers that the following are true and correct as of the date hereof and shall be true and correct as of the Close of Escrow.

8.1 Buyer, has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transactions contemplated hereby;

8.2 All requisite action (corporate, trust, partnership or otherwise) has been taken by Buyer in connection with the entering into of this Agreement, the instruments referenced herein, and the consummation of the transactions contemplated hereby;

8.3 No consent of any partner, beneficiary, creditor, investor, judicial or administrative body, authority or other party is required which has not been obtained; and

8.4 This Agreement and all documents required hereby to be executed by Buyer are and shall be valid, legally binding obligations of and enforceable against Buyer in accordance with their terms.

9. Conditions to Buyer's Obligations. The following are conditions to the Close of Escrow and the obligation of Buyer, to purchase the Property:

9.1 The Sellers shall have performed all their obligations under this Agreement on or before the Close of Escrow, and the Sellers' representations and warranties hereunder shall be true at and as of the Close of Escrow as if made as of such time.

9.2 The Bankruptcy Court shall have approved this Sale.

The foregoing conditions are created for the benefit of the Buyer only, and may be waived by the Buyer in writing to the Sellers and the Escrow Agent. Sellers may not waive any of the foregoing conditions.

10. Conditions to Sellers' Obligations. The following are conditions to the Close of Escrow and the obligations of Sellers to sell the Property:

10.1 Buyer shall have delivered the Purchase Price, and all other funds, documents, and instruments provided for in this Agreement to the Escrow Agent within the time limits provided for herein;

10.2 No suit, action, arbitration or other proceeding shall be pending before any court or governmental agency as of the Close of Escrow, which may result in the restraint or prohibition of the purchase and sale of the Property; and

10.3 Buyer shall have performed all of its other obligations under this Agreement required to be performed on or before the Close of Escrow, and the Buyer's representations and warranties hereunder shall be true at and as of the Close of Escrow as if made as of such time.

10.4 The Bankruptcy Court shall have approved this Sale.

The foregoing conditions are created for the benefit of the Sellers only and may be waived by Sellers in writing to Buyer and the Escrow Agent. Buyer may not waive any of the foregoing conditions.

11. Prorations. All real property taxes and assessments for the current tax year levied or assessed against the Property shall be prorated between RCE and Buyer as of the day immediately preceding the Close of Escrow. The non-delinquent portions of all bonds, special taxes, improvements taxes and/or assessments relating to the Property shall be assumed by Buyer at the Closing without any credit toward the Purchase Price.

12. Closing Costs. RCE and Buyer shall each pay one-half (1/2) of the Escrow Agent's fees and such other Closing Costs as are usual and customary for costs incurred in connection with the closing of real property sales escrows in Riverside County, California.

13. LIQUIDATED DAMAGES ON BUYER'S DEFAULT. BUYER AND SELLERS HEREBY ACKNOWLEDGE AND AGREE THAT IF BUYER FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY AND PLANS AS A RESULT OF A DEFAULT BY BUYER ("BUYER DEFAULT"), SELLERS WILL SUFFER DAMAGES IN AN AMOUNT WHICH WILL, DUE THE SPECIAL NATURE OF THE TRANSACTION CONTEMPLATED BY THIS AGREEMENT AND THE SPECIAL NATURE OF THE NEGOTIATIONS WHICH PRECEDED THIS AGREEMENT, BE IMPRACTICAL OR EXTREMELY DIFFICULT TO ASCERTAIN. IN ADDITION, BUYER WISHES TO HAVE A LIMITATION PLACED UPON THE POTENTIAL LIABILITY OF BUYER TO SELLERS IN THE EVENT OF A BUYER DEFAULT, AND WISHES TO INDUCE SELLERS TO WAIVE OTHER REMEDIES WHICH SELLERS MAY HAVE IN THE EVENT OF SUCH A BUYER DEFAULT. BUYER AND SELLERS, AFTER DUE NEGOTIATION AND GIVING DUE CONSIDERATION TO THE ACTUAL DAMAGES SELLERS COULD SUFFER IN THE EVENT OF A BUYER DEFAULT, HEREBY ACKNOWLEDGE AND AGREE THAT THE AMOUNT OF THE DEPOSIT AND ALL ACCRUED INTEREST THEREON REPRESENTS A REASONABLE ESTIMATE OF THE DAMAGES SELLER WILL SUSTAIN IN THE EVENT OF A BUYER DEFAULT.

BUYER AND SELLERS HEREBY AGREE THAT IF BUYER FAILS TO PURCHASE THE PROPERTY AS A RESULT OF A BUYER DEFAULT, SELLERS SHALL BE ENTITLED TO TERMINATE THE AGREEMENT UPON WRITTEN NOTICE TO BUYER AND THE ESCROW AGENT, AND THE ESCROW AGENT SHALL PAY TO SELLERS AND SELLERS SHALL BE ENTITLED TO RETAIN THE DEPOSIT AND ALL ACCRUED INTEREST THEREON AS LIQUIDATED DAMAGES. SUCH RETENTION OF THE DEPOSIT AND INTEREST BY SELLERS IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLERS PURSUANT TO SECTIONS 1671, 1676, AND 1677 OF THE CALIFORNIA CIVIL CODE, AND SHALL NOT BE DEEMED TO CONSTITUTE A FORFEITURE OR PENALTY WITHIN THE MEANING OF SECTIONS 3275 OR 3369 OF THE CALIFORNIA CIVIL CODE, OR ANY SIMILAR PROVISIONS. THE LIQUIDATED DAMAGES PROVIDED FOR HEREUNDER SHALL BE SELLERS' SOLE AND EXCLUSIVE REMEDY (WHETHER AT LAW OR IN EQUITY) IN THE EVENT BUYER FAILS TO PURCHASE THE PROPERTY AS A RESULT OF A BUYER DEFAULT, ALL OTHER CLAIMS TO DAMAGES OR OTHER REMEDIES (INCLUDING BUT NOT LIMITED TO, SPECIFIC PERFORMANCE) BEING HEREIN EXPRESSLY WAIVED BY SELLERS. FOLLOWING TERMINATION OF THIS AGREEMENT, CANCELLATION OF THE ESCROW AND RETENTION OF THE DEPOSIT AND ACCRUED INTEREST AS LIQUIDATED DAMAGES PURSUANT TO THIS PARAGRAPH, ALL OF THE RIGHTS AND OBLIGATIONS OF BUYER AND SELLERS UNDER THIS AGREEMENT SHALL BE TERMINATED.

BUYER AND SELLERS ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE PROVISIONS OF THIS PARAGRAPH AND BY THEIR INITIALS IMMEDIATELY BELOW, AGREE TO BE BOUND BY ITS TERMS.

Seller RCD:

Seller RCE:

Buyer:

R.J.

14. Default by Sellers: If Sellers defaults in their obligation to sell and transfer the Property and Plans to Buyer at the Close of Escrow, Buyer's sole remedy shall be the return of the Deposit less costs as contemplated in paragraph 5.3 above.

15. Possession. Possession of the Property and Plans shall be delivered to Buyer upon the Close of Escrow.

16. Cancellation Costs. In the event of any cancellation and termination of the Escrow and this Agreement by mutual agreement of the Buyer and Sellers, any cancellation costs shall be paid from the Buyer from the Deposit.

17. No Party Deemed Drafter. In the event of a dispute between any of the parties hereto over the meaning of this Agreement, no party shall be deemed to have been the drafter hereof and the principle of law that contracts are construed against the drafter does not apply.

BUYER AND SELLERS HEREBY AGREE THAT IF BUYER FAILS TO PURCHASE THE PROPERTY AS A RESULT OF A BUYER DEFAULT, SELLERS SHALL BE ENTITLED TO TERMINATE THE AGREEMENT UPON WRITTEN NOTICE TO BUYER AND THE ESCROW AGENT, AND THE ESCROW AGENT SHALL PAY TO SELLERS AND SELLERS SHALL BE ENTITLED TO RETAIN THE DEPOSIT AND ALL ACCRUED INTEREST THEREON AS LIQUIDATED DAMAGES. SUCH RETENTION OF THE DEPOSIT AND INTEREST BY SELLERS IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLERS PURSUANT TO SECTIONS 1671, 1676, AND 1677 OF THE CALIFORNIA CIVIL CODE, AND SHALL NOT BE DEEMED TO CONSTITUTE A FORFEITURE OR PENALTY WITHIN THE MEANING OF SECTIONS 3275 OR 3369 OF THE CALIFORNIA CIVIL CODE, OR ANY SIMILAR PROVISIONS. THE LIQUIDATED DAMAGES PROVIDED FOR HEREUNDER SHALL BE SELLERS' SOLE AND EXCLUSIVE REMEDY (WHETHER AT LAW OR IN EQUITY) IN THE EVENT BUYER FAILS TO PURCHASE THE PROPERTY AS A RESULT OF A BUYER DEFAULT, ALL OTHER CLAIMS TO DAMAGES OR OTHER REMEDIES (INCLUDING BUT NOT LIMITED TO, SPECIFIC PERFORMANCE) BEING HEREIN EXPRESSLY WAIVED BY SELLERS. FOLLOWING TERMINATION OF THIS AGREEMENT, CANCELLATION OF THE ESCROW AND RETENTION OF THE DEPOSIT AND ACCRUED INTEREST AS LIQUIDATED DAMAGES PURSUANT TO THIS PARAGRAPH, ALL OF THE RIGHTS AND OBLIGATIONS OF BUYER AND SELLERS UNDER THIS AGREEMENT SHALL BE TERMINATED.

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Seller RCD:



Seller BCE:



Buyer:



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17. No Party Deemed Drafter. In the event of a dispute between any of the parties hereto over the meaning of this Agreement, no party shall be deemed to have been the drafter hereof and the principle of law that contracts are construed against the drafter does not apply.

18. Further Assurances. Sellers and Buyer agree that, from time to time, at or after the Close of Escrow, each of them will execute and deliver such further instruments of

conveyance and transfer, and take such other action as may be reasonably necessary to carry out the purpose and intent of this Agreement.

19. Notices. Any notice, request, demand, waiver, consent, approval or other communication which is required or permitted hereunder shall be in writing and shall be deemed given only if delivered personally or sent by registered or certified mail, postage prepaid, return receipt requested, as follows: (a) if to Sellers to: Earl Coleman, General Manager, River Crest Estates, LLC and River Crest Development, LLC, 44615 Sandia Creek Drive, Temecula, CA 92590; (b) to Seller's Attorney: Todd Turoci, 3845 10th Street, Riverside CA 92501; (c) to Buyer Roger A. Jaeger, 41325 Billy Joe Lane, Temecula, CA 92590, and to such other address as the addressee may have specified in a notice duly given to the sender as provided herein. Any notice, request, demand, waiver, consent, approval or other communication hereunder will be deemed to have been given as of the date so personally delivered or deposited in the mail.

20. Assignment. Buyer may assign any or all of its rights and obligations hereunder without the prior written consent of the Sellers. However, no assignment by Buyer shall relieve Buyer of any of its obligations under this Agreement.

21. Entire Agreement. This Agreement, and all documents and instruments referred to herein, contain the entire agreement of the parties hereto with respect to the matters covered hereby and supersedes all prior arrangements and understandings between the parties and no other agreement, statement or promise made by either party hereto which is not contained herein shall be binding or valid. No amendment, alteration or modification of this Agreement shall be valid unless in each instance such amendment, alteration or modification is expressed in a written instrument duly executed by the parties.

22. Successors and Assigns. The terms and conditions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their personal representatives, beneficiaries, heirs, successors in interest and permitted assigns.

23. Partial Invalidity. If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each such term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

24. Waivers. No waiver of any breach of any covenant or provision herein contained shall be valid unless in writing and shall be deemed a waiver of any preceding or succeeding breach thereof: or of any other covenant or provision herein contained. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act except those of the waiving party, which shall be extended by a period of time equal to the period of the delay.

25. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same

25. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. The execution pages of counterparts may be attached to any one copy of the Agreement to form a single, complete document. The parties agree that the transmission of a signed copy of this Agreement via facsimile or e-mail shall constitute execution and delivery hereof; and the parties agree to deliver original ink signed counterparts as soon as reasonably possible thereafter.

26. Time of Essence. Time is of the essence as to each and every term and condition of this Agreement.

27. Incorporation by Reference. All exhibits to this Agreement are incorporated herein by this reference.

28. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California and the United States Bankruptcy Court.

29. Days. All references in this Agreement to the word "days," whether for notices, schedules or other miscellaneous time limits, shall at all times mean calendar days, unless specifically referenced as "business" days. Business days are Monday through Friday, except legal holidays.

30. Holidays. In the event any date for performance of any obligation or the giving of any notice pursuant to this Agreement occurs on a California state or federal holiday or on a Saturday or Sunday, then the next business day shall be deemed the applicable date for performance or notice.

IN WITNESS WHEREOF, the parties hereto have executed this Real Estate Purchase and Sale Agreement as of the date and year first written above.

Signature by the Sellers are solely in their fiduciary capacity in the bankruptcy cases; no personal liability for costs, fees, etc., on Sellers' part is intended; any liability is strictly the liability of the bankruptcy estate.

Buyer: Roger A. Jaeger
Roger Jaegar

Seller: _____
Earl Coleman, General Manager
River Crest Estates, LLC

Seller: _____
Earl Coleman, General Manager
River Crest Development, LLC

instrument. The execution pages of counterparts may be attached to any one copy of the Agreement to form a single, complete document. The parties agree that the transmission of a signed copy of this Agreement via facsimile or e-mail shall constitute execution and delivery hereof; and the parties agree to deliver original ink signed counterparts as soon as reasonably possible thereafter.

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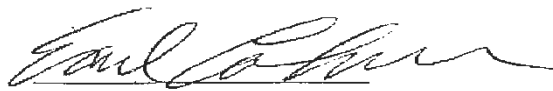
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Buyer:

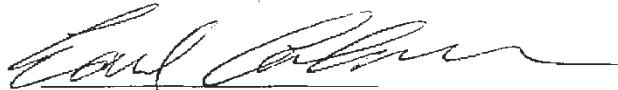
Roger Jaegar

Seller:



Earl Coleman, General Manager
River Crest Estates, LLC

Seller:



Earl Coleman, General Manager
River Crest Development, LLC

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

The following is that provided by the Mohave County Assessor:

**SEC 24 T20N R22W PARCEL 1 OF PP 2/28 RECORDED 2/15/84 FEE # 84-5417 NOT INCLUDING:
COMMENCING AT THE N4 CORNER OF SAID SEC 24; TH S00DEG05'43"W 1389.89' ALONG
THE E LINE OF SAID NW4; TH S89DEG49'18"W 40' TO A POINT ON THE WLY R/W LINE OF
GOLDRUSH RD PER SAID PP, SAID POINT ALSO THE TPOB; TH S00DEG05'43"W 497.82' ALONG
SAID WLY R/W LINE OF GOLDRUSH RD; TH N43DEG54'51"W 692.16' ALONG THE NELY LINE OF
PARCEL B OF SAID PP; TH N89DEG54'17"E 480.90' TO THE TPOB AND NOT INCLUDING RIVER
CREST ESTATES TRACT 5186 UNIT 1 RECORDED 2/28/2011 FEE # 2011011161 CONT. 916,462
SQ FT / 21.04 AC 220-04-137 (220-04-138 AND 220-62-001 THRU 009 & PARCEL A)**

EXHIBIT 3

River Crest Estates

A 21.04 Acre Parcel Of Vacant Land
With a Preliminary Plat Of 122 Lots.
Located North of Ramar Road, West of
Goldrush Road, Bullhead City, Mohave County,
Arizona



Appraisal Report

Prepared for:

Mr. Earl Coleman
River Crest Estates LLC
44615 Sandia Creek Dr.
Temecula, Ca. 92590

Prepared by:

Asset Valuation Services
PO Box 65744
Tucson, Arizona
AVS File No. 17-132-C



September 11, 2017

Mr. Earl Coleman
River Crest Estates LLC
44615 Sandia Creek Dr.
Temecula, Ca. 92590

RE: Preparation of an appraisal report for 21.04 acres of raw land with a preliminary plat approved for 122 lots. The subject can also be identified by Mohave County Assessor Parcel Number #220-04-138 Bullhead City, Mohave County, Arizona

AVS File No. 17-132-C

Dear Ms. Riddle:

At your request and authorization, Asset Valuation Services has prepared an appraisal of the fee simple interest in the above referenced property. The analysis is presented in the following Appraisal Report. Generally, the subject is as 21.04 acres of raw land with a preliminary plat for 122 units. We have provided an estimate of the "as is" value of the subject.

The user of this appraisal is River Crest LLC; the function is to assist the client with asset evaluation for potential bankruptcy proceedings. Again the purpose is to estimate the "As Is" market value of the property as defined and identified herein. Data, information, and calculations leading to the value conclusion are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
"As Is" Vacant Parcel of Land	Fee Simple Estate	September 9, 2017	\$630,000

Compiled by AVS

Data, information, and calculations leading to the value conclusion are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and

Standards of Professional Appraisal Practice of the Appraisal Institute. It also conforms to Title XI Regulations and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) updated in 1994 and further updated by the Interagency Appraisal and Evaluation Guidelines promulgated in 2010.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party and AVS will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.

