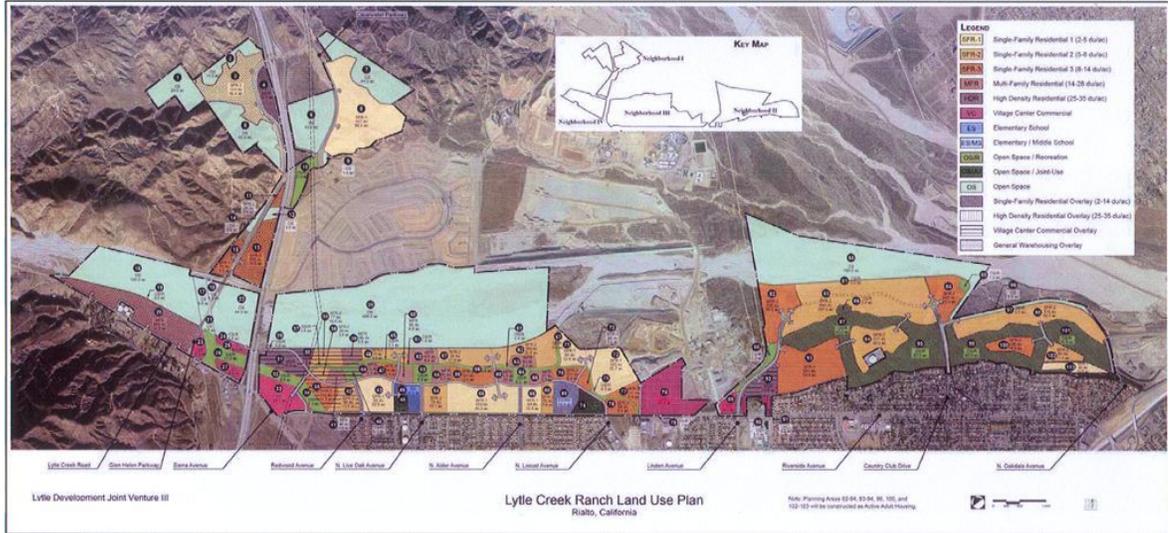


Appendix V-E

**FINANCIAL FEASIBILITY ANALYSIS OF THE
LYTLE CREEK RANCH SPECIFIC PLAN
PROJECT AND ALTERNATIVES TO THE
PROJECT DISCUSSED IN THE LYTLE
CREEK RANCH SPECIFIC PLAN EIR**

**CBRE Consulting
December 2011**



**FINANCIAL FEASIBILITY ANALYSIS OF THE LYTLE CREEK RANCH
 SPECIFIC PLAN PROJECT AND ALTERNATIVES TO THE PROJECT
 DISCUSSED IN THE LYTLE CREEK RANCH SPECIFIC PLAN EIR
 RIALTO, CA**

DECEMBER 2011

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

EXECUTIVE SUMMARY

In connection with the City of Rialto's ("City") consideration of the Lytle Creek Ranch Specific Plan project, a 2,447-acre master-planned community near the I-15 freeway in Rialto (the "Project"), CBRE Consulting ("CBRE") originally prepared an analysis of the financial feasibility of various alternatives to the Project in July 2010. After the City approved the Project in July 2010, various petitioners filed a lawsuit pursuant to the California Environmental Quality Act ("CEQA"), challenging the EIR and the City's compliance with CEQA (*Endangered Habitats League, Inc., et al. v. City of Rialto, et al.*, San Bernardino County Superior Court Case No. CIV DS1011874). On September 30, 2011, the Court ruled that the City did not comply with CEQA in approving the Project, including a determination that the findings of financial infeasibility for two of the alternatives was not supported by evidence in the record, and ordered that various portions of the EIR be revised and recirculated.

CBRE is pleased to submit this updated financial feasibility analysis, which has been revised in accordance with the Court's Ruling, in particular pages 58 to 60 thereof. This revised analysis assesses the financial feasibility of the Project, as well as a "No Project/Existing Zoning Alternative", an "Avoidance of SBKR/LBV-Occupied Habitat" Alternative, an "Avoidance of RAFSS Areas" Alternative, and an "Avoidance of Jurisdictional Waters" Alternative. In addition, as the Court obligated the City to decertify the EIR and rescind all project approvals, the City will reconsider the project for re-approval in 2012, upon compliance with the Ruling. As such, the revised analysis has been updated to reflect current market conditions.

The principals of CBRE have extensive experience in analyzing the financial feasibility of large-scale master-planned communities. Thomas Jirovsky, Sr., Managing Director, has over 30 years experience in pro forma and financial feasibility analysis for developers, investors and public agencies related to large-scale master planned community developments throughout the United States. A summary of our qualifications and case studies of over 2 dozen projects is provided in the appendix.

The purpose of this revised report is to provide detailed expert assessment to the City about the financial feasibility of the Project and various Project alternatives, as well as addressing the Court's determination regarding the prior report.

FINANCIAL FEASIBILITY OVERVIEW

CBRE analyzed the proposed Project, which is planned for 8,407 residential units and 849,000 square feet of commercial, and the following alternatives discussed in the Environmental Impact Report ("EIR"), which have a significant reduction in the intensity of development and in the amount and type of habitat avoidance.

- Alternative 1 is the "No Project/Existing Zoning Alternative" – proposed to have 2,215 residential units and approximately 1,097,418 square feet of commercial space.

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

- Alternative 2 is the “Avoidance of SBKR/LBV-Occupied Habitat” Alternative” – proposed to have 7,484 residential units and approximately 820,000 square feet of commercial space.
- Alternative 3 is the “Avoidance of RAFSS Areas” Alternative” – proposed to have 4,872 residential units and approximately 602,000 square feet of commercial space.
- Alternative 4 is the “Avoidance of Jurisdictional Waters” Alternative” – proposed to have 5,846 residential units and approximately 731,000 square feet of commercial space.

Development of a large-scale master planned development project, such as the proposed Project, is a high-risk venture with risks related to entitlements, construction cost overruns, interest rate and capitalization rate changes and up and downs in the local, national and international economy during the 20-year construction period that can significantly impact future costs and home prices.

Despite a period of record low Treasury bond interest rates, capital for private investment is extremely tight. In order to obtain equity financing commitments, developers must be able to demonstrate sufficient profit margins to provide a return on the upfront equity investment required and to provide a cushion against the various cost and market risks that are beyond the developer’s control.

The 15-25% average annual Internal Rate of Return (“IRR”) threshold we used is based on information provided by investors and developers at Urban Land Institute’s 2011 Fall Conference, RealtyRates.com Developer survey for third quarter of 2011, CBRE Consulting’s extensive experience and expertise and on my 30 years of experience doing similar feasibility analyses of large scale developments projects for developers, investors and lenders, and reflects the extraordinary risks that a developer must take over an extended buildout period. IRR is the key measurement used by investors and lenders when considering whether to provide financing for a large scale development project because it reflects the overall rate of return on total dollars invested and demonstrates the project’s ability to pay back all debt and equity.

It is important to recognize that a pro forma profit, which is required to have a positive IRR, is a projection based on the best available knowledge of future costs and revenues. Given the cyclical nature of the economy, recent escalations in cost of raw materials’ costs significantly over the inflation rate and the likelihood of interest rates increasing by 2 or 3 percentage points from their recent historic lows, there is no guarantee that a developer will make any profit.

FEASIBILITY RESULTS

Our financial analysis, assuming no Community Facility District bonds financing (see below), indicates that the four alternatives to the Project analyzed by CBRE are not financially feasible, as each has an IRR well below the 15% minimum threshold, based on the projected revenues and development costs summarized below.

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Land Developer Return on Investment Summary \$Millions

	Gross Revenues	Net Dev. Costs	Developer Cash Flow /1	Developer IRR /2
Proposed Project	\$654	\$340	\$314	15.2%
Existing Zoning Alternative	234	231	3	0.3%
Avoidance of SBKR	389	316	74	3.8%
Avoidance of RAFSS	396	306	89	7.1%
Avoidance of Jurisdictional Waters	311	253	58	5.3%

/1 Cash Flow is net cash flow excluding interest expense or return on equity

/2 IRR is calculated as compound annual return on cumulative dollars invested

- The existing zoning alternative, with a nearly 75 percent reduction in residential units, is not feasible, as the return on investment is only 0.3 percent for the capital required.
- The avoidance of RAFSS alternative yields a 7.1 percent return, but that is infeasible with a minimum cost of equity capital of at least 15 percent.
- The avoidance of SBKR and avoidance of Jurisdictional Waters alternatives are also both infeasible, yielding 3.8 percent and 5.3 percent returns, respectively.
- The proposed Project is expected to yield a return of 15.2 percent, which is above the minimum threshold for feasibility.

CFD FINANCING

In the past, and during the housing boom, Community Facility District bonds (“CFDs”) were often utilized as financing vehicles for master-planned communities. In light of current market conditions and recent case law which creates major uncertainties as to future development costs (*Azusa Land Partners v. Department of Industrial Relations* (2010) 191 Cal. App. 4th 1), combined with the weak financial standing of the City of Rialto, it is highly unlikely that a CFD would be approved for the Project or any of the alternatives. Therefore, a CFD has not been assumed as part of the financial analysis presented in this report.

CONCLUSION

Development of large scale master-planned projects such as Lytle Creek Ranch is a high-risk venture and requires substantial development density to recover the significant infrastructure and planning costs. Implementation of the Project would result in an IRR of 15.2 percent on total capital invested, above the threshold for financial feasibility. However, none of the four Alternatives analyzed meets a minimum level of financial feasibility due to various reasons, including the loss of both allowable residential units as well as master-planned community amenities.

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

I. INTRODUCTION

OVERVIEW

The EIR identified the “No Project/Existing Zoning Alternative,” “Avoidance of SBKR/LBV-Occupied Habitat” Alternative, “Avoidance of RAFSS Areas” Alternative, and “Avoidance of Jurisdictional Waters” Alternative as potential alternatives to the proposed Project. The proposed Project and these alternatives are discussed in Section II.

SCOPE OF WORK

CBRE was retained to assess the financial feasibility of the Project and various alternatives. To this end, CBRE performed the following tasks:

- Visited the subject site and surrounding area, and viewed master plan schematics to understand land uses and amenities for each alternative;
- Gathered market data on single family and multi-family finished lot prices in the Fontana/Rialto market area over the past several years, as reflected in the Appraisal Report set forth at Appendix B;
- Incorporated infrastructure cost data provided by an independent engineering cost estimator (Otto-Berkeley Groupe);
- Incorporated data and findings from HM2 Marketing Development’s December 2011 report entitled “The Impact of Amenities on Home Values” set forth at Appendix C; and
- Developed a financial pro forma model and prepared feasibility analyses.

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

REPORT ORGANIZATION

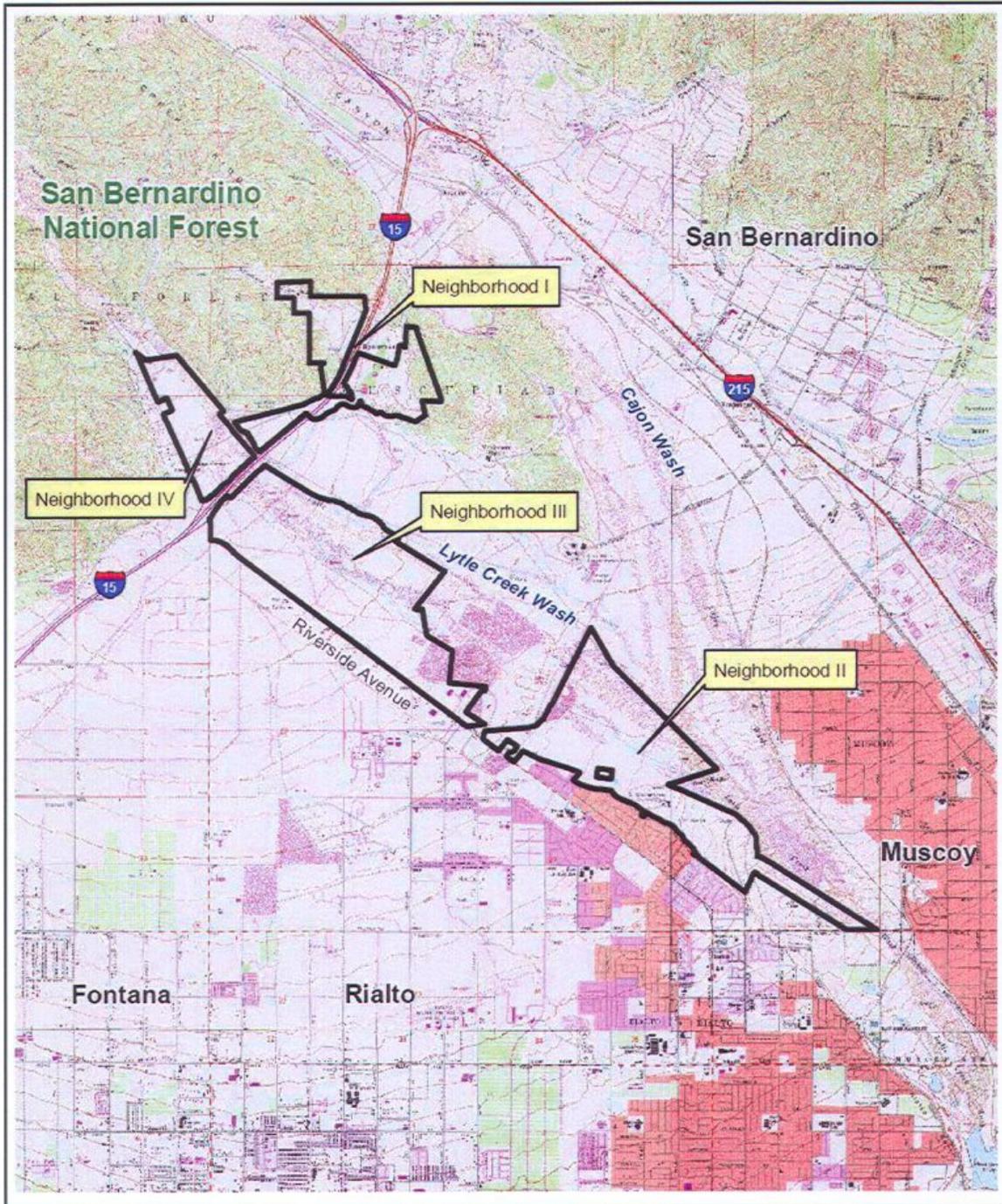
The remainder of this document is organized into four chapters:

- **Chapter II: Proposed Project and Alternatives** provides an overview of the proposed Project and the “No Project/Existing Zoning Alternative,” “Avoidance of SBKR/LBV-Occupied Habitat” Alternative, “Avoidance of RAFSS Areas” Alternative, and “Avoidance of Jurisdictional Waters” Alternative;
- **Chapter III: Key Assumptions** discusses the assumptions underlying the financial analysis;
- **Chapter IV: Financial Feasibility Analysis** assesses the financial feasibility of the Project and the various alternatives to the Project analyzed by CBRE

This report also includes several appendices, including the outputs from the financial models (Appendices A-1 to A-5), an appraisal report (Appendix B), and a report assessing the impact of community amenities on home values (Appendix C).

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Figure 1
Site Plan Location Map



LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

II. PROPOSED PROJECT AND ALTERNATIVES

PROPOSED PROJECT

The proposed Project is a 2,447-acre master-planned community with numerous amenities, recreation, educational and commercial uses supporting an approximately 8,400-unit residential development.

Residential

The proposed Project includes a total of 5,254 single-family housing units, 1,828 multi-family units and 1,325 high-density apartments as part of village community.

Retail

The proposed Project incorporates approximately 849,000 square feet of retail, restaurant and neighborhood serving office space in several commercial centers on the site.

The detailed land use program for residential, commercial, institutional and open space uses is shown in Figure 2 on the following page. The site plan is illustrated in Figure 3 on the page following that.

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Figure 2
Land-Use Plan Summary

Land Use Designation	Density Range (DU/ac.)	Target Dwelling Units (DU)	Medium Density (DU/ac.)	Intensity (s.f.)	Acres	%
Residential	-	-	-	-	-	-
Single-Family Residential 1 (SFR-1)	2 - 5	943	3.6	-	263.2	10.8
Single-Family Residential 2 (SFR-2)	5 - 8	1,908	6.3	-	304.5	12.4
Single-Family Residential 3 (SFR-3)	8 - 14	2,403	10.9	-	220.0	9.0
Multi-Family Residential (MFR)	14 - 28	1,828	17.2	-	106.3	4.3
High Density Residential (HDR)	25-35	1,325	29.2	-	45.4	1.9
Subtotals	-	8,407	8.95	-	939.4	37.4
Commercial/Retail	-	-	-	-	-	-
Village Center Commercial (VC)	-	-	-	849,420 ¹	95.6	3.9
Subtotal	-	-	-	849,420	95.6	3.9
Institutional	-	-	-	-	-	-
Elementary School (ES)	2 - 14	As Transferred	-	-	10.0	<0.1
Elementary/Middle School (ES/MS)	2 - 14	As Transferred	-	-	14.0	<0.1
Subtotal ²	-	As Transferred	-	-	24.0	<0.1
Open Space	-	-	-	-	-	-
Open Space / Recreation (OS/R)	-	-	-	-	328.8	13.4
Open Space (OS)	-	-	-	-	908.0 ⁴	37.1
Open Space / Joint Use (OS/JU) ³	-	-	-	-	17.0	<0.1
Subtotal	-	-	-	-	1,253.8	51.2
Other	-	-	-	-	-	-
Roadways	-	-	-	-	134.5	5.5
Subtotal	-	-	-	-	134.5	5.5
Totals	-	8,407	3.44 ⁵	849,420	2,447.3	100.0

Note:

1. Assumes 849,420 square feet of retail and service-oriented commercial and other non-residential land uses on 141.0 acres, representing a floor-area-ratio (FAR) of 0.14. This figure is not inclusive of institutional, educational, recreational, infrastructure-related, and other similar uses.
2. For the purpose of environmental analysis, school sites are assumed to comprise approximately 261,360 square feet of total building area. This estimate, as presented for the purpose of air quality assessment, is not intended to constitute a limit as to the maximum allowable size of on-site school facilities.
3. Since the "Open Space/Joint Use (OS/JU)" area is intended to be developed for joint use by the City and the Rialto Unified School District or other benefitting school district, its partial notation as "Open Space (OS)" appears to misstate its actual intent as "Recreation (R)."
4. This total remains subject to change and refinement. The Applicant states that a minimum of 829.2 acres within the proposed LCRSP, including Lytle Creek Wash, will be preserved as natural (undisturbed) open space by clustering development along Riverside Avenue, Lytle Creek Road/Sierra Avenues, Glen Helen and Clearwater Parkways, and the I-15 Freeway. While the actual acreage included within this natural open space may be adjusted to a limited degree as a result of future reconfiguration and refinement of individual neighborhoods and planning areas, in no event will the total acreage of natural (undisturbed) open space be less than 829.2 acres for the proposed LCRSP.
5. Assuming 8,407 dwelling units on 939.4 acres, the project's residential density can be calculated as 8.95 dwelling units per gross acre. If all open space lands (939.4 + 141.0 = 2,193.2) were also considered, the project's residential density can be calculated as 3.83 dwelling units per gross acre.

Source: Lytle Development Joint Venture III

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Figure 3
Project Land-Use Plan



Source: Lytle Development Joint Venture III

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

PROJECT ALTERNATIVES

The following is a description of the “No Project/Existing Zoning Alternative,” “Avoidance of SBKR/LBV-Occupied Habitat” Alternative, “Avoidance of RAFSS Areas” Alternative, and “Avoidance of Jurisdictional Waters” Alternative.

Alternative 1: “No Project/Existing Zoning Designation”

This alternative examines a No Project variation representing the continuation of existing community zoning/plans, policies and operations into the future. Figure 4 illustrates the land use designations that could be approved through approval of subdivision maps. It represents almost a 75 percent reduction in the residential component from the proposed Project, although there is a slight increase in commercial/industrial development.

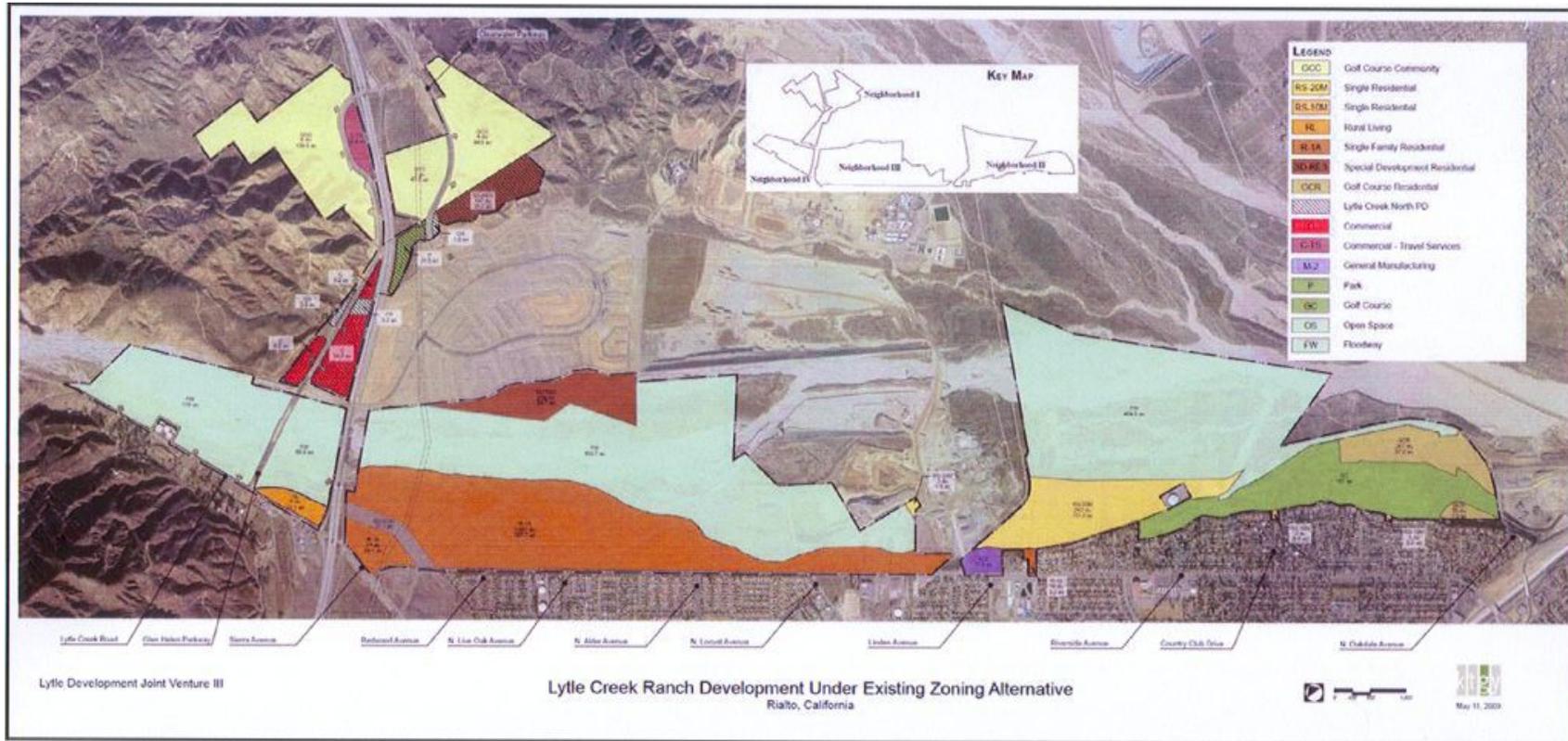
**Figure 4
Land-Use and Development Assumptions
Alternative 1: No Project/Existing Zoning Designation**

Notation	Designation	Acreage	Density Assumptions	Dwelling Units	Square Footage
GCS	Golf Course Community (GHSP)	266.0	1 DU/20 acres	12	-
SD - RES	Special Development (LCNPD)	35.0	10,000 S.F. min.	147	-
SD - RES	Special Development (LCNPD)	64.7	6,000 S.F. min.	328	-
RL	Rural Living (County)	13.1	2.5 acre min.	5	-
R-1 A	Single-Family Zone (City)	385.0	10,000 S.F. min. (70% coverage)	1,175	-
RS-20M	Single Residential (County)	112.5	20,000 S.F. min. (100% coverage)	245	-
RS-10M	Single Residential (County)	0.7	10,000 S.F. min. (100% coverage)	3	-
GCR	Golf Course Residential GHSP)	64.0	-	300	-
FW	Floodway (County)	1,197.5	-	-	-
	Commercial (LCNPD)	40.8	-	-	648,750
CTS	Commercial – Travel Service (LCNPD)	12.0	0.4 FAR	-	209,088
M-2	General Manufacturing (City)	11.0	0.5 FAR	-	239,580
	Golf Course (ERVSP)	157.0	-	-	-
	Park (LCNPD)	11.0	-	-	-
	Open Space (LCNPD)	6.2	-	-	-
	SCE Right-of-Way	17.1	-	-	-
	Existing Roads	53.7	-	-	-
Total		2,447.3		2,215	1,097,418

Source: KTG Y Group, Inc.

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Figure 5
Alternative 1: Land-Use Plan



Source: Lytle Development Joint Venture III

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Alternative 2: Avoidance of SBKR/LBV-Occupied Habitat

This alternative reduces Project-related impacts affecting on-site biological resources, specifically the San Bernardino kangaroo rat (SBKR) and the least Bell’s vireo (LBV), which are federally listed species under the FESA. This alternative’s land use program represents a more than 10 percent reduction in allowable residential units, and loss of the Grand Paseo Park and other amenities.

**Figure 6
Land-Use and Development Assumptions
Alternative 2: Avoidance of SBKR/LBV-Occupied Habitat**

Notation	Designation	Acreage	Density Assumptions	Dwelling Units	Square Footage
SFR-1	Single-Family Residential 1	259.9	3.6 DU/acre ¹	936	-
SFR-2	Single-Family Residential 2	245.9	6.3 DU/acre ¹	1,549	-
SFR-3	Single-Family Residential 3	221.9	10.9 DU/acre ¹	2,419	-
MFR	Multi-Family Residential	73.0	17.2 DU/acre ¹	1,256	-
HDR	High-Density Residential	40.9	32.4 DU/acre ²	1,325	-
VC	Village Center Commercial	96.1	-	-	820,540
ES/MS	Elementary/Middle School ³	14.0			
OS/R	Open Space/Recreation ⁴	301.4	-	-	-
OS/JU	Open Space/Joint Use	12.0	-	-	-
	Preserved Listed Species Habitat	596.6	-	-	-
	Preserved Non-Listed Species Habitat	345.4	-	-	-
	Listed Species Habitat (within 100 feet of Levee)	44.4	-	-	-
	Non-Listed Species Habitat (within 100 feet of Levee)	84.6	-	-	-
	Roads	111.2	-	-	-
Total		2447.3	-	7,484	820,540

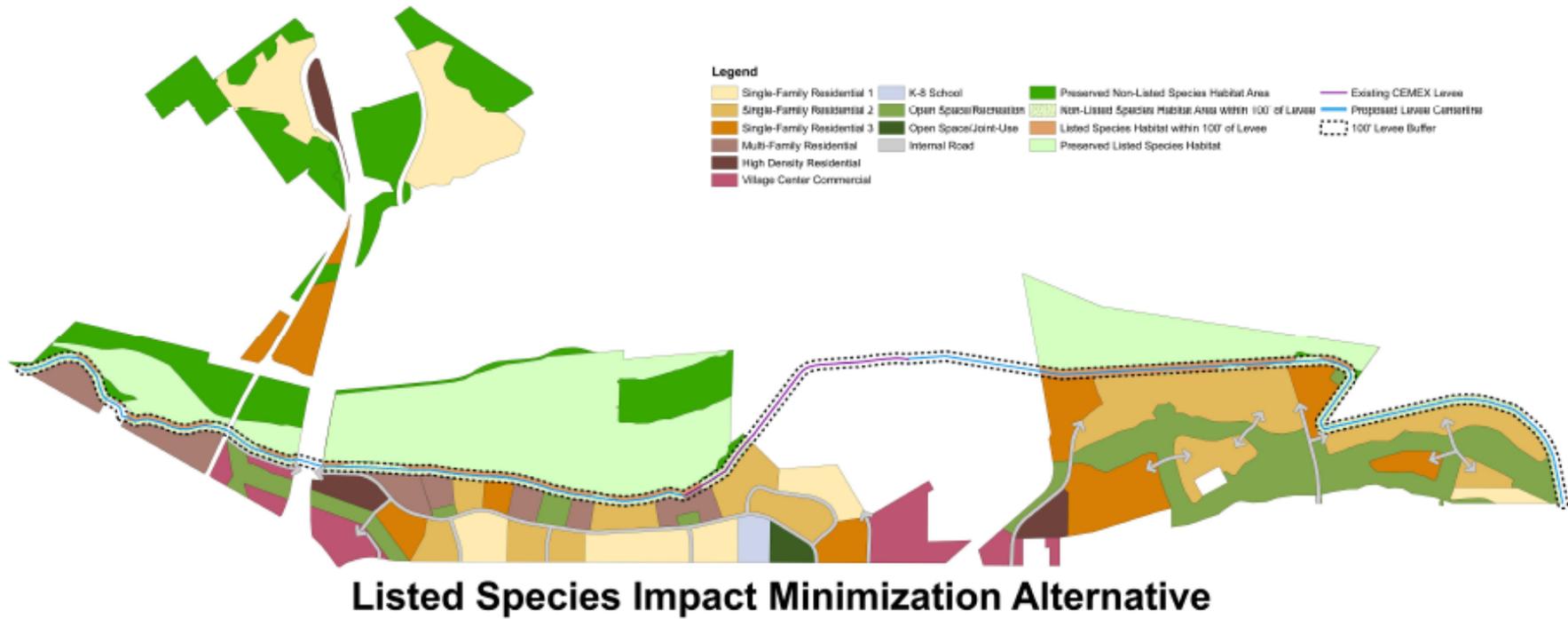
Notes:

1. Based on the same density and development assumptions presented in [Table 2-1](#) of the Draft EIR (Lytle Creek Ranch Specific Plan – Conceptual Land-Use Plan Summary).
2. The Draft EIR (DEIR) identified these units as part of the Village Center Commercial (VC) district. Consistent with the proposed Project, the City required that such units be removed from the VC district and put into a separate High-Density Residential (HDR) district, with planning areas that correspond to those planning areas identified as HDR for the proposed Project, however this was not reflected in the DEIR and is being corrected here. As such, the density assumption for the HDR district in this alternative is similar but not identical to that of the proposed Project.
3. The DEIR incorrectly indicated that this alternative would also contain a 10.0 acre elementary school, as well as 5.1 acres of open space/joint use. This table has been corrected accordingly.
4. The DEIR incorrectly indicated that this alternative would contain 5.0 acres designated as Open Space (OS). Those 5.0 acres should have actually been designated Open Space/Recreation (OS/R). The table has been corrected accordingly.

Source: KTG Group, Inc.

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Figure 7
Alternative 2: Land-Use Plan



Source: Lytle Development Joint Venture III

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Alternative 3: Avoidance of RAFSS Areas

This Alternative calls for protection of the Riversidian alluvian fan sage scrub (“RAFSS”) within the Project area. The land use program represents a more than 40 percent reduction in allowable residential units. In addition this alternative removes the golf course, as well as the Grand Paseo Park and other amenities.

**Figure 8
Land-Use and Development Assumptions
Alternative 3: Avoidance of RAFSS Areas**

Notation	Designation	Acreage	Density Assumptions	Dwelling Units	Square Footage
SFR-1	Single-Family Residential 1	192.5	3.6 DU/acre ¹	693	-
SFR-2	Single-Family Residential 2	129.1	6.3 DU/acre ¹	813	-
SFR-3	Single-Family Residential 3	179.4	10.9 DU/acre ¹	1,955	-
MFR	Multi-Family Residential	33.5	17.2 DU/acre ¹	576	-
HDR	High-Density Residential	31.9	26.2 DU/acre ²	835	-
VC	Village Center Commercial	63.8	-	-	602,827
ES	Elementary School	10.0	-	-	-
OS/R	Open Space/Recreation	61.4	-	-	-
OS/JU	Open Space/Joint Use	5.1	-	-	-
	Preserved Listed Species Habitat	1,105.7	-	-	-
	Preserved Non-Listed Species Habitat	399.8	-	-	-
	Listed Species Habitat (within 100 feet of Levee)	25.6	-	-	-
	Non-Listed Species Habitat (within 100 feet of Levee)	90.1	-	-	-
	Preserved Sensitive Riparian Community	19.5	-	-	-
	Roads	99.9	-	-	-
Total		2,447.3	-	4,873	602,827

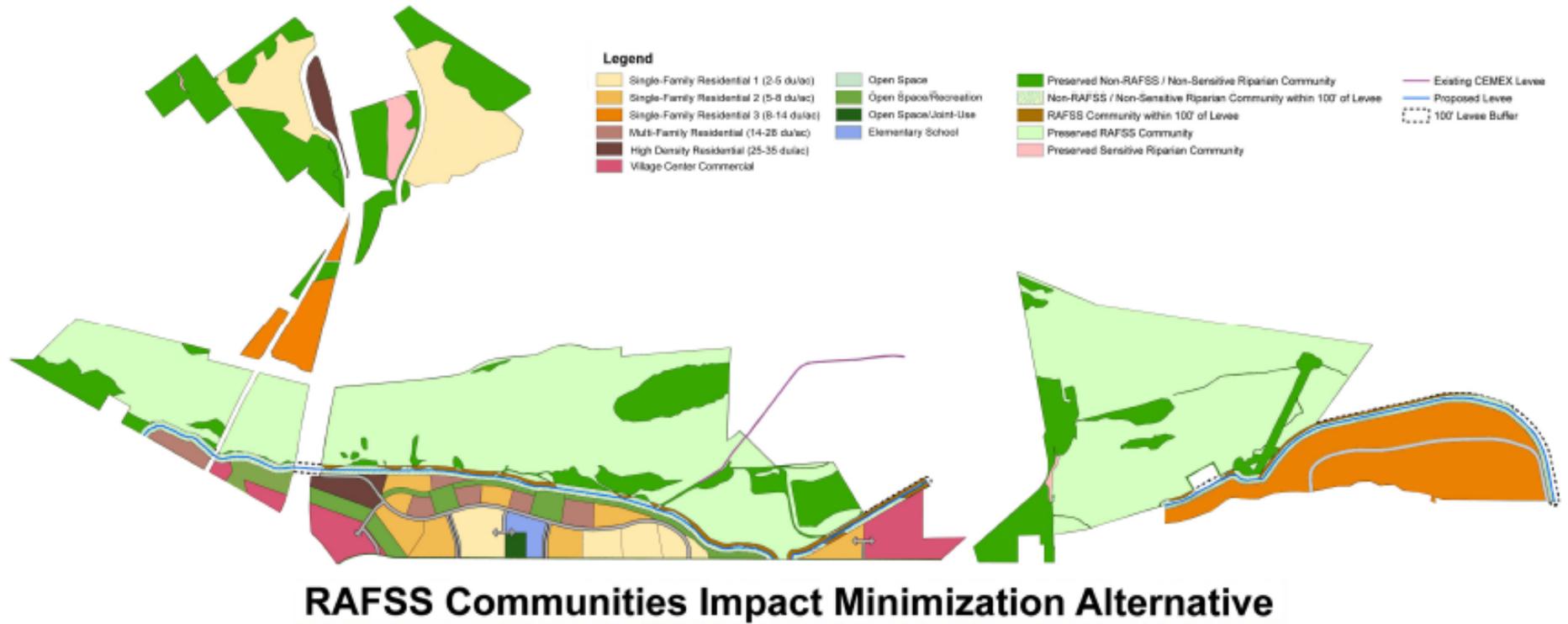
Notes:

1. Based on the same density and development assumptions presented in [Table 2-1](#) of the Draft EIR (Lytle Creek Ranch Specific Plan – Conceptual Land-Use Plan Summary).
2. The Draft EIR (DEIR) identified these units as part of the Village Center Commercial (VC) district. Consistent with the proposed Project, the City required that such units be removed from the VC district and put into a separate High-Density Residential (HDR) district, with planning areas that correspond to those planning areas identified as HDR for the proposed Project, however this was not reflected in the DEIR and is being corrected here. As such, the density assumption for the HDR district in this alternative is similar but not identical to that of the proposed Project.

Source: KTG Y Group, Inc.

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Figure 9
Alternative 3: Land-Use Plan



Source: Lytle Development Joint Venture III

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Alternative 4: Avoidance of Jurisdictional Waters

This alternative is designed to minimize impacting on-site waters of the United States and of the State of California. Figure 10 illustrates the land use designations that represent a 30 percent reduction in the residential component, along with the loss of the Grand Paseo Park and other amenities.

**Figure 10
Land-Use and Development Assumptions
Alternative 4: Avoidance of Jurisdictional Waters**

Notation	Designation	Acreage	Density Assumptions	Dwelling Units	Square Footage
SFR-1	Single-Family Residential 1	147.2	3.6 DU/acre ¹	530	-
SFR-2	Single-Family Residential 2	236.7	6.3 DU/acre ¹	1,491	-
SFR-3	Single-Family Residential 3	178.7	10.9 DU/acre ¹	1,948	-
MFR	Multi-Family Residential	32.1	17.2 DU/acre ¹	552	-
HDR	High-Density Residential	40.9	32.4 DU/acre ²	1,325	-
VC	Village Center Commercial	86.3	-	-	730,893
ES	Elementary School	10.0	-	-	-
ES/MS	Elementary/Middle School	14.0	-	-	-
OS/R	Open Space/Recreation ³	292.0	-	-	-
OS/JU	Open Space/Joint Use	17.1	-	-	-
	Non-WoUS and WoS within 100 feet of levee	97.9			
	Preserved Areas	380.7	-	-	..
	Preserved Areas that may contain WoUS/WoS not delineated	678.8	-	-	-
	WoUS/WoS within 100 feet of levee	0.4	-
	Preserved WoUS/WoS	125.5	-	-	-
	Roads	109.0	-	-	-
Total		2447.3		5,846	730,893

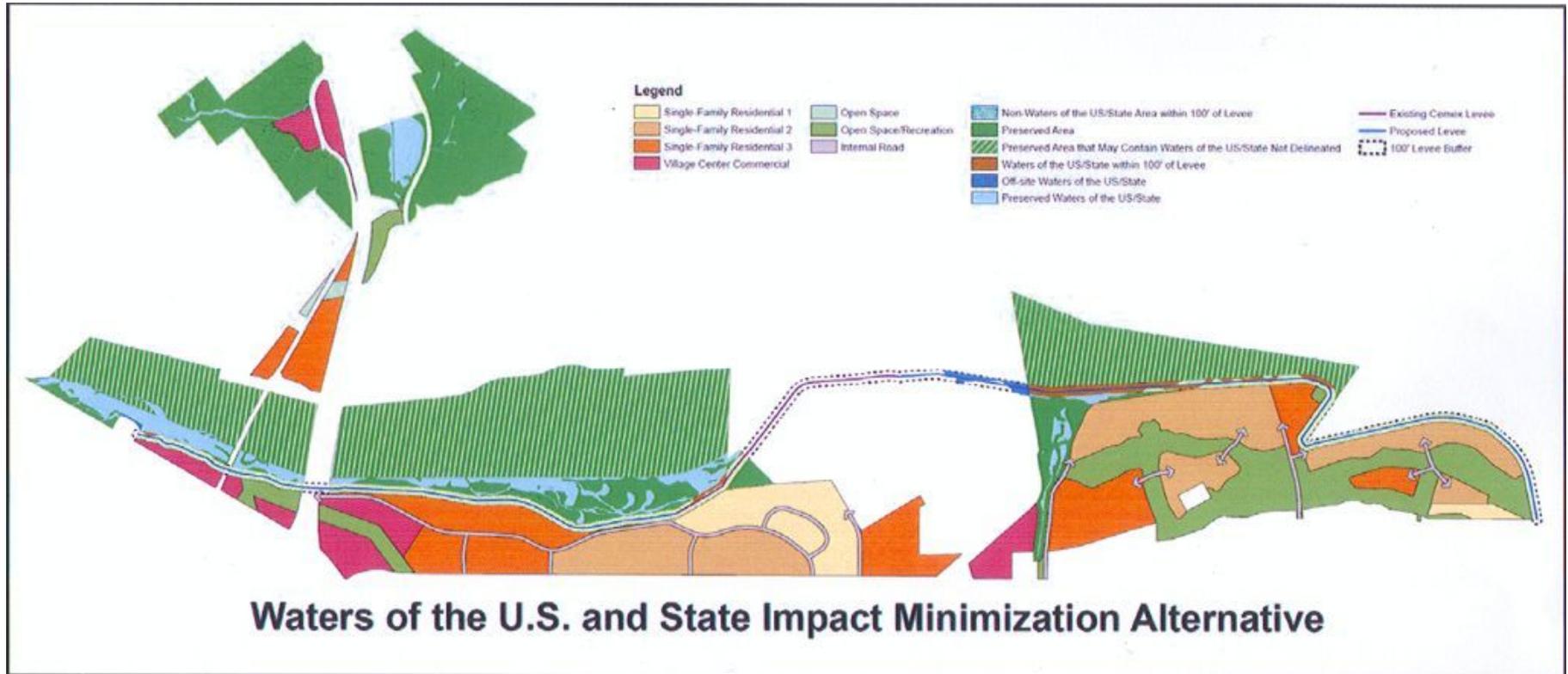
Notes:

1. Based on the same density and development assumptions presented in Table 2-1 of the Draft EIR (Lytle Creek Ranch Specific Plan)
2. The Draft EIR (DEIR) identified these units as part of the Village Center Commercial (VC) district. Consistent with the proposed Project, the City required that such units be removed from the VC district and put into a separate High-Density Residential (HDR) district, with planning areas that correspond to those planning areas identified as HDR for the proposed Project, however this was not reflected in the DEIR and is being corrected here. As such, the density assumption for the HDR district in this alternative is similar but not identical to that of the proposed Project.
3. The DEIR incorrectly indicated that this alternative would contain 5.0 acres designated as Open Space (OS). Those 5.0 acres should have actually been designated Open Space/Recreation (OS/R). The table has been corrected accordingly.

Source: KTG Y Group, Inc.

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Figure 11
Alternative 4: Land-Use Plan



Source: Lytle Development Joint Venture III

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS**III. KEY ASSUMPTIONS**

To assess the financial feasibility of the Project and various alternatives to the Project, CBRE designed a land development pro forma model that calculates the total development cost, estimates the lot sales revenues over the expected 20-year life of the Project and calculates the return on investment of the Project and each Alternative. This section discusses the key assumptions of the financial model.

LAND ACQUISITION COST/VALUE

The appraised value of a substantial portion of the Project site was \$58 million according to a September 2009 appraisal by CB Richard Ellis Valuation Group. In addition there was a \$20 million acquisition cost related to the existing golf course property with 300 residential lots adjacent. For those alternatives where the golf course is retained, CBRE deducted \$15 million from the \$78 million land cost/value for the financial analysis to reflect the operating value of the existing golf course.

LAND DEVELOPMENT COSTS

Direct construction costs are based on estimates of major cost categories including planning, engineering, consultants, legal, grading, sewer and water systems, levee system, dry utilities, street improvements, walls, landscaping, parks and special amenities, foundation, infrastructure, superstructure, rehabilitation, common areas etc. Direct construction costs were derived from estimates prepared by Otte-Berkeley Groupe, inc. Civil Engineers, except as otherwise noted.

Table 1 on the following page illustrates the \$216 million in master infrastructure costs for the proposed Specific Plan Project broken down into four phases.

Table 2 on the page following Table 1 compares the total development costs for each Alternative, reflecting the cost reductions associated with the reduced development intensities.

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

**Table 1
Development Cost for Project By Phase**

	1	2	3	4	Total
Planning	-	750,000	300,000	-	1,050,000
Printing/Delivery	13,000	125,000	70,000	25,000	233,000
Civil Engineering	410,000	2,084,000	2,142,000	791,000	5,427,000
Soils Engineering	80,000	640,000	685,000	135,000	1,540,000
Traffic Engineering	-	30,000	40,000	10,000	80,000
Utility Consultant	-	60,000	150,000	10,000	220,000
Landscape Architect	-	310,000	545,000	-	855,000
Fees/Bonds/Permits	28,706	192,604	642,374	55,629	919,313
Impact Fees	3,062,371	7,048,881	9,542,701	1,671,087	21,307,040
Grading	5,937,068	13,838,280	23,057,348	3,210,533	46,043,229
Removals/Relo's	-	67,920	-	-	67,920
Maint. Special Const.	-	-	-	-	-
Retention /Detent Basins	-	125,000	-	-	125,000
Temp Erosion Control	110,000	265,000	235,000	110,000	720,000
Sewer System	111,900	504,600	1,473,100	341,000	2,430,700
Water System	118,500	203,300	1,866,000	118,500	2,306,300
Storm Dr./Levee System	316,000	23,329,946	15,478,610	8,907,535	48,032,091
Street Improvements	-	1,352,357	6,128,921	187,050	7,668,328
Dry Utilities	-	330,002	988,074	193,230	1,511,306
Perimeter! Ret. Walls	-	1,496,000	1,944,000	274,500	3,714,500
Special Amenities	-	18,704,125	12,000,000	-	30,704,125
Entry Features	-	450,000	225,000	105,000	780,000
Interior Walls	-	-	-	-	-
Landscaping	-	465,570	5,663,635	-	6,129,205
Parks	1,007,500	-	13,410,000	756,250	15,173,750
Contingency	1,119,505	7,174,258	9,656,876	1,690,141	19,640,780
TOTAL	12,314,550	78,916,843	106,225,639	18,591,556	216,048,588

Source: Otte-Berkeley Group

The above cost estimates are in today’s dollars and do not reflect the expected increases due to inflation over the buildout period.

INDIRECT DEVELOPMENT COSTS

Indirect development costs include legal and other professionals, pre-opening expenses, marketing costs, insurance, and project management. For this analysis, the above costs are assumed to be \$5 million spent over the next two years and \$600,000 to \$750,000 annually over the full buildout period. The \$5 million estimate is based upon our experience with similar large scale master-planned community projects, as well as input from the project applicant, Lytle Creek Development Joint Venture III.

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Table 2
Summary Comparison of Development Cost

Alternatives -->	Proposed Project	No Project/ Existing	RAFSS Min.	Listed Species Min.	Waters of US & State Min.
Planning	1,050,000	650,000	200,000	850,000	1,050,000
Printing/Delivery	233,000	178,000	153,000	233,000	233,000
Civil Engineering	5,427,000	5,020,000	4,692,000	5,751,000	5,367,000
Soils Engineering	1,540,000	1,230,000	1,360,000	1,565,000	1,520,000
Traffic Engineering	80,000	95,000	80,000	80,000	80,000
Utility Consultant	220,000	140,000	170,000	220,000	220,000
Landscape Architect	855,000	410,000	425,000	710,000	855,000
Fees/Bonds/ Permits	919,313	815,346	925,686	895,275	909,799
Impact Fees	21,307,040	7,030,868	11,224,318	18,673,565	15,239,373
Grading	46,043,229	30,761,308	21,988,080	41,420,255	34,317,521
Removals/Relo's	67,920	-	67,920	67,920	67,920
Maint. Special Const.	-	-	-	-	-
Retention /Detent Basins	125,000	-	-	125,000	125,000
Temp Erosion Control	720,000	855,000	635,000	720,000	720,000
Sewer System	2,430,700	2,012,300	2,421,900	2,430,700	2,291,200
Water System	2,306,300	2,123,700	2,290,900	2,306,300	2,298,400
Storm Dr./Levee System	48,032,091	38,653,295	35,505,705	49,630,691	44,256,566
Street Improvements	7,668,328	7,114,793	7,940,642	7,339,048	7,688,453
Dry Utilities	1,511,306	1,031,465	1,447,843	1,354,506	1,444,606
Perimeter! Ret. Walls	3,714,500	3,199,000	3,118,000	3,714,500	3,606,500
Special Amenities	30,704,125	14,574,125	8,500,000	23,074,125	30,074,125
Entry Features	780,000	400,000	375,000	780,000	975,000
Interior Walls	-	-	-	-	-
Landscaping	6,129,205	3,530,305	5,969,655	3,648,405	6,129,205
Parks	15,173,750	1,007,500	15,173,750	14,573,750	15,173,750
Contingency	19,640,780	11,592,873	12,466,241	18,016,305	17,434,241
TOTAL	216,048,588	132,915,205	137,128,640	198,179,345	191,776,660

Source: Otte-Berkeley Group

INFLATION

For the Project and all of the alternatives CBRE, assumed a 3 percent annual inflation in land values and a 2.5 percent inflation in development costs over the 20 year development period. These inflation rates are lower than the previous report due to sustained economic recession and a recent Wall Street Journal survey of leading economists which found that 80 percent of them expected home prices to lag inflation for at least three years.

FINANCING COSTS

Given the extended 15-20 year development period, financing costs were excluded from this analysis. CBRE prepared an unleveraged cash flow and solved for the internal rate of return (IRR). If the IRR is less than the long term threshold for combined debt and equity capital of approximately 15-25%,

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

then the Project or that alternative is infeasible, because the IRR calculation is the industry standard measurement to evaluate long-term capital intensive real estate investments. While some debt financing might be available, the terms of such debt vary substantially based on the financial strength of the borrower, making such assumptions very difficult for an independent feasibility analysis.

COMMERCIAL LAND VALUES

For the Project and each alternative, CBRE estimated the value of land for commercial development and public school sites to be \$200,000 to \$500,000 per acre in today’s dollars.

FINISHED LOT PRICES

CBRE utilized the services of our Valuation and Advisory Services group (i.e. Restricted use Appraisal Report dated December 5, 2011) to review land sale comps and estimate the most likely finished lot prices and blue top lot values for various residential product types within a master-planned community. (See Appendix B, page 2.) The following table sets for the Hypothetical Value Conclusions from the Appraisal Report. The sales data indicates that finished lot sales comps in the area have declined dramatically since 2006. Given the continued overhang of foreclosure properties in the Inland Empire, lot prices are not expected to increase significantly for the next decade.

Hypothetical Value Conclusions

<u>Product Line</u>	<u>Density</u>	<u>Lot Size</u>	<u>Finished Lot Value</u>
MFR	17.2		\$69,000
HDR	29.2		\$58,000
SFR-6	5.0	6,000	\$140,000
SFR-10	3.0	10,000	\$172,000
SFR-20	2.0	20,000	\$215,000
SFR-3	10.9	2,500	\$93,000
SFR-2	6.3	4,000	\$120,000
SFR-1	3.6	8,000	\$164,000

BLUE-TOP LOT VALUES

To estimate the revenue flowing to the land development entity developing Lytle Creek Ranch, we needed to deduct the in-tract finishing costs and various permits/fees that range from \$30,000 to \$75,000 per housing unit. These costs are not typically borne by the land development company – but rather by the home builder who buys master subdivision parcels for 100 or more homes. The tables below illustrate the finished lot values for the various product types in the Project and Alternative and in-tract costs to derive the lot values.

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Specific Plan

	<u>Density</u>	<u>Units</u>	<u>\$/Unit</u>	<u>InTract Costs</u>	<u>Blue-top Lot Values</u>
SFR-1	3.6	943	\$164,000	\$65,000	\$99,000
SFR-2	6.3	1,908	120,000	55,000	65,000
SFR-3	10.9	2,403	93,000	45,000	48,000
MFR	17.2	1,828	69,000	35,000	34,000
HDR	29.2	1,325	58,000	30,000	28,000
Totals (000)			\$810,073		\$431,973

COMMUNITY AMENITIES

The Alternatives identified in the EIR are similar to the proposed Project, but lack a significant number of master-planned community amenities (e.g., contiguous centralized landscaped paseo, sports park, schools, etc.) As such, CBRE relied on HM2 Marketing Development’s December 2011 report entitled “Lytle Creek Ranch Analysis: The Impact of Amenities on Home Values” (Appendix C) to determine an adjustment to lot values for the Alternatives.

**Comparison of Home Prices
Lytle Creek vs. Typical Master Planned Community**

Proposed Project	+8.0%
Avoidance of Jurisdictional Waters	+4.9%
Avoidance of RAFFS Areas	+2.2%
Avoidance of SBKR/LBV Habitat	-6.0%
No Project/Existing Zoning	-8.4%

The percentage changes indicated above represent the change in home price expected for the same home size and lot size as proposed at Lytle Creek. In order to estimate the impact on lot values, CBRE estimated average home prices for each lot type as shown below:

	Average Home Price
SFR-6	\$400,000
SFR-10	500,000
SFR-20	600,000
SFR-1	450,000
SFR-2	325,000
SFR-3	250,000
MFR	175,000
HDR	150,000

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

The above average home prices are derived from the appraisal report and past CBRE experience that indicates finished lot values are typically 25-35 percent of the ultimate home price. CBRE then multiplied the net percent change indicated in HM2’s report and conservatively assumed 50% of this change would be reflected in lot value, leaving the other 50% for builder profit and overhead.

Blue Top Lot Values: Alternatives

**No Project/
Existing Zoning**

	<u>Units</u>	<u>\$/Unit</u>	<u>InTract Costs</u>	<u>Blue-top Lot Values</u>
6,000" Min	328	\$115,000	\$60,000	\$55,000
10,000' Min	1,325	137,000	70,000	67,000
20,000' Min	250	170,000	75,000	95,000
Golf Course	312	160,000	55,000	105,000
Totals (000)		\$311,665		\$163,325

SBKR Habitat

	<u>Density</u>	<u>Units</u>	<u>\$/Unit</u>	<u>InTract Costs</u>	<u>Blue-top Lot Values</u>
SFR-1	3.6	936	\$129,000	\$65,000	\$64,000
SFR-2	6.3	1,549	98,000	55,000	43,000
SFR-3	10.9	2,419	76,000	45,000	31,000
MFR	17.2	1,256	57,000	35,000	22,000
HDR	32.4	1,325	48,000	30,000	184,000
Totals (000)			\$591,582		\$252,982

RAFSS Area

	<u>Density</u>	<u>Units</u>	<u>\$/Unit</u>	<u>InTract Costs</u>	<u>Blue-top Lot Values</u>
SFR-1	3.6	693	\$149,000	\$65,000	84,000
SFR-2	6.3	813	110,000	55,000	55,000
SFR-3	10.9	1,955	86,000	45,000	41,000
MFR	17.2	576	64,000	35,000	29,000
HDR	26.2	835	54,000	30,000	24,000
Totals (000)			\$442,771		\$219,826

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Jurisdictional Waters

	<u>Density</u>	<u>Units</u>	<u>\$/Unit</u>	<u>InTract Costs</u>	<u>Blue-top Lot Values</u>
SFR-1	3.6	530	\$153,000	\$65,000	91,000
SFR-2	6.3	1,491	115,000	55,000	60,000
SFR-3	10.9	1,948	89,000	45,000	44,000
MFR	17.2	552	66,000	35,000	31,000
HDR	32.4	1,325	56,000	30,000	26,000
Totals (000)			\$538,148		\$274,964

ABSORPTION RATES

Absorption is the time period required to sell out the housing lots to master builders. Typically builders purchase 100 lots at a time from the land development entity to build model units and initial inventory. In a master-planned community there are usually 3-4 product types selling simultaneously.

Proposed Project

Single family home sites are estimated to be ready for sale to builders by 2014, with initial absorption of 225 units, increasing to 375 units each year thereafter. Multifamily units are not expected to be available until 2018, after the town centers are developed. Annual absorption is estimated to start at 100 units per year, and increases to 400 units per year by 2021, based on typical weekly sales rates of active subdivision projects and the expected opening of various product types.

No Project/Existing Zoning Alternative

6,000 sq. ft. single family home sites are estimated to be ready for sale to builders by 2014, with annual absorption of 100 units per year. 10,000 sq.ft. lots begin selling 100 units per year by 2015, with 20,000 sq.ft. lots selling 25 per year, based on typical weekly sales rates of active subdivision projects.

Avoidance of SBKR/LBV-Occupied Habitat Alternative

Single family home sites are estimated to be ready for sale to builders by 2014, with initial absorption of 225 units, increasing to 375 units each year thereafter. Multifamily units are not expected to be available until 2018, after the town centers are developed. Annual absorption of single family starts at 325 units per year by 2015 and 380 units per year by 2023, based on typical weekly sales rates of active subdivision projects and the expected opening of various product types.

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS**Avoidance of RAFSS Areas Alternative**

Single family home sites are estimated to be ready for sale to builders by 2014, with initial absorption of 225 units, increasing to 375 units each year thereafter. Multifamily units are not expected to be available until 2018, after the town centers are developed. Annual absorption starts at 100 units per year and increases to 300 units per year by 2021, based on typical weekly sales rates of active subdivision projects and the expected opening of various product types.

Avoidance of Jurisdictional Waters Alternative

Single family home sites are estimated to be ready for sale to builders by 2014, with initial absorption of 225 units, increasing to 375 units each year thereafter. Multifamily units are not expected to be available until 2018, after the town centers are developed. Annual absorption starts at 100 units per year and increases to 300 units per year by 2021 based on typical weekly sales rates of active subdivision projects and the expected opening of various product types.

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS**IV. FINANCIAL FEASIBILITY ANALYSIS****FINANCIAL FEASIBILITY BASIS**

In determining the financial feasibility of a large land development project, one needs to analyze the expected development profit assuming sale of the various parcels of land and after deducting all development costs, including land acquisition, predevelopment, design, permits and fees, construction, marketing and overhead costs.

In order to obtain financing commitments for these high risk projects, commercial developers must be able to demonstrate potential annual return on total capital investment of 15 to 25 percent to offset the significant risks related to entitlements, construction cost overruns, interest rate changes, capitalization rate changes and ups and downs in the local, national and international economy during the 15 to 20-year construction period that will affect future commercial and residential land prices.

It is important to recognize that a pro forma profit margin is just a projection based on the best available knowledge of future costs and revenues. Given the cyclical nature of the economy, recent escalations in cost of raw materials' costs significantly over the inflation rate and the likelihood of interest rates increasing by 2 or 3 percentage points from their recent historic lows, there is no guarantee that a developer will make any profit.

Nonetheless, CBRE prepared a pro forma analysis to illustrate the overall developer profit, assuming sale of the condominium units and/or commercial development components at stabilized occupancy.

All of the residential alternatives analyzed in this report were valued based on the proceeds from selling finished lots net of intract costs and fees. The expected sales prices are based on comparative product sales in Fontana/Rialto and presume positioning of the Project as a higher-end product.

The commercial use components of the Project alternatives – retail and industrial - were valued as undeveloped land.

Net development costs were derived from adding planning, engineering, water, sewer storm drain, dry utilities, street improvements and landscape amenity costs. The construction costs were provided by Otte-Berkeley Groupe, an independent engineering cost estimation firm.

