



Market Opportunity Evaluation

**Fireman's Circle (Mitchell Road), Murrieta, CA
96 - Townhomes and 36 - SFD Courtyard Homes**

Prepared For
The True Life Companies
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Executive Summary

EXECUTIVE SUMMARY

PACE AND PRICING RECOMMENDATIONS: TOWNHOME PRODUCT LINE

Fireman's Circle: Product #1 | Two Story Row Townhomes | 4.0 Sales per Month

Recommended Pricing												
Plan	Mix	Mix %	SF	Base Price	Incen.	Net Base Price	Net Base/SF	Options	Premiums	Total Price	Total Price/SF	Total Projected Revenue
1	36	38%	1,280	\$283,000	\$5,000	\$278,000	\$217	\$8,610	\$4,000	\$295,610	\$231	\$10,641,960
2	20	21%	1,508	\$302,000	\$5,000	\$297,000	\$197	\$9,180	\$4,000	\$315,180	\$209	\$6,303,600
3	36	38%	1,892	\$328,000	\$5,000	\$323,000	\$171	\$9,960	\$4,000	\$341,960	\$181	\$12,310,560
4	4	4%	1,914	\$329,000	\$5,000	\$324,000	\$169	\$9,990	\$4,000	\$342,990	\$179	\$1,371,960
Total:	96	100%										\$30,628,080
Weighted Average:			1,583	\$305,750	\$5,000	\$300,750	\$194	\$9,293	\$4,000	\$319,043	\$205	

Product Detail							
Plan	Mix	Mix %	SF	Bed	Bath	Garage	Levels
1	36	38%	1,280	2	2	2	2
2	20	21%	1,508	2	2.5	2	2
3	36	38%	1,892	3	3	2	2
4	4	4%	1,914	3	3	2	2
Total:	96	100%					
Weighted Average:			1,583				

ASSUMPTIONS:

Sales Pace:	To average 4.0 sales per month
Projected Appreciation:	To average approximately 5.0% annually from 2016 through 2018**
Property Taxes:¹	1.8%-2.0%
Options:	3.0% of (Gross Base Price + Premiums)
Incentive:	\$5,000
HOA:	Estimated at \$75-\$100 per month
Premiums:	Averaged \$5,400 per unit; Based on lots with views of exterior open space, end units, and units on interior greenbelt

¹ For pricing recommendations based on a 1.25% tax rate, see "Supporting Documentation" page 54.

**Note: While MLS recorded appreciation from October 2014 to October 2015 for the subject ZIP code at 10.1%, Market InSite predicts the appreciation going forward to be 5% per annum, for year's 2016 to 2018.

EXECUTIVE SUMMARY

PACE AND PRICING RECOMMENDATIONS: COURTYARD HOMES PRODUCT LINE

Fireman's Circle: Product #2 | Courtyard Homes | 50'x50' Lots | 11 DU/acre | 4.0 Sales per Month

Recommended Pricing												
Plan	Mix	Mix %	SF	Base Price	Incen.	Net Base Price	Net Base/SF	Options	Premiums	Total Price	Total Price/SF	Total Projected Revenue
2	9	25%	1,827	\$350,000	\$5,000	\$345,000	\$189	\$10,662	\$5,400	\$366,062	\$200	\$3,294,558
3	9	25%	1,923	\$352,000	\$5,000	\$347,000	\$180	\$10,722	\$5,400	\$368,122	\$191	\$3,313,098
4	11	31%	2,039	\$354,000	\$5,000	\$349,000	\$171	\$10,782	\$5,400	\$370,182	\$182	\$4,072,002
Next Gen.	7	19%	2,430	\$363,000	\$5,000	\$358,000	\$147	\$11,052	\$5,400	\$379,452	\$156	\$2,656,164
Total:	36	100%										\$13,335,822
Weighted Average:			2,033	\$354,250	\$5,000	\$349,250	\$173	\$10,790	\$5,400	\$370,440	\$184	

Product Detail							
Plan	Mix	Mix %	SF	Bed	Bath	Garage	Levels
2	9	25%	1,827	3	2.5	2	2
3	9	25%	1,923	3	2.5	2	2
4	11	31%	2,039	4+L	3	2	2
Next Gen.	7	19%	2,430	4+L	3.5	2	2
Total:	36	100%					
Weighted Average:			2,033				

ASSUMPTIONS:

- Sales Pace:** To average 4.0 sales per month
- Projected Appreciation:** To average approximately 5.0% annually from 2016 through 2018**
- Property Taxes:**¹ 1.8%-2.0%
- Options:** 3.0% of (Gross Base Price + Premiums)
- Incentive:** \$5,000
- HOA:** Estimated at \$75-\$100 per month
- Premiums:** Averaged \$5,400 per unit; Based on corner lots and lots that back up to undeveloped hillside

¹ For pricing recommendations based on a 1.25% tax rate, see "Supporting Documentation" page 54.

Appreciation Calculation		
ZIP Code Comparison:	92562	
Unit Type:	All Sold	
	Past Period	Recent Period
Time Period:	11/3/13-11/3/14	11/3/14-11/3/15
Average Price:	\$356,708	\$392,731
Average Home Size (SF):	2,299	2,319
*Appreciation:	10.1%	
Median Price:	\$340,000	\$350,000
Median Home Size (SF):	2,100	2,200

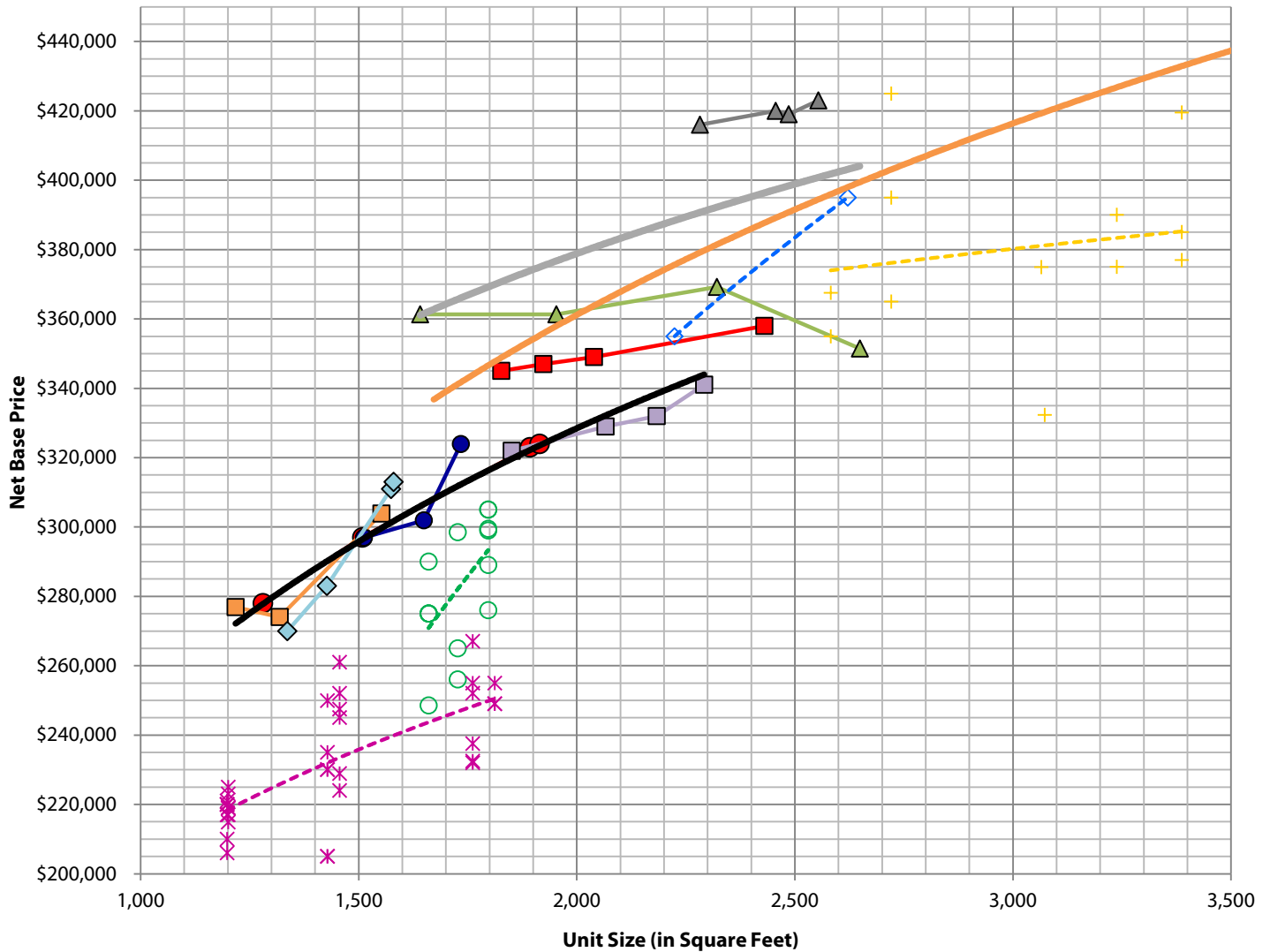
*Appreciation based on average sales price and average home size
All data sourced from MLS

**Note: While MLS recorded appreciation from October 2014 to October 2015 for the subject ZIP code at 10.1%, Market InSite predicts the appreciation going forward to be 5% per annum, for year's 2016 to 2018.

EXECUTIVE SUMMARY

PRICE GRAPH

RECOMMENDED PRODUCT TYPES VERSUS NEW HOME AND RESALE COMPARABLES: NET BASE PRICE



- Fireman's Circle: Product #1 | Row Townhomes | 15 DU/acre | 4.0 Sales per Month
- Fireman's Circle: Product #2 | Courtyard Homes | 50'x50' Lots | 11 DU/acre | 4.0 Sales per Month
- The Ridge at Cal Oaks | DR Horton | Murrieta | Townhome | 4.2 Sales Per Month | Tax Rate:1.70%
- Aldea at Paseo Del Sol | TRI Pointe Homes | Temecula | Townhome | 3.6 Sales Per Month | Tax Rate:1.48%
- Alegre at Paseo Del Sol | TRI Pointe Homes | Temecula | Townhome | 5.4 Sales Per Month | Tax Rate:1.48%
- ◇ Arroyo Vista | Lennar | Murrieta | Townhome | 14.5 Sales Per Month | Tax Rate:1.36%
- ▲ Seneca | KB Home | Murrieta | Detached Condo | Avg. 3,500' (Typical 50'x70') Lots | 0.6 Sales Per Month | Tax Rate:1.67%
- ▲ Renaissance at Redhawk | Beazer | Temecula | SFD Small Lot | Avg. 2,500' (Typical 30'x85') Lots | 3 Sales Per Month | Tax Rate:1.25%
- Bel Flora Resale Median Price Trendline | Murrieta | SFD Small Lot | Average 2,875 SF Lots | Average Year Built 2005
- ✱ North Oak Resale Median Price Trendline | Murrieta | Condos/Townhomes | Average Year Built 2008
- ✚ Murrieta Oaks Resale Median Price Trendline | Murrieta | SFD | Average 8,200 SF Lots | Average Year Built 2004
- ◇ Wedgewood Way Resale Median Price Trendline | Murrieta | SFD | Average 7,405 SF Lots | Average Year Built 2004
- Log. (New Home Townhome Median Price Trendline | Murrieta and Temecula | Average 6.9 Sales Per Month*)
- Log. (New Home SFD Small Lot/Detached Condo Median Price Trendline | Murrieta and Temecula | 2,500-3,500 SF Lots | Average 1.8 Sales Per Month)
- Log. (Bel Flora Resale Median Price Trendline | Murrieta | SFD Small Lot | Average 2,875 SF Lots | Average Year Built 2005)
- Log. (North Oak Resale Median Price Trendline | Murrieta | Condos/Townhomes | Average Year Built 2008)
- Log. (Murrieta Oaks Resale Median Price Trendline | Murrieta | SFD | Average 8,200 SF Lots | Average Year Built 2004)
- Log. (Wedgewood Way Resale Median Price Trendline | Murrieta | SFD | Average 7,405 SF Lots | Average Year Built 2004)
- Log. (New Home SFD on Conventional Lots Median Price Trendline | Murrieta and Temecula | 5,500-8,000 SF Lots | Average 4.0 Sales Per Month**)

*Average sales rate of 6.9 reflects average including Arroyo Vista's inflated 14.5 sales rate; without Arroyo Vista the trendline average is 4.4 sales/month

**Trendline includes projects with conventional sized lots and similar sized homes: Ranch Bella Vista's Paloma, Alicante, Cambria, Hawthorne, and Addison Point

EXECUTIVE SUMMARY

PACE AND PRICING RATIONALE

Summarized below is Market InSite's rationale for the market pricing recommended for the Fireman's Circle proposed development as shown on the enclosed price graph.

Product #1: Townhomes

- The New Home Townhomes Median Price Trendline representing the currently currently selling townhomes in the competitive market area (shown as double black lines on the Price Graph), reflects an average sales rate among the four currently selling townhome developments of 6.9 sales per month. Market InSite believes that this does not accurately describe the typical pace of townhomes in the CMA because it includes Lennar's recently opened *Arroyo Vista* (shown on the Price Graph as light blue diamonds connected by a light blue line) which has been selling at an extremely high rate of 14.5 sales per month. Excluding *Arroyo Vista*, the New Townhomes Median Price Trendline averages 4.4 sales per month; a pace that Market InSite believes much more accurately represents the townhome market's pace. This average sales rate is approximately consistent with that of the anticipated sales pace for the subject's townhomes. Thus the recommended prices for townhomes at Fireman's Circle lie on the New Townhome Median Price Trendline.
- The recommended prices for the townhomes proposed for development at Fireman's Circle are an approximate continuation of the median priced trend line for DR Horton's *The Ridge at Cal Oaks* (Murrieta) townhome development (depicted on the price graph as lavender squares connected by a lavender line). This is geographically the closest currently selling new townhome development to the subject site, and its real estate location value is similar to the subject's. This, combined with its 4.2 sales per month sales pace, justify the subject's pricing to be along *The Ridge at Cal Oaks'* curve.
- Market InSite positioned the Fireman's Circle's townhomes prices a minimum of 26% above similar sized townhouse resales located east and contiguous to the subject site ("*North Oaks*" (shown on the price graph as a magenta dotted line). *North Oaks* was built in 2008, enabling the subject's pricing to reflect a new construction premium above the *North Oaks* Resale Median Price Trendline.
- All of the recommended new home prices for Product Line #1 at the Fireman's Circle site fall within the FHA loan limit. This will appeal to a broader scope of price sensitive homebuyers.

