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9 UNITED STATES BANKRUPTCY COURT
10 NORTHERN DISTRICT OF CALIFORNIA

11 In re:) Case No.: 17-30501
12)
BRUGNARA PROPERTIES VI,) CHAPTER 11
13)
Debtor.)
14)
15)
16)

17 **BRUGNARA PROPERTIES VI'S COMBINED PLAN AND DISCLOSURE**
18 **STATEMENT**
19 **Dated January 3, 2018**

20 **I. INTRODUCTION**

21 This is Debtor's Combined Chapter 11 Plan of Reorganization and Disclosure
22 Statement (the Plan). The Plan identifies each known creditor by name and describes how
23 each claim will be treated if the Plan is confirmed.

24 Part 1 contains the treatment of creditors with secured claims; Part 2 contains the
25 treatment of general unsecured creditors: 100% of their allowed claims in monthly
26 payments over 2 months. Taxes and other priority claims would be paid in full, as shown
27 in Part 3.
28

CHAPTER 11 COMBINED PLAN & DISCLOSURE STATEMENT

1 Most creditors (those in impaired classes) are entitled to vote on confirmation of the
2 Plan. Completed ballots must be received by Debtor's counsel, and objections to
3 confirmation must be filed and served, no later than [date]. The court will hold a hearing
4 on confirmation of the Plan on [date] at [time].
5

6 Attached to the Plan are exhibits containing financial information that may help you
7 decide how to vote and whether to object to confirmation. Exhibit 1 includes background
8 information regarding Debtor and the events that led to the filing of the bankruptcy petition
9 and describes significant events that have occurred during this Chapter 11 case. Exhibit 2
10 contains an analysis of how much creditors would likely receive in a Chapter 7 liquidation.
11 Exhibit 3 shows Debtor's monthly income and expenses. Exhibit 4 describes how much
12 Debtor is required to pay on the effective date of the plan. Exhibit 5 shows Debtor's
13 monthly income and expenses related to each investment property.
14

15 Whether the Plan is confirmed is subject to complex legal rules that cannot be fully
16 described here. You are strongly encouraged to read the Plan carefully and to consult an
17 attorney to help you determine how to vote and whether to object to confirmation of the
18 Plan.
19

20 If the Plan is confirmed, the payments promised in the Plan constitute new
21 contractual obligations that replace the Debtor's pre-confirmation debts. Creditors may not
22 seize their collateral or enforce their pre-confirmation debts so long as Debtor performs all
23 obligations under the Plan. If Debtor defaults in performing Plan obligations, any creditor
24 can file a motion to have the case dismissed or converted to a Chapter 7 liquidation, or
25 enforce their non-bankruptcy rights. Debtor will be discharged from all pre-confirmation
26 debts (with certain exceptions) if Debtor makes all Plan payments. Enforcement of the
27
28

1 Plan, discharge of the Debtor, and creditors' remedies if Debtor defaults are described in
2 detail in Parts 5 and 6 of the Plan.

3 **II. TREATMENT OF SECURED CREDITORS**

4 **A. The following creditors' rights remained unchanged.**

5
6 **CLASS 1(a) Wells Fargo Bank**, who has a first priority lien on the Property at 224 Sea
7 Cliff Avenue, San Francisco, CA.

8
9 This creditor's legal, equitable, and contractual rights remain unchanged with
10 respect to the above collateral. The confirmation order will constitute an order for relief
11 from stay. Creditors in these classes shall retain their interest in the collateral until paid in
12 full. **This secured claim is not impaired and this creditor is not entitled to vote on**
13 **confirmation of the Plan.**

14 **B. Debtor to Adjust Terms and Pay Amount Due in Full Over Time**

15
16 **Class 1(b) Dakota Note, LLC ("Dakota")**, who holds a second priority lien on the
17 Debtor's Property at 224 Sea Cliff Avenue, San Francisco, California in the approximate
18 amount of \$2,400,000.

19
20 **Class 1(c) Dakota Note, LLC** also holds a third priority lien on the Debtor's property at
21 224 Sea Cliff Avenue, San Francisco, California in the approximate amount of \$1,200,000.
22 The Debtor has filed an adversary proceeding against Dakota disputing the amounts of the
23 debts and asserting additional claims against Dakota which would reduce the amounts
24 owing under the two deeds of trust.

25
26 **Class 1(d) PSG Capital Partners, Inc. ("PSG")** who claims a fourth priority deed of
27 trust on the Debtor's real property in the amount of \$1,500,000.
28

CHAPTER 11 COMBINED PLAN & DISCLOSURE STATEMENT

1 The Debtor has filed an adversary proceeding against PSG for damages for breach of
2 contract and misrepresentation which may reduce or eliminate the amount of this claim.
3 **Class 1(e) California Home Loans (“CHL”)** who claims a fifth priority deed of trust on
4 the Debtor’s property at 224 Sea Cliff Avenue, San Francisco, California in the amount of
5 \$315,000. The Debtor disputes this lien and has filed an adversary proceeding to
6 determine the validity of the lien which the Debtor asserts is really an impermissible
7 penalty related to the Dakota Note loans.
8

9 These loans will be paid as follows:

10 (a) On or before January 31, 2019, the Debtor will pay the entire amount
11 determined to be due with interest at the rate of 8.5% through January 31, 2019. Creditors
12 in these classes shall retain their interest in the collateral until Debtor makes all payments
13 on the allowed secured claim specified in the Plan.
14

15 (b) Within 12 months of the Effective Date, the Debtor will borrow sufficient funds
16 to pay the allowed amounts owed to the Secured Creditors, after court determination as to
17 those amounts. These creditors will be paid in full the allowed amounts of those claims
18 together with interest as set forth above.
19

20 (c) Alternatively, the Debtor will borrow the sum of \$600,000 pursuant to 11
21 U.S.C. §364(d)(1), secured by a first priority lien against the Debtor’s Property. The loan
22 will be repaid from the proceeds of the loan Referred to in Section (b) above.
23

24 Creditors in these classes may not repossess or dispose of their collateral so long as
25 Debtor is not in material default under the Plan (defined in Part 6(c)). **These secured**
26 **claims are impaired and are entitled to vote on confirmation of the Plan.**
27
28

1 **C. The Debtor will move to Strip the following liens.**

2 **Class 1(f) Internal Revenue Service (“IRS”)**, who claims to have recorded a Nominee

3 Lien against the Debtor’s property at 224 Sea Cliff Avenue, San Francisco, California.

4
5 The IRS has filed a proof of claim in this case asserting a nominee lien in the amount of
6 \$1,809,309.14 for personal income taxes claimed to be owed by Luke Brugnara and/or Kay

7 Brugnara. The Debtor has filed an adversary proceeding to determine the validity of the
8 lien.

9 **Class 1(g) Franchise Tax Board (“FTB”)**, who recorded a Nominee Lien against the

10 Debtor’s property at 224 Sea Cliff Avenue, San Francisco, California for personal income
11 taxes claimed owing by Luke Brugnara for tax years 2001 through 2008 in the amount of

12 \$6,239,487. The Debtor not only disputes that the Nominee Lien is valid, but also disputes
13 the amount in that it was based upon an IRS assessment that was reduced by the district
14 court to \$300,000 which would mean that state taxes should be approximately \$16,000 plus
15 accrued interest and related charges. The Debtor has filed an adversary proceeding to
16 determine the validity of the FTB Lien.

17
18 **Class 1(h) Franchise Tax Board (“FTB”)**, who has recorded a Nominee Lien against the

19 Debtor’s property at 224 Sea Cliff Avenue, San Francisco, California, for personal income
20 taxes claimed owing by Katherine L. Brugnara in the amount of \$192,424.44. The Debtor

21 not only disputes that the Nominee Lien is valid, but also disputes the amount of the claim,
22 in that Katherine L. Brugnara and Luke Brugnara have always filed separate tax returns
23 and Mrs. Brugnara has never earned sufficient income to warrant income taxes accruing.