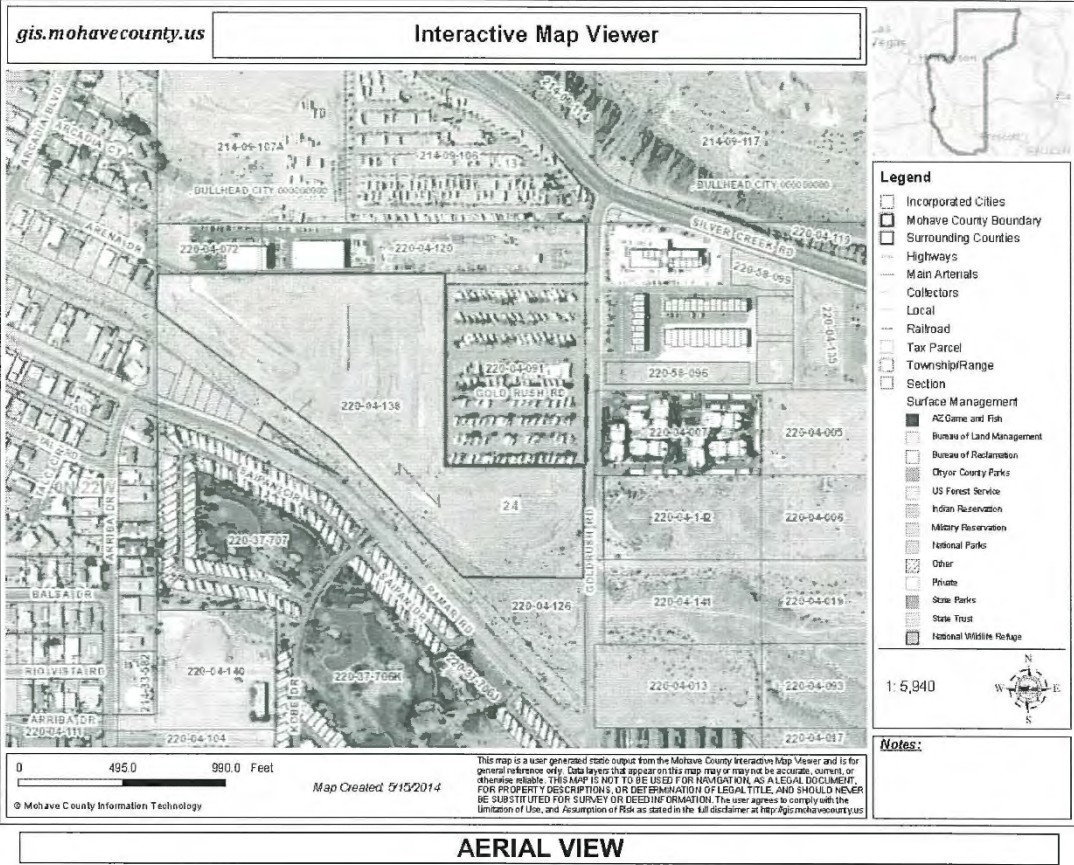
It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if AVS, Inc. can be of further service, please contact us.

Respectfully,

CERTIFICATION OF THE APPRAISAL

1. I certify to the best of our knowledge and belief:
2. The statements of fact contained in this report are true and correct.
3. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and my personal, impartial and unbiased professional analyses, opinions, and conclusions.
4. I have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Arizona.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report Wade Clark, MAI has completed the continuing education program of the Appraisal Institute.
12. As of the date of this report, Wade Clark, MAI has completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.
13. Wade Clark, MAI has made a personal inspection of the property that is the subject of this report.
14. No one provided significant real property appraisal assistance to the persons signing this report.
15. Wade Clark, MAI possess the necessary knowledge and experience to perform this appraisal.
16. Wade Clark, MAI has provided services as an appraiser, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. Specifically, completed an appraisal with several valuation scenarios on 10/6/17.

SUBJECT PHOTOGRAPHS

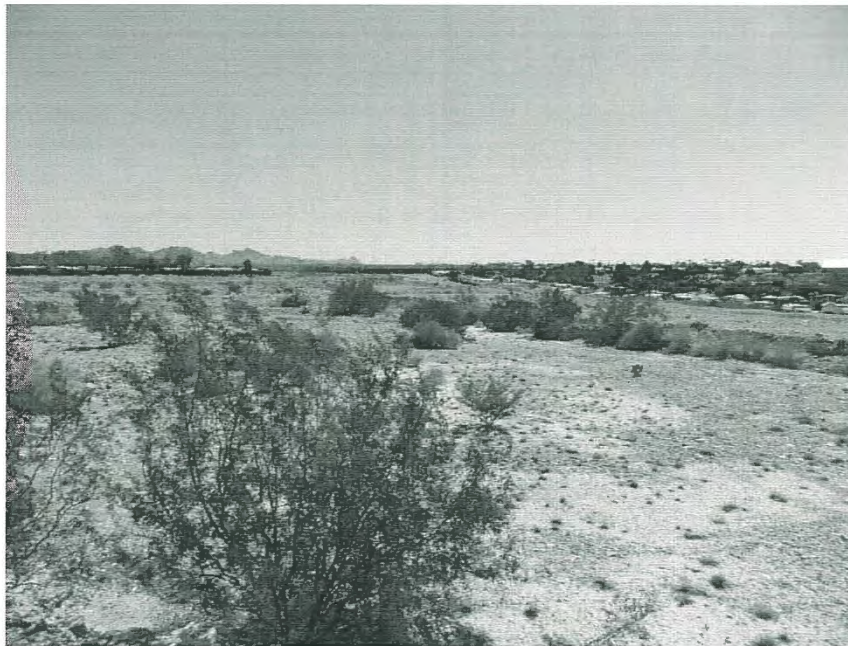




VIEW OF THE SUBJECT SITE LOOKING NORTH-NORTHWEST



GENERAL VIEW ALONG RAMAR ROAD LOOKING WEST



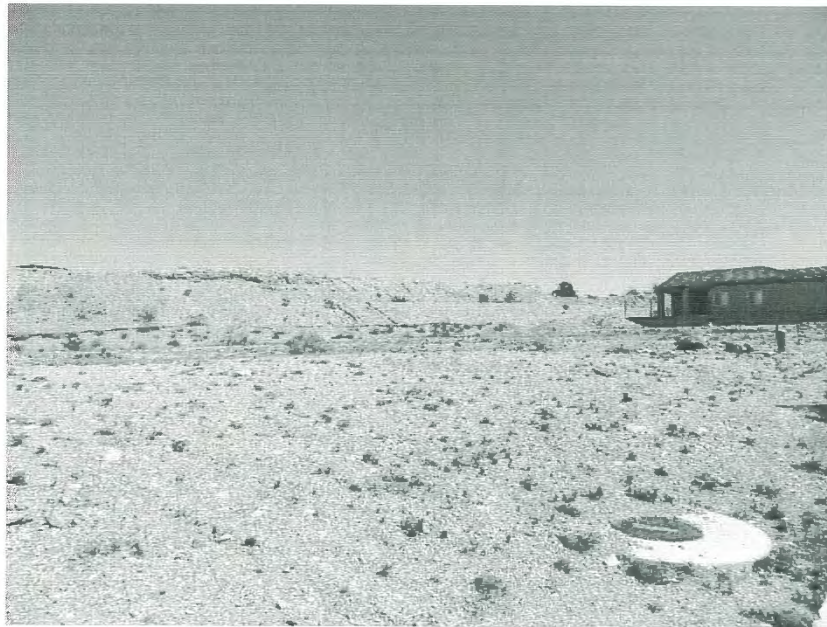
GENERAL VIEW OF THE SUBJECT SITE LOOKING EAST



GENERAL VIEW NORTH ALONG GOLDRUSH ROAD



TYPICAL VIEW OF SUBJECT LOOKING NORTHWEST



TYPICAL VIEW OF SUBJECT LOOKING NORTHWEST TOWARD PHASE ONE
HOMES

SUMMARY OF SALIENT FACTS

Property Name	River Crest Estates
Location	Ramar Road and Gold Rush Road, Bullhead City, Mojave County, Arizona
Assessor's Parcel Number	220-04-138
Highest and Best Use	
As Though Vacant	Residential Subdivision
As Improved	Residential Subdivision
Property Rights Appraised	Fee Simple Estate
Gross Land Area	21.04 AC
Average Lot Size	4,300 Square Feet
Improvements	
Property Type	Residential Subdivision
Number of Lots	122 (Preliminary Plat)
Year Built – Proposed	2014-2015
Condition	Average
Estimated Exposure Time	24 Months

CONCLUDED MARKET VALUE			
Appraisal Premise	Interest Appraised	Date of Value	Value
As Is – 21.04 Acres "As Is"	Fee Simple Estate	September 9, 2017	\$630,000

Compiled by AVS

HYPOTHETICAL CONDITIONS

USPAP defines a Hypothetical Condition as follows:

"HYPOTHETICAL CONDITION: that which is contrary to what exists but is supposed for the purpose of analysis.

Comment: Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

Comment: A hypothetical condition may be used in an assignment only if:

- *Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;*
- *Use of the hypothetical condition results in a credible analysis; and*
- *The appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions."*

In accordance with USPAP Standard 2(b)(x), this appraisal clearly and conspicuously states that:

- None Noted.

EXTRAORDINARY ASSUMPTIONS

USPAP defines an Extraordinary Assumption as follows:

"Extraordinary Assumptions": assumptions, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. A comment to the definition explain that extraordinary assumptions presume as fact otherwise uncertain information

Comment: This appraisal is based on the Extraordinary Assumption(s) that:

1. Formal title work, in the form of a legal description, title report, covenants, codes & restrictions, other additional deed or architectural restrictions (or the ability to change these) do not exist in a capacity which would limit use, appeal or value of the subject.
2. We assume CC&R's for the subdivision have already been recorded as part of the development for the previously developed sites. The additional proposed sites will operate under the same CC&R's and HOA. The CC&R's have been not been provided of reviewed by the appraiser yet are assumed typical of a 55 and older community and will not present any restrictions that would limit demand for the proposed residences.
3. We assume that all data for the comparables was correctly disclosed by the stated sources cited in the appraisal.

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INTRODUCTION

PROPERTY IDENTIFICATION & LEGAL DESCRIPTION

The subject is River Crest Estates an age restricted parcel of 21.04 acres of vacant entitled land (preliminary approved plat for 122 lots) generally located at North of Ramar Road, West of Goldrush Road, Bullhead City, Mohave County, Arizona. It is classified as an age restricted community for residents 55 years or older. A more thorough description of the subject is presented in the Site Analysis section of this report.

The following is that provided by the Mohave County Assessor:

SEC 24 T20N R22W PARCEL 1 OF PP 2/28 RECORDED 2/15/84 FEE # 84-5417 NOT INCLUDING: COMMENCING AT THE N4 CORNER OF SAID SEC 24; TH S00DEG05'43"W 1389.89' ALONG THE E LINE OF SAID NW4; TH S89DEG49'18"W 40' TO A POINT ON THE WLY R/W LINE OF GOLDRUSH RD PER SAID PP, SAID POINT ALSO THE TPOB; TH S00DEG05'43"W 497.82' ALONG SAID WLY R/W LINE OF GOLDRUSH RD; TH N43DEG54'51"W 692.16' ALONG THE NELY LINE OF PARCEL B OF SAID PP; TH N89DEG54'17"E 480.90' TO THE TPOB AND NOT INCLUDING RIVER CREST ESTATES TRACT 5186 UNIT 1 RECORDED 2/28/2011 FEE # 2011011161 CONT. 916,462 SQ FT / 21.04 AC 220-04-137 (220-04-138 AND 220-62-001 THRU 009 & PARCEL A)

OWNERSHIP AND PROPERTY HISTORY

It is our understanding that ownership in the subject is vested in River Crest Estates LLC who acquired the property in excess of five years ago. The subject is not presently listed for sale as a single economic entity noting the intention is to develop and sell single family homes and associated sites to individual purchasers. According to the information provided by the current owner approximately \$2.5 million has been expended to date. The project had rough grading completed approximately 5 years ago. The larger project currently includes nine existing single family residential sites, which are not included as part of this appraisal. The remaining 21.04 acre parcel is paper platted for 122 residential lots in two phases is the subject of this valuation. The nine existing sites which was essentially the first phase of the development, were rezoned from RP to R1L-PUD as part of the zoning change agreement in 2012.

Prior to that, the project had been planned for a larger number of manufactured home type units. When the nine existing sites were rezoned in 2012, a preliminary plat for the larger parcel was also approved with the requirement for the final plat to be submitted on August of 2016. This to our knowledge was not done.

The CC&R's for the subdivision have already been recorded as part of the development for the existing nine sites, or phase one. The additional proposed sites assumedly will operate under the same CC&R's and HOA. The CC&R's have been not been reviewed by the appraiser yet are assumed typical of a 55 and older community and will not present any restrictions that would limit demand for the proposed residences.

RELEVANT DATES

The following chart illustrates the various dates associated with the valuation of the subject:

RELEVANT DATES	
Date of Report:	September 11, 2017
Date of Inspection:	September 9, 2017
Date of Value As Is:	September 9, 2017
Compiled by AVS	

DEFINITION OF MARKET VALUE

The purpose of this appraisal is to estimate the market value of the subject. The current economic definition agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

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

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

PREMISE, FUNCTION, PURPOSE AND USER OF THE APPRAISAL

The purpose of this appraisal report is to formulate and express an opinion of market value(s) for the subject property. The function is for issuance of a development loan and the intended user is Mojave State Bank. Detailed information provided in the report which follows:

The value, defined and identified herein is: the "as is" estimate of market value of 21.04 acres of vacant land preliminarily platted for 122 single family homes.

PROPERTY RIGHTS APPRAISED

The interest appraised represents the fee simple estate.

DEFINITION OF FEE SIMPLE ESTATE

The term "fee simple estate," as used in this report, is defined as follows:

¹ Appraisal Standards Board of The Appraisal Foundation, *Uniform Standards of Professional Appraisal Practice*, 2005 edition. This definition is also compatible with the OTS, OCC, RTC, FDIC, FRS and NCUA definitions of market value.

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat." (Appraisal Institute, The Dictionary of Real Estate Appraisal, Fourth Edition, Chicago, Illinois, 2002, p. 113.)

APPRAISAL DEVELOPMENT AND SCOPE OF WORK

The following steps were completed by Asset Valuation Services for this assignment:

1. Analyzed regional, city, neighborhood, and site data.
2. Inspected the subject and the neighborhood.
3. Reviewed data regarding taxes, zoning, utilities, easements and municipal services. Considered comparable site sales. Confirmed data with principals, managers, or real estate agents representing principals, unless otherwise noted.
4. Analyzed the comparable sales data to arrive at conclusions via the Sales Comparison to value as used in this report.
5. Estimated a reasonable exposure time associated with the value estimate.

The subject site description is based on a personal inspection of the property, discussions with the property owner, and a review of relevant plat and zoning maps. The inspection is not a substitute for thorough engineering studies.

This is an Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 1-1, 2-2(a) of the Standards of Professional Appraisal Practice. In this Appraisal Report, we have considered all applicable approaches to value. The value conclusion reflects all known summarized information about the subject property, market conditions and available data. The report incorporates a summarized explanation of the data, reasoning and analyses that were used to develop the opinion of value. It also includes partial descriptions of the subject property and the market for the subject property type.

Data not provided for this assignment, which may or may not be significant relative to the final concluded value, are summarized as follows:

1. Environmental Survey of the property.
2. Soils Survey of the property.
3. Title Report.
4. Deed restriction or Statutory Agreement held by the Mojave County, Bullhead City and/or State of Arizona

Extent to Which the Property is Identified

ASSET VALUATION SERVICES collected relevant information about the subject from the client (or their representatives), public records, developer, and through an inspection. The property was legally identified through assessor's records; various map exhibits, and the legal description.

Extent to Which the Property is Inspected

ASSET VALUATION SERVICES inspected the subject and its surrounding environs on the effective date of appraisal.

Type and Extent of the Data Researched

ASSET VALUATION SERVICES reviewed the micro and/or macro market environments with respect to physical and economic factors relevant to the valuation process. This process included interviews with regional and/or local market participants, available published data, and other various resources. ASSET VALUATION SERVICES also conducted regional and/or local research with respect to applicable tax data, zoning requirements, flood zone status, demographics, land sales, residential townhome sales, and active developments.

Type and Extent of Analysis Applied

ASSET VALUATION SERVICES analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. All appropriate approaches to value were considered and utilized. The steps required to complete each approach are discussed in the Methodology section. ASSET VALUATION SERVICES then correlated and reconciled the results into a reasonable and credible value conclusion. A reasonable exposure time and marketing time conclusion associated with the value estimate has also been completed.

MARKETING/EXPOSURE PERIOD

The marketing period section is divided into reasonable exposure time and reasonable marketing time. Exposure time differs from marketing time in that marketing time is the period required to sell a real property interest at the market value during the period immediately after the effective date of the appraisal. Exposure time is always presumed to precede the effective date of the appraisal. A discussion of the analysis completed to estimate the exposure/marketing period for the subject is discussed in the following paragraphs.

Exposure Time

The estimated exposure time is based upon a survey of merchant home builders, real estate brokers, and developers active in the subject marketplace. Overall, the survey results indicate there is demand for these sites at market prices. Exposure time for individual sites might be significant due to potential variances in the perceived value of a specific site.