Product #2: Courtyard Homes

- Fireman's Circle's SFD Courtyard homes will feature small lots similar in location to DR Horton's *Seneca* development (depicted as green triangles). *Seneca's* rate of velocity has averaged between 0.5 and 1.0 sales a month. Thus, Market InSite has positioned the subject's market pricing approximately \$10k below similar sized units and the median priced trend line representing current market values at *Seneca*; in order to generate a significantly greater rate of absorption for the Fireman's Circle new homes.
- Market InSite has also positioned the subject's SFD Courtyard homes' market prices lower than the New Homes Median Price Trendline representing projects with similar sized homes on larger conventional sized lots (approximately 5,500 to 8,000 square foot lots and depicted on the Price Graph as a double orange line); so as not to compete in price.
- The SFD Courtyard home's recommended market price curve is positioned approximately 16% higher than the neighboring *Bel Flora* resale homes on small lots (situated east of and adjacent to the subject site, and depicted as a teal colored dotted line). While these homes share a similar location and small lot condition with those planned at the subject property, *Bel Flora* is ten years older than the subject, providing the Fireman's Circle new homes with a comparable premium for its planned new construction condition.
- All of the recommended new home prices for Product Line #1 at the Fireman's Circle site fall within the FHA loan limit. This will appeal to a broader scope of price sensitive homebuyers.

EXECUTIVE SUMMARY

MARKET SUMMARY

- The Fireman's Circle development boasts a Murrieta address, known as one of the most desirable cities in the Inland Empire, while being conveniently close to Interstate #215 (less than a mile away without any visual or audio evidence of its close proximity via the Clinton Keith Road exit). Murrieta is associated with a "new town" image due to a significant percentage of its residential, commercial, and retail development having occurred over the last approximately ten years. Murrieta has developed a reputation as a clean, relatively crime free suburb with good schools, and serving as an affordable housing alternative for many coastal county consumers and households who are priced out of those housing markets.
- The subject site is situated within a historically proven acceptable commute distance (i.e., in the City of Murrieta), from the major employment centers situated within the Inland Empire (San Bernardino and Riverside Counties), as well as those in San Diego County. A smaller contingent of homeowners in the region commute to Orange and Los Angeles Counties.
- The Fireman's Circle development will be served by one of the best school districts within the Inland Empire: Murrieta Valley Unified. All the schools serving the subject property (Antelope Hills Elementary, Shivela Middle, and Murrieta Mesa High) have Academic Performance Index ("API") scores above 800 (API scores over 800 are considered strong among public schools). The subject property is also within walking distance of Antelope Hills Elementary.
- The recommended pricing for the subject Fireman's Circle development falls within the established price range prevailing among the currently selling new home developments within the competitive market area (a market featuring new townhomes priced between the high \$200's and the mid \$300's; and small lot detached homes priced from the mid \$300's to low \$400's). Market InSite found that there were only four actively selling new home condominium/townhouse developments within the competitive market area, and only two SFD small lot developments in the marketplace. Market InSite also surveyed the five - SFD Projects in the marketplace which featured similar sized homes (on conventional sized lots), as proposed for the subject SFD Courtyard Homes. We found that ten of these eleven currently selling comparable communities (including the townhome developments, small lot detached projects, and conventional lot detached developments) will be sold out before the Fireman's Circle development is proposed to enter the market in June 2018.
- The unsold inventory ("supply") of new townhomes within the competitive market area totaled only 44 unsold homes. Based upon a continuation of this market's current rate of absorption, the 44 homes could be depleted within approximately two months, in comparison to the traditional six to twelve months of supply indicative of a balance in supply and demand. The townhome developments within the Murrieta competitive market area have a cumulative average sales rate of 27.7 sales per month or 6.9 sales a month (per development). The average property tax rate for the townhome developments is 1.59% and ranges from 1.36% to 1.7% within the four developments. The unsold inventory ("supply") of new small lot detached homes among the only two actively selling developments featuring these homes totaled only 19 unsold homes. Based upon a continuation of this market's current rate of absorption, the 19 homes could be depleted within approximately five months (in comparison to the traditional six to twelve months of supply indicative of a balance in supply and demand). These two small lot detached developments have averaged between them approximately 3.6 sales per month. The average property tax rate for the townhome developments is 1.46% and ranges from 1.25% to 1.67% within the two developments.
- A comparison between the projected housing demand for the subject market area within the subject's proposed price range (see Page #52), and those future projects expected to be in similar price ranges; indicates there will "not" be an oversupplied market condition during the subject's market window. There is new home demand for up to approximately 624 units annually within the subject competitive market area at prices under approximately \$400,000. Future new home supply within the Fireman's Circle proposed price ranges and market window includes the following 476 units: (1) Approximately 33 units expected to be remaining for sale at the *Seneca* SFD small lot development by the time sales are projected to start at Fireman's Circle; (2) future development planned at "*Mitchell's Crossing*" (80 - duplex styled units adjacent to the subject site); (3) "*BellaSol*" (97 existing SFD/Condo lots in French Valley); "*Creekside Terrace*" (84 - SFD/Condo lots in Murrieta); (4) "*Santa Rosa Highlands* Planning Area's #2 & #3" (65 + 66 - SFD/Condo lots west of I-15 in Murrieta) ; and (5) *Santa Rosa Highlands* Planning Area 1B" (51 - SFD on small 4,500sf lots west of I-15 in Murrieta).

*Competitive
Market Area*

COMPETITIVE MARKET AREA

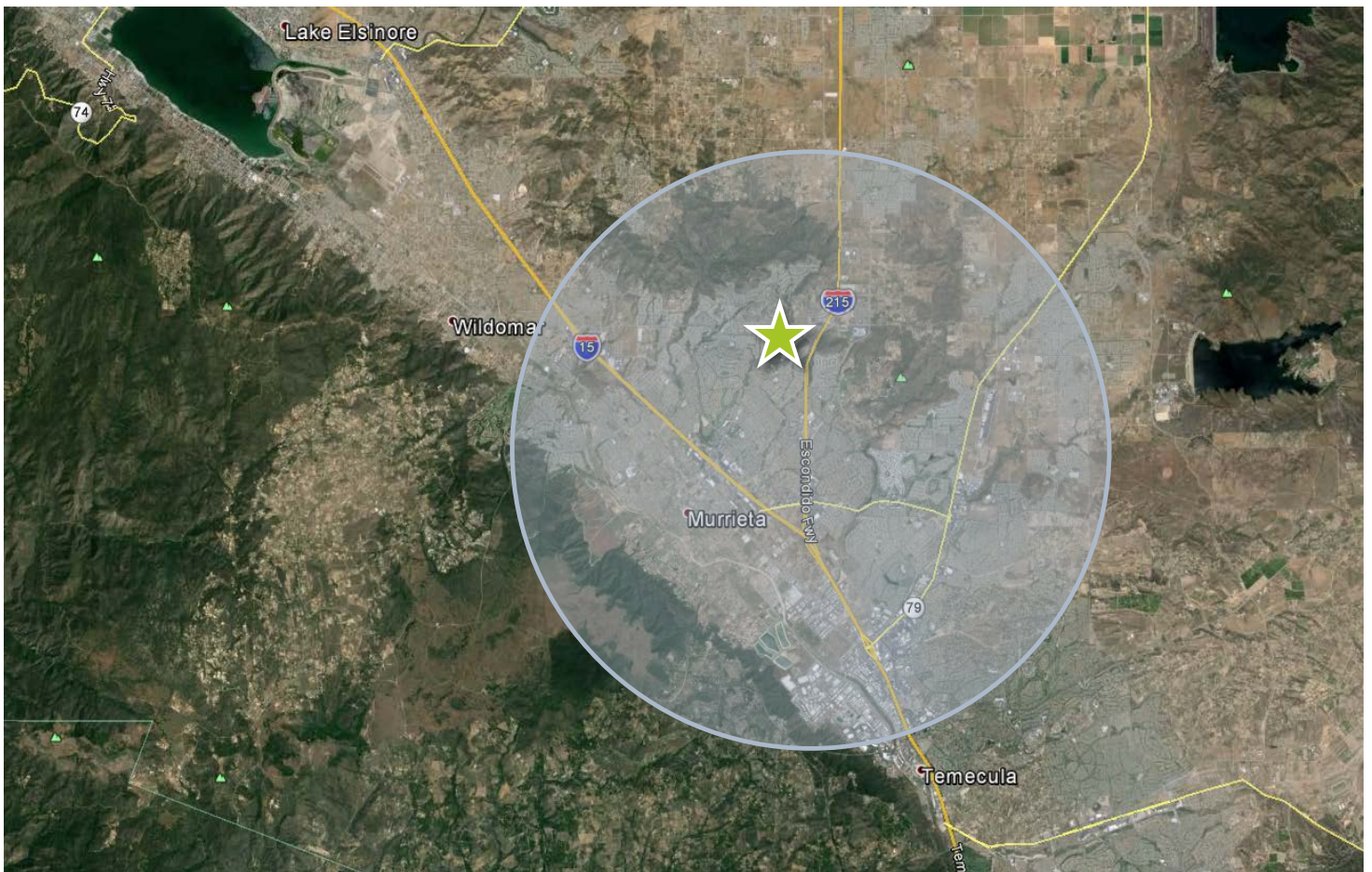
COMPETITIVE MARKET INTRODUCTION

The competitive market area included the communities of: Murrieta, Temecula, French Valley and Winchester (South of Scott Road). Market InSite found a total of four actively selling new townhome communities and two small lot detached home communities within the competitive market area.

The majority of the four townhome developments surveyed featured homes ranging in size from approximately 1,300 to 2,000 square feet and were generally priced between the high \$200's and the mid \$300's. The unsold inventory ("supply") of new townhomes within the competitive market area totaled only 44 unsold homes. Based upon a continuation of this market's current rate of absorption, the 44 homes could be depleted within approximately two months, in comparison to the traditional six to twelve months of supply indicative of a balance in supply and demand. The townhome developments within the competitive market area have averaged 6.9 sales a month per project. However, if we were to eliminate the opening month's sales rate at the relatively new Arroyo Vista townhouse development (14.5 sales a month); the average sales rate would be 4.4 sales a month per development. The average property tax rate for the townhome developments is 1.59% and ranges from 1.36% to 1.7% within the four developments.

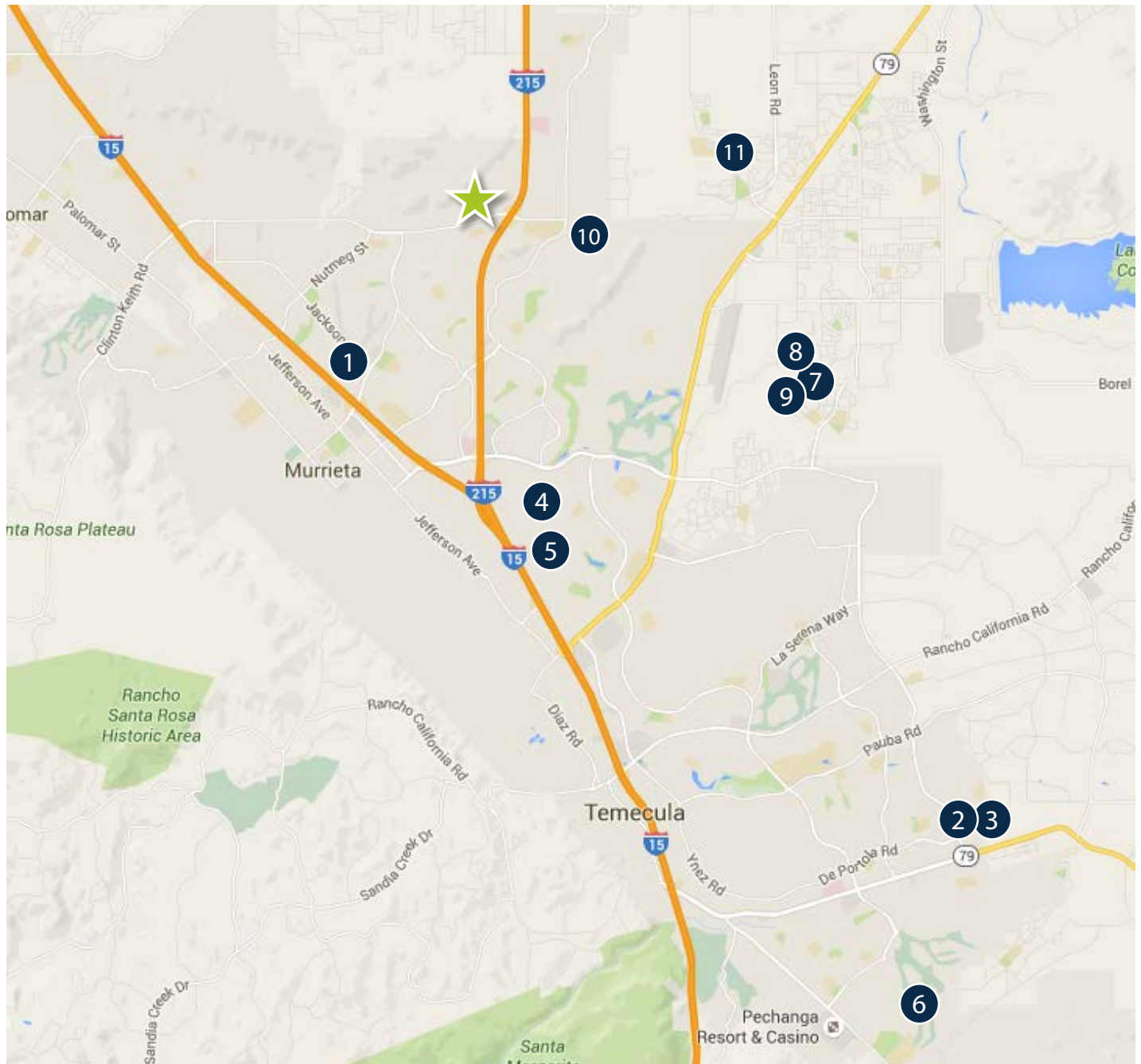
The two small lot detached developments surveyed featured homes ranging in size from approximately 1,600 to 2,600 square feet and were generally priced between the mid \$300's and the low \$400's. The unsold inventory ("supply") totaled only 19 unsold homes (approximately five months of supply). The *Renaissance Project in the Redhawk* community of Temecula has averaged 3.0 sales a month. However, the *Seneca* development has only reported sales at a 0.6 sales a month pace. The average property tax rate for the townhome developments is 1.46% and ranges from 1.25% to 1.67%.