24
25 The Debtor’s adversary proceeding against the FTB is also intended to seek a
26 determination as to the validity and amount of this lien.
27
28

1 Prior to confirmation, Debtor will obtain an order(s) or stipulation(s) fixing the
2 secured amount of the above creditors' claims at zero. Debtor will pay nothing to those
3 creditors as secured claims. Any claim of a creditor whose lien is stripped is a general
4 unsecured claim treated in Part 2 as to the allowed amount, if any, of their claim. Creditors
5 in these classes shall retain their interest in the collateral.
6

7 Creditors in these classes may not repossess or dispose of their collateral so long
8 as Debtor is not in material default under the Plan (defined in Part 6(c)). The Debtor has
9 filed a Complaint under Bankruptcy Code Section 506 to seek a determination as to the
10 validity, extent and priority of the purported nominee tax liens. **These secured claims are**
11 **impaired and are entitled to vote on confirmation of the Plan.**
12

13 III. TREATMENT OF UNSECURED CLAIMS

14 Class 2(a) General Unsecured Claims

15 The following creditors have asserted unsecured claims against the Debtor:

17 Name of Creditor	Amount of Claim	Disputed Y/N	Amount to be Paid	[Monthly] [Quarterly] Payment
18 IRS	300.00	Y	Tbd	tbd
19 FTB	4247.00	N	4247.00	2123.50

20
21 Creditors will receive 100 percent (100%) of their allowed claim in 2 equal monthly
22 installments, the first payment due on the Effective Date and the second payment due 30
23 days thereafter. Creditors in this class may not take any collection action against Debtor so
24 long as Debtor is not in material default under the Plan (defined in Part 6(c)). **This class is**
25 **impaired and is entitled to vote on confirmation of the Plan.** Debtor has indicated
26 above whether or not a claim is disputed.
27
28

1 **IV. TREATMENT OF PRIORITY AND ADMINISTRATIVE CLAIMS**

2 **A. Professional Fees**

3 The Debtor's only known professional fee obligation will be to its attorney, RUTH ELIN
4 AUERBACH, whose fees are estimated to be \$45,000. The majority of these fees are
5 covered by the pre-petition retainer. To the extent any additional fees are owing, the
6 Debtor will pay such fees from an infusion of capital from the Debtor's principal or her
7 relatives on the later of (1) the date of the order approving such fees or (2) the Effective
8 Date of the Plan.
9

10 Professionals may not take collection action against Debtor so long as Debtor is
11 not in material default under the Plan (defined in Part 6(c)). **Estate professionals are not**
12 **entitled to vote on confirmation of the Plan.**
13

14 **B. Other Administrative Expenses**

15 The Debtor does not believe it has any other administrative expense claims. If
16 there are any, the Debtor will pay other allowed claims entitled to priority under section
17 503(b) in full on the Effective Date; except expenses incurred in the ordinary course of
18 Debtor's business or financial affairs, which shall be paid when normally due and payable
19 (these creditors are not listed below). All fees payable to the United States Trustee as of
20 confirmation will be paid on the Effective Date; post-confirmation fees to the United States
21 Trustee will be paid when due.
22

23 Administrative Creditors may not take any collection action against Debtor so long
24 as Debtor is not in material default under the Plan (defined in Part 6(c)). **Administrative**
25 **claimants are not entitled to vote on confirmation of the Plan.**
26
27
28

1 **C. Priority Tax Claims**

2 The only priority tax claim filed was by the IRS in the amount of \$100. This claim
3 will be paid in full with interest at the rate of 4% on the Effective Date.

4
5 Priority tax creditors may not take any collection action against Debtor so long as
6 Debtor is not in material default under the Plan (defined in Part 6(c)). **Priority tax**
7 **claimants are not entitled to vote on confirmation of the Plan.**

8 **V. EXECUTORY CONTRACTS**

9 The Debtor has no executory contracts.

10 **VI. DISCHARGE AND OTHER EFFECTS OF CONFIRMATION**

11 (a) **Discharge**. The Debtor is a corporation and is not entitled to a discharge.

12 (b) **Vesting of Property**. On the Effective Date, all property of the estate and interests of
13 the Debtor will vest in the reorganized Debtor pursuant to § 1141(b) of the Bankruptcy
14 Code free and clear of all claims and interests except as provided in this Plan, subject to
15 revesting upon conversion to Chapter 7 as provided in Part 6(f) below.

16 (c) **Plan Creates New Obligations**. Except as provided in Part 6(d) and (e), the
17 obligations to creditors that Debtor undertakes in the confirmed Plan replace those
18 obligations to creditors that existed prior to the Effective Date of the Plan. Debtor's
19 obligations under the confirmed Plan constitute binding contractual promises that, if not
20 satisfied through performance of the Plan, create a basis for an action for breach of contract
21 under California law. To the extent a creditor retains a lien under the Plan, that creditor
22 retains all rights provided by such lien under applicable non-Bankruptcy law.
23
24
25

26 **VII. REMEDIES IF DEBTOR DEFAULTS IN PERFORMANCE**
27 **UNDER THE PLAN**

28 (a) **Creditor Action Restrained**. The confirmed Plan is binding on every creditor whose
claims are provided for in the Plan. Therefore, even though the automatic stay terminates
CHAPTER 11 COMBINED PLAN & DISCLOSURE STATEMENT

1 on the Effective Date with respect to secured claims, no creditor may take any action to
2 enforce either the pre-confirmation obligation or the obligation due under the Plan, so long
3 as Debtor is not in material default under the Plan, except as provided in Part 6(e) below.

4 **(b) Obligations to Each Class Separate.** Debtor's obligations under the Plan are
5 separate with respect to each class of creditors. Default in performance of an obligation
6 due to members of one class shall not by itself constitute a default with respect to members
7 of other classes. For purposes of this Part 6, the holders of all administrative claims shall
8 be considered to be a single class, the holders of all priority claims shall be considered to
9 be a single class, and each non-debtor party to an assumed executory contract or lease shall
10 be considered to be a separate class.
11

12 **(c) Material Default Defined.** If Debtor fails to make any payment, or to perform any
13 other obligation required under the Plan, for more than 10 days after the time specified in
14 the Plan for such payment or other performance, any member of a class affected by the
15 default may serve upon Debtor and Debtor's attorney (if any) a written notice of Debtor's
16 default. If Debtor fails within 30 days after the date of service of the notice of default
17 either: (i) to cure the default; (ii) to obtain from the court an extension of time to cure the
18 default; or (iii) to obtain from the court a determination that no default occurred, then
19 Debtor is in Material Default under the Plan to all the members of the affected class.
20

21 **(d) Remedies Upon Material Default.** Upon Material Default, any member of a class
22 affected by the default: (i) may file and serve a motion to dismiss the case or to convert the
23 case to Chapter 7; or (ii) without further order of the court has relief from stay to the extent
24 necessary, and may pursue its lawful non-bankruptcy remedies to enforce and collect
25 Debtor's pre-confirmation obligations.
26
27
28

1 (e) **Claims not Affected by Plan.** Upon confirmation of the Plan, and subject to Part 5(c),
2 any creditor whose claims are left unimpaired under the Plan may, notwithstanding
3 paragraphs (a), (b), (c), and (d) above, immediately exercise all of its contractual, legal, and
4 equitable rights, except rights based on default of the type that need not be cured under
5 section 1124(2)(A) and (D).
6

7 (f) **Effect of Conversion to Chapter 7.** If the case is at any time converted to one under
8 Chapter 7, property of the Debtor shall vest in the Chapter 7 bankruptcy estate.