IRR RESULTS FOR PROPOSED PROJECT AND ALTERNATIVES

Appendices A-1 to A-5 detail the development program, market assumptions, and overall development costs, land sales revenues, and resulting net developer cash flow for the Project and each of the Alternatives.

In order to calculate an IRR, the model calculates the annual revenue expected from land sales, adjusted for inflation and deducts all project costs (i.e. land, infrastructure and administrative/marketing costs to illustrate the annual cash flow. The IRR is the mathematically

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

implied rate of return that equalizes the net present value of all the negative cash flows in the early years with the profitable cash flows, as lots are sold.

The following table below summarizes the internal rate of return on investment (“IRR”) estimated for the Project and the various alternatives.

**Alternatives to the Project
Return on Investment Summary
\$Millions**

	Gross Revenues	Net Dev. Costs	Developer Cash Flow /1	Developer IRR /2
Proposed Project	\$654	\$340	\$314	15.2%
Existing Zoning Alternative	234	231	3	0.3%
Avoidance of SBKR	389	316	74	3.8%
Avoidance of RAFSS	396	306	89	7.1%
Avoidance of Jurisdictional Waters	311	253	58	5.3%

/1 Cash Flow is net cash flow excluding interest expense or return on equity
/2 IRR is calculated as compound annual return on cumulative dollars invested

CONCLUSIONS

The above analysis shows that while the Project alternatives analyzed by this report generate positive cash flow before financing costs, under current market conditions, all of the alternatives yield returns well below 10 percent, which is inadequate to attract the necessary equity capital, based on industry standard rates of return thresholds of 15 to 25 percent that reflect the risk of such long-term capital investments. In contrast, the proposed Project analyzed yields a return of 15.2%, falling within the industry standard rates of return thresholds of 15 to 25 percent.

The contents of this report are subject to the appended Assumptions and General Limiting Conditions.

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS**ASSUMPTIONS AND GENERAL LIMITING CONDITIONS**

CBRE has made extensive efforts to confirm the accuracy and timeliness of the information contained in this study. Such information was compiled from a variety of sources, including interviews with development officials, review of City documents, and other third parties deemed to be reliable. Although CBRE believes all information in this study is correct, it does not warrant the accuracy of such information and assumes no responsibility for inaccuracies in the information by third parties. We have no responsibility to update this report for events and circumstances occurring after the date of this report. Further, no guarantee is made as to the possible effect on development of present or future federal, state or local legislation, including any regarding environmental or ecological matters.

The accompanying projections and analyses are based on estimates and assumptions developed in connection with the study. In turn, these assumptions, and their relation to the projections, were developed using currently available economic data and other relevant information. It is the nature of forecasting, however, that some assumptions may not materialize, and unanticipated events and circumstances may occur. Therefore, actual results achieved during the projection period will likely vary from the projections, and some of the variations may be material to the conclusions of the analysis.

Contractual obligations do not include access to or ownership transfer of any electronic data processing files, programs or models completed directly for or as by-products of this research effort, unless explicitly so agreed as part of the contract.

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

QUALIFICATIONS

Thomas Jirovsky, Sr. Managing Director with CBRE Consulting has over 30 years experience in pro forma and financial feasibility analysis for developers, investors and public agencies related to large-scale master planned community developments throughout the United States. Clients have included public agencies, lenders, investors and developers such as Forest City Residential, Pacific Bay Homes, Trammell Crow Residential, Eastlake Company, Leisure Technology/Tenzer Company, Cottonwood Properties, M.J. Brock, TOUSA/Engle Homes and many others. A few specific examples are listed below:

- ***Landmark Development/Reno Nevada.*** In 2006 CBRE developed a detailed financial model to analyze the land values of individual components of a 2,400-acre mixed-use community being developed south of Reno, Nevada.
- ***City of Palmdale/Ritter Ranch.*** Evaluated the financial feasibility of a 7,200-unit master planned community in unincorporated Los Angeles County for an infrastructure financing bond offering in the mid-1990's.
- ***Eastlake Company/Boston Ranch.*** Performed market study in 2005 to establish recommended mix of residential development product lines for a proposed 20,000-acre master planned community in the Central Valley area of California. Developed a comprehensive financial feasibility pro forma model to analyze the residual land value of alternative development plans under a range of economic scenarios.
- ***Pacific Bay Homes/Granite Management.*** Through financial modeling of home building pro formas, and focused developer solicitation, CBRE assisted Ford Motor Land/Granite Management dispose of over 1,000 acres of single-family residential land in southern California at prices more than double the appraised values.
- ***Leisure Technology/Active Adult Communities.*** During the 1980's and 1990's, he developed financial feasibility pro formas for almost one dozen active adult communities throughout the United States.
- ***Tenzer Company/Kingwood Lakes Feasibility.*** In 2005, CBRE prepared detailed financial models for Tenzer Company to acquire and develop a 400-unit master planned community near Houston, Texas.
- ***Confidential Client/Estancia Basin-Albuquerque.*** Prepared market and financial due diligence for the potential acquisition of 18,000 acres of land outside Albuquerque, New Mexico in 2006.
- ***TOUSA/Acquisition Due Diligence.*** During 2005-06, CBRE assisted Technical Olympic USA (TOUSA) in evaluating large scale land acquisitions for potential master planned communities in Florida, Arizona, Nevada and Pennsylvania.
- ***City of Ontario/Sphere of Influence General Plan.*** In 1995, CBRE prepared an analysis of regional market conditions to assist in a master planning effort for 8,000-acre unincorporated area near Ontario, California.
- ***MCAS Tustin/Business Plan.*** In 1997-98, prepared long-term pro forma model to assist the City of Tustin in evaluating residual land value of alternative land use plans for acquisition of the 1,000-acre former Marine Corps Air Station-Tustin military base from the U.S. Navy.

Other large scale master planned community projects that CBRE Consulting has worked on are described below.

Technical Olympic USA (TOUSA) / Master Planned Community Acquisition Due Diligence. During 2005-06, CBRE Consulting was retained by TOUSA to prepare financial valuation models for potential acquisition of large 1,000-acre land parcels for development into master planned communities with active adult retirement components. The financial models were used to analyze the impact of various absorption rates and financing structures on overall profitability. These properties

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

were located in suburban areas near Phoenix, Arizona, Boca Raton, Florida, Las Vegas, Nevada and Gettysburg, Pennsylvania.

Confidential Client / Texas and Florida Residential Market Overview. In 2006 CBRE Consulting was retained by a large institutional investment firm looking to invest in new master planned communities in Texas and Florida. CBRE examined historic market trends, housing prices, land values and the current economic outlook for the metro regions surrounding Tampa, Florida and Orlando, Florida, as well as Dallas, Houston San Antonio and Austin, Texas.

Confidential Client / New Mexico Residential Market Overview. In 2006 CBRE Consulting was retained by an investor group looking to acquire a +5,000-acre property near Albuquerque for development of a master planned community. CBRE examined competitive projects, housing sales trends, comparable land values and likely development costs to estimate the maximum supportable price for the land.

Estate of James Campbell / New Town of Kapolei, Hawaii. In the early 1990's, CBRE Consulting professionals were retained by the Estate to do a long term financial model and feasibility analysis of the proposed land development of a 10,000-acre new town of Kapolei on the west end of Oahu. The analysis was used to present to the Board for approval of a + \$100 million infrastructure investment.

A & B Properties/Kukui'ula. For the real estate subsidiary of Alexander & Baldwin, CBRE Consulting researched and analyzed the development potential of Kukui'ula, a proposed master-planned community on the island of Kaua'i in Hawaii. This 1,045-acre property is located in Koloa, near popular Poipu Beach. Uses examined include resort hotel, timeshare condominiums, residential homes, golf course, marina, commercial and ancillary uses.

East Garrison Market and Financial Feasibility Analyses/Monterey County. CBRE Consulting assessed the market opportunities and financial feasibility of a conference center, retreat, or resort development at the 200-acre East Garrison area of Fort Ord. The analysis of the conference center included an assessment of the spin-off opportunities that would be generated by the University of California, Santa Cruz's proposed Monterey Bay Environmental Studies and Technology Center, which would be located adjacent to the East Garrison area.

Sedway Cooke/Castro Valley Ranch. CBRE Consulting conducted a preliminary market analysis and highest and best use analysis for an 8,970-acre site in Santa Clara County, known as Castro Valley Ranch. The assignment included an assessment of demographic trends for a 20-year horizon; an examination of land-use alternatives, including residential, recreational, resort/motel, and vineyard/winery; an analysis of supply and demand; and research of allowable land uses for property encumbered by the Williamson Act agricultural designation (which affected the subject).

Wareham Development's Thunder Springs Project/Sun Valley, Idaho. CBRE Consulting was asked to evaluate the market feasibility of a high end mixed use development comprising 61 very high end condominium units and approximately 38,000 s.f. of retail. An important aspect of this assignment was defining the nature of the competitive market, especially for the residential product, which in its planned quality level and pricing was unprecedented in the Sun Valley market. At that time (mid-1998), the prices being projected by Wareham had only been achieved in a few mountain resorts (Aspen, Vail, Beaver Creek and Deer Valley). We conducted a comprehensive market survey which was a part of the Financing prospectus.

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Mole-Richardson Ranch/Development Strategy. CBRE Consulting assisted Mole-Richardson Company in formulating a development strategy for 5,500 acres of rural land owned by the firm near the town of Weed, California, approximately 50 miles south of the Oregon state border. The land, which lay adjacent to Interstate 5 for more than four miles, included a working cattle ranch and was characterized by open pasture, woodlands and creeks. Mole-Richardson was interested in developing a portion of the land, potentially as a year-round resort and conference center, with recreational activities such as horseback riding and camping. The firm also was considering land uses that were oriented toward traffic along Interstate 5, a major north-south transportation corridor.

Capital Guidance Corporation/Bel Marin Keys Unit V. CBRE Consulting, in conjunction with CB Richard Ellis Valuation and Advisory Services, appraised Bel Marin Keys Unit V. The 1,600-acre development property had been sold to the California Coastal Conservancy at a price believed to be below market value. The purpose of the appraisal was to estimate the market value of the property so that the seller could file for a tax reduction based on the implied donation (the difference between the sales price and the market value). The property was primarily valued as a development site, based upon a completed development application that called for 796 residential units, an 18-hole golf course, lagoons, community facilities, and open space.

CM Capital Corporation/Castro Valley Ranch. CBRE Consulting assisted CM Capital Corporation in the master planning process for Castro Valley Ranch (CVR), which includes 12 parcels on approximately 9,000 acres of land south of Gilroy, CA. CVR is currently used for a variety of ranch, agricultural, and mining operations. However, based on studies, it is anticipated that the highest and best use of the property is a mix of residential, recreational, and other uses. CBRE was retained to conduct a highest and best use study of CVR, focusing on determining the type, phasing, and pricing of single-family residential development. We analyzed a variety of economic and market data in order to inform our conclusions regarding the site's highest and best use. The markets for single-family homes of various types and sizes were analyzed, including senior housing and secondary homes. We also conducted a detailed analysis of residential community features, such as a golf course or equestrian facilities, and the potential of each feature to add value to single-family homes on the property.

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

APPENDICES

Appendix A-1	Existing Zoning – 20 Year Cash Flow
Appendix A-2	SBKR Avoidance – 20 Year Cash Flow
Appendix A-3	RAFSS Minimization – 20 Year Cash Flow
Appendix A-4	Jurisdictional Waters Avoidance – 20 Year Cash Flow
Appendix A-5	Proposed Project – 20 Year Cash Flow
Appendix A-6	Otte-Berkeley Groupe – Infrastructure Cost Estimates
Appendix B	CBRE Valuation & Advisory Services – Lytle Creek Ranch Specific Plan – Restricted Use Appraisal Report
Appendix C	HM2 Marketing Development – Lytle Creek Ranch Analysis: The Impact of Amenities on Home Values, December 2011

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Exhibit A-1 Existing Zoning – 20 Year Cash Flow

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Value and Costs (In Million \$'s)	20 Yr . Total	0 2011	1 2012	2 2013	3 2014	4 2015	5 2016	6 2017	7 2018	8 2019	9 2020	10 2021	11 2022	12 2023	13 2024	14 2025	15 2026	16 2027
Assumptions																		
General Inflation 2011-30		1.0000	1.0250	1.0506	1.0769	1.1038	1.1259	1.1484	1.1714	1.1948	1.2187	1.2431	1.2679	1.2933	1.3192	1.3455	1.3725	1.3999
Cost Inflation 2011-30		1.0000	1.0250	1.0506	1.0769	1.1038	1.1259	1.1484	1.1714	1.1948	1.2187	1.2431	1.2679	1.2933	1.3192	1.3455	1.3725	1.3999
Revenue Inflation - Residential 2011-30		1.0000	1.0300	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048	1.3439	1.3842	1.4258	1.4685	1.5126	1.5580	1.6047
Revenue Inflation - Commercial 2011-30		1.0000	1.0250	1.0506	1.0769	1.1038	1.1314	1.1597	1.1887	1.2184	1.2489	1.2801	1.3121	1.3449	1.3785	1.4130	1.4483	1.4845
ABSORPTION																		
6,000' Min	328	0	0	0	100	100	100	28	0	0	0	0	0	0	0	0	0	0
10,000' Min	1,325	0	0	0	0	100	100	100	100	100	100	100	100	125	125	125	150	0
20,000' Min	250	0	0	0	0	25	25	25	25	25	25	25	25	25	25	0	0	0
Golf Course lots	312	0	0	0	0	0	100	100	112	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residential Units	2,215	0	0	0	100	225	325	253	237	125	125	125	125	150	150	125	150	0
Commercial	648,750	0	0	0	0	0	0	0	100,000	0	0	200,000	0	0	200,000	0	0	148,750
Commercial - Travel Service	209,088	0	0	0	0	0	100,000	0	0	0	109,088	0	0	0	0	0	0	0
Manufacturing	239,580	0	0	0	80,000	80,000	79,580	0	0	0	0	0	0	0	0	0	0	0
Retail Town Center	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retail Shopping Ctr./In-Line	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retail Big Box	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial SF	1,097,418	0	0	0	80,000	80,000	179,580	0	100,000	0	109,088	200,000	0	0	200,000	0	0	148,750
LAND VALUE																		
6,000' Min	\$20.4	\$0.0	\$0.0	\$0.0	\$6.0	\$6.2	\$6.4	\$1.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
10,000' Min	119.6	0.0	0.0	0.0	0.0	7.5	7.8	8.0	8.2	8.5	8.7	9.0	9.3	11.9	12.3	12.7	15.7	0.0
20,000' Min	30.6	0.0	0.0	0.0	0.0	2.7	2.8	2.8	2.9	3.0	3.1	3.2	3.3	3.4	3.5	0.0	0.0	0.0
Golf Course lots	39.2	0.0	0.0	0.0	0.0	0.0	12.2	12.5	14.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Residential Value (Millions)	\$209.9	\$0.0	\$0.0	\$0.0	\$6.0	\$16.4	\$29.1	\$25.2	\$25.6	\$11.5	\$11.8	\$12.2	\$12.6	\$15.3	\$15.8	\$12.7	\$15.7	\$0.0
Commercial	\$17.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.4	\$0.0	\$0.0	\$5.1	\$0.0	\$0.0	\$5.5	\$0.0	\$0.0	\$4.4
Commercial - Travel Service	3.7	0.0	0.0	0.0	0.0	0.0	1.7	0.0	0.0	0.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Manufacturing	2.6	0.0	0.0	0.0	0.9	0.9	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retail Town Center	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retail Shopping Ctr./In-Line	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retail Big Box	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial Value (Millions)	\$23.8	\$0.0	\$0.0	\$0.0	\$0.9	\$0.9	\$2.6	\$0.0	\$2.4	\$0.0	\$2.0	\$5.1	\$0.0	\$0.0	\$5.5	\$0.0	\$0.0	\$4.4
Project Land Value	\$233.7	\$0.0	\$0.0	\$0.0	\$6.9	\$17.3	\$31.7	\$25.2	\$28.0	\$11.5	\$13.9	\$17.3	\$12.6	\$15.3	\$21.3	\$12.7	\$15.7	\$4.4
<i>Cumulative Land Value</i>		0.0	0.0	0.0	6.9	24.2	55.8	81.0	109.0	120.5	134.4	151.7	164.3	179.6	200.9	213.6	229.3	233.7
COSTS																		
Land & Entitlement Costs	\$68.1	\$65.5	\$2.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Master Infrastructure	153.3	0.0	0.0	7.0	7.2	7.3	26.2	26.7	35.1	35.8	8.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less: CFD Funding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CFD Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overhead Costs	9.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.0
Project Costs	\$231.0	\$66.1	\$3.2	\$7.6	\$7.8	\$7.9	\$26.8	\$27.3	\$35.7	\$36.4	\$8.7	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6	\$0.0
NET CASH FLOW	\$2.7	(\$66.1)	(\$3.2)	(\$7.6)	(\$0.9)	\$9.3	\$4.9	(\$2.1)	(\$7.7)	(\$24.9)	\$5.2	\$16.7	\$12.0	\$14.7	\$20.7	\$12.1	\$15.1	\$4.4
IRR	0.3%																	
Sources: Lytle Development and CBRE Consulting.																		

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Exhibit A-2 SBKR Avoidance – 20 Year Cash Flow

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Value and Costs (In Million \$'s)	20 Yr . Total	0 2011	1 2012	2 2013	3 2014	4 2015	5 2016	6 2017	7 2018	8 2019	9 2020	10 2021	11 2022	12 2023	13 2024	14 2025	15 2026	16 2027	17 2028	18 2029
Assumptions																				
General Inflation 2011-30		1.0000	1.0250	1.0506	1.0769	1.1038	1.1259	1.1484	1.1714	1.1948	1.2187	1.2431	1.2679	1.2933	1.3192	1.3455	1.3725	1.3999	1.4279	1.4565
Cost Inflation 2011-30		1.0000	1.0250	1.0506	1.0769	1.1038	1.1259	1.1484	1.1714	1.1948	1.2187	1.2431	1.2679	1.2933	1.3192	1.3455	1.3725	1.3999	1.4279	1.4565
Revenue Inflation - Residential 2011-30		1.0000	1.0300	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048	1.3439	1.3842	1.4258	1.4685	1.5126	1.5580	1.6047	1.6528	1.7024
Revenue Inflation - Commercial 2011-30		1.0000	1.0250	1.0506	1.0769	1.1038	1.1314	1.1597	1.1887	1.2184	1.2489	1.2801	1.3121	1.3449	1.3785	1.4130	1.4483	1.4845	1.5216	1.5597
ABSORPTION																				
SFR-1	936	0	0	0	90	90	90	90	90	90	90	90	90	90	36	0	0	0	0	0
SFR-2	1,549	0	0	0	0	110	110	110	110	110	110	110	110	110	150	150	150	109	0	0
SFR-3	2,419	0	0	0	0	135	135	135	135	135	135	135	135	180	180	180	180	180	219	180
MFR	1,256	0	0	0	0	0	0	0	100	100	100	200	100	200	100	200	156	0	0	0
HDR	1,325	0	0	0	0	0	0	0	0	0	0	175	0	175	0	175	0	175	0	175
Residential Units	7,485	0	0	0	90	335	335	335	435	435	435	710	435	755	466	705	486	464	219	355
School Sites	24	0	0	0	0	0	0	0	10	0	0	0	0	0	0	14	0	0	0	0
Office Tech Park	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office R&D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retail Town Center	820,000	0	0	0	0	0	0	0	100,000	0	0	0	200,000	0	0	300,000	0	0	0	0
Retail Shopping Ctr./In-Line	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retail Big Box	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial SF	820,024	0	0	0	0	0	0	0	100,010	0	0	0	200,000	0	0	14	300,000	0	0	0
LAND VALUE																				
SFR-1	\$75.5	\$0.0	\$0.0	\$0.0	\$6.3	\$6.5	\$6.7	\$6.9	\$7.1	\$7.3	\$7.5	\$7.7	\$8.0	\$8.2	\$3.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
SFR-2	90.9	0.0	0.0	0.0	0.0	5.3	5.5	5.6	5.8	6.0	6.2	6.4	6.5	6.7	9.5	9.8	10.0	7.5	0.0	0.0
SFR-3	107.0	0.0	0.0	0.0	0.0	4.7	4.9	5.0	5.1	5.3	5.5	5.6	5.8	8.0	8.2	8.4	8.7	9.0	11.2	9.5
MFR	38.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.7	2.8	2.9	5.9	3.0	6.3	3.2	6.7	5.3	0.0	0.0	0.0
HDR	38.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2	0.0	4.5	0.0	4.8	0.0	5.1	0.0	5.4
Residential Value (Millions)	\$350.6	\$0.0	\$0.0	\$0.0	\$6.3	\$16.5	\$17.0	\$17.5	\$20.8	\$21.4	\$22.0	\$29.9	\$23.4	\$33.7	\$24.3	\$29.6	\$24.1	\$21.5	\$11.2	\$14.9
School Sites	\$15.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$5.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$9.9	\$0.0	\$0.0	\$0.0	\$0.0
Office R&D	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retail Town Center	23.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.4	0.0	0.0	0.0	5.2	0.0	0.0	0.0	8.7	0.0	0.0	0.0
Retail Shopping Ctr./In-Line	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retail Big Box	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial Value (Millions)	\$39.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$8.3	\$0.0	\$0.0	\$0.0	\$5.2	\$0.0	\$0.0	\$9.9	\$8.7	\$0.0	\$0.0	\$0.0
Project Land Value	\$389.8	\$0.0	\$0.0	\$0.0	\$6.3	\$16.5	\$17.0	\$17.5	\$29.1	\$21.4	\$22.0	\$29.9	\$28.6	\$33.7	\$24.3	\$39.5	\$32.8	\$21.5	\$11.2	\$14.9
<i>Cumulative Land Value</i>		0.0	0.0	0.0	6.3	22.8	39.8	57.3	86.4	107.8	129.8	159.7	188.3	222.0	246.2	285.8	318.5	340.1	351.3	366.1
COSTS																				
Land & Entitlement Costs	\$68.1	\$66.5	\$2.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Master Infrastructure	233.0	0.0	0.0	10.4	10.7	30.1	19.5	19.9	20.3	31.5	32.2	32.8	8.4	8.5	8.7	0.0	0.0	0.0	0.0	0.0
Less: CFD Funding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CFD Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overhead Costs	15.0	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Project Costs	\$316.0	\$66.3	\$3.3	\$11.2	\$11.4	\$30.8	\$20.3	\$20.6	\$21.0	\$32.3	\$32.9	\$33.6	\$9.1	\$9.3	\$9.5	\$0.8	\$0.8	\$0.8	\$0.8	\$0.8
NET CASH FLOW	\$73.8	(\$66.3)	(\$3.3)	(\$11.2)	(\$5.1)	(\$14.3)	(\$3.2)	(\$3.1)	\$8.0	(\$10.9)	(\$10.9)	(\$3.7)	\$19.5	\$24.4	\$14.8	\$38.8	\$32.0	\$20.8	\$10.5	\$14.1
IRR	3.8%																			

Sources: Lytle Development and CBRE Consulting.

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Exhibit A-3 RAFSS Minimization – 20 Year Cash Flow

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Value and Costs (In Million \$'s)	20 Yr . Total	0 2011	1 2012	2 2013	3 2014	4 2015	5 2016	6 2017	7 2018	8 2019	9 2020	10 2021	11 2022	12 2023	13 2024	14 2025	15 2026	16 2027	17 2028	18 2029
Assumptions																				
General Inflation 2011-30		1.0000	1.0250	1.0506	1.0769	1.1038	1.1259	1.1484	1.1714	1.1948	1.2187	1.2431	1.2679	1.2933	1.3192	1.3455	1.3725	1.3999	1.4279	1.4565
Cost Inflation 2011-30		1.0000	1.0250	1.0506	1.0769	1.1038	1.1259	1.1484	1.1714	1.1948	1.2187	1.2431	1.2679	1.2933	1.3192	1.3455	1.3725	1.3999	1.4279	1.4565
Revenue Inflation - Residential 2011-30		1.0000	1.0300	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048	1.3439	1.3842	1.4258	1.4685	1.5126	1.5580	1.6047	1.6528	1.7024
Revenue Inflation - Commercial 2011-30		1.0000	1.0250	1.0506	1.0769	1.1038	1.1314	1.1597	1.1887	1.2184	1.2489	1.2801	1.3121	1.3449	1.3785	1.4130	1.4483	1.4845	1.5216	1.5597
ABSORPTION																				
SFR1	693	0	0	0	100	100	100	100	100	100	93	0	0	0	0	0	0	0	0	0
SFR2	813	0	0	0	125	125	125	125	125	125	63	0	0	0	0	0	0	0	0	0
SFR3	1,955	0	0	0	0	150	150	150	150	150	150	150	150	150	150	200	255	0	0	0
MFR	576	0	0	0	0	0	0	0	100	100	100	100	100	76	0	0	0	0	0	0
HDR	835	0	0	0	0	0	0	0	0	0	100	200	200	200	135	0	0	0	0	0
Residential Units	4,872	0	0	0	225	375	375	375	475	475	506	450	450	426	285	200	255	0	0	0
School site	10	0	0	0	0	0	0	0	10	0	0	0	0	0	0	0	0	0	0	0
Office Tech Park	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office R&D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retail Town Center	602,000	0	0	0	0	0	0	0	100,000	0	0	0	200,000	0	0	0	302,000	0	0	0
Retail Shopping Ctr./In-Line	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retail Big Box	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial SF	602,010	0	0	0	0	0	0	0	100,010	0	0	0	200,000	0	0	0	302,000	0	0	0
LAND VALUE																				
SFR1	\$69.6	\$0.0	\$0.0	\$0.0	\$9.2	\$9.5	\$9.7	\$10.0	\$10.3	\$10.6	\$10.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
SFR2	53.1	0.0	0.0	0.0	7.5	7.7	8.0	8.2	8.5	8.7	4.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SFR3	108.0	0.0	0.0	0.0	0.0	6.9	7.1	7.3	7.6	7.8	8.0	8.3	8.5	8.8	9.0	12.4	16.3	0.0	0.0	0.0
MFR	22.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.6	3.7	3.8	3.9	4.0	3.1	0.0	0.0	0.0	0.0	0.0	0.0
HDR	27.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1	6.5	6.6	6.8	4.8	0.0	0.0	0.0	0.0	0.0
Residential Value (Millions)	\$280.6	\$0.0	\$0.0	\$0.0	\$16.7	\$24.1	\$24.8	\$25.6	\$29.9	\$30.8	\$29.7	\$18.6	\$19.2	\$18.8	\$13.8	\$12.4	\$16.3	\$0.0	\$0.0	\$0.0
School site	\$5.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$5.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Office R&D	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retail Town Center	24.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.6	0.0	0.0	0.0	7.9	0.0	0.0	0.0	13.1	0.0	0.0	0.0
Retail Shopping Ctr./In-Line	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retail Big Box	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial Value (Millions)	\$30.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$9.5	\$0.0	\$0.0	\$0.0	\$7.9	\$0.0	\$0.0	\$0.0	\$13.1	\$0.0	\$0.0	\$0.0
Project Land Value	\$311.1	\$0.0	\$0.0	\$0.0	\$16.7	\$24.1	\$24.8	\$25.6	\$39.4	\$30.8	\$29.7	\$18.6	\$27.0	\$18.8	\$13.8	\$12.4	\$29.4	\$0.0	\$0.0	\$0.0
<i>Cumulative Land Value</i>		0.0	0.0	0.0	16.7	40.8	65.6	91.2	130.7	161.5	191.1	209.7	236.8	255.5	269.3	281.7	311.1	311.1	311.1	311.1
COSTS																				
Land & Entitlement Costs	\$83.1	\$80.5	\$2.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Master Infrastructure	160.8	0.0	0.0	7.2	7.4	7.6	11.6	11.8	32.1	32.7	33.4	17.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Less: CFD Funding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CFD Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overhead Costs	9.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.0	0.0	0.0
Project Costs	\$253.4	\$81.1	\$3.2	\$7.8	\$8.0	\$8.2	\$12.2	\$12.4	\$32.7	\$33.3	\$34.0	\$17.6	\$0.6	\$0.6	\$0.6	\$0.6	\$0.6	\$0.0	\$0.0	\$0.0
NET CASH FLOW	\$57.7	(\$81.1)	(\$3.2)	(\$7.8)	\$8.7	\$16.0	\$12.7	\$13.2	\$6.7	(\$2.5)	(\$4.3)	\$1.0	\$26.4	\$18.2	\$13.2	\$11.8	\$28.8	\$0.0	\$0.0	\$0.0
IRR	5.3%																			

Sources: Lytle Development and CBRE Consulting.

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Exhibit A-4 Jurisdictional Waters Avoidance – 20 Year Cash Flow

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Value and Costs (In Million \$'s)	20 Yr . Total	0 2011	1 2012	2 2013	3 2014	4 2015	5 2016	6 2017	7 2018	8 2019	9 2020	10 2021	11 2022	12 2023	13 2024	14 2025	15 2026	16 2027	17 2028	18 2029
Assumptions																				
General Inflation 2011-30		1.0000	1.0250	1.0506	1.0769	1.1038	1.1259	1.1484	1.1714	1.1948	1.2187	1.2431	1.2679	1.2933	1.3192	1.3455	1.3725	1.3999	1.4279	1.4565
Cost Inflation 2011-30		1.0000	1.0250	1.0506	1.0769	1.1038	1.1259	1.1484	1.1714	1.1948	1.2187	1.2431	1.2679	1.2933	1.3192	1.3455	1.3725	1.3999	1.4279	1.4565
Revenue Inflation - Residential 2011-30		1.0000	1.0300	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048	1.3439	1.3842	1.4258	1.4685	1.5126	1.5580	1.6047	1.6528	1.7024
Revenue Inflation - Commercial 2011-30		1.0000	1.0250	1.0506	1.0769	1.1038	1.1314	1.1597	1.1887	1.2184	1.2489	1.2801	1.3121	1.3449	1.3785	1.4130	1.4483	1.4845	1.5216	1.5597
ABSORPTION																				
SFR-1	530	0	0	0	100	100	100	100	100	30	0	0	0	0	0	0	0	0	0	0
SFR-2	1,491	0	0	0	125	125	125	125	125	125	125	125	125	150	150	66	0	0	0	0
SFR-3	1,948	0	0	0	0	150	150	150	150	150	150	150	150	200	200	200	148	0	0	0
MFR	552	0	0	0	0	0	0	0	100	100	100	100	100	52	0	0	0	0	0	0
HDR	1,325	0	0	0	0	0	0	0	0	0	100	200	200	200	100	100	200	100	125	0
Residential Units	5,846	0	0	0	225	375	375	375	475	405	475	575	575	602	450	366	348	100	125	0
School Sites (acres)	24	0	0	0	0	0	0	0	10	0	0	0	0	0	0	14	0	0	0	0
Office Tech Park	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office R&D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retail Town Center	731,000	0	0	0	0	0	0	0	100,000	0	0	200,000	0	0	0	200,000	0	0	231,000	0
Retail Shopping Ctr./In-Line	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retail Big Box	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial SF	731,024	0	0	0	0	0	0	0	100,010	0	0	200,000	0	0	0	200,014	0	0	231,000	0
LAND VALUE																				
SFR-1	\$56.3	\$0.0	\$0.0	\$0.0	\$9.9	\$10.2	\$10.5	\$10.9	\$11.2	\$3.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
SFR-2	115.3	0.0	0.0	0.0	8.2	8.4	8.7	9.0	9.2	9.5	9.8	10.1	10.4	12.8	13.2	6.0	0.0	0.0	0.0	0.0
SFR-3	115.0	0.0	0.0	0.0	0.0	7.4	7.7	7.9	8.1	8.4	8.6	8.9	9.1	12.5	12.9	13.3	10.1	0.0	0.0	0.0
MFR	22.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.8	3.9	4.0	4.2	4.3	2.3	0.0	0.0	0.0	0.0	0.0	0.0
HDR	50.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.4	7.0	7.2	7.4	3.8	3.9	8.1	4.2	5.4	0.0
Residential Value (Millions)	\$359.5	\$0.0	\$0.0	\$0.0	\$18.1	\$26.1	\$26.9	\$27.7	\$32.3	\$25.2	\$25.8	\$30.1	\$31.0	\$35.1	\$30.0	\$23.2	\$18.2	\$4.2	\$5.4	\$0.0
School Sites	\$15.8	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$5.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$9.9	\$0.0	\$0.0	\$0.0	\$0.0
Office R&D	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retail Town Center	20.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.4	0.0	0.0	5.1	0.0	0.0	0.0	5.7	0.0	0.0	7.0	0.0
Retail Shopping Ctr./In-Line	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retail Big Box	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial Value (Millions)	\$36.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$8.3	\$0.0	\$0.0	\$5.1	\$0.0	\$0.0	\$0.0	\$15.5	\$0.0	\$0.0	\$7.0	\$0.0
Project Land Value	\$395.5	\$0.0	\$0.0	\$0.0	\$18.1	\$26.1	\$26.9	\$27.7	\$40.7	\$25.2	\$25.8	\$35.2	\$31.0	\$35.1	\$30.0	\$38.8	\$18.2	\$4.2	\$12.4	\$0.0
<i>Cumulative Land Value</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>18.1</i>	<i>44.3</i>	<i>71.1</i>	<i>98.8</i>	<i>139.5</i>	<i>164.8</i>	<i>190.6</i>	<i>225.8</i>	<i>256.8</i>	<i>291.9</i>	<i>321.9</i>	<i>360.7</i>	<i>378.9</i>	<i>383.1</i>	<i>395.5</i>	<i>395.5</i>
COSTS																				
Land & Entitlement Costs	\$68.1	\$65.5	\$2.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Master Infrastructure	226.1	0.0	0.0	10.1	10.3	10.6	28.8	29.4	29.9	22.9	23.4	23.8	24.3	4.1	4.2	4.3	0.0	0.0	0.0	0.0
Less: CFD Funding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CFD Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overhead Costs	12.0	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Project Costs	\$306.2	\$66.1	\$3.2	\$10.7	\$10.9	\$11.2	\$29.4	\$30.0	\$30.5	\$23.5	\$24.0	\$24.4	\$24.9	\$4.7	\$4.8	\$4.9	\$0.6	\$0.6	\$0.6	\$0.6
NET CASH FLOW	\$89.3	(\$66.1)	(\$3.2)	(\$10.7)	\$7.2	\$14.9	(\$2.5)	(\$2.3)	\$10.1	\$1.7	\$1.9	\$10.8	\$6.1	\$30.4	\$25.1	\$33.9	\$17.6	\$3.6	\$11.8	(\$0.6)
IRR	7.1%																			
Sources: Lytle Development and CBRE Consulting.																				

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Exhibit A-5 Proposed Specific Plan Project – 20 Year Cash Flow

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Value and Costs (In Million \$'s)	20 Yr . Total	0 2011	1 2012	2 2013	3 2014	4 2015	5 2016	6 2017	7 2018	8 2019	9 2020	10 2021	11 2022	12 2023	13 2024	14 2025	15 2026	16 2027	17 2028	18 2029
Assumptions																				
General Inflation 2011-30		1.0000	1.0250	1.0506	1.0769	1.1038	1.1259	1.1484	1.1714	1.1948	1.2187	1.2431	1.2679	1.2933	1.3192	1.3455	1.3725	1.3999	1.4279	1.4565
Cost Inflation 2011-30		1.0000	1.0250	1.0506	1.0769	1.1038	1.1259	1.1484	1.1714	1.1948	1.2187	1.2431	1.2679	1.2933	1.3192	1.3455	1.3725	1.3999	1.4279	1.4565
Revenue Inflation - Residential 2011-30		1.0000	1.0300	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048	1.3439	1.3842	1.4258	1.4685	1.5126	1.5580	1.6047	1.6528	1.7024
Revenue Inflation - Commercial 2011-30		1.0000	1.0300	1.0609	1.0927	1.1255	1.1593	1.1941	1.2299	1.2668	1.3048	1.3439	1.3842	1.4258	1.4685	1.5126	1.5580	1.6047	1.6528	1.7024
ABSORPTION																				
SFR 1	943	0	0	0	100	100	100	100	100	100	100	100	100	43	0	0	0	0	0	0
SFR 2	1,908	0	0	0	125	125	125	125	125	125	125	125	125	150	150	150	150	150	33	0
SFR 3	2,403	0	0	0	0	150	150	150	150	150	150	150	150	200	200	200	200	200	203	0
MFR	1,828	0	0	0	0	0	0	0	100	200	200	200	200	200	200	200	200	128	0	0
HDR	1,325	0	0	0	0	0	0	0	0	0	100	200	200	200	0	200	0	200	100	125
Residential Units	8,407	0	0	0	225	375	375	375	475	575	675	775	775	793	550	750	550	678	336	125
School Sites (acres)	41	0	0	0	0	0	0	0	15	0	0	0	0	0	26	0	0	0	0	0
Office Tech Park	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Office R&D	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retail Town Center	849,000	0	0	0	0	0	0	0	100,000	0	0	200,000	0	0	0	300,000	0	0	0	249,000
Retail Shopping Ctr./In-Line	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retail Big Box	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Commercial SF	849,041	0	0	0	0	0	0	0	100,015	0	0	200,000	0	0	26	300,000	0	0	0	249,000
LAND VALUE																				
SFR 1	\$116.0	\$0.0	\$0.0	\$0.0	\$10.8	\$11.1	\$11.5	\$11.8	\$12.2	\$12.5	\$12.9	\$13.3	\$13.7	\$6.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
SFR 2	167.5	0.0	0.0	0.0	8.9	9.1	9.4	9.7	10.0	10.3	10.6	10.9	11.2	13.9	14.3	14.7	15.2	15.6	3.5	0.0
SFR 3	160.8	0.0	0.0	0.0	0.0	8.1	8.3	8.6	8.9	9.1	9.4	9.7	10.0	13.7	14.1	14.5	15.0	15.4	16.1	0.0
MFR	87.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2	8.6	8.9	9.1	9.4	9.7	10.0	10.3	10.6	7.0	0.0	0.0
HDR	55.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.7	7.5	7.8	8.0	0.0	8.5	0.0	9.0	4.6	6.0
Residential Value (Millions)	\$587.1	\$0.0	\$0.0	\$0.0	\$19.7	\$28.4	\$29.2	\$30.1	\$35.2	\$40.6	\$45.4	\$50.6	\$52.1	\$51.3	\$38.4	\$48.0	\$40.7	\$47.0	\$24.3	\$6.0
Schools Sites	\$28.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$9.2	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$19.1	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Office R&D	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retail Town Center	38.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.7	0.0	0.0	8.1	0.0	0.0	0.0	13.6	0.0	0.0	0.0	12.7
Retail Shopping Ctr./In-Line	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Retail Big Box	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial Value (Millions)	\$66.4	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$12.9	\$0.0	\$0.0	\$8.1	\$0.0	\$0.0	\$19.1	\$13.6	\$0.0	\$0.0	\$0.0	\$12.7
Project Land Value	\$653.5	\$0.0	\$0.0	\$0.0	\$19.7	\$28.4	\$29.2	\$30.1	\$48.1	\$40.6	\$45.4	\$58.6	\$52.1	\$51.3	\$57.5	\$61.6	\$40.7	\$47.0	\$24.3	\$18.7
<i>Cumulative Land Value</i>		0.0	0.0	0.0	19.7	48.1	77.3	107.5	155.6	196.1	241.6	300.2	352.3	403.6	461.1	522.8	563.5	610.5	634.8	653.5
COSTS																				
Land & Entitlement Costs	\$68.1	\$65.5	\$2.6	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Master Infrastructure	256.6	0.0	0.0	11.3	11.6	11.9	28.4	28.9	29.5	25.8	26.3	26.9	27.4	9.3	9.5	9.7	0.0	0.0	0.0	0.0
Less: CFD Funding	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CFD Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overhead Costs	15.0	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Project Costs	\$339.7	\$66.3	\$3.3	\$12.1	\$12.4	\$12.7	\$29.1	\$29.7	\$30.3	\$26.6	\$27.1	\$27.6	\$28.1	\$10.1	\$10.2	\$10.4	\$0.8	\$0.8	\$0.8	\$0.8
NET CASH FLOW	\$313.8	(\$66.3)	(\$3.3)	(\$12.1)	\$7.3	\$15.7	\$0.1	\$0.4	\$17.9	\$14.0	\$18.4	\$31.0	\$23.9	\$41.3	\$47.2	\$51.2	\$40.0	\$46.3	\$23.5	\$17.9
IRR	15.2%																			

Sources: Lytle Development and CBRE Consulting.

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS

Exhibit A-6 Otte-Berkeley Groupe – Infrastructure Cost Estimates



OTTE-BERKELEY GROUPE, Inc.

CIVIL ENGINEERS

Professional Engineering Services in a Collaborative Context

July 1, 2010

Mr. Thomas R. Jirovsky, Senior Managing Director

CB Richard Ellis
355 South Grand Avenue, Suite 1200
Los Angeles, CA 90071

Re: Lytle Creek Ranch

Dear Mr. Jirovsky:

Enclosed please find cost estimates for various Lytle Creek Ranch alternatives. These estimates include the major infrastructure elements only. There are, of course, additional items that will contribute to the cost but remain unknown at this time: a contingency has been applied to the subtotals to make some allowance for these unknown items. These estimates have been prepared with the assistance of the Lytle Development staff and input from various members of the consultant team.

The following alternatives were analyzed:

• No Project/Existing Zoning	\$132,915,205
• RAFSS Minimization Alternative (Buildable Portion)	\$137,128,640
• RAFSS Minimization Alternative	\$141,241,986
• Waters of the U.S. and California Minimization Alternative	\$191,776,660
• Listed Species Minimization Alternative	\$198,179,345
• Proposed Project	\$216,048,588

Thank you once again for this opportunity to be of service. If you have any questions, or if we can be of further assistance please do not hesitate to contact me.

Sincerely,

Otte-Berkeley Groupe, Inc

Robert Otte, P.E., President

575 E. Carreon Drive • Colton, California 92324-3000
(909) 370-0911 • Fax (909) 370-1211

LYTLE CREEK FINANCIAL FEASIBILITY ANALYSIS



OTTE-BERKELEY GROUPE, INC

CIVIL ENGINEERS

Professional Engineering Services in a Collaborative Context

Robert R. Otte, PE

Summary Mr. Otte is president and co-founder of Otte-Berkeley Groupe, Inc. located in Colton, California. He is a professional engineer licensed in the state of California with over 25 years of experience. He received his Bachelor of Science degree in 1985 from California State Polytechnic University and has spent his entire career working in the Inland Empire area.

Registration California Professional Civil Engineer, license no. 44120.

Professional Experience

Aug 2005 - Present Otte-Berkeley Groupe, Inc. Colton, California
President
 Mr. Otte is the president and co-founder of Otte-Berkeley Groupe, Inc. His duties as president include negotiating contracts, client relationship management, staff management, and other related corporate duties. Mr. Otte also serves as project manager/project engineer on a variety of projects. Responsibly in these rolls include management of budgets and schedules, client contact, agency contact, and the preparation of plans, reports, and cost estimates.

1984 – Aug 2005 Associated Engineers, Inc. Ontario, California
Vice President
 Mr. Otte’s career at Associated Engineers culminated with his promotion to Vice President. Previously, he had held positions of intern, junior engineer, civil engineer, associate engineer, and senior engineer. His tasks during his employment included the preparation of plans, reports, specifications, and cost estimates. Responsibilities included supervision of staff, management of budgets, and client and agency contact.

Representative Projects

City of Victorville
 Mr. Otte was project manager for the preparation of plans, specifications, and estimates of approximately five miles of 24-inch water transmission line. The project included interface with 15 utility companies, crossed two SCE transmission corridors, a 24" gas line, and several aviation fuel pipelines.

Lytle Development
 Mr. Otte served as project manager / project engineer for the realignment and widening of Glen Helen Parkway and Sierra Avenue. The project included interface with Caltrans the I-15 right-of-way, relocation of overhead facilities, and processing of plans through multiple jurisdictional agencies.

575 E. Carreon Drive Colton, CA 92324
 Ph (909) 370-0911 Fax (909) 370-1211



LYTLE CREEK RANCH SPECIFIC PLAN
North & South of I-15, East of Sierra Avenue
Rialto, San Bernardino County, CA 92407
CBRE, Inc. No. 11-242NB-1440

Restricted Use Appraisal Report

Prepared For:

Mr. Thomas R. Jirovsky
Sr. Managing Director
CBRE CONSULTING
355 S Grand Avenue, 12th Floor
Los Angeles, CA 90071

VALUATION & ADVISORY SERVICES





3501 Jamboree Road, Suite 100
Newport Beach, CA 92660

T (949) 725-8411
F (949) 725-8440

www.cbre.com

December 28, 2011

Mr. Thomas R. Jirovsky
Sr. Managing Director
CBRE CONSULTING
355 S Grand Avenue, 12th Floor
Los Angeles, CA 90071

RE: Lot Value Estimates for the Lytle Creek Ranch Specific Plan
North & South of I-15, East of Sierra Avenue
Rialto, San Bernardino County, CA
CBRE, Inc. File No 11-242NB-1440

Dear Mr. Jirovsky:

At your request and authorization, CBRE, Inc has prepared an appraisal of the hypothetical finished lot values and hypothetical blue-topped lot values for the proposed single-family and multifamily products, assuming no CFD financing. The six potential single-family product lines have lot sizes ranging from approximately 2,500 square feet to at least 20,000 square feet and the two multifamily product types have residential densities ranging from 17.2 to 29.2 dwelling units per acre. All lots are valued as part of a master planned community. Our analysis is presented in the following Restricted Use Appraisal Report.

The Lytle Creek Ranch Specific Plan is proposed for development of up to 8,407 residential units on approximately 2,447 acres. The proposed Specific Plan project includes a total of 5,254 single-family residential units, 1,828 multifamily units, and 1,325 high-density units. The project area is located on the north and south sides of Interstate 15, east of Sierra Avenue in the city of Rialto, San Bernardino County, CA.

Based on the analysis contained in the following report, the hypothetical finished lot values and hypothetical blue-topped lot values, assuming no CFD financing, are presented in the following table.

HYPOTHETICAL VALUE CONCLUSIONS				
Product			Hypothetical Finished Lot	Hypothetical Blue-Topped
Line	Density	Lot Size	Value Conclusion	Values
MFR	17.2		\$69,000	\$34,000
HDR	29.2		\$58,000	\$28,000
SFR-6	5.0	6,000	\$140,000	\$80,000
SFR-10	3.0	10,000	\$172,000	\$102,000
SFR-20	2.0	20,000	\$215,000	\$140,000
SFR-3	10.9	2,500	\$93,000	\$48,000
SFR-2	6.3	4,000	\$120,000	\$65,000
SFR-1	3.6	8,000	\$164,000	\$99,000

Source: CBRE

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.

Respectfully submitted,

CBRE, Inc. - VALUATION & ADVISORY SERVICES



Robert J. Holman
Vice President
California Certification No. AG003298
Expiration Date: July 9, 2012
Phone: (949) 725-8408
Fax: (949) 725-8440
Email: bob.holman@cbre.com



Mark Prottas, MAI
Managing Director
California Certification No. AG004009
Expiration Date: October 3, 2012
Phone: (949) 725-8411
Fax: (949) 725-8440
Email: mark.prottas@cbre.com

CBRE

CERTIFICATION OF THE APPRAISAL

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We 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.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our 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.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our 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 CA.
8. 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 Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Mark Prottas, MAI has completed the continuing education program of the Appraisal Institute.
11. As of the date of this report, Robert J. Holman has completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.
12. Robert J. Holman has made a personal inspection of the property that is the subject of this report. Mark Prottas, MAI has not made a personal inspection of the property that is the subject of this report.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
14. Robert J. Holman and Mark Prottas, MAI have not provided real estate related services on this property in the three years prior to accepting this assignment.

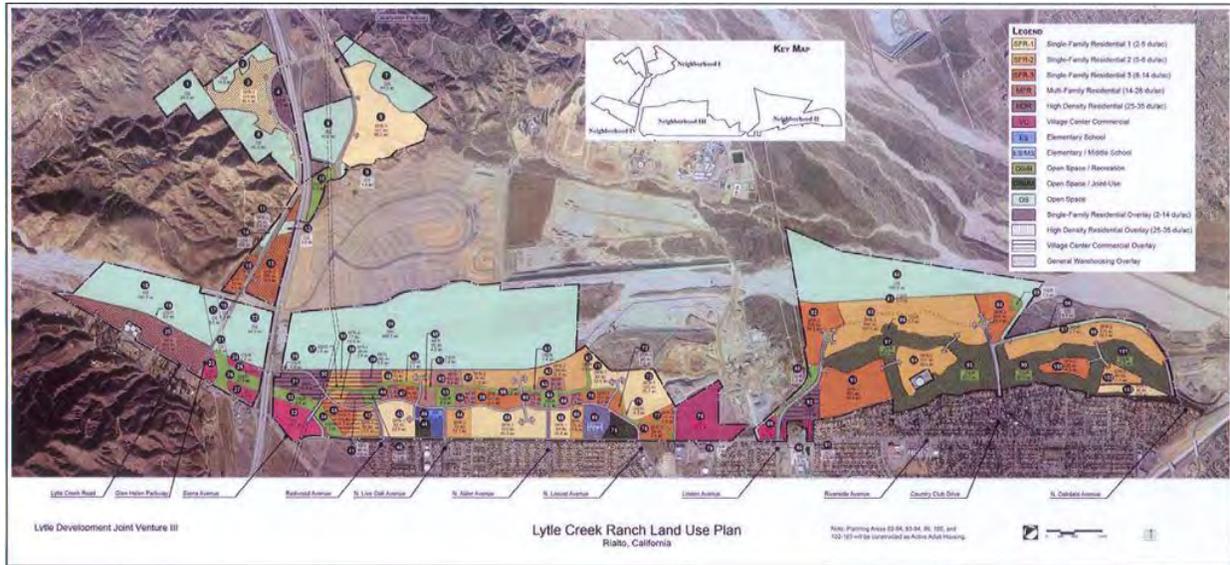


Robert J. Holman
California Certification No. AG003298



Mark Prottas, MAI
California Certification No. AG004009

LAND USE PLAN



Source: Lytle Development Joint Venture III

SUMMARY OF SALIENT FACTS

Property Name Lytle Creek Ranch Specific Plan
Location North & South of I-15, East of Sierra Avenue, Rialto, San Bernardino County, CA 92407

Residential Product Types	Product		
	Line	Density	Lot Size
	MFR	17.2	N/A
	HDR	29.2	N/A
	SFR-6	5.0	6,000
	SFR-10	3.0	10,000
	SFR-20	2.0	20,000
	SFR-3	10.9	2,500
	SFR-2	6.3	4,000
	SFR-1	3.6	8,000

Property Rights Appraised Fee Simple Estate

Hypothetical Values

HYPOTHETICAL VALUE CONCLUSIONS				
Product Line	Density	Lot Size	Hypothetical	Hypothetical
			Finished Lot Value Conclusion	Blue-Topped Values
MFR	17.2		\$69,000	\$34,000
HDR	29.2		\$58,000	\$28,000
SFR-6	5.0	6,000	\$140,000	\$80,000
SFR-10	3.0	10,000	\$172,000	\$102,000
SFR-20	2.0	20,000	\$215,000	\$140,000
SFR-3	10.9	2,500	\$93,000	\$48,000
SFR-2	6.3	4,000	\$120,000	\$65,000
SFR-1	3.6	8,000	\$164,000	\$99,000

Source: CBRE

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

1. This is a Restricted Appraisal Report that is intended to comply with the reporting requirements set forth under Standard Rule 2-2(c) of the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it does not include discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser’s opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser’s file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. The appraisal includes only the primary approaches to value, or those approaches considered most applicable to the subject property, as deemed by the local/regional market and the appraiser.

TABLE OF CONTENTS

CERTIFICATION OF THE APPRAISAL.....i

LAND USE PLAN..... ii

SUMMARY OF SALIENT FACTS..... iii

TABLE OF CONTENTS..... iv

INTRODUCTION 1

HYPOTHETICAL LOT VALUES 4

HYPOTHETICAL BLUE-TOPPED LOT VALUE CONCLUSIONS 7

ASSUMPTIONS AND LIMITING CONDITIONS 8

ADDENDA

A Glossary of Terms

B Adjustment Grids

C Discounted Cash Flows

D Qualifications

INTRODUCTION

Property Identification:	Lytle Creek Ranch Specific Plan	
Location:	North & South of I-15, East of Sierra Avenue, Rialto, CA	
Property History:		
Current Owner:	Lytle Creek Land & Resources, Lytle Development Company & Pharris Sycamore Flats, LLC	
Current Asking Price:	Not being marketed	
Previous Sale Date:	N/A	
Previous Sale Price:	N/A	
Other Sales - Past 3 Years:	None	
Appraisal Premise:	Date of Value:	Property Rights Appraised:
<i>Hypothetical Finished Lot</i>	October 20, 2011	Fee Simple Estate
<i>Hypothetical Blue-Topped Lot</i>	October 20, 2011	Fee Simple Estate
Date of Report:	December 5, 2011	
Intended Use & User of Report:	To aid CBRE Consulting in providing consulting services	

Title to the property is currently vested in the name of Lytle Creek Land & Resources, Lytle Development Company and Pharris Sycamore Flats, LLC. There has been no ownership transfer of the property during the previous three year period. As of the date of value, the property is not being marketed for sale.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the hypothetical finished lot values and hypothetical residual blue-topped lot values for the proposed single-family and multifamily products.

TERMS AND DEFINITIONS

The Glossary of Terms in the Addenda provides definitions for additional terms that are, and may be used in this appraisal.

SCOPE OF WORK

The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered and analysis is applied, all based upon the following problem-identifying factors stated elsewhere in this report:

- Client
- Intended use
- Intended user

- Type of opinion
- Effective date of opinion
- Relevant characteristics about the subject
- Assignment conditions

This is a Restricted Use Appraisal Report that is intended to comply with the reporting requirements set forth under Standards Rule 2-2(c) of the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it presents limited discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses has been retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein. CBRE, Inc. completed the following steps for this assignment:

Data Resources Utilized in the Analysis

DATA RESOURCES	
Site Data	Source:
Size	Client Data
Improved Data	Source:
No. Proposed Lots	Client Data
Lot Sizes	Client Data
Economic Data	Source:
Development Costs:	Cost Comparables
Compiled by CBRE, Inc.	

Extent to Which the Property is Identified

CBRE, Inc. collected the relevant information about the subject from the owner (or representatives), and through public records. We have not performed an inspection of the subject property.

Extent to Which the Property is Inspected

CBRE, Inc. did not make a physical inspection of the subject or the surrounding environs on the effective date of appraisal.

Type and Extent of the Data Researched

CBRE, Inc. 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. CBRE, Inc. also conducted regional and/or local research with respect to the following:

- comparable data

Type and Extent of Analysis Applied

CBRE, Inc. 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. The following approaches to value were utilized in this report:

- Sales Comparison Approach

The steps required to complete each approach are contained in the appraiser's files. CBRE, Inc. then correlated and reconciled the results into a reasonable and defensible value conclusion, as defined herein.

HYPOTHETICAL LOT VALUES

SALES COMPARISON APPROACH TO DETACHED LOT VALUES

The following map and table present the lot sale comparables in the subject's market area.



COMPARABLE SINGLE FAMILY RESIDENTIAL SITE SALES							
No.	Project Location	Sale Date	Condition at Sale	Surroundings	No. Lots	Sale Price \$/Lot	As-If Finished
					Min. Lot Size		\$/SF Lot
					Avg. Lot Size		
1	SWC Via Veneto Drive and East Avenue Rancho Cucamonga	Closed Sep-11	Unimproved TTM	Infill	32	\$2,190,000	\$160,000
				Residential Area	5,000	\$68,438	\$32.00
2	NEC Walnut Avenue and Cypress Avenue Fontana	Escrow Apr-11	Near Finished Final Map	Infill	74	\$9,006,688	\$138,229
				Residential Area	6,300	\$121,712	\$21.94
3	E side of Citrus Avenue S of Walnut Avenue Fontana	Closed Nov-10	Near Finished Final Map	Infill	66	\$6,900,000	\$150,000
				Residential Area	6,000	\$104,545	\$25.00
4	Shady Trails NEC Citrus Avenue & Knox Avenue Fontana	Closed Sep-10	Near Finished Final Map	Master	56	\$5,071,192	\$154,261
				Planned Community	5,000	\$90,557	\$30.85
5	Citrus III & Citrus II NEC Walnut Ave & Citrus Ave W side of Citrus S of Walnut Fontana	Closed Aug-10	Blue-Topped Unimproved FM & TTM	Infill	70		\$134,771
				Residential Area	6,000		\$22.46
6	Shady Trails NEC Vienna Ln & Parkside Way Fontana	Closed Jun-10	Near Finished Final Map	Master	46	\$3,378,332	\$129,531
				Planned Community	4,000	\$73,442	\$32.38
7	Shady Trails NEC Knox Avenue & Parkhouse Drive Fontana	Closed Jun-10	Near Finished Final Map	Master	72	\$6,410,304	\$138,007
				Planned Community	4,000	\$89,032	\$34.50
					4,518		

Compiled By: CB Richard Ellis, Inc.

The adjustment grid analyses for the detached product lines are presented in the Addenda.

SALES COMPARISON APPROACH DETACHED LOT VALUE CONCLUSIONS			
Product Line	Density	Lot Size	Hypothetical Finished Lot Values
SFR-6	5.0	6,000	\$140,000
SFR-10	3.0	10,000	\$172,000
SFR-20	2.0	20,000	\$215,000
SFR-3	10.9	2,500	\$93,000
SFR-2	6.3	4,000	\$120,000
SFR-1	3.6	8,000	\$164,000

Source: CBRE

SUBDIVISION DEVELOPMENT APPROACH TO ATTACHED LOT VALUES

For the attached product types we have estimated an average product size and average value for the multifamily residential and high-density residential property types. We then generate a discounted cash flow analysis to the finished value per unit. The product summary and hypothetical value conclusions are presented below and the cash flows are presented in the Addenda.