The only currently selling new home competitive development anticipated to still have homes remaining to sell when the subject enters the marketplace is the small lot development *Seneca* by KB Home. Furthermore, ten of the eleven currently selling developments are anticipated to be sold out and therefore not competitive when the subject enters the marketplace in June of 2018.



COMPETITIVE MARKET AREA

MAP OF COMPETITIVE NEW HOME DEVELOPMENTS



LEGEND

- ★ **Fireman's Circle | Townhome + Courtyard Home (50'x50') | \$283k-\$363k | 4.0 Sales Per Month | Tax Rate:1.9%**
- 1 The Ridge at Cal Oaks | DR Horton | Murrieta | Townhome | \$327k-\$346k | 4.2 Sales Per Month | Tax Rate:1.70%
- 2 Aldea at Paseo Del Sol | TRI Pointe Homes | Temecula | Townhome | \$282k-\$309k | 3.6 Sales Per Month | Tax Rate:1.48%
- 3 Alegre at Paseo Del Sol | TRI Pointe Homes | Temecula | Townhome | \$302k-\$329k | 5.4 Sales Per Month | Tax Rate:1.48%
- 4 Arroyo Vista | Lennar | Murrieta | Townhome | \$275k-\$318k | 14.5 Sales Per Month | Tax Rate:1.36%
- 5 Seneca | KB Home | Murrieta | Detached Condo | Avg. 3,500' (Typical 50'x70') Lots | \$355k-\$373k | 0.6 Sales Per Month | Tax Rate:1.67%
- 6 Renaissance at Redhawk | Beazer | Temecula | SFD Small Lot | Avg. 2,500' (Typical 30'x85') Lots | \$426k-\$433k | 3.0 Sales Per Month | Tax Rate:1.25%
- 7 Alicante at Rancho Bella Vista | Lennar | Murrieta | SFD | Avg. 5,500' (Typical 55'x100') Lots | \$362k-\$403k | 4.2 Sales Per Month | Tax Rate:1.60%
- 8 Cambria at Rancho Bella Vista | Lennar | Murrieta | SFD | Avg. 7,500' (Typical 75'x100') Lots | \$406k-\$486k | 3.7 Sales Per Month | Tax Rate:1.60%
- 9 Paloma at Rancho Bella Vista | Lennar | Murrieta | SFD | Avg. 6,000' (Typical 60'x100') Lots | \$384k-\$473k | 4.3 Sales Per Month | Tax Rate:1.60%
- 10 Addison Pointe | DR Horton | Murrieta | SFD | Avg. 7,000' (Typical 60'x117') Lots | \$359k-\$393k | 4.6 Sales Per Month | Tax Rate:1.90%
- 11 Hawthorne | KB Home | Murrieta | SFD | Avg. 8,000' (Typical 80'x100') Lots | \$332k-\$370k | 3.1 Sales Per Month | Tax Rate:1.90%

COMPETITIVE MARKET AREA COMPETITIVE NEW HOME DEVELOPMENTS

COMPETITIVE DEVELOPMENT SUMMARY TABLE

Community Specifics	Monthly Tax HOA	Unit Size	Bed Bath Lvl Pkg				Base		Incentive	Net	
			Price	\$/SF	Price	\$/SF	Price	\$/SF			

Attached

The Ridge at Cal Oaks | DR Horton

40947 Belleray Ave, Murrieta 92562			1.70%	\$238	1,851	3	2.5	2	2	\$326,990	\$177	\$5,000	\$321,990	\$174
Product:	Townhome	Total Units:	102		2,066	3	2.5	3	3	\$333,990	\$162	\$5,000	\$328,990	\$159
Lot Size:		Released:	66		2,183	4	3.5	3	2	\$336,990	\$154	\$5,000	\$331,990	\$152
Sales Started:	Nov-14	Sold:	50		2,292	4	3.5	3	2	\$345,990	\$151	\$5,000	\$340,990	\$149
Sales Rate:	4.2	Inventory:	16											
Amenities:	Pool, spa, cabana, BBQ													
Notes:														
Averages:					2,098					\$335,990	\$161	\$5,000	\$330,990	\$159

Aldea at Paseo Del Sol | TRI Pointe Homes

44021 Arcadia Court, Temecula 92592			1.48%	\$230	1,218	2	2.5	2	2	\$281,900	\$231	\$5,000	\$276,900	\$227
Product:	Townhome	Total Units:	90		1,319	3	2.5	2	2	\$279,000	\$212	\$5,000	\$274,000	\$208
Lot Size:		Released:	82		1,552	3	2.5	2	2	\$308,900	\$199	\$5,000	\$303,900	\$196
Sales Started:	May-14	Sold:	62											
Sales Rate:	3.6	Inventory:	20											
Amenities:	Pool, cabanas, tot lots													
Notes:														
Averages:					1,363					\$289,933	\$214	\$5,000	\$284,933	\$210

Alegre at Paseo Del Sol | TRI Pointe Homes

44021 Arcadia Court, Temecula 92592			1.48%	\$230	1,512	2	2.5	2	2	\$301,900	\$200	\$5,000	\$296,900	\$196
Product:	Townhome	Total Units:	96		1,649	2	2.5	3	2	\$306,900	\$186	\$5,000	\$301,900	\$183
Lot Size:		Released:	96		1,734	3	2.5	2	2	\$328,900	\$190	\$5,000	\$323,900	\$187
Sales Started:	May-14	Sold:	92											
Sales Rate:	5.4	Inventory:	4											
Amenities:	Pool, cabanas, tot lots													
Notes:														
Averages:					1,692					\$317,900	\$188	\$5,000	\$312,900	\$185

Arroyo Vista | Lennar

40265 Calle Real, Murrieta 92563			1.36%	\$175	1,336	2	2.5	2	2	\$274,990	\$206	\$5,000	\$269,990	\$202
Product:	Townhome	Total Units:	184		1,427	3	2.5	2	2	\$287,990	\$202	\$5,000	\$282,990	\$198
Lot Size:		Released:	33		1,574	3	2.5	2	2	\$315,990	\$201	\$5,000	\$310,990	\$198
Sales Started:	Sep-15	Sold:	29		1,580	3	2.5	2	2	\$317,990	\$201	\$5,000	\$312,990	\$198
Sales Rate:	14.5	Inventory:	4											
Amenities:	Clubhouse, park, pool, trail													
Notes:														
Averages:					1,479					\$299,240	\$202	\$5,000	\$294,240	\$199

Attached Inventory:

Total Units:	472	Average Sales Rate:	6.9
Total Released:	277	Cumulative Sales Rate:	27.7
Total Sold:	233	Months of Existing Supply:	1.6
Inventory:	44	Months of Future Supply:	8.6

SFD Small Lot/Detached Condo

Seneca | KB Home

40534 Calla Lilly Street, Murrieta 92563			1.67%	\$198	1,641	3-4	2.5	2	2	\$364,990	\$222	\$3,650	\$361,340	\$220
Product:	Detached Condo	Total Units:	54		1,953	3-4	2.5	2	2	\$364,990	\$187	\$3,650	\$361,340	\$185
Lot Size:	Avg. 3,500' (Typical 50'x70')	Released:	14		2,321	4-5	2.5-3	2	2	\$372,990	\$161	\$3,730	\$369,260	\$159
Sales Started:	Mar-15	Sold:	4		2,649	3	2.5	2	2	\$354,993	\$134	\$3,550	\$351,443	\$133
Sales Rate:	0.6	Inventory:	10											
Amenities:	2 parks, gated													
Notes:														
Averages:					2,141					\$364,491	\$176	\$3,645	\$360,846	\$174

Note: New Home Comparable Developments were surveyed approximately 11/1/15
Sales rates reflect the average monthly sales pace over the market life of each development

COMPETITIVE MARKET AREA

COMPETITIVE NEW HOME DEVELOPMENTS

Community Specifics				Monthly		Unit Size	Bed Bath Lvl Pkg				Base		Net		
				Tax	HOA						Price	\$/SF	Incentive	Price	\$/SF
Renaissance at Redhawk Beazer															
46494 Cask Lane, Temecula 92592				1.25%	\$130	2,282	3	2.5	2	2	\$425,990	\$187	\$10,000	\$415,990	\$182
Product:	SFD Small Lot	Total Units:	74			2,456	4	3	2	2	\$429,990	\$175	\$10,000	\$419,990	\$171
Lot Size:	Avg. 2,500' (Typical 30'x85')	Released:	12			2,486	4	3	2	2	\$428,990	\$173	\$10,000	\$418,990	\$169
Sales Started:	Sep-15	Sold:	3			2,554	4	3	2	2	\$432,990	\$170	\$10,000	\$422,990	\$166
Sales Rate:	3.0	Inventory:	9												
Amenities:	Park, pool														
Notes:															
Averages:						2,445					\$429,490	\$176	\$10,000	\$419,490	\$174

SFD Small Lot/Detached Condo Inventory:			
Total Units:	128	Average Sales Rate:	1.8
Total Released:	26	Cumulative Sales Rate:	3.6
Total Sold:	7	Months of Existing Supply:	5.3
Inventory:	19	Months of Future Supply:	33.6

SFD on Conventional Lots															
Alicante at Rancho Bella Vista Lennar															
31708 Chamise Lane, Murrieta 92563				1.60%	\$40	1,672	3	2	1	2	\$361,890	\$216	\$12,000	\$349,890	\$209
Product:	SFD	Total Units:	165			2,017	4	2.5	2	2	\$382,740	\$190	\$12,000	\$370,740	\$184
Lot Size:	Avg. 5,500' (Typical 55'x100')	Released:	118			2,277	4	3	2	2	\$403,007	\$177	\$12,000	\$391,007	\$172
Sales Started:	Sep-13	Sold:	109												
Sales Rate:	4.2	Inventory:	9												
Amenities:	Tot lot, park, basketball court														
Notes:															
Averages:						3,213					\$382,546	\$194	\$12,000	\$370,546	\$188

Cambria at Rancho Bella Vista Lennar															
31724 Desert Holly Lane, Murrieta 92563				1.60%	\$40	1,940	3	2	1	2	\$406,090	\$209	\$12,000	\$394,090	\$203
Product:	SFD	Total Units:	156			3,153	4	3.5	2	3	\$467,680	\$148	\$12,000	\$455,680	\$145
Lot Size:	Avg. 7,500' (Typical 75'x100')	Released:	111			3,187	4+L	3	2	2	\$405,872	\$127	\$12,000	\$393,872	\$124
Sales Started:	Sep-13	Sold:	96			3,823	5+L	3	2	2	\$485,610	\$127	\$12,000	\$473,610	\$124
Sales Rate:	3.7	Inventory:	5												
Amenities:	Tot lot, park, basketball court														
Notes:															
Averages:						3,213					\$441,313	\$153	\$12,000	\$429,313	\$149

Paloma at Rancho Bella Vista Lennar															
31708 Chamise Lane, Murrieta 92563				1.60%	\$40	1,940	3	2	1	2	\$383,640	\$198	\$12,000	\$371,640	\$192
Product:	SFD	Total Units:	119			2,409	4	3	2	2	\$392,390	\$163	\$12,000	\$380,390	\$158
Lot Size:	Avg. 6,000' (Typical 60'x100')	Released:	117			2,809	4	3	2	2	\$435,690	\$155	\$12,000	\$423,690	\$151
Sales Started:	Sep-13	Sold:	111			3,153	4+L	3.5	2	3	\$473,121	\$150	\$12,000	\$461,121	\$146
Sales Rate:	4.3	Inventory:	6												
Amenities:	Tot lot, park, basketball court														
Notes:															
Averages:						2,578					\$421,210	\$166	\$12,000	\$409,210	\$162

Addison Pointe DR Horton															
28327 Cottage Way, Murrieta 92563				1.90%	\$0	2,212	3-4	2.5	2	2	\$359,490	\$163	\$5,000	\$354,490	\$160
Product:	SFD	Total Units:	82			2,446	4-5	3	2	2	\$370,990	\$152	\$5,000	\$365,990	\$150
Lot Size:	Avg. 7,000' (Typical 60'x117')	Released:	32			2,775	4-5	3	2	2	\$393,490	\$142	\$5,000	\$388,490	\$140
Sales Started:	Jun-15	Sold:	23												
Sales Rate:	4.6	Inventory:	9												
Amenities:															
Notes:															
Averages:						2,478					\$374,657	\$152	\$5,000	\$369,657	\$150

Hawthorne KB Home															
34730 Trail Run Court, Murrieta 92563				1.90%	\$38	1,698	3	2	1	2	\$331,990	\$196	\$0	\$331,990	\$196
Product:	SFD	Total Units:	88			1,860	3-4	2	1	2	\$339,990	\$183	\$0	\$339,990	\$183
Lot Size:	Avg. 8,000' (Typical 80'x100')	Released:	37			2,528	4-6	2.5-3	2	2	\$354,990	\$140	\$0	\$354,990	\$140
Sales Started:	Dec-14	Sold:	34			2,925	4-5	2.5-3	2	2	\$369,990	\$126	\$0	\$369,990	\$126
Sales Rate:	3.1	Inventory:	3												
Amenities:	Parks, basketball														
Notes:															
Averages:						2,253					\$349,240	\$161	\$0	\$349,240	\$161

SFD on Conventional Lot Inventory:			
Total Units:	610	Average Sales Rate:	4.0
Total Released:	415	Cumulative Sales Rate:	19.9
Total Sold:	373	Months of Existing Supply:	1.6
Inventory:	32	Months of Future Supply:	11.9

Note: New Home Comparable Developments were surveyed approximately 11/1/15

COMPETITIVE MARKET AREA

PROJECTED MARKET LIFE OF COMPETITIVE DEVELOPMENTS

Development:	Remaining Units:	Product Type (Lot Size):	Approximate Market Life (in Quarters):															
			2016				2017				2018				2019			
			Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Fireman's Circle True Life	96	Townhome																
Fireman's Circle True Life	36	Courtyard (50'x50')																
The Ridge at Cal Oaks DR Horton	52	Townhome																
Aldea at Paseo Del Sol TRI Pointe Homes	28	Townhome																
Alegre at Paseo Del Sol TRI Pointe Homes	4	Townhome																
Arroyo Vista Lennar	155	Townhome																
Seneca KB home	50	Condo (50'x70')																
Renaissance at Redhawk Beazer	71	SFD (30'x75')																
Alicante at Rancho Bella Vista Lennar	56	SFD (55'x100')																
Cambria at Rancho Bella Vista Lennar	60	SFD (75'x100')																
Paloma at Rancho Bella Vista Lennar	8	SFD (60'x100')																
Addison Pointe DR Horton	59	SFD (60'x117')																
Hawthorne KB Home	54	SFD (80'x100')																

Note: Market life predictions based on development's current absorption rate, and that anticipated for the subject.