9 (g) **Retention of Jurisdiction.** The bankruptcy court may exercise jurisdiction over
10 proceedings concerning: (i) whether Debtor is in Material Default of any Plan obligation;
11 (ii) whether the time for performing any Plan obligation should be extended; (iii) adversary
12 proceedings and contested matters pending as of the Effective Date or specifically
13 contemplated in this Plan to be filed in this court (see Part 7(f)); (iv) whether the case
14 should be dismissed or converted to one under Chapter 7; (v) any objections to claims; (vi)
15 compromises of controversies under Fed. R. Bankr. Pro. 9019; (vii) compensation of
16 professionals; and (viii) other questions regarding the interpretation and enforcement of the
17 Plan.
18
19

20 VIII. GENERAL PROVISIONS

21 (a) **Effective Date of Plan.** The Effective Date of the Plan is the fifteenth day following
22 the date of the entry of the order of confirmation, if no notice of appeal from that order has
23 been filed. If a notice of appeal has been filed, Debtor may waive the finality requirement
24 and put the Plan into effect, unless the order confirming the Plan has been stayed. If a stay
25 of the confirmation order has been issued, the Effective Date will be the first day after that
26 date on which no stay of the confirmation order is in effect, provided that the confirmation
27 order has not been vacated.
28

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1 (b) **Disputed Claim Reserve.** Debtor will create a reserve for disputed claims. Each time
 2 Debtor makes a distribution to the holders of allowed claims, Debtor will place into a
 3 reserve the amount that would have been distributed to the holders of disputed claims if
 4 such claims had been allowed in the full amount claimed. If a disputed claim becomes an
 5 allowed claim, Debtor shall immediately distribute to the claimant from the reserve an
 6 amount equal to all distributions due to date under the plan calculated using the amount of
 7 the allowed claim. Any funds no longer needed in reserve shall be returned to Debtor.

9 (c) **Cramdown.** Pursuant to section 1129(b) of the Bankruptcy Code, Debtor reserves the
 10 right to seek confirmation of the Plan despite the rejection of the Plan by one or more
 11 classes of creditors.

13 (d) **Severability.** If any provision in the Plan is determined to be unenforceable, the
 14 determination will in no way limit or affect the enforceability and operative effect of any
 15 other provision of the Plan.

16 (e) **Governing Law.** Except to the extent a federal rule of decision or procedure applies,
 17 the laws of the State of California govern the Plan.

19 (f) **Lawsuits.**

20 Debtor believes that causes of action for fraudulent transfers, voidable preferences,
 21 or other claims for relief exist against the following parties:

Party	Creditor Y/N	Nature of Claim	Amount of Claim	Will Debtor Prosecute Action? Y/N
Dakota Note	Y	Lender Liability	\$900,000	Y
Cal Home Loans	Y	Avoidance of Lien	\$315,000	Y
PSG Capital	Y	Damages	\$6,000,000	Y
IRS	Y	Avoidance of Lien	unknown	Y
FTB	Y	Avoidance of Lien	unknown	Y

1 (g) **Notices.** Any notice to the Debtor shall be in writing, and will be deemed to have been
2 given three days after the date sent by first-class mail, postage prepaid and addressed as
3 follows:

4
5 BRUGNARA PROPERTIES VI, INC.
6 Attn: Kay Brugnara, President
7 224 Sea Cliff Avenue
8 San Francisco, CA 94121

9 (h) **Post-Confirmation United States Trustee Fees.** Following confirmation, Debtor
10 shall continue to pay quarterly fees to the United States Trustee to the extent, and in the
11 amounts, required by 28 U.S.C. § 1930(a)(6). So long as Debtor is required to make these
12 payments, Debtor shall file with the court quarterly reports in the form specified by the
13 United States Trustee for that purpose.

14 (i) **Deadline for § 1111(b) Election.** Creditors with an allowed secured claim can make a
15 timely election under section 1111(b) no later than 14 days before the first date set for the
16 hearing on confirmation of the Plan.

17 Dated: January 3, 2018

BRUGNARA PROPERTIES VI, LLC

19 By: /s/ Kay Brugnara
20 KAY BRUGNARA, Responsible Individual

21 Dated: January 3, 2018

LAW OFFICE OF RUTH AUERBACH

23 By: Ruth Elin Auerbach
24 RUTH ELIN AUERBACH,
25 Attorney for Debtor

Exhibit 1 - Events That Led To Bankruptcy

The Debtor is the owner of real property commonly described as 224 Sea Cliff Avenue, San Francisco, California (“The Property”). The property was acquired by the Debtor in 2002. The property was acquired with a loan from Vestin taken out by the Debtor. Vestin was refinanced out with a 1st TD loan from World Savings Bank (acquired by Wachovia Bank whom was acquired by Wells Fargo Bank). The Property is a single family residence and is the home of the Debtor’s Principal, Kay Brugnara and her family.

The Debtor acquired the property in 2002 for \$8,000,000 and invested approximately \$2,000,000 in capital improvements. The Property was appraised in 2016 at a value of approximately \$19,000,000. The Debtor believes that the value of the property has increased since that appraisal and is now worth at least \$20,260,000.

The Debtor has successfully operated and managed the Property through cultivating its rapidly appreciating value. The property has more than doubled in value since its purchase, and the value is expected to increase in a similar manner over the next decade due to its extremely desirable and rare location. The Property is an oceanfront cliff house with a private beach and a cove (the only private beach/cove in San Francisco) with a direct view of the Golden Gate Bridge. There are only seven homes on the cliff and they range in value from \$25,000,000 to \$40,000,000.

The mortgage debts against the Debtor total approximately \$11,000,000. The Property has never generated a cash flow, a fact known to secured creditors at the time they made the loans. The Debtor has functioned efficiently for 17 years covering its operating expenses with cash infusions from its officers and refinancing the property.

Most recently, the Debtor paid off in full its prior subordinate lenders in 2012 and 2013. The lenders were paid off in full from cash infusions from the President of the Debtor who received the cash from the sale of fine art.

Kay Brugnara has been President of the Debtor since 2010 and has arranged for the prior subordinate lenders to be paid as promised. The Debtor was required to file this Chapter 11 case because of promises and contracts breached by its two subordinate lenders, PSG and Dakota Note. Additionally Dakota Note violated its promises in written declarations filed with this Court to fund certain money to the Debtor which they did not do as promised. The Debtor is pursuing litigation against the lenders for their breaches, to stop the illegal foreclosure and protect its millions of dollars of equity. Kay Brugnara has fulfilled all promises to this Court in past proceedings, always paying off the subordinate lenders as promised as a condition of the dismissal(s). It was lender Dakota Note’s failure to keep the promises made in its declarations to this Court that it would fund nearly \$1M to the Debtor, together with the failure on the part of PSG Capital to fund the loan it had approved and promised to the Debtor that caused the necessity of this Chapter 11 filing.

Exhibit 2 - What Creditors Would Receive if the Case Were Converted to a Chapter 7

Real Property #1: [Insert Address]

Fair Market Value	Liens	Cost of Sale	Resulting Income Tax	Amt of Exemption	Net Proceeds
\$20,000,000	1 st Wells Fargo \$5,917,486	1,600,000	2,500,000	0.00	0.00*
	2 nd Dakota Note \$2,400,000				
	3 rd Dakota Note \$1,200,000				
	4 th PSG \$1,500,000				
	5 th Cal Hom Loans \$315,000				
	FTB Nominee Liens \$6,200,000				
	IRS Nominee Lien \$1,809,309				

*This would change if the Nominee Liens were avoided or reduced.