COMPARABLE PLAN SUMMARY
ATTACHED PRODUCT LINES - 1,000 TO 1,500 AVERAGE HOME SIZES

Dev	Dvlpr	Price	Sq Ft	\$/Sq Ft	Bdrm	Bath	City	Loc. Adj.	Adj. Price
BELCOURT @ EDENGLN	BROOKFIELD HOMES	\$200,990	1,054	\$190.69	1	1.0	ONTARIO	-1.5%	\$170,842
BELCOURT @ EDENGLN	BROOKFIELD HOMES	\$225,990	1,283	\$176.14	2	2.0	ONTARIO	-1.5%	\$192,092
IVY GARDEN	IVY GARDEN INVESTME	\$298,000	907	\$328.56	2	2.0	CHINO	-2.5%	\$223,500
SHADY GROVE @ DOS LAGOS	TAYLOR MORRISON	\$145,000	912	\$158.99	1	1.5	CORONA	-2.0%	\$116,000
SHADY GROVE @ DOS LAGOS	TAYLOR MORRISON	\$227,000	1,187	\$191.24	2	2.0	CORONA	-2.0%	\$181,600
BELCOURT @ EDENGLN	BROOKFIELD HOMES	\$235,990	1,444	\$163.43	2	2.0	ONTARIO	-1.5%	\$200,592
BELCOURT @ EDENGLN	BROOKFIELD HOMES	\$247,990	1,479	\$167.67	2	2.0	ONTARIO	-1.5%	\$210,792
BELCOURT @ EDENGLN	BROOKFIELD HOMES	\$248,990	1,536	\$162.10	2	2.0	ONTARIO	-1.5%	\$211,642
BELCOURT @ EDENGLN	BROOKFIELD HOMES	\$249,990	1,615	\$154.79	2	2.0	ONTARIO	-1.5%	\$212,492
BELCOURT @ EDENGLN	BROOKFIELD HOMES	\$265,990	1,673	\$158.99	3	3.0	ONTARIO	-1.5%	\$226,092
BELCOURT @ EDENGLN	BROOKFIELD HOMES	\$264,990	1,674	\$158.30	2	3.0	ONTARIO	-1.5%	\$225,242
BELCOURT @ EDENGLN	BROOKFIELD HOMES	\$294,990	1,732	\$170.32	3	3.0	ONTARIO	-1.5%	\$250,742
BELCOURT @ EDENGLN	BROOKFIELD HOMES	\$282,990	1,761	\$160.70	2	2.0	ONTARIO	-1.5%	\$240,542
FOOTHILL PROMENADE	BEAZER HOMES	\$284,990	1,639	\$173.88	3	2.5	UPLAND	-3.0%	\$199,493
FOOTHILL PROMENADE	BEAZER HOMES	\$308,990	1,664	\$185.69	3	2.5	UPLAND	-3.0%	\$216,293
PACIFIC TRAILS - RANCHO CUCAMONGA	VILLA TUSCANY LLC	\$264,000	1,406	\$187.77	3	2.5	RANCHO CUCAMONGA	-2.5%	\$198,000
PACIFIC TRAILS - RANCHO CUCAMONGA	VILLA TUSCANY LLC	\$290,000	1,844	\$157.27	3	2.5	RANCHO CUCAMONGA	-2.5%	\$217,500
PACIFIC TRAILS - RANCHO CUCAMONGA	VILLA TUSCANY LLC	\$290,000	1,844	\$157.27	4	3.5	RANCHO CUCAMONGA	-2.5%	\$217,500
PACIFIC TRAILS - RANCHO CUCAMONGA	VILLA TUSCANY LLC	\$299,000	1,862	\$160.58	3	2.5	RANCHO CUCAMONGA	-2.5%	\$224,250
SEACOUNTRY COTTAGES @ THE PRESERVESEA COUNTRY HOMES		\$286,990	1,440	\$199.30	2	2.5	CHINO	-2.5%	\$215,243
SEACOUNTRY COTTAGES @ THE PRESERVESEA COUNTRY HOMES		\$278,990	1,446	\$192.94	2	2.5	CHINO	-2.5%	\$209,243
SEACOUNTRY COTTAGES @ THE PRESERVESEA COUNTRY HOMES		\$275,990	1,329	\$207.67	3	2.0	CHINO	-2.5%	\$206,993
SEACOUNTRY COTTAGES @ THE PRESERVESEA COUNTRY HOMES		\$295,990	1,622	\$182.48	3	2.5	CHINO	-2.5%	\$221,993
SEACOUNTRY COTTAGES @ THE PRESERVESEA COUNTRY HOMES		\$259,990	1,370	\$189.77	2	2.5	CHINO	-2.5%	\$194,993
SEACOUNTRY COTTAGES @ THE PRESERVESEA COUNTRY HOMES		\$264,990	1,345	\$197.02	2	2.5	CHINO	-2.5%	\$198,743
Averages		\$263,553	1,483	\$181.34					\$214,919

	Concluded Average Base Values	
	1,000 SF	1,500 SF
Average Product Size	1,000 SF	1,500 SF
Net Base Value	\$214,919	\$214,919
Base Home Size	1,483	1,483
Product Average Home Size	1,000	1,500
Difference	-483	17
Price Per Square Foot	\$100	\$100
Size Adjustment	(\$48,272)	\$1,728
CFD Adjustment	\$14,000	\$14,000
Concluded Net Base Value	\$181,000	\$231,000
Concluded \$/SqFt	\$181.00	\$154.00

Source: MarketPointe Realty Advisors

The discounted cash flow analyses for the attached product lines are presented in the Addenda.

SUBDIVISION DEVELOPMENT APPROACH
ATTACHED LOT VALUE CONCLUSIONS

Product Line	Residential Density	Hypothetical Finished Site Value Per Unit
MFR	17.2	\$69,000
HDR	29.2	\$58,000

Source: CBRE

HYPOTHETICAL BLUE-TOPPED LOT VALUE CONCLUSIONS

The following table presents our conclusion of the hypothetical blue-topped lot values for the various product types in the subject master planned community.

HYPOTHETICAL BLUE-TOPPED VALUE CONCLUSIONS					
Product Line	Density	Lot Size	Hypothetical Finished Lot Value Conclusion	Estimated In-Tract Costs	Hypothetical Blue-Topped Values
MFR	17.2		\$69,000	\$35,000	\$34,000
HDR	29.2		\$58,000	\$30,000	\$28,000
SFR-6	5.0	6,000	\$140,000	\$60,000	\$80,000
SFR-10	3.0	10,000	\$172,000	\$70,000	\$102,000
SFR-20	2.0	20,000	\$215,000	\$75,000	\$140,000
SFR-3	10.9	2,500	\$93,000	\$45,000	\$48,000
SFR-2	6.3	4,000	\$120,000	\$55,000	\$65,000
SFR-1	3.6	8,000	\$164,000	\$65,000	\$99,000

Source: CBRE

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. CBRE, Inc. is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. CBRE, Inc., 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 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. CBRE, Inc. has no knowledge of the existence of such materials on or in the property. CBRE, Inc., 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.
3. 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, CBRE, Inc. 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, CBRE, Inc. 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 CBRE, Inc. of any questions or errors.
4. 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, CBRE, Inc. will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
5. CBRE, Inc. assumes no private deed restrictions, limiting the use of the subject in any way.
6. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposit or subsurface rights of value involved in this appraisal, whether they be 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.
7. CBRE, Inc. is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
8. 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.
9. 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. CBRE, Inc. does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of CBRE, Inc.
10. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of CBRE, Inc. 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.

11. 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.
12. This study may not be duplicated in whole or in part without the specific written consent of CBRE, Inc. nor may this report or copies hereof be transmitted to third parties without said consent, which consent CBRE, Inc. 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 CBRE, Inc. which consent CBRE, Inc. 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. CBRE, Inc. shall have no accountability or responsibility to any such third party.
13. 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.
14. 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.
15. 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.
16. 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 CBRE, Inc. 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. CBRE, Inc. 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.
17. 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 CBRE, Inc. 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.
18. CBRE, Inc. assumes that the subject analyzed herein will be under prudent and competent management and ownership; neither inefficient or super-efficient.
19. 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.
20. 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.
21. 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, CBRE, Inc. 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 CBRE, Inc. has no specific

information relating to this issue, nor is CBRE, Inc. 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.

22. 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 approximately result in damage to Appraiser. Notwithstanding the foregoing, Appraiser shall have no obligation under this Section with respect to any loss that is caused solely by the active negligence or willful misconduct of a Client and is not contributed to by any act or omission (including any failure to perform any duty imposed by law) by Appraiser. 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.
23. 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 CBRE, Inc. 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 rent The actual rental income specified in a lease. †

disposition value The most probable price which a specified interest in real property is likely to bring under all of the following conditions: 1) Consummation of a sale will occur within a limited future marketing period specified by the client; 2) The actual market conditions currently prevailing are those to which the appraised property interest is subject; 3) The buyer and seller is each acting prudently and knowledgeably; 4) The seller is under compulsion to sell; 5) The buyer is typically motivated; 6) Both parties are acting in what they consider their best interests; 7) An adequate marketing effort will be made in the limited time allowed for the completion of a sale; 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto; and 9) 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. †

effective rent The rental rate net of financial concessions such as periods of no rent during the lease term; may be calculated on a discounted basis, reflecting the time value of money, or on a simple, straight-line basis. †

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. †

extraordinary assumption An assumption directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information 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. See also hypothetical condition. †

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 total floor area of a building, including below-grade space but excluding unenclosed areas, measured from the exterior of the walls. Gross building area for office buildings is computed by measuring to the outside finished surface of permanent outer building walls without any deductions. All enclosed floors of the building including basements, mechanical equipment floors, penthouses, and the like are included in the measurement. Parking spaces and parking garages are excluded. †

hypothetical condition That which is contrary to what exists but is supposed for the purpose of analysis. 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. See also extraordinary assumption. †

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.[‡]

liquidation value The most probable price which a specified interest in real property is likely to bring under all of the following conditions: 1) Consummation of a sale will occur within a severely limited future marketing period specified by the client; 2) The actual market conditions currently prevailing are those to which the appraised property interest is subject; 3) The buyer is acting prudently and knowledgeably; 4) The seller is under extreme compulsion to sell; 5) The buyer is typically motivated; 6) The buyer is acting in what he or she considers his or her best interests; 7) A limited marketing effort and time will be allowed for the completion of a sale; 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto; and 9) 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.[‡]

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; the lessee and lessor each acting prudently and knowledgeably, and assuming consummation of a lease contract as of a specified date and the passing of the leasehold from lessor to lessee under conditions whereby: 1) lessee and lessor are typically motivated; 2) both parties are well informed or well advised, and acting in what they consider their best interests; 3) a reasonable time is allowed for exposure in the open market; 4) the rent payment is made in terms of cash in U.S. dollars and is expressed as an amount per time period consistent with the payment schedule of the lease contract; and 5) the rental amount represents the normal consideration for the

property leased unaffected by special fees or concessions granted by anyone associated with the transaction.[‡]

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.[§]

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

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.^{*}

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.[‡]

prospective value opinion A forecast of the value expected at a specified future date. A prospective value opinion is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new use, or those that have not

achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written. †

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 opinion based upon an analysis of past events assuming a competitive and open market. ††

rent

See
full service lease
net lease
market rent
contract, coupon, face, or nominal rent
effective rent

shell rent The typical rent paid for retail, office, or industrial tenant space based on minimal “shell” interior finishes (called plain vanilla finish in some areas). Usually the landlord delivers the main building shell space or some minimum level of interior build-out, and the tenant completes the interior finish, which can include wall, ceiling, and floor finishes; mechanical systems, interior electric, and plumbing. Typically these are long-term leases with tenants paying all or most property expenses. ‡

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. ‡

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. †

value indication An opinion of value derived through application of the appraisal process. ‡

† *The Appraisal of Real Estate*, Thirteenth Edition, Appraisal Institute, 2008.

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

§ Office of Comptroller of the Currency (OCC), 12 CFR Part 34, Subpart C – Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4th ed. (Chicago: Appraisal Institute, 2002), 177-178. This is also compatible with the RTC, FDIC, FRS and NCUA definitions of market value as well as the example referenced in the *Uniform Standards of Professional Appraisal Practice (USPAP)*.

* 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 16, 1993, revised June 15, 2004.

ADDENDUM B
ADJUSTMENT GRIDS

**DETACHED LAND SALE ADJUSTMENT GRID
2,500 SQUARE FOOT LOTS**

	Sale No. 1	Sale No. 2	Sale No. 3	Sale No. 4	Sale No. 5	Sale No. 6	Sale No. 7
Unadjusted Price per Lot	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Property Rights Conveyed	0%	0%	0%	0%	0%	0%	0%
	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Financing Terms	0%	0%	0%	0%	0%	0%	0%
	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Conditions of Sale	0%	0%	0%	0%	0%	0%	0%
Adjusted Sale Price	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Market Conditions	0.0%	0.0%	-5.5%	-6.5%	-7.0%	-8.0%	-8.0%
Adjusted Sale Price	\$160,000	\$138,229	\$141,750	\$144,234	\$125,337	\$119,169	\$126,966
Physical Characteristics							
Location	-25.0%	-10.0%	-10.0%	-15.0%	-10.0%	-15.0%	-15.0%
Project Size	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Development Status	5.0%	0.0%	0.0%	0.0%	5.0%	0.0%	0.0%
Minimum Lot Size	-19.5%	-34.4%	-30.9%	-21.7%	-34.9%	-15.7%	-14.8%
View Premiums	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Nuisances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tax Assessments	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Overall Adjustment	-39.5%	-34.4%	-30.9%	-26.7%	-29.9%	-20.7%	-19.8%
Adjusted Finished Lot Value	\$96,800	\$90,678	\$97,949	\$105,724	\$87,861	\$94,501	\$101,827
Finished Lot Value Conclusion:							\$93,000

DETACHED LAND SALE ADJUSTMENT GRID
4,000 SQUARE FOOT LOTS

	Sale No. 1	Sale No. 2	Sale No. 3	Sale No. 4	Sale No. 5	Sale No. 6	Sale No. 7
Unadjusted Price per Lot	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Property Rights Conveyed	0%	0%	0%	0%	0%	0%	0%
	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Financing Terms	0%	0%	0%	0%	0%	0%	0%
	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Conditions of Sale	0%	0%	0%	0%	0%	0%	0%
Adjusted Sale Price	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Market Conditions	0.0%	0.0%	-5.5%	-6.5%	-7.0%	-8.0%	-8.0%
Adjusted Sale Price	\$160,000	\$138,229	\$141,750	\$144,234	\$125,337	\$119,169	\$126,966
Physical Characteristics							
Location	-25.0%	-10.0%	-10.0%	-15.0%	-10.0%	-15.0%	-15.0%
Project Size	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Development Status	5.0%	0.0%	0.0%	0.0%	5.0%	0.0%	0.0%
Minimum Lot Size	-6.3%	-16.6%	-14.1%	-6.9%	-16.0%	0.0%	0.0%
View Premiums	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Nuisances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tax Assessments	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Overall Adjustment	-26.3%	-16.6%	-14.1%	-11.9%	-11.0%	-5.0%	-5.0%
Adjusted Finished Lot Value	\$117,920	\$115,283	\$121,763	\$127,070	\$111,550	\$113,210	\$120,618
Finished Lot Value Conclusion:							\$120,000

**DETACHED LAND SALE ADJUSTMENT GRID
6,000 SQUARE FOOT LOTS**

	Sale No. 1	Sale No. 2	Sale No. 3	Sale No. 4	Sale No. 5	Sale No. 6	Sale No. 7
Unadjusted Price per Lot	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Property Rights Conveyed	0%	0%	0%	0%	0%	0%	0%
	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Financing Terms	0%	0%	0%	0%	0%	0%	0%
	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Conditions of Sale	0%	0%	0%	0%	0%	0%	0%
Adjusted Sale Price	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Market Conditions	0.0%	0.0%	-5.5%	-6.5%	-7.0%	-8.0%	-8.0%
Adjusted Sale Price	\$160,000	\$138,229	\$141,750	\$144,234	\$125,337	\$119,169	\$126,966
Physical Characteristics							
Location	-25.0%	-10.0%	-10.0%	-15.0%	-10.0%	-15.0%	-15.0%
Project Size	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Development Status	5.0%	0.0%	0.0%	0.0%	5.0%	0.0%	0.0%
Minimum Lot Size	6.3%	-2.2%	0.0%	6.9%	0.0%	16.8%	15.8%
View Premiums	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Nuisances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tax Assessments	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Overall Adjustment	-13.7%	-2.2%	0.0%	1.9%	5.0%	11.8%	10.8%
Adjusted Finished Lot Value	\$138,080	\$135,188	\$141,750	\$146,974	\$131,604	\$133,230	\$140,679
Finished Lot Value Conclusion:							\$140,000

**DETACHED LAND SALE ADJUSTMENT GRID
8,000 SQUARE FOOT LOTS**

	Sale No. 1	Sale No. 2	Sale No. 3	Sale No. 4	Sale No. 5	Sale No. 6	Sale No. 7
Unadjusted Price per Lot	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Property Rights Conveyed	0%	0%	0%	0%	0%	0%	0%
	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Financing Terms	0%	0%	0%	0%	0%	0%	0%
	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Conditions of Sale	0%	0%	0%	0%	0%	0%	0%
Adjusted Sale Price	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Market Conditions	0.0%	0.0%	-5.5%	-6.5%	-7.0%	-8.0%	-8.0%
Adjusted Sale Price	\$160,000	\$138,229	\$141,750	\$144,234	\$125,337	\$119,169	\$126,966
Physical Characteristics							
Location	-25.0%	-10.0%	-10.0%	-15.0%	-10.0%	-15.0%	-15.0%
Project Size	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Development Status	5.0%	0.0%	0.0%	0.0%	5.0%	0.0%	0.0%
Minimum Lot Size	18.8%	12.3%	14.1%	20.8%	16.0%	33.6%	31.5%
View Premiums	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Nuisances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tax Assessments	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Overall Adjustment	-1.2%	12.3%	14.1%	15.8%	21.0%	28.6%	26.5%
Adjusted Finished Lot Value	\$158,080	\$155,231	\$161,737	\$167,023	\$151,658	\$153,251	\$160,613
Finished Lot Value Conclusion:							\$164,000

**DETACHED LAND SALE ADJUSTMENT GRID
10,000 SQUARE FOOT LOTS**

	Sale No. 1	Sale No. 2	Sale No. 3	Sale No. 4	Sale No. 5	Sale No. 6	Sale No. 7
Unadjusted Price per Lot	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Property Rights Conveyed	0%	0%	0%	0%	0%	0%	0%
	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Financing Terms	0%	0%	0%	0%	0%	0%	0%
	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Conditions of Sale	0%	0%	0%	0%	0%	0%	0%
Adjusted Sale Price	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Market Conditions	0.0%	0.0%	-5.5%	-6.5%	-7.0%	-8.0%	-8.0%
Adjusted Sale Price	\$160,000	\$138,229	\$141,750	\$144,234	\$125,337	\$119,169	\$126,966
Physical Characteristics							
Location	-25.0%	-10.0%	-10.0%	-15.0%	-10.0%	-15.0%	-15.0%
Project Size	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Development Status	5.0%	0.0%	0.0%	0.0%	5.0%	0.0%	0.0%
Minimum Lot Size	23.4%	20.1%	21.2%	26.0%	23.9%	37.8%	35.4%
View Premiums	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Nuisances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tax Assessments	0.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Overall Adjustment	3.4%	20.1%	21.2%	21.0%	28.9%	32.8%	30.4%
Adjusted Finished Lot Value	\$165,440	\$166,013	\$171,801	\$174,523	\$161,559	\$158,256	\$165,564
Finished Lot Value Conclusion:							\$172,000

**DETACHED LAND SALE ADJUSTMENT GRID
20,000 SQUARE FOOT LOTS**

	Sale No. 1	Sale No. 2	Sale No. 3	Sale No. 4	Sale No. 5	Sale No. 6	Sale No. 7
Unadjusted Price per Lot	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Property Rights Conveyed	0%	0%	0%	0%	0%	0%	0%
	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Financing Terms	0%	0%	0%	0%	0%	0%	0%
	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Conditions of Sale	0%	0%	0%	0%	0%	0%	0%
Adjusted Sale Price	\$160,000	\$138,229	\$150,000	\$154,261	\$134,771	\$129,531	\$138,007
Market Conditions	0.0%	0.0%	-5.5%	-6.5%	-7.0%	-8.0%	-8.0%
Adjusted Sale Price	\$160,000	\$138,229	\$141,750	\$144,234	\$125,337	\$119,169	\$126,966
Physical Characteristics							
Location	-25.0%	-10.0%	-10.0%	-15.0%	-10.0%	-15.0%	-15.0%
Project Size	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Development Status	5.0%	0.0%	0.0%	0.0%	5.0%	0.0%	0.0%
Minimum Lot Size	46.9%	49.6%	49.4%	52.0%	55.8%	67.1%	63.0%
View Premiums	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Nuisances	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tax Assessments	5.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Overall Adjustment	31.9%	54.6%	54.4%	52.0%	65.8%	67.1%	63.0%
Adjusted Finished Lot Value	\$211,040	\$213,702	\$218,862	\$219,236	\$207,809	\$199,131	\$206,955
Finished Lot Value Conclusion:							\$215,000

ADDENDUM C
DISCOUNTED CASH FLOWS

DISCOUNTED CASH FLOW - SUBDIVISION DEVELOPMENT METHOD - 1,000 SF ATTACHED PRODUCT

BASIC ASSUMPTIONS												
TOTAL # OF UNITS	100	WEIGHTED AVERAGE SQ FT PER UNIT	1,000									
		WEIGHTED AVERAGE CONSTR COST/SQ FT	\$70.00									
		SUMMATION OF INDIV RETAIL VALUES	\$18,100,000									
MONTHLY ABSORPTION RATE	4	WTD AVG RETAIL VALUE WITH PREMIUMS	\$181,000									
SELECTED DISCOUNT PERIODS/YEAR	4	RETAIL VALUE ANNUAL INFLATION RATE	0.00%									
UNITS/SELECTED DISCOUNT PERIOD	12	RESULTING GROWTH RATE/PERIOD	0.00%									
ESTIMATED PRESALES	12	ANNUAL DISCOUNT RATE (NPV)	14.00%									
RE TAX RATE BEFORE CFD	1.90%	RESULTING DISCOUNT RATE/PERIOD	3.50%									
* NOTE: RE TAX ARE APPLIED TO A PERCENT OF THE RETAIL VALUE, SINCE IMPROVEMENTS WERE												
MOSTLY UNBUILT AS OF THE TAX LIEN DATE. SAID "PERCENT" APPLIED IN THIS CASE IS:												
			30.00%									
MELLO-ROOS/CFD/CSD, AVERAGE ANNUAL PAYMENT												
			\$0.00									
											SUMMATION	
SALES PERIODS (QUARTERLY)	1	2	3	4	5	6	7	8	9	10	COLUMN	
SALES PROCEEDS												
PRICE PER UNIT	\$181,000	\$181,000	\$181,000	\$181,000	\$181,000	\$181,000	\$181,000	\$181,000	\$181,000	\$181,000	\$0	
AVERAGE SF PER UNIT	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	
BEGINNING INVENTORY PER PERIOD	100	100	76	64	52	40	28	16	4	0	0	
UNITS SOLD & CLOSED PER PERIOD	0	24	12	12	12	12	12	12	4	0	100	
TOTAL UNITS SOLD, PERIOD TO DATE	0	24	36	48	60	72	84	96	100	100		
UNITS UNSOLD, PERIOD TO DATE	100	76	64	52	40	28	16	4	0	0		
GROSS SALES	\$0	\$4,344,000	\$2,172,000	\$2,172,000	\$2,172,000	\$2,172,000	\$2,172,000	\$2,172,000	\$724,000	\$0	\$18,100,000	
AVERAGE SF SOLD	0	24,000	12,000	12,000	12,000	12,000	12,000	12,000	4,000	0		
COMPLETION % OF IMPROVEMENTS #	20.00%	20.00%	20.00%	20.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100%	
LESS CARRY, EXPENSES, & PROFIT												
	RATE											
REAL ESTATE TAXES/PERIOD *	0.4750%	\$25,793	\$25,793	\$19,602	\$16,507	\$13,412	\$10,317	\$7,222	\$4,127	\$1,032	\$0	\$123,804
H.O.A. FEES/PERIOD	\$600	\$0	\$22,800	\$19,200	\$15,600	\$12,000	\$8,400	\$4,800	\$1,200	\$0	\$0	\$84,000
SALES/MARKETING/ESCROW COSTS	6.00%	\$120,667	\$120,667	\$120,667	\$120,667	\$120,667	\$120,667	\$120,667	\$120,667	\$120,667	\$0	\$1,086,000
ADMIN/OVERHEAD	3.00%	\$60,333	\$60,333	\$60,333	\$60,333	\$60,333	\$60,333	\$60,333	\$60,333	\$60,333	\$0	\$543,000
SUBTOTAL		\$206,793	\$229,593	\$219,802	\$213,107	\$206,412	\$199,717	\$193,022	\$186,327	\$182,032	\$0	\$1,836,804
ONSITE CONSTR COSTS & FEES	\$70.00	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$0	\$0	\$0	\$0	\$0	\$7,000,000
MODEL UPGRADE COSTS		\$150,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
DEVELOPERS PROFIT	10.00%	\$0	\$434,400	\$217,200	\$217,200	\$217,200	\$217,200	\$217,200	\$217,200	\$72,400	\$0	\$1,810,000
CASH FLOW		(\$1,756,793)	\$2,280,008	\$334,998	\$341,693	\$348,388	\$1,755,083	\$1,761,778	\$1,768,473	\$469,568	\$0	\$7,303,196
PRESENT VALUE OF NET CASH FLOW (MATH)		\$5,824,313										
NUMBER OF LOTS OR UNITS		100										
"BULK" PRESENT VALUE PER FINISHED LOT		\$58,200										
PRESENT VALUE OF NET CASH FLOW (ROUNDED)		\$5,820,000										
LOT BULK VALUE AS A % OF RETAIL SUMMATION		32.18%										

DISCOUNTED CASH FLOW - SUBDIVISION DEVELOPMENT METHOD - 1,500 SF ATTACHED PRODUCT

BASIC ASSUMPTIONS		WEIGHTED AVERAGE SQ FT PER UNIT	1,500
TOTAL # OF UNITS	100	WEIGHTED AVERAGE CONSTR COST/SQ FT	\$64.00
		SUMMATION OF INDIV RETAIL VALUES	\$23,100,000
MONTHLY ABSORPTION RATE	4	WTD AVG RETAIL VALUE WITH PREMIUMS	\$231,000
SELECTED DISCOUNT PERIODS/YEAR	4	RETAIL VALUE ANNUAL INFLATION RATE	0.00%
UNITS/SELECTED DISCOUNT PERIOD	12	RESULTING GROWTH RATE/PERIOD	0.00%
ESTIMATED PRESALES	12	ANNUAL DISCOUNT RATE (NPV)	14.00%
RE TAX RATE BEFORE CFD	1.90%	RESULTING DISCOUNT RATE/PERIOD	3.50%
* NOTE: RE TAX ARE APPLIED TO A PERCENT OF THE RETAIL VALUE, SINCE IMPROVEMENTS WERE			
MOSTLY UNBUILT AS OF THE TAX LIEN DATE. SAID "PERCENT" APPLIED IN THIS CASE IS:			
			27.00%
MELLO-ROOS/CFD/CSD, AVERAGE ANNUAL PAYMENT			
			\$0.00

SALES PERIODS (QUARTERLY)	1	2	3	4	5	6	7	8	9	10	SUMMATION COLUMN	
SALES PROCEEDS												
PRICE PER UNIT	\$231,000	\$231,000	\$231,000	\$231,000	\$231,000	\$231,000	\$231,000	\$231,000	\$231,000	\$231,000	\$0	
AVERAGE SF PER UNIT	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	
BEGINNING INVENTORY PER PERIOD	100	100	76	64	52	40	28	16	4	0	0	
UNITS SOLD & CLOSED PER PERIOD	0	24	12	12	12	12	12	12	4	0	100	
TOTAL UNITS SOLD, PERIOD TO DATE	0	24	36	48	60	72	84	96	100	100	100	
UNITS UNSOLD, PERIOD TO DATE	100	76	64	52	40	28	16	4	0	0	0	
GROSS SALES	\$0	\$5,544,000	\$2,772,000	\$2,772,000	\$2,772,000	\$2,772,000	\$2,772,000	\$2,772,000	\$924,000	\$0	\$23,100,000	
AVERAGE SF SOLD	0	36,000	18,000	18,000	18,000	18,000	18,000	18,000	6,000	0	0	
COMPLETION % OF IMPROVEMENTS #	20.00%	20.00%	20.00%	20.00%	20.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100%	
LESS CARRY, EXPENSES, & PROFIT	RATE											
REAL ESTATE TAXES/PERIOD *	0.4750%	\$29,626	\$29,626	\$22,516	\$18,960	\$15,405	\$11,850	\$8,295	\$4,740	\$1,185	\$0	\$142,204
H.O.A. FEES/PERIOD	\$600	\$0	\$22,800	\$19,200	\$15,600	\$12,000	\$8,400	\$4,800	\$1,200	\$0	\$0	\$84,000
SALES/MARKETING/ESCROW COSTS	6.00%	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$154,000	\$0	\$1,386,000
ADMIN/OVERHEAD	3.00%	\$77,000	\$77,000	\$77,000	\$77,000	\$77,000	\$77,000	\$77,000	\$77,000	\$77,000	\$0	\$693,000
SUBTOTAL		\$260,626	\$283,426	\$272,716	\$265,560	\$258,405	\$251,250	\$244,095	\$236,940	\$232,185	\$0	\$2,305,204
ONSITE CONSTR COSTS & FEES	\$64.00	\$1,920,000	\$1,920,000	\$1,920,000	\$1,920,000	\$1,920,000	\$0	\$0	\$0	\$0	\$0	\$9,600,000
MODEL UPGRADE COSTS		\$150,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
DEVELOPERS PROFIT	10.00%	\$0	\$554,400	\$277,200	\$277,200	\$277,200	\$277,200	\$277,200	\$277,200	\$92,400	\$0	\$2,310,000
CASH FLOW		(\$2,330,626)	\$2,786,174	\$302,084	\$309,240	\$316,395	\$2,243,550	\$2,250,705	\$2,257,860	\$599,415	\$0	\$8,734,796
PRESENT VALUE OF NET CASH FLOW (MATH)		\$6,906,071										
NUMBER OF LOTS OR UNITS		100										
"BULK" PRESENT VALUE PER FINISHED LOT		\$69,100										
PRESENT VALUE OF NET CASH FLOW (ROUNDED)		\$6,910,000										
LOT BULK VALUE AS A % OF RETAIL SUMMATION		29.90%										

ADDENDUM D
QUALIFICATIONS

QUALIFICATIONS OF ROBERT HOLMAN
VICE PRESIDENT

CBRE
Valuation and Advisory Services
3501 Jamboree Road, Suite 100
Newport Beach, California 92660-2940
(949) 725-8408

GENERAL EDUCATION

Bachelor of Science (Business Administration)
California State Polytechnic University, Pomona 1982

REAL ESTATE EDUCATION

Attended the following seminars sponsored by the Appraisal Institute.

Capitalization Theory and Techniques, Part A	1990
Capitalization Theory and Techniques, Part B	1990
Real Estate Appraisal Principles	1985
Basic Valuation	1988
Standards of Professional Practice, Parts A & B	1993
Report Writing and Valuation Analysis	1994
Standards of Professional Practice, Part C	2004
Various Continuing Education	

PROFESSIONAL ASSOCIATION

California OREA General Certification No. AG003298	1991 to Present
Texas General Certification No. TX1334670-G	March 2005 – March 2006

PROFESSIONAL EXPERIENCE

Over 20 years of Real Estate Appraisal and Consulting experience throughout the greater Southern California area with an emphasis in residential subdivisions, master planned communities, and residential land.

CBRE	
Vice President	2007 - Present
Senior Real Estate Analyst	1992 - 2007
Security Pacific National Bank	
Vice President, Appraisal Division	1985 - 1992



Business, Transportation & Housing Agency

OFFICE OF REAL ESTATE APPRAISERS REAL ESTATE APPRAISER LICENSE

ROBERT J. HOLMAN JR.

has successfully met the requirements for a license as a general real estate appraiser in the State of California and is, therefore, entitled to use the title "Certified General Real Estate Appraiser".

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

OREA APPRAISER IDENTIFICATION NUMBER

AG003298

Date Issued: July 10, 2010

Date Expires: July 9, 2012

Director, OREA

Audit No. 127124

QUALIFICATIONS OF MARK PROTTAS, MAI
MANAGING DIRECTOR

CBRE, Inc.
Valuation and Advisory Services
3501 Jamboree Road, Suite 100
Newport Beach, California 92660-2940
(949) 725-8411

GENERAL EDUCATION

Bachelor of Arts, Business Administration (Finance Major, Real Estate Concentration) 1980
California State University, Fullerton

REAL ESTATE EDUCATION

Appraisal Institute
Appraisal and Capitalization Theory 1 B, Part 1 1980

Appraisal and Capitalization Theory 1 B, part B 1984
Basic Valuation Procedures, 1A2 1985
Case Studies 21 1985
Appraisal and Capitalization Theory 1 B, Part A 1985
Valuation Analysis and Report Writing 22 1985
Appraisal Principles 1A 1986
Standards of Professional Practice 2-3 1986
Standards of Professional Practice, Parts A & B 1991

Additional Course Work and Continuing Education Classes 1987 -Present
California State University, Fullerton
Real Estate Principles, Law, Finance, Appraisal, Investment Analysis 1979

PROFESSIONAL ASSOCIATIONS

Member of the Appraisal Institute. Appraisal Institute Chapter Admissions Committee former member.

California OREA General Certification No. AG004009

Member of Lambda Alpha International – Real Estate and Land Economics Professional Fraternity

PROFESSIONAL EXPERIENCE

CBRE, Inc (formerly Coldwell Banker, CB Richard Ellis, Inc.)
Managing Director 2003-Present
Assistant Vice President 1989-2003
Senior Real Estate Analyst 1984-1989
Independent Fee Appraiser
Garden Grove, California 1983-1984
Minicom, Inc., Systems Analyst
Los Angeles, California 1982-1983
Bank of America, Appraiser
Orange, California 1978-1982

Business, Transportation & Housing Agency

OFFICE OF REAL ESTATE APPRAISERS

REAL ESTATE APPRAISER LICENSE



MARK R. PROTAS

has successfully met the requirements for a license as a general real estate appraiser in the State of California and is, therefore, entitled to use the title "Certified General Real Estate Appraiser".

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

OREA APPRAISER IDENTIFICATION NUMBER

AG004009

Date Issued: October 4, 2010

Date Expires: October 3, 2012

Bob Clark

Director, OREA

Audit No. 129195



HM-2
marketing development

LYTLE CREEK RANCH ANALYSIS:

The Impact of Amenities on Home Values

As Relates to the Proposed Lytle Creek Ranch Specific Plan and EIR Alternatives

December 2011

TABLE OF CONTENTS

Engagement Overview	4
Analytic Overview	5
Key Findings.....	7
Study Description.....	8
Objectives.....	8
Lytle Creek Ranch Specific Plan (“Proposed Project”) and four Project Alternatives	8
Methodology	8
Competitive Market Area	8
Master Plan Home Price Adjustment Analysis.....	9
Amenity Score	11
Master Plan Community Setting vs. Non-Master Plan Community Setting	14
Findings	16
Amenity Scores.....	16
Amenity- Home Value Formula	17
Home Value Enhancement % - Project & Project Alternatives	18
Assumptions	20
Subject Property Overview.....	20
“Base Case” Master Plan Description	22
“True” Master Plan Community Setting vs. Non-Master Plan Community Setting	23
Lytle Creek Ranch Project and Project Alternatives Amenities Analysis.....	24
No Project/Existing Zoning Plan Alternative (Exhibit 1-8).....	24
Avoidance of RAFSS Area Alternative (Exhibit I-9)	26
Avoidance of Jurisdictional Waters Alternative (Exhibit I-10).....	28
Avoidance of SBKR/LBV-Occupied Habitat Alternative (Exhibit I-11).....	30
Proposed Project (Exhibit I-12).....	32
Comparative Benchmark Master Planned Communities Analyzed	34
Rosena Ranch, San Bernardino County, CA (Exhibits II-4a & II-4b).....	36
Shady Trails, Fontana, CA (Exhibits II-5a & II-5b).....	37
Citrus Heights, Fontana, CA (Exhibits II-6a & II-6b)	38
Sierra Lakes, Fontana, CA (Exhibits II-7a, II-7b & II-7c).....	38
Summit Heights, Fontana, CA (Exhibits II-8a & II-8b)	39
California Landings, Fontana, CA (Exhibits II-9a & II-9b)	39
Coyote Canyon, Fontana, CA (Exhibits II-10a & II-10b)	40
Hunters Ridge, Fontana, CA (Exhibits II-11a & II-11b).....	40
“Belmont” Product Case Study (Exhibit II-12).....	41
Concluding Statement.....	42
Disclaimer.....	42
Qualifications	43
Holly McKie – Principal, HM2 Solutions LLC.....	43
Peter Reeb – President, Reeb Development Consulting Inc.	44

TABLE OF CONTENTS (CONTINUED)

Exhibits.....44

Appendix Section I. Subject Property & Conclusions.....44

Appendix Section II. Master Planned Community Profiles & Home Values44

Appendix Section III. Value Adjustment Analyses - Selected Elements of Comparison45

Home Value Adjustment Analysis Support 45

School District Value Assessment (Exhibits III-1, III-2 & III-3)..... 45

Home Size Value Assessment (Exhibit III-4) 46

Lot Size Value Assessment (Exhibit III-5)..... 46

Age of Home Value Assessment (Exhibit III-6)..... 47

Tax Rate Value Assessment 47

Location Value Assessment 48

Appendix Section IV. Master Planned Community Home Values vs. Non-Master Plan Home Values - Analyses..48

Overview..... 48

New Home Value Comparison (Exhibits IV-1 to IV-3)..... 49

Resale Home Value Comparison (Exhibits IV-4 to IV-7) 50

Final Conclusions Regarding Master Plan Home Values vs. Non-Master Plan Home Values 52

Appendix Section V. Apartment Rent Differential – Master Plans vs. Non-Master Plans53

ENGAGEMENT OVERVIEW

Objective. The objective of the analysis is to understand the impact amenities have on home values and thereby provide a clearer understanding of the projected revenues associated with the Lytle Creek Ranch Specific Plan and the Project Alternatives as outlined in the Lytle Creek Ranch Specific Plan EIR.

Project Structure. Holly McKie, HM2 Solutions LLC (“HM2”) along with sub-consultant Peter Reeb, Reeb Development Consulting (“HM2 Team”) analyzed key benchmark master planned communities and “stand-alone” subdivisions in the greater Rialto/Fontana competitive area using housing market data from industry accepted sources, proprietary research modeling techniques and collective real world experiences in the land development industry.

Scope of Work. The HM2 Team was retained to assess residential pricing trends associated with varied community amenity levels as would be applicable to the proposed Lytle Creek Ranch Specific Plan (“Proposed Project”) and four Alternate Plans. To this end, the HM2 Team performed the following tasks:

- Reviewed the subject site, surrounding Rialto/Fontana submarket area, and documentation related to the Lytle Creek Ranch Specific Plan Proposed Project and four Alternate plans (*No Project/ Existing Zoning Plan; Avoidance of RAFSS Areas; Avoidance of Jurisdictional Waters; and Avoidance of SBKR/LBV-Occupied Habitat.*)
- Identified benchmark comparative communities for both For-Sale housing and Apartments. Gathered industry accepted third-party housing transaction data deemed reliable in the key residential communities for analysis.
- Performed analysis to determine the change in home value attributable to different levels of amenity packages in master planned communities in the greater Rialto/Fontana competitive market area. Using this information, the potential relative difference in home value attributable to the different amenity levels of the Lytle Creek Development Scenarios was determined.
- Performed analysis to determine the change in home value attributable to housing located within a “true” master planned community setting as compared to a stand-alone subdivision (non-master plan community setting) in the Rialto/Fontana competitive market area. Using this information, the potential relative difference in home value attributable to a master plan was determined.

ANALYTIC OVERVIEW

- “BY HOW MUCH DO MASTER PLAN AMENITIES IMPACT THE VALUE OF A HOME?”
- “BY HOW MUCH DOES A MASTER PLAN COMMUNITY ITSELF IMPACT THE VALUE OF A HOME?”

In reviewing varying land use scenarios such as those associated with the Lytle Creek Ranch Specific Plan (the “Project”) and four Project Alternatives assessed in the EIR, quantifiable answers to these questions are required in order to understand the potential economic viability of each scenario. This report answers these “simple-sounding” questions in substantial detail and analyses for the Rialto/Fontana (California) submarket, as well as for the Project and the four Project Alternatives assessed in the EIR.

The following two pages outline the conceptual approach used to answer each of the questions above as a guiding introduction to the material in this report.

“BY HOW MUCH DO MASTER PLAN AMENITIES IMPACT THE VALUE OF A HOME?”

As the Project and the four Project Alternatives offer varied amenity packages, the objective is to understand how home values in each scenario may vary due to the master plan amenities.

STEPS IN THE ANALYSIS

1. **Determine comparable master planned communities (“master plan”) in the submarket.** *(Eight master plans with varying amenity packages were identified in the Rialto/Fontana area.)*
2. **Compile home resale transaction data in each identified master plan** *(Note: foreclosure & short sale data were excluded from the analysis as they are outlier sales due to abnormal market conditions).*
3. **Adjust (or normalize) the home resale data to make sure that there is an “apples-to-apples” comparison of home values between the master plan communities.** *(Note: home value data was normalized for lot size, home size, home age, school district, tax rate, and location. This is detailed in the Master Plan Price Adjustment Analysis)*

This “apples-to-apples” comparison isolates the value difference attributable strictly to the varying amenity packages through an average Adjusted Home Value for each master plan.
4. **This average Adjusted Home Value is compared to a “Base Case” master plan** *(the lowest adjusted home price master plan) to reflect the quantified percentage impact that the varying master plan amenity packages have on Home Values in the identified Rialto/Fontana master plans.* *(This percentage is referred to as the master plan’s Average Home Value Enhancement % in the report.)*
5. **Evaluate and score each amenity package offered in the identified Rialto/Fontana master plans, as well as the Project and its alternatives.** *(This is referred to as the master plan’s Amenity Score in the report.)*
6. **Graph the relationship of each identified Rialto/Fontana master plan’s Amenity Score and its Average Home Value Enhancement %.** Using regression techniques, this graph yields a statistically significant trend line illustrating how home values are impacted by various amenity packages in a master plan within Rialto/Fontana. *(This trend line is defined by a formula and is called the Amenity- Home Value Formula in the report.)*
7. **Using this Amenity-Home Value Formula and the Amenity Score for the Project and its alternatives, the Average Home Value Enhancement % was determined for the Project and alternatives.**

“BY HOW MUCH DOES A MASTER PLANNED COMMUNITY ITSELF IMPACT THE VALUE OF A HOME?”

There are two alternatives to the Project that are not considered to be “true” master planned communities, but instead are “stand-alone” subdivisions or, in other words, “non-master planned communities”. (*Note: this determination is discussed at length within the report.*)

Thus, it is necessary to understand if being in a master planned community itself impacts home values. If so, this impact would need to be adjusted for these two alternatives (*No Project/Existing Zoning, and Avoidance of SBKR/LBV-Occupied Habitat*).

Here, the objective is to quantify the impact on home values for a location in a true master planned community (*the “base case” master plan*) versus a home in a non-master planned community setting.

STEPS IN THE ANALYSIS

1. **Identify areas in the Rialto/Fontana market area that were not developed as “true” master planned communities.**
2. **Compile home sale transaction data in non-master plan areas** (*Note: New home and resale transactions –excluding foreclosure & short sale data- were analyzed.*)
3. **Adjust (or normalize) the home data to make sure that there is an “apples-to-apples” comparison between the “true” master plan communities and non-master planned communities.** (*Note: home value data was again normalized for lot size, home size, home age, school district, tax rate, and location.*)

This “apples-to-apples” comparison isolated the value difference attributable strictly to a master plan setting versus a non-master plan setting. The results of this value difference analysis quantify the negative home value impact associated with a non-master planned community setting.

4. **Refine the analysis to quantify the Average Home Value Enhancement % for the two alternatives which are non-master planned communities.**

This refining analysis results in non-master plan alternatives having Amenity Scores adjusted downwards to reflect the current market trend. (*Note: this refinement is based upon the above “master plan versus non-master plan value differences” market findings and using the previously determined Amenity-Home Value Formula for Rialto/Fontana.*)

KEY FINDINGS

The information compiled and evaluated on existing master planned communities in the Rialto/Fontana competitive market conclusively demonstrates that the market does place varying levels of premiums on different levels of community amenities contained within local master planned communities. Also, there is an inherent premium in being located within a “true” master plan community setting, over a non-master planned community setting.

In general, the more amenitized the community, the higher the value of the homes within the community, and vice-versa. Broadly speaking, homes in communities with the “lowest” level or mix of amenities had lower values, homes in communities with a “medium” level or mix of amenities had values more towards the middle of the market, and homes with a “high” level or mix of amenities had higher values. Also, homes located within a non-master planned community setting have a value discount associated with them.

The figures in the table below represent the relative change in value for the Lytle Creek Ranch Specific Plan (the “Project”) and four Project Alternatives assessed in the EIR, as compared to a “base case” master plan in the Rialto/Fontana market at this time.

Average Home Value Enhancement – Lytle Creek Development Scenarios	
Compared to the Fontana/Rialto "Base Case" Master Plan	
1. No Project/Existing Zoning Plan	-8.4%
2. Avoidance of RAFSS Areas	2.2%
3. Avoidance of Jurisdictional Waters	4.9%
4. Avoidance of SBKR/LBV-Occupied Habitat	-6.0%
5. Proposed Project	8.0%

The findings are based on the average Amenity Score for each alternative; the Amenity-Home Value Formula for the Rialto/Fontana market; and the master plan vs. non-master plan community setting of each alternative. There are nuances to every existing master plan, as well as the Project and the Project Alternatives. Therefore, the specific values determined with the formula should be considered potential values, and not an exact literal conclusion of value.

STUDY DESCRIPTION

Objectives

The objective of this assignment was to compile and evaluate pertinent housing market information in order to determine the change in home value attributable to different levels of amenity packages in master planned communities (“MPCs” or “master plans”) in the greater Rialto/Fontana competitive market area (“competitive market”, “market”, or “area”), as well as the impacts of a master plan setting compared to a non-master plan setting. This information was then used to determine the potential relative difference in home value attributable to different amenity levels corresponding to the Project and four Project Alternatives.

LYTLE CREEK RANCH SPECIFIC PLAN (“PROPOSED PROJECT”) AND FOUR PROJECT ALTERNATIVES

1. No Project/Existing Zoning Plan
2. Avoidance of RAFSS Areas
3. Avoidance of Jurisdictional Waters
4. Avoidance of SBKR/LBV-Occupied Habitat
5. Proposed Project

Methodology

In order to determine the change in home value attributable to varying levels of amenities within a master planned community in the greater Rialto/Fontana competitive market area, information was compiled and evaluated on amenities in existing master plans in the area, information was compiled and evaluated on both new home sales and resales in the area, and a detailed statistical value analysis was conducted on home values in existing master planned communities.

COMPETITIVE MARKET AREA

The competitive market area (“CMA”) is defined as Fontana, Rialto and a portion of Unincorporated San Bernardino County. This area is defined for proximity to the Subject Property and the existence of master planned communities.

Within the competitive market area, certain master plan communities were selected as comparative benchmarks for their location and amenity offering.

Master Planned Communities Evaluated

1. Rosena Ranch – Rialto Sphere of Influence (City of San Bernardino School District & Rialto School District)
2. Shady Trails – Fontana (Fontana School District)
3. Citrus Heights – Fontana (Fontana School District)
4. Sierra Lakes – Fontana (Fontana School District)
5. Summit Heights – Fontana (Etiwanda School District)
6. California Landings – Fontana (Etiwanda School District)
7. Coyote Canyon – Fontana (Etiwanda School District)
8. Hunter’s Ridge – Fontana (Etiwanda School District)

(NOTE: Lytle Creek is currently in the Rialto Sphere of Influence with plans to annex into the City of Rialto. Based on current district boundaries, portions of Lytle Creek fall within three school districts: City of San Bernardino School District, Rialto School District & Fontana School District.)

MASTER PLAN HOME PRICE ADJUSTMENT ANALYSIS

In order to best evaluate the impact of varying amenity levels on home values in Rialto/Fontana area master plans, ideally the homes being evaluated would be as similar as possible in order to rule out extenuating factors that might not be attributable to value differences created by community amenities, such as lot size or home size.

To isolate the impact amenities have on home values in the area, home values within each master plan were adjusted to account for differences in basic features which impact value, such as: lot size, home size, age of home, school district, tax rate and location. The resulting “adjusted values” reflect the value components not already accounted for, or in this case, community amenities.

As such, the appraisal principle of comparative analysis was used in order to identify and assess the amount of value differential attributable to the following elements of comparison impacting home values in the competitive market.

Elements of Comparison Evaluated for Use in Price Adjustment Analyses

1. School District
2. Home Size (Sq.Ft.)
3. Lot Size (Sq.Ft.)
4. Age of Home
5. Total Tax Rate
6. Location East or West of I-15, and/or North or South of I-210

(Please see Exhibits I-3 (following) & I-4 for Price Adjustment details.)

LYTLE CREEK RANCH ANALYSIS: The Impact of Amenities on Home Values
December 2011

EXHIBIT I-3
MASTER PLAN PRICE ADJUSTMENT ANALYSIS
FONTANA/RIALTO MASTER PLANS
NOVEMBER, 2011

HM2 Solutions LLC/Reeb Development Consulting
c:\excel\11sb54d.xlsx (Main \$ Adj.)

In order to isolate the value attributable to the package of amenities included in each master plan, values in each community were adjusted to minimize/adjust for differences between the housing products/homes in each community. Any differences that remain after the adjustments are made should be attributable to differences in the amenities included in each of the master plans.

This is how the value in each community compares to the value of the lowest priced MPC.

COMMUNITY	AMENITY SCORE (Ex. 1-5)	RESALE MARKET DATA (Resales 6 months ending early November, 2011) (See Individual Master Plan Profiles for Detailed Sales Information)							ADJUSTMENTS TO PRICE						Adjusted Home Value vs. "Base Case" Value	
		LOT SIZE	HOME SIZE	SALES PRICE	PRICE/SQ.FT.	YEAR BUILT	SCHOOL DISTRICT	TAX RATE	Lot Size to 6,735 Sq.Ft. \$10/Sq.Ft.	Home Size to 2,604 Sq.Ft. \$60/Sq.Ft.	Home Age to 2002 0.69%/year	School District to Rialto	Tax Rate to Average 1.74% (50% of NPV)	Location: East I-15: 3% So. I-215: 2%		Adjusted Home Price
		SIZE	SIZE	PRICE	SQ.FT.	BUILT	DISTRICT	RATE								Price
Rosena Ranch	3.3	5,335	2,339	\$252,900	\$108	2009	San Bernardino	2.00%	\$14,004	\$15,878	-\$11,633.40	\$0	\$5,459	\$0	\$276,608	1.1%
Shady Trails	4.9	5,000	2,492	\$278,000	\$112	2005	Fontana	2.00%	\$17,350	\$6,720	-\$5,754.60	-\$11,120	\$6,001	\$0	\$291,196	6.4%
Citrus Heights	3.0	7,046	2,996	\$332,375	\$111	2006	Fontana	1.40%	-\$3,110	-\$23,520	-\$9,173.55	-\$13,295	-\$9,225	\$0	\$274,052	0.2%
Sierra Lakes	4.3	5,977	2,632	\$293,984	\$112	2002	Fontana	1.90%	\$7,584	-\$1,687	-\$841.08	-\$11,759	\$3,929	\$0	\$291,209	6.4%
Summit Heights	3.1	6,737	2,650	\$306,210	\$116	2002	Etiwanda	1.50%	-\$16	-\$2,748	\$633.85	-\$24,497	-\$5,980	\$0	\$273,602	0.0%
California Landings	3.4	6,689	2,144	\$278,801	\$130	1999	Etiwanda	1.40%	\$459	\$27,586	\$5,658.01	-\$22,304	-\$7,738	-\$5,576	\$276,886	1.2%
Coyote Canyon	3.3	8,480	2,545	\$337,450	\$133	2006	Etiwanda	1.90%	-\$17,450	\$3,540	-\$9,313.62	-\$26,996	\$4,509	-\$16,873	\$274,867	0.5%
Hunter's Ridge	4.0	7,194	2,436	\$310,481	\$127	1999	Etiwanda	1.80%	-\$4,587	\$10,091	\$6,079.56	-\$24,838	\$1,596	-\$15,524	\$283,298	3.5%
Average*	3.7	6,735	2,604	\$304,025	\$117	2002	Rialto	1.74%								

* Average for Resale Market Data is the actual average of all individual sales, not the average of each of the averages shown here for each master plan.

Source: Reeb Development Consulting

In Exhibit I-3 above, an average of all individual sales within the identified master planned communities in the Rialto/Fontana market yields the following description of an Average Home Sold in a Master Planned Community in Rialto/Fontana market: Lot Size – 6,735 square feet, Home Size – 2,604 square feet, Sales Price - \$304,025, Price per Square Foot - \$117, Year Built – 2002, and a Tax Rate of 1.74%.

The Adjustments to Price columns in Exhibit 1-3, show the adjustments made for differences between the housing products/homes in each master plan community as compared to the Average Home in a Master Planned Community in Rialto/Fontana market. Also, each identified master planned community was adjusted to reflect values appropriate for the Rialto School District. *(For further detail on the Adjustments to Price analyses, please see Appendix Section III: Value Adjustment Analyses - Selected Elements of Comparison calculations.)*

This Adjustment to Price process yields an Adjusted Home Price for each identified master planned community that allows for an “apples-to-apples” comparison of home values, with the only remaining variable being amenity packages offered.

Summit Heights (*adjusted for variances in lot size, home size, home age, tax rate and school district*) represents the Base Case Master Plan Community for Rialto/Fontana as this community yields the lowest Adjusted Home Price for an identified master planned community in the Rialto/Fontana Market. Hence, it is shown with an Adjusted Home Value vs. Base Case Value of 0.0%.

The Adjusted Home Values were then compared to determine the impact of master plan amenity packages on home values, as discussed below.

AMENITY SCORE

Amenities in each master plan were evaluated and ranked relative to each other on a scale from “Low” (a potential score of 1 to 3), “Medium” (a potential score of 4 to 6), to “High” (a potential score of 7 to 9). Then, a total average “amenity score” was determined for each existing master plan. Adjusted Home Value information in existing master plans was then correlated with an overall “amenity score” for each master plan in order to generate an amenity vs. home value statistical formula for this market area. This formula is known as the **Amenity-Home Value Formula**.

The Project and four Project Alternatives were also ranked on the same amenity scoring system as applied to the existing master plans reviewed, and overall amenity scores were determined for each development plan. Amenity Scores for the Project and four Project Alternatives were further adjusted to account for whether or not each alternative was deemed to be developed as a “true” master planned community (*Avoidance of RAFSS Areas, Avoidance of Jurisdictional Waters, and Proposed Project*) or a non-master plan community (*No Project/Existing Zoning and Avoidance of SBKR/LBV-Occupied Habitat*).

The **Amenity-Home Value Formula** was then applied to the Amenity Score for the Project and Project Alternatives to determine the relative change in value attributable to differences in each of the development plans. In this way, it is possible to see what impact varying amenity levels and master plan community setting have on potential home values at Project and Project Alternatives.

Main Amenity Categories Evaluated

1. Community Entry
2. Parks/Facilities Open to the Public
3. Private Recreational Facilities
4. Major Environmental Influences
5. Golf Course
6. School District
7. Other Community Land Uses

(Following are Exhibits I-5 & I-6 with Amenity scoring details.)

EXHIBIT I-5 MASTER PLAN AMENITY PROFILE RELATIVE AMENITY LEVEL RANKING MATRIX NOVEMBER, 2011	Color Code:	Lytle Creek:	Lytle Creek Alternatives:	Comparables:	
		Existing Plan	Avoid RAFSS	Rosena Ranch	Summit Heights
		Proposed Project	Avoid Jur. Waters	Shady Trails	California Landings
			Avoid SBKR/LBV	Citrus Heights	Coyote Canyon
			Sierra Lakes	Hunter's Ridge	

Amenity Scoring Detail:

Master Plan Amenity Profile - Relative Amenity Level Ranking Matrix. (Exhibit 1-5)

COMMUNITY CHARACTERISTIC	AMENITY "LEVEL"								
	"LOW"			"MEDIUM"			"HIGH"		
	1	2	3	4	5	6	7	8	9
1. COMMUNITY ENTRY & PERIMETER	Potential value enhancement: Probably 1% or less			Potential value enhancement: Usually about 1% to 3%			Potential value enhancement: Likely 3% or more		
	Existing Plan	Avoid RAFSS	Proposed Project	Citrus Heights	Shady Trails				
	Avoid SBKR/LBV	Avoid Jur. Waters	Sierra Lakes						
	Coyote Canyon	Rosena Ranch							
2. PARKS and/or FACILITIES OPEN TO THE PUBLIC	Potential value enhancement: Probably 1% or less			Potential value enhancement: Usually about 1% to 3%			Potential value enhancement: Likely 3% or more		
		Existing Plan	Citrus Heights	California Landings	Avoid RAFSS		Sierra Lakes	Proposed Project	Shady Trails
		Avoid SBKR/LBV			Avoid Jur. Waters				
					Rosena Ranch				
3. PRIVATE RECREATIONAL FACILITIES	Potential value enhancement: Probably 2% or less			Potential value enhancement: Usually about 2% to 3%			Potential value enhancement: Likely 3% or more		
	Existing Plan				Rosena Ranch		Proposed Project	Shady Trails	
	Avoid SBKR/LBV				Avoid RAFSS				
	Citrus Heights				Avoid Jur. Waters				
4. MAJOR COMMUNITY ENVIRONMENTAL INFLUENCES (Including natural open space, but not including golf courses.)	Potential value enhancement: Probably 1% or less			Potential value enhancement: Usually about 1% to 2%			Potential value enhancement: Likely 2% or more		
	Shady Trails	Citrus Heights	Coyote Canyon	Existing Plan	Hunter's Ridge				
	Summit Heights	Sierra Lakes		Avoid RAFSS					
		California Landings		Avoid Jur. Waters					
5. GOLF COURSE	Potential value enhancement: Probably 2% or less (0% for none)			Potential value enhancement: Usually about 3% to 5%			Potential value enhancement: Likely 5% or more		
	Avoid RAFSS		Existing Plan		Avoid Jur. Waters	Sierra Lakes			
	Rosena Ranch				Avoid SBKR/LBV				
	Shady Trails				Proposed Project				
6. SCHOOL DISTRICT (Value comparison to Rialto District)	Potential value enhancement: 0% for Rialto, to about (-8%) for City of San Bernardino			Potential value enhancement: Around 4% for Fontana			Potential value enhancement: Around 8% for Etiwanda		
		Existing Plan	Rosena Ranch		Shady Trails			Summit Heights	
		Avoid RAFSS			Citrus Heights			California Landings	
		Avoid Jur. Waters			Sierra Lakes			Coyote Canyon	
7. OTHER LAND USES (Including schools)	Potential value enhancement: Probably 1% or less			Potential value enhancement: Usually about 2% to 3%			Potential value enhancement: Likely 3% or more		
			Rosena Ranch	Existing Plan	Shady Trails	Avoid RAFSS	Avoid Jur. Waters		
				Coyote Canyon	Citrus Heights	Avoid SBKR/LBV	Proposed Project		
				Summit Heights		Sierra Lakes			
8. OVERALL COMMUNITY AMENITY ASSESSMENT*	Potential value enhancement: Probably 2% or less			Potential value enhancement: Probably about 2% to 8%			Potential value enhancement: Likely 6% or more		
	Existing Plan: 0.9 (2.4)			Avoid RAFSS: 3.6	Avoid Jur. Waters: 4.3	Proposed Project: 5.1			
	Avoid SBKR/LBV: 1.5 (3.0)			Rosena Ranch: 3.3	Sierra Lakes: 4.3	Shady Trails: 4.9			
				Citrus Heights: 3.0	Hunter's Ridge: 4.0				
			Summit Heights: 3.1						
			California Landings: 3.4						
			Coyote Canyon: 3.3						

Note: Value "enhancement" is relative to a standard single family home in a "base case" master planned community. Value enhancements are not necessarily cumulative.