COMPETITIVE MARKET AREA

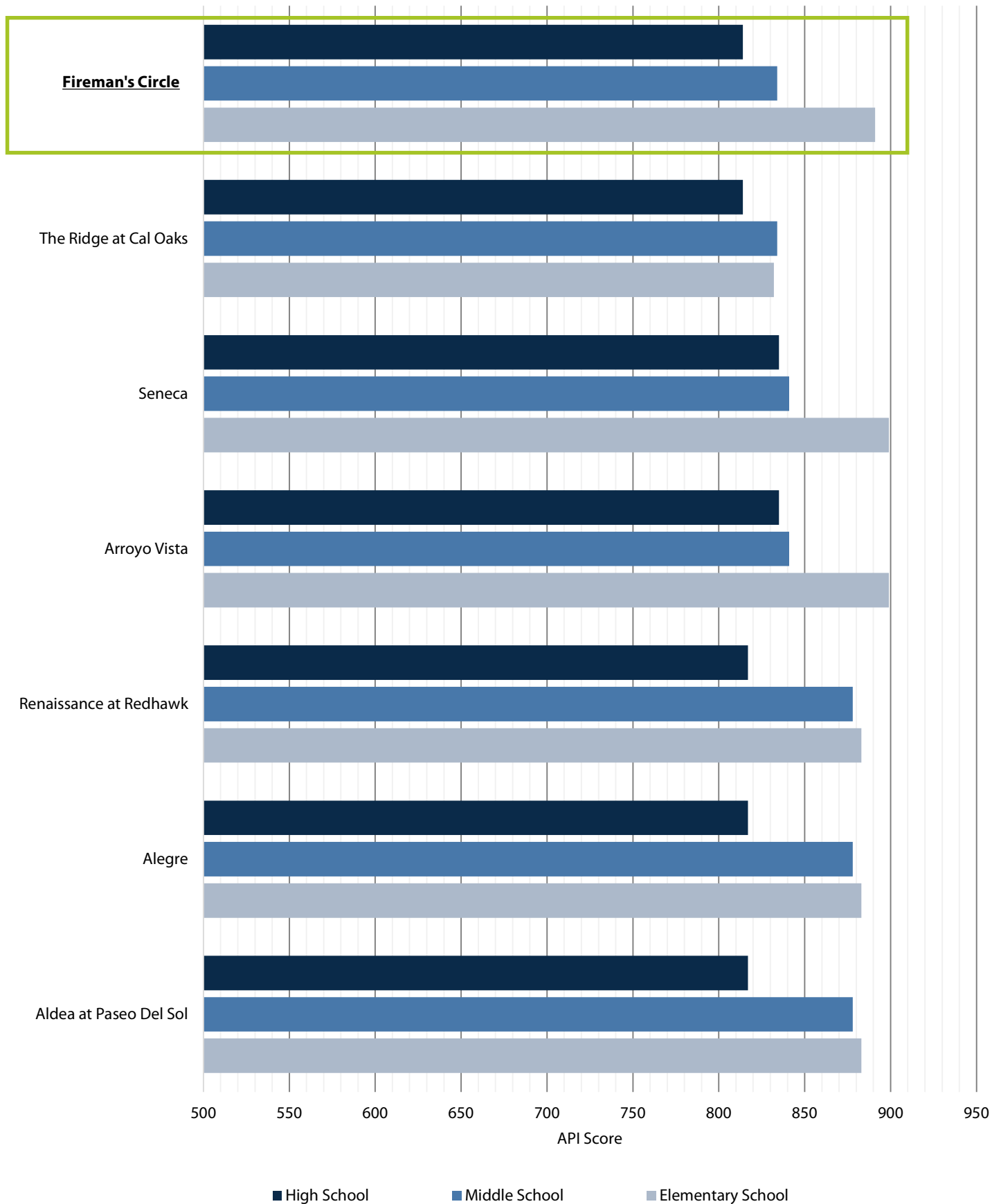
COMPETITIVE DEVELOPMENTS SCHOOL RANKINGS

Community	Product Type	Location	Builder	School District	Elementary School	Middle School	High School	Total API Score
Aldea at Paseo Del Sol	Townhome	44021 Arcadia Court Temecula 92592	TRI Pointe Homes	Temecula Valley Unified	883 Vail	878 Margarita	817 Temecula Valley	2,578
Alegre at Paseo Del Sol	Townhome	44021 Arcadia Court Temecula 92592	TRI Pointe Homes	Temecula Valley Unified	883 Vail	878 Margarita	817 Temecula Valley	2,578
Renaissance at Redhawk	Detached Condo	46494 Cask Lane Temecula 92592	Beazer	Temecula Valley Unified	883 Vail	878 Margarita	817 Temecula Valley	2,578
Arroyo Vista	Townhome	40265 Calle Real Murrieta 92563	Lennar	Murrieta Valley Unified	899 Alta Murrieta	841 Warm Springs	835 Vista Murrieta	2,575
Seneca	Detached Condo	40534 Calla Lilly Street Murrieta 92563	KB Home	Murrieta Valley Unified	899 Alta Murrieta	841 Warm Springs	835 Vista Murrieta	2,575
Fireman's Circle	Townhome/ SFD Small Lot	35600 Mitchell Road Murrieta 92562	True Life	Murrieta Valley Unified	891 Antelope Hills	834 Shivela	814 Murrieta Mesa	2,539
The Ridge at Cal Oaks	Townhome	40947 Belleray Ave Murrieta 92562	DR Horton	Murrieta Valley Unified	832 E. Hale Curran	834 Shivela	814 Murrieta Mesa	2,480

API Scores depicted represent the school's three year average score recorded in 2013. API Scores are not available for 2014 or 2015.
 Source: California Department of Education, Market InSite

COMPETITIVE MARKET AREA

COMPETITIVE DEVELOPMENTS SCHOOL RANKINGS



API Scores depicted represent the school's three year average score recorded in 2013. API Scores are not available for 2014 or 2015.
 Source: California Department of Education, Market InSite

Future Development

FUTURE DEVELOPMENT

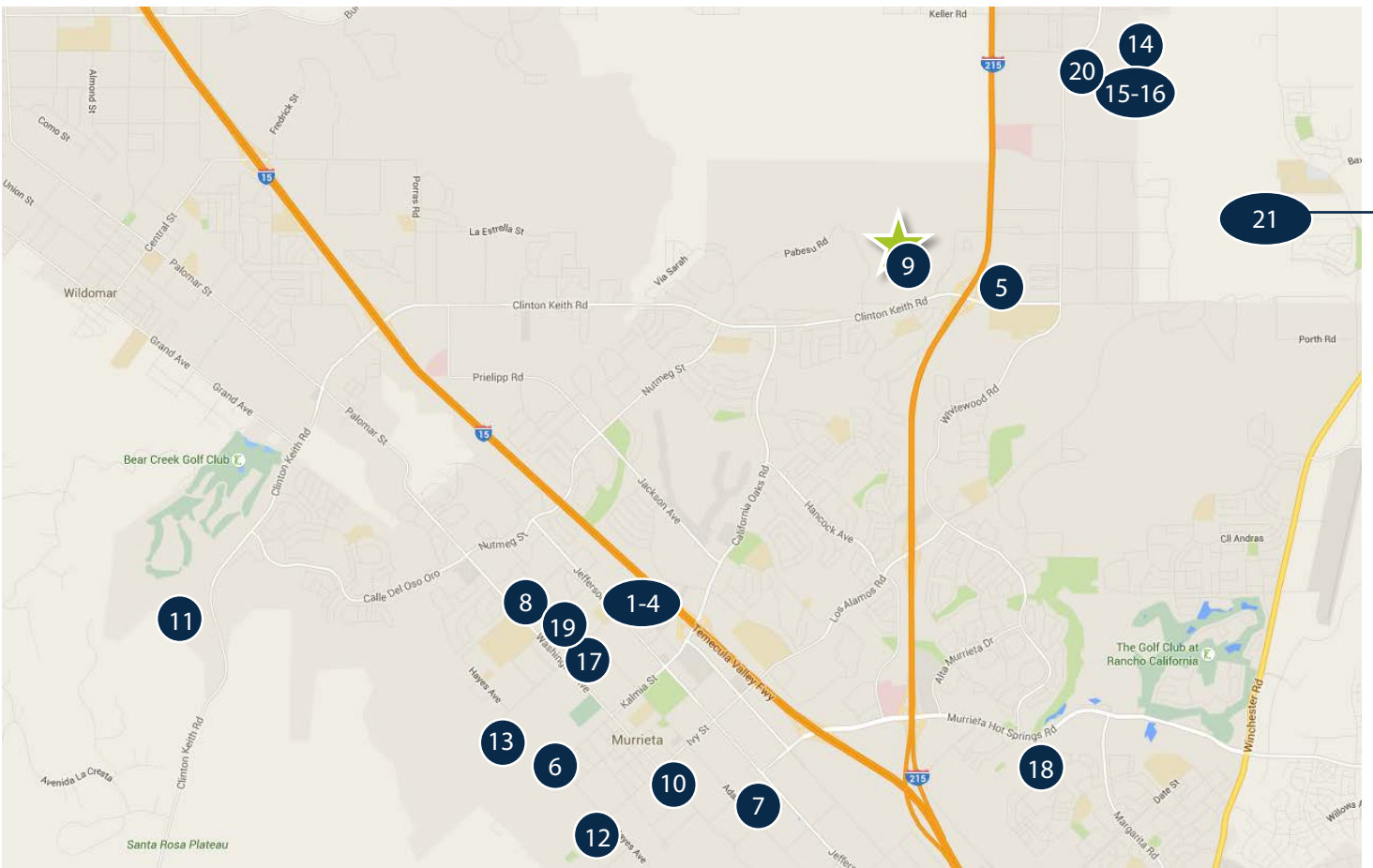
FUTURE NEW HOME DEVELOPMENT SUMMARY

Market InSite has identified twenty-one proposed communities eventually planned for the development of new for-sale SFD and SFA housing within the city of Murrieta. While there are twenty-one developments in the pipeline, only six of them are proposed to be condo/townhome developments. Furthermore, only four of the twenty proposed developments are anticipated to feature detached homes on lots containing less than 4,000 square feet. Those communities planned of most importance relative to future development at the subject site include:

- (1) *Mitchell Crossing*: Melia Homes is marketing for sale the property located immediately south of the subject site and west of Mitchell Road (north of Clinton Keith Road), as Planning Area #1 - a 251 unit' apartment community. On the east side of Mitchell Road south of the subject site is an approved Map for development of 80 - duplex styled, two and three story townhomes on approximately a six acre site (Planning Area #2). This gated project will feature units sized from approximately 1,500 to 2,000 square feet. Common area amenities will be limited to two - small pocket parks. It is likely that this development will be on the market at the same time as the Fireman's Circle development.
- (2) *Creskide Terrace*: Woodside Homes is planning on opening 84 - SFD Courtyard styled homes (3,000 sq. ft. lots), for sale in early 2016 southeast of the intersections of Murrieta Hot Springs Road and Interstate #215. As of February 2015, market prices planned were projected to range from the low to mid \$300's for units sized from approximately 1,900 to 2,150 square feet.
- (3) *BellaSol*: Global Investment and Development is marketing for sale 97 finished lots consisting of SFD/Condos on lots sized 33' x 60.' The site is located at the southeast corner of Winchester Road and Skyview Road in the French Valley area. New home prices are expected to range from the low \$300's to the mid \$300's, for units sized from 1,645 to 2,544 square feet. It is likely that this future development will be close to a sold out posture by the time new homes start sales at the subject Fireman's Circle site.
- (4) *Santa Rosa Highlands*: The Santa Rosa Highlands Planned Community will consist of 261 units comprised of four different product types (Planning Area #2 - SFD Small Lot (3,500 square foot lots), Planning Area #3 - SFD Condo Cluster homes, Planning Area #1B - SFD on 4,500 sq. ft. lots, and Planning Area #1A - SFD on 5,000 sq. ft. lots). The site is situated between Jefferson and Interstate #15, approximately one mile south of Nutmeg in Murrieta (Lemon and Jefferson). Planning Area #2 was planned for the development of sixty-eight - three story row townhomes, priced from the high \$200's to the low \$300's, for units sized from 1,634 to 1,962 sq. ft. However, the developer (QVY Mount Auburn Capital LP), is reported to be mapping sixty-six SFD on small lots (3,500 sq. ft. lots) in Planning Area #2, in lieu of the townhomes. In Planning Area #3, sixty-five SFD Cluster Homes are planned for development with prices proposed to range in the low \$300's for units sized from approximately 1,933 to 2,123 sq. ft. The *Santa Rosa Highlands* developments are all processing Tentative Tract Maps. It is likely that these projects will be on the market during the market window of the subject Fireman's Circle development.