Conditions noted by the respondents as reasons to still actively pursue land acquisitions were: 1) population forecasts for the Southern Colorado region clearly indicate there will be a continued need for new housing over the long term; 2) job growth has been relatively strong, which should result in continued new home sales (albeit at a slower pace than prior years); 3) mortgage interest rates are not anticipated to increase to a level which would further restrict demand; 4) the perception is there is a relatively restrictive supply of sites for new housing in the central locations of the region, which should result in limited direct competition. Overall, it is our opinion that the subject site could be sold with an exposure time of twelve months or less as of each date of value.

Marketing Time

The marketing time for the subject is concluded to be twelve months or less as of each date of value. This conclusion is based on the marketing time required for the comparable land sales and on discussions with knowledgeable brokers active in the subject marketplace.

SPECIAL APPRAISAL INSTRUCTIONS

There have been no special appraisal instructions for this assignment.

AREA ANALYSIS



Moody's Economy.com provides the following Lake Havasu City-Kingman, Arizona metro area economic summary.

2010	2011	2012	2013	2014	2015	INDICATORS	2016	2017	2018	2019	2020	2021
4.3	4.2	4.1	4.1	4.1	4.1	Gross metro product (C09\$ bil)	4.2	4.4	4.5	4.6	4.7	4.8
7.3	-3.2	-1.6	-1.3	1.3	0.5	% change	2.1	3.2	3.7	2.7	1.8	2.0
45.9	45.1	44.9	45.5	46.5	47.3	Total employment (ths)	47.7	48.3	49.3	50.1	50.2	50.1
-2.3	-1.9	-0.4	1.3	2.3	1.7	% change	0.9	1.2	2.0	1.6	0.4	-0.4
13.0	12.2	10.9	10.1	8.7	7.9	Unemployment rate (%)	7.0	7.1	7.0	6.9	7.2	7.8
0.1	1.2	2.6	2.5	5.4	4.1	Personal income growth (%)	3.6	3.9	4.9	4.8	4.4	3.8
38.0	36.2	36.8	37.2	39.0	40.9	Median household income (\$ ths)	42.8	43.9	45.3	46.6	47.9	49.1
200.4	202.7	203.2	202.8	203.3	204.7	Population (ths)	206.7	208.7	210.8	212.7	214.6	216.4
0.3	1.1	0.3	-0.2	0.2	0.7	% change	1.0	1.0	1.0	0.9	0.9	0.9
0.9	2.6	1.3	0.3	1.1	2.2	Net migration (ths)	3.0	3.0	3.2	3.0	3.0	3.0
214	194	323	454	521	626	Single-family permits (#)	660	1,117	1,390	1,444	1,295	1,325
48	2	22	10	14	10	Multifamily permits (#)	28	56	72	70	54	58
151.0	141.3	145.6	156.2	170.0	183.7	FHFA house price (1995Q1=100)	195.5	204.1	206.8	204.8	203.1	205.1
ECONOMIC DRIVERS						EMPLOYMENT GROWTH RANK	RELATIVE COSTS		VITALITY			
TOURIST DESTINATION		RETIREE HAVEN		2015-2017 279 4th quintile		2015-2020 211 3rd quintile	LIVING 94%	BUSINESS 87%	RELATIVE 88%	RANK 249		
Best=1 Worst=408						U.S.=100%		U.S.=100%		Best=1 Worst=401		

STRENGTHS & UPSIDES

- Warm climate and recreational activities attract retirees and weekend travelers.
- The new satellite campus of Arizona State University will become a stabilizing presence.
- ASU-Lake Havasu lifts retail, hospitality and construction.
- Graduate retention rises and attracts higher-paying jobs.

WEAKNESSES & DOWNSIDES

- Low skill levels limit high-paying jobs and per capita income.
- Remote location is unfavorable for development of manufacturing.
- Unfavorable age structure.
- Inflow of retirees recovers slowly as financial regulation limits mortgage borrowing.
- Tourism rebounds more slowly than expected.
- High volatility deters new investment.

RECENT PERFORMANCE

Lake Havasu City-Kingman's economy is stuck in neutral, as public sector retrenchment stymies growth despite a relatively well-performing private sector. The government is being forced to slash jobs as it struggles with a shrinking tax base as a result of fewer young, prime working-age residents. On a positive note, an aging population and expanding pool of retirees are supporting strong demand for healthcare, securing a stable source of mid- and high-wage jobs. Tourism and related industries are another bright spot. The unemployment rate has fallen to 6%, a post-recession low. A steady stream of retirees is driving faster house price appreciation, which is accelerating, and at close to 8% year over year, bests the state and U.S. averages.

ECONOMIC HEALTH CHECK						
3-MO MA						
	Jun 16	Jul 16	Aug 16	Sep 16	Oct 16	Nov 16
Employment, change, ths	-0.0	0.1	-0.1	-0.0	-0.1	-0.0
Unemployment rate, %	7.0	7.2	7.2	7.1	6.8	6.5
Labor force participation rate, %	47.0	46.9	46.6	46.5	46.5	46.6
Employment-to-population ratio, %	43.7	43.5	43.2	43.2	43.3	43.6
Average weekly hours, #	33.2	33.1	33.1	32.9	32.6	ND
Industrial production, 2007=100	104.1	104.1	104.0	103.9	103.7	103.7
Residential permits, single-family, #	631	565	564	591	631	725
Residential permits, multifamily, #	8	0	0	35	43	51
<div> <div>Better than prior 3-mo MA</div> <div>Unchanged from prior 3-mo MA</div> <div>Worse than prior 3-mo MA</div> </div>						
Sources: BLS, Census Bureau, Moody's Analytics						

TOURISM

A lack of traditional drivers means Lake Havasu City-Kingman's outlook is also reliant on gains in tourism. Job growth in leisure/hospitality has slowed recently, but favorable macroeconomic conditions and ambitious expansions to tourist attractions will propel growth in the near term. Lake Havasu State Park, the most visited state park in Arizona, saw just more than 4% more visitors in 2016 than in 2015. Visitors are filing into the metro area en masse, and lodging numbers continue to improve. Occupancy rates rose again in the fourth quarter of 2016 and are up significantly from a year earlier. Laughlin Bullhead International Airport is adding its first regularly scheduled passenger service, a direct flight to Phoenix, which will greatly improve access to relatively remote Lake Havasu City-Kingman. Officials also recently broke ground on the Havasu Riviera project, which will include a new waterfront residential community, development of Contact Point State Park, and more than 280 additional acres of recreational facilities.

HEALTHCARE

After a tame 2016, healthcare is set to once again capitalize on Lake Havasu City-Kingman's graying population. The share of the population age 65 and older is already the highest outside of Florida, and the nation's strong economy and aging population will draw retirees to the metro area. Retirees will be more comfortable relocating as house prices recover nationally and make downsizing for retirement more enticing. Low living costs, warm weather, and outdoor activities including golf courses and boating ensure that Lake Havasu City-Kingman will remain a top retirement destination. As baby boomers retire, the nation's senior citizen cohort will grow four times faster than the total population, and Lake Havasu City-Kingman will reap the rewards of robust retiree inflows. Rising demand for nursing and residential care facilities will support more healthcare jobs. Industry job growth will pick up in 2018, easily outpacing the U.S. average.

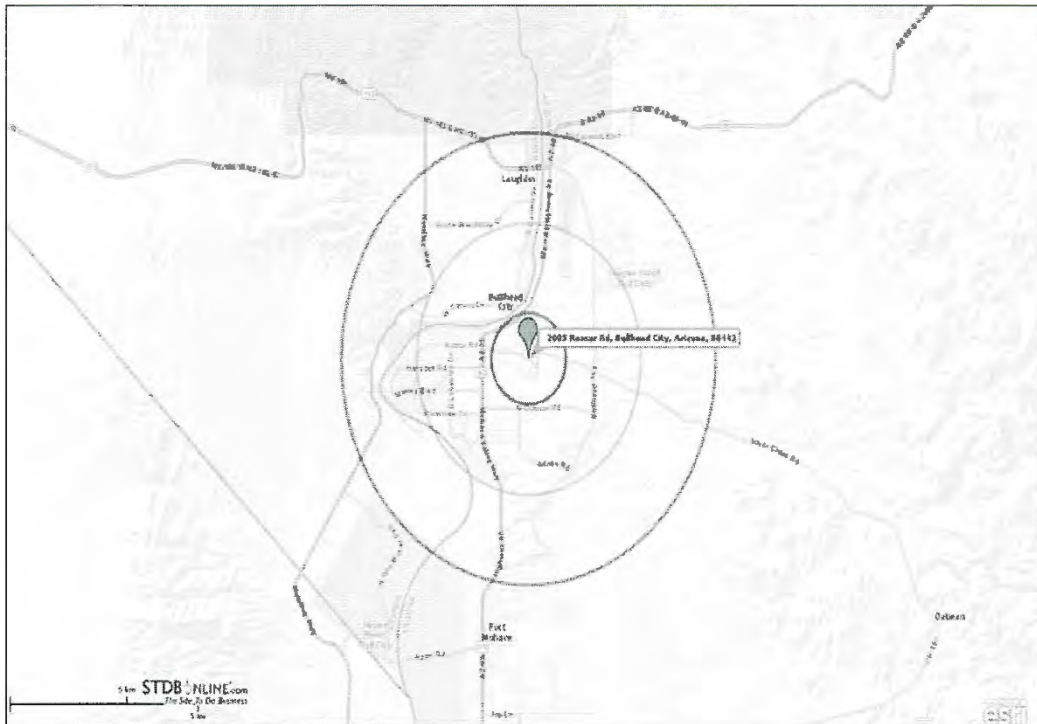
INCOME

The normalization of interest rates will provide a much-needed boost for metro area income growth. Per capita incomes in Lake Havasu City-Kingman are among the lowest in the country, and the metro area has missed out on the benefits of the Southwest's tightening labor market. However, retirees living on fixed incomes will see earnings rise alongside interest rates. Nonwage income makes up more than 70% of Lake Havasu City-Kingman's total, placing it among the top 10 metro areas nationwide. More lift from dividends, interest and rents will boost income growth in late-2017, providing additional support to consumer industries.

CONCLUSION

The Lake Havasu City-Kingman economy will pick up steam during the end of 2017 and into 2018. A vibrant tourism industry and strong retiree inflows will drive robust growth in leisure/hospitality and healthcare. However, a lack of more dynamic growth drivers and mounting structural challenges make the long-term outlook less favorable. Poor labor force quality and a growing elderly population will weigh on income and job growth, keeping the metro area a below-average performer throughout the forecast.

NEIGHBORHOOD ANALYSIS



LOCATION

The subject property is located in Bullhead City. A discussion of trends in Bullhead City and the immediate surroundings of the subject property are presented on the following pages.

BOUNDARIES

The neighborhood boundaries are detailed as follows:

- North:* Highway 68
- South:* Carrier Route 155 (CR 155)
- East:* Bullhead City limits
- West:* Laughlin City limits

LAND USE

Land uses within the subject neighborhood consist of a mixture of commercial and single- and multi-family residential development including mobile home and RV parks. The wide array of residential development within the subject neighborhood includes million dollar homes on the Colorado River as well as affordable housing primarily along Highway 95. The majority of the residential development within the subject's area can be described as medium- and high-density single- and multi-family residential development.

Most of the retail and commercial properties are located along Highway 95. The character of commercial development varies from small single occupant stores and shops to larger shopping centers. The commercial properties located in the central portion of the neighborhood were generally constructed in the 1980s and 1990s with newer construction occurring in the northern and southern portions of the neighborhood.

Crossroads Shopping Center was completed in March 2008 on Highway 95 at the southern end of Bullhead Parkway. Target and Kohl's anchor the power center, with other tenants including Anchor Blue, Staples, Pet Smart, Marshalls, Ross, Bed Bath & Beyond, Lane Bryant, Famous Footwear and Fashion Bug. The subject is located across the street to the east of this retail center.

Riverview Mall and Bullhead Square are located at the intersection of Highway 95 and Miracle Mile Road (adjacent west) and total 295,000 square feet and 220,000 square feet, respectively. Office Depot, CVS, JC Penney and Big Lots anchor River Mall while Kmart, Food City and Bealle's Outlet anchor Bullhead Square. The centers were built between 1990 and 1988. The Super Wal-Mart Center was constructed in 2000 and is located at Highway 95 and Mohave Drive. Overall, the subject neighborhood is considered to be adequately represented with commercial development.

GROWTH PATTERNS

Within the neighborhood, growth patterns have occurred primarily along commercial thoroughfares such as Moser Avenue and Highway 95 as well as the Colorado River. However, the majority of the employment takes place across the river in Laughlin, Nevada due to the large number of casinos. Bullhead city supports the majority of the housing for employees in Laughlin. Furthermore, people within the immediate Tri-State area use Bullhead City as their retail source due to the fact that numerous retailers have recently built stores in Bullhead City.

ACCESS

Primary access to the subject neighborhood is provided by Arizona State Highway 95, which provides access to the communities of Mohave Valley, Needles and Lake Havasu to the south. To the north, Highway 95 connects with Highway 163, which provides westerly access across the Colorado River to Laughlin and Las Vegas, Nevada, and Highway 68, which provides easterly access to Kingman, Arizona.

Secondary access to the subject neighborhood is provided by Bullhead Parkway which runs along the eastern portion of the neighborhood boundary and connects to Highway 95 at both the northern and southern boundaries of the neighborhood.

Laughlin/Bullhead International Airport is a full-service regional airport with daily flights across the country. The airport is located just east of the Colorado River in the northern section of Bullhead City.

It is operated by the Mohave County Airport Authority. The airport has a 7,500 foot lighted runway, an FAA tower-controlled instrument approach, corporate aircraft parking, tie downs, fuel, rental car agencies and other airport services. Carriers at the Laughlin/Bullhead International Airport include Sun Country Airlines, Allegiant Air and various private charter services. Several Laughlin Casinos have partnerships with airlines to provide direct flights into Laughlin/Bullhead City.

DEMOGRAPHICS

Selected Neighborhood demographics as estimated by STDBonline in one, three and five mile rings from the address of the subject development are depicted in the previous neighborhood map with statistics presented thereafter:

NEIGHBORHOOD ANALYSIS

	1 mile	3 miles	5 miles
Population			
2000 Population	3,963	23,656	38,498
2010 Population	4,271	25,609	43,603
2013 Population	4,352	26,244	44,554
2018 Population	4,448	26,958	45,731
2000-2010 Annual Rate	0.75%	0.80%	1.25%
2010-2013 Annual Rate	0.58%	0.76%	0.67%
2013-2018 Annual Rate	0.44%	0.54%	0.52%
2013 Male Population	48.8%	49.2%	49.5%
2013 Female Population	51.2%	50.8%	50.5%
2013 Median Age	55.3	50.6	49.9

In the identified area, the current year population is 44,554. In 2010, the Census count in the area was 43,603. The rate of change since 2010 was 0.67% annually. The five-year projection for the population in the area is 45,731 representing a change of 0.52% annually from 2013 to 2018. Currently, the population is 49.5% male and 50.5% female.

Median Age

The median age in this area is 49.9, compared to U.S. median age of 37.3.

Race and Ethnicity

2013 White Alone	85.7%	80.8%	80.4%
2013 Black Alone	1.6%	1.7%	1.9%
2013 American Indian/Alaska Native Alone	1.3%	1.2%	1.2%
2013 Asian Alone	1.3%	1.4%	1.7%
2013 Pacific Islander Alone	0.0%	0.2%	0.2%
2013 Other Race	7.3%	11.7%	11.2%
2013 Two or More Races	2.8%	3.0%	3.4%
2013 Hispanic Origin (Any Race)	19.6%	25.5%	24.3%

Persons of Hispanic origin represent 24.3% of the population in the identified area compared to 17.4% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 59.1 in the identified area, compared to 62.1 for the U.S. as a whole.

Households

2000 Households	1,715	10,030	16,003
2010 Households	1,873	11,154	16,743
2013 Total Households	1,903	11,417	19,137
2018 Total Households	1,943	11,753	19,689
2000-2010 Annual Rate	0.88%	1.07%	1.59%
2010-2013 Annual Rate	0.49%	0.72%	0.64%
2013-2018 Annual Rate	0.42%	0.58%	0.57%
2013 Average Household Size	2.26	2.28	2.32

The household count in this area has changed from 18,743 in 2010 to 19,137 in the current year, a change of 0.64% annually. The five-year projection of households is 19,689, a change of 0.57% annually from the current year total. Average household size is currently 2.32, compared to 2.32 in the year 2010. The number of families in the current year is 11,746 in the specified area.

Data Note: Income is expressed in current dollars

Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018. Esri converted Census 2000 data into 2010 geography.