Amenity Scoring Detail:

Comparison of Amenity Levels. (Exhibit 1-6)

COMMUNITY CHARACTERISTIC	AMENITY "LEVEL"								
	"LOW"			"MEDIUM"			"HIGH"		
	1	2	3	4	5	6	7	8	9
1. COMMUNITY ENTRY & PERIMETER	Potential value enhancement: Probably 1% or less			Potential value enhancement: Usually about 1% to 3%			Potential value enhancement: Likely 3% or more		
	* Not gated * No perimeter walls or minimal perimeter * No entry definition	* Perimeter walls * Modest entry definition or monumentation	* Faux entry gate * Premium entry monumentation or definition	* Gated entry with modest landscaping	* Gated entry with faux guard house or enhanced landscaping	* Gated entry with un-manned guard house		* Gate-guarded entry with part-time guard	* Gate-guarded entry with 24-hour guard
2. PARKS and/or FACILITIES OPEN TO THE PUBLIC	Potential value enhancement: Probably 1% or less			Potential value enhancement: Usually about 1% to 3%			Potential value enhancement: Likely 3% or more		
	* No parks	* Small public tot lot or pocket park * Green space areas, may have paths and/or benches	* Multiple small pocket parks or tot lots	* Neighborhood park with passive recreation	* Small private park with passive recreation & small clubhouse * Neighborhood park with active recreation	* Large public park with active recreation * Multiple neighborhood parks with recreation	* Large "sports" park with extensive facilities open to public	* Large sports park & other parks	* Large aquatic/sports facilities/activities open to public
3. PRIVATE RECREATIONAL FACILITIES	Potential value enhancement: Probably 2% or less			Potential value enhancement: Usually about 2% to 3%			Potential value enhancement: Likely 3% or more		
	* None		* Small pool & restrooms	* Larger pool & restrooms	* Larger pool, spa & small clubhouse * Multiple moderate facilities	* Multiple upgraded facilities	* Large pool/multiple pools, & extensive clubhouse	* Large/multiple pools, extensive clubhouse & other recreation (tennis, basketball, bocce ball)	* Private clubhouse with restaurant/health spa & extensive facilities (highly upscale facility)
4. MAJOR COMMUNITY ENVIRONMENTAL INFLUENCES (Except for a golf course)	Potential value enhancement: Probably 1% or less			Potential value enhancement: Usually about 1% to 2%			Potential value enhancement: Likely 2% or more		
	* Flat site, no unique characteristics		* Some topography, some views, no other distinguishing features	* Adjacent to open space, but somewhat non-distinguished	* Adjacent to open space of nicer quality environment * Hilly topography, more views	* Man-made features of moderate quality (lakes, water features, extensive greenbelts)	* Extensive natural quality open space adjacent or incorporated into site	* Extensive natural quality open space adjacent and incorporated into site	* Extensive man-made lake with use facilities
5. GOLF COURSE	Potential value enhancement: Probably 2% or less (0% for none)			Potential value enhancement: Usually about 3% to 5%			Potential value enhancement: Likely 5% or more		
	* None	* Par-3 open to the public	* Older 18-hole open to the public	* Reinvigorated, updated 18-hole open to public	* New 18-hole, open to the public. Golf orients to limited portion of MPC.	* New 18-hole, open to the public. Golf fully integrated in MPC.	* New 18-hole, private member use only with clubhouse * Multiple golf courses, open to the public	* New 18-hole, private member use only with clubhouse & some other amenities/features (see private recreation above)	* New 18-hole, private member use only with extensive amenities (see private recreation above)
6. SCHOOL DISTRICT (Value comparison to Rialto District)	Potential value enhancement: 0% for Rialto, to about (-8%) City of San Bernardino			Potential value enhancement: Around 4% for Fontana			Potential value enhancement: Around 8% for Etiwanda		
		* City of San Bernardino School District			* Fontana School District			* Etiwanda School District	
7. OTHER LAND USES (Including schools)	Potential value enhancement: Probably 1% or less			Potential value enhancement: Usually about 2% to 3%			Potential value enhancement: Likely 3% or more		
		* No schools in master plan (schools "farther" away) * No other land uses		* No schools in master plan (but are "very close") * Small/local serving commercial uses	* No schools in master plan (but are adjacent) * Neighborhood serving commercial/other uses	* School within the master plan * Regional serving commercial/other uses	* Multiple schools within the master plan	* Multiple schools within the master plan & private school(s)	
8. OVERALL COMMUNITY AMENITY ASSESSMENT	Potential value enhancement: Probably 2% or less			Potential value enhancement: Usually about 2% to 8%			Potential value enhancement: Likely 6% or more		
	Lower End: 0% (Potential negative adjustment if in City of San Bernardino School District)	Mid-Range: 0% to 1%	High-Range: 1% to 2%	Lower End: 2% to 4%	Mid-Range: 4% to 6%	High-Range: 6% to 8%	Lower End: 6% to 8%	Mid-Range: 8% to 12%	High-Range: Over 12%

Note: Value "enhancement" is relative to a standard single family home in a neighborhood with no community amenities or features. Value enhancements are not necessarily cumulative.

* Non-Master Plan Community Settings have a 1.5 point deduction from the Overall Community Amenity Assessment Scores based on the Master Plan vs. Non-Masterplan analysis.

MASTER PLAN COMMUNITY SETTING VS. NON-MASTER PLAN COMMUNITY SETTING

All the analyses of market data to this point in the study have been comparing values in master planned communities versus other master plans to determine the relative value enhancement attributable to varying levels of community amenities. There is also an inherent increase in home value for a home in a master planned community compared to a home that is not part of a master plan, which is pertinent to this study.

In reviewing the development plans for the Project and the Project Alternatives, three are considered to be “true” master planned communities, which would be cohesively developed in a timely manner, with enhanced community features, and with the anticipation of a master HOA to maintain the community: Avoidance of RAFSS Areas, Avoidance of Jurisdictional Waters, and the Proposed Project.

Two Lytle Creek development scenarios will not be developed as “true” master plans: No Project/Existing Zoning Alternative, and Avoidance of SBKR/LBV Alternative. These development scenarios would be developed in a more piecemeal fashion over a longer period of time, and major community amenities such as backbone roads, parks, and schools would not be constructed by the master developer and will be under the discretion and control of local municipalities.

To quantify the impact on home values for a location in a true master planned community versus a home in a non-master planned community setting and/or “stand-alone” setting, information was compiled and analyzed on home values in true master plans and compared to home values in non-MPC settings. Information was compiled on both new home values and for resales. These values were adjusted to account for value differences attributable to elements of comparison that impact values such as lot size, home size, year built, total tax rate, school district, location, etc.). In this way the value difference attributable strictly to a master plan setting versus a non-master plan setting can be isolated.

This analysis yielded values that represent the value adjustment typical for this market place for a master plan versus a non-master plan location. Therefore, it is reasonable to assume that the non-master plan development scenarios at Lytle Creek would have Adjusted Home Values that fall within the parameters of the local market. To translate the actual market adjustment results into value adjustments at Lytle Creek requires modifying the Amenity Score for those two development scenarios which will not be developed as “true” master plans: No Project/Existing Zoning Alternative, and Avoidance of SBKR/LBV Alternative. A back-and-forth iterative analysis was used to determine that the proper adjustment is to lower the Amenity Score for those two alternatives by 1.5 points. Adjusting less than 1.5 points results in home values at Lytle Creek that are too high and fall outside typical market parameters, and adjusting more than 1.5 points results in home values that are too low compared to the local market.

New Home Comparison Area Reviewed

1. Non-Master Plan New Homes in Fontana vs. Fontana MPC

Resale Comparison Areas Reviewed

1. Non-Master Plan Resales in Northeastern Rialto vs. Local Master Plans
2. Non-Master Plan Resales in Fontana vs. Fontana MPC’s in Fontana School District
3. Non-Master Plan Resales in Fontana vs. Fontana MPC’s in Etiwanda School District
4. Non-Master Plan Resales in Fontana South of I-210 vs. California Landings MPC, all in Etiwanda School District Only

(Please see Exhibits IV-4 (following) & related Exhibit IV-1 through IV-3 for more details.)

HM2 Solutions LLC/Reeb Development Consulting
c:\excel\113054d.xlsx (Non-MPC)

Conclusion:
In every case examined, homes in MPCs achieved higher values than homes not located in a master plan. In general, it appears that school district plays a role in that the price differential between MPC and non-MPC homes is greater in areas with lower quality schools. Homes in MPCs in higher quality school districts get less of a bump in value vs. non-MPC homes.

This is how the value in each respective MPC compares to non-MPC values.

**EXHIBIT IV-4
CALCULATION OF VALUE ADDED
FOR MASTER PLANNED SETTING
vs. NON-MASTER PLANNED SETTING
BASED ON RESALES
NOVEMBER, 2011**

COMMUNITY	AMENITY SCORE (Ex. 1-5)	RESALE MARKET DATA (Resales 6 months ending early November, 2011) (See Individual Master Plan Profiles for Detailed Sales Information)										ADJUSTMENTS TO PRICE (All adjusted to Non-Master Plan Parameters)				Master Plan vs. Non-MPC Value Difference
		LOT SIZE	HOME SIZE	SALES PRICE	PRICE/SQ.FT.	YEAR BUILT	SCHOOL DISTRICT	TAX RATE	Lot Size \$10/Sq.Ft.	Home Size \$60/Sq.Ft.	Home Age 0.69%/year	School District to Rialto	Tax Rate (50% of NPV)	Location vs. East of I-15	Adjusted Home Price	
1. Non-Master Plan Sales in Northeastern Rialto vs. Base Case Master Plan in Fontana/Rialto 1/																
Highest \$ MPC	4.3	5,977	2,632	\$293,984	\$112	2002	Fontana	1.90%	\$19,252	-\$31,836	-\$33,510	-\$11,759	\$12,088	\$0	\$248,219	16.5%
Average MPC	3.7	6,735	2,604	\$304,025	\$117	2002	Mixed	1.74%	\$11,667	-\$30,158	-\$34,015	-\$16,851	\$8,500	-\$4,747	\$238,422	11.9%
Base Case MPC	3.1	6,737	2,630	\$306,210	\$116	2002	Enwanda	1.50%	\$11,632	-\$32,896	-\$33,394	-\$24,497	\$2,518	\$0	\$229,993	7.7%
Rialto - Northeast	--	7,902	2,102	\$213,089	\$101	1986	Rialto	1.40%	\$0	\$0	\$0	\$0	\$0	\$0	\$213,089	--
2. Non-Master Plan Sales in Fontana vs. Fontana Master Plans in Fontana School District Only 2/																
Master Plans	4.1	6,008	2,707	\$301,453	\$111	2004	Fontana	1.77%	\$12,564	-\$13,117	\$2,423	\$0	-\$5,784	\$0	\$297,538	5.3%
Non-Master Plans	--	7,264	2,488	\$382,500	\$107	2006	Fontana	2.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$382,500	--
3. Non-Master Plan Sales in Fontana vs. Fontana Master Plans in Enwanda School District Only 3/																
Master Plans	3.5	7,275	2,444	\$308,235	\$126	2001	Enwanda	1.65%	\$4,744	-\$19,505	-\$4,477	\$0	\$6,337	-\$9,247	\$286,086	6.0%
Non-Master Plans	--	7,749	2,119	\$269,988	\$107	1999	Enwanda	1.40%	\$0	\$0	\$0	\$0	\$0	\$0	\$269,988	--
4. Non-Master Plan Sales in Fontana South of I-210 vs. California Landings, all in Enwanda School District Only 4/																
California Landings	3.4	6,689	2,144	\$278,801	\$130	1999	Fontana	1.40%	\$10,602	-\$1,537	\$608	\$0	\$0	\$0	\$288,474	6.8%
Non-Master Plans	--	7,749	2,119	\$269,988	\$127	1999	Fontana	1.40%	\$0	\$0	\$0	\$0	\$0	\$0	\$269,988	--

1/ Compares sales in northeastern Rialto not in a MPC vs. the "base case" master plan in the Fontana/Rialto market.

2/ Compares sales in the City of Fontana not in a MPC vs. the average of Fontana MPCs, all in the Fontana School District.

3/ Compares sales in the City of Fontana not in a MPC vs. the average of Fontana MPCs, all in the Enwanda School District.

4/ Compares sales in the City of Fontana not in a MPC vs. sales in California Landings, all in the Enwanda School District.

FINDINGS

The information compiled and evaluated on existing master planned communities in the Rialto/Fontana competitive market conclusively demonstrates that the market does place varying levels of premiums on different levels of community amenities contained within local master planned communities (“MPC”). The analysis assumes a “Base Case” Master Plan and compares it to the identified master planned communities in the Rialto/Fontana market, the Project, and the Project Alternatives. *(For more detail on the “Base Case” Master Plan, please see the Assumptions section of the report.)*

In general, the more amenitized the community, the higher the value of the homes within the community, and vice-versa. Broadly speaking, homes in communities with the “lowest” level or mix of amenities had lower values, homes in communities with a “medium” level or mix of amenities had values more towards the middle of the market, and homes with a “high” level or mix of amenities had higher values. Also, there is an inherent premium in being located within a “true” master plan community setting, over a non-master planned community setting. In general, homes located within a non-master planned community setting will have a value discount associated with them.

AMENITY SCORES

Every master planned community evaluated in the Fontana/Rialto market area has some community amenities that enhance the value of the homes in each respective community. As such, the amenity levels in the various Fontana/Rialto master plans were ranked and compared to each other.

Based on this review and comparison of amenities as well as adjusting for being in Non-Master Plan Community Setting, total amenity scores for the Project, Project Alternatives and the existing area master plans were determined to be as follows:

Average Community Amenity Score - Lytle Creek Alternatives	
1. No Project/Existing Zoning Plan	0.9
2. Avoidance of RAFSS Areas	3.6
3. Avoidance of Jurisdictional Waters	4.3
4. Avoidance of SBKR/LBV-Occupied Habitat	1.5
5. Proposed Project	5.1
Average Community Amenity Score - Rialto/Fontana MPCs	
1. Rosena Ranch	3.3
2. Shady Trails	4.9
3. Citrus Heights	3.0
4. Sierra Lakes	4.3
5. Summit Heights	3.1
6. California Landings	3.4
7. Coyote Canyon	3.3
8. Hunter's Ridge	4.0
* Market Average	3.7

(Please see Exhibits I-5 & I-6 for Amenity scoring details.)

AMENITY- HOME VALUE FORMULA

Utilizing the Adjusted Home Values (Exhibit I-3), the relative value attributable to different amenity categories was calculated (Exhibit I-4). Not every possible community amenity or every mix of amenities that could appear in a master plan community is present in the identified master planned communities in the Rialto/Fontana market and, as such, some extrapolation of the findings is necessary. The value opinion percentages depicted in Exhibit 1-4 assume a “typical” level of amenity quality seen in the Rialto/Fontana market and are based on both the statistical analysis shown therein and professional experience. (For a more detailed description of the amenities associated with the various value opinion percentages, please see Exhibit 1-6.)

Plotting the average community Amenity Scores from each existing master plan against the relative difference in Adjusted Home Value for each community (shown in Exhibit I-3), results in the following “best fit” linear mathematical formula for the Rialto/Fontana market: (See Exhibit I-2 below)

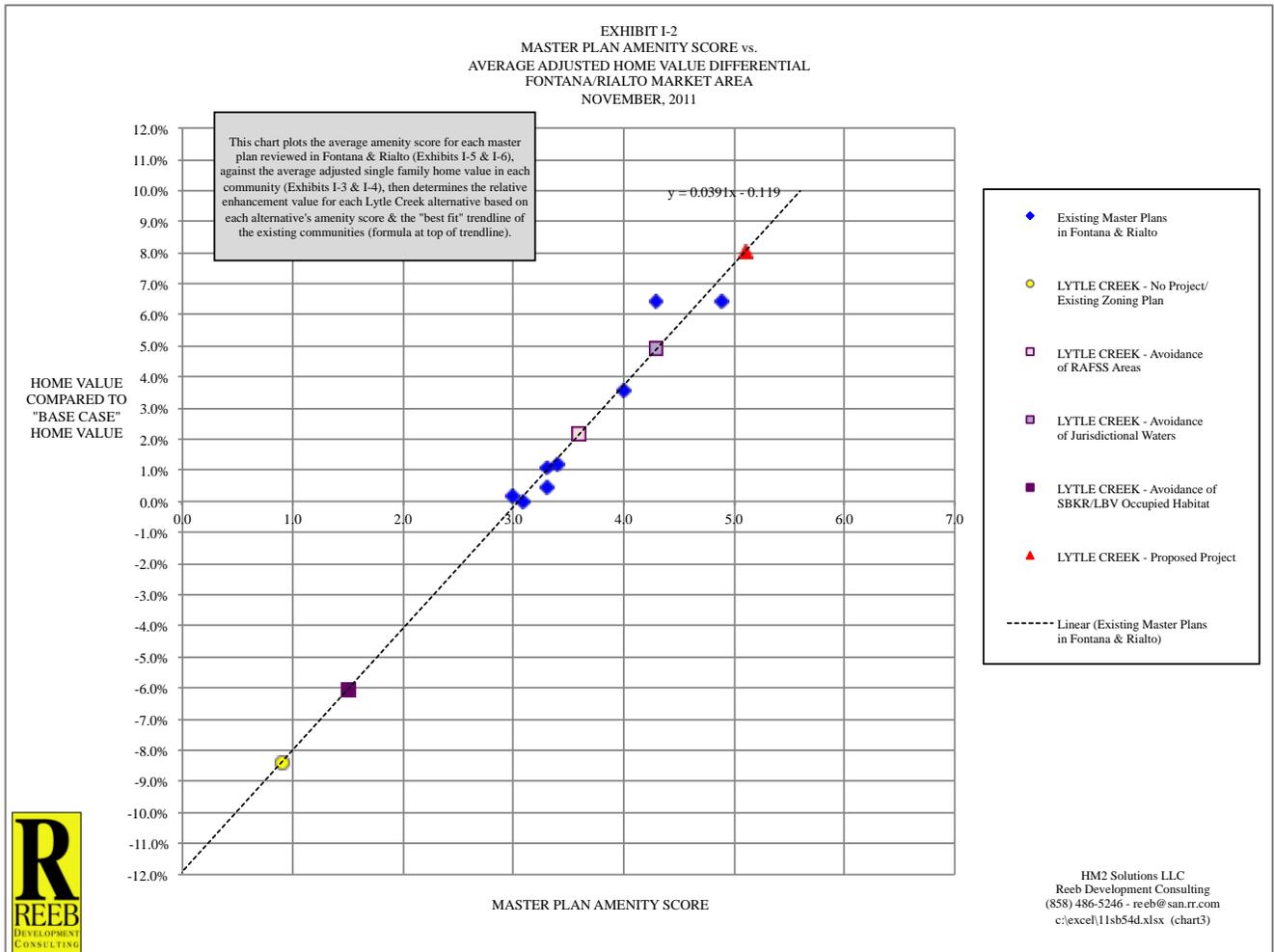
Amenity-Home Value Formula: $y = 0.0391x - 0.119$

where:

y = the relative adjusted home value vs. the “base case” MPC (the value being solved for)

x = the average community amenity score, and

0.119 = y -intercept



HOME VALUE ENHANCEMENT % - PROJECT & PROJECT ALTERNATIVES

Utilizing this Rialto/Fontana market **Amenity-Home Value Formula** ($y = 0.0391x - 0.119$), the potential relative home value enhancement for the five different Lytle Creek development scenarios were determined as follows: *(Please see Exhibit I.1 for details.)*

Calculation of Home Value Enhancement % for the Lytle Creek Ranch Project and Project Alternatives					
<i>Amenity-Home Value Formula: $y = 0.0391x - 0.119$; where y = Average Home Value Enhancement % and x = Amenity Score</i>					
	A	B		C	Ave. Home Value Enhancement % (y)
Lytle Creek Development Scenario	Amenity Score (x)	$.0391 \times \mathbf{A}$	<i>less</i>	0.119	(B - C) %
1. No Project/Existing Zoning Plan Alternative	0.9	0.03519	<i>less</i>	0.119	-8.4%
2. Avoidance of RAFSS Areas Alternative	3.6	0.14076	<i>less</i>	0.119	2.2%
3. Avoidance of Jurisdictional Waters Alternative	4.3	0.16813	<i>less</i>	0.119	4.9%
4. Avoidance of SBKR/LBV-Occupied Habitat Alternative	1.5	0.05865	<i>less</i>	0.119	-6.0%
5. Proposed Project	5.1	0.19941	<i>less</i>	0.119	8.0%

The figures in the tables above and to the right represent the relative change in value for the Lytle Creek Ranch Project and Project Alternatives as compared to a “base case” master plan in the Rialto/Fontana market at this time, based on the average amenity score for each alternative, and the Rialto/Fontana Amenity-Home Value Formula.

Average Home Value Enhancement – Lytle Creek Development Scenarios	
Compared to the Fontana/Rialto "Base Case" Master Plan	
1. No Project/Existing Zoning Plan	-8.4%
2. Avoidance of RAFSS Areas	2.2%
3. Avoidance of Jurisdictional Waters	4.9%
4. Avoidance of SBKR/LBV-Occupied Habitat	-6.0%
5. Proposed Project	8.0%

Since there are nuances to every existing master plan and each of the Lytle Creek development scenarios, the specific values determined with the formula should be considered “potential” value difference, not an exact literal conclusion of value difference. To account for the likelihood that different combinations of different amenity packages could translate into possible ranges of values, the specific Lytle Creek values calculated from the market formula were translated into “opinions” of value utilizing both the formula results, and our collective experience with valuing homes in master plans in other market areas.

As such, the following are opinions regarding the potential value enhancement range attributable to the different mix of amenities proposed under the Project and proposed Project Alternatives:

EXHIBIT I-1
FINAL CONCLUSIONS REGARDING
VALUE ENHANCEMENT ATTRIBUTABLE TO DIFFERENCES
IN LYTLE CREEK DEVELOPMENT PLANS 1/
NOVEMBER, 2011

HM2 Solutions LLC/Reeb Development Consulting
c:\excel\11sb54d.xlsx (final)

These figures represent the potential relative difference in home values at Lytle Creek corresponding to different amenity levels and development plans compared to a "base case" master plan in the Fontana/Rialto market area.

LYTLE CREEK DEVELOPMENT SCENARIOS	AMENITY SCORE (Exhibits I-5 & I-6)	CHANGE IN VALUE COMPARED TO "BASE CASE" MASTER PLAN 2/		
		Opinion of Value Low Range	Statistical Conclusion (Exhibit I-2)	Opinion of Value High Range
		1. No Project/Existing Zoning Plan	0.9	-10.0%
2. Avoidance of RAFSS Areas	3.6	2.0%	2.2%	3.0%
3. Avoidance of Jurisdictional Waters	4.3	4.5%	4.9%	5.5%
4. Avoidance of SBKR/LBV-Occupied Habitat	1.5	-7.0%	-6.0%	-5.0%
5. Proposed Project	5.1	7.0%	8.0%	9.0%

*Notes:
1/ All value difference conclusions assume that the each Lytle Creek alternative is developed as proposed as of 11/11/2011, and as presented in the Master Plan Amenity Profile exhibits in this report. Values assume all amenities are completed and available for use. Full values may not be achievable until all amenities are completed. Figures represent the difference in value for homes at Lytle Creek compared to the "base case" master plan value in the Fontana/Rialto competitive market area.
2. Statistical Conclusion: The relative value difference attributable to differences in development plans as determined by statistical analysis.
Opinion of Value: Professional opinion of potential value enhancement range based on statistical results & market experience.

Depending on the actual execution of each scenario's development, it is probable that the value differential for any given plan will fall within the low to high "opinion of value" range presented in the table above. If development plans deviate from the plans as defined at this point in time, values most likely would change accordingly. It should be noted that the value conclusions for Lytle Creek all assume that all amenities are completed and available for use. The full enhancement value may not be achievable until all the amenities are completed and in-use. For example, the home value enhancement attributable to a golf course likely will not be fully achievable until the golf course is actually built, is playable, and is in use.

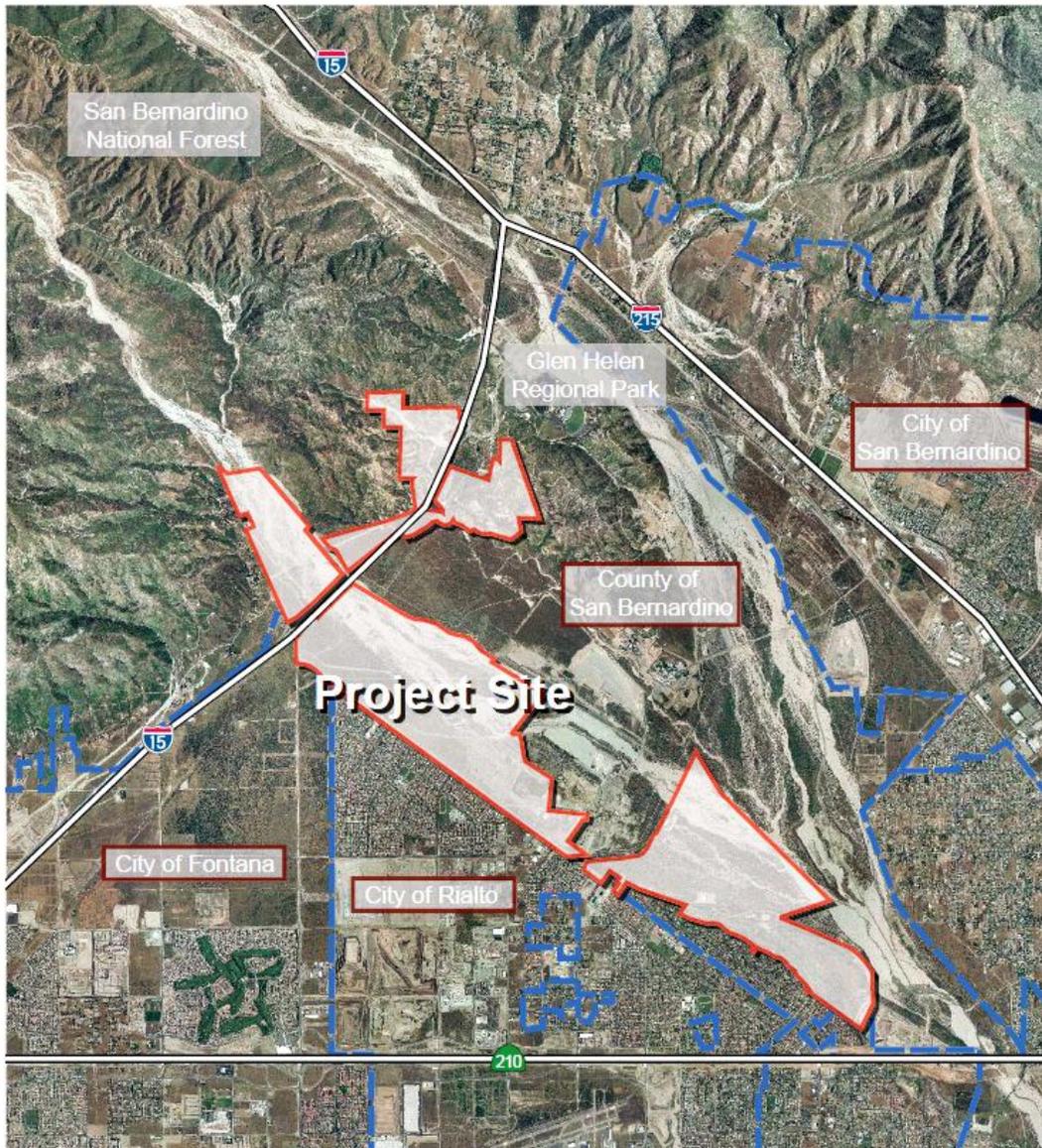
The "Proposed Project" scenario has the "highest" level and mix of amenities and the highest potential value enhancement. The "No Project/Existing Zoning Plan" and the "Avoidance of SBKR/LBV" alternatives have the lowest potential value enhancement, and in fact, these alternatives were determined to have negative adjustment values compared to the "base case" master plan. The "Avoidance of RAFSS Areas" and "Avoidance of Jurisdictional Waters" scenarios fall between the No Project/Existing Zoning Plan and "Proposed Project" scenarios, representing master plans that have amenities above the local "base case" master plan scenario, but below the potential of the extensive amenities of the "Proposed Project".

ASSUMPTIONS

Subject Property Overview

The Lytle Creek Ranch Specific Plan project site is 2,447.3 acres and is located within both the City of Rialto and unincorporated San Bernardino County. The project consists of non-contiguous land parcels that are bisected partially by both the I-15 freeway and the Lytle Creek Wash. Adjacent land uses include existing residential and some natural open space to the south; and natural open space to the north, east and west.

While the project has four neighborhood areas with varied land characteristics, for the purposes of this analysis the project has been approached from a global perspective and considers all land areas together.



The Lytle Creek Ranch Specific Plan Project and four Project Alternatives being considered are evaluated under this assignment.

Please see next page for Exhibit I-7: a summary of Proposed Project and Project Alternative land uses.

Proposed Project and Alternative Land Use Plan Statistics

(Exhibit I-7)

Land Use Statistics		No Project/Existing Zoning Designation ¹				Avoidance of RAFSS Areas ²				Avoidance of Jurisdictional Waters ³				Avoidance of SBKR/LBV-Occupied Habitat ⁴				Proposed Project: Lytle Creek Ranch Specific Plan ⁵				
Land Use	Notation	Units	Min. Lot Size (square feet)	Density DU/Acr	Acres	Units	Avg. Lot Size (square)	Density DU/Acre	Acres	Units	Avg. Lot Size (square)	Density DU/Acre	Acres	Units	Avg. Lot Size	Density DU/Acre	Acres	Units	Avg. Lot Size	Density DU/Acre	Acres	
RESIDENTIAL		2215			941.0	4872			566.4	5846			635.6	7485			841.6	8407			939.4	
SFD- Golf Course Comm. (GHSP)	GCS	12		0.05	266.0																	
SFD - Rural Living (County)	RL	5	(2.5 Acres)	0.38	13.1																	
SFD-Single Family Res.(County)	RS-20M	245	(20,000 Sq.Ft.)	2	112.5																	
SFD -Special Development (LCNPD)	SD- RES	147	10,000 Sq.Ft.	4.2	35.0																	
SFD- Single Family Zone (City)	R- 1A	1175	(10,000 Sq.Ft.)	3.1	385.0																	
SFD-Single Family Res.(County)	RS- 10M	3	(10,000 Sq.Ft.)	4.3	0.7																	
SFD -Special Dev. LCNPD	SD- RES	328	(6,000 Sq.Ft.)	5.1	64.7																	
SFD -Golf Course Res. GHSP)	GCR	300		4.7	64.0																	
Single Fam.Residential 1	SFR-1					693	7000	3.6	192.5	530	7000	3.6	147.2	936	7000	3.6	259.9	943	7000	3.6	263.2	
Single Fam.Residential 2	SFR-2					813	5000	6.3	129.1	1491	5000	6.3	236.7	1549	5000	6.3	245.9	1908	5000	6.3	304.5	
Single Fam.Residential 3	SFR-3					1955	varied	10.9	179.4	1948	varied	10.9	178.7	2419	varied	10.9	221.9	2403	varied	10.9	220.0	
Multi-Family Residential(Condo)	MFR					576	attached	17.2	33.5	552	attached	17.2	32.1	1256	attached	17.2	73.0	1828	attached	17.2	106.3	
High Density Res. (Apartments)	HDR					835	attached	26.2	31.9	1325	attached	32.4	40.9	1325	attached	32.4	40.9	1325	attached	29.2	45.4	
COMM. FACILITY					0.0				15.1				41.1				26.0				41.0	
Elementary School w/JU Park	ES & OS/JU					1 school			15.1	1 school			15.1				15.1	1 school			15.0	
Elem/Middle School-w/JU Park	ES/MS & OS/JU									1 school			26.0	1 school			26.0	1 school			26.0	
OPEN SPACE (OS)/ RECREATION					174.2				61.4				292.0				301.4				363.8	
OS (LCNPD)					6.2																	
Park (LCNPD)					11.0																	
Golf Course (ERVSP)					157.0																	
OS/Recreation	OS/R				0.0				61.4				292.0				301.4				363.8	
Open Space	OS/R								30.5				60.8				94.4				75.3	
⁶ New Golf Course	OS/R												207.0				207.0				207.0	
Sports Park	OS/R																				35.0	
Grand Paseo Park (Active)	OS/R								16.9				10.2								23.5	
Private Recreation Centers	OS/R	None.				3 Recreation Centers			14.0	3 Recreation Centers			14.0	None.				4 Recreation Centers			23.0	
COMMERCIAL/IND		1,097,418			63.8				63.8				86.3	820,540			96.1				95.6	
Commercial (LCNPD)		648,750			40.8																	
Comm.-Travel Service(LCNPD)		209,088			12.0																	
General Manufacturing (City)		239,580			11.0																	
Village Center (VC)						602,827			63.8	730,893			86.3	820,540			96.1	849,420			95.6	
OTHER					70.8				99.9				109				111.2				134.5	
SCE Right-of-Way					17.1																	
Roads					53.7				99.9				109				111.2				134.5	
NO USE AREA					1197.5				1640.7				1283.3				1071.0				908.0	
Floodway (County)					1197.5																	
Preserved Listed Species Habitat									1105.7								596.6					
Preserved Non-Listed Species Habitat									399.8								345.4					
Listed Species Hab.(within 100 ft Levee)									25.6								44.4					
Non-List.Species Hab.(within 100 ft Levee)									90.1								84.6					
Preserved Sensitive Riparian Community									19.5													
Non-WoUS & WoS within 100 feet of Levee													97.9									
Preserved Areas													380.7									
Preserved Areas that may contain WoUS/WoS not delineated													678.8									
WoUS/WoS eithin 100 feet of levee													0.4									
Preserved WoUS/Wos													125.5									
Open Space (Undisturbed)																						908
GRAND TOTAL		2,215 units			2447.3	4,872 units			2447.3	5,846 units			2447.3	7,485 units			2447.3	8,407 units			2447.3	

Source Data : ¹ Table 7-3 LCRSP Draft Environmental Impact Report, March 2010. ² Land-Use and Development Assumptions -- Alternative 3: Avoidance of RAFSS Areas, by KTGy Group Inc. ³ Land-Use and Development Assumptions -- Alternative 4: Avoidance of Jurisdictional Waters. by KTGy Group Inc. ⁴ Land-Use and Development Assumptions -- Alternative 2: Avoidance of SBKR/LBV-Occupied Habitat, by KTGy Group Inc. ⁵ Table 3.1 Lytle Creek Ranch Lland Use Summary - Lytle Creek Ranch Specific Plan March 2010. ⁶ Figure 3.1 Conceptual Land Use Plan -- Lytle Creek Ranch Specific Plan March 2010. Also Lytle Creek Ranch Specific Plan- March 2010 with Draft Environmental Impact Report, Section 7.0. Interviews with Lytle Development Joint Venture III. Conceptual Alternative Land Plans entitled: Waters of the U.S. and State Impact Minimization Alternative, RAFSS Communities Impact Minimization Alternative, Listed Species Impact Minimization Alternative as provided by Lytle Development Joint Venture III.

“Base Case” Master Plan Description

Every master planned community evaluated in the Fontana/Rialto market area has some community amenities that enhance the value of the homes in each respective community. There is no master plan in the area with no amenities whatsoever. As such, the amenity levels in the various Fontana/Rialto master plans were ranked and compared to each other and correlated with Adjusted Home Values for each identified master planned community to determine the relative difference in value attributable to the package of amenities included in each master plan. Generally speaking, the higher the amenity ranking, the greater the home value enhancement, and the lower the amenity ranking, the lower the home value enhancement. Since every community examined had some amenities, there was no community with an amenity score of 1.0 (the lowest ranking category in the Amenity Ranking Exhibits I-5 & I-6).

The community with the lowest Adjusted Home Value was determined to be the “base case” master plan from a value perspective (Summit Heights). Then the Adjusted Home Values in the other master plans were compared to this “base case” master plan. In this analysis, the “base case” master plan refers to the master plan with the lowest Adjusted Home Value, not necessarily the community with the lowest amenity score (although Summit Heights did have the second lowest Amenity Score at 3.1). As such, the adjusted home value of the “base case” master plan was used as the value against which the other master plans were measured. So any master plan with an amenity score over about 3.0 would have a positive value enhancement relative to the base case (more amenities equals higher value), and any master plan with an Amenity Score below about 3.0 would have a negative value adjustment relative to the base case (fewer amenities equals lower value).

There is an extremely close correlation in the Fontana/Rialto market area between master plan Amenity Score and Adjusted Home Value in the eight identified master planned communities examined. But, as would be expected in pretty much any real estate market, there are always circumstances that do not necessarily “fit the mold”. Hence, the Amenity Score vs. Adjusted Home Value is not necessarily an exactly precise one-to-one relationship, although the correlation in this market is very high, proving that amenity level is a very strong predictive indicator of potential home value in the Fontana/Rialto market area.

“True” Master Plan Community Setting vs. Non-Master Plan Community Setting

“True” Master Plan Community Setting. For the purpose of this analysis, a “true” master planned community is defined as a community that has been planned and developed as a cohesive, integrated whole, with a master developer responsible for developing and completing most or all major community infrastructure and improvements in a timely manner (generally in conjunction with the construction of homes in the community, not after all homes are completed). Also, a master planned community most likely will have a funding mechanism in place for on-going maintenance of community facilities (such as a master home owners association) and have community features /amenities greater in scope or higher in quality than might otherwise be developed.

With a master developer completing community improvements in a timely manner, there is less “market risk” associated with those features actually being completed, and more “usage utility” assuming that the facilities are completed sooner and available for use. There is therefore more value to the homes here, than if the same features were merely promised as potential future amenities to be completed at some point in the future, potentially by a different entity than the master developer.

The Proposed Project, Avoidance of RAFSS Areas Alternative, and Avoidance of Jurisdictional Waters Alternative meet the criteria of a “True” Master Plan Community Setting.

Non-Master Plan Community Setting. In this analysis, non-master plans, and/or “stand-alone” developments, are considered to be more “piecemeal” in nature. Typically, if a community is developed “piece-by-piece” instead of all at once, major community infrastructure such as roads, schools, parks, etc. are not completed all upfront, but are done either after a certain number of homes have been completed, or after all homes have been completed, and in some cases, never at all. Selling or deeding land to a local municipality for later development often, though of course not always, results in delays in improvements being implemented, improvements taking place in a manner not consistent with the original community vision, or in extreme cases, not taking place at all. There are many examples of school and park sites never being developed after land has been either sold or deeded to a local municipality, either due to lack of funding, or for whatever reason.

As such, there is always some inherent market risk that a promised community feature might not be built, or might not be built in the manner originally intended, if it is not in place while homes are being sold in a community. For this reason, homes in a given area typically do not achieve full value enhancement until promised community features are actually built (and built as originally approved/proposed), and in most market areas, homes in a non-MPC and/or stand-alone setting usually sell at discounted values versus homes in a cohesively developed and maintained master planned community.

The No Project/Existing Zoning Alternative and Avoidance of SBKR/LBV Alternative meet the criteria of a Non-Master Plan Community Setting. Please see Appendix IV for further detail.

Lytle Creek Ranch Project and Project Alternatives Amenities Analysis

NO PROJECT/EXISTING ZONING PLAN ALTERNATIVE (EXHIBIT I-8)

The No Project/Existing Zoning alternative features approximately 2,215 detached homes on 2,447.3 acres. The property is not gated and has unusually large lot sizes for the Rialto/Fontana submarket (*range is from a minimum lot size of 6,000 square feet to 2.5 acres*). Overall, 86% of lots in the community are over 9,000 square feet. The plan has no active parks or private recreation facilities.

This alternative includes the existing 157 acre El Rancho Verde golf course that is bordered to the south by existing homes built mostly from the late 1950s through the mid-1970s.

EXHIBIT I-8 LYTLE CREEK RANCH SPECIFIC PLAN ALTERNATIVE : NO PROJECT / EXISTING ZONING PLAN NOVEMBER, 2011		HM2 Solutions LLC/Reeb Development Consulting c:\excel\11sb54q2.xlsx (LCR Existing)	
MASTER PLAN: COUNTY: SUBMARKET: CITY: ZIP:	No Project / Existing Zoning Plan San Bernardino Fontana/Rialto Rialto, CA 92377	STATUS: ESTIMATED TOTAL HOMES: ESTIMATED TOTAL ACRES: GROSS DENSITY (DUs/acre): MASTER HOA ANTICIPATED:	Entitlement 2215 2447.3 0.9 No
MASTER PLAN CHARACTERISTICS (Note: All statements refer to conceptual land plans and uses as the project is not built.)			
HOUSING TYPES	Detached Homes. 86% of homes have a lot size of over 9,000 square feet.	The balance have a minimum lots size of 6,000 square feet.	
COMMUNITY ENTRY	Not gated. No monumentation/definition. Perimeter wall (Area Stand-alone)	Interior streets (Area Standard) No neighborhood entry definition.	
SCHOOLS	No schools within the community. Existing elementary, middle & high school support residents.	Mostly in Rialto Unified School District (USD). Rated 4 out of 10 by GreatSchools Inc. Northern sections are in San Bernardino City USD -Rated 3 out of 10. Portions in Fontana USD- Rated 5 out of 10.	
PARKS	Green space areas (may have paths, benches)		
PRIVATE RECREATIONAL FACILITIES	None.		
MAJOR COMMUNITY INFLUENCES (Excluding Golf)	Adjacent to open space, but somewhat non-distinguished.		
GOLF COURSE	Old public course.		
OPEN SPACE	Adjacent flood control channel. (No resident use. 1197.5 acres.)		
OTHER COMMUNITY LAND USES	Travel related commercial near I-5 (Motel-Gas, etc.) 12 acres Commercial Area (Retail, Office, Business Park etc.) 40.8 acres	Manufacturing Area 11 acre	
Source data: Lytle Creek Ranch Specific Plan- March 2010 with Draft Environmental Impact Report, Section 7.0 ; Interview with Lytle Development Joint Venture III; GreatSchools Inc., a leading source of information on school performance with rankings based on test scores (greatschools.org); San Bernardino City Unified School District (http://www.sbcusd.k12.ca.us/); Rialto Unified School District (http://www.rialto.k12.ca.us).			

The No Project/Existing Zoning Alternative has no schools. The community will be served by Rialto Unified School District (*rated 4 out of 10 by GreatSchools Inc.*); San Bernardino City Unified School District (*rated 3 out of 10 by GreatSchools Inc.*); and also Fontana Unified School District (*rated 5 out of 10 by GreatSchools Inc.*). The plan has 12 acres of Travel related commercial near Interstate 15, as well as an 11-acre site for manufacturing. 40.8 acres is dedicated to commercial uses such as retail, office, and business park. The commercial areas would bring retail and services conveniently within the community. There are 1,198 acres of County floodway in the plan.

The No Project/Existing Zoning Plan is not considered to be a “true” master plan community setting.

Overall, this alternative has an adjusted Amenity Score of 0.9. The Amenity Score is the lowest score of the five development scenarios being considered for Lytle Creek. A summary of the Amenity Score attributes is below.

COMMUNITY CHARACTERISTIC	AMENITY "LEVEL"								
	"LOW"			"MEDIUM"			"HIGH"		
	1	2	3	4	5	6	7	8	9
1. COMMUNITY ENTRY & PERIMETER	1 Existing Plan								
2. PARKS and/or FACILITIES OPEN TO THE PUBLIC		2 Existing Plan							
3. PRIVATE RECREATIONAL FACILITIES	1 Existing Plan								
4. MAJOR COMMUNITY ENVIRONMENTAL INFLUENCES				4 Existing Plan					
5. GOLF COURSE			3 Existing Plan						
6. SCHOOL DISTRICT (Value comparison to Rialto District)		2 Existing Plan							
7. OTHER LAND USES (Including schools)				4 Existing Plan					
8. OVERALL COMMUNITY AMENITY ASSESSMENT *	Existing Plan**0.9 (2.4)								

(From Exhibit 1-5)

Note: Value "enhancement" is relative to a standard single family home in a "base case" master planned community. Value enhancements are not necessarily cumulative.

*Number shown is the average of the amenity score in each characteristic category

**1.5 points were deducted from amenity score to reflect that the community is in a Non-Master Plan Community setting.

The Home Value Enhancement % for this alternative is -8.4% as compared to a “base case” master plan in the Rialto/Fontana market and shown below.

Calculation of Home Value Enhancement % for the Lytle Creek Ranch Project and Project Alternatives					
Amenity-Home Value Formula: $y = 0.0391x - 0.119$; where y = Average Home Value Enhancement % and x = Amenity Score					
	A	B		C	Ave. Home Value Enhancement % (y)
Lytle Creek Development Scenario	Amenity Score (x)	.0391 x A	less	0.119	(B - C) %
1. No Project/Existing Zoning Alternative	0.9	0.03519	less	0.119	-8.4%

AVOIDANCE OF RAFSS AREA ALTERNATIVE (EXHIBIT I-9)

The Avoidance of RAFSS Area Alternative features approximately 4,872 detached homes, attached homes, and apartments, on 2,447.3 acres. The property is not gated, but features community monumentation and definition. The plan also features two recreation centers each spanning 6 acres. Amenities envisioned include a pool, small water splash park, tot lot and modest clubhouse with event space. There is also planned a 3 acre recreation center with fitness center, pool, spa and event spaces. A master Home Owners Association is envisioned to maintain these facilities.

EXHIBIT I-9
 LYTLE CREEK RANCH SPECIFIC PLAN
 ALTERNATIVE: AVOIDANCE OF RAFSS AREAS
 NOVEMBER, 2011

HM2 Solutions LLC/Reeb Development Consulting
 c:\excel\11sb54q2.xlsx (LCR RAFSS)

MASTER PLAN:	Avoidance of RAFSS Areas	STATUS:	Entitlement
COUNTY:	San Bernardino	ESTIMATED TOTAL HOMES:	4872
SUBMARKET:	Fontana/Rialto	ESTIMATED TOTAL ACRES:	2447.3
CITY:	Rialto, CA	GROSS DENSITY (DUs/acre):	2.0
ZIP:	92377	MASTER HOA ANTICIPATED:	Yes.

MASTER PLAN CHARACTERISTICS

(Note: All statements refer to conceptual land plans and uses as the project is not built.)

HOUSING TYPES	Detached Homes, Patio homes, Townhomes, Condos, Apartments	
COMMUNITY ENTRY	Not gated. Modest entry monumentation/ definition. Perimeter wall (Area Standard)	Streets have standard area design. No neighborhood entry definition.
SCHOOLS	1 new elementary school in community with 5 acre park adjacent. <i>(for 1/2 community)</i> Existing elementary, middle & high school also support residents.	Mostly in Rialto Unified School District (USD). Rated 4 out of 10 by GreatSchools Inc. Northern sections are in San Bernardino City USD - Rated 3 out of 10. Portions in Fontana USD-Rated 5 out of 10.
PARKS	Paseo Park envisioned with active recreation uses like half court basketball, bbq/picnic, play equipment (non-contiguous, est. 16.9 acre)	
PRIVATE RECREATIONAL FACILITIES	2 Recreations Centers. Envisioned with pool, small splash park, tot lot, and modest event space.	1 Recreation Center envisioned with Clubhouse (fitness), pool, spa, and event spaces.
MAJOR COMMUNITY INFLUENCES <i>(Excluding Golf)</i>	Adjacent to open space, but somewhat non-distinguished.	
GOLF COURSE	None.	
OPEN SPACE	Preserved, non-use areas (1640.7 acres).	
OTHER COMMUNITY LAND USES	Commercial Areas (retail, office, business park uses etc.)	63.8 acres of commercial uses total.

Source data: Lytle Creek Ranch Specific Plan- March 2010 with Draft Environmental Impact Report, Section 7.0 ; Interview with Lytle Development Joint Venture III; Conceptual Alternative Land Use Map entitled--RAFSS Communities Impact Minimization Alternative; GreatSchools Inc., a leading source of information on school performance with rankings based on test scores (greatschools.org); San Bernardino City Unified School District (<http://www.sbcusd.k12.ca.us/>); Rialto Unified School District (<http://www.rialto.k12.ca.us/>).

There is no golf course in the Avoidance of RAFSS Area Alternative. There is a Paseo Park envisioned in the community with some active recreation, but it is not contiguous in design.

The plan features a new elementary school (10 acres) with an adjacent 5.1 acre park which will be part of the Rialto Unified School District. Overall the community will be served by Rialto Unified School District (*rated 4 out of 10 by GreatSchools Inc.*); San Bernardino City Unified School District (*rated 3 out of 10 by GreatSchools Inc.*); and also Fontana Unified School District (*rated 5 out of 10 by GreatSchools Inc.*).

The plan has 63.8 acres of Village Commercial for uses such as retail, office, and business park. The commercial areas would bring retail and services conveniently within the community. There are 1,641 acres of preserved “non-use” areas in the plan.

The Avoidance of RAFSS Area Plan is considered to be a “true” master plan community setting.

Overall, this alternative has an Amenity Score of 3.6. A summary of the Amenity Score attributes is below.

COMMUNITY CHARACTERISTIC	AMENITY "LEVEL"								
	"LOW"			"MEDIUM"			"HIGH"		
	1	2	3	4	5	6	7	8	9
1. COMMUNITY ENTRY & PERIMETER		Avoid RAFSS							
2. PARKS and/or FACILITIES OPEN TO THE PUBLIC					Avoid RAFSS				
3. PRIVATE RECREATIONAL FACILITIES					Avoid RAFSS				
4. MAJOR COMMUNITY ENVIRONMENTAL INFLUENCES				Avoid RAFSS					
5. GOLF COURSE	Avoid RAFSS								
6. SCHOOL DISTRICT (Value comparison to Rialto District)		Avoid RAFSS							
7. OTHER LAND USES (Including schools)						Avoid RAFSS			
8. OVERALL COMMUNITY AMENITY ASSESSMENT *			Avoid RAFSS 3.6						

(From Exhibit 1-5)
 Note: Value "enhancement" is relative to a standard single family home in a "base case" master planned community. Value enhancements are not necessarily cumulative.
 *Number shown is the average of the amenity score in each characteristic category

The Home Value Enhancement % for this alternative is 2.2% as compared to a “base case” master plan in the Rialto/Fontana market and shown below.

Calculation of Home Value Enhancement % for the Lytle Creek Ranch Project and Project Alternatives					
Amenity-Home Value Formula: $y = 0.0391x - 0.119$; where y = Average Home Value Enhancement % and x = Amenity Score					
	A Amenity Score (x)	B .0391 x A	less	C 0.119	Ave. Home Value Enhancement % (y) (B - C) %
Lytle Creek Development Scenario					
2. Avoidance of RAFSS Areas Alternative	3.6	0.14076	less	0.119	2.2%

AVOIDANCE OF JURISDICTIONAL WATERS ALTERNATIVE (EXHIBIT I-10)

The Avoidance of Jurisdictional Waters Alternative features approximately 5,846 detached homes, attached homes, and apartments, on 2,447.3 acres. The property is not gated, but features community monumentation and definition.

The plan features two recreation centers each spanning 6 acres. Amenities envisioned include a pool, small water splash park, tot lot and modest club house with event space. There is also planned a 3 acre recreation center with fitness center, pool, spa and event spaces. A master Home Owners Association is envisioned to maintain these facilities.

EXHIBIT I-10
 LYTLE CREEK RANCH SPECIFIC PLAN
 ALTERNATIVE : AVOIDANCE OF JURISDICTIONAL WATERS
 NOVEMBER, 2011

HM2 Solutions LLC/Reeb Development Consulting
 c:\excel\11sb54q2.xlsx (LCR J.WATERS)

MASTER PLAN:	Avoidance of Jurisdictional Waters	STATUS:	Entitlement
COUNTY:	San Bernardino	ESTIMATED TOTAL HOMES:	5846
SUBMARKET:	Fontana/Rialto	ESTIMATED TOTAL ACRES:	2447.3
CITY:	Rialto, CA	GROSS DENSITY (DU\$/acre):	2.4
ZIP:	92377	MASTER HOA ANTICIPATED:	Yes

MASTER PLAN CHARACTERISTICS (Note: All statements refer to conceptual land plans and uses as the project is not built.)		
HOUSING TYPES	Detached Homes, Patio homes, Townhomes, Condos, Apartments	
COMMUNITY ENTRY	Not gated. Modest entry monumentation/ definition. Perimeter wall (Area Standard)	Streets have standard area design. No neighborhood entry definition.
SCHOOLS	1 new elementary school in community w/5 acre park adjacent. 1 new elementary/middle school in community w/12 acre park adjacent. Existing high schools.	Mostly in Rialto Unified School District (USD). Rated 4 out of 10 by GreatSchools Inc. Northern sections are in San Bernardino City USD - Rated 3 out of 10. Portions in Fontana USD-Rated 5 out of 10.
PARKS	Paseo Park envisioned with active recreation uses like half court basketball, bbq/picnic, play equipment (non-contiguous, est. 10.2 acre)	
PRIVATE RECREATIONAL FACILITIES	2 Recreations Centers (6 acres each). Envisioned with pool, small splash park, tot lot, and modest event space.	1 Recreation Center (3 acres) Envisioned with Clubhouse (fitness), pool, spa, and event spaces.
MAJOR COMMUNITY INFLUENCES <i>(Excluding Golf)</i>	Adjacent to open space, but somewhat non-distinguished.	
GOLF COURSE	Modernized public golf course.	
OPEN SPACE	Preserved, non-use areas (1283.3 acres).	
OTHER COMMUNITY LAND USES	Several Commercial Areas (Retail, Office, Business Park etc.)	86.3 acres of commercial uses total.

Source data: Lytle Creek Ranch Specific Plan- March 2010 with Draft Environmental Impact Report, Section 7.0 ; Interview with Lytle Development Joint Venture III; Conceptual Alternative Land Use Map entitled--Waters of the U.S. and State Impact Minimization Alternative; GreatSchools Inc., a leading source of information on school performance with rankings based on test scores (greatschools.org); San Bernardino City Unified School District (<http://www.sbcusd.k12.ca.us/>); Rialto Unified School District (<http://www.rialto.k12.ca.us/>).

There is a modernized public golf course in the plan (approximately 207 acres). A Paseo Park with active recreation is envisioned for the community, but it is not contiguous in design.

The plan features a new elementary school (10 acres) with a 5.1 acre park adjacent and a new K-8 school (14 acres) with an adjacent 12.1 acre park. Both new schools will be part of the Rialto Unified School District. Overall the community will be served by Rialto Unified School District (*rated 4 out of 10 by GreatSchools Inc.*); San Bernardino City Unified School District (*rated 3 out of 10 by GreatSchools Inc.*); and also Fontana Unified School District (*rated 5 out of 10 by GreatSchools Inc.*).

The plan has 86.3 acres of Village Commercial for uses such as retail, office, and business park. The commercial areas would bring retail and services conveniently within the community. There are 1,283 acres of preserved “non-use” areas in the plan.

The Avoidance of Jurisdictional Waters Alternative is considered to be a “true” master plan community setting.

Overall, this alternative has an Amenity Score of 4.3. The score is the second highest score of the five development scenarios being considered for Lytle Creek Ranch, and is above the average Amenity Score of 3.7 for all the existing master plans reviewed under this analysis. A summary of the Amenity Score attributes is below.

COMMUNITY CHARACTERISTIC	AMENITY "LEVEL"								
	"LOW"			"MEDIUM"			"HIGH"		
	1	2	3	4	5	6	7	8	9
1. COMMUNITY ENTRY & PERIMETER		Avoid Jur. Waters							
2. PARKS and/or FACILITIES OPEN TO THE PUBLIC					Avoid Jur. Waters				
3. PRIVATE RECREATIONAL FACILITIES					Avoid Jur. Waters				
4. MAJOR COMMUNITY ENVIRONMENTAL INFLUENCES				Avoid Jur. Waters					
5. GOLF COURSE					Avoid Jur. Waters				
6. SCHOOL DISTRICT (Value comparison to Rialto District)		Avoid Jur. Waters							
7. OTHER LAND USES (Including schools)							Avoid Jur. Waters		
8. OVERALL COMMUNITY AMENITY ASSESSMENT *				Avoid Jur. Waters	4.3				

(From Exhibit 1-5)

Note: Value "enhancement" is relative to a standard single family home in a "base case" master planned community. Value enhancements are not necessarily cumulative.

*Number shown is the average of the amenity score in each characteristic category

The Home Value Enhancement % for this alternative is 4.9% as compared to a “base case” master plan in the Rialto/Fontana market and shown below.

Calculation of Home Value Enhancement % for the Lytle Creek Ranch Project and Project Alternatives					
<i>Amenity-Home Value Formula: $y = 0.0391x - 0.119$; where y = Average Home Value Enhancement % and x = Amenity Score</i>					
	A	B		C	Ave. Home Value Enhancement % (y)
Lytle Creek Development Scenario	Amenity Score (x)	.0391 x A	less	0.119	(B - C) %
3. Avoidance of Jurisdictional Waters Alternative	4.3	0.16813	less	0.119	4.9%

AVOIDANCE OF SBKR/LBV-OCCUPIED HABITAT ALTERNATIVE (EXHIBIT I-11)

The Avoidance of SBKR/LBV-Occupied Habitat Alternative features approximately 7,484 detached homes, attached homes, and apartments, on 2,447.3 acres. The property is not gated.

There is a modernized public golf course in the plan (approximately 207 acres). There are no formal active recreational parks dedicated to the community. However, the plan features a new K-8 school (14 acres) and adjacent 12-acre park adjacent which will be part of the Rialto Unified School District. Overall the community will be served by Rialto Unified School District (*rated 4 out of 10 by GreatSchools Inc.*); San Bernardino City Unified School District (*rated 3 out of 10 by GreatSchools Inc.*); and also Fontana Unified School District (*rated 5 out of 10 by GreatSchools Inc.*).