FUTURE DEVELOPMENT FUTURE NEW HOME DEVELOPMENT MAPS



FUTURE DEVELOPMENT

FUTURE NEW HOME DEVELOPMENT SUMMARY TABLE

FUTURE DEVELOPMENT IN MURRIETA

Ref	Development	Applicant	Location	Total Acres	Type	Units	Entitlement Status	Comments
1	Santa Rosa Highlands – PA-2	QVT Mount Auburn Capital LP	NEC Lemon & Jefferson	8	SFD	66	TTM in Process	Minimum lot size 3,500'; Unimproved
2	Santa Rosa Highlands – PA-3	QVT Mount Auburn Capital LP	NEC Lemon & Jefferson	8	SFD	65	TTM in Process	Minimum lot size 3,500'; Unimproved
3	Santa Rosa Highlands – PA-1B	QVT Mount Auburn Capital LP	NEC Lemon & Jefferson	8	SFD	51	TTM in Process	Minimum lot size 4,500'; Unimproved
4	Santa Rosa Highlands – PA-1A	QVT Mount Auburn Capital LP	NEC Lemon & Jefferson	13.5	SFD	77	TTM in Process	Minimum lot size 5,000'; Unimproved
5	Meadowlark	American Property Enterprises	NE of 215 & Clinton Keith	5.7	SFD	35	TTM Approved	Minimum lot size 4,000'; Unimproved
6	Pimlico Ranch	Pimlico Ranch	SEC of Kalmia Street and Hayes Avenue	43.78	SFD	20	Final Map Recorded	Minimum lot size 1 Acre; Unimproved
7	Murrieta Gateway	Nova Homes	NEC of Murrieta Hot Springs Road & Adams Avenue	28.3	SFD	137	TTM in Process	Minimum lot size 4,000'; Unimproved
8	Grapevine Villas	The Womble Group	SE of Magnolia Street and Washington Avenue	9.14	Condo - For Sale - On Grade	134	Final Map Recorded	Minimum lot size 16 du/ac; Unimproved
9	Mitchell Crossing - PA 2	Melia Homes	NW of Clinton Keith Road & Mitchell Road	5.96	Duplex Style Units - For Sale	80	TTM Approved	Minimum lot size 16 du/ac; Unimproved
10	Gierson - 83 Lots	Hyman & Esther Gierson	SE of Washington Avenue & Ivy Street	19.34	SFD	83	TTM in Process	Minimum lot size 5,000'; Unimproved
11	The Park	Steele Canyon Golf Club	SE of Sky High Dr. & Sky Breeze Ct.	18.31	SFD	53	TTM in Process	Minimum lot size 7,200'; Unimproved
12	Pasha Investments – 12 Lots	Pasha Investments	NWC of Hayes Avenue & Ivy Street	38	SFD	12	Final Map in Process	Minimum lot size 1 Acre; Unimproved
13	Sauer- 53 Lots	Joan Sauer	S of Vineyard Pkwy & W of Kalmia St	21.78	Unknown	53	TTM Approved	Minimum lot size 20,000'; Unimproved
14	Murrieta Fields	SunCal Companies	NW of Clinton Keith Road and Greer Road	4.19	SFD	10	TTM Approved	Minimum lot size 7,200'; Unimproved
15	Golden City - PA 4	SunCal Companies	NWC Meadowlark Road & Baxter Road	54.44	SFD	110	TTM Approved	Minimum lot size 6,000'; Rough Graded
16	Golden City - PA 5	SunCal Companies	NWC Meadowlark Road & Baxter Road	54.44	SFD	108	TTM Approved	Minimum lot size 6,000'; Rough Graded
17	Sonrisas I	American Property Enterprises	Washington & Lemon	5	Townhome	60	Final Map Approved	Minimum lot size 18 du/ac; Rough Graded
18	Creekside Terrace	Woodside Homes	SE of Murrieta Hot Springs Rd & I215	10.7	SFD - Small Lot	84	TTM Approved	Minimum lot size 3,000'; Rough Graded
19	Sonrisas II	Sierra Linda Investments	SEC Washington & Fullerton Rd	5.75	SFD	64	TTM in Process	Minimum lot size 12 du/ac; Rough Graded
20	Golden City - PA 3 (Alderwood)	SunCal Companies	NWC Meadowlark Road & Baxter Road	33.34	SFD	82	TTM Approved	Minimum lot size 6,000'; Blue Topped
21	BellaSol	Global Investment and Development	SEC Winchester Rd and Skyview Rd		SFD - Small Lot	97	Final Map Recorded	Anticipated to be low to mid \$300's for 1,645-2,544 SF
Totals:				395.67		1,481		

*Competitive
Resale Comparables*

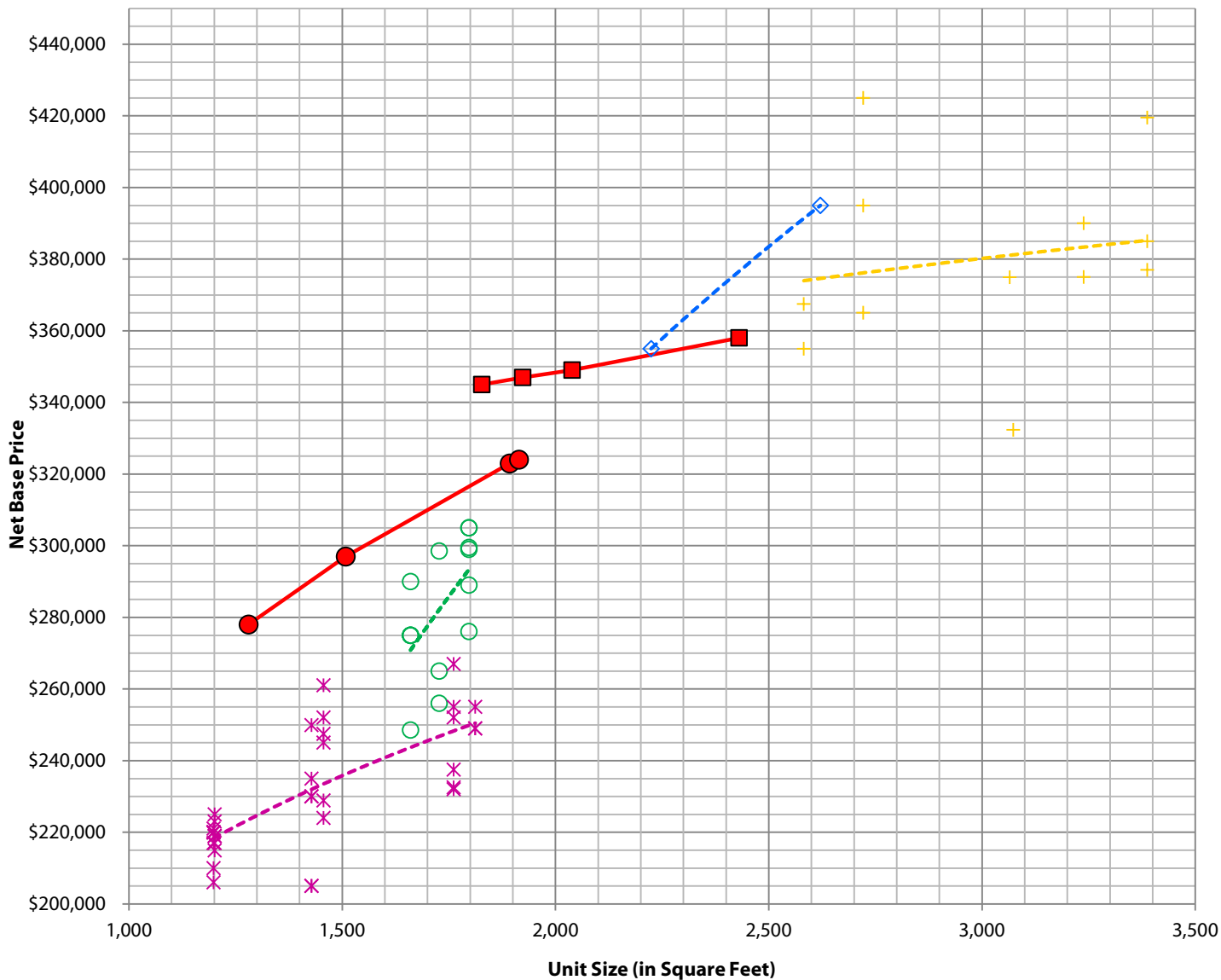
COMPETITIVE MARKET AREA RESALE MARKET MAP



COMPETITIVE RESALE COMPARABLES

RESALE MARKET

PRICE GRAPH RESALE COMPARISON BY NET BASE PRICE

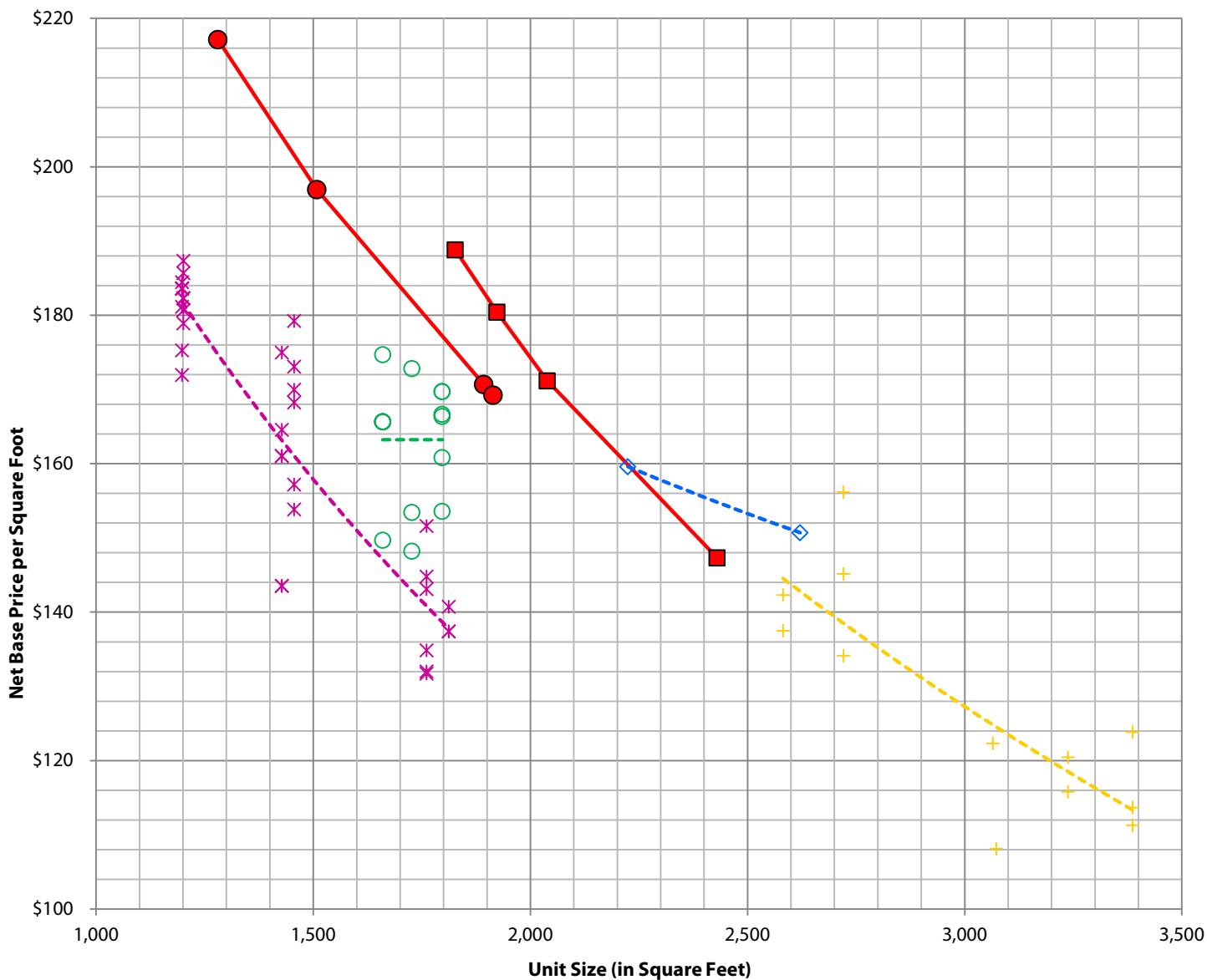


- Fireman's Circle: Product #1 | Row Townhomes | 15 DU/acre | 4.0 Sales per Month
- Fireman's Circle: Product #2 | Courtyard Homes | 50'x50' Lots | 11 DU/acre | 4.0 Sales per Month
- Bel Flora Resale Median Price Trendline | Murrieta | SFD Small Lot | Average 2,875 SF Lots | Average Year Built 2005
- × North Oak Resale Median Price Trendline | Murrieta | Condos/Townhomes | Average Year Built 2008
- + Murrieta Oaks Resale Median Price Trendline | Murrieta | SFD | Average 8,200 SF Lots | Average Year Built 2004
- ◇ Wedgewood Way Resale Median Price Trendline | Murrieta | SFD | Average 7,405 SF Lots | Average Year Built 2004
- Log. (Bel Flora Resale Median Price Trendline | Murrieta | SFD Small Lot | Average 2,875 SF Lots | Average Year Built 2005)
- Log. (North Oak Resale Median Price Trendline | Murrieta | Condos/Townhomes | Average Year Built 2008)
- Log. (Murrieta Oaks Resale Median Price Trendline | Murrieta | SFD | Average 8,200 SF Lots | Average Year Built 2004)
- Log. (Wedgewood Way Resale Median Price Trendline | Murrieta | SFD | Average 7,405 SF Lots | Average Year Built 2004)