NEIGHBORHOOD ANALYSIS

	1 mile	3 miles	5 miles
Median Household Income			
2013 Median Household Income	\$33,221	\$34,669	\$36,029
2018 Median Household Income	\$36,234	\$37,657	\$39,640
2013-2018 Annual Rate	1.75%	1.67%	1.93%
Average Household Income			
2013 Average Household Income	\$42,644	\$45,603	\$46,746
2018 Average Household Income	\$48,843	\$52,806	\$56,644
2013-2018 Annual Rate	2.66%	2.98%	3.05%
Per Capita Income			
2013 Per Capita Income	\$19,324	\$19,964	\$21,028
2018 Per Capita Income	\$22,028	\$23,148	\$24,475
2013-2018 Annual Rate	2.65%	3.00%	3.08%

Households by Income

Current median household income is \$36,029 in the area, compared to \$51,314 for all U.S. households. Median household income is projected to be \$39,640 in five years, compared to \$59,580 for all U.S. households

Current average household income is \$48,746 in this area, compared to \$71,842 for all U.S. households. Average household income is projected to be \$56,644 in five years, compared to \$83,667 for all U.S. households

Current per capita income is \$21,028 in the area, compared to the U.S. per capita income of \$27,567. The per capita income is projected to be \$24,475 in five years, compared to \$32,073 for all U.S. households

Housing

2000 Total Housing Units	2,179	13,475	21,161
2000 Owner Occupied Housing Units	1,111	5,871	8,986
2000 Owner Occupied Housing Units	604	4,159	7,017
2000 Vacant Housing Units	464	3,445	5,158
2010 Total Housing Units	2,461	15,496	26,110
2010 Owner Occupied Housing Units	1,267	6,566	10,826
2010 Renter Occupied Housing Units	606	4,588	7,917
2010 Vacant Housing Units	588	4,342	7,367
2013 Total Housing Units	2,482	15,621	26,296
2013 Owner Occupied Housing Units	1,257	6,491	10,647
2013 Renter Occupied Housing Units	646	4,926	8,490
2013 Vacant Housing Units	579	4,204	7,159
2018 Total Housing Units	2,568	16,163	27,209
2018 Owner Occupied Housing Units	1,288	6,692	11,001
2018 Renter Occupied Housing Units	655	5,061	8,688
2018 Vacant Housing Units	625	4,410	7,520

Currently, 40.5% of the 26,296 housing units in the area are owner occupied; 32.3% are renter occupied; and 27.2% are vacant. Currently, in the U.S., 56.4% of the housing units in the area are owner occupied; 32.3% are renter occupied; and 11.3% are vacant. In 2010, there were 26,110 housing units in the area - 41.5% owner occupied, 30.3% renter occupied, and 28.2% vacant. The annual rate of change in housing units since 2010 is 0.32%. Median home value in the area is \$105,558, compared to a median home value of \$177,257 for the U.S. In five years, median value is projected to change by 8.77% annually to \$160,675.

Data Note: Income is expressed in current dollars

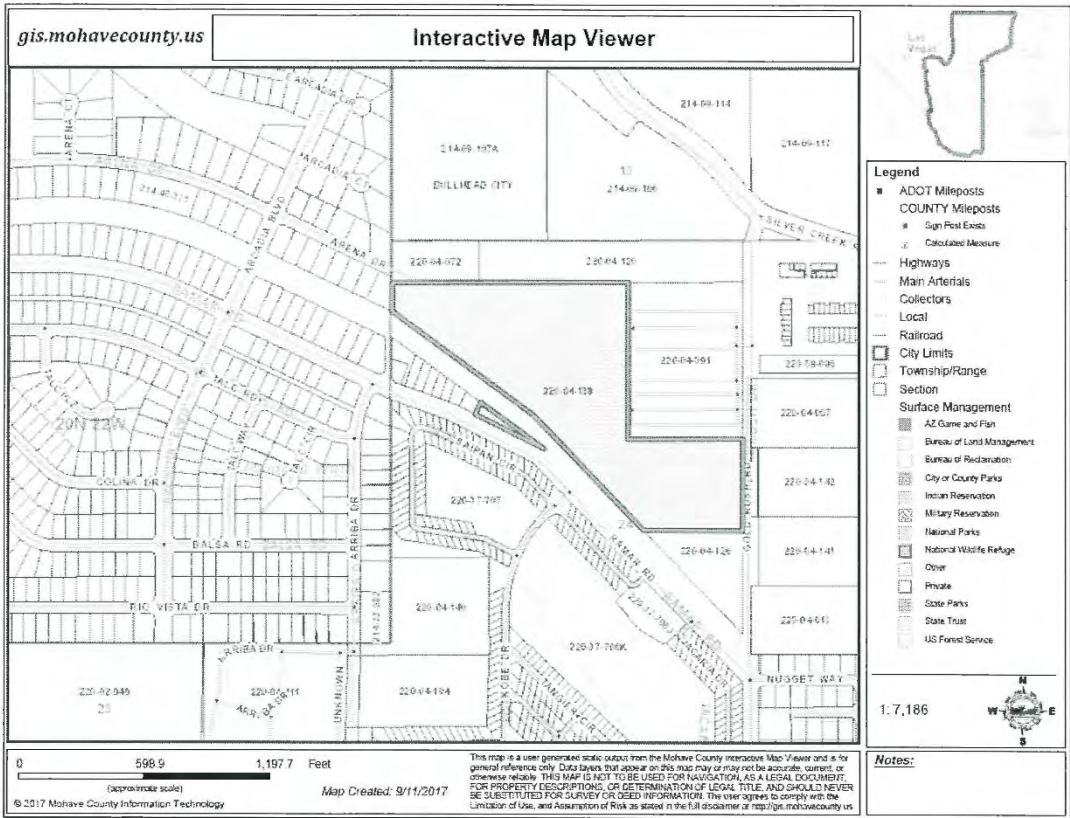
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2013 and 2018. Esri converted Census 2000 data into 2010 geography.

CONCLUSION

The subject property is located in the south-central portion of Bullhead City. The local area has enjoyed relatively steady growth and consistent tourism, due to the city of Laughlin, Nevada being located across the Colorado River. However, growth has slowed and the area is expected to grow only moderately in the near term. In the past few years, visitor volume and hotel occupancy rates have declined. Laughlin has faced added competition in recent years from mega-resorts developed in Las Vegas and legalized gaming on Indian reservations. No significant changes are anticipated due to the lack of incoming businesses and the slowdown in the gaming industry. Of particular note, annual growth between 2000 and 2010 was relatively slow even though Las Vegas, Nevada and Phoenix, Arizona were national leaders in terms of growth during this period. Overall, rapid growth of the Bullhead City area is not anticipated with continued stability absent increased supply in most sectors.

SITE ANALYSIS

The following chart provides a summary of the salient characteristics of the subject site.



SITE SUMMARY

Physical Description

Site Area	21.040 Acres	916,502 Sq. Ft.
Average Lot Size Preliminary Plat	4,300 SF (est.)	
Dwelling Units/Acre (Density)	5.94 (21.04 acre area)	
Zoning District	Planned Development	
Flood Map Panel No.	04015C4763G	
Flood Zone	AE-AO1	

Source: Various sources compiled by AVS Inc.

A description of the site is detailed in the discussion presented on the following pages.

LOCATION

The subject is located along the west side of Goldrush Road, just north and west of the intersection with Ramar Road, mostly north of the large wash that parallels Ramar Road, Bullhead City, Mojave County, Arizona

ASSESSORS PARCEL NUMBERS

The Mohave County Assessor Parcel Number is: 220-04-138.

SHAPE

The site is an irregular shape with a defined wash essentially bisecting the parcel. The wash area further dictates the design of the subdivision development. The irregular shape does not create a significant amount of unusable areas beyond the areas already limited from the wash.

TOPOGRAPHY AND DRAINAGE

The subject has been rough graded in areas proposed for development. Final grading will be required, but the site is mostly level as this time with the exception of the wash areas which create a steep slope towards Ramar Road.

SOILS

A soils report was not provided during the course of this assignment. Asset Valuation Services, Inc. assumes the site is free of toxic substances and of adequate load bearing capacity to support the highest and best use of the subject site. We reserve the right to amend our value conclusion if the site is impacted by soils contamination.

ACCESS AND EXPOSURE

The subject has frontage along Ramar Road, and Goldrush Road. The city recently completed a large realignment project for Goldrush that included wash and flood mitigation for Montana Wash (runs through the subject property). There is 440 feet of frontage along Goldrush Road. Given the completion of the recent city project, this is a newly paved, three lane primary arterial that will be used to access the subdivision. There is a 40' roadway easement north of the exiting RV Park that connects to the subject for additional secondary access. There are curbs and concrete gutters, complete with sidewalks along Goldrush. The three sites that are part of the nine existing sites have Ramar Road frontage. Ramar Road is also a city maintained roadway with two lanes. Access is considered good.

EASEMENTS AND ENCROACHMENTS

Our inspection of the subject did not reveal any apparent easements or encroachments that negatively impact the value of the subject. There is a 40' access easement that is not part of the size that abuts the subject parcel on the northeast property corner. This access will serve as a secondary access for the subdivision. There are typical rights of way and utility easements along the roads, but no other adverse easements or encroachments that would have an adverse impact on market area.

The owner did consent to an \$110,000 +/- participation agreement with the city. This is to be paid upon commencement of residential sales, assuming no changes in the prior agreement and approval of the plat. For the purposes of our analysis, we have assumed that the subject is free of any easements or encroachments that would adversely impact the use, marketability, or value of the subject site.

COVENANTS, CONDITIONS AND RESTRICTIONS (CC&R'S)

The development of the subject will result in the formation of a homeowner's association that will have CC&R's. This document was provided for review. It is an assumption of this report that the CC&R's will not negatively impact the marketability of the finished site or the proposed homes. If concerns persist over this a legal opinion is suggested. Additionally, the subject is restricted to occupancy by those 55 years and greater.

UTILITIES AND SERVICES

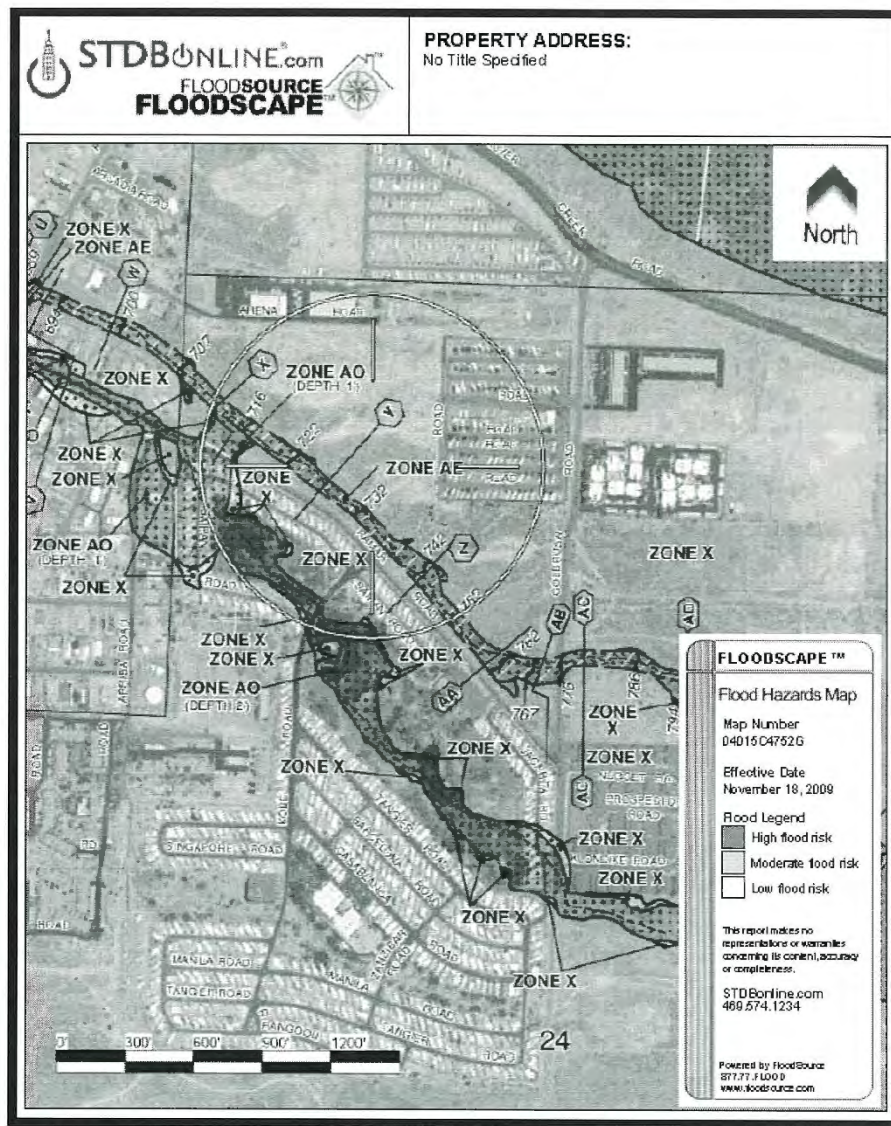
We have assumed that all necessary public utilities and services will be installed to the individual lots/homes as part of the development process. The serving agencies are:

- Electricity: Mohave Electric Cooperative, Inc
- Sewer: City of Bullhead
- Water: EPCOR Water Natural, A water allocation will need to be achieved through the city's water allocation with EPCOR according to the final plat conditions
- Gas: None
- Underground Utilities: Installed for the improved residential sites. Underground utilities within the neighborhood, overhead electric outside of the neighborhood.

FLOOD ZONE

FEMA Map Number: 04015C4763G

Date: November 18, 2009



The areas within the wash are considered a special flood area, but none of the proposed residential sites within the new 125 subdivision are within these areas based upon a previous interview with a project engineer. The public report for the existing nine sites shows a portion of lot 2 and lot 3 are within the AE or AO1 100 year flood hazard areas and may require insurance for improvements. The city recently completed flood mitigation improvements as part of the Goldrush Road realignment proposed improvements may be subject to any additional flood insurance only be confirmed through a future flood certification.

ENVIRONMENTAL ISSUES

Asset Valuation Services, Inc. was not provided with a current environmental assessment. The value estimates rendered in this report are predicated on the assumption that there is no hazardous material on or in the property that would cause a loss in value. No evidence of hazardous waste or toxic materials was visible. Asset Valuation Services, Inc. has no knowledge of the existence of these substances on, or in, the subject. However, Asset Valuation Services is not qualified to detect hazardous waste or toxic materials.

ADJACENT PROPERTIES

The adjacent land uses are as follows:

North: Moderate intensity industrial development
South: Residential development
East: Residential development and vacant land
West: Residential development

None of the identified uses are deemed noxious not disharmonious to residential development.

ZONING DESCRIPTION

LAND USE Restrictions	
Zoning Code	R1L & R2MF
Zoning Description	SFR & Multiple Family Developments
Zoning Density/FAR	0.013297522
Actual Density of Use	0
Current Use Legally Conforming	Current Use Legally Conforming
Zoning Change Likely	R1L-PD (planned development)
Zoning Change Description	R1L-Residential Single Family
Set Back Distance	5 feet rear and 8 feet front
Side Yard Distance	3 feet
Zoning Comments	The subject property submitted a preliminary plat in 2012. Planning and zoning officials could not find documents confirming the zoning change request for the larger 21.04 acre parcel, but the nine prior existing sites (excluded in this appraisal) have already been rezoned from RP to R1L with CC&R's and a public report already recorded.

CONCLUSION

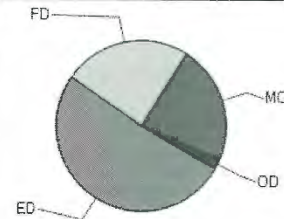
The subject is a 21.04 acre parcel proposed for the development of an age restricted 122 unit subdivision development a continuation of the prior subdivision development. The 21.04 acre site is rough graded and upon development will include water sewer, electric as well as streets and sidewalks. Based on our inspection of the site and the on-going development of similar sites in the competitive market, it is determined that the subject site is suitable for the proposed development. Overall, the subject has a good infill location in a community that should be characterized by adequate demand for new housing presently with prospects for increased demand good.

TAX AND ASSESSMENT DATA

Currently, the property is being taxed as vacant land. Total taxes for 2016 provided below. Development of the subject will cause property taxes to change once final plats are recorded. Current Taxes appear reasonable.

TREASURY ACCOUNT #	PARCEL #	TAX AREA	TAX RATE PER \$100 ASSESSED VALUE			
R0259658	22004138	1579	12.5069			
ASSESSMENT		VALUE IN DOLLARS	LEGAL CLASS ASSMT%	ASSESSED VALUE	EXEMPT AMOUNT	TAX
LIMITED PROPERTY VALUE		122,285	15	18,343	0	12.5069
LIMITED PERSONAL PROP VALUE		0	0	0	0	12.0069
LIMITED PROPERTY VALUE TOTAL		122,285		18,343	0	2294.14
2015 TAXES	2016 TAXES	TAXING AUTHORITY		PHONE #'S		% of TAX
385.37	361.28	MOHAVE COUNTY		928-753-0735		MC 15.75%
98.89	91.90	STATE SCHOOL TAX EQUALIZATION		928-753-5678		ED 4.01%
463.72	434.73	BULLHEAD ELEM SD #15		928-758-3961		ED 18.95%
430.65	398.03	COLORADO RIVER UNION HS #2		928-788-1405		ED 17.35%
252.93	243.74	MOHAVE COMMUNITY COLLEGE		928-757-4331		ED 10.62%
583.07	555.79	BULLHEAD CITY FD		928-758-3971		FD 24.23%
19.57	18.34	FIRE DIST ASSIST FUND		928-753-0735		MC 0.80%
43.75	41.01	MOHAVE COUNTY LIBRARY DISTRICT		928-692-5763		MC 1.79%
97.84	91.72	MOHAVE COUNTY FLOOD CONTROL DIST		928-757-0925		MC 4.00%
0.00	44.76	PEST ABATEMENT DIST		928-763-2867		OD 1.95%
3.91	3.67	MO CO TV CID		928-753-0729		MC 0.16%
9.78	9.17	WESTERN AZ VOCATION ED DIST		928-753-0747		ED 0.40%
14.60	0.00	CRUHS #2 SCHOOL BONDS		928-788-1405		ED
2404.08	2294.14	TOTAL				100%

2016 TAX SUMMARY	
For the period of January 1 - December 31, 2016	
Total Tax	2294.14
Special District	0.00
LESS: State Aid	0.00
LESS: Prepay	0.00
TOTAL DUE	2,294.14



GRAPH INCLUDES COMBINED EDUCATION, FIRE DISTRICTS, MOHAVE COUNTY AND OTHER DISTRICTS

HIGHEST AND BEST USE

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria that the highest and best use must meet are:

- legal permissibility;
- physical possibility;
- financial feasibility; and
- maximum profitability.