EXHIBIT I-11 LYTLE CREEK RANCH SPECIFIC PLAN ALTERNATIVE : AVOIDANCE OF SBKR/LBV-OCCUPIED HABITAT NOVEMBER, 2011		HM2 Solutions LLC/Reeb Development Consulting c:\excel\11sb54q2.xlsx (LCR SBKR LBV)	
MASTER PLAN: COUNTY: SUBMARKET: CITY: ZIP:	Avoidance of SBKR/LBV-Habitat San Bernardino Fontana/Rialto Rialto, CA 92377	STATUS: ESTIMATED TOTAL HOMES: ESTIMATED TOTAL ACRES: GROSS DENSITY (DUs/acre): MASTER HOA ANTICIPATED:	Entitlement 7484 2447.3 3.1 No
MASTER PLAN CHARACTERISTICS (Note: All statements refer to conceptual land plans and uses as the project is not built.)			
HOUSING TYPES	Detached Homes, Patio homes, Townhomes, Condos, Apartments		
COMMUNITY ENTRY	Not gated. No monumentation/definition. Perimeter wall (Area Stand-alone)	Interior streets (Area Standard) No neighborhood entry definition.	
SCHOOLS	1 new elementary/middle school in community with 12 acre park adjacent. Existing elementary, middle & high school will also support residents.	Mostly in Rialto Unified School District (USD). Rated 4 out of 10 by GreatSchools Inc. Northern sections are in San Bernardino City USD - Rated 3 out of 10. Portions in Fontana USD-Rated 5 out of 10.	
PARKS	Green space areas (may have paths, benches)		
PRIVATE RECREATIONAL FACILITIES	None.		
MAJOR COMMUNITY INFLUENCES (Excluding Golf)	Adjacent to open space, but somewhat non-distinguished.		
GOLF COURSE	Modernized public golf course.		
OPEN SPACE	Preserved, non-use areas (1071 acres).		
OTHER COMMUNITY LAND USES	Several Commercial Areas (Retail, Office, Business Park etc.)	96.1 acres of commercial uses total.	
Source data: Lytle Creek Ranch Specific Plan- March 2010 with Draft Environmental Impact Report, Section 7.0 ; Interview with Lytle Development Joint Venture III; Conceptual Alternative Land Use Map entitled--Listed Species Impact Minimization Alternative; GreatSchools Inc., a leading source of information on school performance with rankings based on test scores (greatschools.org); San Bernardino City Unified School District (http://www.sbcusd.k12.ca.us/); Rialto Unified School District (http://www.rialto.k12.ca.us/).			

The plan has 96.1 acres of Village Commercial for uses such as retail, office, and business park. The commercial areas would bring retail and services conveniently within the community. There are 1,071 acres of preserved "non-use" areas in the plan.

Avoidance of SBKR/LBV-Occupied Habitat plan is not considered to be a "true" master plan community setting.

Overall, this alternative has an adjusted Amenity Score of 1.5. This score is the second lowest for the five development scenarios for Lytle Creek Ranch.

COMMUNITY CHARACTERISTIC	AMENITY "LEVEL"								
	"LOW"			"MEDIUM"			"HIGH"		
	1	2	3	4	5	6	7	8	9
1. COMMUNITY ENTRY & PERIMETER	Avoid SBKR/LBV								
2. PARKS and/or FACILITIES OPEN TO THE PUBLIC		Avoid SBKR/LBV							
3. PRIVATE RECREATIONAL FACILITIES	Avoid SBKR/LBV								
4. MAJOR COMMUNITY ENVIRONMENTAL INFLUENCES				Avoid SBKR/LBV					
5. GOLF COURSE					Avoid SBKR/LBV				
6. SCHOOL DISTRICT (Value comparison to Rialto District)		Avoid SBKR/LBV							
7. OTHER LAND USES (Including schools)						Avoid SBKR/LBV			
8. OVERALL COMMUNITY AMENITY ASSESSMENT *	**Avoid SBKR/LBV 1.5 (3.0)								

(From Exhibit 1-5)

Note: Value "enhancement" is relative to a standard single family home in a "base case" master planned community. Value enhancements are not necessarily cumulative.

*Number shown is the average of the amenity score in each characteristic category

**1.5 points were deducted from amenity score to reflect that the community is in a Non-Master Plan Community setting.

The Home Value Enhancement % for this alternative is -6.0% as compared to a "base case" master plan in the Rialto/Fontana market and shown below.

Calculation of Home Value Enhancement % for the Lytle Creek Ranch Project and Project Alternatives					
Amenity-Home Value Formula: $y = 0.0391x - 0.119$; where $y =$ Average Home Value Enhancement % and $x =$ Amenity Score					
	A	B		C	Ave. Home Value Enhancement % (y)
Lytle Creek Development Scenario	Amenity Score (x)	.0391 x A	less	0.119	(B - C) %
4. Avoidance of SBKR/LBV-Occupied Habitat Alternative	1.5	0.05865	less	0.119	-6.0%

PROPOSED PROJECT (EXHIBIT I-12)

The Proposed Project features approximately 8,407 detached homes, attached homes, and apartments, on 2,447.3 acres. The property is not gated, but features monumentation, enhanced streetscape and community definition. The plan also includes two recreation centers each spanning 6 acres. Amenities envisioned include a pool, small water splash park, tot lot and modest clubhouse with event space. There is also planned a 3 acre recreation center with fitness center, pool, spa and event spaces. A main recreation center on 8 acres is also planned. Envisioned site amenities include clubhouse with varied uses, swimming pool, enhanced splash play pool, tot lot and event green. A master Home Owners Association is envisioned to maintain these facilities.

EXHIBIT I-12 LYTLE CREEK RANCH SPECIFIC PLAN ALTERNATIVE : PROPOSED PROJECT NOVEMBER, 2011		HM2 Solutions LLC/Reeb Development Consulting c:\excel\11sb54q2.xlsx (LCR Proposed Project)	
MASTER PLAN: COUNTY: SUBMARKET: CITY: ZIP:	Proposed Project San Bernardino Fontana/Rialto Rialto, CA 92377	STATUS: ESTIMATED TOTAL HOMES: ESTIMATED TOTAL ACRES: GROSS DENSITY (DUs/acre): MASTER HOA ANTICIPATED:	Entitlement 8407 2447.3 3.4 Yes.
MASTER PLAN CHARACTERISTICS <i>(Note: All statements refer to conceptual land plans and uses as the project is not built.)</i>			
HOUSING TYPES	Detached Homes, Patio homes, Townhomes, Condos, Apartments		
COMMUNITY ENTRY	Premium entry monumentation/definition. Perimeter wall (Upgraded)	Perimeter streets have enhanced landscape and design. Interior streets upgraded design with median and parkways.	
SCHOOLS	1 new elementary school in community w/5 acre park adjacent. 1 new elementary/middle school in community w/12 acre park adjacent. Existing high schools.	Mostly in Rialto Unified School District (USD). Rated 4 out of 10 by GreatSchools Inc. Northern sections are in San Bernardino City USD -Rated 3 out of 10. Portions in Fontana USD-Rated 5 out of 10.	
PARKS	Grand Paseo Park envisioned with active uses like half court basketball, bbq/picnic, play equipment connect commercial, residential & recreation nodes.(est.23 ac.)	Sports Park (35 acre. Lighted) baseball and soccer fields, multiple playgrounds, snack bar.	
PRIVATE RECREATIONAL FACILITIES	2 Receptions Centers (6 acres each). Envisioned with pool, small splash park, tot lot, and modest event space.	1 Recreation Center (8 acres) Envisioned with: clubhouse, pool, enhanced splash pool, tot lot. 1 Recreation Center (3 acres) Envisioned with: clubhouse (fitness), pool, spa, and event spaces.	
MAJOR COMMUNITY INFLUENCES <i>(Excluding Golf)</i>	Adjacent to open space, but somewhat non-distinguished.		
GOLF COURSE	Modernized public golf course.		
OPEN SPACE	Preserved, non-use areas (908 acres).		
OTHER COMMUNITY LAND USES	Several Commercial Areas (Retail, Office, Business Park etc.)	95.6 acres of commercial uses total.	
Source data: Lytle Creek Ranch Specific Plan- March 2010 with Draft Environmental Impact Report, Section 7.0 ; Interviews with Lytle Development Joint Venture III; GreatSchools Inc., a leading source of information on school performance with rankings based on test scores (greatschools.org); San Bernardino City Unified School District (http://www.sbcusd.k12.ca.us/); Rialto Unified School District (http://www.rialto.k12.ca.us).			

There is a modernized public golf course in the plan (approximately 207 acres). An enhanced Paseo Park with active recreation will be in the community connecting commercial, residential, recreation and education nodes. The plan will feature a public lighted 35 acre sports park with baseball and soccer fields, two picnic/playground areas, restrooms, and snack bar.

The plan features a 5.1 acre joint-use park adjacent to a new elementary school (10 acres) and a 12.1 acre joint-use park adjacent to a new K-8 school (14 acres). Both new schools will be part of the Rialto Unified School District. Overall the community will be served by Rialto Unified School District (rated 4 out of 10 by GreatSchools Inc.); San Bernardino City Unified School District (rated 3 out of 10 by GreatSchools Inc.); and also Fontana Unified School District (rated 5 out of 10 by GreatSchools Inc.). The plan has 95.6 acres of Village Commercial for uses such as retail, office, and business park. The commercial areas would bring retail and services conveniently within the community. There are 908 acres of preserved "non-use" areas in the plan.

The Proposed Project is considered to be a "true" master plan community setting.

Overall, this alternative has an Amenity Score of 5.1. The score is the highest of the five development scenarios being considered for Lytle Creek Ranch, and is well above the average Amenity Score of 3.7 for all the existing master plans reviewed under this analysis.

COMMUNITY CHARACTERISTIC	AMENITY "LEVEL"								
	"LOW"			"MEDIUM"			"HIGH"		
	1	2	3	4	5	6	7	8	9
1. COMMUNITY ENTRY & PERIMETER			Proposed Project						
2. PARKS and/or FACILITIES OPEN TO THE PUBLIC								Proposed Project	
3. PRIVATE RECREATIONAL FACILITIES							Proposed Project		
4. MAJOR COMMUNITY ENVIRONMENTAL INFLUENCES				Proposed Project					
5. GOLF COURSE					Proposed Project				
6. SCHOOL DISTRICT (Value comparison to Rialto District)		Proposed Project							
7. OTHER LAND USES (Including schools)							Proposed Project		
8. OVERALL COMMUNITY AMENITY ASSESSMENT *					Proposed Project 5.1				

(From Exhibit 1-5)
 Note: Value "enhancement" is relative to a standard single family home in a "base case" master planned community. Value enhancements are not necessarily cumulative.
 *Number shown is the average of the amenity score in each characteristic category

The Home Value Enhancement % for this scenario is 8.0% as compared to a "base case" master plan in the Rialto/Fontana market and shown below.

Calculation of Home Value Enhancement % for the Lytle Creek Ranch Project and Project Alternatives					
Amenity-Home Value Formula: $y = 0.0391x - 0.119$; where y = Average Home Value Enhancement % and x = Amenity Score					
	A	B		C	Ave. Home Value Enhancement % (y)
Lytle Creek Development Scenario	Amenity Score (x)	.0391 x A	less	0.119	(B - C) %
5. Proposed Project	5.1	0.19941	less	0.119	8.0%

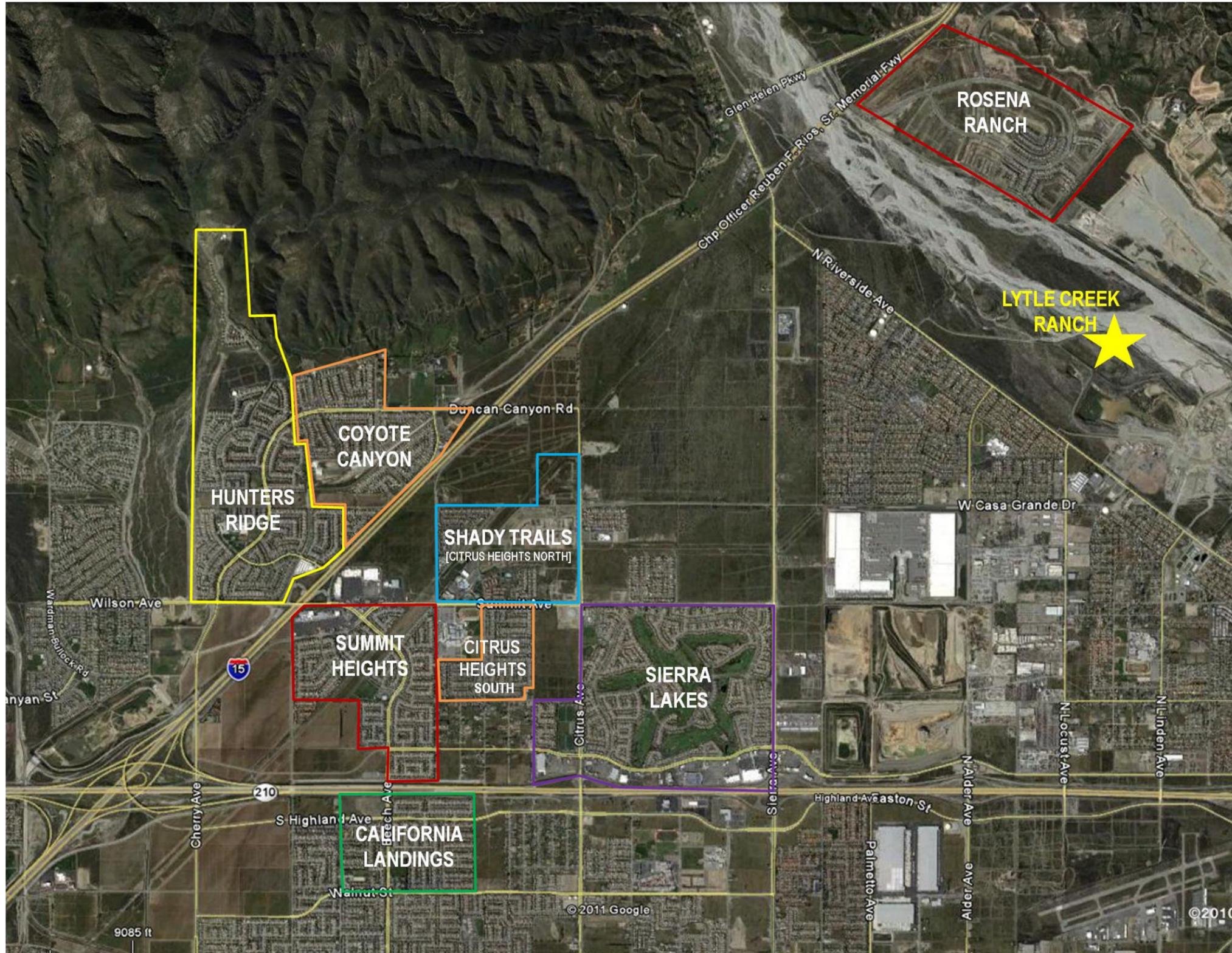
Comparative Benchmark Master Planned Communities Analyzed

In order to determine relative amenity levels and their impact on home values among the master plans evaluated under this assignment, information was compiled and analyzed on the amenities included in each master plan, and on home sales in each community.

Two of the eight communities reviewed are still offering new homes for sale: 1) Rosena Ranch, which is located directly adjacent to the subject site, and 2) Shady Trails, located about two miles to the south and west of the subject site. Only some of the amenities planned for Rosena Ranch have been completed, while all the amenities planned for Shady Trails are complete. The six other master plans reviewed are all completely built-out (no more new homes left for sale), and all amenities have been completed and are in-use (Citrus Heights, Sierra Lakes, Summit Heights, California Landings, Coyote Canyon and Hunter's Ridge). With the exception of Coyote Canyon and Hunter's Ridge, all the communities reviewed are located east of I-15 (as is most of Lytle Creek). Please see Exhibit II-1 for the location of the master plans reviewed.

Since Rosena Ranch and Shady Trails are the only two MPCs in the area that have new homes available for sale, data was also compiled on resale activity in every master plan, and in fact, although new home values were compared between Rosena Ranch and Shady Trails as part of this study, the main focus of the home valuation versus amenity level was on the resale market, as resale data was available for every community (including the two communities still selling new homes). It should also be noted that data was compiled for "market" sales (sales that were not short sales or foreclosures), as well as short sales and foreclosures. Since short sales and foreclosures are often sold at "below market" prices, only data on market sales was used in the price adjustment evaluations. The following are profiles of each of the eight benchmark master plans evaluated.

(Exhibit II-1)



BENCHMARK SPECIFIC PLANS Fontana/Rialto Market

ETIWANDA UNIFIED SCHOOL DISTRICT

HUNTERS RIDGE
 COYOTE CANYON
 SUMMIT HEIGHTS
 CALIFORNIA LANDINGS

FONTANA UNIFIED SCHOOL DISTRICT

SIERRA LAKES
 CITRUS HEIGHTS SOUTH
 SHADY TRAILS

RIALTO & SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICTS

ROSENA RANCH

RIALTO, SAN BERNARDINO CITY & FONTANA UNIFIED SCHOOL DISTRICTS

LYTLE CREEK RANCH

Source data: City of Fontana Planning Department Land Use Zone Map; Etiwanda, Fontana, Rialto and San Bernardino City Unified School Districts Boundary Attendance Maps.

Conceptual Exhibit. Specific Plan Boundaries are approximate.
 Nov. 2011 – HM2 Solutions LLC

ROSENA RANCH, SAN BERNARDINO COUNTY, CA (EXHIBITS II-4A & II-4B)

Rosena Ranch is an actively developing master plan approved for approximately 2,406 detached homes and future apartment homes on 645 acres within unincorporated San Bernardino County. The property is located adjacent to the I-15 freeway, although there is a grade differential that helps in softening the impact. Glen Helen Regional Park is within a half mile of the community. The property is not gated. The recently opened five acre Rosena Ranch Swim Club is the primary amenity in the community. This recreation center features a Clubhouse (approximately 5,200 square feet) with event room, kitchen, restroom; swimming pool, wading pool, kids splash park and tot lot. An 8 acre active park is also planned.

The community is currently served by the San Bernardino City Unified School District (ranked 3 out of 10 for test performance by GreatSchools Inc.), which is in planning for a new K8 school to be located within Rosena Ranch (*timing unknown*). An undeveloped part of the community lies within the Rialto Unified School District. Although children living in Rosena Ranch currently attend existing schools in the City of San Bernardino School District, which is the lowest ranking district among the districts in the competitive market, the schools that the kids do attend are the highest ranked schools in the City of San Bernardino District, and for the purpose of this analysis, were considered to be on-par with the Rialto School District as a whole.

Surrounded by open space on three sides, Rosena Ranch feels like a place apart. The positive side of this is that the community is removed from some of the negative elements associated with adjacent Rialto and Fontana. However, the property is out lying to most of the Fontana-Rialto submarket's retail and services. Significant retail is approximately 4 to 5 miles from the community at Sierra Lakes Marketplace or the Falcon Ridge Town Center.

Overall Rosena Ranch has an Amenity Score of 3.3, based on amenities currently in place, and not on potential future amenities which have not yet been built, which puts it at the higher-end of the "low" ranking end of the amenity spectrum. Once all the planned amenities have been completed, the amenity ranking will be higher (projected at +3.9).

Home Prices

There are three actively selling new home projects in Rosena Ranch at this time, all being built by Lennar: Sage (4,050 Sq.Ft. lots, homes 1,404 to 1,821 Sq.Ft., prices \$237,490 to \$264,290), Aster (5,000 Sq.Ft. lots, homes 1,920 to 2,649 Sq.Ft., prices \$266,590 to \$318,890), and Chaparral (5,500 Sq.Ft. lots, homes 2,433 to 2,994 Sq.Ft., prices \$300,690 to \$341,090). The average new home price in the community today is \$291,026 (lot average 4,850 Sq.Ft., home average 2,264 Sq.Ft.) After accounting for differences in lot sizes, home sizes and school district, homes in Rosena Ranch are priced roughly 2% to 3% lower in price than comparable size new construction homes on comparable size lots at Shady Trails. (Exhibit II-3)

Frankly, the price differential between new homes at Rosena Ranch and Shady Trails is less than might be expected (Shady Trails has a much higher Amenity Score than Rosena Ranch). The price comparison between Rosena Ranch and Shady Trails must be caveated by the fact that there are a limited number of projects to compare, that there are no other projects in the local market to compare with to test whether the homes at Rosena Ranch and Shady Trails are truly "priced right" for today's market or not, and overall new home market conditions have been unusually depressed for several years, which in some projects has led to unusual pricing patterns that might not typically be expected. Nevertheless, the community with the higher amenity level (Shady Trails) does have higher prices than the community with lower amenity levels (Rosena Ranch), which is what would be expected. Please see Exhibit II-2 for the price positioning of Rosena Ranch vs. Shady Trails, and Exhibit II-3 for the relative value adjustment comparison.

The average resale value at Rosena Ranch over the last six months was \$252,900, for an average 2,339 Sq.Ft. home on an average 5,335 Sq.Ft. lot. **These figures were used in the price adjustment analysis vs. the other master plans (Exhibit I-3).**

The price adjustment analysis adjusts prices at each master plan so that the homes are as comparable as possible (lot size, home size, age of home, school district, tax rate & location), so that differences in values that remain after the adjustments are made attributable to community amenities.

On a price adjusted basis, resale homes at Rosena Ranch adjust up to \$276,608, and are 1.1% higher than the “base case” master plan in the area.

SHADY TRAILS, FONTANA, CA (EXHIBITS II-5A & II-5B)

Shady Trails is an actively developing master plan approved for 1,161 detached and attached homes on 266 acres within the City of Fontana. The property is well defined with the residential portions of the community having attractive electronic access gates.

The primary private amenity in the community is a central 3.5 acre recreation facility. This recreation center features an enhanced Clubhouse (approximately 15,000 square feet) that includes a fitness center, event room, kitchen, and restroom. Outdoor features are a Jr. Olympic swimming pool, wading pool, children's splash park and tot lot. There are 2 small pool/restroom facilities also planned.

Shady Trails includes the impressive public Fontana Park on 38 acres. The complex includes the Jessie Turner Health and Fitness Community Center (43,000 square feet) with dance/aerobics room, fitness gym, multipurpose room, resource center, spacious banquet/meeting room, and indoor gymnasium. Fontana Park also features an aquatic center with multiple pools and kids water play zone with slide; a Skate and BMX park; sports pavilion; dog park; as well as expansive children's play park.

The community is served by the Fontana Unified School District, which is ranked 5 out of 10 for test performance by GreatSchools Inc.. Falcon Ridge Town Center provides modern retail within 1 mile of Shady Trails. The center is anchored by Target, Stater Brothers, Ross and CVS Pharmacy. Overall, Shady Trails is a well appointed community in a developing area of Fontana.

Overall, Shady Trails has an Amenity Score of 4.9. This is the highest score of any existing master plan by far and reflective of the community featuring the highest level of public and private amenities of any of the master plans reviewed.

Home Prices

There are three actively selling new home projects in Shady Trails at this time, all being built by KB Home: Rosewood (4,050 Sq.Ft. lots, homes 1,614 to 2,664 Sq.Ft., prices \$274,990 to \$310,990), Aspen (4,250 Sq.Ft. lots, homes 1,730 to 2,566 Sq.Ft., prices \$265,990 to \$292,990), and Chaparral (5,000 Sq.Ft. lots, homes 1,946 to 3,173 Sq.Ft., prices \$299,990 to \$345,990). The average new home price in the community today is \$288,490 (lot average 4,433 Sq.Ft., home average 2,172 Sq.Ft.)

After accounting for differences in lot sizes, home sizes and school district, homes in Rosena Ranch are priced roughly 2% to 3% lower in price than comparable size new construction homes on comparable size lots at Shady Trails. The same comments outlined in the discussion of Rosena Ranch regarding the comparison of new home values at Rosena Ranch vs. Shady Trails discussed in the preceding section also apply here.

The average resale value at Shady Trails over the last six months was \$320,725, for an average 3,496 Sq.Ft. home on an average 6,388 Sq.Ft. lot. Shady Trails had an unusually high number of sales with home sizes much larger than the market average, which makes comparisons less valid, and so the average was not used for the price adjustment analysis. A more select sampling of sales resulted in an average price of \$278,000 for a 2,492 Sq.Ft. unit on a 5,000 Sq.Ft. lot, **which are the figures used in the price adjustment analysis (Exhibit I-3).**

On a price adjusted basis, resale homes at Shady Trails adjust up to \$291,196, and are 6.4% higher than the “base case” master plan in the area.

CITRUS HEIGHTS, FONTANA, CA (EXHIBITS II-6A & II-6B)

Citrus Heights is an existing master plan with approximately 484 detached homes on 104 acres within the City of Fontana. The property has electronic access gates and five small private neighborhood pocket parks. Citrus Heights is adjacent to Summit High School, and is proximate to the expansive 38-acre Fontana (which is part of the Shady Trails master plan, but is open to the public).

The community is served by the Fontana Unified School District, which is ranked 5 out of 10 for test performance by GreatSchools Inc.. Falcon Ridge Town Center provides modern retail 1 mile of Citrus Heights. The center is anchored by Target, Stater Brothers, Ross and CVS Pharmacy. Citrus Heights is nice controlled-access neighborhood in a developing area of Fontana. **Overall, Citrus Heights has an Amenity Score of 3.0.**

Home Prices

The average resale price in Citrus Heights over the last six months was \$343,083 for an average 3,204 Sq.Ft. home on an average 6,766 Sq.Ft. lot. Citrus Heights had an unusually high number of sales with home sizes much larger than the market average, which makes comparisons less valid, and so the average was not used for the price adjustment analysis. A more select sampling of sales resulted in an average price of \$332,375 for a 2,996 Sq.Ft. unit on a 7,046 Sq.Ft. lot, **which are the figures used in the price adjustment analysis (Exhibit I-3).**

On a price adjusted basis, resale homes at Citrus Trails adjust down to \$274,052, and are just 0.2% higher than the “base case” master plan in the area.

SIERRA LAKES, FONTANA, CA (EXHIBITS II-7A, II-7B & II-7C)

Sierra Lakes is an existing golf-oriented master plan with approximately 2,035 detached homes on 596 acres within the City of Fontana. The property is conveniently located near both the I-210 and I-15 freeways. The property is not gated. Sierra Lakes is the only community in the competitive market with a golf course.

Sierra Lakes Golf Club is a dominant amenity and features a modern public 18-hole championship golf course with clubhouse. While the community is not gated, it is well-defined with enhanced landscaping and a distinct sense of place. The golf course is very well integrated into the master plan as a whole, and is laid out such that the course is visible from many parts of the main loop road in the community, creating greater home value enhancement than a course that is not as well integrated into the entire community would generate.

Sierra Lakes has a school within the master plan – Sierra Lakes Elementary School –which is located within the Fontana Unified School District (ranked 5 out of 10 for test performance by GreatSchools Inc.). The 10 acre Sierra Lakes school is adjacent to a park with tot lot and basketball courts. The large Ralph M. Lewis Sports Complex is located adjacent to Sierra Lakes and features lighted football and soccer fields, restrooms, and snack bar. There is extensive newer retail in the master plan, including Costco, Lowes, Petco, Ralph’s grocery, LA Fitness and several restaurants. Sierra Lakes is a nicely appointed community well-located within a newer area of Fontana. **Overall, Sierra Lakes has an amenity score of 4.3.**

Home Prices

The average resale price in Sierra Lakes over the last six months for homes not located on the golf course was \$304,022 for an average 2,543 Sq.Ft. home on an average 5,197 Sq.Ft. lot, **which are the figures used in the price adjustment analysis (Exhibit I-3).**

On a price adjusted basis (Exhibit I-3), resale homes at Sierra Lakes adjust down slightly to \$291,209, and are 6.4% higher than the “base case” master plan in the area.

It is important to note that this value is just for homes not located on the golf course, and represents the value added to the master plan as a whole, not the premium achievable for homes located directly on the golf course (another 7.9%). Also, when comparing

Sierra Lakes to other master plans for the purpose of determining the value-added for different amenities (Exhibit I-4), the Sierra Lakes price was adjusted downward by 4% to reflect the estimated value of the golf course itself (so that when comparing to other master plans, the golf course component is already accounted for).

NOTE: To determine the value of golf course frontage, data was separated out for sales of homes located on the golf course. Over the last six months, homes on the golf course sold for an average of \$293,984 for an average 2,632 Sq.Ft. home on an average 5,977 Sq.Ft. lot. After adjusting for differences in lot size, home size, and age of home, the average golf course premium over the last six months was about \$22,000, or roughly a 7.9% premium over non-golf lots.

SUMMIT HEIGHTS, FONTANA, CA (EXHIBITS II-8A & II-8B)

Summit Heights is an existing master plan with approximately 1,051 detached homes on 316 acres within the City of Fontana. The property is not gated and is bisected by high-tension power lines. The property features an approximately 10 acre public sports park with 2 soccer fields, 2 basketball courts, and barbecue/picnic areas. There is also a neighborhood park with a tot lot and basketball court. The community location is kitty-corner to the expansive 38 acre Fontana Park and is directly across the street from Summit High School.

The community is served by the highly acclaimed Etiwanda Unified School District, (which is ranked 9 out of 10 for test performance by GreatSchools Inc.). Falcon Ridge Town Center is located within the master plan, and is anchored by Target, Stater Brothers, Ross Dress for Less, a CVS Pharmacy, Kohl's and Marshall's. Summit Heights is nice neighborhood with a great school district. **Overall, Summit Heights has an amenity score of 3.1.**

Home Prices

The average resale value at Summit Heights over the last six months was \$306,210, for an average 2,650 Sq.Ft. home on an average 6,737 Sq.Ft. lot. **These figures were used in the price adjustment analysis vs. the other master plans (Exhibit I-3).** On a price adjusted basis, resale homes at Summit Heights adjust down to \$273,602, and represent the lowest priced homes in the area. This value was used as the "base case" value for master plans in the area and therefore is equal to the "base case" master plan in the area.

CALIFORNIA LANDINGS, FONTANA, CA (EXHIBITS II-9A & II-9B)

California Landings is an existing master plan with approximately 750 detached homes on 223 acres within the City of Fontana. The property is not gated. The property features an approximately 10 acre public active park with 2 tennis courts, basketball courts, and barbecue/picnic areas. The community is located directly south of I-210. A new elementary school was built within the master plan when the development was new, and the community is located in the highly acclaimed Etiwanda Unified School District (which is ranked 9 out of 10 for test performance by GreatSchools Inc.). There is extensive newer retail across the 210 freeway at Sierra Lakes center, which includes Costco, Lowes, Petco, Ralph's grocery, LA Fitness and several restaurants. California Landings is a nice neighborhood within a great school district. **Overall, California Landings has an Amenity Score of 3.4.**

Home Prices

The average resale value at California Landings over the last six months was \$278,801, for an average 2,144 Sq.Ft. home on an average 6,689 Sq.Ft. lot. **These figures were used in the price adjustment analysis vs. the other master plans (Exhibit I-3).**

On a price adjusted basis, resale homes at California Landings adjust down to \$276,886, and are 1.2% higher than the "base case" master plan in the area.

COYOTE CANYON, FONTANA, CA (EXHIBITS II-10A & II-10B)

Coyote Canyon is an existing master plan with approximately 651 detached homes on 283 acres within the City of Fontana and located on the preferred western side of the I-15 freeway orienting towards Etiwanda. The property is not gated. The property features an approximately 14 acre public sports park with baseball fields and tot lot. There is also a passive neighborhood park with walking trail. The community is adjacent to the I-15 freeway to the east.

The community is served by the highly acclaimed Etiwanda Unified School District (which is ranked 9 out of 10 for test performance by GreatSchools Inc.). Falcon Ridge Town Center provides modern within 2 miles of the community. The retail center is anchored by Target, Stater Brothers, Ross and a CVS Pharmacy. Coyote Canyon is nice neighborhood with a great school district. **Overall, Coyote Canyon has an Amenity Score of 3.3.**

Home Prices

The average resale price in Coyote Canyon over the last six months was \$394,211 for an average 3,494 Sq.Ft. home on an average 10,371 Sq.Ft. lot. Coyote Canyon had an unusually high number of sales with home sizes and lot sizes much larger than the market average, which makes comparisons less valid, and so the average was not used for the price adjustment analysis. A more select sampling of sales resulted in an average price of \$337,450 for a 2,545 Sq.Ft. unit on an 8,480 Sq.Ft. lot, **which are the figures used in the price adjustment analysis (Exhibit I-3).** Coyote Canyon's location west of I-15 warrants further adjustment vs. homes located east of I-15. An analysis was conducted of home located east and west of I-15, but all in the Etiwanda School District, which indicated that an adjustment of about 3% is appropriate.

On a price adjusted basis, resale homes at Coyote Canyon adjust down to \$274,867, and are just 0.5% higher than the "base case" master plan in the area.

HUNTERS RIDGE, FONTANA, CA (EXHIBITS II-11A & II-11B)

Hunters Ridge is an existing master plan with approximately 651 detached homes on 283 acres within the City of Fontana and located on the preferred western side of the I-15 freeway orienting towards Etiwanda. The property has topography that offers valley and mountain views for many homes. Hunters Ridge is not gated, but has enhanced landscaping and street design.

The property features an approximately 4 acre lighted sport park for baseball as well as an active park with picnic, play equipment, tennis courts, and basketball (estimated at 5.5 acres). The community includes David W. Long elementary school on approximately 9.5 acres within the master plan and is served by the highly acclaimed Etiwanda Unified School District (which is ranked 9 out of 10 for test performance by GreatSchools Inc.). Falcon Ridge Town Center provides modern within 2 miles of the community. Hunters Ridge is well-defined community with a great school district. **Overall, Hunter's Ridge has an Amenity Score of 4.0.**

Home Prices

The average resale value at Hunter's Ridge over the last six months was \$310,481, for an average 2,436 Sq.Ft. home on an average 7,194 Sq.Ft. lot. **These figures were used in the price adjustment analysis vs. the other master plans (Exhibit I-3).**

On a price adjusted basis, resale homes at California Landings down to \$283,912, and are 3.5% higher than the "base case" master plan in the area.

“Belmont” Product Case Study (Exhibit II-12)

Starting in 2004, and continuing through sell-out in 2006, KB Home had three concurrent actively selling projects in Fontana that all offered at least three of the exact same floor plan. The “Belmont” series projects all had one plan at 2,492 Sq.Ft., one at 2,788 Sq.Ft., and one at 3,099 Sq.Ft. Some of the projects also offered other plans, but these three plans were offered at all three projects. Although the three projects all had different lot sizes, two different tax rates, and were in two different school districts, they nevertheless provide a unique opportunity to attempt to evaluate the impact of different community and property characteristics on home values since there were three of the same plans in the three different projects.

- Belmont at Sierra Lakes was located in the Sierra Lakes golf course master plan (Amenity Score 4.3), and offered homes on 4,000 Sq.Ft. lots, with a tax rate of 1.9%.
- Belmont at Citrus Heights was located in the gated Citrus Heights master plan (Amenity Score 3.0), and offered homes on 6,000 Sq.Ft. lots, with a tax rate of 1.4%.
- Belmont in North Fontana was a stand-alone subdivision located south of the I-210 Freeway, adjacent to the California Landings master plan, and offered homes on 7,200 Sq.Ft. lots, with a tax rate of 1.4%. (Evaluating North Fontana on the same amenity grading scale as all the master plans in area results in an Amenity Score of 0.8.)

Sierra Lakes averaged 5.5 sales per month, Citrus Heights averaged 3.3 sales per month, and North Fontana averaged 3.3 sales per month. Sierra Lakes and Citrus Heights are in the Fontana School District, while North Fontana is in the Etiwanda School District.

Before adjusting for differences between the projects, Sierra Lakes had an average price of \$464,323 (based on homes available for sale as of the 4th Quarter of 2004), Citrus Heights had an average price of \$450,990, and North Fontana had an average price of \$488,657, all with a straight average unit size of 2,793 Sq.Ft.

After adjusting for differences between lot sizes, school district, sales rate, and tax rate, the resulting adjusted prices were: Sierra Lakes - \$503,415, Citrus Heights - \$451,990, and North Fontana - \$439,510. As such, Sierra Lakes, which had the highest amenity score, ends up coming in with an adjusted value that is **15%** higher than the adjusted value at North Fontana, and **11%** higher than Citrus Heights. Citrus Heights, with the second highest Amenity Score, comes in **3%** higher than North Fontana.

It had been anticipated that Citrus Heights would have come in around 6% to 10% higher than North Fontana (instead of 3%), based on recent resale values in area master plans. It is possible that since the pricing data utilized for this analysis represented just one snapshot in time of one phase release, that the values did not necessarily represent more normalized values over time.

Nevertheless, the comparison of the Belmont series projects does provide support that home buyers in the Rialto/Fontana market area are willing to pay a premium to be in a master planned community with amenities.

CONCLUDING STATEMENT

The information compiled and evaluated on existing master planned communities in the Rialto/Fontana competitive market conclusively demonstrates that the market does place varying levels of premiums on different levels of community amenities contained within local MPCs. In general, the more amenitized the community, the higher the value of the homes within the community, and vice-versa. Broadly speaking, homes in communities with the “lowest” level or mix of amenities had lower values, homes in communities with a “medium” level or mix of amenities had values more towards the middle of the market, and homes with a “high” level or mix of amenities had higher values. Also, homes located within a non-master planned community setting will have a value discount associated with them.

DISCLAIMER

The information compiled and analyzed for this assignment was obtained from sources deemed reliable, and the data presented is believed to be accurate. However, HM2 Solutions LLC and Reeb Development Consulting are unable to guarantee the accuracy or timeliness of the information presented, particularly third-party data.

The market conclusions and recommendations presented in this report are based on subject site information provided by the client or client’s representatives as of the time of the study. Study conclusions and recommendations may not be valid if project parameters are changed or if inaccurate information was provided.

Project parameter changes which could have a material impact on the validity of the market conclusions and recommendations presented in this report which HM2 Solutions LLC and Reeb Development Consulting cannot be held accountable for could include (but are not necessarily limited to): a change in the number of units or size of the project, changes in lot sizes or lot configurations, changes in floor plan types, floor plan sizes, or unit mix, a change in the anticipated timing of the project, changes in community amenities, changes in home owners association parameters, changes in Mello-Roos districts or community facility districts, changes in builders, changes in the client management team, etc.

Market conclusions and recommendations presented in this report are based on market conditions and trends at the time the study was conducted. The conclusions and recommendations in this study assume “normal market conditions.” HM2 Solutions LLC and Reeb Development Consulting cannot be held responsible for changes in market parameters which could materially impact the development of the subject site.

Changes in market parameters which could have a material impact on the validity of the market conclusions and recommendations presented in this report for which HM2 Solutions LLC and Reeb Development Consulting cannot be held responsible could include (but are not necessarily limited to): natural disasters such as fires, earthquakes, droughts or floods, changes in the project approval process, imposition of and/or changes to building limits or moratoriums, changes in financial markets impacting housing affordability levels, changes in government funding levels or priorities in areas that effect job creation, infrastructure projects, and/or development processing, changes in tax policies which may impact the desirability or affordability of housing, etc.

QUALIFICATIONS

HOLLY MCKIE – PRINCIPAL, HM2 SOLUTIONS LLC

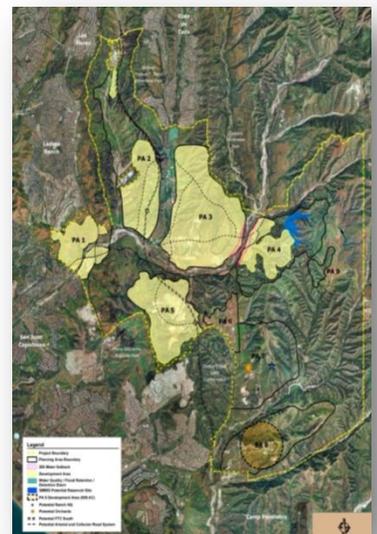
Holly McKie has over 18 years of marketing development and organizational design experience in diverse industries, with over a decade working in marketing and research for nationally respected community developers in both the public and private arenas. In 2009, Ms. McKie founded HM-2 to bring a new marketing approach to the development industry to meet the demands of a changed marketplace and embracing the philosophy that community development can positively impact quality of life and represents substantial social and fiscal responsibility for multiple stakeholders. HM-2 specializes in brand strategy, community marketing, housing market research and consumer research to improve community experience and financial vitality.

Prior to HM-2, Ms. McKie was the Director of Marketing for Rancho Mission Viejo where she completed the sell-through and completion of residential sales for Ladera Ranch and worked on brand and strategic planning for the upcoming Ranch Plan. As Vice President Marketing with Lennar Communities Inland, Ms. McKie led marketing and advocacy support for diverse planned communities as well as market research for acquisition, land optimization and planning.

Ms. McKie received a Bachelor's degree in Economics from the University of California Santa Barbara.

PROJECTS: The following projects are completed (*unless otherwise noted*) and demonstrate the scope of Ms. McKie's direct experience in marketing, research/revenue analysis, and design for large-scale, mixed use communities when with HM-2 and previously when with Lennar and Rancho Mission Viejo.

- **Confidential Client:** 20,000 Home Mixed-Use Community in Hawaii- Revenue Scenario Analyses and Plan Optimizations for feasibility and entitlement evaluation. Work included refinement of positioning, amenity mix, demand analysis, product mix, affordability strategy and other factors that influence value. (*currently in traffic study*)
- **Ladera Ranch:** 8,000 Home Community in Orange County, CA – Marketing (final phase)
- **Ranch Plan:** 14,000 Home Mixed-Use Community in Orange County, CA – Brand Development; Planning Team; Age-Qualified Research (*This project is starting construction. graphic to right*)
- **Coto de Caza:** 4,000 Home Community in Orange County, CA - Marketing (final village)
- **Greer Ranch:** 698 Home Community in Murrieta, CA - Marketing; Research/Revenue Analysis
- **Bressi Ranch:** 575 Home Mixed-Use Community in Carlsbad, CA - Research/Revenue Analysis; Entitlement Advocacy Team; Planning Team
- **Harveston:** 1,698 Home Community in Temecula, CA - Marketing; Research/Revenue Analysis; Entitlement Advocacy Team; Planning Team (*image to right.*)
- **Escena Palm Springs** Approximately 1,100 Home Community in Palm Springs, CA - Research/Revenue Analysis; Initial Marketing; Acquisition Team (*active in market*):
- **Rosena Ranch:** Approximately 2,100 Home Community in Fontana, CA - Research/Revenue Analysis; Initial Marketing; Acquisition Team (*active in market*).



PETER REEB – PRESIDENT, REEB DEVELOPMENT CONSULTING INC.

Pete Reeb has over 25 years of direct experience providing market consulting expertise and development advice to home builders, land developers, and financial institutions. Mr. Reeb, President, founded Reeb Development Consulting in 1996 to provide timely, thoughtful, and thorough market feasibility studies and consulting services for the real estate industry. Mr. Reeb has worked directly in the real estate consulting field since 1984, first spending over four years with a Los Angeles based market consulting group, working on assignments all over the country, followed by seven years as a partner in a San Diego based consultancy and new home market database provider, serving the last two years as president of the 30-employee company.

Mr. Reeb has worked on over 3,000 market feasibility studies and consulting assignments, including analyses of large-scale mixed-use master planned communities, residential subdivisions, condominium conversions, apartments, mobile home parks, custom lot projects, mixed-use developments, office parks, retail centers, industrial parks, golf courses, museums, and resort properties.

Mr. Reeb is best known for his expertise regarding the evaluation of new home market trends in Southern California and Hawaii. Mr. Reeb has been quoted in the Los Angeles Times, Orange County Register, Orange County Business Journal, San Diego Union, San Diego Business Journal, and San Diego Daily Transcript. Mr. Reeb has also appeared on numerous television programs, and has been interviewed for local radio stations, National Public Radio, the New York Times, and the Wall Street Journal.

Mr. Reeb currently serves on the Board of Directors of BIA Cares, and has been elected to serve on the 2012 board of HomeAid San Diego. In 2004, Mr. Reeb was named the “Associate of the Year” by the Building Industry Association of San Diego, representing one of the highest honors awarded by the BIA to an associate member. In 2011 he was a Finalist for the San Diego BIA Builder Associate of the Year. In both 2003 and 2004, Mr. Reeb served as President of the Board of Directors of BIA Cares for Kids, the charitable arm of the BIA of San Diego. Mr. Reeb has served on the Board of Directors of the BIA of San Diego, the California BIA, the Sales and Marketing Council, and served for ten years on the board of the Home Builders Council of San Diego.

Mr. Reeb holds a Bachelor of Arts degree in Economics and Public Policy from Pomona College, Claremont, California. He has been a guest speaker or lecturer at UCLA, USC, San Diego State University, and UCSD, and has taught classes for the Institute of Residential Marketing. He appeared as an expert for the Resolution Trust Corporation advisory panel in the 1990s, and the San Diego Mayor’s Real Estate Advisory Council.

EXHIBITS

Appendix Section I. Subject Property & Conclusions

See Tab Appendix Section I

Appendix Section II. Master Planned Community Profiles & Home Values

See Tab Appendix Section II

Appendix Section III. Value Adjustment Analyses - Selected Elements of Comparison

HOME VALUE ADJUSTMENT ANALYSIS SUPPORT

In order to best evaluate the impact of varying amenity levels on home values in Rialto/Fontana area master plans, ideally the homes being evaluated would be as similar as possible in order to rule out extenuating factors that might not be attributable to value differences created by community amenities, but are attributable to other variables (such as lot size or home size). As such, the appraisal principle of comparative analysis was used in order to identify and assess the amount of value differential attributable to the following elements of comparison impacting home values in the competitive market:

Elements of Comparison Evaluated for Use in Price Adjustment Analyses

1. School District
2. Home Size (Sq.Ft.)
3. Lot Size (Sq.Ft.)
4. Age of Home
5. Total Tax Rate
6. Location East or West of I-15, North or South of I-210

SCHOOL DISTRICT VALUE ASSESSMENT (EXHIBITS III-1, III-2 & III-3)

School District quality varies quite a bit in the competitive market. The best school district in the area is the Etiwanda School District, which has student test scores and achievement levels well above county averages, and therefore commands a premium home price. After Etiwanda come the Fontana and Rialto School Districts, which actually have fairly similar overall student test scores and achievement levels, however Fontana is considered to have a better reputation, and has more new schools than Rialto. Both Fontana and Rialto have study achievement levels within about 5% lower than county averages. The City of San Bernardino School District has student test scores and achievement levels well below county levels, and well below Etiwanda, Fontana or Rialto, with corresponding lower home values. See Exhibit III-1 for selected school achievement levels and test scores.

Given the importance of school district quality in the competitive market, the impact of school district on home values was evaluated in two different ways: statistically (Exhibit III-2), and graphically (Exhibit III-3). In order to have a larger dataset and more statistically significant results, the data compiled for the school district analysis came from a different database than the data used for the local master planned community value comparisons, and included more sales from outside of master plans, and sales from the City of San Bernardino (none of the master plans reviewed were in the City of San Bernardino).

The same type of value adjustment analysis that was prepared for the master plans was prepared for the four different school districts in the area (adjusting home values for elements of comparison such as lot size, home size and age of home). Since the bulk of Lytle Creek is in the Rialto School District, the school district adjustment analysis solved for the value of homes compared to the Rialto School District. The statistical analysis used average home values from the four different school districts that fell within certain age, lot size and home size parameters as outlined in Exhibit III-2, and only included sales over the last six months. Based on the statistical analysis, homes in Etiwanda are estimated to have about a 7% school district premium over Rialto, homes in Fontana are estimated to have a 2% premium, and homes in the City of San Bernardino are discounted 10% compared to Rialto. (Exhibit III-2)

The statistical analysis discussed in the preceding paragraph utilized average home values from each school district. The graphical analysis utilizes every individual sale compiled, but does not adjust for any differences between the homes. This approach, shown in Exhibit III-3, utilizes "best fit" logarithmic trend lines to compare the four different school districts, again comparing to Rialto as the base case. The results are generally similar to the statistical results. In this case, Etiwanda comes in about 10% higher than Rialto, Fontana comes in about 5% higher, and the City of San Bernardino comes in about 8% lower.

The results of the two different approaches to determining the impact of school district quality on home values in the greater Rialto/Fontana competitive market area yielded generally fairly close results. The final adjustment values utilized in the master planned community comparisons are:

Etiwanda: +8% compared to Rialto (estimated value range was 7% to 10%)

Fontana: +4% compared to Rialto (estimated value range was 2% to 5%)

City of San Bernardino: (-8%) vs. Rialto (estimated value range was -8% to -10%)

One caveat: the homes now being offered in the Rosena Ranch master plan are located in the City of San Bernardino School District. However, the specific schools that the children living in Rosena Ranch attend are the “best” schools in the City of San Bernardino School District, with rankings generally similar to the average for Rialto as a whole. As such, for the purpose of this analysis, the school ranking for Rosena Ranch is being considered similar to a Rialto School District ranking.

HOME SIZE VALUE ASSESSMENT (EXHIBIT III-4)

Most typically, although not necessarily, home prices increase as home sizes increase. Typically, it costs more to build bigger homes, and bigger homes often include more features, particularly more bathrooms, and often bigger kitchens, than smaller homes. As such, in most market areas, there is a correlation between home size and home price. In order to determine the relationship between home price and home size in the Rialto/Fontana market area, the “market” sale data on resale homes that was compiled for the eight master plans reviewed in the competitive market was plotted, and a best fit line was determined (this analysis excluded homes on lots over 10,000 Sq.Ft. in size).

Based on this analysis, each additional square foot added to a home adds about \$60 in value. For example, a 2,500 square foot home is 500 square feet larger than a 2,000 square foot home, and would therefore be expected to have a value about \$30,000 higher than the smaller home (500 Sq.Ft. difference x \$60/Sq.Ft. = \$30,000). While no single value adjustor is exactly accurate with regards to adjusting every home in any given market area, this figure nevertheless represents a reasonable value for adjusting values for this market area based on home size. See Exhibit III-4.

LOT SIZE VALUE ASSESSMENT (EXHIBIT III-5)

As with home size, home prices typically increase as lot size increases. The fewer the number of homes that fit on a given piece of land, generally the higher the value attributed to each particular lot, particularly in urban and suburban areas such as Rialto and Fontana. As such, in most market areas, there is a correlation between lot size and home price. In order to determine the relationship between home price and lot size in the Rialto/Fontana market area, the “market” sale data on resale homes that was compiled for the eight master plans reviewed in the competitive market was plotted, and a best fit line was determined (this analysis only included homes from 1,800 to 3,500 square feet in size, and only included homes in three lot size categories: 5,000 to 5,999 Sq.Ft., 6,000 to 6,999 Sq.Ft., and 7,000 to 7,999 Sq.Ft.).

Based on this analysis, each additional square foot of lot area adds about \$10 in value. This was true comparing both 5,000 square foot lots to 6,000 square foot lots, and comparing 6,000 square foot lots to 7,000 square foot lots. As such, a home on a 6,000 square foot lot would therefore be expected to have a value about \$10,000 higher than the same home on a 5,000 square foot lot (1,000 Sq.Ft. x \$10/Sq.Ft. = \$10,000). While no single value adjustor is exactly accurate with regards to adjusting every home in any given market area, this figure nevertheless represents a reasonable value for adjusting values for this market area based on lot size. See Exhibit III-5.

AGE OF HOME VALUE ASSESSMENT (EXHIBIT III-6)

Generally speaking, newer homes command higher prices in most market areas than older homes. Older homes often have deferred maintenance to consider, outdated appliances, and/or obsolete floor plan styles or exterior elevations, thus diminishing the value of the homes relative to newer homes, which should have no immediate maintenance issues, current appliances, and ostensibly, the latest in floor plan designs and elevations. As such, in most market areas, there is a correlation between the age of homes and home values. To minimize the impact of other variables, this analysis included a selected sample of homes all within the same school district (Fontana), all with lot sizes in the 5,000 to 5,999 square foot range, and home sizes from 1,500 to 2,525 square feet, and included different homes than the other value analyses.

Based on this analysis, each year of age added to a house decreases the value of the home by 0.69% per year of age. As such, a home built in 1991 is now 20 years old, and would therefore be expected to be about 13.8% lower in value than a brand new home built in 2011 ($2011-1991 = 20$ years old $\times 0.69\%/year = 13.8\%$). In reality, many factors obviously come into play in determining value by age, however our experience is that most market areas typically have an age-adjustment factor falling in the range of about 0.50% to 0.75% per year, and therefore an adjustment factor of 0.69% per year appears to be very reasonable. See Exhibit III-6.

TAX RATE VALUE ASSESSMENT

Many new home communities now have special assessment districts such as Community Facility Districts (“CFD”) to help fund infrastructure improvements or to provide special on-going maintenance. The CFD funds collected are typically either expressed as a specific dollar amount per house (often varying by the size of the house), or as a percent of assessed home value. The most common way that this information is represented in most southern California market areas is the “total tax rate”. The total tax rate includes the base property tax rate, plus all other taxes collected by the tax collectors office. In California, the minimum property tax rate is 1.0%.

Most, but not necessarily all, new home projects in the competitive market area have a CFD, increasing the total tax rate for those homes that have a CFD. It is possible that the total tax rate for any given home could vary from the total tax rate of other homes within the same master plan if the CFD is a flat dollar amount, as the assessed values of homes change over time, which could change the effective total tax rate. The average total tax rate among the master plans reviewed under this assignment is 1.74%.

Higher tax rates increase the monthly cost to own a home compared to the exact same home with a lower tax rate, all other things being equal. As such, higher tax rates create higher costs, which dilute a home buyer’s purchasing power. To compensate for this, homes with higher tax rates often will sell at a purchase price discount to homes with lower tax rates, while the resulting monthly cost to own could end up being the same. Given this market response to varying tax rates, it is necessary to adjust prices to account for differences in total tax rates.

The approach used to adjust for different tax rates is a straight formulaic approach. A standard tax rate is determined for a given market (in this case, the average of 1.74% was assumed to be the base case). A monthly cost to own is calculated for the home being evaluated based on its specific tax rate, and a monthly cost to own is calculated for the same home assuming the base case tax rate. The difference between the monthly cost to own for the comp as is, and the comp assuming the base tax rate is calculated, and then the net present value (“NPV”) of the difference is calculated using a discount rate (in this case assumed at 4.5%, or around the cost of a 30-year fixed rate mortgage), and a term (in this case assumed at 30 years). The resulting figure represents the full financial difference between the comp and the base case, assuming the loan is carried to a full 30-year term, however the market rarely recognizes the full financial burden as most loans do not go to full term, and common appraisal practice is to assume that the market recognizes about 50% of the difference. Therefore, in this analysis, the adjusted difference for differences in tax rates is assumed to be 50% of the NPV of the difference in monthly costs between the comp and the comp with a base case tax rate.

LOCATION VALUE ASSESSMENT

Often, home value adjustments are warranted for differences in location strictly from a locational standpoint, irrespective of issues such as school district quality. For this study, master plan comparables were chosen to minimize the need for locational adjustments. As such, seven of the eight MPC's reviewed are located in the City of Fontana (only Rosena Ranch is not), and six of the eight MPC's reviewed are located west of I-15. Having reviewed the market data, and based on knowledge of the local market, it was determined that the only locational adjustments required would be for a location either east or west of I-15, and/or for a location north or south of I-210. A location west of I-15 is generally perceived in this market to be more desirable than a location east of I-15.

To determine the valuation differential attributable to a location east or west of I-15, and/or north or south of I-210, data was gathered on resales located both east and west of I-15 and north and south of I-210, but all within the Etiwanda School District (to rule out the impact of school district on value differences), and only including homes from 1,600 to 2,500 square feet in size, and on lots from just 5,000 to 6,999 square feet, to minimize value differences due to home or lot size. The data compiled for this analysis included some sales outside just the MPC's evaluated under this assignment in order to have a larger database. Based on this analysis, it was determined that a location west of I-15 is worth about 3% more than a location east of the freeway. Also, a location south of I-210 was worth 2% more than a location north of I-210.

See Tab Appendix Section III for further Exhibits

Appendix Section IV. Master Planned Community Home Values vs. Non-Master Plan Home Values - Analyses

OVERVIEW

All the analyses of market data to this point in the study have been comparing values in master planned communities versus other master plans to determine the relative value enhancement attributable to varying levels of community amenities. There is also an inherent increase in home value for a home in a master planned community compared to a home that is not part of a master plan.

For the purpose of this analysis, a master planned community is defined as a community that has been planned and developed as a cohesive, integrated whole, with a master developer responsible for developing and completing most or all major community infrastructure and improvements in a timely manner (generally in conjunction with the construction of homes in the community, not after all homes are completed). Also a master planned community most likely will have a funding mechanism in place for on-going maintenance of community facilities (*such as a master home owners association*) and have community features /amenities greater in scope or higher in quality than might otherwise be developed. With a master developer completing community improvements in a timely manner, there is less "market risk" associated with those features actually being completed, and more "usage utility" assuming that the facilities are completed sooner and available for use, and therefore more value to the homes, than if the same features were merely promised as potential future amenities to be completed at some point in the future, potentially by a different entity than the master developer.

In contrast, non-master plans, and/or "stand-alone" developments, tend to be more "piecemeal" in nature, and tend to have lower values than cohesively developed master plans, even if the non-MPC project is part of a Specific Plan (SPA). Typically, if a community is developed "piece-by-piece" instead of all at once, major community infrastructure such as roads, schools, parks, etc. are not completed all upfront, but are done either after a certain number of homes have been completed, or after all homes have been completed, and in some cases, never at all. Selling or deeding land to a local municipality for later development often, though of course not always, results in delays in improvements being implemented, improvements taking place in a manner not consistent

with the original community vision, or in extreme cases, not taking place at all. There are many examples of school and park sites never being developed after land has been either sold or deeded to a local municipality, either due to lack of funding, or for whatever reason. As such, there is always some inherent market risk that a promised community feature might not be built, or might not be built in the manner originally intended, if it is not in place while homes are being sold in a community. For this reason, homes in a given area typically do not achieve full value enhancement until promised community features are actually built (and built as originally approved/proposed), and in most market areas, homes in a non-MPC and/or stand-alone setting, usually sell at discounted values versus homes in a cohesively developed and maintained master planned community.

Among the five Lytle Creek development alternatives being reviewed under this assignment, three are considered to be “true” master planned communities, which will be cohesively developed in a timely manner, with enhanced community features, and with the anticipation of a master HOA to maintain the community: Avoidance of RAFSS Areas, Avoidance of Jurisdictional Waters, and the Proposed Project. Two alternatives will not be developed as true master plans: No Project/Existing Zoning, and Avoidance of SBKR/LBV. The nature of these plans is such that it is assumed for this analysis that they will be developed in a more piecemeal fashion over a longer period of time, and major community amenities such as backbone roads, parks, and schools will not be constructed by the master developer and will be under the discretion and control of local municipalities. As such, it is highly likely that home values under the No Project/Existing Zoning and SBKR/LBV scenarios will be lower than values for comparable homes developed under the Avoidance of RAFSS Areas, Avoidance of Jurisdictional Waters, or the Proposed Project scenarios.