COMPETITIVE RESALE COMPARABLES

RESALE MARKET

PRICE GRAPH RESALE COMPARISON BY NET BASE PRICE PER SQUARE FOOT

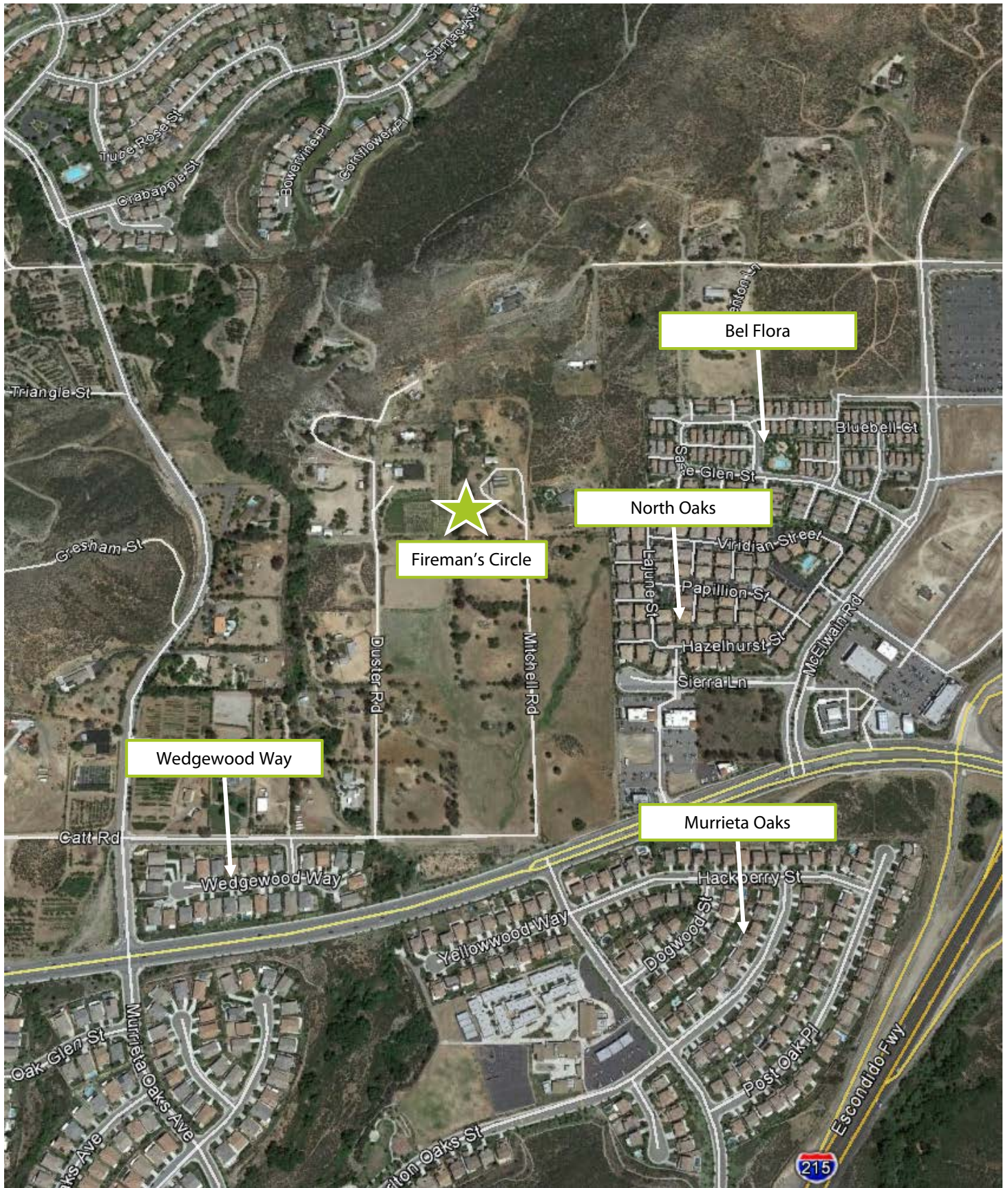


- Fireman's Circle: Product #1 | Row Townhomes | 15 DU/acre | 4.0 Sales per Month
- Fireman's Circle: Product #2 | Courtyard Homes | 50'x50' Lots | 11 DU/acre | 4.0 Sales per Month
- Bel Flora Resale Median Price Trendline | Murrieta | SFD Small Lot | Average 2,875 SF Lots | Average Year Built 2005
- × North Oak Resale Median Price Trendline | Murrieta | Condos/Townhomes | Average Year Built 2008
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- Log. (Murrieta Oaks Resale Median Price Trendline | Murrieta | SFD | Average 8,200 SF Lots | Average Year Built 2004)
- Log. (Wedgewood Way Resale Median Price Trendline | Murrieta | SFD | Average 7,405 SF Lots | Average Year Built 2004)

COMPETITIVE RESALE COMPARABLES

RESALE MARKET | CASE STUDIES

CASE STUDY COMMUNITY MAP



COMPETITIVE RESALE COMPARABLES

RESALE MARKET | CASE STUDY

NORTH OAKS TOWNHOMES: EAST AND CONTIGUOUS OF SUBJECT SITE

#	Address	Type	Price	Sq Ft	\$/Sq Ft	Bed	Bath	Lot Size (SF)	Year Built	Sales Date	HOA Fee	DOM
North Oaks 11/3/14 - 11/3/15												
1	27423 Larabee Ct #2 Murrieta, CA 92562-1811	CNDO	\$205,000	1,428	\$144	3	3	436	2007	11/14/2014	\$221	100
2	35804 Alpental Ln #2 Murrieta, CA 92562-1801	TOWN	\$224,000	1,456	\$154	3	3	436	2010	12/22/2014	\$210	57
3	27426 Larabee Ct #3 Murrieta, CA 92562-1812	CNDO	\$232,000	1,761	\$132	3	3	0	2007	1/6/2015	\$200	68
4	35830 Ellison Ln #2 Murrieta, CA 92562-2897	CNDO	\$205,000	1,428	\$144	3	3	1,828	2007	3/23/2015	\$225	134
5	27437 Gentlebrook Ct #1 Murrieta, CA 92562-1819	CNDO	\$206,000	1,198	\$172	2	2	436	2009	6/25/2015	\$200	119
6	27441 Charleston Ct #2 Murrieta, CA 92562-2859	CNDO	\$249,900	1,428	\$175	3	3	0	2009	6/9/2015	\$200	10
Averages:			\$220,316	1,417	\$154			523	2008	3/2/2015	\$209	81



COMPETITIVE RESALE COMPARABLES

RESALE MARKET | CASE STUDY

BEL FLORA SMALL LOT SFD: EAST OF SUBJECT SITE

#	Address	Type	Price	Sq Ft	\$/Sq Ft	Bed	Bath	Lot Size (SF)	Year Built	Sales Date	HOA Fee	DOM
Bel Flora 11/3/14 - 11/3/15												
1	27609 Desert Gold Ct Murrieta, CA 92562	SFD	\$256,000	1,727	\$148	3	3	3,485	2005	1/16/2015	\$179	156
2	35736 Plume Ln Murrieta, CA 92562-2820	SFD	\$275,000	1,660	\$166	3	3	3,049	2005	12/22/2014	\$180	69
3	35737 Sundew Ln Murrieta, CA 92562-2819	SFD	\$275,000	1,660	\$166	3	3	2,614	2005	12/19/2014	\$179	21
4	27712 Passion Flower Ct Murrieta, CA 92562-2826	SFD	\$248,500	1,660	\$150	3	3	2,614	2005	1/23/2015	\$179	63
5	35731 Plume Ln Murrieta, CA 92562-2820	SFD	\$275,000	1,660	\$166	3	3	2,614	2005	4/6/2015	\$179	43
6	27557 Rosebud St Murrieta, CA 92562	SFD	\$290,000	1,660	\$175	3	3	3,049	2005	5/20/2015	\$179	37
Averages:			\$269,917	1,671	\$162			2,904	2005	2/11/2015	\$179	65

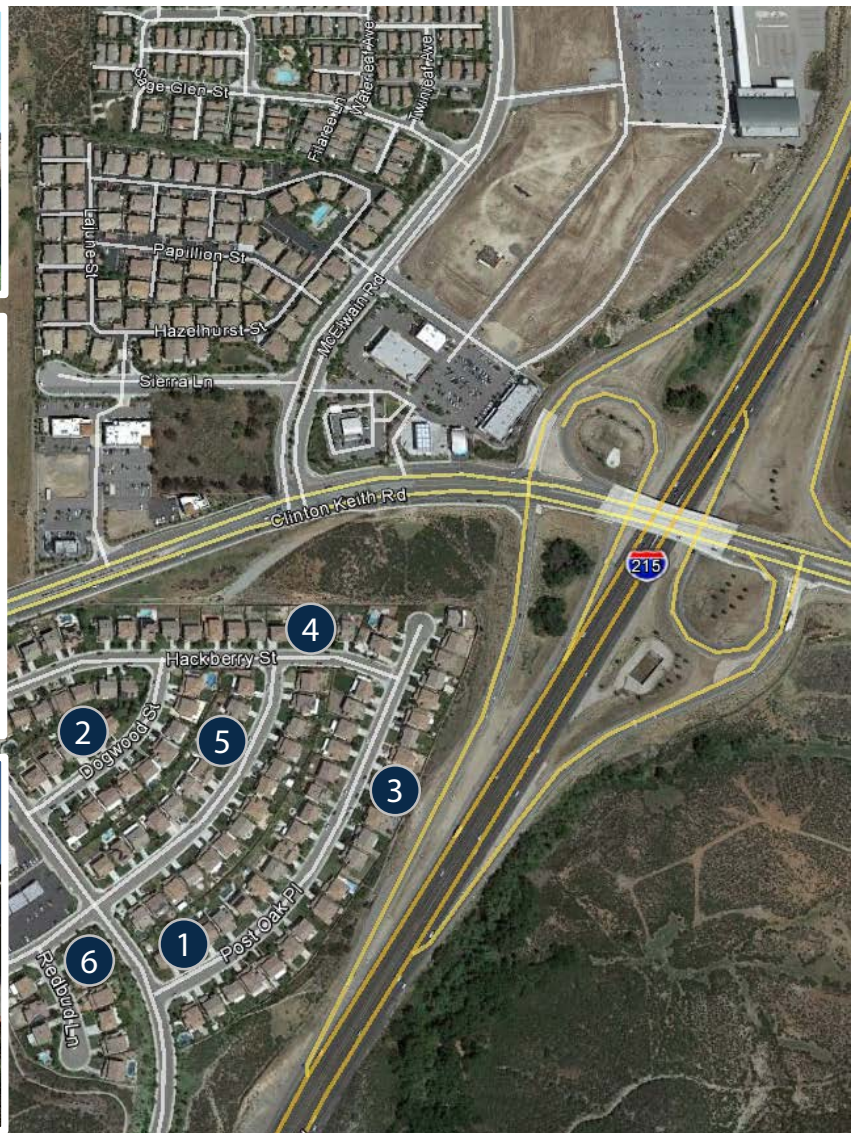


COMPETITIVE RESALE COMPARABLES

RESALE MARKET | CASE STUDY

MURRIETA OAKS CONVENTIONAL LOT SFD: SOUTH OF SUBJECT SITE

#	Address	Type	Price	Sq Ft	\$/Sq Ft	Bed	Bath	Lot Size (SF)	Year Built	Sales Date	HOA Fee	DOM
Murrieta Oaks 11/3/14 - 11/3/15												
1	27839 Post Oak Pl Murrieta, CA 92562-4381	SFD	\$375,000	3,238	\$116	4	3	7,841	2004	3/30/2015	\$0	135
2	27620 Dogwood St Murrieta, CA 92562-4377	SFD	\$385,000	3,387	\$114	5	3	9,148	2004	2/18/2015	\$0	71
3	27660 Post Oak Pl Murrieta, CA 92562-4381	SFD	\$377,000	3,387	\$111	4	3	9,148	2004	4/24/2015	\$0	69
4	27562 Hackberry St Murrieta, CA 92562-4376	SFD	\$367,500	2,582	\$142	3	3	7,405	2004	6/9/2015	\$0	141
5	27454 Yellow Wood Way Murrieta, CA 92562-4375	SFD	\$332,325	3,073	\$108	4	3	7,405	2004	10/15/2015	\$0	279
6	36236 Redbud Ln Murrieta, CA 92562-4382	SFD	\$419,500	3,387	\$124	5	3	8,276	2004	3/27/2015	\$0	35
Averages:			\$376,054	3,176	\$119			8,204	2004	5/11/2015	\$0	122