Highest and best use is applied specifically to the use of a site as vacant. It is recognized that in cases where a site has existing improvements, the concluded highest and best use as if vacant may be different from the highest and best use given existing improvements (as improved). The existing use will continue, however, until the land value, in its highest and best use, exceeds that total value of the property under its existing use plus the cost of removing or altering the existing structure. Highest and best use analysis involves assessing the subject both as if vacant and as proposed. However, given the subject is a parcel of vacant land we are only completing the analysis as vacant.

AS VACANT

Legal Permissibility

The subject site is zoned for single-family residential, per discussions with the Bullhead City/Mojave County planning department. The most reasonably probable legal use of the site is for residential uses including the proposed homes with an allocated unit total of 122 (undeveloped and paper platted). This density has been tentatively approved in the past yet requirements for were not met with the status of this uncertain yet and indication that

Physical Possibility

The subject site is adequately served by utilities, has adequate shape and size, sufficient access, etc., to be a developable site. The underlying soil is assumed to be of no significant constraint to development. As such, from a physical perspective there are no major elements to development.

Financial Feasibility

The subject is a parcel of vacant land preliminarily platted, 122-lot residential subdivision in Bullhead City Colorado. The area, although a small, tertiary market has an established reputation as a historically stable housing market recently showing signs of some recovery. Based on home sale activity in the market, there is demand for new housing in the subject neighborhood, particularly given the projected age restriction yet will require additional time for improvement and correction. Any attempt to redevelop the site with an alternative use would not be feasible due to the time, difficulty and uncertainty in obtaining alternative development approvals as well as the current planning, entitlements and engineering which does contribute to the value of the site.

Maximum Profitability

The final test of highest and best use of the site, as though vacant, is that the use be maximally productive, yielding the highest land value. In the case of the subject site as though vacant, the analysis thus far has indicated a residential subdivision is the maximally productive use of the site.

Conclusion: Highest and Best Use As Is Vacant Land

Considering the above analysis, our conclusion of the highest and best use for the subject site as if vacant is for investment pending residential development at the indicated density, time and circumstances warranting this.

APPRAISAL METHODOLOGY

The purpose of this assignment is to estimate the market value of the fee simple interest in River Crest, a preliminarily platted (122 paper lots), 21.04 acre parcel of vacant land. Based on information contained in the Fourteenth Edition of The Appraisal of Real Estate, published in 2013, depending on a specific appraisal assignment, any of the following four methods may be used to estimate the market value of the fee simple interest of land:

- | | |
|-------------------------------------|---------------|
| 1. Sales Comparison Approach | 3. Allocation |
| 2. Income Capitalization Procedures | 4. Extraction |

The first is the sales comparison approach. This is a process of analyzing sales of similar, recently sold parcels in order to derive an indication of the most probable sales price (or value) of the property being appraised. The reliability of this approach is dependent upon (a) the availability of comparable sales data, (b) the verification of the sales data regarding size, price, terms of sale, etc., (c) the degree of comparability or extent of adjustment necessary for differences between the subject and the comparables, and (d) the absence of non-typical conditions affecting the sales price. This is the primary and most reliable method used to value land (if adequate data exists).

The income capitalization procedures include three methods: land residual technique, ground rent capitalization, and Subdivision Development Analysis. A discussion of each of these three techniques is presented in the following paragraphs.

The land residual method may be used to estimate land value when sales data on similar parcels of vacant land are lacking. This technique is based on the principle of balance and the related concept of contribution, which are concerned with equilibrium among the agents of production--i.e. labor, capital, coordination, and land. The land residual technique can be used to estimate land value when: 1) building value is known or can be accurately estimated, 2) stabilized, annual net operating income to the property is known or estimable, and 3) both building and land capitalization rates can be extracted from the market. Building value can be estimated for new or proposed buildings that represent the highest and best use of the property and have not yet incurred physical deterioration or functional obsolescence.

The subdivision development method is used to value land when subdivision and development represent the highest and best use of the appraised parcel. In this method, an appraiser determines the number and size of lots that can be created from the appraised land physically, legally, and economically. The value of the underlying land is then estimated through a discounted cash flow analysis with revenues based on the achievable sale price of the finished product and expenses based on all costs required to complete and sell the finished product.

The ground rent capitalization procedure is predicated upon the assumption that ground rents can be capitalized at an appropriate rate to indicate the market value of a site. Ground rent is paid for the right to use and occupy the land according to the terms of the ground lease; it corresponds to the value of the landowner's interest in the land. Market-derived capitalization rates are used to convert ground rent into market value. This procedure is useful when an analysis of comparable sales of leased land indicates a range of rents and reasonable support for capitalization rates can be obtained.

The allocation method is typically used when sales are so rare that the value cannot be estimated by direct comparison. This method is based on the principle of balance and the related concept of contribution, which affirm that there is a normal or typical ratio of land value to property value for specific categories of real estate in specific locations. This ratio is generally more reliable when the subject includes relatively new improvements. The allocation method does not produce conclusive value indications, but it can be used to establish land value when the number of vacant land sales is inadequate.

The extraction method is a variant of the allocation method in which land value is extracted from the sale price of an improved property by deducting the contribution of the improvements, which is estimated from their depreciated costs. The remaining value represents the value of the land. Value indications derived in this way are generally unpersuasive because the assessment ratios may be unreliable and the extraction method does not reflect market considerations.

SELECTION OF METHODOLOGY

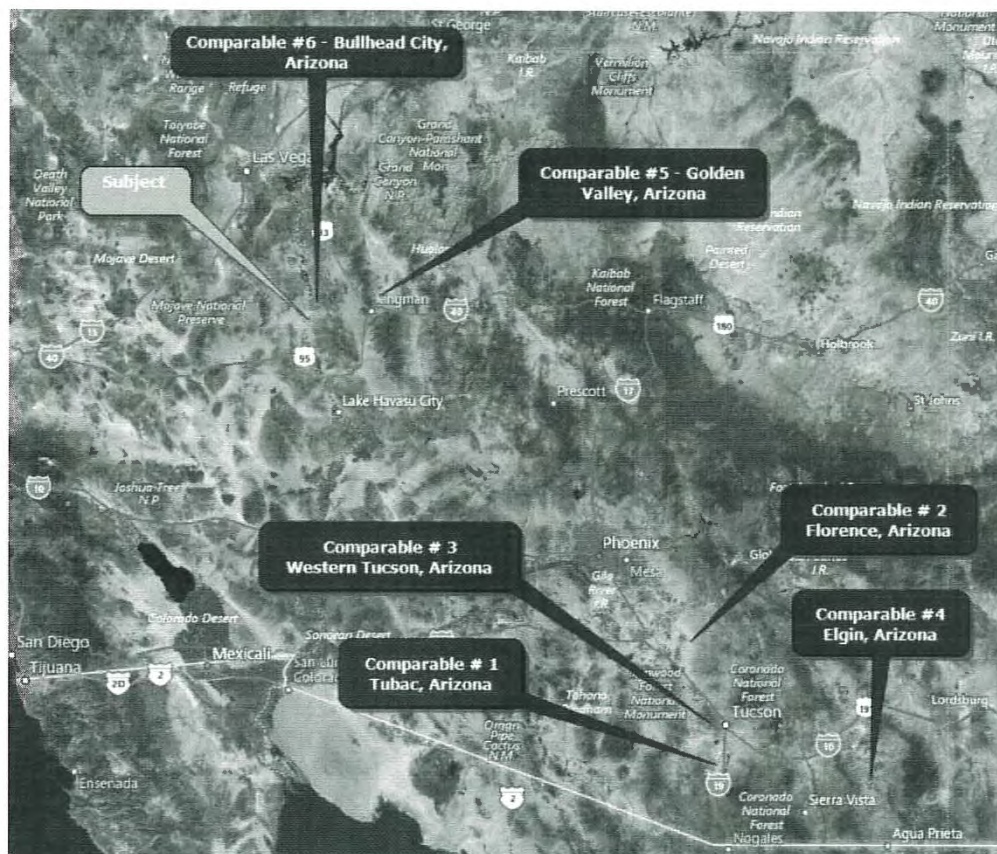
For the purposes of this analysis, we have utilized the Sales Comparison approach to reflect the "As Is" value of the vacant parcel considering some engineering and entitlement work has been completed. The capitalization/subdivision development approach is excluded as it is typically used for residential sites that are feasible for immediate development. The other methodologies are used primarily when comparable, non-distressed, land sales data is non-existent. Therefore, these approaches have not been used as there exists adequate data from which to rendered a supported estimate of market value.

SALES COMPARISON APPROACH – ESTIMATE OF LAND VALUE

In order to estimate the market value of the subject, it was necessary to complete a survey of recent land sales in the competitive market. Our investigation included a review of public records, discussion with brokers and developers active in the marketplace, and a personal inspection of the surrounding area in order to locate potentially developable sites or parcels currently available for sale.

We have analyzed the sales data using the price per acre unit of comparison as some of the sales are not at a similar level of entitlements in place as well as the fact that this is the most common unit of comparison in the subject marketplace. This is, as a result of the recent downturn of the market which limited demand for single family home sites as well as parcels capable thereof especially those which are platted, entitled and ready for development. The purchasers of parcels are generally investor and thus will not expend the time and money requisite of entitling the property until there is a discernible market correction.

This measure or unit of comparison is most prevalent among buyers, sellers, and brokers of residential sites. The results of our survey are summarized in the following chart. The map on the next page illustrates the location of each comparable relative to the subject. A detailed description of each sale is presented in the addenda.



SUMMARY OF COMPARABLE LAND SALES									
No.	Property Location	Type	Closing Date	Proposed Use	Actual Sale Price	Size (Acres)	Size (SF)	Price Per Acre	Price Per Square Foot
1	SWc I-19 and Garretts Way, Tubac, Arizona	Sale	Oct-14	Speculative Investment	\$3,880,000	18.00	784,080	\$215,556	\$4.95
2	NWc Hunt Highway and Franklin Road, Florence, Arizona	Sale	Feb-15	Speculative Investment	\$700,000	13.01	565,716	\$53,805	\$1.24
3	SE Cortaro Farms Road and Sandy Trail, Tucson, Arizona	Sale	Oct-15	Investment Pending Residential Development	\$1,380,000	30.63	1,334,243	\$46,054	\$1.03
4	531 Lower Elgin Road, Elgin, Arizona	Sale	Jan-16	Investment Pending Residential Development	\$440,000	40.07	1,745,449	\$10,981	\$0.25
5	6527 South Sacramento Road, Golden Valley, Arizona	Listing	N/A	Speculative Investment	\$105,850	19.24	105,850	\$5,502	\$0.13
6	1748 Alta Vista Road, Bullhead City, Arizona	Listing	N/A	Investment Pending Residential Development	\$1,150,000	108.00	4,704,480	\$43,560	\$1.00
Subject	River Crest Estates	---		122 Paper Platted Lots	---	21.04	917,502	N/A	N/A
Compiled by AVS									

BASIS FOR ADJUSTMENTS

A fundamental component of real estate valuation involves identifying and quantifying differences between comparable properties and the subject. In a structured analysis, these differences are known as elements of comparison. Elements of comparison are defined as the primary characteristics of a property (and its sale transaction) that cause prices to vary. These elements are considered and compared to the subject for possible adjustments. Our survey and analysis of the sales indicates that several factors affected their ultimate purchase price. Although we attempted to identify and quantify each of these factors, the number of comparables available does not allow for "textbook" use of paired sales. The nine common elements of comparison that are always considered are presented in the following chart.

- | | |
|-----------------------------|-----------------------------------|
| 1. Property rights conveyed | 6. Physical characteristics |
| 2. Financing terms | 7. Economic characteristics |
| 3. Conditions of sale | 8. Use |
| 4. Market conditions | 9. Non-realty components of value |
| 5. Location | |

Adjustments for economic characteristics, use, and non-realty components of value are not required as land is not typically acquired based on its economic characteristics, the uses were similar, and there were no non-realty components of value. The summary discussion below outlines the quantitative adjustments required for each comparable and the following paragraphs discuss each of the adjustments discussed herein.

Property Rights Conveyed

This adjustment considers the differences in the legal estate (interest) conveyed in a given sales transaction. The interest transferred can reflect a variety of rights that may affect the value of a property. The interest transferred can be defined in many ways, ranging from fee simple estates to leasehold estates. Fee simple estates are the highest form of ownership.

All of the sales involved the transfer of the fee simple estate and no adjustment adjustments are required. Potential restriction to 55+ is not viewed as a detriment in the subject marketplace.

Financing Terms

Financing affects real estate values as the availability of financing helps determine the demand for real estate. In most cases, the cost and availability of financing have an inverse relationship; high interest rates or limited availability of financing are usually accompanied by a decrease in the demand for credit and/or real estate. This element is particularly significant in sales involving non-market and/or seller financing.

All of the land sales were all cash transactions or are considered to reflect cash equivalent transactions. No adjustments are required for financing terms.

Conditions of Sale

Adjustments for conditions of sale are justified when the circumstances of a specific sale result in a price that is higher or lower than that of a normal market transaction. This adjustment reflects the motivations of a buyer and seller in the transfer of real property. Circumstances requiring adjustments for conditions of sale includes sales made under duress, auctions, eminent domain transactions, and sales that were not arm's-length. This adjustment is also utilized for listings, negotiations, offers, and/or non-closed escrows (as appropriate).

The comparable sales were not impacted by any specific conditions of sale and no adjustments are required. However, we have adjusted the listing, Comparable 5 down to reflect a probable reduction in the listed to sale price via negotiations or other possible concessions.

Market Conditions

This adjustment reflects market conditions as of the comparables date of sale versus the date of value for the subject. It is necessary to reflect any changes in market conditions between a comparable are date of sale and the date of value of the appraisal. This adjustment is utilized to reflect changes in market conditions caused by inflation, deflation, fluctuations in supply and demand, and other similar factors. No adjustment is considered appropriate for the sales as the date of sale emulate similar market conditions.

Location

Adjustments for location consider the comparables' locations within their respective market area as well as their surrounding land uses as compared to the subject. The location adjustment is typically oriented toward the concept that properties closest to central and/or homogeneously developed areas are superior to properties in outlying or mixed-use areas.

Comparables One, Two and Three superior sites that have a shorter time-line to development as well as greater proximity to established, more active market areas.

Development Status

Parcels with no development approvals are definitely inferior to sites with approvals in-place. This is due to the uncertainty surrounding the ultimate development density and the longer time frame before development can be undertaken. Reflecting this, most buyers will apply a large discount to a parcel that does not have an established allowable density permitted. In addition to development approvals, a site wherein grading or other subdivision work has been completed (or partially completed) is typically more valuable than a raw site.

All sales are generally similar in this respect as all were essentially purchased as speculative investments pending development.

Utility - Configuration

This adjustment considers the physical shape of the land sales as compared to the subject. Sites that are very irregular in shape tend to have less overall development potential and would therefore sell for less than a similar sized site that has a regular shape. For residential subdivisions, this adjustment is typically limited as the individual lot sizes are relatively small; and a larger site can be configured to minimize any loss factor.

All Comparables are generally similar.

Topography

A site with severe topography can escalate development costs, reduce usable area, and restrict development. Conversely, a level site does not allow for varying elevations and removes any view amenity.

All are similar in this respect to varying and sometimes offsetting reasons

Access

The access adjustment reflects the superiority or inferiority of a comparable's direct physical access by vehicles and/or pedestrians. Regional access has been reflected in the location adjustment.