To quantify the impact on home values for a location in a true master planned community versus a home in a non-master planned community setting and/or “stand-alone” setting, information was compiled and analyzed on home values in true master plans and compared to home values in non-MPC settings. Information was compiled on both new home values and for resales, and values were adjusted to account for differences in value attributable to elements of comparison that impact values in this market area (lot size, home size, year built, total tax rate, school district, location, etc.), so that the value difference attributable strictly to a master plan setting versus a non-master plan setting could be isolated.

NEW HOME VALUE COMPARISON (EXHIBITS IV-1 TO IV-3)

In order to determine the value attributable to a master plan location versus a non-master plan location, information was compiled and analyzed on two actively selling new home projects in the Rialto/Fontana market area: 1) White Oak at Shady Trails (master plan), and 2) Allendale Park IV (non-master plan). While there are other new home projects in the area, these two projects were most similar in terms of lot and home size. Comparing the two projects, both are brand new so there is no need for an age adjustment, and both are in the Fontana School District, so there is no need for a school district adjustment, however White Oak has a smaller standard lot size, a slightly larger average home size, a higher tax rate, HOA dues, and is located north of I-210, while Allendale Park is south of I-210. **After adjusting for differences between the two projects, the isolated value difference attributable to a master plan location versus a non-master plan setting is about 11.1%.**

Shady Trails is one of the most highly amenitized master plans in the Rialto/Fontana market area, and has some of the highest Adjusted Home Values in the area as a result. **Home values in Shady Trails are an average of around 6.4% higher than the “base case” master plan in the local market area, and as such, it could be inferred that the value attributable to a “base case” master plan over a non-MPC home would therefore be about 5% (11.1% minus 6.4% = 4.7%), instead of the full 11.1% premium that a more highly amenitized MPC like Shady Trails is able to command.**

RESALE HOME VALUE COMPARISON (EXHIBITS IV-4 TO IV-7)

Given the relatively limited supply of actively selling new home projects in the Rialto/Fontana market area, information was also compiled and analyzed on resale home values in master plans versus non-master planned settings in the competitive market area to further define and refine the value attributable to a master plan setting versus a non-master plan setting. Four different sets of value comparison/adjustment analyses were prepared: (See Exhibit IV-4)

5. Non-Master Plan Resales in Northeastern Rialto vs. Local Master Plans
6. Non-Master Plan Resales in Fontana vs. Fontana MPC's in Fontana School District
7. Non-Master Plan Resales in Fontana vs. Fontana MPC's in Etiwanda School District
8. Non-Master Plan Resales in Fontana South of I-210 vs. California Landings MPC, all in Etiwanda School District Only

In every case examined, Adjusted Home Values in the master planned communities were higher than the Adjusted Home Values in non-master planned community settings, ranging from a difference of 5.3%, up to as high as 16.5%.

1. Non-Master Plan Resales in Northeastern Rialto vs. Local Master Plans

Data was compiled on resale activity in Northeastern Rialto, generally north of I-210, and east of Sierra Avenue, and compared to resales in master plans in the Rialto/Fontana market area. Resale data for Rialto included single family home sales closed in the six month period ending in mid-November of 2011, and only included "market sales" (not short sales or foreclosures), and only included sales where lot size, home size, and sales price were available. Also, for better comparison with area master plans, sales were limited to a sub-set including only homes on lot sizes from 5,000 to 8,999 square feet, home sizes from 1,800 to 2,599 square feet, and homes built from 1960 through 2010. Out of 165 total sales in the local market area, 19 sales met all of the search criteria and were used for comparison with local master plans. (See Exhibit IV-5 for individual sales.)

Based on a comparison of adjusted resale values in local master plans versus resales not located in a master plan, it was determined that resale single family homes in master planned community settings in the Rialto/Fontana market area achieve higher values than homes not located in a master planned community setting as follows: (Please see Exhibit IV-4 for adjustment analyses)

Value Differential for Homes in a Master Plan vs. Rialto Non-MPC Homes

Value Enhancement for the Highest Value MPC in the Market	16.5%
Value Enhancement for the Average Value MPC in the Market	11.9%
Value Enhancement for the "Base Case" MPC in the Market	7.7%

So, generally speaking, single family homes in a base case master plan in the Rialto/Fontana market area achieve prices that are an average of 7.7% higher than the average adjusted value for a comparable home in a non-master plan setting in Northeastern Rialto. The "average" master plan achieves home values that are an average of 11.9% above non-master plan homes, and the most highly amenitized master plan has an average home value 16.5% above the average non-master plan home in Northeastern Rialto.

It is important to note that the value differential in this analysis refers to home values that have been adjusted to account for differences between properties that can impact value, so that the resulting difference left over after making all the adjustments should be attributable solely to just a master plan versus a non-master plan setting. Without making any adjustments of any kind, the value of a resale home in the base case master plan in the local market is actually about 44% higher than the average Rialto resale, however the average Rialto home is much smaller in size than the average MPC resale, the average Rialto home is much older, and so forth, which accounts for much of the value difference. Adjusted values are a much more valid basis for comparison.

2. Non-Master Plan Resales in Fontana vs. Fontana MPC Sales – All Homes Located in the Fontana School District Only

To eliminate differences in value that might be attributable to school district, this analysis included only homes located in the Fontana School District, and only in the City of Fontana itself, comparing master plan sales versus non-master plan sales. Like with the analysis of Rialto sales in the preceding section, sales prices were adjusted for differences in the elements of comparison that impact value in this market (lot size, home size, etc.), with the adjusted values reflecting value differences attributable to a master planned setting versus a non-master plan setting. Out of a total of 140 sales in this area during the time period examined, 10 met all the search criteria and were used in the comparative analysis. See Exhibit IV-6 for details.

Based on this analysis, it was determined that homes in master planned communities that were both located in the Fontana School District and in the City of Fontana have values that are an average of 5.3% higher than homes not located in a master planned community. It is possible that many of the non-master plan homes in Fontana might be benefitting from a “halo effect” of being located in close proximity to master plans that offer community amenities that are open to the public. In this way, home buyers of homes not in a master plan still get the benefits of the public facilities without necessarily paying a premium for being in the master plan itself. This is particularly true if the non-master plan homes are located very close to newer schools or parks, which is likely the case. In contrast, none of the home sales in Rialto evaluated were near a master plan, creating no halo effect, and thus resulting in a greater price differential in Rialto for sales not in a master plan versus sales in a master plan (none in Rialto).

3. Non-Master Plan Resales in Fontana vs. Fontana MPC Sales – All Homes Located in the Etiwanda School District Only

To eliminate differences in value that might be attributable to school district, this analysis included only homes located in the Etiwanda School District, and only in the City of Fontana itself, comparing master plan sales versus non-master plan sales. Like with the analysis of sales in the preceding section, sales prices were adjusted for differences in the elements of comparison that impact value in this market (lot size, home size, etc.), with the adjusted values reflecting value differences attributable to a master planned setting versus a non-master plan setting. Out of a total of 29 sales in this area during the time period examined, eight met all the search criteria and were used in the comparative analysis. See Exhibit IV-7 for details.

Based on this analysis, it was determined that homes in master planned communities that were both located in the Etiwanda School District, and in the City of Fontana, have values that are an average of 6.0% higher than homes not located in a master planned community. It is possible that many of the non-master plan homes in Fontana might be benefitting from a “halo effect” of being located in close proximity to master plans that offer community amenities that are open to the public. In this way, home buyers of homes not in a master plan still get the benefits of the public facilities without necessarily paying a premium for being in the master plan itself. This is particularly true if the non-master plan homes are located very close to newer schools or parks, which is likely the case. In contrast, none of the home sales in Rialto evaluated were near a master plan, creating no halo effect, and thus resulting in a greater price differential in Rialto for sales not in a master plan versus sales in a master plan (none in Rialto).

4. Non-Master Plan Resales in Fontana, South of I-210, vs. Sales in the California Landings MPC – All Homes Located in the Etiwanda School District Only

This analysis compared resales in the California Landings master plan to nearby resales not in a master plan, with all sales located south of I-210, all sales in the City of Fontana, and all sales in the Etiwanda School District. This analysis was conducted to eliminate any value difference attributable to school district, and also to eliminate value differences that might be attributable to being located north or south of I-210. The same non-MPC sales that were used in the preceding section were used in this section (Exhibit IV-7); the only difference for this analysis is that the non-MPC sales were compared to just California Landings (and not the other Etiwanda School District MPC's located north of I-210 – Summit Heights, Coyote Canyon & Hunter's Ridge).

Based on this analysis, it was determined that homes in the California Landings master plan have values that are an average of 6.8% higher than nearby homes not located in a master planned community. This conclusion is generally within the realm of values determined under the other master plan versus non-master plan evaluations, and lends credence to the validity of the value difference conclusions.

FINAL CONCLUSIONS REGARDING MASTER PLAN HOME VALUES VS. NON-MASTER PLAN HOME VALUES

The results of this analysis show that homes located in a master planned community have higher home values than homes not located in a master planned community setting.

Based on this analysis, the value attributable to a "base case" master planned community setting versus a non-master planned setting is roughly 5% to 8%. With more amenities, the value differential increases to over 10%, and up to as high as around 16% to 17% for the most highly amenitized master plans. As such, the No Project/Existing Zoning and SBKR/LBV scenarios, which are not true master plans, will not be able to achieve values on par with homes developed under the Avoidance of RAFSS Areas, Avoidance of Jurisdictional Waters, or the Proposed Project scenarios, which are true master plans; and in fact, home values under the No Project/Existing Zoning and SBKR/LBV scenarios likely will be 8% or more below values of any of the true master plan scenarios at Lytle Creek.

See Tab Appendix Section IV for further Exhibits

Appendix Section V. Apartment Rent Differential – Master Plans vs. Non-Master Plans

To determine, on a preliminary basis, if a master planned community location has any impact on monthly rental rates at rental apartment projects in the Fontana/Rancho Cucamonga market area compared to apartment projects not in a master planned community setting, information was compiled on actively leasing apartment projects in the cities of Fontana and Rancho Cucamonga. The data included projects in master planned communities, and projects not located in a master plan, and information on asking rental rates was comparatively analyzed. As none of the eight benchmark master planned communities evaluated under the "For-sale home value analysis" featured any active apartment projects, the master planned communities evaluated under this apartment analysis are different, but in the same regional area.

Among the three apartment projects reviewed in a master plan (Homecoming at Terra Vista in Rancho Cucamonga, AMLI at Victoria Arbors in Rancho Cucamonga, and Camino Real in Village of Heritage in Fontana), the average current asking rate is \$1,536 per month for an average 1,020 square foot unit. Among the four non-master plan projects reviewed (Sycamore Springs, Villagio on Route 66, and Victoria Woods, all in Rancho Cucamonga, and Aventerra in Fontana), the average current asking rate is \$1,176 for an average 860 square foot unit. Since the average unit size for the master plan units is so much larger than the average size for the non-MPC units, values were normalized to an average unit size around 950 to 960 square feet for comparative purposes. (Please see Exhibit V-1 for information.)

Comparing like unit sizes, apartment units in a master planned community in this market area have asking rents an average of 10.7% higher than asking rents in projects not in a master planned community. However, all the MPC apartment projects are in the Etiwanda School District, while just one of the four non-MPC projects is in Etiwanda, and so a further adjustment was made for school district quality impact on value. After adjusting for school district, the final conclusion is that monthly asking rents in apartments in MPC's are an average of about 8.4% higher than asking rents for apartments not in a master plan.

Final opinion of value:

Based on this statistical analysis, our final opinion is that it appears that an apartment unit in a master planned community setting in this market area likely could achieve asking rents from 8% to 10% higher than apartments not in a master planned community.

It is important to note that this analysis should be considered preliminary only. It is possible that the difference in value attributable to a master plan location versus a non-master plan location could be attributable to other elements of comparison not considered under this analysis such as: age of project, property upkeep, apartment property amenities, location within Rancho Cucamonga or Fontana, more refined differences in school district values, master plan amenities, etc. Further research and analysis is recommended to determine a more definitive answer. Nevertheless, it does appear to be a valid conclusion that master plans add value to asking rents in this market area and it is likely that asking rents from 8% to 10% higher than apartments not in a master planned community are achievable.

See Tab Appendix Section V for Exhibit

HM2 Solutions LLC
Reeb Development Consulting
Lytle Creek Value Differential Analysis
November, 2001
List of Exhibits

I. Subject Property & Conclusions

Exhibit	I-1	Final Conclusions Regarding Value Enhancement Attributable to Differences in Lytle Creek Development Plans
Exhibit	I-2	Master Plan Amenity Score vs. Average Adjusted Home Value Differential - Fontana/Rialto Market Area
Exhibit	I-3	Master Plan Price Adjustment Analysis - Fontana/Rialto Master Plans
Exhibit	I-4	Evaluation of Value Added for Different Community Amenities - Fontana/Rialto Master Plans
Exhibit	I-5	Master Plan Amenity Profile - Relative Amenity Level Ranking Matrix
Exhibit	I-6	Master Plan Amenity Profile - Comparison of Amenity Levels
Exhibit	I-7	Lytle Creek Ranch Specific Plan & Alternative Land Use Statistics
Exhibit	I-8	Lytle Creek Ranch Specific Plan Profile - Alternative: No Project/Existing Zoning Plan
Exhibit	I-9	Lytle Creek Ranch Specific Plan Profile - Alternative: Avoidance of RAFSS Areas
Exhibit	I-10	Lytle Creek Ranch Specific Plan Profile - Alternative: Avoidance of Jurisdictional Waters
Exhibit	I-11	Lytle Creek Ranch Specific Plan Profile - Alternative: Avoidance of SBKR/LBV-Occupied Habitat
Exhibit	I-12	Lytle Creek Ranch Specific Plan Profile - Alternative: Proposed Project

II. Master Planned Community Profiles & Home Values

Exhibit	II-1	Benchmark Specific Plans - Fontana/Rialto Market (aerial map)
Exhibit	II-2	New Home Project Market Positioning - Fontana/Rialto Market Area
Exhibit	II-3	Calculation of Value Difference Attributable to Amenities - Active New Home Projects - Rosena Ranch & Shady Trails
Exhibit	II-4a	Master Plan Amenity Profile: Rosena Ranch
Exhibit	II-4b	Master Plan Residential Profile: Rosena Ranch
Exhibit	II-5a	Master Plan Amenity Profile: Shady Trails
Exhibit	II-5b	Master Plan Residential Profile: Shady Trails
Exhibit	II-6a	Master Plan Amenity Profile: Citrus Heights
Exhibit	II-6b	Master Plan Residential Profile: Citrus Heights
Exhibit	II-7a	Master Plan Amenity Profile: Sierra Lakes
Exhibit	II-7b	Master Plan Residential Profile: Sierra Lakes
Exhibit	II-7c	Calculation of Golf Course Frontage Value - Sierra Lakes Master Plan
Exhibit	II-8a	Master Plan Amenity Profile: Summit Heights
Exhibit	II-8b	Master Plan Residential Profile: Summit Heights
Exhibit	II-9a	Master Plan Amenity Profile: California Landings
Exhibit	II-9b	Master Plan Residential Profile: California Landings
Exhibit	II-10a	Master Plan Amenity Profile: Coyote Canyon
Exhibit	II-10b	Master Plan Residential Profile: Coyote Canyon
Exhibit	II-11a	Master Plan Amenity Profile: Hunter's Ridge
Exhibit	II-11b	Master Plan Residential Profile: Hunter's Ridge
Exhibit	II-12	"Belmont" Product Case Study

(See following page for additional exhibits.)

HM2 Solutions LLC
Reeb Development Consulting
Lytle Creek Value Differential Analysis
November, 2001
List of Exhibits

III. Value Adjustment Analyses - Selected Elements of Comparison

Exhibit	III-1	School Test Scores - 4th Grade - Selected San Bernardino School Districts
Exhibit	III-2	Comparison of Single Family Home Values by School District
Exhibit	III-3	Home Value Analysis by School District
Exhibit	III-4	Single Family Resales - Value Added by Home Size - Fontana/Rialto Master Plans
Exhibit	III-5	Single Family Resales - Value Added by Lot Size - Fontana/Rialto Master Plans
Exhibit	III-6	Calculation of Value Added by Age of Home - Fontana School District

IV. Master Plan Home Values vs. Non-Master Plan Home Values Analyses

Exhibit	IV-1	Calculation of Value Added For Master Planned Setting vs. Non-Master Planned Setting - Actively Selling New Projects
Exhibit	IV-2	New Home Project Market Positioning - MPC vs. Non-MPC - Fontana/Rialto Market Area
Exhibit	IV-3	Non-Master Plan New Home Projects - Fontana/Rialto Market Area
Exhibit	IV-4	Calculation of Value Added For Master Planned Setting vs. Non-Master Planned Setting - Based on Resales
Exhibit	IV-5	Single Family Resales - Northeast Rialto Area
Exhibit	IV-6	Single Family Resales - Fontana School District - City of Fontana
Exhibit	IV-7	Single Family Resales - Etiwanda School District - City of Fontana

V. Apartment Value Differential Analysis

Exhibit	V-1	Apartment Information - Fontana/Rancho Cucamonga Area
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Disclaimer

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Appendix Section I
Subject Property & Conclusions

EXHIBIT I-1
 FINAL CONCLUSIONS REGARDING
 VALUE ENHANCEMENT ATTRIBUTABLE TO DIFFERENCES
 IN LYTLE CREEK DEVELOPMENT PLANS 1/
 NOVEMBER, 2011

These figures represent the potential relative difference in home values at Lytle Creek corresponding to different amenity levels and development plans compared to a "base case" master plan in the Fontana/Rialto market area.

LYTLE CREEK DEVELOPMENT SCENARIOS	AMENITY SCORE (Exhibits I-5 & I-6)	CHANGE IN VALUE COMPARED TO "BASE CASE" MASTER PLAN 2/		
		Opinion of Value Low Range	Statistical Conclusion (Exhibit I-2)	Opinion of Value High Range
		1. No Project/Existing Zoning Plan	0.9	-10.0%
2. Avoidance of RAFSS Areas	3.6	2.0%	2.2%	3.0%
3. Avoidance of Jurisdictional Waters	4.3	4.5%	4.9%	5.5%
4. Avoidance of SBKR/LBV-Occupied Habitat	1.5	-7.0%	-6.0%	-5.0%
5. Proposed Project	5.1	7.0%	8.0%	9.0%

*Notes:

1/ All value difference conclusions assume that the each Lytle Creek alternative is developed as proposed as of 11/11/2011, and as presented in the Master Plan Amenity Profile exhibits in this report. Values assume all amenities are completed and available for use. Full values may not be achievable until all amenities are completed. Figures represent the difference in value for homes at Lytle Creek compared to the "base case" master plan value in the Fontana/Rialto competitive market area.

2. Statistical Conclusion: The relative value difference attributable to differences in development plans as determined by statistical analysis.

Opinion of Value: Professional opinion of potential value enhancement range based on statistical results & market experience.

Source: Reeb Development Consulting

EXHIBIT I-2
 MASTER PLAN AMENITY SCORE vs.
 AVERAGE ADJUSTED HOME VALUE DIFFERENTIAL
 FONTANA/RIALTO MARKET AREA
 NOVEMBER, 2011

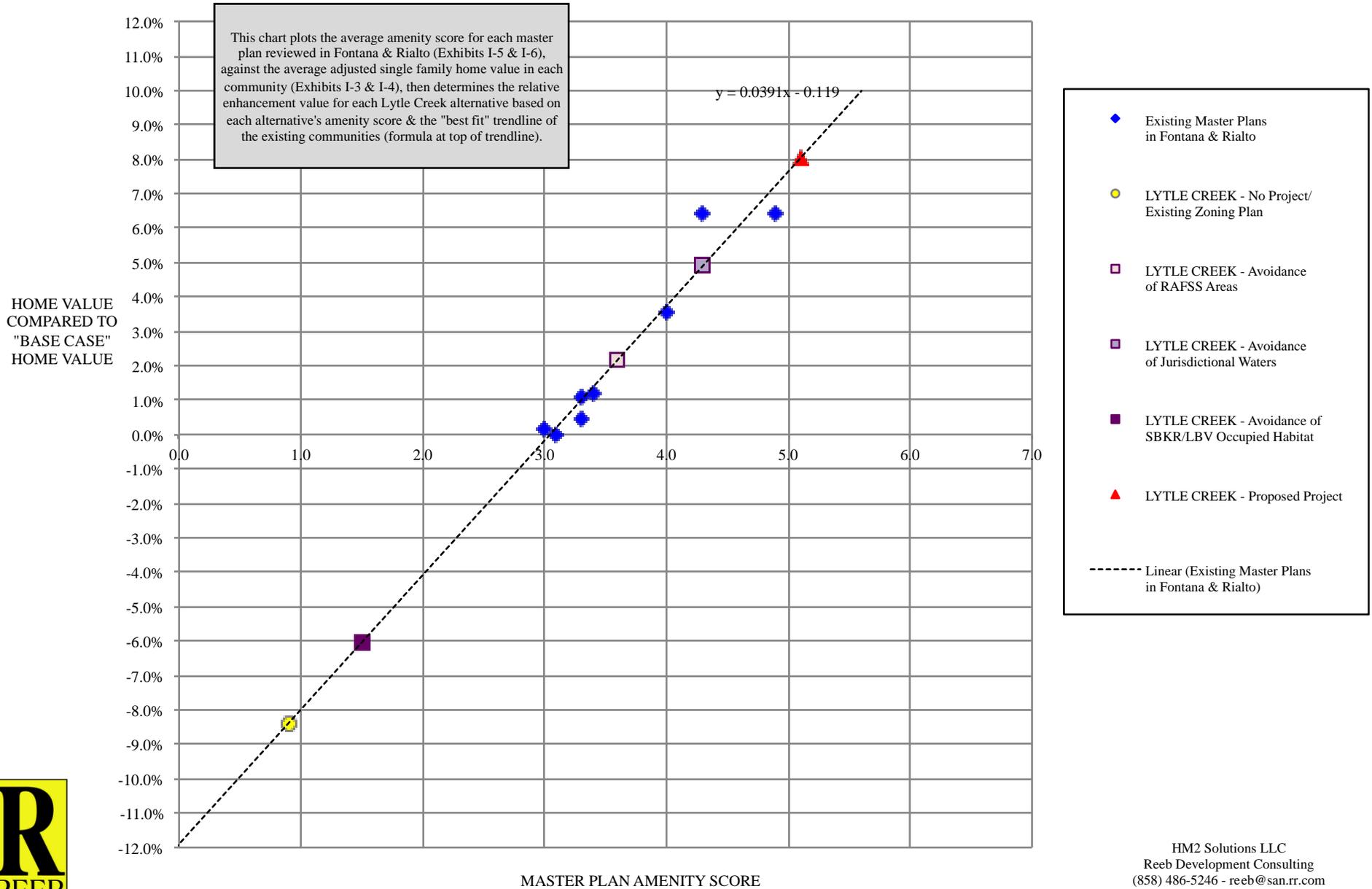


EXHIBIT I-3
 MASTER PLAN PRICE ADJUSTMENT ANALYSIS
 FONTANA/RIALTO MASTER PLANS
 NOVEMBER, 2011

HM2 Solutions LLC/Reeb Development Consulting

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In order to isolate the value attributable to the package of amenities included in each master plan, values in each community were adjusted to minimize/adjust for differences between the housing products/homes in each community. Any differences that remain after the adjustments are made should be attributable to differences in the amenities included in each of the master plans.

This is how the value in each community compares to the value of the lowest priced MPC.

COMMUNITY	AMENITY SCORE (Ex. I-5)	RESALE MARKET DATA (Resales 6 months ending early November, 2011) (See Individual Master Plan Profiles for Detailed Sales Information)							ADJUSTMENTS TO PRICE							Adjusted Home Value vs. "Base Case" Value
		LOT SIZE	HOME SIZE	SALES PRICE	PRICE/SQ.FT.	YEAR BUILT	SCHOOL DISTRICT	TAX RATE	Lot Size to 6,735 Sq.Ft.	Home Size to 2,604 Sq.Ft.	Home Age to 2002	School District to Rialto	Tax Rate to Average 1.74% (50% of NPV)	Location: East I-15: 3% So. I-215: 2%	Adjusted Home Price	
		SIZE	SIZE	PRICE	SQ.FT.	BUILT	DISTRICT	RATE	\$10/Sq.Ft.	\$60/Sq.Ft.	0.69%/year					
Rosena Ranch	3.3	5,335	2,339	\$252,900	\$108	2009	San Bernardino	2.00%	\$14,004	\$15,878	-\$11,633.40	\$0	\$5,459	\$0	\$276,608	1.1%
Shady Trails	4.9	5,000	2,492	\$278,000	\$112	2005	Fontana	2.00%	\$17,350	\$6,720	-\$5,754.60	-\$11,120	\$6,001	\$0	\$291,196	6.4%
Citrus Heights	3.0	7,046	2,996	\$332,375	\$111	2006	Fontana	1.40%	-\$3,110	-\$23,520	-\$9,173.55	-\$13,295	-\$9,225	\$0	\$274,052	0.2%
Sierra Lakes	4.3	5,977	2,632	\$293,984	\$112	2002	Fontana	1.90%	\$7,584	-\$1,687	-\$841.08	-\$11,759	\$3,929	\$0	\$291,209	6.4%
Summit Heights	3.1	6,737	2,650	\$306,210	\$116	2002	Etiwanda	1.50%	-\$16	-\$2,748	\$633.85	-\$24,497	-\$5,980	\$0	\$273,602	0.0%
California Landings	3.4	6,689	2,144	\$278,801	\$130	1999	Etiwanda	1.40%	\$459	\$27,586	\$5,658.01	-\$22,304	-\$7,738	-\$5,576	\$276,886	1.2%
Coyote Canyon	3.3	8,480	2,545	\$337,450	\$133	2006	Etiwanda	1.90%	-\$17,450	\$3,540	-\$9,313.62	-\$26,996	\$4,509	-\$16,873	\$274,867	0.5%
Hunter's Ridge	4.0	7,194	2,436	\$310,481	\$127	1999	Etiwanda	1.80%	-\$4,587	\$10,091	\$6,079.56	-\$24,838	\$1,596	-\$15,524	\$283,298	3.5%
Average*	3.7	6,735	2,604	\$304,025	\$117	2002	Rialto	1.74%								

* Average for Resale Market Data is the actual average of all individual sales, not the average of each of the averages shown here for each master plan.

Source: Reeb Development Consulting

EXHIBIT I-4
 EVALUATION OF VALUE ADDED
 FOR DIFFERENT COMMUNITY AMENITIES
 FONTANA/RIALTO MASTER PLANS
 NOVEMBER, 2011

This exhibit attempts to estimate the value added in MPC's for different types of major amenities. The results should be seen as general guidelines only, as all of the master plans reviewed had multiple amenities which could potentially impact values in different ways when combined differently. The final "Value Opinions" mostly represent best estimates for a "medium" level amenity. "Low" & "High" value opinions in Ex. I-5 were extrapolated based off of these "medium" values.

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1. GATED COMMUNITY		
MASTER PLAN	GATED	NOT GATED
Rosena Ranch		\$276,608
Shady Trails	\$291,196	
Citrus Heights	\$274,052	
Sierra Lakes*		\$276,648
Summit Heights		\$273,602
California Landings		\$276,886
Coyote Canyon		\$274,867
Hunter's Ridge		\$283,298
Average	\$282,624	\$276,985
\$ Difference	\$5,639	
% Difference	2.0%	
Value Opinion**	Approximately 1% to 3%	

2. PARKS/FACILITIES			
MASTER PLAN	HIGHER	MEDIUM	LOWER
Rosena Ranch		\$276,608	
Shady Trails	\$291,196		
Citrus Heights			\$274,052
Sierra Lakes*	\$276,648		
Summit Heights		\$273,602	
California Landings		\$276,886	
Coyote Canyon			\$274,867
Hunter's Ridge		\$283,298	
Average	\$283,922	\$277,598	\$274,460
\$ Diff. vs. Low	\$9,463	\$3,139	--
% Diff. vs. Low	3.4%	1.1%	--
Value Opinion**	Over 3%	1% to 3%	0% to 1%

3. PRIVATE FACILITIES		
MASTER PLAN	YES	NO
Rosena Ranch	\$276,608	
Shady Trails	\$291,196	
Citrus Heights		\$274,052
Sierra Lakes		\$276,648
Summit Heights		\$273,602
California Landings		\$276,886
Coyote Canyon		\$274,867
Hunter's Ridge		\$283,298
Average	\$283,902	\$276,559
\$ Difference	\$7,343	
% Difference	2.7%	
Value Opinion**	Approximately 2% to 3%	

4. MAJOR ENVIRONMENTAL		
MASTER PLAN	YES	NO
Rosena Ranch	\$276,608	
Shady Trails		\$291,196
Citrus Heights		\$274,052
Sierra Lakes*		\$276,648
Summit Heights		\$273,602
California Landings		\$276,886
Coyote Canyon		\$274,867
Hunter's Ridge	\$283,298	
Average	\$279,953	\$277,875
\$ Difference	\$2,078	
% Difference	0.7%	
Value Opinion**	Approximately 1% to 2%	

5. GOLF COURSE (Open to Public)		
MASTER PLAN	YES	NO
Rosena Ranch		\$276,608
Shady Trails		\$291,196
Citrus Heights		\$274,052
Sierra Lakes	\$291,209	
Summit Heights		\$273,602
California Landings		\$276,886
Coyote Canyon		\$274,867
Hunter's Ridge		\$283,298
Average	\$291,209	\$278,644
\$ Difference	\$12,565	
% Difference	4.5%	
Value Opinion**	Approximately 3% to 5%	

6. SCHOOL DISTRICT (vs. Rialto)				
MASTER PLAN	S.B. CITY	RIALTO	FONTANA	ETIWANDA
Rosena Ranch				
Shady Trails				
Citrus Heights	See Exhibits III-1, III-2 & III-3 for more detailed school district analysis.			
Sierra Lakes				
Summit Heights				
California Landings				
Coyote Canyon				
Hunter's Ridge				
Average				
\$ Difference				
% Difference				
Value Opinion**	±(-8%)	0.0%	±4%	±8%

7. OTHER USES (Including a School)		
MASTER PLAN	YES	NO
Rosena Ranch		\$276,608
Shady Trails		\$291,196
Citrus Heights		\$274,052
Sierra Lakes	\$291,209	
Summit Heights		\$273,602
California Landings	\$276,886	
Coyote Canyon		\$274,867
Hunter's Ridge	\$283,298	
Average	\$283,798	\$278,065
\$ Difference	\$5,733	
% Difference	2.1%	
Value Opinion**	Approximately 2% to 3%	

* When Sierra Lakes appears with an asterisk next to the name, 5% has been deducted from the price for the value of the golf course.
 ** Value opinion represents an opinion of value for a "medium level" amenity and is based on this statistical analysis & professional experience.
 (Categories with more specific value opinion breakdowns than just "medium" include 2. Parks/Facilities and 6. School District).

Color Code:	Lytle Creek:	Lytle Creek Alternatives:	Comparables:	
	Existing Plan	Avoid RAFSS	Rosena Ranch	Summit Heights
	Proposed Project	Avoid Jur. Waters	Shady Trails	California Landings
		Avoid SBKR/LBV	Citrus Heights	Coyote Canyon
			Sierra Lakes	Hunter's Ridge

COMMUNITY CHARACTERISTIC	AMENITY "LEVEL"								
	"LOW"			"MEDIUM"			"HIGH"		
	1	2	3	4	5	6	7	8	9
1. COMMUNITY ENTRY & PERIMETER	Potential value enhancement: Probably 1% or less			Potential value enhancement: Usually about 1% to 3%			Potential value enhancement: Likely 3% or more		
	Existing Plan	Avoid RAFSS	Proposed Project	Citrus Heights	Shady Trails				
	Avoid SBKR/LBV	Avoid Jur. Waters	Sierra Lakes						
	Coyote Canyon	Rosena Ranch							
		Summit Heights							
		California Landings							
		Hunter's Ridge							
2. PARKS and/or FACILITIES OPEN TO THE PUBLIC	Potential value enhancement: Probably 1% or less			Potential value enhancement: Usually about 1% to 3%			Potential value enhancement: Likely 3% or more		
		Existing Plan	Citrus Heights	California Landings	Avoid RAFSS		Sierra Lakes	Proposed Project	Shady Trails
		Avoid SBKR/LBV			Avoid Jur. Waters				
					Rosena Ranch				
					Avoid RAFSS				
					Summit Heights				
					Coyote Canyon				
					Hunter's Ridge				
3. PRIVATE RECREATIONAL FACILITIES	Potential value enhancement: Probably 2% or less			Potential value enhancement: Usually about 2% to 3%			Potential value enhancement: Likely 3% or more		
	Existing Plan						Proposed Project	Shady Trails	
	Avoid SBKR/LBV								
	Citrus Heights								
	Sierra Lakes								
	Summit Heights								
	California Landings								
	Coyote Canyon								
	Hunter's Ridge								
4. MAJOR COMMUNITY ENVIRONMENTAL INFLUENCES (Including natural open space, but not including golf courses.)	Potential value enhancement: Probably 1% or less			Potential value enhancement: Usually about 2% to 3%			Potential value enhancement: Likely 2% or more		
	Shady Trails	Citrus Heights	Coyote Canyon	Existing Plan	Hunter's Ridge				
	Summit Heights	Sierra Lakes		Avoid RAFSS					
		California Landings		Avoid Jur. Waters					
				Avoid SBKR/LBV					
				Proposed Project					
				Rosena Ranch					
5. GOLF COURSE	Potential value enhancement: Probably 2% or less (0% for none)			Potential value enhancement: Usually about 3% to 5%			Potential value enhancement: Likely 5% or more		
	Avoid RAFSS		Existing Plan				Avoid Jur. Waters	Sierra Lakes	
	Rosena Ranch						Avoid SBKR/LBV		
	Shady Trails						Proposed Project		
	Citrus Heights								
	Summit Heights								
	California Landings								
	Coyote Canyon								
	Hunter's Ridge								
6. SCHOOL DISTRICT (Value comparison to Rialto District)	Potential value enhancement: 0% for Rialto, to about (-8%) for City of San Bernardino			Potential value enhancement: Around 4% for Fontana			Potential value enhancement: Around 8% for Eriwanda		
		Existing Plan	Rosena Ranch					Summit Heights	
		Avoid RAFSS						California Landings	
		Avoid Jur. Waters						Coyote Canyon	
		Avoid SBKR/LBV						Hunter's Ridge	
		Proposed Project							
7. OTHER LAND USES (Including schools)	Potential value enhancement: Probably 1% or less			Potential value enhancement: Usually about 2% to 3%			Potential value enhancement: Likely 3% or more		
			Rosena Ranch	Existing Plan	Shady Trails	Avoid RAFSS	Avoid Jur. Waters		
				Coyote Canyon	Citrus Heights	Avoid SBKR/LBV	Proposed Project		
				Summit Heights		Sierra Lakes			
						California Landings			
						Hunter's Ridge			
8. OVERALL COMMUNITY AMENITY ASSESSMENT*	Potential value enhancement: Probably 2% or less			Potential value enhancement: Probably about 2% to 8%			Potential value enhancement: Likely 6% or more		
	Existing Plan: 0.9 (2.4)			Avoid RAFSS: 3.6	Avoid Jur. Waters: 4.3	Proposed Project: 5.1			
	Avoid SBKR/LBV: 1.5 (3.0)			Rosena Ranch: 3.3	Sierra Lakes: 4.3	Shady Trails: 4.9			
				Citrus Heights: 3.0	Hunter's Ridge: 4.0				
				Summit Heights: 3.1					
				California Landings: 3.4					
				Coyote Canyon: 3.3					

Note: Value "enhancement" is relative to a standard single family home in a "base case" master planned community. Value enhancements are not necessarily cumulative.

COMMUNITY CHARACTERISTIC	AMENITY "LEVEL"								
	"LOW"			"MEDIUM"			"HIGH"		
	1	2	3	4	5	6	7	8	9
1. COMMUNITY ENTRY & PERIMETER	Potential value enhancement: Probably 1% or less			Potential value enhancement: Usually about 1% to 3%			Potential value enhancement: Likely 3% or more		
	* Not gated * No perimeter walls or minimal perimeter * No entry definition	* Perimeter walls * Modest entry definition or monumentation	* Faux entry gate * Premium entry monumentation or definition	* Gated entry with modest landscaping	* Gated entry with faux guard house or enhanced landscaping	* Gated entry with un-manned guard house	* Gate-guarded entry with part-time guard		* Gate-guarded entry with 24-hour guard
2. PARKS and/or FACILITIES OPEN TO THE PUBLIC	Potential value enhancement: Probably 1% or less			Potential value enhancement: Usually about 1% to 3%			Potential value enhancement: Likely 3% or more		
	* No parks	* Small public tot lot or pocket park * Green space areas, may have paths and/or benches	* Multiple small pocket parks or tot lots	* Neighborhood park with passive recreation	* Small private park with passive recreation & small clubhouse * Neighborhood park with active recreation	* Large public park with active recreation * Multiple neighborhood parks with recreation	* Large "sports" park with extensive facilities open to public	* Large sports park & other parks	* Large aquatic/sports facilities/activities open to public
3. PRIVATE RECREATIONAL FACILITIES	Potential value enhancement: Probably 2% or less			Potential value enhancement: Usually about 2% to 3%			Potential value enhancement: Likely 3% or more		
	* None		* Small pool & restrooms	* Larger pool & restrooms	* Larger pool, spa & small clubhouse * Multiple moderate facilities	* Multiple upgraded facilities	* Large pool/multiple pools, & extensive clubhouse	* Large/multiple pools, extensive clubhouse & other recreation (tennis, basketball, bocce ball)	* Private clubhouse with restaurant/health spa & extensive facilities (highly upscale facility)
4. MAJOR COMMUNITY ENVIRONMENTAL INFLUENCES (Except for a golf course)	Potential value enhancement: Probably 1% or less			Potential value enhancement: Usually about 1% to 2%			Potential value enhancement: Likely 2% or more		
	* Flat site, no unique characteristics		* Some topography, some views, no other distinguishing features	* Adjacent to open space, but somewhat non-distinguished	* Adjacent to open space of nicer quality environment * Hilly topography, more views	* Man-made features of moderate quality (lakes, water features, extensive greenbelts)	* Extensive natural quality open space adjacent or incorporated into site	* Extensive natural quality open space adjacent and incorporated into site	* Extensive man-made lake with use facilities
5. GOLF COURSE	Potential value enhancement: Probably 2% or less (0% for none)			Potential value enhancement: Usually about 3% to 5%			Potential value enhancement: Likely 5% or more		
	* None	* Par-3 open to the public	* Older 18-hole open to the public	* Reinvigorated, updated 18-hole open to public	* New 18-hole, open to the public. Golf orients to limited portion of MPC.	* New 18-hole, open to the public. Golf fully integrated in MPC.	* New 18-hole, private member use only with clubhouse * Multiple golf courses, open to the public	* New 18-hole, private member use only with clubhouse & some other amenities/features (see private recreation above)	* New 18-hole, private member use only with extensive amenities (see private recreation above)
6. SCHOOL DISTRICT (Value comparison to Rialto District)	Potential value enhancement: 0% for Rialto, to about (-8%) City of San Bernardino			Potential value enhancement: Around 4% for Fontana			Potential value enhancement: Around 8% for Etiwanda		
	* City of San Bernardino School District			* Fontana School District			* Etiwanda School District		
7. OTHER LAND USES (Including schools)	Potential value enhancement: Probably 1% or less			Potential value enhancement: Usually about 2% to 3%			Potential value enhancement: Likely 3% or more		
	* No schools in master plan (schools "farther" away) * No other land uses			* No schools in master plan (but are "very close") * Small/local serving commercial uses	* No schools in master plan (but are adjacent) * Neighborhood serving commercial/other uses	* School within the master plan * Regional serving commercial/other uses	* Multiple schools within the master plan	* Multiple schools within the master plan & private school(s)	
8. OVERALL COMMUNITY AMENITY ASSESSMENT	Potential value enhancement: Probably 2% or less			Potential value enhancement: Usually about 2% to 8%			Potential value enhancement: Likely 6% or more		
	Lower End: 0% (Potential negative adjustment if in City of San Bernardino School District)	Mid-Range: 0% to 1%	High-Range: 1% to 2%	Lower End: 2% to 4%	Mid-Range: 4% to 6%	High-Range: 6% to 8%	Lower End: 6% to 8%	Mid-Range: 8% to 12%	High-Range: Over 12%

Note: Value "enhancement" is relative to a standard single family home in a neighborhood with no community amenities or features. Value enhancements are not necessarily cumulative.

Source: Reeb Development Consulting

LYTLE CREEK RANCH SPECIFIC PLAN & ALTERNATIVES LAND USE STATISTICS

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Land Use Statistics		No Project/Existing Zoning Designation ¹				Avoidance of RAFSS Areas ²				Avoidance of Jurisdictional Waters ³				Avoidance of SBKR/LBV-Occupied Habitat ⁴				Proposed Project: Lytle Creek Ranch Specific Plan ⁵				
Land Use	Notation	Units	Min.Lot Size (square feet)	Density DU/Acre	Acres	Units	Avg.Lot Size (square feet)	Density DU/Acre	Acres	Units	Avg.Lot Size (square feet)	Density DU/Acre	Acres	Units	Avg.Lot Size (square feet)	Density DU/Acre	Acres	Units	Avg.Lot Size (square feet)	Density DU/Acre	Acres	
RESIDENTIAL		2215			941.0	4872			566.4	5846			635.6	7485			841.6	8407			939.4	
SFD- Golf Course Comm. (GHSP)	GCS	12		0.05	266.0																	
SFD - Rural Living (County)	RL	5	(2.5 Acres)	0.38	13.1																	
SFD-Single Family Res.(County)	RS-20M	245	(20,000 Sq.Ft.)	2	112.5																	
SFD-Special Development (LCNPD)	SD- RES	147	10,000 Sq.Ft.	4.2	35.0																	
SFD- Single Family Zone (City)	R- 1A	1175	(10,000 Sq.Ft.)	3.1	385.0																	
SFD-Single Family Res.(County)	RS- 10M	3	(10,000 Sq.Ft.)	4.3	0.7																	
SFD-Special Dev. LCNPD	SD- RES	328	(6,000 Sq.Ft.)	5.1	64.7																	
SFD-Golf Course Res. GHSP)	GCR	300		4.7	64.0																	
Single Fam.Residential 1	SFR-1					693	7000	3.6	192.5	530	7000	3.6	147.2	936	7000	3.6	259.9	943	7000	3.6	263.2	
Single Fam.Residential 2	SFR-2					813	5000	6.3	129.1	1491	5000	6.3	236.7	1549	5000	6.3	245.9	1908	5000	6.3	304.5	
Single Fam.Residential 3	SFR-3					1955	varied	10.9	179.4	1948	varied	10.9	178.7	2419	varied	10.9	221.9	2403	varied	10.9	220.0	
Multi-Family Residential(Condo)	MFR					576	attached	17.2	33.5	552	attached	17.2	32.1	1256	attached	17.2	73.0	1828	attached	17.2	106.3	
High Density Res. (Apartments)	HDR					835	attached	26.2	31.9	1325	attached	32.4	40.9	1325	attached	32.4	40.9	1325	attached	29.2	45.4	
COMM. FACILITY					0.0				15.1				41.1				26.0				41.0	
Elementary School w/JU Park	ES & OS/JU					1 school			15.1	1 school			15.1	1 school			26.0	1 school			15.0	
Elem/Middle School-w/JU Park	ES/MS & OS/JU									1 school			26.0	1 school			26.0	1 school			26.0	
OPEN SPACE (OS)/ RECREATION					174.2				61.4				292.0				301.4				363.8	
OS (LCNPD)					6.2																	
Park (LCNPD)					11.0																	
Golf Course (ERVSP)					157.0																	
OS/Recreation	OS/R				0.0				61.4				292.0				301.4				363.8	
Open Space	OS/R								30.5				60.8				94.4				75.3	
⁶ New Golf Course	OS/R												207.0				207.0				207.0	
Sports Park	OS/R																				35.0	
Grand Paseo Park (Active)	OS/R								16.9				10.2								23.5	
Private Recreation Centers	OS/R	None.				3 Recreation Centers			14.0	3 Recreation Centers			14.0	None.				4 Recreation Centers			23.0	
COMMERCIAL/IND		1,097,418			63.8				63.8				86.3	820,540			96.1				95.6	
Commercial (LCNPD)		648,750			40.8																	
Comm.-Travel Service(LCNPD)		209,088			12.0																	
General Manufacturing (City)		239,580			11.0																	
Village Center (VC)						602,827			63.8	730,893			86.3	820,540			96.1	849,420			95.6	
OTHER					70.8				99.9				109				111.2				134.5	
SCE Right-of-Way					17.1																	
Roads					53.7				99.9				109				111.2				134.5	
NO USE AREA					1197.5				1640.7				1283.3				1071.0				908.0	
Floodway (County)					1197.5																	
Preserved Listed Species Habitat									1105.7								596.6					
Preserved Non-Listed Species Habitat									399.8								345.4					
Listed Species Hab.(within 100 ft Levee)									25.6								44.4					
Non-List.Species Hab.(within 100 ft Levee)									90.1								84.6					
Preserved Sensitive Riparian Community									19.5													
Non-WoUS & WoS within 100 feet of Levee													97.9									
Preserved Areas													380.7									
Preserved Areas that may contain WoUS/WoS not delineated													678.8									
WoUS/WoS within 100 feet of levee													0.4									
Preserved WoUS/WoS													125.5									
Open Space (Undisturbed)																					908	
GRAND TOTAL		2,215 units			2447.3	4,872 units			2447.3	5,846 units			2447.3	7,485 units			2447.3	8,407 units			2447.3	

Source Data: ¹Table 7-3 LCRSP Draft Environmental Impact Report, March 2010. ²Land-Use and Development Assumptions -- Alternative 3: Avoidance of RAFSS Areas, by KTYG Group Inc.. ³Land-Use and Development Assumptions -- Alternative 4: Avoidance of Jurisdictional Waters, by KTYG Group Inc. . ⁴Land-Use and Development Assumptions -- Alternative 2: Avoidance of SBKR/LBV-Occupied Habitat, by KTYG Group Inc. . ⁵Table 3.1 Lytle Creek Ranch Land Use Summary - Lytle Creek Ranch Specific Plan March 2010. ⁶Figure 3.1 Conceptual Land Use Plan - Lytle Creek Ranch Specific Plan March 2010. Also Lytle Creek Ranch Specific Plan-March 2010 with Draft Environmental Impact Report, Section 7.0. Interviews with Lytle Development Joint Venture III. Conceptual Alternative Land Plans entitled: Waters of the U.S. and State Impact Minimization Alternative, RAFSS Communities Impact Minimization Alternative, Listed Species Impact Minimization Alternative as provided by Lytle Development Joint Venture III.

MASTER PLAN:	No Project / Existing Zoning Plan	STATUS:	Entitlement
COUNTY:	San Bernardino	ESTIMATED TOTAL HOMES:	2215
SUBMARKET:	Fontana/Rialto	ESTIMATED TOTAL ACRES:	2447.3
CITY:	Rialto, CA	GROSS DENSITY (DUs/acre):	0.9
ZIP:	92377	MASTER HOA ANTICIPATED:	No

MASTER PLAN CHARACTERISTICS			
<i>(Note: All statements refer to conceptual land plans and uses as the project is not built.)</i>			
HOUSING TYPES	Detached Homes. 86% of homes have a lot size of over 9,000 square feet.	The balance have a minimum lots size of 6,000 square feet.	
COMMUNITY ENTRY	Not gated. No monumentation/definition. Perimeter wall (Area Stand-alone)	Interior streets (Area Standard) No neighborhood entry definition.	
SCHOOLS	No schools within the community. Existing elementary, middle & high school support residents.	Mostly in Rialto Unified School District (USD). Rated 4 out of 10 by GreatSchools Inc. Northern sections are in San Bernardino City USD -Rated 3 out of 10. Portions in Fontana USD- Rated 5 out of 10.	
PARKS	Green space areas (may have paths, benches)		
PRIVATE RECREATIONAL FACILITIES	None.		
MAJOR COMMUNITY INFLUENCES <i>(Excluding Golf)</i>	Adjacent to open space, but somewhat non-distinguished.		
GOLF COURSE	Old public course.		
OPEN SPACE	Adjacent flood control channel. (No resident use. 1197.5 acres.)		
OTHER COMMUNITY LAND USES	Travel related commercial near I-5 (Motel-Gas, etc.) 12 acres Commercial Area (Retail, Office, Business Park etc.) 40.8 acres	Manufacturing Area 11 acre	

Source data: Lytle Creek Ranch Specific Plan- March 2010 with Draft Environmental Impact Report, Section 7.0 ; Interview with Lytle Development Joint Venture III; GreatSchools Inc., a leading source of information on school performance with rankings based on test scores (greatschools.org); San Bernardino City Unified School District (<http://www.sbcusd.k12.ca.us/>); Rialto Unified School District (<http://www.rialto.k12.ca.us>).

MASTER PLAN:	Avoidance of RAFSS Areas	STATUS:	Entitlement
COUNTY:	San Bernardino	ESTIMATED TOTAL HOMES:	4872
SUBMARKET:	Fontana/Rialto	ESTIMATED TOTAL ACRES:	2447.3
CITY:	Rialto, CA	GROSS DENSITY (DUs/acre):	2.0
ZIP:	92377	MASTER HOA ANTICIPATED:	Yes.

MASTER PLAN CHARACTERISTICS		
<i>(Note: All statements refer to conceptual land plans and uses as the project is not built.)</i>		
HOUSING TYPES	Detached Homes, Patio homes, Townhomes, Condos, Apartments	
COMMUNITY ENTRY	Not gated. Modest entry monumentation/ definition. Perimeter wall (Area Standard)	Streets have standard area design. No neighborhood entry definition.
SCHOOLS	1 new elementary school in community with 5 acre park adjacent. <i>(for 1/2 community)</i> Existing elementary, middle & high school also support residents.	Mostly in Rialto Unified School District (USD). Rated 4 out of 10 by GreatSchools Inc. Northern sections are in San Bernardino City USD - Rated 3 out of 10. Portions in Fontana USD-Rated 5 out of 10.
PARKS	Paseo Park envisioned with active recreation uses like half court basketball, bbq/picnic, play equipment (non-contiguous, est. 16.9 acre)	
PRIVATE RECREATIONAL FACILITIES	2 Recreations Centers. Envisioned with pool, small splash park, tot lot, and modest event space.	1 Recreation Center envisioned with Clubhouse (fitness), pool, spa, and event spaces.
MAJOR COMMUNITY INFLUENCES <i>(Excluding Golf)</i>	Adjacent to open space, but somewhat non-distinguished.	
GOLF COURSE	None.	
OPEN SPACE	Preserved, non-use areas (1640.7 acres).	
OTHER COMMUNITY LAND USES	Commercial Areas (retail, office, business park uses etc.)	63.8 acres of commercial uses total.

Source data: Lytle Creek Ranch Specific Plan- March 2010 with Draft Environmental Impact Report, Section 7.0 ; Interview with Lytle Development Joint Venture III; Conceptual Alternative Land Use Map entitled--RAFSS Communities Impact Minimization Alternative; GreatSchools Inc., a leading source of information on school performance with rankings based on test scores (greatschools.org); San Bernardino City Unified School District (<http://www.sbcusd.k12.ca.us/>); Rialto Unified School District (<http://www.rialto.k12.ca.us>).

MASTER PLAN:	Avoidance of Jurisdictional Waters	STATUS:	Entitlement
COUNTY:	San Bernardino	ESTIMATED TOTAL HOMES:	5846
SUBMARKET:	Fontana/Rialto	ESTIMATED TOTAL ACRES:	2447.3
CITY:	Rialto, CA	GROSS DENSITY (DUs/acre):	2.4
ZIP:	92377	MASTER HOA ANTICIPATED:	Yes

MASTER PLAN CHARACTERISTICS <i>(Note: All statements refer to conceptual land plans and uses as the project is not built.)</i>		
HOUSING TYPES	Detached Homes, Patio homes, Townhomes, Condos, Apartments	
COMMUNITY ENTRY	Not gated. Modest entry monumentation/ definition. Perimeter wall (Area Standard)	Streets have standard area design. No neighborhood entry definition.
SCHOOLS	1 new elementary school in community w/5 acre park adjacent. 1 new elementary/middle school in community w/12 acre park adjacent. Existing high schools.	Mostly in Rialto Unified School District (USD). Rated 4 out of 10 by GreatSchools Inc. Northern sections are in San Bernardino City USD - Rated 3 out of 10. Portions in Fontana USD-Rated 5 out of 10.
PARKS	Paseo Park envisioned with active recreation uses like half court basketball, bbq/picnic, play equipment (non-contiguous, est. 10.2 acre)	
PRIVATE RECREATIONAL FACILITIES	2 Recreations Centers (6 acres each). Envisioned with pool, small splash park, tot lot, and modest event space.	1 Recreation Center (3 acres) Envisioned with Clubhouse (fitness), pool, spa, and event spaces.
MAJOR COMMUNITY INFLUENCES <i>(Excluding Golf)</i>	Adjacent to open space, but somewhat non-distinguished.	
GOLF COURSE	Modernized public golf course.	
OPEN SPACE	Preserved, non-use areas (1283.3 acres).	
OTHER COMMUNITY LAND USES	Several Commercial Areas (Retail, Office, Business Park etc.)	86.3 acres of commercial uses total.

Source data: Lytle Creek Ranch Specific Plan- March 2010 with Draft Environmental Impact Report, Section 7.0 ; Interview with Lytle Development Joint Venture III; Conceptual Alternative Land Use Map entitled--Waters of the U.S. and State Impact Minimization Alternative; GreatSchools Inc., a leading source of information on school performance with rankings based on test scores (greatschools.org); San Bernardino City Unified School District (<http://www.sbcusd.k12.ca.us/>); Rialto Unified School District (<http://www.rialto.k12.ca.us>).

MASTER PLAN:	Avoidance of SBKR/LBV-Habitat	STATUS:	Entitlement
COUNTY:	San Bernardino	ESTIMATED TOTAL HOMES:	7484
SUBMARKET:	Fontana/Rialto	ESTIMATED TOTAL ACRES:	2447.3
CITY:	Rialto, CA	GROSS DENSITY (DUs/acre):	3.1
ZIP:	92377	MASTER HOA ANTICIPATED:	No

MASTER PLAN CHARACTERISTICS <i>(Note: All statements refer to conceptual land plans and uses as the project is not built.)</i>		
HOUSING TYPES	Detached Homes, Patio homes, Townhomes, Condos, Apartments	
COMMUNITY ENTRY	Not gated. No monumentation/definition. Perimeter wall (Area Stand-alone)	Interior streets (Area Standard) No neighborhood entry definition.
SCHOOLS	1 new elementary/middle school in community with 12 acre park adjacent. Existing elementary, middle & high school will also support residents.	Mostly in Rialto Unified School District (USD). Rated 4 out of 10 by GreatSchools Inc. Northern sections are in San Bernardino City USD - Rated 3 out of 10. Portions in Fontana USD-Rated 5 out of 10.
PARKS	Green space areas (may have paths, benches)	
PRIVATE RECREATIONAL FACILITIES	None.	
MAJOR COMMUNITY INFLUENCES <i>(Excluding Golf)</i>	Adjacent to open space, but somewhat non-distinguished.	
GOLF COURSE	Modernized public golf course.	
OPEN SPACE	Preserved, non-use areas (1071 acres).	
OTHER COMMUNITY LAND USES	Several Commercial Areas (Retail, Office, Business Park etc.)	96.1 acres of commercial uses total.

Source data: Lytle Creek Ranch Specific Plan- March 2010 with Draft Environmental Impact Report, Section 7.0 ; Interview with Lytle Development Joint Venture III; Conceptual Alternative Land Use Map entitled--Listed Species Impact Minimization Alternative; GreatSchools Inc., a leading source of information on school performance with rankings based on test scores (greatschools.org); San Bernardino City Unified School District (<http://www.sbcusd.k12.ca.us/>); Rialto Unified School District (<http://www.rialto.k12.ca.us/>).

MASTER PLAN:	Proposed Project	STATUS:	Entitlement
COUNTY:	San Bernardino	ESTIMATED TOTAL HOMES:	8407
SUBMARKET:	Fontana/Rialto	ESTIMATED TOTAL ACRES:	2447.3
CITY:	Rialto, CA	GROSS DENSITY (DUs/acre):	3.4
ZIP:	92377	MASTER HOA ANTICIPATED:	Yes.

MASTER PLAN CHARACTERISTICS <i>(Note: All statements refer to conceptual land plans and uses as the project is not built.)</i>			
HOUSING TYPES	Detached Homes, Patio homes, Townhomes, Condos, Apartments		
COMMUNITY ENTRY	Premium entry monumentation/definition. Perimeter wall (Upgraded)	Perimeter streets have enhanced landscape and design. Interior streets upgraded design with median and parkways.	
SCHOOLS	1 new elementary school in community w/5 acre park adjacent. 1 new elementary/middle school in community w/12 acre park adjacent. Existing high schools.	Mostly in Rialto Unified School District (USD). Rated 4 out of 10 by GreatSchools Inc. Northern sections are in San Bernardino City USD -Rated 3 out of 10. Portions in Fontana USD-Rated 5 out of 10.	
PARKS	Grand Paseo Park envisioned with active uses like half court basketball, bbq/picnic, play equipment connect commercial, residential & recreation nodes.(est.23 ac.)	Sports Park (35 acre. Lighted) baseball and soccer fields, multiple playgrounds, snack bar.	
PRIVATE RECREATIONAL FACILITIES	2 Recreations Centers (6 acres each). Envisioned with pool, small splash park, tot lot, and modest event space.	1 Recreation Center (8 acres) Envisioned with: clubhouse, pool, enhanced splash pool, tot lot. 1 Recreation Center (3 acres) Envisioned with: clubhouse (fitness), pool, spa, and event spaces.	
MAJOR COMMUNITY INFLUENCES <i>(Excluding Golf)</i>	Adjacent to open space, but somewhat non-distinguished.		
GOLF COURSE	Modernized public golf course.		
OPEN SPACE	Preserved, non-use areas (908 acres).		
OTHER COMMUNITY LAND USES	Several Commercial Areas (Retail, Office, Business Park etc.)	95.6 acres of commercial uses total.	