Personal Property:

Description	Liquidation Value	Secured Claim	Amt of Exemption	Net Proceeds
Cash	500	0	0	500
Automobile #1	0	0	0	0
Automobile #2	0	0	0	0
Household Furnishings	0	0	0	0
Jewelry	0	0	0	0
Equipment	0	0	0	0
Stocks / Investments	0	0	0	0
Other Personal Property – retainer paid to Debtor’s attorney	45,000	0	0	45,000
TOTAL				

Net Proceeds of Real Property and Personal Property	45,500
Recovery from Preferences / Fraudulent Conveyances [ADD]	0
Chapter 7 Administrative Claims [SUBTRACT]	unknown
Chapter 11 Administrative Claims [SUBTRACT]	45,000
Priority Claims [SUBTRACT]	100

Chapter 7 Trustee Fees	[SUBTRACT]	620,250
Chapter 7 Trustee's Professionals	[SUBTRACT]	20,000
NET FUNDS AVAILABLE FOR DISTRIBUTION TO UNSECURED CREDITORS		0.00

Estimated Amount of Unsecured Claims	\$4500
Percent Distribution to Unsecured Creditors Under Proposed Plan	0%
Percent Distribution to Unsecured Creditors Under Liquidation Analysis	0%

Exhibit 3 - Feasibility

Income	Amount
Gross Employment Income	0
Gross Business Income	0
Other Income – Loan from Frank Sanders to be funded by January 31, 2019**	5,000,000
Positive Cash Flow on Investment Property (Exhibit 5, Line A)	0
A. Total Monthly Income	0

Expenses	Amount
Includes Plan Payments on Secured Claims for Residence and Car	
Payroll Taxes and Related Withholdings	0
Retirement Contributions (401k, IRA, PSP)	0
Shelter Expenses (rent/mortgage, insurance, taxes, utilities) (Total Arrearages on Principal Residence are \$_____)	0
Household Expenses (food)	0
Transportation Expenses (car payments, insurance, fuel)	0
Personal Expenses (e.g. recreation, clothing, laundry, medical)	0
Alimony / Child Support	0
Other Expenses	0
Negative Cash Flow on Investment Property (Exhibit 5, Line B)	0
B. Total Monthly Expenses	0

C. Disposable Income (Line A – Line B) (as of 1/31/2019)	5,000,000
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Plan Payments	Amount
Plan Payments Not Included in Calculating Disposable Income	

Administrative Claims	0
Priority Claims	0
General Unsecured Creditors	0
[OTHER PLAN PAYMENTS - DESCRIBE] Payments to Secured Creditors	5,000,000
D. Total Plan Payments	5,000,000
E. Plan Feasibility (Line C - Line D) (Not feasible if less than zero)	
	0

****The Debtor has obtained a commitment from Frank Sanders, a lender who has worked with the Debtor and the Debtor's principal for many years, to lend the Debtor at least \$5,000,000 to pay off the junior liens against the property once the validity of the nominee tax liens has been determined. The loan would be funded within 12 months of the effective date in order to provide for the payment to creditors by January 31, 2019 as provided in the Plan. In addition, Mr. Sanders has agreed to fund a super priority loan of \$600,000 to pay 10% interest to the mortgage creditors for the year before they are paid off. Frank Sanders has worked with the various Brugnara entities for over 20 years, having made over \$200,000,000 in loans to those entities, including over \$20,000,000 in loans to Brugnara Properties VI, all of which loans were repaid.**

In addition, the debtor will receive an infusion of cash from the Debtor's principal, Kay Brugnara, if necessary to fund the Plan. Luke Brugnara II is listing artwork for sale, the proceeds of which would be given to his mother, Kay Brugnara who will contribute to the Debtor to fund the Plan. He has entered into a consignment agreement with Conn Ryan and Rapid Funding to sell the artwork with a listing price of \$6.6M.

Exhibit 4 - Effective Date Feasibility

Can the Debtor Make the Effective Day Payments?

	Amount	Amount
A. Projected Total Cash on Hand on Effective Date		2500*
Payments on Effective Date		
Unclassified Claims		
Administrative Expense Claims	45,000**	
Priority Claims	100	
Unsecured Claims (Class 2(a))	2183.50	
U.S. Trustee Fees	0	
B. Total Payments on Effective Date		45,000**
C. Net Cash on Effective Date (Line A - Line B) (Not feasible if less than zero)		0

***The debtor will receive an infusion of cash from the Debtor’s principal, Kay Brugnara, if necessary to fund the Plan. Luke Brugnara II is listing artwork for sale, the proceeds of which would be given to his mother, Kay Brugnara who will infuse it into the Debtor to be used to fund the Plan.**

****The debtor paid a pre-petition attorneys’ fees retainer of \$50,000 prior to the commencement of this case. Approximately \$5,000 was retained by the Debtor’s prior counsel for the filing fee and reimbursement of fees he incurred. The remaining funds have been held by Debtor’s counsel for payment of her fees, subject to Bankruptcy Court approval.**

APPRAISAL OF REAL PROPERTY



LOCATED AT

224 Sea Cliff Avenue
San Francisco, CA 94121
Lot 001S Block 1307

FOR

Kay Brugnara
Owner

OPINION OF VALUE

\$20,000,000 (AS UPDATED/UPGRADED)

AS OF

11/15/2017

BY

David Wallace
Wallace & Associates

(650) 592-1382
wallaceandassociates@gmail.com

Uniform Residential Appraisal Report

File # 304655

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

Property Address 224 Sea Cliff Avenue **City** San Francisco **State** CA **Zip Code** 94121

Borrower Brugnara Properties **Owner of Public Record** Brugnara Properties **County** San Francisco

Legal Description Lot 001S Block 1307

Assessor's Parcel # 1307-001S **Tax Year** 2017 **R.E. Taxes \$** 103,420

Neighborhood Name Sea Cliff **Map Reference** 5-A5 **Census Tract** 0428.00/2

Occupant Owner Tenant Vacant **Special Assessments \$** PUD HOA \$ NA per year per month

Property Rights Appraised Fee Simple Leasehold Other (describe)

Assignment Type Purchase Transaction Refinance Transaction Other (describe) **Estimate Current Market Value**

Lender/Client Kay Brugnara **Address** 224 Sea Cliff - San Francisco - California 94121

Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? Yes No

Report data source(s) used, offering price(s), and date(s). MLS/Owner

CONTRACT

I did did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed. NA

Contract Price \$ NA **Date of Contract** NA **Is the property seller the owner of public record?** Yes No **Data Source(s)**

Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? Yes No

If Yes, report the total dollar amount and describe the items to be paid. NA

NEIGHBORHOOD

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

Neighborhood Characteristics		One-Unit Housing Trends			One-Unit Housing		Present Land Use %	
Location <input checked="" type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural	Property Values <input checked="" type="checkbox"/> Increasing <input type="checkbox"/> Stable <input type="checkbox"/> Declining	Demand/Supply <input type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%	Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply	PRICE \$ (000)	AGE (yrs)	One-Unit	100 %	
Growth <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow	Marketing Time <input checked="" type="checkbox"/> Under 3 mths <input checked="" type="checkbox"/> 3-6 mths <input checked="" type="checkbox"/> Over 6 mths			16M	Low 75	Multi-Family	%	
Neighborhood Boundaries Presidio/north; Lake District/east; Outer Richmond;west; Central Richmond/south.				22M	High 100+	Commercial	%	
Neighborhood Description Sea aera evisulcxe na si ffiCLow density urban. Inner community of ultra high-end homes on the cliffs of Baker Beach. The subject is one of only 12 homes on the cliff.. Prestigious locale of luxury quality homes being well maintained and gentrified. Panoramic views of the Golden gate Bridge, Marin Headlands, cliffs and beaches. Subject area homes with great desirability due to quality of construction, good Market Conditions (including support for the above conclusions) **prices. The subject community has had few sales over the past 7 years. Said sales vary in price between 11M and 18M. Supply and demand appear to be in balance. Interest rates/financing terms are favorable at this time but sometimes difficult to obtain. Sea Cliff is commonly known as one of the most prestigious locales in San Francisco.				NA	Pred. 100	Other	%	

Dimensions Irregular **Area** 8,150 **Shape** Irregular **View** Panoramic/Ocean

Specific Zoning Classification RH1D **Zoning Description** Detached Single Family Dwelling

Zoning Compliance Legal Legal Nonconforming (Grandfathered Use) No Zoning Illegal (describe)

Is the highest and best use of subject property as improved (or as proposed per plans and specifications) the present use? Yes No **If No, describe**

SITE

Utilities **Public** **Other (describe)** **Public** **Other (describe)** **Off-site Improvements - Type** **Public** **Private**

Electricity **Water** **Street**

Gas **Sanitary Sewer** **Alley** NA

FEMA Special Flood Hazard Area Yes No **FEMA Flood Zone** N **FEMA Map #** 0602980001N **FEMA Map Date** NA

Are the utilities and off-site improvements typical for the market area? Yes No **If No, describe**

Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? Yes No **If Yes, describe**

None Known. Please see a title report for any easements of record.