ADJUSTMENT GRID

A summary chart of the adjustments to each sale follows. Based upon the prior analysis it is our opinion that the value of the subject is as follows:

SALES COMPARISON APPROACH

LAND SALES ADJUSTMENT GRID							Subject
Comparable Number	1	2	3	4	5	6	
Transaction Type	Sale	Sale	Sale	Sale	Listing	Listing	---
Transaction Date	Oct-14	Feb-15	Oct-15	Jan-16	N/A	N/A	---
Proposed Use	Speculative Investment	Speculative Investment	Investment Pending Residential Development	Investment Pending Residential Development	Speculative Investment	Inspection Pending Residential Development	Raw Land Preliminary Plat for 122 Lots
Adjusted Sale Price ¹	\$3,880,000	\$700,000	\$1,380,000	\$440,000	\$105,850	\$1,150,000	---
Size (Acres)	18.00	13.01	30.63	40.70	19.25	108.00	21.04
Size (SF)	784,080	566,716	1,334,243	1,745,449	105,850	4,704,480	917,502
Price Per Acre	\$215,555	\$53,805	\$46,054	\$10,981	\$5,502	\$43,560	---
Price Per SF	\$4.95	\$1.24	\$1.03	\$0.25	\$0.13	\$1.00	---
Price (\$ Per Unit)	\$4.95	\$1.24	\$1.03	\$0.25	\$0.13	\$1.00	---
Property Rights Conveyed	0%	0%	0%	0%	0%	0%	---
Financing Terms ¹	0%	0%	0%	0%	0%	0%	---
Conditions of Sale	0%	0%	0%	0%	-10%	-10%	---
Market Conditions	0%	0%	0%	0%	0%	0%	---
Subtotal	\$4.95	\$1.24	\$1.03	\$0.25	\$0.11	\$0.90	---
Location	-50%	-25%	-50%	0%	0%	0%	---
Development Status	0%	0%	0%	0%	0%	0%	---
Size	0%	0%	5%	5%	0%	10%	---
Utility - Configuration	0%	0%	0%	0%	0%	0%	---
Topography	-10%	0%	0%	0%	0%	0%	---
Total Other Adjustments	-60%	-25%	-45%	5%	-10%	10%	---
Value Indication for Subject	\$1.98	\$0.93	\$0.57	\$0.26	\$0.11	\$0.99	---

¹ Transaction amount adjusted for cash equivalency and/or development costs (where applicable)
Compiled by AVS

SALES COMPARISON APPROACH CONCLUSION

Based on the foregoing adjustment analysis, Comparables One and Five are the most representative of the subject site, and warrant greatest consideration as a result of the aggregate amount of adjustment. Comparable three required the third lowest aggregate adjustment.

Additionally, Comparable Listing Six is a fully developed multi-lot parcel ready for near term development a very similar property in terms of appeal, location and entitlements yet with a full complement of infrastructure. As a result of the 'for sale' status of comparable six it sets an absolute upper limit of value for the subject parcel. In conclusion, a price per acre indication near the lower end of the range is the most appropriate for the subject given the location of the subject in a smaller market area. The following table presents the valuation conclusion:

CONCLUDED LAND VALUE				
\$ Per Acre		Subject		Total
\$30,000	x	21	=	\$631,200
Rounded:				\$630,000
Compiled by AVS				

The value of the improved lots is supported and discussed in the following subdivision development approach.

RECONCILIATION OF VALUE

The value indications from the approaches to value are summarized as follows:

AS IS VALUE CONCLUSIONS	
	As Is on September 9, 2017
Land Value	\$630,000
Cost Approach	N/A
Sales Comparison Approach	N/A
Subdivision Development Approach	N/A
Reconciled Value	\$630,000
Compiled by AVS	

In analyzing and correlating these value indications to a final estimate of value, each approach must be weighed in relation to:

- Its ability to reflect the motives of a prospective buyer or seller;
- The type, quality, and depth of the data upon which the conclusions are based;
- Its sensitivity and ability to reflect economic changes that affect the availability and cost of mortgage financing; and
- Its ability to reflect the unique character of the property being appraised including factors such as location, size, and income potential.
- The subject may suffer from external obsolescence as a result of the location in a non-active, partially developed subdivision. This was not measurable from the available market data yet considered in the reconciliation. Additionally, the possibility exists for buyers to be wary of potential builder competition related to the potential sale of remaining lots. Again this is considered, but support for an adjustment was not indicated from the available data set.

COST APPROACH

The cost approach typically gives a reliable value indication when there is strong support for the replacement cost estimate and when there is minimal depreciation. Given the weak housing market conditions as well as absence of all required approvals, the cost approach is not applicable to the subject and excluded as a valuation.

SUBDIVISION DEVELOPMENT APPROACH

The income capitalization/subdivision development approach to value measures the price which a developer would pay to achieve a specific net income stream. Our analysis consisted of a subdivision analysis, or a discounted cash flow analysis, which discounts the future income stream into a value conclusion. Since there is no near term development options for the subject we have excluded this from consideration.

CONCLUSION

Based upon our thorough review of the subject, and according to single most applicable approach to value, the Sales Comparison Approach, it is our opinion that the market value of the subject is:

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
"As Is" Vacant Parcel of Land	Fee Simple Estate	September 9, 2017	\$630,000
Compiled by AVS			

ASSUMPTIONS AND LIMITING CONDITIONS

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. ASSET VALUATION SERVICES is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. ASSET VALUATION SERVICES, however, has not examined title and makes no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject's title should be sought from a qualified title company that issues or insures title to real property.
2. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. ASSET VALUATION SERVICES professionals are not engineers and are not competent to judge matters of an engineering nature. ASSET VALUATION SERVICES has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of ASSET VALUATION SERVICES by ownership or management; ASSET VALUATION SERVICES inspected less than 100% of the entire interior and exterior portions of the improvements; and ASSET VALUATION SERVICES was not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, ASSET VALUATION SERVICES reserves the right to amend the appraisal conclusions reported herein.
3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. ASSET VALUATION SERVICES has no knowledge of the existence of such materials on or in the property. ASSET VALUATION SERVICES, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

We have inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.
4. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to ASSET VALUATION SERVICES. This report may be subject to amendment upon re-inspection of the subject subsequent to repairs, modifications, alterations and completed new construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions and projected levels of operation.
5. It is assumed that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or 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, ASSET VALUATION SERVICES has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the

improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, ASSET VALUATION SERVICES reserves the right to amend conclusions reported if made aware of any such error. Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify ASSET VALUATION SERVICES of any questions or errors.

6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the appraisal. However, ASSET VALUATION SERVICES will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
7. ASSET VALUATION SERVICES assumes no private deed restrictions, limiting the use of the subject in any way.
8. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
9. ASSET VALUATION SERVICES is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
10. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
11. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. ASSET VALUATION SERVICES does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of ASSET VALUATION SERVICES
12. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of ASSET VALUATION SERVICES to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
13. Also, unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.
14. This study may not be duplicated in whole or in part without the specific written consent of ASSET VALUATION SERVICES nor may this report or copies hereof be transmitted to third parties without said consent, which consent ASSET VALUATION SERVICES reserves the right to deny. Exempt from this restriction is 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 party/parties for whom this appraisal was prepared, 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 ASSET VALUATION SERVICES which consent ASSET VALUATION SERVICES reserves the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a "sale" or "offer for sale" of any "security", as such terms are defined and used in the Securities Act of 1933, as amended. 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 advice for any decision in connection with this property. ASSET VALUATION SERVICES shall have no accountability or responsibility to any such third party.
15. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.
 16. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.
 17. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.
 18. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to ASSET VALUATION SERVICES unless otherwise stated within the body of this report. If the Consultant has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. ASSET VALUATION SERVICES assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
 19. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Appraiser nor ASSET VALUATION SERVICES assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
 20. ASSET VALUATION SERVICES assumes that the subject analyzed herein will be under prudent and competent management and ownership; neither inefficient nor super-efficient.
 21. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
 22. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.
 23. The *Americans with Disabilities Act* (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, ASSET VALUATION SERVICES has not made a specific compliance survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value estimated herein. Since ASSET VALUATION SERVICES has no specific information relating to this issue, nor is ASSET VALUATION SERVICES qualified to make such an assessment, the effect of any possible non-compliance with the requirements of the ADA was not considered in estimating the value of the subject.
 24. Client shall not indemnify Appraiser or hold Appraiser harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate appraisal results to others, which acts of the Client proximately result in damage to Appraiser. The Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the appraisal report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover from the other reasonable attorney fees and costs.

25. The report is for the sole use of the client; however, client may provide only complete, final copies of the appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. Appraiser is not required to explain or testify as to appraisal results other than to respond to the client for routine and customary questions. Please note that our consent to allow an appraisal report prepared by ASSET VALUATION SERVICES or portions of such report, to become part of or be referenced in any public offering, the granting of such consent will be at our sole discretion and, if given, will be on condition that we will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to us, by a party satisfactory to us. We do consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.

ADDENDA

ADDENDUM A

GLOSSARY OF TERMS

assessed value Assessed value applies in ad valorem taxation and refers to the value of a property according to the tax rolls. Assessed value may not conform to market value, but it is usually calculated in relation to a market value base.[†]

cash equivalency The procedure in which the sale prices of comparable properties sold with atypical financing are adjusted to reflect typical market terms.

contract, coupon, face, or nominal rent The nominal rent payment specified in the lease contract. It does not reflect any offsets for free rent, unusual tenant improvement conditions, or other factors that may modify the effective rent payment.

coupon rent

See Contract, Coupon, Face, or Nominal Rent

effective rent 1) The rental rate net of financial concessions such as periods of no rent during a lease term; may be calculated on a discounted basis, reflecting the time value of money, or on a simple, straight-line basis.[†] 2) The economic rent paid by the lessee when normalized to account for financial concessions, such as escalation clauses, and other factors. Contract, or normal, rents must be converted to effective rents to form a consistent basis of comparison between comparables.

excess land In regard to an improved site, the land not needed to serve or support the existing improvement. In regard to a vacant site or a site considered as though vacant, the land not needed to accommodate the site's primary highest and best use. Such land may be separated from the larger site and have its own highest and best use, or it may allow for future expansion of the existing or anticipated improvement. See also surplus land.[†]

face rent

See Contract, Coupon, Face, or Nominal Rent

fee simple estate Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.[†]

floor area ratio (FAR) The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area; also called *building-to-land ratio*.[†]

full service lease A lease in which rent covers all operating expenses. Typically, full service leases are combined with an *expense stop*, the expense level covered by the contract lease payment. Increases in expenses above the expense stop level are passed through to the tenant and are known as *expense pass-throughs*.

going concern value Going concern value is the value of a proven property operation. It includes the incremental value associated with the business concern, which is distinct from the value of the real estate only. Going concern value includes an intangible enhancement of the

value of an operating business enterprise which is produced by the assemblage of the land, building, labor, equipment, and marketing operation. This process creates an economically viable business that is expected to continue. Going concern value refers to the total value of a property, including both real property and intangible personal property attributed to the business value.[†]

gross building area (GBA) The sum of all areas at each floor as measured to the exterior walls.

insurable value Insurable Value is based on the replacement and/or reproduction cost of physical items that are subject to loss from hazards. Insurable value is that portion of the value of an asset or asset group that is acknowledged or recognized under the provisions of an applicable loss insurance policy. This value is often controlled by state law and varies from state to state.[†]

investment value Investment value is the value of an investment to a particular investor based on his or her investment requirements. In contrast to market value, investment value is value to an individual, not value in the marketplace. Investment value reflects the subjective relationship between a particular investor and a given investment. When measured in dollars, investment value is the price an investor would pay for an investment in light of its perceived capacity to satisfy his or her desires, needs, or investment goals. To estimate investment value, specific investment criteria must be known. Criteria to evaluate a real estate investment are not necessarily set down by the individual investor; they may be established by an expert on real estate and its value, that is, an appraiser.[†]

leased fee

See leased fee estate

leased fee estate An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.[†]

leasehold

See leasehold estate

leasehold estate The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.[†]

load factor The amount added to usable area to calculate the rentable area. It is also referred to as a "rentable add-on factor" which, according to BOMA, "is computed by dividing the difference between the usable square footage and rentable square footage by the amount of the usable area. Convert the figure into a percentage by multiplying by 100.

market rent The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations.[†]

market value Market value is one of the central concepts of the appraisal practice. Market value is differentiated from other types of value in that it is created by the collective patterns of the market. Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: 1) A reasonable time is allowed for exposure in the open market; 2) Both parties are well informed or well advised, and acting in what they consider their own best interests; 3) Buyer and seller are typically motivated; 4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and 5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.⁵

marketing period The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal.⁶

net lease Lease in which all or some of the operating expenses are paid directly by the tenant. The landlord never takes possession of the expense payment. In a *Triple Net Lease* all operating expenses are the responsibility of the tenant, including property taxes, insurance, interior maintenance, and other miscellaneous expenses. However, management fees and exterior maintenance are often the responsibility of the lessor in a triple net lease. A *modified net lease* is one in which some expenses are paid separately by the tenant and some are included in the rent.

net rentable area (NRA) 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor.⁷

nominal rent

See Contract, Coupon, Face, or Nominal Rent

occupancy rate The relationship or ratio between the income received from the rented units in a property and the income that would be received if all the units were occupied.⁸

prospective future value "upon completion of construction" Prospective future value "upon completion of construction" is the prospective value of a property on the future date that construction is completed, based upon market conditions forecast to exist, as of that completion date. The value estimate at this stage is stated in current dollars unless otherwise indicated.

prospective future value "upon reaching stabilized occupancy" Prospective future value "upon reaching stabilized occupancy" is the prospective value of a property at a future point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy.

The value estimate at this stage is stated in current dollars unless otherwise indicated.

reasonable exposure time The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.¹¹

rent

See

full service lease

net lease

market rent

contract, coupon, face, or nominal rent

effective rent

shell space Space which has not had any interior finishing installed, including even basic improvements such as ceilings and interior walls, as well as partitions, floor coverings, wall coverings, etc..

surplus land Land not necessary to support the highest and best use of the existing improvement but, because of physical limitations, building placement, or neighborhood norms, cannot be sold off separately. Such land may or may not contribute positively to value and may or may not accommodate future expansion of an existing or anticipated improvement. See *also* excess land.¹²

usable area 1) The area actually used by individual tenants. 2) The Usable Area of an office building is computed by measuring to the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Excludes areas such as mechanical rooms, janitorial room, restrooms, lobby, and any major vertical penetrations of a multi-tenant floor.

use value Use value is a concept based on the productivity of an economic good. Use value is the value a specific property has for a specific use. Use value focuses on the value the real estate contributes to the enterprise of which it is a part, without regard to the property's highest and best use or the monetary amount that might be realized upon its sale.¹³

value appraised During the real estate development process, a property typically progresses from a state of unimproved land to construction of improvements to stabilized occupancy. In general, the market value associated with the property increases during these stages of development. After reaching stabilized occupancy, ongoing forces affect the property during its life, including a physical wear and tear, changing market conditions, etc. These factors continually influence the property's market value at any given point in time.

See *also*

market value "as is" on the appraisal date

market value "as if complete" on the appraisal date

prospective future value "upon completion of construction"

prospective future value "upon reaching stabilized occupancy"

[†] *The Appraisal of Real Estate*, Twelfth Edition, Appraisal Institute, 2001.

[‡] *The Dictionary of Real Estate Appraisal*, Fourth Edition, 2002.

[§] The Office of the Comptroller of the Currency, 12 CFR Part 34, Subpart C, §34.42(f), August 24, 1990. This definition is compatible with the definition of market value contained in *The Dictionary of Real Estate Appraisal*, Third Edition, and the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of The Appraisal Foundation, 1992 edition. This definition is also compatible with the OTS, RTC, FDIC, NCUA, and the Board of Governors of the Federal Reserve System definition of market value.

^{*} 2000 BOMA Experience Exchange Report, Income/Expense Analysis for Office Buildings (Building Owners and Managers Association, 2000)

^{††} *Statement on Appraisal Standard No. 6*, Appraisal Standards Board of The Appraisal Foundation, September 19, 1992.

ADDENDUM B
COMPARABLE LAND SALES

LAND COMPARABLE ONE

Property Name Vacant Commercial Land
 Address Interstate 19 Frontage Road at Garrett Road
 Nogales, AZ 85621

 County Santa Cruz
 Govt./Tax ID 112-23-040, 041, 042, 043, 044, 045, 046, 047
 Land Area Net 18.000 ac/ 784,080 sf
 Land Area Gross 18.000 ac/ 784,080 sf
 Site Development Status N/A
 Utilities All Available
 Maximum FAR N/A
 Min Land Bldg Ratio N/A
 Shape Irregular
 Topography Level, At Street Grade
 Flood Zone Class N/A
 Flood Panel No./ Date N/A
 Zoning B-2, Nogales
 Entitlement Status N/A



Transaction Details

Type	Sale	Primary Verification	Costar
Interest Transferred	N/A	Transaction Date	10/27/2014
Condition of Sale	None	Recording Date	10/27/2014
Recorded Buyer	Tubac Legacy Projects LLC	Sale Price	\$3,880,000
Buyer Type	Private Investor	Financing	Cash to Seller
Recorded Seller	Meridian Realty Advisors, LP	Cash Equivalent	\$3,880,000
Marketing Time	N/A	Capital Adjustment	\$0
Listing Broker	None	Adjusted Price	\$3,880,000
Doc #	0000000006167	Adjusted Price / ac and / sf	\$215,556 / \$4.95
		Adjusted Price/ FAR	N/A
		Adjusted Price/ Unit	N/A
Buyer's Primary Analysis	N/A	Occupancy at Sale	N/A
Static Analysis Method	N/A	Underwritten Occupancy	Static Analysis-N/A
Source	Static Analysis-N/A	Potential Gross Income	Static Analysis-N/A
NOI / sf	Static Analysis-N/A	Vacancy/Collection Loss	Static Analysis-N/A
IRR	N/A	Effective Gross Income	Static Analysis-N/A
OER	Static Analysis-N/A	Expenses	Static Analysis-N/A
Expenses /sf	Static Analysis-N/A	Net Operating Income	Static Analysis-N/A
Cap Rate	Static Analysis-N/A		

Comments

This comparable represents the sale of an 18.0 acre-site located along the Interstate 19 Frontage road in Nogales, Arizona. The vacant site was purchased in October 2014 for \$3,880,000 or \$4.95 per square foot. The site is zoned B-2 and was purchased by an adjacent property owner as an assemblage for spec-holding.