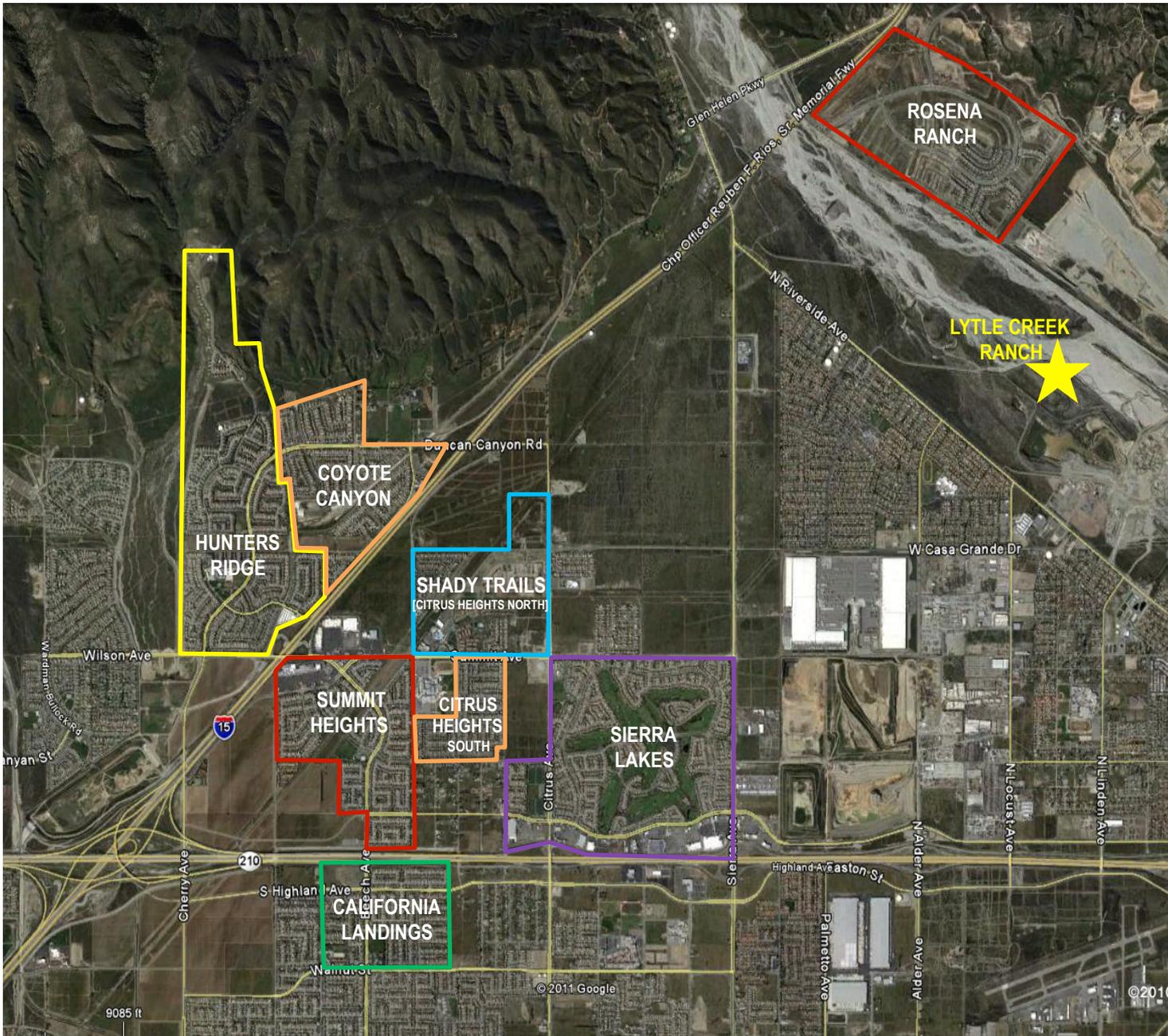
Source data: Lytle Creek Ranch Specific Plan- March 2010 with Draft Environmental Impact Report, Section 7.0 ; Interviews with Lytle Development Joint Venture III; GreatSchools Inc., a leading source of information on school performance with rankings based on test scores (greatschools.org); San Bernardino City Unified School District (<http://www.sbcusd.k12.ca.us/>); Rialto Unified School District (<http://www.rialto.k12.ca.us>).

Appendix Section II

Master Planned Community Profiles & Home Values

BENCHMARK SPECIFIC PLANS

Fontana/Rialto Submarket



ETIWANDA UNIFIED SCHOOL DISTRICT

- HUNTERS RIDGE
- COYOTE CANYON
- SUMMIT HEIGHTS
- CALIFORNIA LANDINGS

FONTANA UNIFIED SCHOOL DISTRICT

- SIERRA LAKES
- CITRUS HEIGHTS SOUTH
- SHADY TRAILS

RIALTO & SAN BERNARDINO CITY UNIFIED SCHOOL DISTRICTS

- ROSENA RANCH

RIALTO, SAN BERNARDINO CITY & FONTANA UNIFIED SCHOOL DISTRICTS

- LYTLE CREEK RANCH

Source data: City of Fontana Planning Department Land Use Zone Map; Etiwanda, Fontana, Rialto and San Bernardino City Unified School Districts Boundary Attendance Maps.

Conceptual Exhibit. Specific Plan Boundaries are approximate.
Nov. 2011 – HM2 Solutions LLC

EXHIBIT II-2
 NEW HOME PROJECT MARKET POSITIONING
 FONTANA/RIALTO MARKET AREA
 NOVEMBER, 2011
 (Prices not adjusted for incentives)

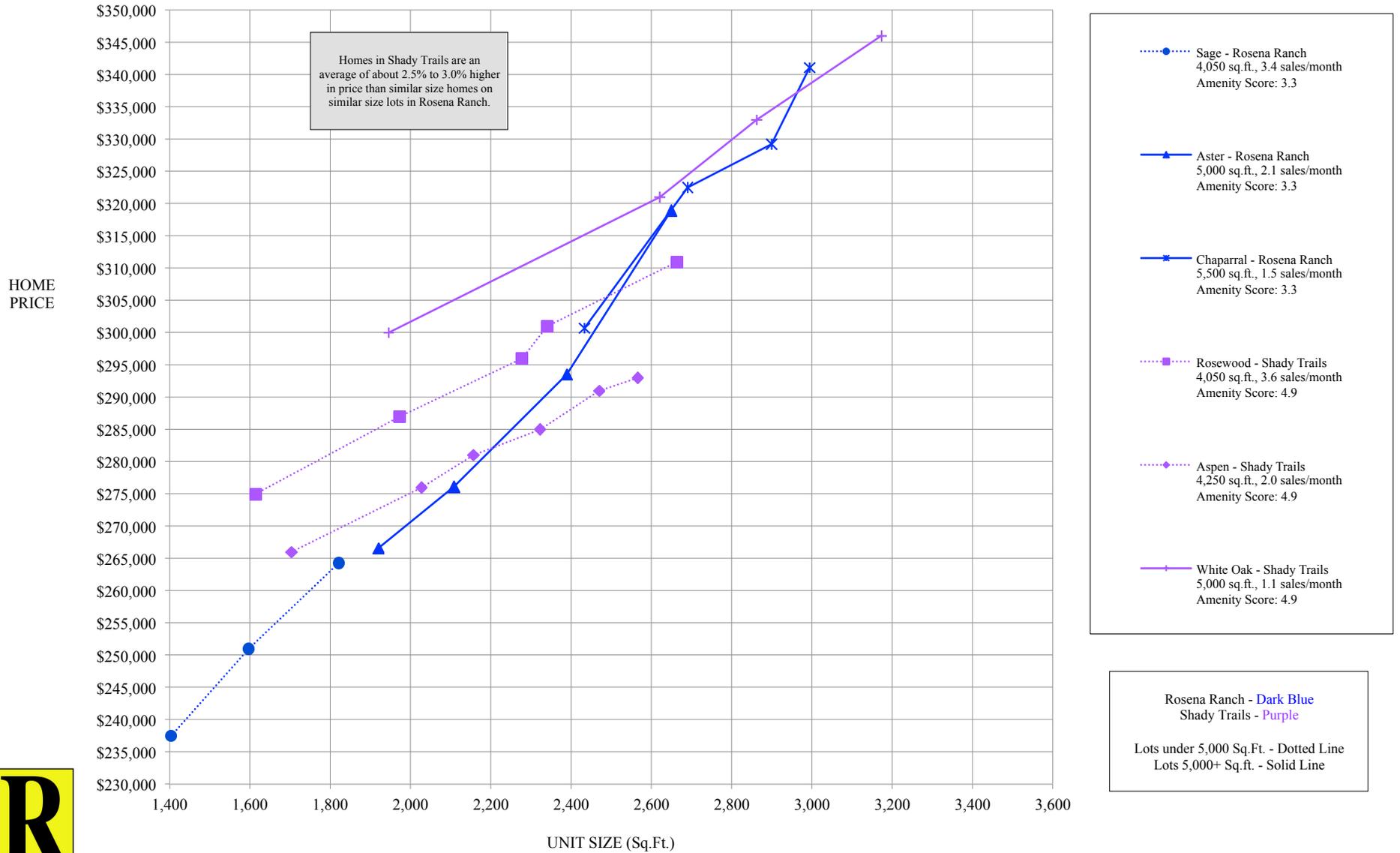


EXHIBIT II-3
 CALCULATION OF VALUE DIFFERENCE
 ATTRIBUTABLE TO AMENITIES
 ACTIVE NEW HOME PROJECTS
 ROSENA RANCH vs. SHADY TRAILS
 NOVEMBER, 2011

Conclusion:
 After adjusting for differences in lot size, unit size & school district, homes in Shady Trails, which has a higher amenity ranking than Rosena Ranch, are priced roughly 2.5% to 3.0% higher than comparable homes in Rosena Ranch. However, it should be noted that the sample sizes for this analysis were small, which could impact or skew the results. Also, the difference is lower than the difference derived from resale data, which could indicate that some of these new home projects may not be "priced right" for today's market.

HM2 Solutions LLC
 Reeb Development Consulting
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PRICE ADJUSTMENT ANALYSIS - Lots Under 5,000 Sq.Ft.										
COMMUNITY & PROJECT*	AMENITY SCORE	MARKET DATA AS OF NOVEMBER, 2011					ADJUSTMENTS TO PRICE			
		LOT SIZE	UNIT SIZE	SALES PRICE	PRICE/SQ.FT.	SCHOOL DISTRICT**	Adjust Lot to 4,050 Sq.Ft. \$10/Sq.Ft.	Adjust Home to 1,821 Sq.Ft. \$60/Sq.Ft.	School District (Rialto)	Adjusted Home Price
Rosena Ranch - Sage	3.3	4,050	1,821	\$264,290	\$145	SB/Rialto	\$0	\$0	\$0	\$264,290
Shady Trails - Rosewood	4.9	4,050	1,794	\$280,990	\$157	Fontana	\$0	\$1,650	-\$11,240	\$271,400
Difference in Price										\$7,110
% Difference in Price										2.6%

* To minimize the impact of different home sizes on the analysis results, the analysis includes just the largest plan at Sage in Rosena Ranch, and the two smallest plans at Rosewood in Shady Trails.

PRICE ADJUSTMENT ANALYSIS - 5,000 Sq.Ft. Lots										
COMMUNITY & PROJECT*	AMENITY SCORE	MARKET DATA AS OF NOVEMBER, 2011					ADJUSTMENTS TO PRICE			
		LOT SIZE	UNIT SIZE	SALES PRICE	PRICE/SQ.FT.	SCHOOL DISTRICT**	Adjust Lot to 4,850 Sq.Ft. \$10/Sq.Ft.	Adjust Home to 2,267 Sq.Ft. \$60/Sq.Ft.	School District (Rialto)	Adjusted Home Price
Rosena Ranch - Aster	3.3	5,000	2,267	\$288,765	\$127	SB/Rialto	\$0	\$0	\$0	\$288,765
Shady Trails - White Oak	4.9	5,000	2,284	\$310,490	\$136	Fontana	\$0	-\$990	-\$12,420	\$297,080
Difference in Price										\$8,315
% Difference in Price										2.8%

* To minimize the impact of different home sizes on the analysis results, the analysis includes all plans at Aster in Rosena Ranch, but only the two smaller plans at White Oak in Shady Trails.

** Children at Rosena Ranch currently attend schools in the City of San Bernardino School District, which is inferior to Rialto, and far inferior to Fontana, however the San Bernardino Schools that the kids do attend are the highest rated schools in the San Bernardino District, & were equated to Rialto for the purpose of this analysis.

Source: New home data - Real Estate Economics, analysis - Reeb Development Consulting

EXHIBIT II-4a
 MASTER PLAN AMENITY PROFILE
 ROSENA RANCH
 NOVEMBER, 2011

HM2 Solutions LLC/Reeb Development Consulting
 c:\excel\11sb54n.xlsx (Rosena)

MASTER PLAN:	ROSENA RANCH	STATUS:	Actively Selling
COUNTY:	San Bernardino	ESTIMATED TOTAL HOMES:	2406
SUBMARKET:	Fontana/Rialto	ESTIMATED TOTAL ACRES:	645
CITY:	San Bernardino County, CA	GROSS DENSITY (DUs/acre):	3.7
ZIP:	92407		

MASTER PLAN CHARACTERISTICS		
HOUSING TYPES	Detached Homes, Future Apartments	
COMMUNITY ENTRY	Not gated . Good monumentation/entry.	Streets enhanced design & landscape
PARKS	Active park (8 acres. Planned.) Passive park space/trail head (15.8 acre)	
PRIVATE RECREATIONAL FACILITIES	1 Recreations Center (Nice clubhouse (approx.5200 square feet with event room, 1 pool, wading pool, small splash park, tot lot, barbeque. (5.2 acres)	
MAJOR COMMUNITY INFLUENCES (Excluding Golf)	None.	
GOLF COURSE	None	
OPEN SPACE	-	75 acres in community
SCHOOLS	In planning - 1 elementary/middle school in community.	For homes selling now : San Bernardino Unified School District. This district is rated a 3 out of 10 by GreatSchools Inc.*
OTHER COMMUNITY LAND USES	Apartment site (future)	
OTHER NOTABLE CHARACTERISTICS	The community is adjacent to the 1-15 on the east with open space to the north, west and south.	Community is set apart from existing development,

Source data: San Bernardino County Planning Department website; Lytle Creek North Planned Development ; GreatSchools Inc., a leading source of information on school performance with rankings based on test scores (greatschools.org); San Bernardino City Unified School District (<http://www.sbcusd.k12.ca.us/>); Rialto Unified School District (<http://www.rialto.k12.ca.us/>); Lytle Development Joint Venture III.

TOTAL UNITS:	2,406 units
TOTAL ACREAGE:	645 acres
GROSS DENSITY:	3.7 units/ acre

TAX RATE/CFD:*	Total tax rate @ 2.0%
HOA DUES:*	Average about \$130/month
AMENITY SCORE:	Current 3.3, Future: ±3.9

CURRENT NEW HOME PROJECTS							
PROJECT NAME	HOME BUILDER	LOT SIZE/ DIMENSIONS	TOTAL UNITS	2011 SALES/ MONTH	HOME SIZE (SQ.FT.)	BASE PRICE	PRICE/ SQ.FT.
Sage	Lennar	4,050 45x90	70	3.4	1,404	\$237,490	\$169
					1,597	\$250,990	\$157
					1,821	\$264,290	\$145
Aster	Lennar	5,000 50x100	34	2.1	1,920	\$266,590	\$139
					2,108	\$276,090	\$131
					2,389	\$293,490	\$123
					2,649	\$318,890	\$120
Chaparral	Lennar	5,500 55x100	100	1.5	2,433	\$300,690	\$124
					2,690	\$322,490	\$120
					2,899	\$329,190	\$114
					2,994	\$341,090	\$114
AVERAGE or TOTAL		4,850	204	2.3	2,264	\$291,026	\$129

SOLD-OUT IN 2011 NEW HOME PROJECTS							
Acacia (Sold-out Sept. 2011)	Lennar	4,500 45x100	36	1.8	2,129	\$294,000	\$138
					2,636	\$312,000	\$118
					2,860	\$322,000	\$113
Sorrel (Sold-out Sept. 2011)	Lennar	6,000 55x110	78	1.5	2,087	\$280,000	\$134
					2,332	\$289,500	\$124
					2,475	\$302,500	\$122
AVERAGE or TOTAL		5,250	114	1.7	2,420	\$300,000	\$124

RESALES (6 months ending early November 2011)							
ADDRESS	LOT SIZE	HOME SIZE	SALES PRICE	PRICE/ SQ.FT.	DATE CLOSED	YEAR BUILT	TAX RATE*
A. MARKET SALES							
3975 OBSIDIAN Rd	5,000	2,277	\$269,200	\$118	9/30/2011	2010	2.0%
3837 OBSIDIAN Rd	5,000	2,085	\$258,000	\$124	8/31/2011	2010	2.0%
3988 OBSIDIAN Rd	5,000	2,085	\$239,000	\$115	9/23/2011	2010	2.0%
17975 TANZANITE Rd	5,000	2,129	\$277,000	\$130	8/18/2011	2010	2.0%
3999 OBSIDIAN Rd	5,000	2,277	\$279,700	\$123	5/31/2011	2010	2.0%
3968 OBSIDIAN Rd	5,190	2,593	\$240,000	\$93	5/20/2011	2007	2.0%
3972 OBSIDIAN Rd	5,258	2,272	\$235,000	\$103	6/17/2011	2007	2.0%
3970 OBSIDIAN Rd	5,268	2,083	\$220,000	\$106	10/7/2011	2007	2.0%
3940 OBSIDIAN Rd	5,269	2,272	\$232,000	\$102	10/28/2011	2007	2.0%
17985 SWEET BAY Ln	5,307	2,087	\$247,000	\$118	7/1/2011	2009	2.0%
18082 IOLITE	7,389	3,573	\$285,000	\$80	8/26/2011	2007	2.0%
AVERAGE	5,335	2,339	\$252,900	\$108	8/12/2011	2009	2.0%
B. SHORT SALES or FORECLOSURES (& Undetermined)							
3983 OBSIDIAN RD	4,545	1,989	\$275,000	\$138	6/30/2011	2007	2.0%
3979 OBSIDIAN RD	4,545	2,083	\$284,500	\$137	6/24/2011	2007	2.0%
3991 QUARTZITE LN	4,590	2,083	\$230,000	\$110	7/26/2011	2007	2.0%
3975 QUARTZITE LN	4,590	1,989	\$220,000	\$111	7/18/2011	2007	2.0%
3875 TACONITE Rd	4,946	2,527	\$210,000	\$83	5/31/2011	2007	2.0%
3859 AMERICAN ELM Rd	5,000	2,332	\$220,000	\$94	5/20/2011	2006	2.0%
3875 TACONITE RD	5,150	2,593	\$210,000	\$81	5/31/2011	2007	2.0%
3856 AMERICAN ELM RD	5,200	2,475	\$224,000	\$91	10/6/2011	2006	2.0%
3864 AMERICAN ELM Rd	5,273	2,383	\$225,000	\$94	9/9/2011	2007	2.0%
AVERAGE	4,871	2,273	\$233,167	\$103	7/11/2011	2007	2.0%

*Tax rate & HOA info for new home projects per Real Estate Economics, for resale homes per data from Redfin.com.

Source: The New Housing Monitor, Housing Intelligence Pro, Real Estate Economicis, Redfin, builder websites, Reeb Development Consulting

EXHIBIT II-5a
 MASTER PLAN AMENITY PROFILE
 SHADY TRAILS
 NOVEMBER, 2011

HM2 Solutions LLC/Reeb Development Consulting
 c:\excel\11sb54n.xlsx (Shady)

MASTER PLAN:	SHADY TRAILS	STATUS:	Active Selling
COUNTY:	San Bernardino	ESTIMATED TOTAL HOMES:	1161
SUBMARKET:	Fontana/Rialto	ESTIMATED TOTAL ACRES:	266
CITY:	Fontana, CA	GROSS DENSITY (DUs/acre):	4.4
ZIP:	92336		

MASTER PLAN CHARACTERISTICS		
HOUSING TYPES	Detached and Attached Homes.	
COMMUNITY ENTRY	Residential areas are gated. Nice monumentation.	Perimeter streets enhanced landscaping & design.
PARKS	Fontana Park sports complex (public, 38 acres) with Community Center (45,000 Sq.Ft.), Aquatic Complex	Also, includes a full size public indoor gymnasium, sport courts, skateboard park
PRIVATE RECREATIONAL FACILITIES	1 Recreation Center (3.5 acres) includes: Clubhouse (15,000 Sq.Ft.), and a fitness center, theatre, library, business center, game room facility. (2,600 sq.ft.)	Jr. Olympic pool, spa, tot lot, event lawn, tennis court, bocce ball.
MAJOR COMMUNITY INFLUENCES (Excluding Golf)	None.	
GOLF COURSE	None.	
OPEN SPACE		
SCHOOLS	No schools in community.	Fontana Unified School District. Rated 5 out of 10 by GreatSchools Inc.
OTHER COMMUNITY LAND USES	Neighborhood commercial center.	
OTHER NOTABLE CHARACTERISTICS	None.	

Source data: Fontana Planning Department (Fontana.org); Developer website (shadytrails.net); GreatSchools Inc., a leading source of information on school performance with rankings based on test scores (greatschools.org); Fontana Unified School District (FUSD.net); Google Earth;

TOTAL UNITS:	1,161 units
TOTAL ACREAGE:	266 acres (estimate)
GROSS DENSITY:	4.4 units/ acre

TAX RATE/CFD:*	Total tax rate @ 2.0%
HOA DUES:*	Average about \$175/month
AMENITY SCORE:	Medium 3.9

CURRENT NEW HOME PROJECTS							
PROJECT NAME	HOME BUILDER	LOT SIZE/ DIMENSIONS	TOTAL UNITS	2011 SALES/ MONTH	HOME SIZE (SQ.FT.)	BASE PRICE	PRICE/ SQ.FT.
Rosewood	KB Home	4,050 45x90	72	3.6	1,614	\$274,990	\$170
					1,973	\$286,990	\$145
					2,278	\$295,990	\$130
					2,340	\$300,990	\$129
					2,664	\$310,990	\$117
Aspen	KB Home	4,250 50x85	46	2.0	1,703	\$265,990	\$156
					2,028	\$275,990	\$136
					2,156	\$280,990	\$130
					2,323	\$284,990	\$123
					2,470	\$290,990	\$118
White Oak	KB Home	5,000 50x100	56	1.1	1,946	\$299,990	\$154
					2,621	\$320,990	\$122
					2,862	\$332,990	\$116
					3,173	\$345,990	\$109
AVERAGE or TOTAL		4,433	174	2.2	2,172	\$288,490	\$133

RESALES (6 months ending early November 2011)							
ADDRESS	LOT SIZE	HOME SIZE	SALES PRICE	PRICE/ SQ.FT.	DATE CLOSED	YEAR BUILT	TAX RATE*
A. MARKET SALES							
6189 EAGLEMONT Dr	5,000	2,492	\$278,000	\$112	10/18/2011	2005	2.0%
15552 SYRACUSE Ln	6,000	3,664	\$324,900	\$89	11/3/2011	2006	2.0%
5412 TURIN Way	6,700	4,121	\$370,000	\$90	10/28/2011	2006	2.0%
5352 CAMPANIA Way	7,851	3,706	\$310,000	\$84	8/1/2011	2008	2.0%
AVERAGE	6,388	3,496	\$320,725	\$92	10/5/2011	2006	2.0%
Value for Adjustment Analysis**	5,000	2,492	\$278,000	\$112	10/18/2011	2005	2.0%
B. SHORT SALES or FORECLOSURES							
15603 PISA Ln	6,030	4,121	\$360,000	\$87	6/21/2011	2006	2.0%
5447 BIELLA Ct	6,509	3,690	\$340,000	\$92	7/29/2011	2006	2.0%
15577 SICILY Ln	6,920	3,536	\$332,000	\$94	8/31/2011	2008	2.0%
AVERAGE	6,486	3,782	\$344,000	\$91	7/27/2011	2007	2.0%

*Tax rate & HOA info for new home projects per Real Estate Economics, for resale homes per data from Redfin.com.

**Straight average is skewed by large size of homes. "Value for Adjustment Analysis" utilizes a selected sample of homes for more valid comparison to other MPC's.

Source: The New Housing Monitor, Housing Intelligence Pro, Real Estate Economics, Redfin, builder websites, Reeb Development Consulting

EXHIBIT II-6a
 MASTER PLAN AMENITY PROFILE
 CITRUS HEIGHTS
 NOVEMBER, 2011

HM2 Solutions LLC/Reeb Development Consulting
 c:\excel\11sb54n.xlsx (Citrus)

MASTER PLAN:	CITRUS HEIGHTS	STATUS:	Complete
COUNTY:	San Bernardino	ESTIMATED TOTAL HOMES:	484
SUBMARKET:	Fontana/Rialto	ESTIMATED TOTAL ACRES:	104
CITY:	Fontana, CA	GROSS DENSITY (DUs/acre):	4.7
ZIP:	92336		

MASTER PLAN CHARACTERISTICS		
HOUSING TYPES	Detached Homes	
COMMUNITY ENTRY	Gated electronic only.	
PARKS	5 neighborhood pocket parks.	
PRIVATE RECREATIONAL FACILITIES	None.	
MAJOR COMMUNITY INFLUENCES <i>(Excluding Golf)</i>	None.	
GOLF COURSE	None.	
OPEN SPACE	-	
SCHOOLS	No schools in community. Adjacent to Summit High School Fontana Unified School District. Rated 5 out of 10 by GreatSchools Inc.	
OTHER COMMUNITY LAND USES	None.	
OTHER NOTABLE CHARACTERISTICS	None.	

Source data: Fontana Planning Department (Fontana.org); GreatSchools Inc., a leading source of information on school performance with rankings based on test scores (greatschools.org); Fontana Unified School District (FUSD.net); Google Earth;

TOTAL UNITS:	484 units
TOTAL ACREAGE:	104 acres (estimate)
GROSS DENSITY:	4.7 units/acre

TAX RATE/CFD:*	Total tax rate @ 1.4%
HOA DUES:*	Estimated \$96/month
AMENITY SCORE:	Low 3.0

CURRENT NEW HOME PROJECTS							
PROJECT NAME	HOME BUILDER	LOT SIZE/ DIMENSIONS	TOTAL UNITS	2011 SALES/ MONTH	HOME SIZE (SQ.FT.)	BASE PRICE	PRICE/ SQ.FT.
Citrus Heights is completely sold-out of new homes.							
AVERAGE or TOTAL							

RESALES (6 months ending early November 2011)							
ADDRESS	LOT SIZE	HOME SIZE	SALES PRICE	PRICE/ SQ.FT.	DATE CLOSED	YEAR BUILT	TAX RATE*
A. MARKET SALES							
5990 BALD EAGLE Dr	6,200	3,295	\$349,500	\$106	10/24/2007	2006	1.4%
15584 COLE POINT Ln	6,200	3,545	\$366,000	\$103	7/5/2007	2006	1.4%
15853 SQUARE TOP Ln	6,215	3,694	\$363,000	\$98	8/3/2007	2004	1.4%
15857 SNOWY PEAK Ln	6,215	2,337	\$275,000	\$118	8/2/2007	2006	1.4%
15598 IRON SPRING Ln	6,644	3,545	\$375,000	\$106	8/21/2007	2005	1.4%
5732 NEWCOMB Ct	9,123	2,807	\$330,000	\$118	6/2/2007	2005	1.4%
AVERAGE	6,766	3,204	\$343,083	\$107	8/4/2007	2005	1.4%
Value for Adjustment Analysis**	7,046	2,996	\$332,375	\$111	8/12/2007	2006	1.4%
B. SHORT SALES or FORECLOSURES (& Undetermined)							
5829 Delamar Dr	5,940	2,807	\$313,000	\$112	9/1/2011	2005	1.4%
6004 Cleghorn Ct	6,000	4,003	\$360,000	\$90	9/23/2011	2005	1.4%
6046 RED SPUR Ct	6,200	4,003	\$382,500	\$96	9/19/2011	2006	1.4%
5984 BIG PINE Dr	6,200	3,307	\$323,000	\$98	7/25/2011	2005	1.4%
15822 SQUARE TOP Ln	6,215	3,110	\$322,000	\$104	6/16/2011	2005	1.4%
15779 SQUARE TOP Ln	6,215	2,492	\$289,000	\$116	6/17/2011	2005	1.4%
15875 ROCK POINT Ln	6,233	2,337	\$264,900	\$113	9/30/2011	2006	1.4%
15634 Morgan Hill Ct	6,240	3,217	\$310,000	\$96	9/8/2011	2006	1.4%
6054 RED SPUR Ct	6,243	3,545	\$310,000	\$87	10/20/2011	2006	1.4%
5772 DELAMAR Dr	6,323	2,959	\$315,000	\$106	8/5/2011	2005	1.4%
5988 MOUNT LEWIS Ln	6,448	3,550	\$360,000	\$101	6/17/2011	2006	1.4%
5964 BALD EAGLE Dr	6,744	2,511	\$310,000	\$123	7/1/2011	2006	1.4%
6078 CONE PEAK Pl	7,596	2,511	\$295,000	\$117	6/2/2011	2005	1.4%
15674 North PEAK Ln	9,467	3,051	\$325,000	\$107	5/27/2011	2005	1.4%
AVERAGE	6,576	3,100	\$319,957	\$103	8/2/2011	2005	1.4%

*Tax rate & HOA info for new home projects per Real Estate Economics, for resale homes per data from Redfin.com.

**Straight average is skewed by large size of homes. "Value for Adjustment Analysis" utilizes a selected sample of homes for more valid comparison to other MPC's.

Source: The New Housing Monitor, Housing Intelligence Pro, Real Estate Economicis, Redfin, builder websites, Reeb Development Consulting

EXHIBIT II-7a
 MASTER PLAN AMENITY PROFILE
 SIERRA LAKES
 NOVEMBER, 2011

HM2 Solutions LLC/Reeb Development Consulting
 c:\excel\11sb54n.xlsx (Sierra)

MASTER PLAN:	SIERRA LAKES	STATUS:	Complete
COUNTY:	San Bernardino	ESTIMATED TOTAL HOMES:	2035
SUBMARKET:	Fontana/Rialto	ESTIMATED TOTAL ACRES:	596
CITY:	Fontana, CA	GROSS DENSITY (DUs/acre):	3.4
ZIP:	92336		

MASTER PLAN CHARACTERISTICS		
HOUSING TYPES	Detached Homes	
COMMUNITY ENTRY	Premium monumentation. Perimeter streets enhanced landscape and design.	Interior streets enhanced landscape & design.
PARKS	1 sports park (17 acres. 4 soccer fields) (<i>Ralph Lewis Park</i>)	1 passive park (tot lot, basketball)
PRIVATE RECREATIONAL FACILITIES	None.	
MAJOR COMMUNITY INFLUENCES (<i>Excluding Golf</i>)	None.	
GOLF COURSE	Modern public golf course. (18- Hole) (150 acres)	
OPEN SPACE	None	
SCHOOLS	1 elementary school (10 acre) built in community. Existing middle & high school.	Fontana Unified School District. Rated 5 out of 10 by GreatSchools Inc.
OTHER COMMUNITY LAND USES	Major community retail center.	
OTHER NOTABLE CHARACTERISTICS	None.	

Source data: Fontana Planning Department (Fontana.org); GreatSchools Inc., a leading source of information on school performance with rankings based on test scores (greatschools.org); Fontana Unified School District (FUSD.net); Google Earth;

TOTAL UNITS:	2,035 units
TOTAL ACREAGE:	596 acres (estimate)
GROSS DENSITY:	3.4 units/acre

TAX RATE/CFD:*	Total tax rate @ 1.9%
HOA DUES:*	No HOA
AMENITY SCORE:	Medium 4.3

CURRENT NEW HOME PROJECTS							
PROJECT NAME	HOME BUILDER	LOT SIZE/ DIMENSIONS	TOTAL UNITS	2011 SALES/ MONTH	HOME SIZE (SQ.FT.)	BASE PRICE	PRICE/ SQ.FT.
Sierra Lakes is completely sold-out of new homes.							
AVERAGE or TOTAL							

RESALES (6 months ending early November 2011)							
ADDRESS	LOT SIZE	HOME SIZE	SALES PRICE	PRICE/ SQ.FT.	DATE CLOSED	YEAR BUILT	TAX RATE*
A1. MARKET SALES - Homes with Golf Course Frontage							
16618 PENNARD Ln	3,146	1,889	\$265,000	\$140	9/16/2011	2005	1.9%
16648 BAYWOOD Ln	4,066	2,602	\$300,000	\$115	6/7/2011	2000	1.9%
16743 COLONIAL Dr	4,532	2,395	\$300,300	\$125	9/23/2011	2000	1.9%
6178 BETH PAGE Dr	4,791	2,253	\$259,000	\$115	10/26/2011	2004	1.9%
6145 LA COSTA	5,811	1,853	\$265,000	\$143	5/23/2011	2002	1.9%
6124 MEDINAH St	5,818	2,788	\$305,500	\$110	7/29/2011	2002	1.9%
5899 SEMINOLE Way	6,023	3,340	\$370,400	\$111	9/9/2011	2003	1.9%
16517 LANDMARK Dr	6,231	2,992	\$351,000	\$117	6/7/2011	2004	1.9%
6273 South KINGSMILL Ct	6,352	2,774	\$320,000	\$115	7/14/2011	2005	1.9%
AVERAGE	5,197	2,543	\$304,022	\$120	8/3/2011	2003	1.9%
A2. MARKET SALES - Not on the Golf Course							
16293 LOS COYOTES St	4,000	2,091	\$275,000	\$132	6/10/2011	2003	1.9%
16253 MEDINAH St	4,254	2,320	\$224,199	\$97	10/28/2011	2002	1.9%
16543 EL REVINO Dr	4,285	1,567	\$255,000	\$163	5/20/2011	2005	1.9%
16803 BALTUSROL Ct	4,308	2,005	\$234,000	\$117	7/19/2011	2000	1.9%
5848 BIRKDALE Ln	4,316	2,220	\$260,000	\$117	7/14/2011	2001	1.9%
6158 SOUTH HILLS Way	4,500	2,320	\$255,000	\$110	8/25/2011	2002	1.9%
16782 BROADMOOR Way	4,520	2,320	\$289,000	\$125	5/27/2011	2004	1.9%
16743 COLONIAL Dr	4,532	2,395	\$300,300	\$125	9/23/2011	2000	1.9%
6119 REDLANDS Ln	4,597	2,601	\$244,199	\$94	9/23/2011	2003	1.9%
5775 ADAM Ct	4,645	2,364	\$325,000	\$137	6/2/2011	2000	1.9%
6295 CAMELBACK Ln #201	4,733	1,650	\$269,900	\$164	5/17/2011	2005	1.9%
16293 PABLO CREEK Ln	4,856	2,577	\$285,000	\$111	9/16/2011	2005	1.9%
5827 BIRKDALE Ln	4,959	1,500	\$255,000	\$170	5/31/2011	2001	1.9%
5808 NOEL Ct	4,994	2,830	\$295,000	\$104	6/28/2011	1999	1.9%
6185 EAGLEMONT Dr	5,000	3,501	\$310,000	\$89	6/9/2011	2005	1.9%
16193 STONERIDGE Ln	5,008	3,501	\$317,000	\$91	9/14/2011	2004	1.9%
5974 PINE VALLEY Dr	5,125	2,608	\$285,000	\$109	7/26/2011	1999	1.9%
6269 EAGLEMONT Dr	5,143	3,501	\$296,666	\$85	8/15/2011	2004	1.9%
16155 LAKE PADDEN Ln	5,236	1,853	\$249,500	\$135	10/28/2011	2004	1.9%
16843 MAIDSTONE Ln	5,251	1,853	\$270,000	\$146	7/25/2011	2002	1.9%
16853 SOMERSET PI	5,252	2,492	\$290,000	\$116	5/31/2011	2003	1.9%
6063 HILTON HEAD Ln	5,278	1,500	\$240,000	\$160	7/26/2011	2000	1.9%
6236 GOLDENDALE Way	5,400	3,501	\$321,000	\$92	7/14/2011	2005	1.9%
6130 FIRESTONE Dr	5,451	2,788	\$325,000	\$117	10/7/2011	2002	1.9%
16848 SCIOTO PI	5,499	2,788	\$322,400	\$116	7/7/2011	2003	1.9%
6229 GOLDENDALE Way	5,500	2,788	\$303,300	\$109	8/3/2011	2005	1.9%
5797 RINA Ct	5,886	2,830	\$305,000	\$108	10/21/2011	2001	1.9%
5748 RIVERWOOD Ln	6,005	3,340	\$313,000	\$94	7/26/2011	2002	1.9%
5732 RIDGEMARK PI	6,177	2,830	\$320,000	\$113	8/12/2011	2000	1.9%

(See following page for additional sales.)

ADDRESS	LOT SIZE	HOME SIZE	SALES PRICE	PRICE/ SQ.FT.	DATE CLOSED	YEAR BUILT	TAX RATE*
5777 SHEA Ct	6,682	3,000	\$320,000	\$107	6/15/2011	2001	1.9%
5949 PRESTWICK Way	6,760	2,220	\$283,000	\$127	11/8/2011	1999	1.9%
16128 ANTHEM Ct	6,857	2,492	\$308,000	\$124	5/31/2011	2005	1.9%
6111 HILTON HEAD Ln	6,864	1,500	\$261,000	\$174	8/29/2011	2000	1.9%
16122 SEDONA Ln	6,867	2,788	\$297,000	\$107	6/13/2011	2005	1.9%
5922 BIG HORN PI	7,068	2,992	\$325,000	\$109	7/15/2011	2003	1.9%
6328 CAMELBACK Ln	7,185	2,601	\$305,000	\$117	8/31/2011	2004	1.9%
16128 LAKE PADDEN Ln	9,527	3,501	\$334,000	\$95	7/28/2011	2004	1.9%
5712 WORLD WOOD Ct	10,016	3,340	\$359,900	\$108	9/16/2011	2002	1.9%
5974 WILSHIRE Dr	10,206	3,683	\$341,000	\$93	10/11/2011	2003	1.9%
5731 PERDIDO BAY Ct	10,762	3,683	\$340,000	\$92	7/29/2011	2002	1.9%
5883 FOREST OAKS PI	11,538	3,683	\$345,000	\$94	7/7/2011	2002	1.9%
AVERAGE	5,977	2,632	\$293,984	\$112	8/1/2011	2002	1.9%
B1. SHORT SALES or FORECLOSURES - Homes with Golf Course Frontage							
16456 EL REVINO Dr	3,150	1,889	\$250,000	\$132	7/14/2011	2004	1.9%
6307 TANGLEWOOD Way	3,150	1,889	\$237,000	\$125	6/27/2011	2004	1.9%
6315 TANGLEWOOD Way	3,165	1,567	\$225,000	\$144	8/31/2011	2004	1.9%
16210 LOS COYOTES St	4,000	2,320	\$264,000	\$114	8/29/2011	2003	1.9%
16690 BAYWOOD Ln	4,000	2,160	\$270,000	\$125	7/14/2011	2000	1.9%
6319 LONG COVE Dr	4,079	1,805	\$251,250	\$139	10/11/2011	2004	1.9%
5863 BIRKDALE Ln	4,084	2,530	\$280,000	\$111	5/16/2011	2000	1.9%
16611 ESCALON Dr	4,219	2,530	\$275,000	\$109	7/13/2011	2001	1.9%
16186 LOS COYOTES St	4,329	2,138	\$251,000	\$117	9/26/2011	2003	1.9%
16775 ESCALON Dr	4,707	2,364	\$255,000	\$108	6/22/2011	2000	1.9%
16444 LOS COYOTES St	6,197	2,992	\$325,000	\$109	9/28/2011	2004	1.9%
16375 MAGNOLIA Way	8,988	3,340	\$308,000	\$92	5/27/2011	2003	1.9%
16179 MAGNOLIA Way	9,631	3,683	\$375,000	\$102	9/15/2011	2003	1.9%
AVERAGE	4,900	2,401	\$274,327	\$114	8/2/2011	2003	1.9%
B2. SHORT SALES or FORECLOSURES - Not on the Golf Course							
6124 MONTEREY PI	4,080	2,091	\$273,000	\$131	9/20/2011	2003	1.9%
16274 YORBA LINDA Ln	4,123	1,650	\$230,000	\$139	7/8/2011	2002	1.9%
16794 ESCALON Dr	4,250	2,255	\$231,000	\$102	9/27/2011	1999	1.9%
16841 SHINNECOCK	4,274	2,608	\$260,000	\$100	10/7/2011	1999	1.9%
6112 BEL AIR Dr	4,286	1,805	\$256,000	\$142	6/30/2011	2002	1.9%
6118 BEL AIR Dr	4,338	2,320	\$260,000	\$112	6/7/2011	2002	1.9%
6298 LONG COVE Dr	4,575	2,138	\$260,000	\$122	7/26/2011	2004	1.9%
5746 VICTORIA Way	4,631	1,956	\$245,000	\$125	6/16/2011	2000	1.9%
5817 VENTANA Dr	4,664	2,268	\$265,000	\$117	8/17/2011	2001	1.9%
6177 EAGLEMONT Dr	5,000	2,492	\$260,000	\$104	9/13/2011	2005	1.9%
6088 FIRESTONE Dr	5,307	2,788	\$280,000	\$100	9/27/2011	2002	1.9%
5893 WILSHIRE Dr	5,862	3,683	\$325,000	\$88	7/8/2011	2003	1.9%
16808 ESCALON Dr	5,983	2,830	\$270,000	\$95	5/26/2011	1999	1.9%
6205 SHOREACRES Ln	6,049	1,853	\$260,000	\$140	7/21/2011	2003	1.9%
16458 MEDINAH St	6,064	2,462	\$285,000	\$116	8/5/2011	2004	1.9%
16228 SEMINOLE Way	6,860	2,992	\$335,000	\$112	8/3/2011	2002	1.9%
16826 SOMERSET PI	6,872	2,788	\$280,000	\$100	6/1/2011	2003	1.9%
16188 LOOMIS Ct	7,618	2,788	\$275,000	\$99	10/6/2011	2005	1.9%
5728 Contenta Ct	8,500	3,683	\$340,000	\$92	5/13/2011	2000	1.9%
5713 HACIENDA Ct	8,768	2,032	\$265,000	\$130	10/4/2011	2000	1.9%
5929 BIG HORN PI	9,165	3,340	\$352,000	\$105	7/1/2011	2003	1.9%
5779 BOCA RATON Way	9,179	3,683	\$325,000	\$88	8/30/2011	2002	1.9%
6126 BROOKSIDE Way	9,774	2,032	\$298,000	\$147	10/27/2011	2004	1.9%
16200 SEMINOLE Way	10,474	2,032	\$278,000	\$137	9/12/2011	2002	1.9%
AVERAGE	6,279	2,524	\$279,500	\$111	8/7/2011	2002	1.9%

*Tax rate & HOA info for new home projects per Real Estate Economics, for resale homes per data from Redfin.com.

Source: The New Housing Monitor, Housing Intelligence Pro, Real Estate Economics, Redfin, builder websites, Reeb Development Consulting

EXHIBIT II-7c
 CALCULATION OF GOLF COURSE FRONTAGE VALUE
 SIERRA LAKES MASTER PLAN
 NOVEMBER, 2011

Conclusion:
After adjusting for differences in lot size, home size & age of home, homes on the Sierra Lakes golf course sell for an average of about \$22,000 more (7.9%), than non-golf front homes.

HM2 Solutions LLC/Reeb Development Consulting
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PRICE ADJUSTMENT ANALYSIS (See data below for details of sales)									
HOME/LOT ORIENTATION	AVERAGE SALES STATISTICS					ADJUSTMENTS TO PRICE			
	LOT SIZE	UNIT SIZE	SALES PRICE	PRICE/ SQ.FT.	YEAR BUILT	Adjust Lot to 5,197 Sq.Ft. \$10/Sq.Ft.	Adjust Home to 2,543 Sq.Ft. \$60/Sq.Ft.	Adjust Home Age to 2003 (0.5%/year)	Adjusted Home Price
Homes on the Golf Course	5,197	2,543	\$304,022	\$120	2003	\$0	\$0	\$0	\$304,022
Homes Not on Golf Courses	5,977	2,632	\$293,984	\$112	2002	-\$7,796	-\$5,347	\$860	\$281,701
Difference in Price									\$22,321
% Difference in Price									7.9%

Source: Reeb Development Consulting

EXHIBIT II-8a
 MASTER PLAN AMENITY PROFILE
 SUMMIT HEIGHTS
 NOVEMBER, 2011

HM2 Solutions LLC/Reeb Development Consulting
 c:\excel\11sb54n.xlsx (summit)

MASTER PLAN:	SUMMIT HEIGHTS	STATUS:	Complete
COUNTY:	San Bernardino	ESTIMATED TOTAL HOMES:	1051
SUBMARKET:	Fontana/Rialto	ESTIMATED TOTAL ACRES:	316
CITY:	Fontana, CA	GROSS DENSITY (DUs/acre):	3.3
ZIP:	92336		

MASTER PLAN CHARACTERISTICS		
HOUSING TYPES	Detached Homes	
COMMUNITY ENTRY	Not gated	
PARKS	1 sports park (10 acres. 2 soccer fields, 2 basketball courts, barbecue areas). Public.	1 neighborhood park (3 acre. Tot lot & basketball court)
PRIVATE RECREATIONAL FACILITIES	None.	
MAJOR COMMUNITY INFLUENCES (Excluding Golf)	None.	
GOLF COURSE	None.	
OPEN SPACE	None.	
SCHOOLS	No schools in community.	Etiwanda School District. Rated a 9 out of 10 by GreatSchools Inc.
OTHER COMMUNITY LAND USES	Shopping Center (260,000 square feet)	
OTHER NOTABLE CHARACTERISTICS	High tension power line bisects the site.	

Source data: Fontana Planning Department (Fontana.org); GreatSchools Inc., a leading source of information on school performance with rankings based on test scores (greatschools.org); Etiwanda Unified School District (<http://www.etiwanda.k12.ca.us>); Google Earth;

TOTAL UNITS:	1,051 units
TOTAL ACREAGE:	316 acres
GROSS DENSITY:	3.3 units/acre

TAX RATE/CFD:*	Total tax rate @ 1.5%
HOA DUES:*	No HOA
AMENITY SCORE:	Low 3.1

CURRENT NEW HOME PROJECTS							
PROJECT NAME	HOME BUILDER	LOT SIZE/ DIMENSIONS	TOTAL UNITS	2011 SALES/ MONTH	HOME SIZE (SQ.FT.)	BASE PRICE	PRICE/ SQ.FT.
Summit Heights is completely sold-out of new homes.							
AVERAGE or TOTAL							

RESALES (6 months ending early November 2011)							
ADDRESS	LOT SIZE	HOME SIZE	SALES PRICE	PRICE/ SQ.FT.	DATE CLOSED	YEAR BUILT	TAX RATE*
A. MARKET SALES							
5592 LONE PINE Dr	5,900	2,237	\$280,800	\$126	5/20/2011	1996	1.5%
15441 BUCHANAN Ln	6,215	2,386	\$300,000	\$126	5/17/2011	2003	1.5%
5986 ROOSEVELT Dr	6,223	2,648	\$311,000	\$117	9/9/2011	2003	1.5%
15438 AMERICAN Way	6,240	3,400	\$330,000	\$97	7/19/2011	2003	1.5%
5948 FILLMORE Way	6,240	2,648	\$304,900	\$115	9/7/2011	2003	1.5%
15209 PORTICO Ln	6,240	2,311	\$305,000	\$132	10/24/2011	2002	1.5%
5839 MONROE Ct	6,240	3,113	\$325,000	\$104	9/26/2011	2003	1.5%
5801 MADISON Ln	6,240	2,648	\$245,000	\$93	10/25/2011	2004	1.5%
15464 AMERICAN Way	6,264	2,983	\$321,000	\$108	6/27/2011	2003	1.5%
5647 LONE PINE Dr	6,500	2,053	\$290,000	\$141	8/1/2011	1997	1.5%
15199 PORTICO Ln	6,598	3,054	\$328,000	\$107	11/2/2011	2002	1.5%
15199 PINE BLUFF Ln	6,598	2,311	\$296,500	\$128	5/25/2011	2002	1.5%
15258 OVERLOOK Pl	6,600	2,862	\$309,000	\$108	5/30/2011	2002	1.5%
15366 ISABEL Ln	7,200	2,378	\$302,000	\$127	6/16/2011	2003	1.5%
5935 CREEKSIDE Dr	7,200	2,492	\$275,000	\$110	8/26/2011	2003	1.5%
6142 TRAPPETO Dr	7,214	3,144	\$328,000	\$104	5/18/2011	2005	1.5%
15287 RIVER ROCK Dr	7,304	3,099	\$328,000	\$106	6/17/2011	2001	1.5%
5903 FLYING ARROW Ln	7,697	2,344	\$300,000	\$128	5/17/2011	2001	1.5%
15051 GRANITE PEAK Ave	7,975	2,355	\$325,000	\$138	5/27/2011	2000	1.5%
5626 STAGECOACH Dr	8,045	2,530	\$320,000	\$126	9/12/2011	1998	1.5%
AVERAGE	6,737	2,650	\$306,210	\$116	7/23/2011	2002	1.5%
B. SHORT SALES or FORECLOSURES							
15408 CITATION Ave	5,000	1,565	\$230,000	\$147	7/31/2011	1997	1.5%
15576 GULFSTREAM Ave	5,132	1,565	\$229,900	\$147	11/2/2011	1998	1.5%
15229 PINE BLUFF Ln	6,240	3,054	\$309,000	\$101	9/20/2011	2002	1.5%
6345 HIGH CLIFF Ln	6,240	2,511	\$289,000	\$115	8/24/2011	2002	1.5%
6063 ANDREWS Ct	6,276	3,400	\$319,000	\$94	8/17/2011	2003	1.5%
15378 MALLARD Ln	6,284	1,979	\$242,500	\$123	5/25/2011	2002	1.5%
5988 MOUNT LEWIS Ln	6,448	3,550	\$360,000	\$101	6/17/2011	2006	1.5%
5985 COLD CREEK Ct	7,218	3,501	\$330,000	\$94	10/31/2011	2003	1.5%
14955 MT PALOMAR Ln	7,269	2,032	\$245,000	\$121	6/29/2011	2000	1.5%
6172 NEWELL Ct	7,352	3,273	\$293,000	\$90	10/18/2011	2003	1.5%
15406 COOLLIDGE Ct	7,360	2,386	\$285,000	\$119	10/19/2011	2003	1.5%
15012 MAMMOTH Pl	8,128	2,992	\$308,000	\$103	9/23/2011	2001	1.5%
15294 CAMP ROCK Ct	10,474	2,765	\$315,000	\$114	8/19/2011	2001	1.5%
AVERAGE	6,879	2,659	\$288,877	\$109	8/28/2011	2002	1.5%

*Tax rate & HOA info for new home projects per Real Estate Economics, for resale homes per data from Redfin.com.

Source: The New Housing Monitor, Housing Intelligence Pro, Real Estate Economics, Redfin, builder websites, Reeb Development Consulting

EXHIBIT II-9a
 MASTER PLAN AMENITY PROFILE
 CALIFORNIA LANDINGS
 NOVEMBER, 2011

HM2 Solutions LLC/Reeb Development Consulting
 c:\excel\11sb54n.xlsx (California)

MASTER PLAN:	CALIFORNIA LANDINGS	STATUS:	Complete
COUNTY:	San Bernardino	ESTIMATED TOTAL HOMES:	750
SUBMARKET:	Fontana/Rialto	ESTIMATED TOTAL ACRES:	223
CITY:	Fontana, CA	GROSS DENSITY (DUs/acre):	3.4
ZIP:	92336		

MASTER PLAN CHARACTERISTICS		
HOUSING TYPES	Detached Homes	
COMMUNITY ENTRY	Not gated. Streets are standard design	
PARKS	1 active (10 acres. 2 tennis courts, 2 basketball courts, barbecue area)	
PRIVATE RECREATIONAL FACILITIES	None.	
MAJOR COMMUNITY INFLUENCES (Excluding Golf)	None.	
GOLF COURSE	None.	
OPEN SPACE	None.	
SCHOOLS	1 elementary school Etiwanda School District. Rated a 9 out of 10 by GreatSchools Inc.	
OTHER COMMUNITY LAND USES	None.	
OTHER NOTABLE CHARACTERISTICS	None.	

Source data: Fontana Planning Department (Fontana.org); GreatSchools Inc., a leading source of information on school performance with rankings based on test scores (greatschools.org); Fontana Unified School District (FUSD.net); Google Earth;

TOTAL UNITS:	750 units
TOTAL ACREAGE:	223 acres
GROSS DENSITY:	3.4 units/acre

TAX RATE/CFD:*	Total tax rate @ 1.4%
HOA DUES:*	No HOA
AMENITY SCORE:	Low 3.4

CURRENT NEW HOME PROJECTS							
PROJECT NAME	HOME BUILDER	LOT SIZE/ DIMENSIONS	TOTAL UNITS	2011 SALES/ MONTH	HOME SIZE (SQ.FT.)	BASE PRICE	PRICE/ SQ.FT.
California Landings is completely sold-out of new homes.							
AVERAGE or TOTAL							

RESALES (6 months ending early November 2011)							
ADDRESS	LOT SIZE	HOME SIZE	SALES PRICE	PRICE/ SQ.FT.	DATE CLOSED	YEAR BUILT	TAX RATE*
A. MARKET SALES							
15651 GULFSTREAM Ave	5,000	1,628	\$245,000	\$150	6/3/2011	1998	1.4%
15683 GULFSTREAM Ave	5,000	1,596	\$255,000	\$160	8/1/2011	1998	1.4%
15614 GULFSTREAM Ave	5,139	1,358	\$235,000	\$173	6/29/2011	1998	1.4%
15696 GULFSTREAM Ave	6,062	1,358	\$236,000	\$174	7/18/2011	1998	1.4%
15242 GRUMMAN Ave	6,210	1,859	\$239,900	\$129	8/29/2011	1997	1.4%
15569 NORTHSTAR Ave	6,215	2,714	\$292,000	\$108	10/7/2011	1999	1.4%
15552 CARAVELLE	6,215	2,303	\$305,000	\$132	8/5/2011	1998	1.4%
15420 GATWICK Ave	6,283	2,134	\$280,000	\$131	7/8/2011	1999	1.4%
6729 LINDBERGH Ave	6,360	1,859	\$275,000	\$148	6/21/2011	1998	1.4%
6739 HEATHROW Ave	6,575	2,362	\$289,900	\$123	9/14/2011	1999	1.4%
15243 MCDONNELL Ave	6,807	2,492	\$310,000	\$124	7/1/2011	2005	1.4%
6623 HEATHROW Ave	7,038	2,134	\$269,900	\$126	8/4/2011	1999	1.4%
6813 FAIRCHILD St	7,246	2,959	\$290,000	\$98	5/18/2011	1999	1.4%
15225 BLUE SPRUCE Ln	7,310	3,287	\$345,000	\$105	7/8/2011	2004	1.4%
15542 SOUTHWIND Ave	7,437	2,716	\$350,000	\$129	9/28/2011	1999	1.4%
15123 WRIGHT Ct	8,243	1,938	\$276,910	\$143	8/17/2011	1998	1.4%
15120 WRIGHT Ct	10,574	1,755	\$245,000	\$140	10/23/2011	1998	1.4%
AVERAGE	6,689	2,144	\$278,801	\$130	8/1/2011	1999	1.4%
B. SHORT SALES or FORECLOSURES							
15665 ROCKWELL Ave	5,000	1,565	\$266,000	\$170	11/2/2011	1998	1.4%
15408 CITATION Ave	5,000	1,565	\$230,000	\$147	7/31/2011	1997	1.4%
15576 GULFSTREAM Ave	5,132	1,565	\$229,900	\$147	11/2/2011	1998	1.4%
6840 EARHART Ave	6,250	2,492	\$245,000	\$98	9/12/2011	2005	1.4%
6639 OHARE Ct	6,283	2,134	\$260,000	\$122	7/25/2011	1998	1.4%
15261 BLUE SPRUCE Ln	7,301	2,744	\$290,000	\$106	6/2/2011	2004	1.4%
15541 SOUTHWIND Ave	7,480	2,800	\$290,000	\$104	9/1/2011	1999	1.4%
6689 LOGAN Ave	7,580	1,954	\$246,000	\$126	10/14/2011	1997	1.4%
15543 NORTHWIND Ave	7,598	2,716	\$257,000	\$95	6/30/2011	1998	1.4%
15277 BLUE SPRUCE Ln	8,804	3,044	\$312,000	\$102	9/30/2011	2004	1.4%
6874 FAIRCHILD St	10,314	2,793	\$322,000	\$115	6/7/2011	2000	1.4%
AVERAGE	6,977	2,307	\$267,991	\$116	8/22/2011	2000	1.4%

*Tax rate & HOA info for new home projects per Real Estate Economics, for resale homes per data from Redfin.com.

Source: The New Housing Monitor, Housing Intelligence Pro, Real Estate Economics, Redfin, builder websites, Reeb Development Consulting

EXHIBIT II-10a
 MASTER PLAN AMENITY PROFILE
 COYOTE CANYON
 NOVEMBER, 2011

HM2 Solutions LLC/Reeb Development Consulting
 c:\excel\11sb54n.xlsx (coyote)

MASTER PLAN:	COYOTE CANYON	STATUS:	Complete
COUNTY:	San Bernardino	ESTIMATED TOTAL HOMES:	651
SUBMARKET:	Fontana/Rialto	ESTIMATED TOTAL ACRES:	283
CITY:	Fontana, CA	GROSS DENSITY (DUs/acre):	2.3
ZIP:	92336		

MASTER PLAN CHARACTERISTICS		
HOUSING TYPES	Detached Homes	
COMMUNITY ENTRY	Not gated.	
PARKS	1 sports park. (14 acres. Baseball fields, tot lot. Public.)	Passive park with walking trail.
PRIVATE RECREATIONAL FACILITIES	None.	
MAJOR COMMUNITY INFLUENCES (Excluding Golf)	None.	
GOLF COURSE	None.	
OPEN SPACE	-	
SCHOOLS	No schools in community.	Etiwanda School District. Rated a 9 out of 10 by GreatSchools Inc.
OTHER COMMUNITY LAND USES	Flood control facilities.	
OTHER NOTABLE CHARACTERISTICS	Adjacent to Interstate 15.	