COMPETITIVE RESALE COMPARABLES

RESALE MARKET | CASE STUDY

WEDGEWOOD WAY CONVENTIONAL LOT SFD: SOUTH-WEST OF SUBJECT SITE

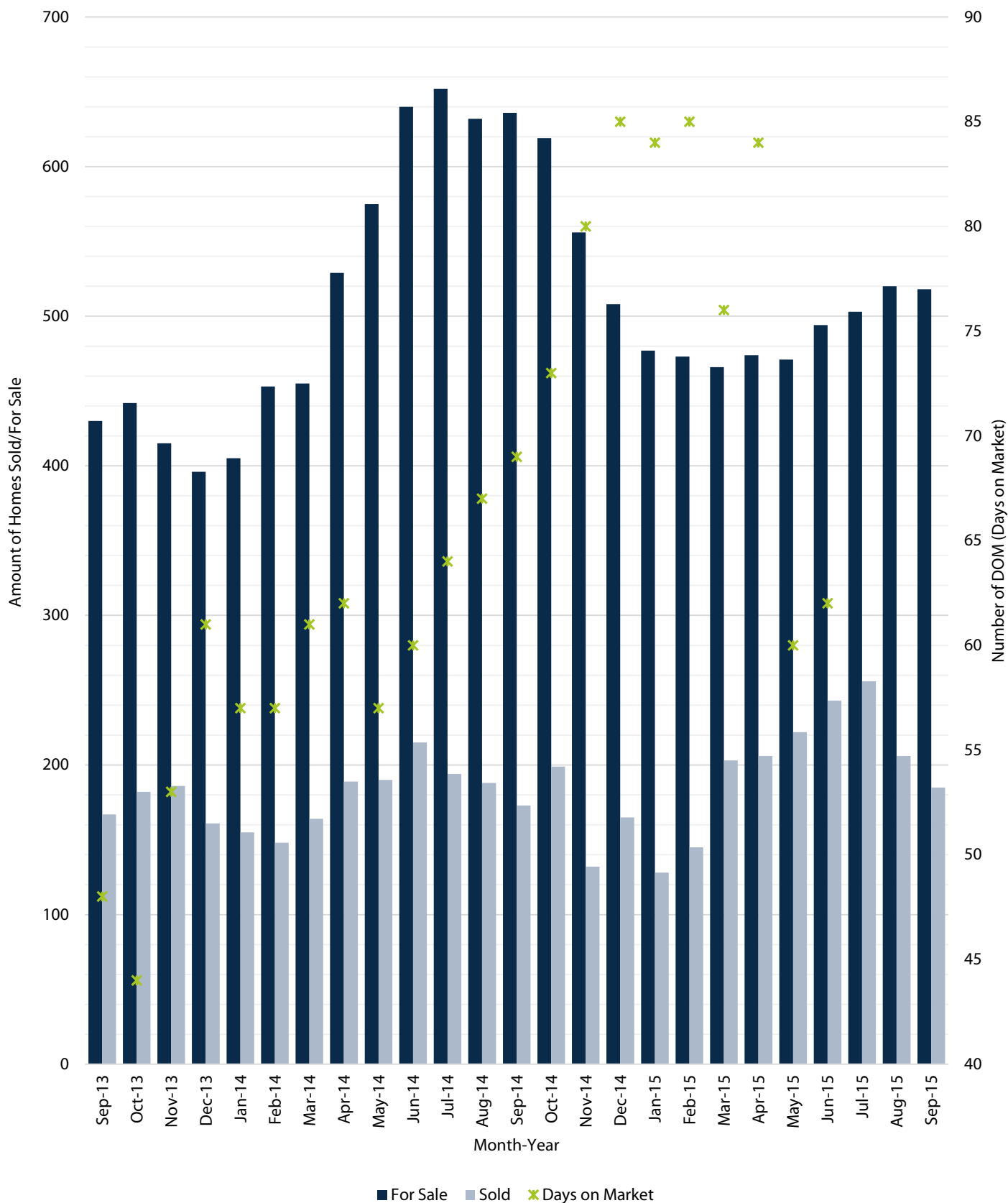
#	Address	Type	Price	Sq Ft	\$/Sq Ft	Bed	Bath	Lot Size (SF)	Year Built	Sales Date	HOA Fee	DOM
Wedgewood Way 11/3/14 - 11/3/15												
1	27322 Wedgewood Way Murrieta, CA 92562-2515	SFD	\$395,000	2,621	\$151	4	3	7,405	2004	7/24/2015	\$0	51
2	27190 Wedgewood Way Murrieta, CA 92562-2513	SFD	\$355,000	2,224	\$160	4	2	7,405	2004	8/20/2015	\$0	96
Averages:			\$375,000	2,423	\$155			7,405	2004	8/6/2015	\$0	74



COMPETITIVE RESALE COMPARABLES

RESALE MARKET TRENDS

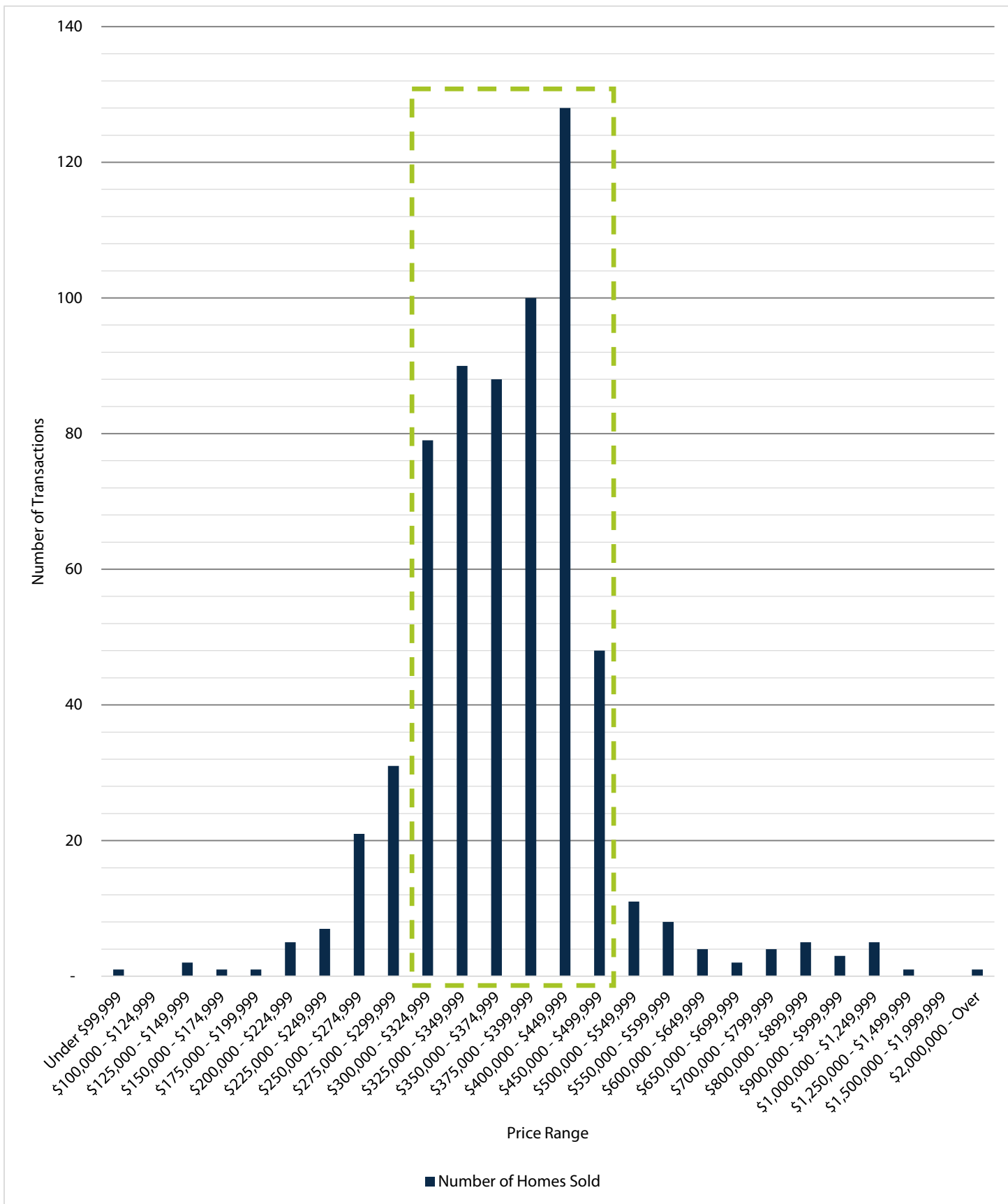
SFA SALES VOLUME AND DOM | MURRIETA



COMPETITIVE RESALE COMPARABLES

RESALE MARKET TRENDS

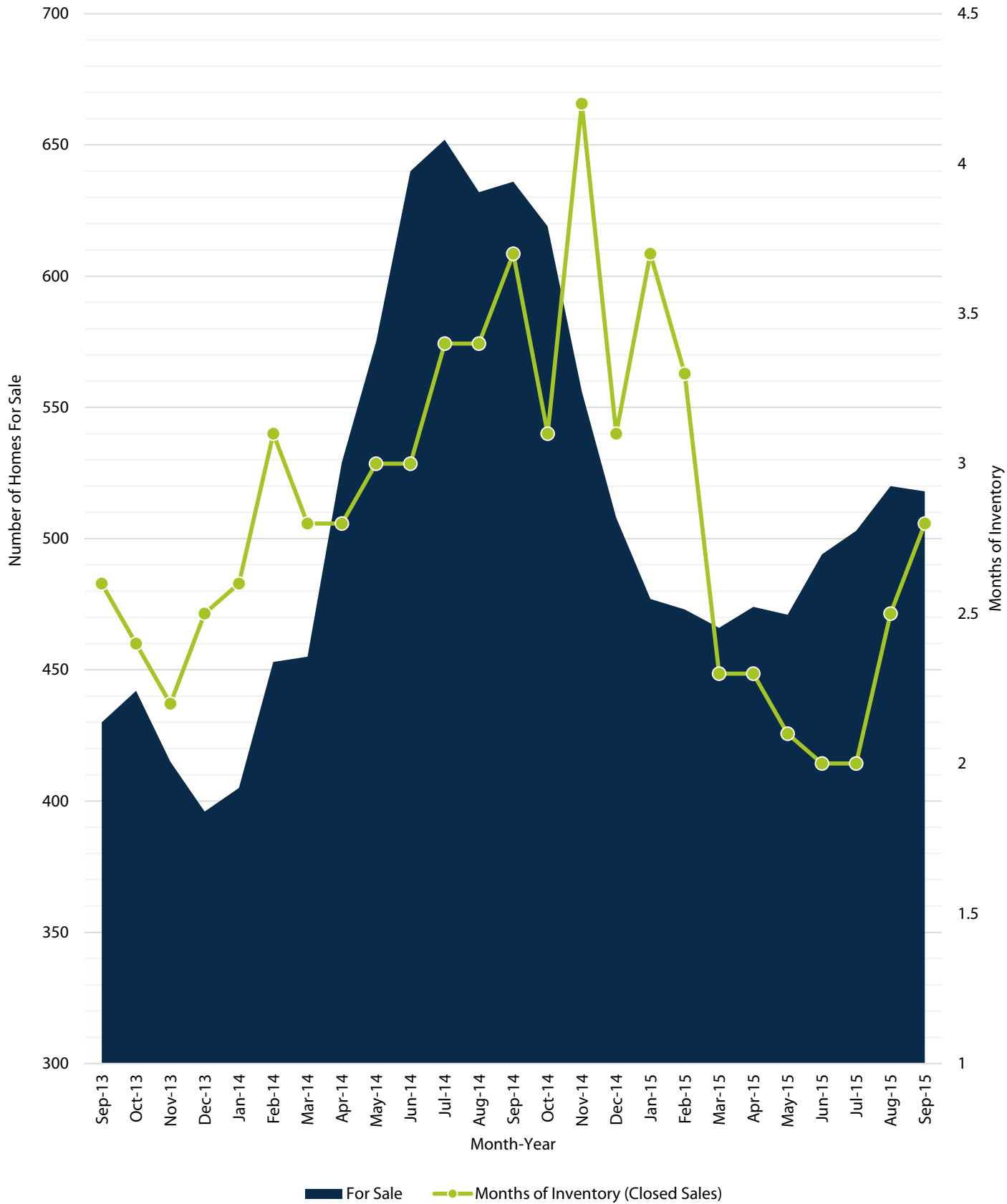
HOME SALES BY PRICE RANGE | THE CITY OF MURRIETA (JULY 2015 TO AUGUST 2015)



COMPETITIVE RESALE COMPARABLES

RESALE INVENTORY TRENDS

SFD INVENTORY | MURRIETA



Housing Trends

HOUSING TRENDS

NEW HOME SALES

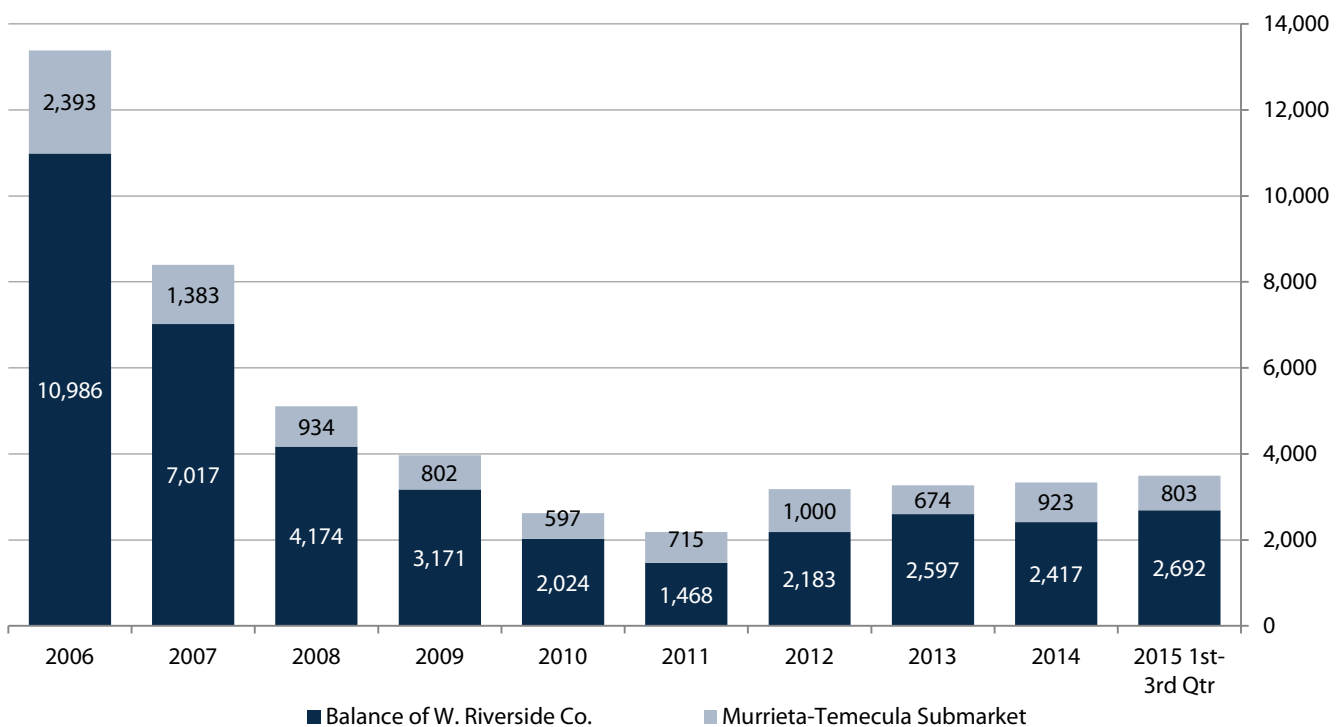
The exhibit below shows the pattern of new home sales in the Murrieta-Temecula submarket area (including French Valley) and throughout West Riverside County since 2005. Countywide sales fell dramatically after 2005 to 2,183 homes in 2011. Annual sales increased to in 2012, 2013 and 2014 reaching 3,340 homes sold in 2014. Sales for the first three quarters of 2015 totaled 3,495 homes.