LAND COMPARABLE TWO

Property Name Vacant Land
 Address NWC Hunt Highway and Franklin Road
 Florence, AZ 85232

 County Pinal
 Govt./Tax ID 200-24-004L
 Land Area Net 13.010 ac/ 565,716 sf
 Land Area Gross N/A/ N/A
 Site Development Status Semi-Finished
 Utilities N/A
 Maximum FAR N/A
 Min Land Bldg Ratio N/A
 Shape Irregular
 Topography Generally Level
 Flood Zone Class Zone X (Unshaded)
 Flood Panel No./ Date 04021C0875E/ Dec 2007
 Zoning PUD, Planned Unit Development
 Entitlement Status N/A



Transaction Details

Type	Sale	Primary Verification	Kevin Hogan with The Hogan Group, LLC at 602-553-4115
Interest Transferred	Fee Simple	Transaction Date	02/02/2015
Condition of Sale	None	Recording Date	02/02/2015
Recorded Buyer	Hunt Highway 28, LLC	Sale Price	\$700,000
Buyer Type	N/A	Financing	All Cash
Recorded Seller	La Entrada, LLC	Cash Equivalent	\$700,000
Marketing Time	8 Month(s)	Capital Adjustment	\$0
Listing Broker	Kevin Hogan	Adjusted Price	\$700,000
Doc #	2015-006203	Adjusted Price / ac and / sf	\$53,805 / \$1.24
		Adjusted Price/ FAR	N/A
		Adjusted Price/ Unit	N/A

Comments

This land sale represents a 13.01 acre site of raw land located at the northwest corner of Hunt Highway and Franklin Road near the Florence Hospital. The property sold in February 2015 for \$700,000 or \$1.24 per square foot of land area by an investor who plans to hold for long term investment. According to the listing broker, the buyer had been in and out of escrow for the past 6-8 months before finally closing. The original listing price was for \$1,300,000; however, although the price was reduced significantly, given the amount of activity in the area, the broker believed that the sale was a true identification of market value. Notably, all utilities are available to the site boundary; however, off-site improvements will still need to be installed. Additionally, there do not appear to be any easements, encroachments, covenants, restrictions, or conditions, which adversely affect the utility of the overall site, and the property is not located within a flood hazard area.

LAND COMPARABLE THREE

Property Name Willow Vista
 Address SE Cortaro Farms & Sandy Trail
 Tucson, AZ 85741
 County Pima
 Govt./Tax ID 221-18-6130 to -6300
 Land Area Net 30.630 ac/ 1,334,243 sf
 Land Area Gross 30.630 ac/ 1,334,243 sf
 Site Development Status Raw
 Utilities Available to site
 Maximum FAR N/A
 Min Land Bldg Ratio N/A
 Shape Irregular
 Topography Generally Level
 Flood Zone Class Zone X (Unshaded)
 Flood Panel No./ Date N/A
 Zoning R-16, Residential Zone
 Entitlement Status N/A



Transaction Details

Type	Sale	Primary Verification	Broker, CoStar
Interest Transferred	Fee Simple	Transaction Date	12/21/2015
Condition of Sale	None	Recording Date	12/21/2015
Recorded Buyer	Richmond American Homes of Arizona Inc	Sale Price	\$1,380,000
Buyer Type	Developer	Financing	Cash to Seller
Recorded Seller	Fidelity National Title Agency Inc Trust No 60,411	Cash Equivalent	\$1,380,000
Marketing Time	N/A	Capital Adjustment	\$0
Listing Broker	Ben Becker, CBRE, 520-323-5100	Adjusted Price	\$1,380,000
Doc #	20153550622	Adjusted Price / ac and / sf	\$45,054 / \$1.03
		Adjusted Price/ FAR	N/A
		Adjusted Price/ Unit	N/A

Comments

This comparable represents the sale of 30.63 gross acres of vacant land located near the southeast corner of Cortaro Farms Road & Sandy Trail in Tucson, AZ. The site was raw land that was originally platted for 35 luxury home lots, but re-platted prior to the close of sale for 69 lots. Average lot size for the original 35 lots was roughly 19,700 square feet, while the average lot size for the 69 lots was roughly 10,000 square feet. The site was purchased in December 2015 for \$1,380,000, or \$45,054 per gross acre. The sale price equates to \$20,000 per lot for the 69 re-platted lots. The proposed use is for development of a single-family residential subdivision known as Willow Vista.

LAND COMPARABLE FOUR

Property Name Elgin Residential Land
 Address 531 Lower Elgin Road
 Elgin, AZ 85611

 County Santa Cruz
 Govt./Tax ID 109-66-026A
 Land Area Net 40.070 ac/ 1,745,449 sf
 Land Area Gross N/A/ N/A
 Site Development Status Raw
 Utilities All available to site
 Maximum FAR N/A
 Min Land Bldg Ratio N/A
 Shape Irregular
 Topography Generally Level
 Flood Zone Class Zone X (Unshaded)
 Flood Panel No / Date 04023C0150C/ Dec 2011
 Zoning GR, General Rural
 Entitlement Status N/A

**Transaction Details**

Type	Sale	Primary Verification	Deborah Casey-Shasky with West USA Realty at 602-818-3962
Interest Transferred	Fee Simple	Transaction Date	01/28/2016
Condition of Sale	None	Recording Date	01/28/2016
Recorded Buyer	Larry D. Johnson	Sale Price	\$440,000
Buyer Type	N/A	Financing	Cash to Seller
Recorded Seller	Copas Chaun Lee	Cash Equivalent	\$440,000
Marketing Time	42 Month(s)	Capital Adjustment	\$0
Listing Broker	Deborah Casey-Shasky with West USA Realty	Adjusted Price	\$440,000
Doc #	2016-000575	Adjusted Price / ac and / sf	\$10,981 / \$0.25
		Adjusted Price/ FAR	N/A
		Adjusted Price/ Unit	N/A

Comments

This property represents 40.07 acres of vacant land located at 531 Lower Elgin Road in Elgin, AZ. The property is currently vacant land that is proposed for future single-family residential development. According to the Santa Cruz County Planning and Zoning Department, the approved land use is mobile home with GR, General Rural zoning in place. The property was noted to have all utilities available to the site and is not within a flood hazardous area, flood zone x. The property sold in January 2016 for \$440,000 or \$10,981 per acre or \$0.25 per square foot of land area.

**ADDENDUM C
QUALIFICATIONS**

QUALIFICATIONS OF W. WADE CLARK, MAI

Mr. Clark is a member of the Appraisal Institute and holds the MAI designation. This designation was awarded in 1996 and requires a program of continuing education. Mr. Clark is presently a Certified General Real Estate Appraiser in the States of Arizona, Colorado and New Mexico as well as having completed appraisal assignments in the States of Colorado, North and South Dakota, New Mexico, Illinois, Iowa, Kansas, Oklahoma, Nevada, Minnesota, Montana, Oregon, Texas and Utah.

Additionally, Mr. Clark has conducted appraisals internationally in the countries and territories of: Bahamas, Mexico, Dominican Republic, Grenada, Honduras, Costa Rica, Nicaragua, Puerto Rico, Grand Cayman, Turk's and Caicos and The Republic of Fiji. Mr. Clark has also received a Bachelors Degree from the University of Arizona with a Major in Economics.

Professional Experience

2013 – Present	Asset Valuation Services (Formally Greenberg Clark)
2011 - 2012	Greenberg Clark Inc.
2009 – 2011	Chief Appraiser City of Tucson
1997-2009	CB Richard Ellis Valuation and Advisory Services (previously CB Commercial), Tucson Satellite Office Manager/Vice President
1996-1997	Bruce D. Greenberg Inc., Independent Fee Appraiser
1989-1996	The Havins Co., Inc., Independent Fee Appraiser
1985-1989	Swango Real Estate Counseling and Valuation, Independent Fee Appraiser

Appraisal Education

"Basic Valuation Procedures", 1986, AIREA
 "Real Estate Appraisal Principals", 1986, AIREA
 "Capitalization Theory and Technique, Part A", 1987, AIREA
 "Capitalization Theory and Technique, Part B", 1987, AIREA
 "Case Studies in Real Estate Valuation Analysis", 1989, AIREA
 "Report Writing and Valuation Analysis", 1989, AIREA
 "Uniform Standards of Professional Practice", 1991, AIREA
 "Appraisers Complete Review", 1996, AIREA
 "Uniform Standards of Professional Practice", 1996, AI
 "Litigation Valuation", 1998, AI
 "Appraiser as an Expert witness", 1999, AI
 "Standards of Professional Practice, Part C", 2000, AI
 "Appraising From Blue Prints", 2000, AI
 "On-line Internet Search Strategies", 2000, AI
 "Data Confirmation and Verification", 2001, AI
 "GIS Applications for Real Estate", 2001, AI
 "Subdivision Analysis", 2001, AI

"Feasibility, Market Value, Investment Timing", 2002
"Valuation of Detrimental Conditions", 2002, AI
"Analyzing Operating Expenses", 2002, AI
"Residential Property Construction, AI, 2002
"Tax Deferred Exchanges in Today's Market", Hogan School of Real Estate, 2002
"Fair Housing in America", Hogan School of Real Estate, 2002
"Valuation, Assessment & Real Estate Taxation", AI, 2004
"Full Disclosure & How Stigmas Affect Value", AI, 2004
"Getting Through the Environmental Maze", Hogan School of Real Estate, 2004
"Uniform Standards of Professional Appraisal Practice", AI, 2004
"Practical Issues in Fair Housing", AI, 2004
"Using the Internet for Disclosure of Material Facts", AI, 2004
"Arizona Water Law" Arizona School of Real Estate, 2006
"Bankruptcy 101" Hogan School of Real Estate, 2006
"Environmental Quagmire" Hogan School of Real Estate, 2006
"Analyzing Distressed Real Estate" AI, 2006
"Business Practices and Ethics" AI, 2006
"Uniform Standard of Professional" AI, 2006
"2008-2009 National USPAP, ASRE&B, 2008"
"Supervising Beginning Appraisers, ASRE&B, 2008"
"Appraisal of Nursing Facilities, AI 2008"
"Scope of Work: Expanding Your Range of Services, AI 2008"
"Introduction to International Valuation Standards, AI 2008"
"Business Practices and Ethics – AI 2010"
"General Appraiser Site Valuation and Cost Approach AI 2010"
"Scope of Work: Expanding Your Range of Services, AI 2010"
"Appraisal Curriculum Overview – Residential, AI 2012"
"Appraisal Curriculum Overview – General, AI 2012"
"Data Verification Methods, AI, 2012"
"Eminent Domain and Condemnation, AI 2012"
"Cool Tools: New Technology for Real Estate Appraisers, AI 2012"
"What Commercial Clients Would Like Appraisers to Know, AI 2012"
"Apartment Appraisal, Concepts & Applications, AI 2012"
"Marshall & Swift Commercial Cost Training, AI 2012"
"Online Data Verification Methods, AI 2012"
"Valuation of Conservation Easements and Taxes, AI 2013"
"Online Forecasting Revenue, AI 2014"

Related Seminars

"Due Diligence and the Environmental Checklist", 1992, AIREA
"Special Appraisal Problems", 1992, Hogan School of Real Estate
"Update on Lender Requirements", 1993, AIREA
"Commissioners Subdivision Rules", AZ School of Real Estate,
1993
"Arizona Property Tax Law", AZ School of Real Estate, 1994
"USPAP Update", Hogan School of Real Estate, 1994
"Arizona Water Law", Hogan School of Real Estate, 1994
"Fair Housing", Hogan School of Real Estate, 1994
"Preservation Law & Environmental Impact", Hogan School of Real
Estate, 1994
"Highest and Best Use Analysis", Hogan School of Real Estate,
1998
"Flood Zone Seminar", AI, 2002
"FEMA Floodplain Seminar", AI, 2002

EXHIBIT 4

RESUME * ROGER A. JAEGER

41325 Billy Joe Lane, Temecula, CA 92590 * (951) 907-1464 * roger@rajaeger.com

Education

HS Diploma | 1967 | Upland High School

Skills & Abilities

I am an intelligent problem solver and manager. With over 40 years of construction experience, my career has equipped me to build virtually any type of project whether common residential or commercial construction. My communication skills allow me to get along well with most people. I am computer literate and skilled in Windows, Excel, Word, QuickBooks and generally, most menu driven programs.

Career Highlights

Sergeant with US Army 1967 – 1970

Patrolman with City of Upland Police Department 1971-1972

Carpenter 1973-1975

Licensed General and Wood Framing Contractor 1976-1977 Lic#304931

Freelance Project Manager for 3 separate building Developers involved in multifamily projects 1977-1982

List of key projects:

- 10 Unit Apartment Complex, Costa Mesa 1977
- 29 Unit Tract Homes, Costa Mesa 1977
- 40,000 SF Restaurant Office Complex, Huntington Beach 1978
- 180 Unit Apartment Complex, Azuza 1978
- 40 Unit Apartment Complex, Azuza 1979
- 15000sf Office Complex, Riverside 1979 (framing only)

Commercial Wood Framing Subcontractor 1981-1983

Project Manager / Director of Construction, Lightner Development and Construction Co.
1983- 1989

List of key Projects

- 29 Unit Tract Homes, Pedley
- Church Camp Remodel Addition, Wrightwood 1983
- 6500sf Church Building, Monrovia 1984
- 20000sf Post Office remodel, Northridge 1984
- 20 Unit Tract homes, Alta Loma, 1984
- Church Fellowship Hall Lynwood, 1985

Church Fellowship Hall, Pico Rivera, 1985
54 Unit Tract Homes, Alta Loma, 1985
73 Unit Tract Homes, Alta Loma, 1986
160 Unit Apartment Complex, Lancaster, 1987
558 Unit Apartment Complex, Redlands, 1987
80 Unit Apartment Complex, Riverside, 1988
64 Unit Condo / Townhome Units, Alta Loma, 1989

General Contractor and Commercial Framing Subcontractor 1989 – present

During this period of time as a General Contractor I was able to build and construct 8 Custom homes some for speculation and some for Contract. Additionally, I built 3 strip centers approximately 12000 sf each and 1 Industrial 15000sf industrial strip center.

My prime source of income during this period was as a Subcontractor involved in Commercial Wood Framing. We have completed on average over 2 million dollars annually with peak years up to 6 million dollars in gross sales for a total of approximately 60 Million Dollars in gross sales. Our projects ranged in size from a few thousand dollars up to 2.5 Million Dollars. We generally get most of our work thru referrals among 10-15 Commercial General Contractors thru out Southern California. During that time we have been involved in framing shopping centers, Post offices, schools, churches, industrial buildings, and office buildings that not only require a sufficient amount of working capital and man power. Many of these jobs required performance bonding. A complete list well over several hundred jobs is available but would be impractical to list and irrelevant to the current proposal. During that time we have never failed to successfully complete any of those jobs. This record of success continues to this day.

To: Bankruptcy Court County of Riverside

To whom it may concern:

My name is Roger Jaeger, I live at 41325 Billy Joe Lane, Temecula, Calif. and I have extensive knowledge of the asset of RCE Inc. known as Rivercrest Estates in the City of Bullhead, Arizona.

This property is a planned development community intended for 120 single family homes in the 1200sf size range. The project will be for adults 55 and over. Additionally the project will be gated and have amenities including a clubhouse and multiple pools.

I am qualified both professionally and financially to build and complete this project, as you can see by my personal resume, financial statement and letters of references.

I would like to purchase and build out this project according to the following terms and conditions. Purchase price for the project to be \$665,000 plus 15% of the projected profits of approximately \$870,000 (\$5,800,000 total) at buildout provided we are successful in securing financing, building and selling the project. No warranty is made to any specific dollar value beyond the initial purchase price of \$665,000. The time to complete the agreement should be between 5 to 10 years. We will provide \$165,000 upon close of Escrow as a down payment and provide a promissory note for \$500,000 to be paid incrementally as each home sells. 5% annual interest will accrue against the principle and be paid back as each home sells. The seller will agree to subordinate his note to the construction financing lender.

Respectfully submitted,

Roger Jaeger

951 907-1464



TOVEY/SHULTZ CONSTRUCTION, INC.

July 19, 2017

To whom it may concern
RE: Rivercrest Estates

16261 COLLIER AVE

LAKE ELSINORE, CA

92530

I have known Roger Jaeger for approximately 35 years, both as a personal friend and in a long-standing business relationship. Although I am currently retired from the day to day business, I was the owner and president of Tovey Shultz Construction Inc. for 27 years.

P 909 471 5677

F 909 471 5347

STATE LICENSE NO. 46838

During those years, Roger worked for me, and with me, in various capacities, including Project Management, General Contracting and Sub-contracting. Whether he was a direct employee or we contracted together in a business relationship (which has been the more dominate relationship), he has always handled himself, and his business, with the utmost of integrity, professionalism and tenacity. Projects were completed on schedule, within budget, and he and his staff were always a pleasure to have part of the team. His company was always my first choice to contract with, and he still has a strong relationship with the new owners of Tovey Shultz Construction.

I have reviewed the Rivercrest Estates project with Roger as well as the brochure and find this to be well within Roger's abilities and strengths.

If you have any additional questions do not hesitate to call. My Cell # is 951 202-5315.

Sincerely,

Randy Shultz
Board of Directors
Tovey/Shultz Construction Inc.