Source data: Fontana Planning Department (Fontana.org); GreatSchools Inc., a leading source of information on school performance with rankings based on test scores (greatschools.org); Etiwanda Unified School District (<http://www.etiwanda.k12.ca.us>); Google Earth;

TOTAL UNITS:	651 units
TOTAL ACREAGE:	283 acres
GROSS DENSITY:	2.3 units/acre

TAX RATE/CFD:*	Total tax rate @ 1.9%
HOA DUES:*	No HOA
AMENITY SCORE:	Low 3.3

CURRENT NEW HOME PROJECTS							
PROJECT NAME	HOME BUILDER	LOT SIZE/ DIMENSIONS	TOTAL UNITS	2011 SALES/ MONTH	HOME SIZE (SQ.FT.)	BASE PRICE	PRICE/ SQ.FT.
Coyote Canyon is completely sold-out of new homes.							
AVERAGE or TOTAL							

RESALES (6 months ending early November 2011)							
ADDRESS	LOT SIZE	HOME SIZE	SALES PRICE	PRICE/ SQ.FT.	DATE CLOSED	YEAR BUILT	TAX RATE*
A. MARKET SALES							
5225 STARLING St	7,379	2,916	\$359,900	\$123	5/26/2011	2005	1.9%
5100 GLADIOLA Ln	8,410	2,174	\$300,000	\$138	9/9/2011	2006	1.9%
5016 SNOWBERRY Dr	8,511	4,134	\$425,000	\$103	9/20/2011	2007	1.9%
4951 THORNBERRY Way	8,637	3,907	\$412,000	\$105	9/1/2011	2007	1.9%
15145 HONEY PINE Ln	9,085	4,134	\$422,000	\$102	10/26/2011	2007	1.9%
15383 HYDRANGEA Ln	9,581	2,174	\$315,000	\$145	5/28/2011	2006	1.9%
4845 DOVEHURST Way	11,113	3,951	\$428,000	\$108	7/26/2011	2007	1.9%
5090 BROOKSIDE Ave	11,434	3,923	\$425,000	\$108	6/29/2011	2008	1.9%
5082 GLENWOOD Ave	19,192	4,134	\$461,000	\$112	10/20/2011	2008	1.9%
AVERAGE	10,371	3,494	\$394,211	\$113	8/13/2011	2007	1.9%
Value for Adjustment Analysis**	8,480	2,545	\$337,450	\$133	5/27/2011	2006	1.9%
B. SHORT SALES or FORECLOSURES (& Undetermined)							
15166 HAWK St	7,200	2,648	\$305,000	\$115	9/19/2011	2006	1.9%
15265 HAWK St	7,200	2,648	\$345,000	\$130	6/30/2011	2006	1.9%
15184 Hawk St	7,272	2,648	\$300,000	\$113	7/11/2011	2006	1.9%
15370 HYDRANGEA Ln	7,573	2,180	\$272,000	\$125	6/3/2011	2006	1.9%
5168 WISTERIA Ln	7,673	2,180	\$280,000	\$128	7/2/2011	2006	1.9%
4962 SNOWBERRY Dr	8,916	2,389	\$295,000	\$123	6/30/2011	2007	1.9%
5072 COTTONTAIL Way	8,955	3,808	\$375,000	\$98	8/4/2011	2007	1.9%
5212 Stork Ct	9,960	3,113	\$335,500	\$108	7/1/2011	2005	1.9%
4821 RAVENWOOD Ct	10,266	3,613	\$400,000	\$111	9/27/2011	2007	1.9%
4812 SANDERLING Way	11,002	3,951	\$412,000	\$104	7/11/2011	2007	1.9%
AVERAGE	8,602	2,918	\$331,950	\$114	7/20/2011	2006	1.9%

*Tax rate & HOA info for new home projects per Real Estate Economics, for resale homes per data from Redfin.com.

**Straight average is skewed by large size of homes. "Value for Adjustment Analysis" utilizes a selected sample of homes for more valid comparison to other MPC's.

Source: The New Housing Monitor, Housing Intelligence Pro, Real Estate Economicis, Redfin, builder websites, Reeb Development Consulting

EXHIBIT II-11a
 MASTER PLAN AMENITY PROFILE
 HUNTER'S RIDGE
 NOVEMBER, 2011

HM2 Solutions LLC/Reeb Development Consulting
 c:\excel\11sb54n.xlsx (hunter's)

MASTER PLAN:	HUNTER'S RIDGE	STATUS:	Complete
COUNTY:	San Bernardino	ESTIMATED TOTAL HOMES:	1725
SUBMARKET:	Fontana/Rialto	ESTIMATED TOTAL ACRES:	595
CITY:	Fontana, CA	GROSS DENSITY (DUs/acre):	2.9
ZIP:	92336		

MASTER PLAN CHARACTERISTICS		
HOUSING TYPES	Detached Homes, Apartments	
COMMUNITY ENTRY	Not gated. Enhanced street landscaping & design.	
PARKS	1 large active park (picnic, play equipment, tennis courts basketball) 5.5 acres est. 1 sports park (lighted, baseball) 4 acres est.	Equestrian trailhead area /interpretive center (10.8 acres)
PRIVATE RECREATIONAL FACILITIES	None.	
MAJOR COMMUNITY INFLUENCES (Excluding Golf)	None.	
GOLF COURSE	None.	
OPEN SPACE	-	
SCHOOLS	1 elementary school (approx. 9.5 acres)	Etiwanda School District. Rated a 9 out of 10 by GreatSchools Inc.
OTHER COMMUNITY LAND USES	High tension power lines bi-sect site.	
OTHER NOTABLE CHARACTERISTICS	None.	

Source data: Fontana Planning Department (Fontana.org); GreatSchools Inc., a leading source of information on school performance with rankings based on test scores (greatschools.org); Etiwanda Unified School District (<http://www.etiwanda.k12.ca.us>); Google Earth;

TOTAL UNITS:	1,725 units
TOTAL ACREAGE:	595 acres
GROSS DENSITY:	2.9 units/acre

TAX RATE/CFD:*	Total tax rate @ 1.8%
HOA DUES:*	No HOA
AMENITY SCORE:	Medium 4.0

CURRENT NEW HOME PROJECTS							
PROJECT NAME	HOME BUILDER	LOT SIZE/ DIMENSIONS	TOTAL UNITS	2011 SALES/ MONTH	HOME SIZE (SQ.FT.)	BASE PRICE	PRICE/ SQ.FT.
Hunter's Ridge is completely sold-out of new homes.							
AVERAGE or TOTAL							

RESALES (6 months ending early November 2011)							
ADDRESS	LOT SIZE	HOME SIZE	SALES PRICE	PRICE/ SQ.FT.	DATE CLOSED	YEAR BUILT	TAX RATE*
A. MARKET SALES							
14657 DEER Dr	4,526	2,161	\$270,000	\$125	10/24/2011	2003	1.8%
14625 DEER Dr	4,559	2,540	\$305,000	\$120	7/15/2011	2003	1.8%
14765 FOXFIELD Ln	4,600	1,326	\$220,000	\$166	8/31/2011	1996	1.8%
5041 COLUMBIA Dr	4,600	1,994	\$282,000	\$141	10/19/2011	1998	1.8%
15001 ROUNDUP Ln	4,613	1,311	\$227,000	\$173	8/9/2011	1997	1.8%
5325 ELK Ct	4,771	2,540	\$335,000	\$132	10/7/2011	2003	1.8%
5562 PHEASANT Dr	4,900	1,955	\$287,500	\$147	6/29/2011	1996	1.8%
5592 GRAND PRIX Ct	4,950	1,463	\$225,000	\$154	9/23/2011	1995	1.8%
14865 ROSETOWN Ave	5,051	2,457	\$302,000	\$123	8/9/2011	1998	1.8%
5014 ST ALBERT Dr	5,154	2,328	\$305,000	\$131	7/12/2011	1998	1.8%
15012 MUSTANG Ln	5,166	1,926	\$260,500	\$135	10/5/2011	1997	1.8%
5615 GRAND PRIX Ct	5,184	1,463	\$239,000	\$163	10/26/2011	1995	1.8%
14713 ALBERTA Ln	5,246	1,810	\$280,000	\$155	10/18/2011	1999	1.8%
5461 GRAND PRIX Ct	5,250	2,745	\$320,000	\$117	6/3/2011	1997	1.8%
5401 WAGON Way	5,400	2,206	\$295,000	\$134	6/23/2011	1998	1.8%
4988 ST ALBERT Dr	5,576	1,995	\$267,500	\$134	8/26/2011	1998	1.8%
5592 LONE PINE Dr	5,900	2,237	\$280,800	\$126	5/20/2011	1996	1.8%
14885 SOUTHEND St	6,141	2,648	\$315,000	\$119	10/25/2011	1998	1.8%
14990 MUSTANG Ln	6,270	2,278	\$320,000	\$140	9/30/2011	1997	1.8%
14687 YUKON Cir	6,328	2,092	\$310,000	\$148	7/27/2011	2000	1.8%
5647 LONE PINE Dr	6,500	2,053	\$290,000	\$141	8/1/2011	1997	1.8%
14608 SORREL Ln	6,516	2,540	\$300,000	\$118	9/12/2011	2004	1.8%
14912 HERSCHEL Ave	7,047	2,119	\$309,000	\$146	7/28/2011	1999	1.8%
14621 DEER Dr	7,301	2,540	\$318,000	\$125	6/29/2011	2003	1.8%
5626 STAGECOACH Dr	8,045	2,530	\$320,000	\$126	9/12/2011	1998	1.8%
14539 VANCOUVER Ave	8,060	3,790	\$380,000	\$100	6/28/2011	1998	1.8%
14782 MANOR Pl	8,960	2,153	\$310,000	\$144	6/6/2011	1998	1.8%
4866 TERRIER Ct	9,350	2,861	\$355,000	\$124	6/20/2011	2000	1.8%
14556 HALIFAX Cir	9,450	3,036	\$295,000	\$97	8/19/2011	1999	1.8%
14690 WINNIPEG Cir	9,900	3,216	\$320,000	\$100	7/14/2011	2000	1.8%
4991 LA SARRE Dr	9,934	4,313	\$462,500	\$107	9/30/2011	2007	1.8%
5525 GRAND PRIX Ct	10,400	1,463	\$255,000	\$174	10/13/2011	1995	1.8%
14951 HILLSTONE St	10,417	2,676	\$325,000	\$121	7/11/2011	1999	1.8%
14714 WINNIPEG Cir	10,460	2,861	\$360,000	\$126	9/15/2011	1998	1.8%
5090 BROOKSIDE Ave	11,434	3,923	\$425,000	\$108	6/29/2011	2008	1.8%
4587 FOXBOROUGH Dr	13,708	4,261	\$477,000	\$112	8/11/2011	2006	1.8%
14720 WINNIPEG Cir	14,500	2,315	\$340,000	\$147	6/21/2011	1998	1.8%
AVERAGE	7,194	2,436	\$310,481	\$127	8/14/2011	1999	1.8%

(See following page for Short Sales & Foreclosures.)

ADDRESS	LOT SIZE	HOME SIZE	SALES PRICE	PRICE/ SQ.FT.	DATE CLOSED	YEAR BUILT	TAX RATE*
B. SHORT SALES or FORECLOSURES							
14701 BISON Ln	4,716	2,305	\$275,000	\$119	9/29/2011	2004	1.8%
5392 TENDERFOOT Dr	4,950	1,926	\$256,000	\$133	7/12/2011	1996	1.8%
5414 TENDERFOOT Dr	4,950	2,230	\$305,000	\$137	7/21/2011	1996	1.8%
5598 GRAND PRIX Ct	4,950	1,326	\$225,000	\$170	6/9/2011	1995	1.8%
5557 STAGECOACH Dr	5,000	2,053	\$236,000	\$115	7/18/2011	1998	1.8%
14839 FOX RIDGE Dr	5,005	1,736	\$250,000	\$144	6/3/2011	1997	1.8%
5495 MARTINGALE Way	5,176	2,280	\$292,500	\$128	6/3/2011	2003	1.8%
14870 RODEO Way	5,300	2,269	\$270,000	\$119	6/30/2011	1998	1.8%
5433 BUCKSKIN Dr	5,360	1,311	\$219,000	\$167	8/16/2011	1997	1.8%
5353 Fetlock Ave	5,500	2,924	\$260,000	\$89	7/29/2011	1997	1.8%
5337 Tenderfoot Dr	5,724	1,311	\$220,000	\$168	10/20/2011	1996	1.8%
14831 HILLSTONE St	6,000	2,300	\$271,000	\$118	8/8/2011	1998	1.8%
14871 Sydney Ave	6,050	2,328	\$327,000	\$140	7/26/2011	1998	1.8%
5565 LONE PINE Dr	6,171	2,237	\$289,000	\$129	6/29/2011	1996	1.8%
5135 LA SARRE Dr	6,778	2,676	\$290,000	\$108	10/6/2011	1999	1.8%
14868 Sydney Ave	6,935	2,328	\$303,000	\$130	9/2/2011	1998	1.8%
14508 Saddlepeak Dr	7,980	2,253	\$282,000	\$125	10/19/2011	1997	1.8%
14557 CALGARY Cir	8,081	3,258	\$350,000	\$107	7/28/2011	1998	1.8%
4929 EDMONTON St	8,782	2,780	\$310,000	\$112	11/4/2011	1999	1.8%
14556 Halifax Cir	9,432	3,036	\$295,000	\$97	8/19/2011	1999	1.8%
14659 STAGELINE Ln	10,186	4,160	\$440,000	\$106	9/30/2011	2006	1.8%
4822 BROOKSIDE Ave	13,204	3,568	\$425,000	\$119	6/10/2011	2008	1.8%
14642 STAGELINE Ln	13,724	4,261	\$459,000	\$108	10/14/2011	2006	1.8%
AVERAGE	6,955	2,472	\$297,804	\$120	8/11/2011	1999	1.8%

*Tax rate & HOA info for new home projects per Real Estate Economics, for resale homes per data from Redfin.com.

Source: The New Housing Monitor, Housing Intelligence Pro, Real Estate Economicis, Redfin, builder websites, Reeb Development Consulting

"BELMONT" PRODUCT CASE STUDY

DATA FROM 4th QUARTER 2004

BACKGROUND:
 In 2004, KB Home had three actively selling projects in Fontana that all offered at least three of the exact same floor plans, but in three different locations & settings, and on different lot sizes. The varying values and sales performances of the different projects provide some insight regarding components that influence home values in this market area. Note - only the floor plans that the projects had in common are listed below.

CONCLUSION:
 After adjusting home values for differences in school district, lot size, sales rates & tax rates, the homes in master planned communities had higher values than the North Fontana project that was not in a master plan. Compared to the North Fontana project, Sierra Lakes was 15% higher in value (golf course, parks/extensive recreational facilities, & commercial uses), & Citrus Heights was 3% higher (gated entries, 5 private pocket parks). This analysis represents a "snapshot in time" as of the 4th Quarter of 2004, and does not necessarily represent today.

PROJECT INFORMATION										
PROJECT/ LOCATION	SETTING	SCHOOL DISTRICT	AMENITY RANKING	LOT SIZE (Sq.Ft.)	MONTHLY SALES	TOTAL TAX RATE	PLAN SIZE & PRICE			AVERAGE PRICE
							2492	2788	3099	
SIERRA LAKES MPC	MPC - golf, parks	Fontana	Medium - 4.3	4,000	5.5	1.9%	\$438,990	\$463,990	\$489,990	\$464,323
CITRUS HEIGHTS MPC	MPC - gated, 5 pocket parks	Fontana	Low - 3.0	6,000	5.6	1.4%	\$436,990	\$450,990	\$464,990	\$450,990
NORTH FONTANA	Stand alone subdivision	Etiwanda	Low - 2.3	7,200	3.3	1.4%	\$466,990	\$489,990	\$508,990	\$488,657

ESTIMATED ADJUSTED VALUE ATTRIBUTABLE TO AMENITIES									
PROJECT/ LOCATION	AVERAGE PRICE	PRICE ADJUSTMENTS				ADJUSTED PRICE	VALUE DIFFERENCE ATTRIBUTABLE TO AMENITIES		
		Adjust School District to Fontana - 4%	Adjust Lot Size to 6,000 Sq.Ft. @ \$10/sq.ft.	Adjust to 5.5/mo. Sales Rate @ \$8k/1.0/mo	Adjust tax rate to 1.4% (50% of NPV)		Sierra Lakes vs. Citrus Heights	Sierra Lakes vs. Fontana	Citrus Heights vs. Fontana
SIERRA LAKES MPC	\$464,323	\$0	\$20,000	\$0	\$19,092	\$503,415	11%	15%	--
CITRUS HEIGHTS MPC	\$450,990	\$0	\$0	\$1,000	\$0	\$451,990	--	--	3%
NORTH FONTANA	\$488,657	-\$19,546	-\$12,000	-\$17,600	\$0	\$439,510	--	--	--

Pricing as of the 4th Quarter of 2004, sales rate as of 2nd Quarter 2006 (sell-out of all projects).

Source: Residential Trends, The New Housing Monitor, Reeb Development Consulting

Appendix Section III

**Value Adjustment Analyses -
Selected Elements of Comparison**

EXHIBIT III-1
 SCHOOL TEST SCORES - 4TH GRADE
 SELECTED SAN BERNARDINO SCHOOL DISTRICTS
 NOVEMBER, 2010

HM2 Solutions LLC/Reeb Development Consulting
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Conclusions:

RIALTO: Student achievement levels and test scores are below the county average, but mostly within about 5% of county levels. Scores are about the same as Fontana.

FONTANA: Student achievement levels and test scores are below the county average, but mostly within about 5% of county levels. Scores are about the same as Rialto.

CITY OF SAN BERNARDINO: Student achievement levels are well below county averages, and are lower than Rialto or Fontana.

ETIWANDA: Student achievement levels and test scores are well above county averages, and even higher compared to Rialto and Fontana.

SCHOOL DISTRICT	2010 "STAR" STANDARDIZED TEST RESULTS							
	ENGLISH				MATH			
	% SCORING ADVANCED or PROFICIENT	SCORE vs. COUNTY AVERAGE	MEAN TEST SCORE	SCORE vs. COUNTY AVERAGE	% SCORING ADVANCED or PROFICIENT	SCORE vs. COUNTY AVERAGE	MEAN TEST SCORE	SCORE vs. COUNTY AVERAGE
RIALTO UNIFIED	56%	93%	356.4	98%	64%	98%	379.7	99%
FONTANA UNIFIED	57%	95%	358.3	99%	62%	95%	372.1	97%
CITY OF SAN BERNARDINO	46%	77%	344.7	95%	55%	85%	362.2	94%
ETIWANDA UNIFIED	81%	135%	394.0	108%	83%	128%	418.7	109%
ALL SAN BERNARDINO COUNTY	60%	--	363.3	--	65%	--	384.1	--

Source: California Department of Education, Reeb Development Consulting

EXHIBIT III-2
 COMPARISON OF SINGLE FAMILY HOME VALUES
 BY SCHOOL DISTRICT
 NOVEMBER, 2011

Only includes sales of homes where lot size, home size & sales price were available.

"Comparison Homes Only" includes:	Year Built:	1990 to 2010
	Lot Size:	5,000 to 7,999 Sq.Ft.
	Home Size:	1,600 to 2,499 Sq.Ft.
	Closed Date:	June 2011 through early November 2011

These values represent a selected sampling of homes in order to have homes more comparable to each for value comparison purposes, and represents a more valid value comparison than looking at all homes sold (which could include extreme values).

SCHOOL DISTRICT	ALL SINGLE FAMILY SALES (This is all homes sold in the area during the time frame examined.)						COMPARISON HOMES ONLY (This is only homes meeting the "comparison homes only" search criteria.)					
	# OF SALES IN SAMPLE	LOT SIZE	HOME SIZE	SALES PRICE	PRICE/ SQ.FT.	YEAR BUILT	# OF SALES IN SAMPLE	LOT SIZE	HOME SIZE	SALES PRICE	PRICE/ SQ.FT.	YEAR BUILT
RIALTO UNIFIED	654	8,750	1,550	\$162,034	\$105	1974	14	6,826	1,886	\$222,711	\$118	1995
FONTANA UNIFIED	885	9,899	1,741	\$199,847	\$115	1981	55	5,948	2,112	\$254,841	\$121	2003
CITY OF SAN BERNARDINO	1,139	9,551	1,421	\$125,740	\$88	1960	24	6,640	1,969	\$212,021	\$108	1999
ETIWANDA UNIFIED	630	7,664	2,445	\$329,920	\$135	1998	88	6,233	2,148	\$273,307	\$127	2000

PRICE/SQ.FT. VALUE DIFFERENCE BETWEEN RIALTO vs. OTHER DISTRICTS	\$/SQ.FT. VALUE DIFFERENCE
FONTANA UNIFIED	-2%
CITY OF SAN BERNARDINO	10%
ETIWANDA UNIFIED	-7%

To try to minimize differences in value due to location instead of school district, sales were limited to the following areas:	
RIALTO UNIFIED	Thomas Map Pages 544, 545, 574, 575
FONTANA UNIFIED	Thomas Map Page 574
CITY OF SAN BERNARDINO	All Sales
ETIWANDA UNIFIED	Thomas Map Page 574

EXHIBIT III-3
HOME VALUE ANALYSIS
BY SCHOOL DISTRICT
NOVEMBER, 2011

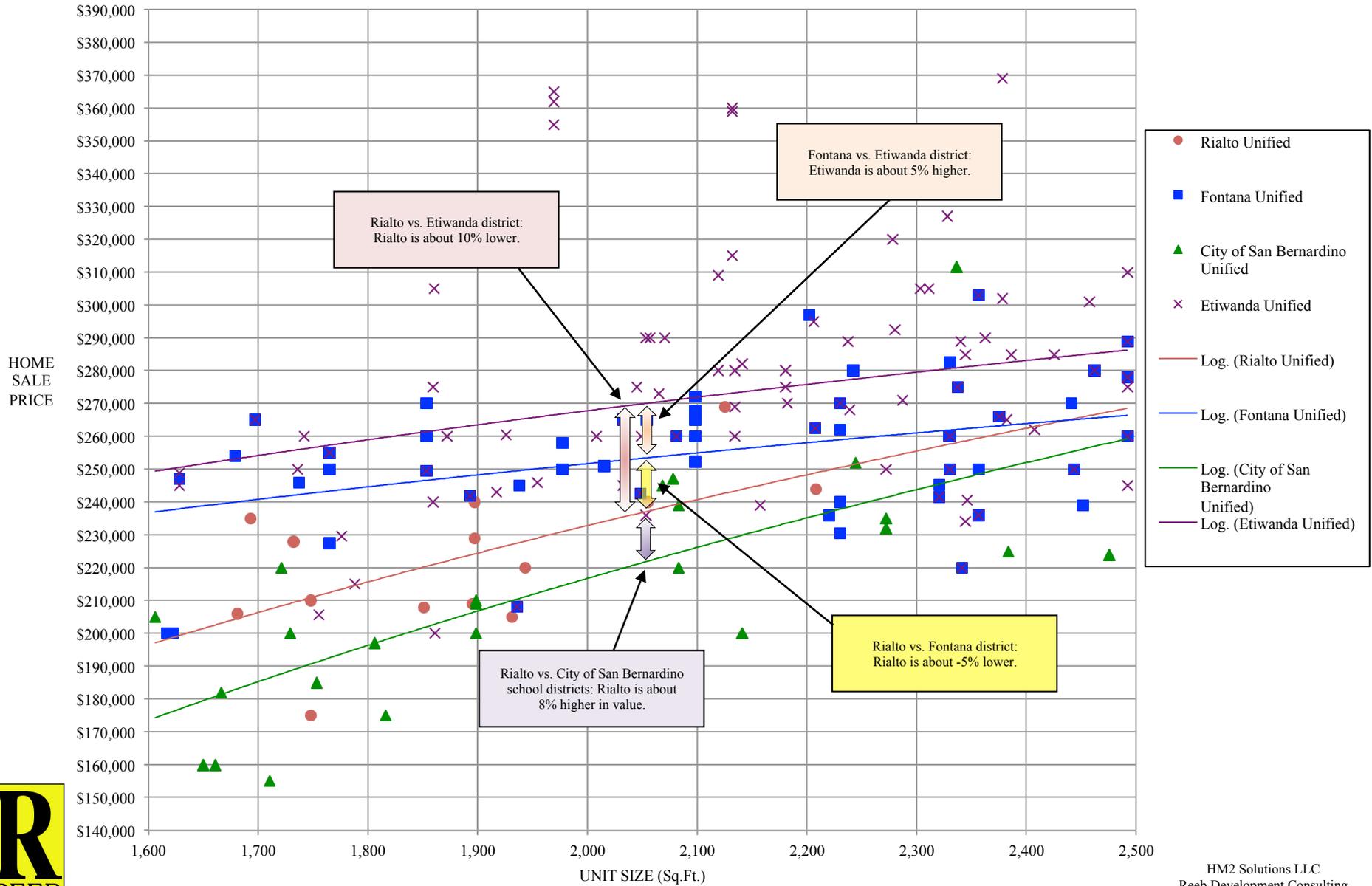
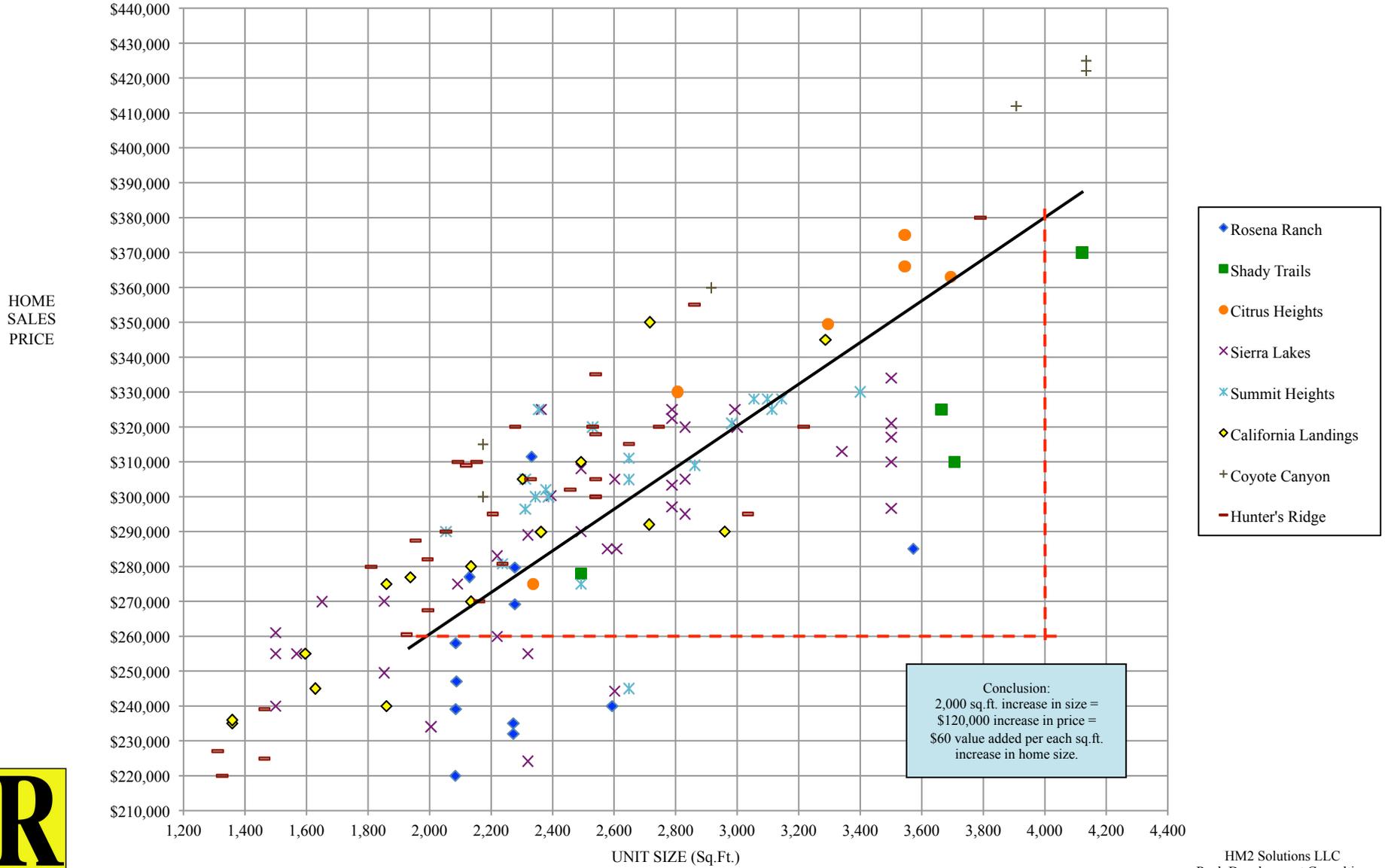
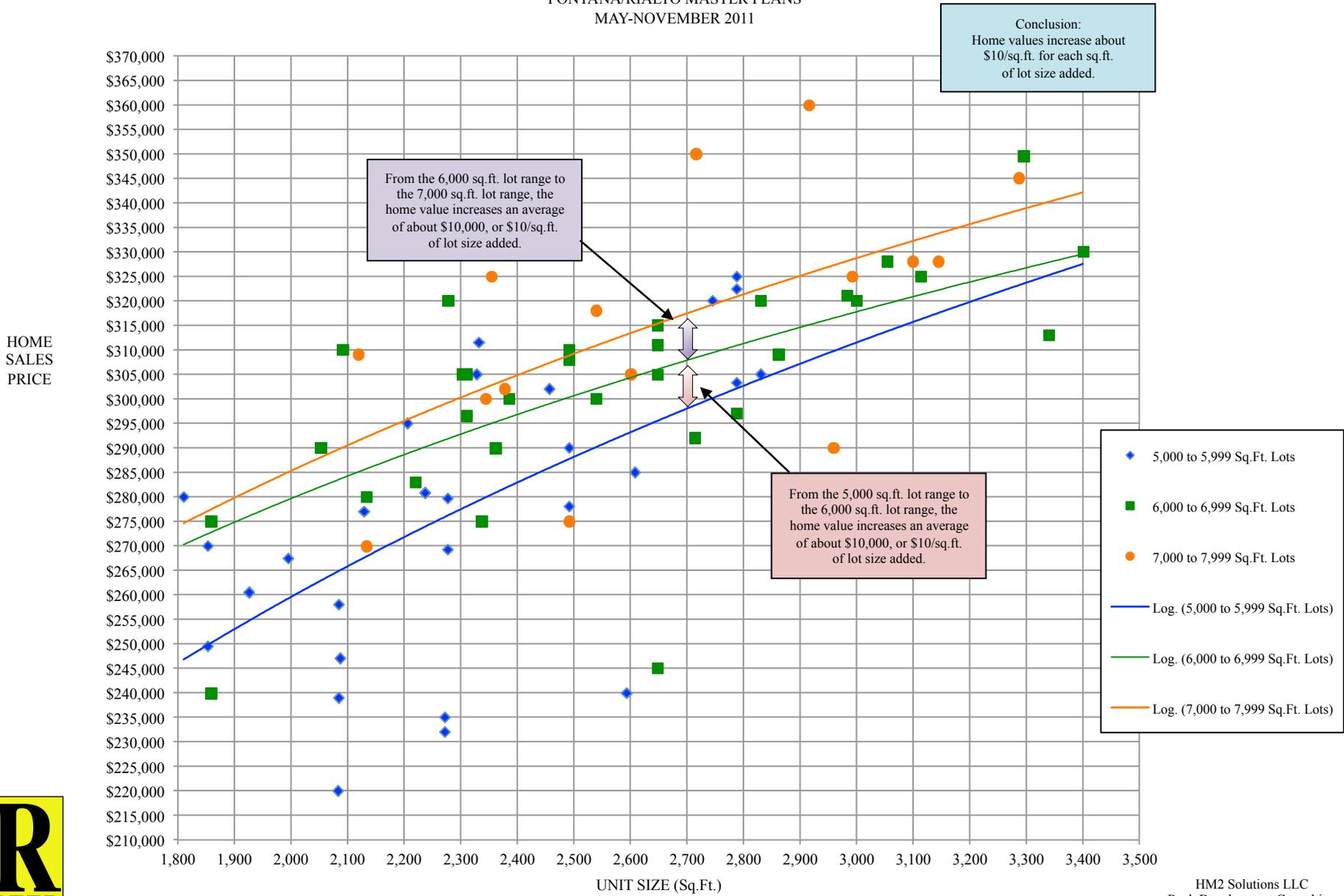


EXHIBIT III-4
 SINGLE FAMILY RESALES*
 VALUE ADDED BY HOME SIZE
 FONTANA/RIALTO MASTER PLANS
 MAY-NOVEMBER 2011



*Only includes sales on lots under 10,000 sq.ft. in size.

EXHIBIT III-5
 SINGLE FAMILY RESALES*
 VALUE ADDED BY LOT SIZE
 FONTANA/RIALTO MASTER PLANS
 MAY-NOVEMBER 2011



*Only includes homes from 1,800 to 3,500 sq.ft. in size.

EXHIBIT III-6
 CALCULATION OF VALUE ADDED BY AGE OF HOME
 FONTANA SCHOOL DISTRICT AREA
 NOVEMBER, 2011

Conclusion:
 Newer homes are typically valued higher than older homes
 by an average of about 0.69% per year in age difference
 between the newer home vs. the older home.

HM2 Solutions LLC/Reeb Development Consulting
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PRICE ADJUSTMENT ANALYSIS (See data below for details of sales)								
TIME PERIOD	AVERAGE SALES STATISTICS					ADJUSTMENTS TO PRICE		
	LOT SIZE	UNIT SIZE	SALES PRICE	PRICE/ SQ.FT.	YEAR BUILT	Adjust Lot to 5,300 Sq.Ft. \$10/Sq.Ft.	Adjust Home to 1,900 Sq.Ft. \$60/Sq.Ft.	Adjusted Home Price
Homes Built Prior to 2000	5,310	1,645	\$206,350	\$125	1990	-\$100	\$15,312	\$221,562
Homes Built in 2000 & After	5,241	2,159	\$257,967	\$119	2003	\$585	-\$15,542	\$243,010
Difference in Price								\$21,448
% Difference in Price								8.83%
Age Difference Pre vs. Post 2000								12.8
% Age Difference Per Year								0.69%

SALES DATA: To minimize adjustments to value, this analysis only included homes in the Fontana School District, only homes on lots in the 5,000 to 5,999 Sq.Ft. range, and only homes from 1,500 to 2,525 sq.ft. in size.

Source: data from CoreLogic's "MetroScan" database, Reeb Development Consulting

Appendix Section IV

**Master Plan Home Values vs.
Non-Master Plan Values Analyses**

EXHIBIT IV-1
 CALCULATION OF VALUE ADDED
 FOR MASTER PLANNED SETTING
 vs. NON-MASTER PLANNED SETTING
 ACTIVELY SELLING NEW HOME PROJECTS ONLY
 NOVEMBER, 2011

Conclusion:
Homes at White Oak at Shady Trail (MPC) are about 11% higher in value than homes in Allendale Park IV (non-MPC) after adjusting for differences in lot size, home size, tax rate, HOA dues & location. This difference represents the value attributable to the MPC setting & amenities in Shady Trails vs. Allendale Park.

HM2 Solutions LLC/Reeb Development Consulting
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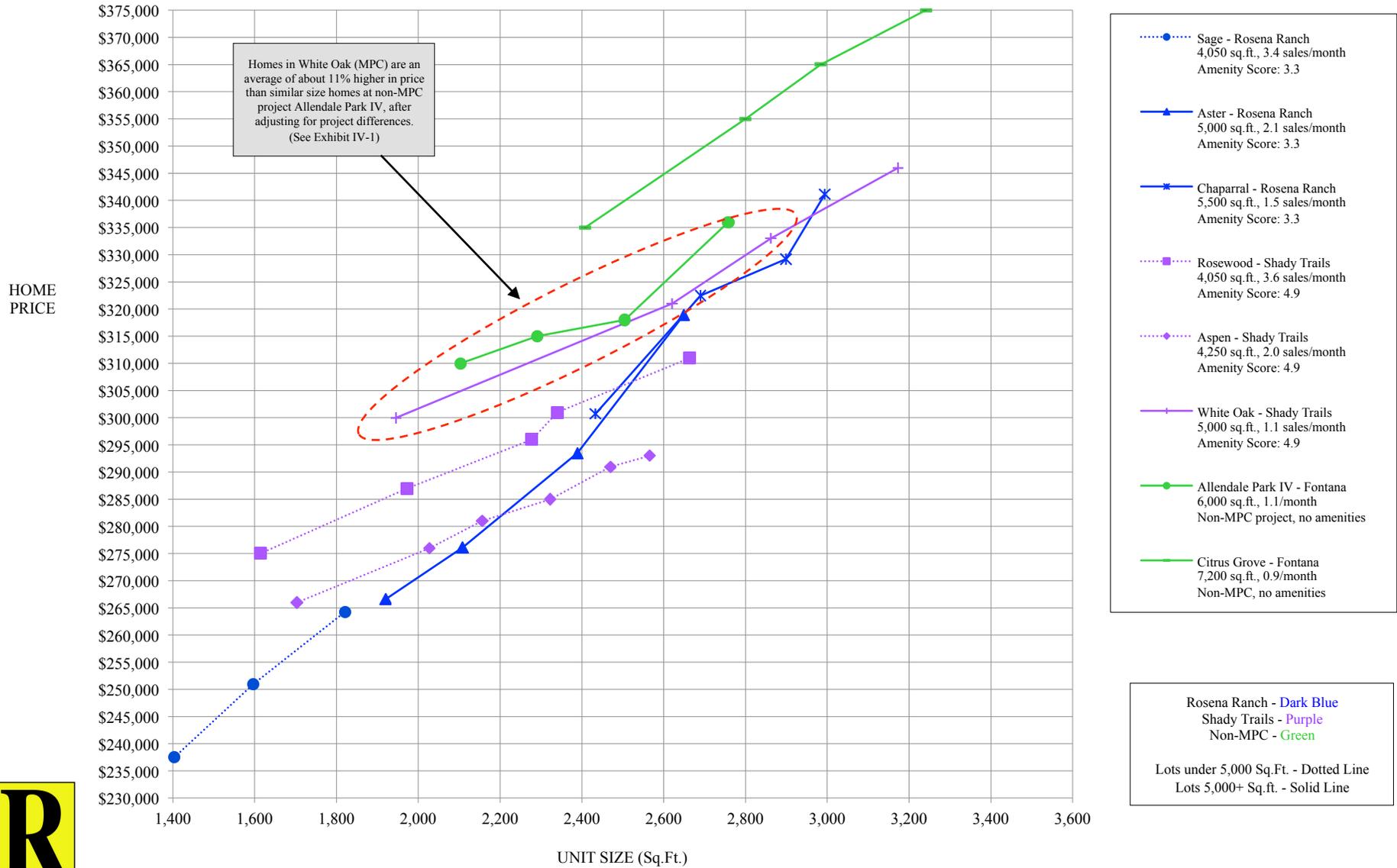
Explanation of Analysis:

* This analysis compares home values in currently actively selling new home projects in Fontana in the Fontana School District in a master planned community setting (White Oak at Shady Trails), vs. homes in a non-MPC setting (Allendale Park IV). Since both are brand new homes and both are in the same school district, no adjustments are necessary for those two elements of comparison. There are other active projects in MPC's and stand-alone projects in the area, however, the two projects selected for comparison were most similar in lot & home size, translating into the need for fewer adjustments & more valid results.

PRICE ADJUSTMENT ANALYSIS													
HOME LOCATION	AVERAGE PROJECT INFORMATION							ADJUSTMENTS TO PRICE					
	LOT SIZE	UNIT SIZE	SALES PRICE	PRICE/SQ.FT.	YEAR BUILT	TOTAL TAX RATE	MONTHLY HOA	Adjust Lot to 6,000 Sq.Ft. \$10/Sq.Ft.	Adjust Home to 2,414 Sq.Ft. \$60/Sq.Ft.	Adjust Tax Rate to 1.8% 50% of NPV	Adjust HOA to \$0 50% of NPV	Location No./So. of I-210 @ 2.0%	Adjusted Home Price
White Oak at Shady Trails	5,000	2,476	\$317,990	\$128	2011	2.0%	\$198	\$10,000	-\$3,740	\$5,230	\$19,539	\$6,360	\$355,378
Allendale Park IV	6,000	2,414	\$319,745	\$132	2011	1.8%	\$0	\$0	\$0	\$0	\$0	\$0	\$319,745
Difference in Price													\$35,633
% Difference in Price													11.1%

Note: both projects are selling at an average pace this year of just 1.1 sales per month, which is well below what is typically considered to be a "healthy" sales rate (usually at least 3.0 sales/month is considered to be a reasonable target sales rate). As such, it is possible that neither project is "priced right" for today's market, which could skew this relative value analysis.

EXHIBIT IV-2
 NEW HOME PROJECT MARKET POSITIONING
 MPC vs. NON-MPC*
 FONTANA/RIALTO MARKET AREA
 NOVEMBER, 2011
 (Prices not adjusted for incentives)



*Prices shown on this chart have not been adjusted to account for project differences.



HM2 Solutions LLC
 Reeb Development Consulting
 (858) 486-5246 - reeb@san.rr.com
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EXHIBIT IV-3

HM2 Solutions LLC/Reeb Development Consulting

NON-MASTER PLAN NEW HOME PROJECTS

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FONTANA/RIALTO MARKET AREA

NOVEMBER, 2011

CURRENT NEW HOME PROJECTS									
PROJECT NAME	HOME BUILDER	LOCATION	LOT SIZE/ DIMENSIONS	TOTAL UNITS	2011 SALES/ MONTH	TOTAL TAX RATE	HOME SIZE (SQ.FT.)	BASE PRICE	PRICE/ SQ.FT.
Allendale Park IV	Young Homes	Fontana (south of I-210)	6,000 60x100	246	1.1	1.8%	2,103	\$309,990	\$147
							2,291	\$315,000	\$137
							2,505	\$318,000	\$127
							2,758	\$335,990	\$122
Citrus Grove	Meritage Homes	Fontana (south of I-210)	7,200 60x120	71	0.9	2.0%	2,408	\$334,990	\$139
							2,800	\$354,990	\$127
							2,984	\$364,990	\$122
							3,241	\$374,990	\$116
AVERAGE or TOTAL			6,600	317	1.0	1.9%	2,636	\$338,618	\$128

Source: Real Estate Economics, The Hanley Report, builder websites, Reeb Development Consulting

EXHIBIT IV-4
 CALCULATION OF VALUE ADDED
 FOR MASTER PLANNED SETTING
 vs. NON-MASTER PLANNED SETTING
 BASED ON RESALES
 NOVEMBER, 2011

Conclusions:
 In every case examined, homes in MPC's achieved higher values than homes not located in a master plan. In general, it appears that school district plays a role in that the price differential between MPC and non-MPC homes is greater in areas with lower quality schools. Homes in MPC's in higher quality school districts get less of a bump in value vs. non-MPC homes.

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This is how the value in each respective MPC compares to non-MPC values.

COMMUNITY	AMENITY SCORE (Ex. 1-5)	RESALE MARKET DATA (Resales 6 months ending early November, 2011) (See Individual Master Plan Profiles for Detailed Sales Information)							ADJUSTMENTS TO PRICE (All adjusted to Non-Master Plan Parameters)							Master Plan vs. Non-MPC Value Difference
		LOT SIZE	HOME SIZE	SALES PRICE	PRICE/SQ.FT.	YEAR BUILT	SCHOOL DISTRICT	TAX RATE	Lot Size \$10/Sq.Ft.	Home Size \$60/Sq.Ft.	Home Age 0.69%/year	School District to Rialto	Tax Rate (50% of NPV)	Location vs. East of I-15 3.0% for West	Adjusted Home Price	

1. Non-Master Plan Sales in Northeastern Rialto vs. Base Case Master Plan in Fontana/Rialto 1/																
Highest \$ MPC	4.3	5,977	2,632	\$293,984	\$112	2002	Fontana	1.90%	\$19,252	-\$31,836	-\$33,510	-\$11,759	\$12,088	\$0	\$248,219	16.5%
Average MPC	3.7	6,735	2,604	\$304,025	\$117	2002	Mixed	1.74%	\$11,667	-\$30,158	-\$34,015	-\$16,851	\$8,500	-\$4,747	\$238,422	11.9%
Base Case MPC	3.1	6,737	2,650	\$306,210	\$116	2002	Etiwanda	1.50%	\$11,652	-\$32,896	-\$33,394	-\$24,497	\$2,518	\$0	\$229,593	7.7%
Rialto - Northeast	--	7,902	2,102	\$213,089	\$101	1986	Rialto	1.40%	\$0	\$0	\$0	\$0	\$0	\$0	\$213,089	--

2. Non-Master Plan Sales in Fontana vs. Fontana Master Plans in Fontana School District Only 2/																
Master Plans	4.1	6,008	2,707	\$301,453	\$111	2004	Fontana	1.77%	\$12,564	-\$13,117	\$2,423	\$0	-\$5,784	\$0	\$297,538	5.3%
Non-Master Plans	--	7,264	2,488	\$282,500	\$107	2006	Fontana	2.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$282,500	--

3. Non-Master Plan Sales in Fontana vs. Fontana Master Plans in Etiwanda School District Only 3/																
Master Plans	3.5	7,275	2,444	\$308,235	\$126	2001	Etiwanda	1.65%	\$4,744	-\$19,505	-\$4,477	\$0	\$6,337	-\$9,247	\$286,086	6.0%
Non-Master Plans	--	7,749	2,119	\$269,988	\$107	1999	Etiwanda	1.40%	\$0	\$0	\$0	\$0	\$0	\$0	\$269,988	--

4. Non-Master Plan Sales in Fontana South of I-210 vs. California Landings Sales, all in Etiwanda School District Only 4/																
California Landings	3.4	6,689	2,144	\$278,801	\$130	1999	Fontana	1.40%	\$10,602	-\$1,537	\$608	\$0	\$0	\$0	\$288,474	6.8%
Non-Master Plans	--	7,749	2,119	\$269,988	\$127	1999	Fontana	1.40%	\$0	\$0	\$0	\$0	\$0	\$0	\$269,988	--

- 1/ Compares sales in northeastern Rialto not in a MPC vs. the "base case" master plan in the Fontana/Rialto market.
- 2/ Compares sales in the City of Fontana not in a MPC vs. the average of Fontana MPC's, all in the Fontana School District.
- 3/ Compares sales in the City of Fontana not in a MPC vs. the average of Fontana MPC's, all in the Etiwanda School District.
- 4/ Compares sales in the City of Fontana not in a MPC vs. sales in California Landings, all in the Etiwanda School District.

Source: Reeb Development Consulting

EXHIBIT IV-5
 SINGLE FAMILY RESALES
 NORTHEAST RIALTO AREA
 MAY to NOVEMBER, 2011

HM2 Solutions LLC/Reeb Development Consulting
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Sorted by Lot Size

ADDRESS	CITY	LOT SIZE	UNIT SIZE	SALE PRICE	PRICE/ SQ.FT.	YEAR BUILT	CLOSING DATE
2639 West WINDHAVEN Dr	Rialto	6,300	1,897	\$229,000	\$121	1994	8/1/2011
2673 West SUNRISE Dr	Rialto	6,300	2,125	\$269,000	\$127	1993	9/1/2011
2738 West RANCHO VISTA Dr	Rialto	6,500	1,943	\$220,000	\$113	1995	11/2/2011
2013 North FILLMORE Ave	Rialto	7,200	1,862	\$190,000	\$102	1979	7/29/2011
19210 CHESHIRE St	Rialto	7,540	1,939	\$197,000	\$102	1963	10/4/2011
2753 West LOMA VISTA Dr	Rialto	7,770	2,560	\$227,199	\$89	1992	8/15/2011
2035 West VIA BELLO Dr	Rialto	7,840	2,449	\$220,000	\$90	2000	5/27/2011
2736 West WINDHAVEN Dr	Rialto	7,920	2,055	\$240,000	\$117	1995	10/18/2011
451 West EASTON St	Rialto	8,211	2,078	\$203,000	\$98	1963	9/23/2011
2568 North CHURCH Ave	Rialto	8,400	1,800	\$205,000	\$114	1986	6/14/2011
2416 North TEAKWOOD Ave	Rialto	8,400	1,918	\$213,000	\$111	1979	8/25/2011
590 West CASMALIA St	Rialto	8,400	2,051	\$160,000	\$78	1987	7/21/2011
607 West GALWAY St	Rialto	8,400	2,051	\$212,000	\$103	1987	6/30/2011
2297 North SYCAMORE Ave	Rialto	8,400	2,414	\$195,000	\$81	1979	9/19/2011
132 CORAL TREE Dr	Rialto	8,400	2,414	\$202,500	\$84	1979	9/30/2011
1729 BANYON St	Rialto	8,424	2,208	\$255,000	\$115	2003	7/29/2011
3050 North ASHFORD Ave	Rialto	8,500	2,272	\$220,000	\$97	1990	8/2/2011
2131 North DATE Ave	Rialto	8,560	1,818	\$158,000	\$87	1979	9/20/2011
1689 West VIA BELLO Dr	Rialto	8,670	2,075	\$233,000	\$112	1989	9/14/2011
Average		7,902	2,102	\$213,089	\$101	1986	8/21/2011

Note: These sales represent a sub-set of all single family sales in this market area during the time period examined, including only homes meeting the following criteria: sale date May to November 2011, lot size 5,000 to 8,999 sq.ft., home size 1,800 to 2,599 sq.ft., year built 1960 to 2010, not a short sale or foreclosure, and sales where lot size, home size & sales price were all available.

Source: Redfin (based on county listings & broker comments), Reeb Development Consulting

EXHIBIT IV-6
 SINGLE FAMILY RESALES
 FONTANA SCHOOL DISTRICT
 CITY OF FONTANA
 MAY to NOVEMBER, 2011

HM2 Solutions LLC/Reeb Development Consulting
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Sorted by Lot Size

ADDRESS	CITY	LOT SIZE	UNIT SIZE	SALE PRICE	PRICE/ SQ.FT.	YEAR BUILT	CLOSING DATE
16945 FERN St	Fontana	5,707	2,630	\$277,000	\$105	2007	8/18/2011
16454 FREESIA Ct	Fontana	6,125	1,893	\$242,000	\$128	2006	8/23/2011
16641 LIMEKIN Ln	Fontana	6,399	2,988	\$308,000	\$103	2006	5/25/2011
16631 LIMEKIN Ln	Fontana	6,491	2,625	\$310,000	\$118	2006	6/17/2011
16576 STONECREEK Dr	Fontana	7,257	2,997	\$287,500	\$96	2005	9/14/2011
16539 PISMO Way	Fontana	7,323	2,444	\$300,000	\$123	2005	11/17/2011
7112 VERDUGO Pl	Fontana	7,513	2,635	\$305,000	\$116	2005	6/30/2011
16653 ELAINE Ave	Fontana	8,093	2,625	\$290,000	\$110	2006	9/19/2011
7153 PROVIDENCE Way	Fontana	8,100	2,207	\$275,000	\$125	2005	6/22/2011
7112 PROVIDENCE Way	Fontana	8,151	2,443	\$260,000	\$106	2005	8/26/2011
7816 BLACKHAWK Ct	Fontana	8,744	1,882	\$253,000	\$134	2006	6/1/2011
Average		7,264	2,488	\$282,500	\$114	2006	8/2/2011

Note: These sales represent a sub-set of all single family sales in this market area during the time period examined, including only homes meeting the following criteria: sale date May to November 2011, lot size 5,000 to 8,999 sq.ft., home size 1,800 to 2,999 sq.ft., year built prior to 2010, not a short sale or foreclosure, and sales where lot size, home size & sales price were all available.

Source: Redfin (based on county listings & broker comments), Reeb Development Consulting

EXHIBIT IV-7
 SINGLE FAMILY RESALES
 ETIWANDA SCHOOL DISTRICT
 CITY OF FONTANA
 MAY to NOVEMBER, 2011

HM2 Solutions LLC/Reeb Development Consulting
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Sorted by Lot Size

ADDRESS	CITY	LOT SIZE	UNIT SIZE	SALE PRICE	PRICE/ SQ.FT.	YEAR BUILT	CLOSING DATE
14665 TEXAS Ct	Fontana	7,200	1,917	\$269,900	\$141	1999	7/1/2011
14838 FAIRHAVEN Dr	Fontana	7,206	2,212	\$282,000	\$127	2002	7/1/2011
14767 TENNESSEE Ct	Fontana	7,207	2,383	\$300,000	\$126	1998	6/22/2011
14839 FAIRHAVEN Dr	Fontana	7,210	2,212	\$264,000	\$119	2002	6/17/2011
7068 WISCONSIN Dr	Fontana	7,340	1,917	\$243,000	\$127	1999	8/31/2011
15037 CORNFLOWER Ct	Fontana	7,350	1,862	\$246,000	\$132	1989	9/8/2011
7143 WINDERMERE Way	Fontana	8,703	2,223	\$290,000	\$130	2003	7/28/2011
7169 CAMDEN Ct	Fontana	9,778	2,223	\$265,000	\$119	2003	10/20/2011
Average		7,749	2,119	\$269,988	\$127	1999	7/31/2011

Note: These sales represent a sub-set of all single family sales in this market area during the time period examined, including only homes meeting the following criteria: sale date May to November 2011, lot size 5,000 to 9,999 sq.ft., home size 1,800 to 2,499 sq.ft., year built prior to 2010, not a short sale or foreclosure, and sales where lot size, home size & sales price were all available.

Source: Redfin (based on county listings & broker comments), Reeb Development Consulting

Appendix Section V
Apartment Value Differential Analysis

PROJECT	LOCATION	MASTER PLAN	SCHOOL DISTRICT	BED/BATH	UNIT SIZE	MONTHLY RENT		LOW \$/SQ.FT.
						LOW	HIGH	
MASTER PLANNED COMMUNITIES								
HOMECOMING (West of I-15)	Rancho Cucamonga	Terra Vista	Etiwanda	1/1	729	\$1,405	--	\$1.93
				1/1	861	\$1,455	--	\$1.69
				2/2	1,019	\$1,590	--	\$1.56
				2/2	1,089	\$1,855	--	\$1.70
				2/2.5 TH	1,307	\$1,930	--	\$1.48
				3/2.5 TH	1,499	\$2,060	--	\$1.37
				Average	1,084	\$1,716	--	\$1.58
AMLI (West of I-15)	Rancho Cucamonga	Victoria Arbors	Etiwanda	1/1	743	\$1,206	\$1,326	\$1.62
				1/1	861	\$1,292	\$1,437	\$1.50
				2/2	1,066	\$1,545	\$1,683	\$1.45
				2/2	1,093	\$1,684	\$1,712	\$1.54
				2/2	1,161	\$1,540	\$1,736	\$1.33
				2/2	1,218	\$1,571	\$1,862	\$1.29
				Average	1,024	\$1,473	\$1,626	\$1.44
CAMINO REAL (East of I-15)	Fontana	Village of Heritage	Etiwanda	1/1	734	\$1,143	\$1,218	\$1.56
				1/1	720	\$1,154	\$1,191	\$1.60
				2/1	926	\$1,315	\$1,336	\$1.42
				2/2	998	\$1,426	\$1,502	\$1.43
				2/2	1,028	\$1,440	\$1,506	\$1.40
				3/2	1,312	\$2,028	\$2,027	\$1.55
				Average	953	\$1,418	\$1,463	\$1.49
Overall Average					1,020	\$1,536	--	\$1.51
Adjusted Average (for roughly similar unit size to No MPC)					950	\$1,441	--	\$1.52
NO MASTER PLAN								
SYCAMORE SPRINGS (West of I-15)	Rancho Cucamonga	None	Alta Loma	1/1	580	\$1,035	\$1,045	\$1.78
				2/1	630	\$1,085	\$1,095	\$1.72
				2/2	897	\$1,275	\$1,315	\$1.42
				2/2	894	\$1,285	\$1,295	\$1.44
				Average	750	\$1,170	\$1,188	\$1.56
VILLAGIO on Route 66 (West of I-15)	Rancho Cucamonga	None	Central	2/1	850	\$1,300	--	\$1.53
				2/2	850	\$1,350	--	\$1.59
				3/2	1,045	\$1,550	--	\$1.48
				Average	915	\$1,400	--	\$1.53
VICTORIA WOODS (East of I-15)	Rancho Cucamonga	None	Etiwanda	1/1	715	\$950	\$1,075	\$1.33
				2/1	850	\$1,150	\$1,280	\$1.35
				2/2	960	\$1,350	\$1,350	\$1.41
				3/2	1,104	\$1,295	\$1,530	\$1.17
				Average	947	\$1,208	\$1,353	\$1.28
AVENTERRA (East of I-15)	Fontana	None	Fontana	1/1	526	\$775	\$775	\$1.47
				2/1	790	\$795	\$805	\$1.01
				2/1.5	855	\$925	\$935	\$1.08
				3/2	955	\$1,275	\$1,285	\$1.34
				3/1.5	1,013	\$1,305	\$1,315	\$1.29
				Average	828	\$1,015	\$1,023	\$1.23
Overall Average					860	\$1,176	--	\$1.37
Adjusted Average (for roughly similar size to MPC)					957	\$1,312	--	\$1.37
Size Adjusted Value Difference								
MPC vs. NO MPC DIFFERENCE					-7	130	--	\$0.15
% MPC vs. NO MPC DIFFERENCE					-0.7%	9.9%	--	10.7%
Less Estimated Impact of Difference in School Districts ("No MPC" districts estimated to be an average of 2.3% lower than Etiwanda)								-2.3%
Final Estimated Value Enhancement for Apartments in a Master Plan vs. Apartments Not in a Master Plan								8.4%

Note: Other than normalizing unit sizes and making an estimated adjustment for differences in school district quality, no assessment was made of the relative amenity levels in the master plans, or in the apartment projects themselves. It is entirely possible that differences in the amenity levels included at the apartment projects themselves could account for value differences, as could other factors such as the age of the property, upkeep, location within Rancho Cucamonga or Fontana, etc. As such, the value conclusion should be viewed as a rough estimate of MPC value enhancement only. More detailed analysis is recommended.

HM2 SOLUTIONS LLC - REEB DEVELOPMENT CONSULTING

Market Feasibility Analysis

Pricing & Absorption Analysis

Market Consulting Assignment

STUDY DISCLAIMER

The information compiled and analyzed for this assignment was obtained from sources deemed reliable, and the data presented is believed to be accurate. However, HM2 Solutions LLC and Reeb Development Consulting are unable to guarantee the accuracy or timeliness of the information presented, particularly third-party data.

- The market conclusions and recommendations presented in this report are based on subject site information provided by the client or client's representatives as of the time of the study. Study conclusions and recommendations may not be valid if project parameters are changed or if inaccurate information was provided.
- Project parameter changes which could have a material impact on the validity of the market conclusions and recommendations presented in this report which HM2 Solutions LLC and Reeb Development Consulting can not be held accountable for could include (but are not necessarily limited to): a change in the number of units or size of the project, changes in lot sizes or lot configurations, changes in floor plan types, floor plan sizes, or unit mix, a change in the anticipated timing of the project, changes in community amenities, changes in home owners association parameters, changes in Mello-Roos districts or community facility districts, changes in builders, changes in the client management team, etc.
- Market conclusions and recommendations presented in this report are based on market conditions and trends at the time the study was conducted. The conclusions and recommendations in this study assume "normal market conditions." HM2 Solutions LLC and Reeb Development Consulting cannot be held responsible for changes in market parameters which could materially impact the development of the subject site.
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