IMPROVEMENTS

General Description	Foundation	Exterior Description	materials/condition	Interior	materials/condition
Units <input checked="" type="checkbox"/> One <input type="checkbox"/> One with Accessory Unit	<input checked="" type="checkbox"/> Concrete Slab <input checked="" type="checkbox"/> Crawl Space	Foundation Walls Concrete		Floors Hardwood	
# of Stories 4	<input type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement	Exterior Walls Wood/Stucco		Walls Plaster	
Type <input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/> S-Det./End Unit	Basement Area 0 sq.ft.	Roof Surface Tile		Trim/Finish Good	
<input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Under Const.	Basement Finish NA %	Gutters & Downspouts Metal		Bath Floor Tile/Composition	
Design (Style) Mediterranean	<input type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump	Window Type Original & Dbl Insul.		Bath Wainscot Tile	
Year Built 1926	Evidence of <input type="checkbox"/> Infestation	Storm Sash/Insulated NA		Car Storage <input type="checkbox"/> None	
Effective Age (Yrs) 25 After	<input type="checkbox"/> Dampness <input type="checkbox"/> Settlement	Screens Partial		<input checked="" type="checkbox"/> Driveway # of Cars 2+	
Attic <input checked="" type="checkbox"/> None	Heating <input checked="" type="checkbox"/> FWA <input type="checkbox"/> HWBB <input type="checkbox"/> Radiant	Amenities <input type="checkbox"/> Woodstove(s) #		Driveway Surface Concrete	
<input type="checkbox"/> Drop Stair <input type="checkbox"/> Stairs	<input type="checkbox"/> Other <input type="checkbox"/> Fuel Gas	<input checked="" type="checkbox"/> Fireplace(s) # 2 <input checked="" type="checkbox"/> Fence Wall		<input checked="" type="checkbox"/> Garage # of Cars 2 S/S	
<input type="checkbox"/> Floor <input type="checkbox"/> Scuttle	Cooling <input type="checkbox"/> Central Air Conditioning	<input checked="" type="checkbox"/> Patio/Deck <input type="checkbox"/> Porch		<input type="checkbox"/> Carport # of Cars	
<input type="checkbox"/> Finished <input type="checkbox"/> Heated	<input type="checkbox"/> Individual <input type="checkbox"/> Other	<input type="checkbox"/> Pool <input type="checkbox"/> Other		<input checked="" type="checkbox"/> Att. <input type="checkbox"/> Det. <input type="checkbox"/> Built-in	

Appliances Refrigerator Range/Oven Dishwasher Disposal Microwave Washer/Dryer Other (describe)

Finished area above grade contains: 12 Rooms 7 Bedrooms 5 Bath(s) 6,600 Square Feet of Gross Living Area Above Grade

Additional features (special energy efficient items, etc.). SEE PAGE 3 OF THIS REPORT (Living area size includes ground level space). CITY RECORDS LIST THE SUBJECT AS HAVING 12 ROOMS, 7 BEDROOMS, 5 BATHS AND 5,552/SF - WHEN MYSELF AND A LOCAL REALTOR ***

Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.). *** MEASURED THE SUBJECT, THE SIZE OF THE LIVING AREA MEASURED APPROXIMATELY 6,600/SF. CITY RECORDS ON OLDER HOMES ARE MANY TIMES INCORRECT AND THEREFORE FOR PURPOSES OF THIS APPRAISAL 6,600 SQUARE FEET WILL BE USED AS THE SUBJECT'S LIVING AREA.

Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? Yes No **If Yes, describe**

None known or observed

Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? Yes No **If No, describe**

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There are 0 comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ 0 to \$ 0		There are 0 comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ 0 to \$ 0	
FEATURE	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2
Address	224 Sea Cliff Avenue San Francisco, CA 94121	70 27th Avenue San Francisco, CA 94121	164 Sea Cliff Avenue San Francisco, CA 94121
Proximity to Subject		0.10 miles SE	0.05 miles E
Sale Price	\$ NA	\$ 16,100,000	\$ 17,800,000
Sale Price/Gross Liv. Area	\$ sq.ft.	\$ 3650.79 sq.ft.	\$ 2296.18 sq.ft.
Data Source(s)		MLS/Fidelity Title/Internet	MLS/Fidelity Title/Internet
Verification Source(s)		MLS#450884	MLS#450115
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment
Sales or Financing Concessions		Unknown	Unknown
Date of Sale/Time		1/2017	11/2016
Location	Sea Cliff	Sea Cliff	Sea Cliff
Leasehold/Fee Simple	Fee Simple	Fee Simple	Fee Simple
Site	8,150/SF	3,057/SF	8,352/SF
View	Panoramic/Ocean	Similar	Similar
Design (Style)	Mediterranean	Edwardian	Traditional
Quality of Construction	V. Good	Similar	Similar
Actual Age	87	97	100+
Condition	Average	V. Good	V. Good
Above Grade	Total Bdrms. Baths	Total Bdrms. Baths	Total Bdrms. Baths
Room Count	12 7 5	10 4 3.5	13 6 5.5
Gross Living Area	6,600 sq.ft.	4,410 sq.ft.	7,752 sq.ft.
Basement & Finished Rooms Below Grade	0 Finished	Similar	Similar
Functional Utility	Good	Good	Good
Heating/Cooling	FAU/NA	FAU/NA	Radiant/NA
Energy Efficient Items	Minimal	Most	Minimal
Garage/Carport	2 S/S	Similar	3 Garage
Porch/Patio/Deck	Patio/Stairs	Similar	Similar
Fireplaces	2	2	2
Elevator	4 Stops	Unknown	Unknown
Private Beach	Yes	No	No
Net Adjustment (Total)		+ - \$	+ - \$
Adjusted Sale Price of Comparables		Net Adj. % Gross Adj. % \$ 16,100,000	Net Adj. % Gross Adj. % \$ 17,800,000

I did not research the sale or transfer history of the subject property and comparable sales. If not, explain

My research did did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Data Source(s) Fidelity Title Company

My research did did not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.

Data Source(s) MLS/Fidelity Title

Report the results of the research and analysis of the prior sale or transfer history of the subject property and comparable sales (report additional prior sales on page 3).

ITEM	SUBJECT	COMPARABLE SALE #1	COMPARABLE SALE #2	COMPARABLE SALE #3
Date of Prior Sale/Transfer	NA	NA	NA	NA
Price of Prior Sale/Transfer	NA	NA	NA	NA
Data Source(s)	Fidelity Title Company	Fidelity Title Company	Fidelity Title Company	Fidelity Title Company
Effective Date of Data Source(s)	11/2017	11/2017	11/2017	11/2017

Analysis of prior sale or transfer history of the subject property and comparable sales Subject and all comparables have sold only as listed above.