To Whom it May Concern,

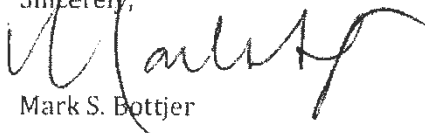
My name is Mark Bottjer, I live at 38594 Quail Ridge Dr., Murrieta, Ca. 92562. My wife and I have lived in Murrieta since September of 1989. We have 4 adult children with 4 grandchildren. We moved to Riverside County to start and build a franchise doing water and fire restoration. I have owned and operated 5 of these companies in the past 28 years and have just recently sold them all and are currently on contract with the new owners. I am a licensed California contractor and am the license holder on the new operation. I was raised in a family who built custom homes from dirt to completion, so have extensive experience in all phases of the building industry. I have currently two separate LLC's that invest in a variation of companies and property, both residential and commercial.

I have known Roger Jaeger both personally and professionally for 15+ years. We have developed both a deep personal relationship as two likeminded individuals both spiritually and physically. We have since become such good friends that when we are making decisions of great importance in our personal and professional lives we meet to discuss and seek advice from each other. I personally have a very deep respect and admiration for Roger, both on a personal and professional front.

I understand in very good detail what this project that Roger is currently attempting to undertake with respect to the property in Bullhead City, AZ. I would tell you professionally speaking that I would have absolute 100% confidence in Roger Jaeger's abilities to complete the project. Matter of fact if given the opportunity to invest there is a very high probability that I would do so.

Should the overseer of this court have any questions or need further clarification of my statements I would personally make myself available to answer as needed.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark S. Bottjer', written over the printed name.

Mark S. Bottjer

Cell 951-712-3490

George H. Lightner

5684 Malachite Ave.

Alta Loma Ca. 91737

Cell 951-505-5655

george@lightnerfamily.com

California State Contractors License Number 329768

I am pleased to be able to be a reference for;

Mr. Roger Jaeger

In respect to the project know as;

Rivercrest Estates

125 Residential Lots

Bullhead City

Mohave County Arizona

My name is George Lightner, I have been in the construction industry since 1964

I am a licensed contractor and have been since 1977, I was the president of Lightner Development Inc. located in Upland and Rancho Cucamonga. The principal business of Lightner Development Inc. was buying raw land, getting all of the government approvals, doing all of the construction, including site development, home construction etc. Lightner Development Inc. took undeveloped land through customer service. We developed residential communities throughout Southern California, during that time I was the President of the San Bernardino County BIA (Building Industry Association). Becoming the President of the Southern California BIA, the largest building association in the United States, and was on the Executive Committee of the National Association of Home Builders.

Roger Jaeger worked with me as VP of Construction, Roger had a staff of people who helped him get the work done, and his staff had a high level of respect for him, they also liked him very much. I recall that during one year he was responsible for more than 60 million dollars in construction and development (in today's money). Roger is Honest, Decisive, Firm, Purposeful, Resolute, Resolved, Confident, Positive, Persistent, Tenacious, Relentless, Persistent, Tenacious. He is also a good Listener, and He does what he says he will do, He knows when he needs help and knows where to go to get it. He is an Excellent Money Manager, controls the Construction and Development Process, Roger makes things happen. His home building product is well done with very few dings on the walk through.

Roger knows the construction business as well as anyone I know, during his time with Lightner Development Inc. he was also responsible for the management of the construction of schools and churches, plus a number of other construction projects.

I consider it a great privilege to be able to write this letter to help you understand who Roger is, please feel free to call me for further discussion or questions.

George M. Lightner

5684 Malachite Ave.

Alta Loma Ca. 91737

Cell 951-505-5655

george@lightnerfamily.com

Contractor's License #329768

Letter of Reference for Roger A. Jaeger

To whom it may concern:

My name is Mike Azevedo over the last 30 years I have been involved in building and investing in a few successful businesses in southern California. I have bought property and built a multiple tenant complex. My businesses have been business of the year and very involved in the community.

Over the last 30 years I have worked with Roger Jaeger on several projects. The one I am most proud of is the La Masters building where he was the project manager. With Rogers guidance we designed and built a multi million building, with his guidance it was built with in \$25,000.00 of the original budget. The overage was the architects' fault .

Roger has been a successful businessman as long as I have known him. He is a man of integrity. He plans his projects well and is very conscientious of quality.

Roger has shown me the Bullhead City project. This is something that I have an interest in as I have 100% confidence in Rogers's ability to make this a winner for anyone that is involved.

If there are any questions I can be reached at 702 527-9154

Thank you

Mike Azevedo

Date: July 15, 2017

Wayne Phelps
25032 Trilogy Trails Ln
Murrieta Ca. 92562
951-326-4629

Monday, July 17, 2017

To Whom It May Concern:

I am writing this letter of recommendation for Roger Jaeger and my 100% confidence in him to start manage and finish the project in Bullhead City. My name is Wayne Phelps and I have known Roger for the past 20 years professionally and personally. Professionally I own and manage Action Maytag and Mattress store, a wholesale car dealership and serve as secretary/treasurer of Rancon Town Center in Temecula Ca. Personally for the past 5 years I have served in a local church congregation and work with over 600 young single adult's from 18-30. Within the past 20 years Roger has been instrumental in building, managing the construction and making sure we stayed on budget for the building that my Appliance and Mattress store is located. In addition in 2004 Roger again assisted me again in building a custom home in Murrieta that I currently reside. Throughout the years Roger and I have gained a personal trust with each other.

I met Roger when I was in the process of planning my building, a million dollar plus project in Temecula and I hired him for managing the contractor that was hired. Just a note that without Roger's expertise the project would have ruined me financially and I more than likely would have lost my building. Roger kept the contractor in check, figured out cost saving areas and before the job was completed he stepped in to make sure the project was correctly finished. The contractor that I had hired turned out to be a less than honest person and his intentions were to make as much gain as possible. The contractor tried to over charge for work that was never done or even authorized to do, bill us for unrelated expenses and worst of all didn't pay the subcontractors. I found out later that many of the other projects this contractor built, ended up in litigation, which cost many other owners thousands of dollars extra and many to give up their building to the contractor. Roger helped in making sure it didn't happen to me and in the end we had a great finished project. A few years later Roger again helped me build a custom home as an owner/builder and we came in under budget with a finished product that even surpassed my wife's expectations. He was accurate in his initial assessment of the scale and cost of our project. He was absolutely clear in his record keeping and time log and he managed the sub-contractors well.

Roger has told me briefly about the project in Bullhead city and without question if given the opportunity I would personally invest money in it. I would do this because of the confidence I have in Roger, his abilities as a manager and his understanding of the construction process. In dealing with many people on a daily basis I have complete trust in Roger's skills and the unrelenting honesty that he has with those around him. Given the opportunity I know that Roger would be the perfect person to run, manage and finish the project.

Wayne Phelps

Letter of Reference for Roger A. Jaeger

To whom it may concern:

My name is H. Dale Cook. I began my Career as a construction worker and supervising construction of apartments in North Carolina from 1949 until 1953 at which time I enlisted in the US Navy. While in the Navy I became an electrician and after the Navy obtained a Physics degree and had a 25 year civilian career with the Navy. Following that my wife and I have been deeply involved in Real Estate and Development for the last 30+ years.

I first met Roger Jaeger in the late 1980's when he was working with Lightner Development as a Construction Manager. He was my primary contact in the successful construction and completion of an 80 unit apartment complex known as the Presidential Estates in Riverside, California. Roger is a 2% owner of the project and he regularly receives dividend payments from that project which affords me the opportunity to meet with him annually to get updates on the project and share our personal lives. Roger has been involved in the construction industry as long as I have known him. I believe him to be a person of great integrity and extremely competent.

Roger has shown me the Bullhead City project. I have absolute confidence in Roger's ability to make this a successful project.

My contact by email is hdalecook@aol.com and phone is 951 785-7737.

Thank you,

Roger,

Thank you for the opportunity to place your loan for the project known as Rivercrest Estates in Bullhead City, AZ.

As the US and AZ economies continues to grow and do well, the ability to obtain financing in areas around the state of Arizona is available. Although Arizona has several submarkets outside the Phoenix Metro area that remain a challenge to secure financing, the proposed project in Bullhead City, AZ has gained interest from two possibilities.

The first option is from a private investor who has expressed interest in using his own funds to finance the project. The 2nd interest came from a private lending institution.

With both options available I believe the borrower has great reason to believe their project can come to fruition.

Thank you.

Kyle Gadberry

President - Lyra Financial
Commercial Real Estate Banker
Ph 480.225.0946
Fax 888.870.6015
www.lyrafinancial.com

EXHIBIT 5



JPMorgan Chase Bank, N.A.
P O Box 659754
San Antonio, TX 78265 - 9754

September 01, 2017 through September 29, 2017

Account Number: 6586

00089885 DRE 703 219 27317 NNNNNNNNNN 1 00000000 66 0000

C & R SERVICES, INC
848 N RAINBOW BLVD # 3783
LAS VEGAS NV 89107-1103

CUSTOMER SERVICE INFORMATION

Web site: Chase.com
Service Center: 1-800-242-7338
Deaf and Hard of Hearing: 1-800-242-7383
Para Espanol: 1-888-622-4273
International Calls: 1-713-262-1679



CHECKING SUMMARY

Chase BusinessSelect Checking

	INSTANCES	AMOUNT
Beginning Balance		\$174,477.64
Deposits and Additions	2	5,141.76
Checks Paid	1	-7,069.36
ATM & Debit Card Withdrawals	2	-1,008.00
Electronic Withdrawals	6	-1,958.49
Fees	3	-9.00
Ending Balance	14	\$169,574.55

Thank you for your military service and commitment to our country. Your monthly service fee was waived as a benefit of Chase Military Banking.

DEPOSITS AND ADDITIONS

DATE	DESCRIPTION	AMOUNT
09/01	Deposit 1722632381	\$1,641.76
09/15	ATM Check Deposit 09/15 32105 Temecula Pkwy Temecula CA Card 4436	3,500.00
Total Deposits and Additions		\$5,141.76

CHECKS PAID

CHECK NO.	DESCRIPTION	DATE PAID	AMOUNT
3161 ^		09/13	\$7,069.36
Total Checks Paid			\$7,069.36

If you see a description in the Checks Paid section, it means that we received only electronic information about the check, not the original or an image of the check. As a result, we're not able to return the check to you or show you an image.

^ An image of this check may be available for you to view on Chase.com.



September 01, 2017 through September 29, 2017

Account Number: 6586

ATM & DEBIT CARD WITHDRAWALS

DATE	DESCRIPTION	AMOUNT
09/19	Non-Chase ATM Withdraw 09/18 45000 Pechanga Parkway Temecula CA Card 4436	\$504.00
09/25	Non-Chase ATM Withdraw 09/23 45000 Pechanga Pkwy Temecula CA Card 4436	504.00
Total ATM & Debit Card Withdrawals		\$1,008.00

ATM & DEBIT CARD SUMMARY

Roger A Jaeger Card 4436

Total ATM Withdrawals & Debits	\$1,008.00
Total Card Purchases	\$0.00
Total Card Deposits & Credits	\$3,500.00

ATM & Debit Card Totals

Total ATM Withdrawals & Debits	\$1,008.00
Total Card Purchases	\$0.00
Total Card Deposits & Credits	\$3,500.00

ELECTRONIC WITHDRAWALS

DATE	DESCRIPTION	AMOUNT
09/05	09/05 Online Payment 6496012138 To Temecula Creek Village	\$70.45
09/05	Att Payment 855769003Smt2G Web ID: 9864031005	322.42
09/18	09/18 Online Payment 6451599802 To Chase Auto Finance	485.67
09/18	09/18 Online Payment 6527093212 To Meternet	114.95
09/20	09/20 Online Payment 6530839582 To Lir Development	700.00
09/22	09/22 Online Payment 6464464256 To Temecula Creek Village	265.00
Total Electronic Withdrawals		\$1,958.49

FEES

DATE	DESCRIPTION	AMOUNT
09/05	Stop Payment Automatic Renewal Fee	\$4.00
09/19	Non-Chase ATM Fee-With	2.50
09/25	Non-Chase ATM Fee-With	2.50
Total Fees		\$9.00

DAILY ENDING BALANCE

DATE	AMOUNT
09/01	\$176,119.40
09/05	175,722.53
09/13	168,653.17
09/15	172,153.17
09/18	171,552.55
09/19	171,046.05
09/20	170,346.05
09/22	170,081.05
09/25	169,574.55



September 01, 2017 through September 29, 2017

Account Number: **6586**

SERVICE CHARGE SUMMARY

TRANSACTIONS FOR SERVICE FEE CALCULATION	NUMBER OF TRANSACTIONS
Checks Paid / Debits	4
Deposits / Credits	2
Deposited Items	2
Transaction Total	8
SERVICE FEE CALCULATION	AMOUNT
Service Fee	\$0.00
Service Fee Credit	\$0.00
Net Service Fee	\$0.00
Excessive Transaction Fees (Above 200)	\$0.00
Total Service Fees	\$0.00



IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC FUNDS TRANSFERS: Call us at 1-866-564-2262 or write us at the address on the front of this statement (non-personal accounts contact Customer Service) immediately if you think your statement or receipt is incorrect or if you need more information about a transfer listed on the statement or receipt.

For personal accounts only: We must hear from you no later than 60 days after we sent you the FIRST statement on which the problem or error appeared. Be prepared to give us the following information:

- Your name and account number
- The dollar amount of the suspected error
- A description of the error or transfer you are unsure of, why you believe it is an error, or why you need more information.

We will investigate your complaint and will correct any error promptly. If we take more than 10 business days (or 20 business days for new accounts) to do this, we will credit your account for the amount you think is in error so that you will have use of the money during the time it takes us to complete our investigation.

IN CASE OF ERRORS OR QUESTIONS ABOUT NON-ELECTRONIC TRANSACTIONS: Contact the bank immediately if your statement is incorrect or if you need more information about any non-electronic transactions (checks or deposits) on this statement. If any such error appears, you must notify the bank in writing no later than 30 days after the statement was made available to you. For more complete details, see the Account Rules and Regulations or other applicable account agreement that governs your account. Deposit products and services are offered by JPMorgan Chase Bank, N.A. Member FDIC



JPMorgan Chase Bank, N.A. Member FDIC



September 01, 2017 through September 29, 2017

Account Number: **6586**

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credit karma



751

TransUnion
Updated on Jul 15

EXCELLENT



754

Equifax
Updated on Jul 15

EXCELLENT



Welcome back, Roger!

We found 3 things to pay attention to on your TransUnion report.

Swipe to learn more

Suggested for your credit



CREDIT KARMA'S TAKE FOR THIS CARD

VERY GOOD APPROVAL ODDS



Capital One® Premier Dining



Home



Accounts



Offers

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
3845 Tenth Street.
Riverside, CA 92501

A true and correct copy of the foregoing document entitled (*specify*): **MOTION FOR ORDER (1) APPROVING THE SALE OF REAL PROPERTY OF THE ESTATE AS IS WITH ALL FAULTS PURSUANT TO 11 U.S.C. SECTION 363(b)(1); (2) APPROVING OVERBID PROCEDURES AS PROPOSED HEREIN; (3) DETERMINING THAT THE PROPOSED BUYER IS A "GOOD FAITH PURCHASER" UNDER 11 U.S.C. SECTION 363(m); AND (4) WAIVER OF THE STAY UNDER FRBP 6004(h)** will be served or was served in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On **10/16/2017**, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

- **Patrick Barrowclough** patrick.barrowclough@azbar.org
- **Everett L Green** everett.l.green@usdoj.gov
- **John H Pentecost** jpentecost@hartkinglaw.com, amartinez@hartkinglaw.com
- **Todd L Turoci** mail@theturocifirm.com
- **United States Trustee (RS)** ustpreion16.rs.ecf@usdoj.gov

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On **10/16/2017**, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☒ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on **10/16/2017**, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Hon. Scott C. Clarkson
USBC Santa Ana Division
411 W. Fourth Street, Bin beside 5th floor elevators
Santa Ana, CA 92701

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

10/16/17
Date

Adela Salgado
Printed Name


Signature

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

Additional Service Information

<u>20 Largest Unsecured Creditors</u>		
A Better Builder 4305 San Jose Road Bullhead City, AZ 86429	American Alpha Properties, LLC 32562-B Golden Lantern #504 Dana Point, CA 92629	Associated Desert Shoppers 205 North 8 th Street El Centro, CA 92244-3370
Beus Gilbert, PLLC 701 North 44 th Street Phoenix, AZ 85008-6504	Brett Speer, Speer Family Investments No. 1 L.P. 611 Enslin Ave. Modesto, CA 95354	New West Publishing 2435 Miracle Mile Bullhead City, AZ 86442
Steve Miller 1837 Arena Drive Bullhead City, AZ 86442	Thomas G. Kieviet 15241 Chalon Circle Irvine, CA 92604	Weickert Allison Jeter Co, Inc. 1074 Park View Dr., Ste 102 Covina, CA 91724
Earl Coleman, Trustee of Coleman Family Trust 44615 Sandia Creek Road Temecula, CA 92590	Luanne J. (Meyer) Savage 21781 Michigan Lane Lake Forrest, CA 92630	Raymond F. Pellegrino, Trustee of the Ray Pellegrino Trust 3820 Del Amo Bl., #230 Torrance, CA 90503
<u>Secured Creditor</u>	<u>US Trustee</u>	
Mojave County Treasurer P.O. Box 712 Kingman, AZ 86401	United States Trustee 3801 University Ave, Suite 720 Riverside, CA 92501-3200	