Summary of Sales Comparison Approach The comparables sold between \$2,296 and \$3,651 per square foot. The median \$/SF approximates \$3,000. The subject has the only path down to the water. The subject and all of the comparables are located in the Sea Cliff District. Data sources included the MLS, Chicago Title Company, Fidelity Title Company, the Internet. The subject requires an estimated \$200,000 in work and updating to bring its quality and condition up to the standards set by the comparables except for Comp #3 which was purchased as a Fixer-Upper and therefore set the low end of the price/SF range. It is the opinion of the appraiser that the estimated most probable market value of the subject in a good, updated, functional condition would approximate \$3,100 per square foot of living area. Therefore: \$3,100/SF X 6,600/SF = \$20,460,000. The amount of \$200,000 must be subtracted from the finished condition of the subject to obtain the subject's "as is" market value. \$20,460,000 less \$200,000 = \$ 20,260,000 (Round) \$20,000,000.

Indicated Value by Sales Comparison Approach \$ 20,000,000

Indicated Value by: Sales Comparison Approach \$ 20,000,000 Cost Approach (if developed) \$ 20,368,750 Income Approach (if developed) \$ NA

The subject is located in an inner neighborhood commonly known as "Sea Cliff". The subject location is second to none in San Francisco due to its location at lands end and the exclusive bay/ocean/Golden Gate Bridge views. Please see page 3 of this appraisal for further comments concerning the subject market value.

This appraisal is made "as is", subject to completion per plans and specifications on the basis of a hypothetical condition that the improvements have been completed, subject to the following repairs or alterations on the basis of a hypothetical condition that the repairs or alterations have been completed, or subject to the following required inspection based on the extraordinary assumption that the condition or deficiency does not require alteration or repair. PLEASE SEE PAGE 3 OF THIS REPORT.

Based on a complete visual inspection of the interior and exterior areas of the subject property, defined scope of work, statement of assumptions and limiting conditions, and appraiser's certification, my (our) opinion of the market value, as defined, of the real property that is the subject of this report is \$ 20,000,000, as of 11/15/2017, which is the date of inspection and the effective date of this appraisal.

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ADDITIONAL COMMENTS

THE SUBJECT PROPERTY IS LOCATED IN THE SEA CLIFF DISTRICT OF SAN FRANCISCO. SEA CLIFF HOMES ARE TYPICALLY GRAND, DETACHED AND WITH LAWNS AND PROFESSIONAL LANDSCAPING. THIS LOCALE IS COMPRISED OF UPPER AND UPPER-MIDDLE CLASS FAMILIES. THE STYLE OF ARCHITECTURE IS PREDOMINATELY MEDITERRANEAN/TRADITIONAL AND WITH A FEW CONTEMPORARY STYLES. SEA CLIFF IS HOME OR WAS HOME TO WELL KNOWN PERSONALITIES SUCH AS ROBIN WILLIAMS, LINDA RONSTADT, GAVIN NEWSOM, SALESFORCE CEO MARK BENIOFF AMONG OTHERS. THIS AREA HAS HISTORICALLY SHOWN STRONG MARKET APPEAL PRIMARILY DUE TO THE QUALITY OF CONSTRUCTION MATERIALS, THE OVERALL VERY GOOD CONDITION OF PROPERTIES, THE GOLDEN GATE BRIDGE/BAKERS BEACH/MARIN HEADLANDS, WATER VIEW AMENITIES AND THE STRONG RESALE PRICES..

THE SUBJECT IS A FOUR STORY MEDITERRANEAN STYLE HOME WITH AN ELEVATOR AND 12 ROOMS, 7 BEDROOMS, AND 5.5 BATHS. AT ONE TIME IT WAS A GRAND ESTATE BUT IS PRESENTLY SHOWING THE EFFECTS OF DEFERRED MAINTENANCE AND A LACK OF GENTRIFICATION.. ITEMS SUCH AS MILDEW REMOVAL, RESTORING HARDWOOD FLOORS, MAKING ELEVATOR FUNCTIONAL, EXTERIOR PAINTING, ADDING NEW APPLIANCES/FIXTURES IS REQUIRED. THE ESTIMATED COST TO CURE THE EXISTING DEFICIENCIES APPROXIMATES \$200,000. THIS IS THE AMOUNT THAT IS ESTIMATED TO BRING THE SUBJECT TO A FUNCTIONAL CONDITION THAT WOULD ALLOW THE SUBJECT TO COMPETE WITH HOMES IN THE SEA CLIFF MARKET. THIS AMOUNT WILL BE SUBTRACTED FROM THE SUBJECT'S ESTIMATED MARKET VALUE "AS IF" IN A GOOD CONDITION WHICH WILL THEN DETERMINE THE SUBJECT'S "AS IS" MOST PROBABLE MARKET VALUE.

THE SUBJECT WAS BUILT WITH 3 FOOT THICK WALLS THROUGHOUT THE HOME. THE KITCHEN IS OLDER BUT WITH GRANITE COUNTERS AND STAINLESS STEEL GAS RANGE. THE TOP (4TH) FLOOR FEATURES NATURAL LIGHT, PANORAMIC VIEWS, EXPOSED WOOD BEAM CEILINGS. THE VIEWS ARE SPECTCULAR. ALL FLOORS OF THE HOME HAVE A VIEW AMENITY TO THE REAR. AS PER THE OWNER A PATH TO A PRIVATE BEACH WAS CONSTRUCTED AT A COST OF \$3,000,000 (SEE PHOTO SECTION OF THIS REPORT).

THE SEA CLIFF DISTRICT CONTAINS A TOTAL OF AROUND 100 HOMES, HOWEVER, ONLY 15 (M/L) ARE AT THE WATERS EDGE. THIS FACT INCREASES THE SUBJECT VALUE DUE TO SCARCITY. ONLY A FEW OF THE 15 HOMES HAVE SOLD IN RECENT YEARS. THE SUBJECT IS CONSIDERED ONE OF THE HIGHEST VALUED HOMES IN SAN FRANCISCO, PRIMARILY DUE ITS LOCATION. DATA SOURCES INCLUDED FIDELITY TITLE COMPANY, CHICAGO TITLE COMPANY, THE SAN FRANCISCO MULTIPLE LISTING SERVICE, THE INTERNET. THE COMPS SELECTED MOSTLY HAD OLDER SALE DATES THAN DESIRED, HOWEVER, BECAUSE OF THE CURRENT STRONG MARKET AND PRICE INCREASES OVER THE YEARS THEY ARE STILL CONSIDERED RELEVANT.

THE COMPARABLES USED IN THE REPORT ARE CONSIDERED THE MOST RECENT, PROXIMATE AND OVERALL RELEVANT THAT WERE AVAILABLE FOR COMPARISON PURPOSES. ALL OF THE COMARABLES USED IN THIS REPORT ARE LOCATED IN THE SEA CLIFF DISTRICT. BECAUSE OF THE LARGE DIFFERENCES BETWEEN THE SUBJECT AND THE COMPARABLES QUALITATIVE AND QUANTATIVE ADJUSTMENTS ARE NOT CONSIDERED MEANINGFUL. THEREFORE, AS IS COMMON IN SAN FRANCISCO, THE DOLLAR/SF OF LIVING AREA IS USED TO DETERMINE THE SUBJECT'S MOST PROBABLE MARKET VALUE.

THE APPRAISED VALUE IS PRIMARILY BASED ON THE SUBJECT HAVING A LEGAL 6,600/SF OF LIVING AREA AND BEING IN A GOOD, UPDATED, UPGRADED FUNCTIONAL CONDITION.

COST APPROACH TO VALUE (not required by Fannie Mae)

Provide adequate information for the lender/client to replicate the below cost figures and calculations.

Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value) Land-to-building ratio typical of area. Cost information via the Marshall Valuation Cost Manual & tempered by the appraiser's experience. Land value via the extraction method. Physical depreciation estimated via the age/life method: 30 Year Effective Age/100 year economic life = 30% physical depreciation. No functional or locational obsolescence observed. This reflects the \$200,000 taken for needed repairs.

ESTIMATED <input type="checkbox"/> REPRODUCTION OR <input checked="" type="checkbox"/> REPLACEMENT COST NEW	OPINION OF SITE VALUE	= \$	13,000,000
Source of cost data Marshall Valuation & Appraiser's experience.	DWELLING 6,600 Sq.Ft. @ \$ 550.00	= \$	3,630,000
Quality rating from cost service V.Good Effective date of cost data 6/2015	0 Sq.Ft. @ \$	= \$	
Comments on Cost Approach (gross living area calculations, depreciation, etc.)		= \$	
Land value via the extraction method. THE COST APPROACH IS COMPLETED FOR INSURANCE PURPOSES ONLY.	Garage/Carport 780 Sq.Ft. @ \$ 250.00	= \$	195,000
	Total Estimate of Cost-New	= \$	3,825,000
	Less Physical Functional External		
	Depreciation 956,250	= \$(956,250)
	Depreciated Cost of Improvements	= \$	2,868,750
	"As-is" Value of Site Improvements	= \$	4,500,000
Estimated Remaining Economic Life (HUD and VA only) 75 Years	INDICATED VALUE BY COST APPROACH	= \$	20,368,750

INCOME APPROACH TO VALUE (not required by Fannie Mae)

Estimated Monthly Market Rent \$	X Gross Rent Multiplier	= \$	NA	Indicated Value by Income Approach
Summary of Income Approach (including support for market rent and GRM)				

PROJECT INFORMATION FOR PUDs (if applicable)

Is the developer/builder in control of the Homeowners' Association (HOA)? Yes No Unit type(s) Detached Attached

Provide the following information for PUDs ONLY if the developer/builder is in control of the HOA and the subject property is an attached dwelling unit.

Legal Name of Project

Total number of phases	Total number of units	Total number of units sold
Total number of units rented	Total number of units for sale	Data source(s)

Was the project created by the conversion of existing building(s) into a PUD? Yes No If Yes, date of conversion.

Does the project contain any multi-dwelling units? Yes No Data Source

Are the units, common elements, and recreation facilities complete? Yes No If No, describe the status of completion.

Are the common elements leased to or by the Homeowners' Association? Yes No If Yes, describe the rental terms and options.

Describe common elements and recreational facilities.

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This report form is designed to report an appraisal of a one-unit property or a one-unit property with an accessory unit; including a unit in a planned unit development (PUD). This report form is not designed to report an appraisal of a manufactured home or a unit in a condominium or cooperative project.

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

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

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

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

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions* granted by anyone associated with the sale.

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

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

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

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APPRAISER'S CERTIFICATION: The Appraiser certifies and agrees that:

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

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

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

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

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

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

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

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

<p>APPRAISER</p> <p>Signature <u>David Wallace</u></p> <p>Name <u>David Wallace</u></p> <p>Company Name <u>Wallace & Associates</u></p> <p>Company Address <u>P.O.Box 5151 - Belmont - CA 94002</u></p> <p>Telephone Number <u>(650) 592-1382</u></p> <p>Email Address <u>wallaceandassociates@gmail.com</u></p> <p>Date of Signature and Report <u>11/20/2017</u></p> <p>Effective Date of Appraisal <u>11/15/2017</u></p> <p>State Certification # _____</p> <p>or State License # _____</p> <p>or Other (describe) _____ State # _____</p> <p>State _____</p> <p>Expiration Date of Certification or License _____</p> <p>ADDRESS OF PROPERTY APPRAISED</p> <p><u>224 Sea Cliff Avenue</u></p> <p><u>San Francisco, CA 94121</u></p> <p>APPRAISED VALUE OF SUBJECT PROPERTY \$ <u>20,000,000</u></p> <p>LENDER/CLIENT</p> <p>Name _____</p> <p>Company Name <u>Kay Brugnara</u></p> <p>Company Address <u>224 Sea Cliff - San Francisco - California 94121</u></p> <p>Email Address _____</p>	<p>SUPERVISORY APPRAISER (ONLY IF REQUIRED)</p> <p>Signature _____</p> <p>Name _____</p> <p>Company Name _____</p> <p>Company Address _____</p> <p>Telephone Number _____</p> <p>Email Address _____</p> <p>Date of Signature _____</p> <p>State Certification # _____</p> <p>or State License # _____</p> <p>State _____</p> <p>Expiration Date of Certification or License _____</p> <p>SUBJECT PROPERTY</p> <p><input type="checkbox"/> Did not inspect subject property</p> <p><input type="checkbox"/> Did inspect exterior of subject property from street</p> <p>Date of Inspection _____</p> <p><input type="checkbox"/> Did inspect interior and exterior of subject property</p> <p>Date of Inspection _____</p> <p>COMPARABLE SALES</p> <p><input type="checkbox"/> Did not inspect exterior of comparable sales from street</p> <p><input type="checkbox"/> Did inspect exterior of comparable sales from street</p> <p>Date of Inspection _____</p>
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Subject Photo Page

Borrower/Client	Brugnara Properties				
Property Address	224 Sea Cliff Avenue				
City	San Francisco	County	San Francisco	State	CA Zip Code 94121
Lender	Kay Brugnara				



Subject Front

224 Sea Cliff Avenue
 Sales Price NA
 G.L.A. 6,600
 Tot. Rooms 12
 Tot. Bedrms. 7
 Tot. Bathrms. 5
 Location Sea Cliff
 View Panoramic/Ocean
 Site 8,150/SF
 Quality V. Good
 Age 87



Subject Rear



Subject Street

Photograph Addendum

Borrower/Client	Brugnara Properties						
Property Address	224 Sea Cliff Avenue						
City	San Francisco	County	San Francisco	State	CA	Zip Code	94121
Lender	Kay Brugnara						



Living Room



Dining Room



Half Bath



Kitchen



Family Room



Main Entry

Photograph Addendum

Borrower/Client	Brugnara Properties				
Property Address	224 Sea Cliff Avenue				
City	San Francisco	County	San Francisco	State	CA
Lender	Kay Brugnara				
				Zip Code	94121



Bath



**MBR
Bath at Left Rear**



Bath



Bedroom



**Top Floor
Panoramic View Amenity**

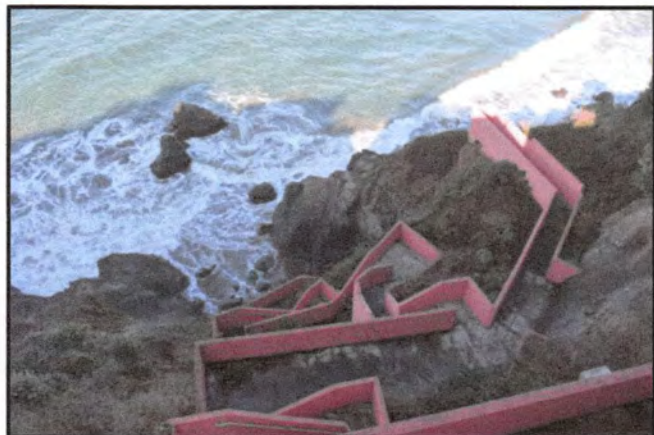


One of Three Balconies

Form PICSIX2 — "WinTOTAL" appraisal software by a la mode, inc. — 1-800-ALAMODE

Photograph Addendum

Borrower/Client	Brugnara Properties				
Property Address	224 Sea Cliff Avenue				
City	San Francisco	County	San Francisco	State	CA
Lender	Kay Brugnara			Zip Code	94121



Walkway to Beach/Rear of House



View Amenity



Lowest Floor



Front Balcony



Beach at Rear of House



View Amenity

Form PIC6_LT — "WinTOTAL" appraisal software by a la mode, inc. — 1-800-ALAMODE

Location Map

Borrower/Client	Brugnara Properties				
Property Address	224 Sea Cliff Avenue				
City	San Francisco	County	San Francisco	State	CA
Lender	Kay Brugnara				
				Zip Code	94121



Form MAP.LOC — "WinTOTAL" appraisal software by a la mode, inc. — 1-800-ALAMODE

Comparable Photo Page

Borrower/Client	Brugnara Properties		
Property Address	224 Sea Cliff Avenue		
City	San Francisco	County	San Francisco
Lender	Kay Brugnara	State	CA
		Zip Code	94121



Comparable 1

70 27th Avenue
 Prox. to Subj. 0.10 miles SE
 Sales Price 16,100,000
 G.L.A. 4,410
 Tot. Rooms 10
 Tot. Bedrms. 4
 Tot. Bathrms. 3.5
 Location Sea Cliff
 View Similar
 Site 3,057/SF
 Quality Similar
 Age 97



Comparable 2

164 Sea Cliff Avenue
 Prox. to Subj. 0.05 miles E
 Sales Price 17,800,000
 G.L.A. 7,752
 Tot. Rooms 13
 Tot. Bedrms. 6
 Tot. Bathrms. 5.5
 Location Sea Cliff
 View Similar
 Site 8,352/SF
 Quality Similar
 Age 97



Comparable 3

178 Sea Cliff Avenue
 Prox. to Subj. 0.03 miles E
 Sales Price 11,000,000
 G.L.A. 3,585
 Tot. Rooms 9
 Tot. Bedrms. 5
 Tot. Bathrms. 2
 Location Sea Cliff
 View Similar
 Site 7,226/SF
 Quality Similar
 Age 100+

Comparable Photo Page

Borrower/Client	Brugnara Properties				
Property Address	224 Sea Cliff Avenue				
City	San Francisco	County	San Francisco	State	CA Zip Code 94121
Lender	Kay Brugnara				



Comparable 4

320 Sea Cliff Avenue

Comparable 5

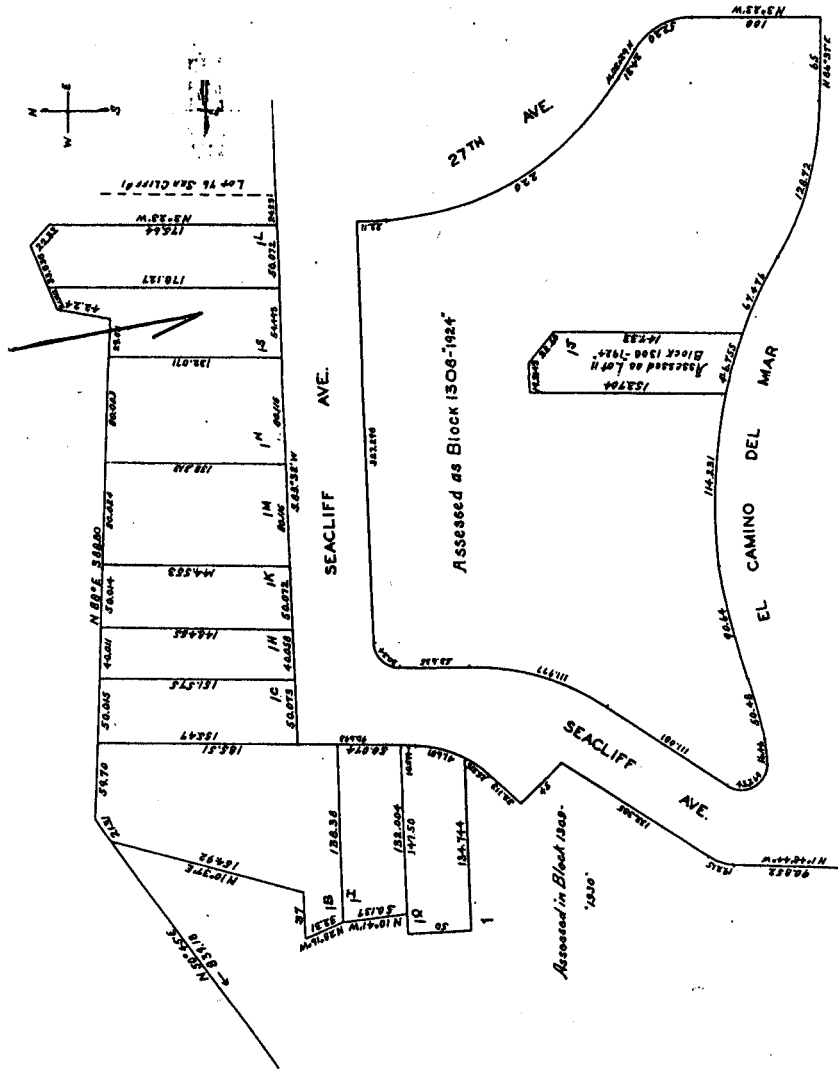
Comparable 6

Plat Map

Borrower/Client	Brugnara Properties		
Property Address	224 Sea Cliff Avenue		
City	San Francisco	County	San Francisco
Lender	Kay Brugnara	State	CA
		Zip Code	94121

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(PART OF) 1307
(Sheet 2)



Form MAP.PLAT — "WinTOTAL" appraisal software by a la mode, inc. — 1-800-ALAMODE

EDUCATION:

B. S Degree * California State University at Turlock * 1968

OREA approved courses successfully: Multiple Residential Appraisal; Advanced Capitalization Techniques; Valuation of Leases & Leasehold Interests; Analyzing & Adjusting for Financing Differences; Standards & Ethics; Narrative Report Writing; URAR/FIRREA/USPAP Requirements; Practical Overview of Evaluations and Other Limited Scope Assignments; Perspectives on 2-4 Unit Appraisals; California Laws & Regulations.

Qualified as an Expert Witness in San Francisco, San Mateo & Santa Clara Counties...

Related Work Experience:

5/1973 - 2/1983	Asst Vice President - Appraiser/Chief Appraiser - Bayview Federal Bank - Duties included the appraisal of all types of properties in Northern California
2/1985 - 5/1986	Asst Vice President - California Federal Bank - Responsible for all appraisals/ appraisal reviews in Northern California and Nevada
5/1986 - 9/1993	Review Appraiser - Security Pacific Bank - Bank of America - Beneficial Finance
9/1993 - 5/2002	Commercial/Industrial/Apartment Building Appraisals in the San Francisco Bay Area - Beneficial Finance - Wells Fargo Bank - Brokerage Firms - Lawyers - CPA's
Present	Principal Wallace & Associates - all types of properties - main clients include Saxe Mortgage - Red Tower Capital - Equity Bridge Loans - American Private Money Group - CNA Equity Group - Capital Funding - CME Funding California Real Estate Loans - GCA Equity Partners - FMC Lending - SSA Capital Consultants - Oakland Development Group; etc.

APPRAISAL ASSIGNMENTS COMPLETED

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Single Family Dwellings; residential condominiums; TIC Units; multi-residential properties. Commercial properties including shopping centers; office buildings; mixed-use properties; office condos; motel/hotels; strip retail properties; medical/dental properties & clinics; service stations; mini-markets; car wash properties; industrial properties; lofts; R & D buildings; special-purpose properties; trailer parks - auto sale facilities; hospital/convalescent homes; residential care facilities; tennis clubs; religious properties; subdivision feasibility; C & I vacant land.