The new home sales volume in the Murrieta-Temecula submarket has generally followed the regional trend. The submarket captured 23 percent of total West Riverside sales through the first three quarters of 2015.

NEW HOME SALES | MURRIETA-TEMECULA SUBMARKET AND WEST RIVERSIDE COUNTY

2005 THROUGH MID-2015

Year	Murrieta-Temecula Submarket	West Riverside County
2015 1st- 3rd Qtr	803	3,495
2014	923	3,340
2013	674	3,271
2012	1,000	3,183
2011	715	2,183
2010	597	2,621
2009	802	3,973
2008	934	5,108
2007	1,383	8,400
2006	2,393	13,379
2005	5,010	22,337



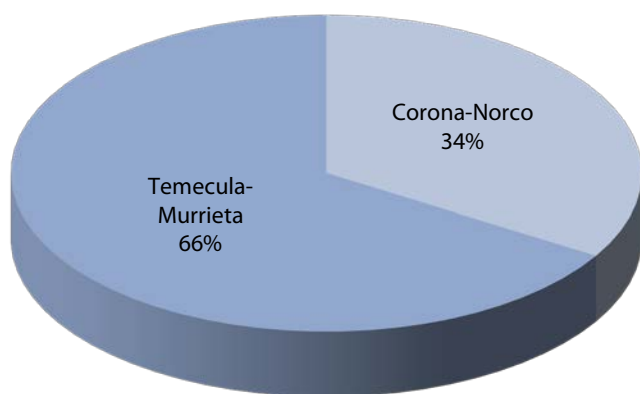
Source: Residential Trends, Market InSite

HOUSING TRENDS

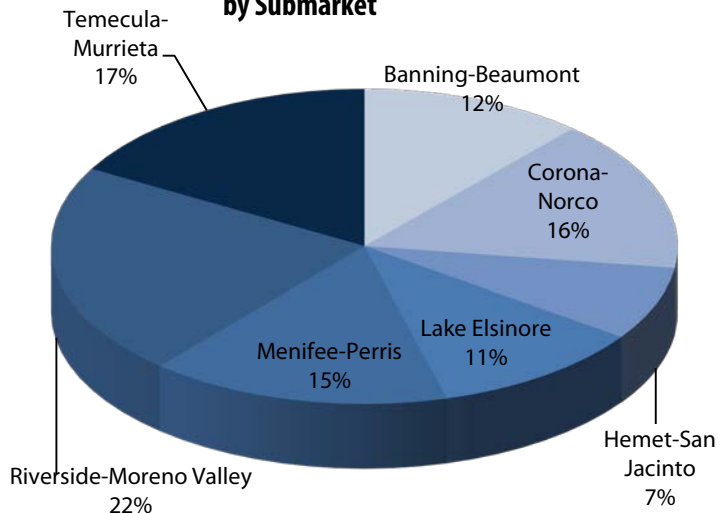
NEW HOME SALES BY SUBMARKET

The exhibits below show the pattern of new home sales activity among the seven submarket areas of West Riverside County during the third quarter of 2015. The Murrieta-Temecula submarket area accounted for 21 percent of new home sales during the third quarter period. The weighted average sale price for detached homes was \$438,354, and for attached homes the average sale price was \$307,265.

**ATTACHED NEW HOME SALES
by Submarket**



**DETACHED NEW HOME SALES
by Submarket**



WEST RIVERSIDE COUNTY SUBMARKET AREAS THIRD QUARTER 2015

Submarket Area	# of Projects	Ave. Sales Rate*		Average Price	Average Sq. Ft.	Price Per Sq. Ft.	3rd Qtr Sold	Unsold
		Current*	Cum.*					
Attached Homes								
Corona-Norco	1	7.5	7.5	\$349,000	1,515	\$230.36	30	5
Temecula-Murrieta	4	1.82	1.84	\$307,265	1,606	\$191.32	59	20
Detached Homes								
Banning-Beaumont	12	0.69	0.98	\$339,136	2,386	\$142.14	108	79
Corona-Norco	16	0.65	0.61	\$507,612	2,738	\$185.40	146	133
Hemet-San Jacinto	9	0.6	0.57	\$269,399	2,131	\$126.42	70	62
Lake Elsinore	13	0.62	0.95	\$375,183	2,624	\$142.98	103	78
Menifee-Perris	22	0.55	0.77	\$358,774	2,623	\$136.78	145	149
Riverside-Moreno Valley	25	0.68	0.79	\$454,181	2,799	\$162.27	204	186
Temecula-Murrieta	26	0.5	0.67	\$438,354	3,025	\$144.91	157	196
Total Single Family Detached	123	0.6	0.76	\$409,116	2,686	\$152.31	933	883

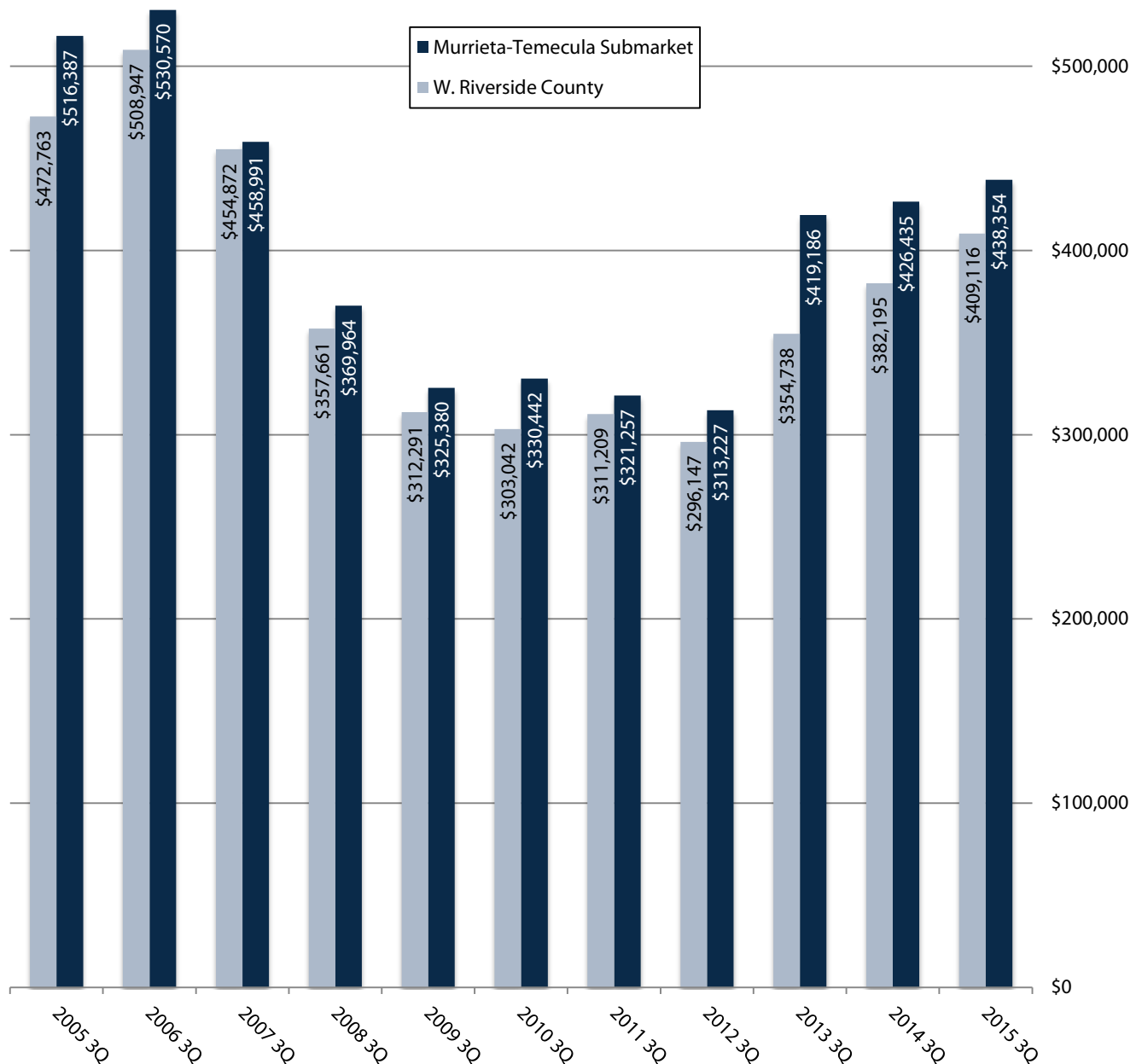
* Average weekly sales per development; "Current" = Current Quarter; "Cum." = Cumulative since project opening

HOUSING TRENDS

NEW HOME PRICE TRENDS

The exhibit below shows the new home price trends for West Riverside County and for the Murrieta-Temecula submarket. Sale prices have been rising consistently since 2012. In the third quarter of 2015 the average price for the Murrieta-Temecula submarket was 2.8 percent higher than the average price for the third quarter of 2014. Prices are projected to continue to rise through 2016 as the new home market builds further momentum.

WEIGHTED AVERAGE NEW HOME SALE PRICE -- DETACHED HOMES
Murrieta-Temecula Submarket and West Riverside County
Third Quarter 2005 Through Third Quarter 2015

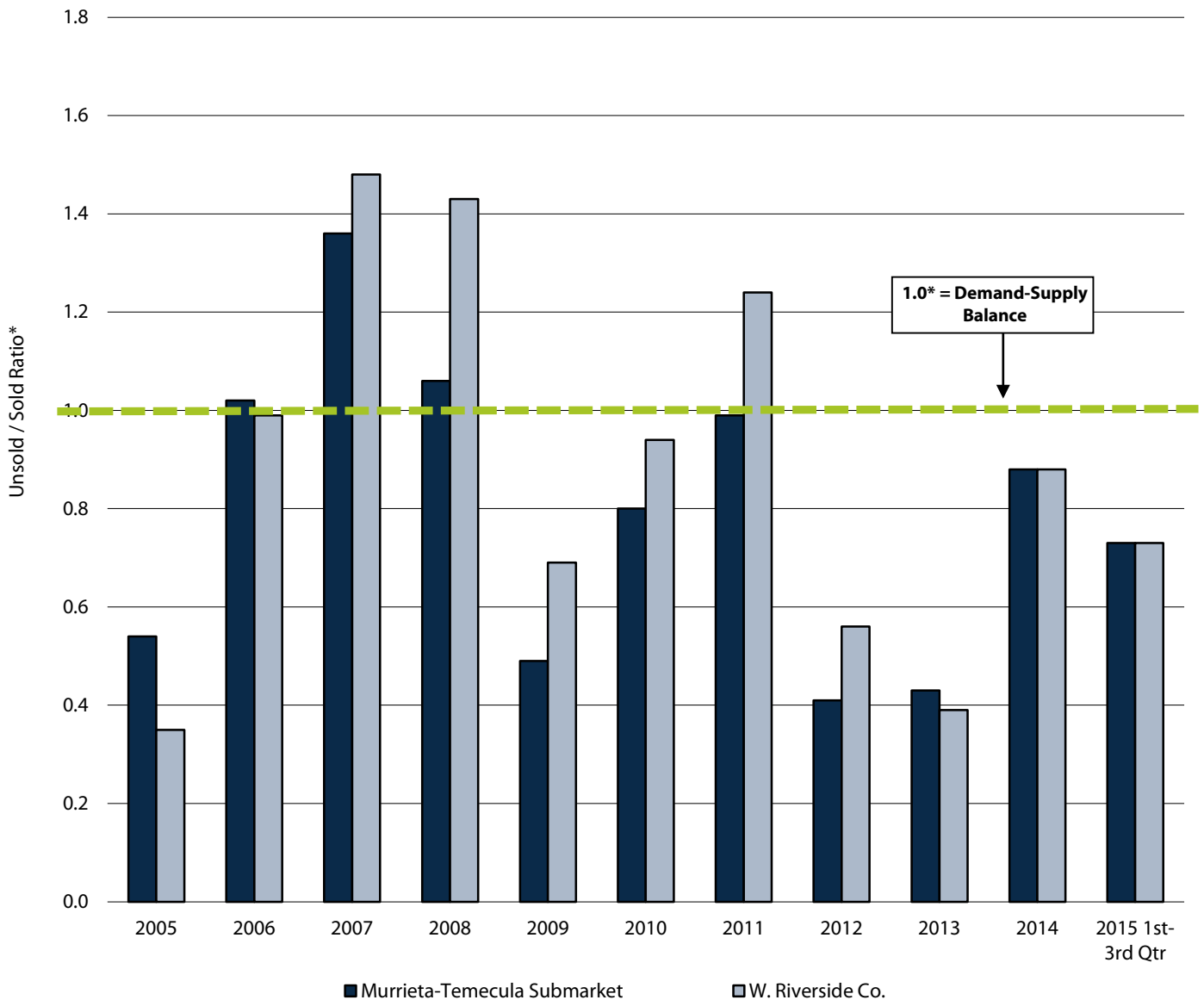


HOUSING TRENDS

NEW HOME INVENTORY TRENDS

Typically, a balance between the number of homes remaining unsold at the end of a quarter and the number of homes sold during the quarter is indicative of a healthy demand-supply relationship (i.e., 1:1 unsold-to-sold ratio). A ratio of less than 1.0 denotes a favorable inventory condition and a ratio of greater than 1.0 denotes an unfavorable market condition. As shown below, the unsold ratio among subdivisions marketing new homes in West Riverside County was favorable preceding the recession. With the market recovery well under way the unsold ratio has become favorable once again.

RATIO OF UNSOLD HOMES TO QUARTERLY SALES
Murrieta-Temecula Submarket and West Riverside County

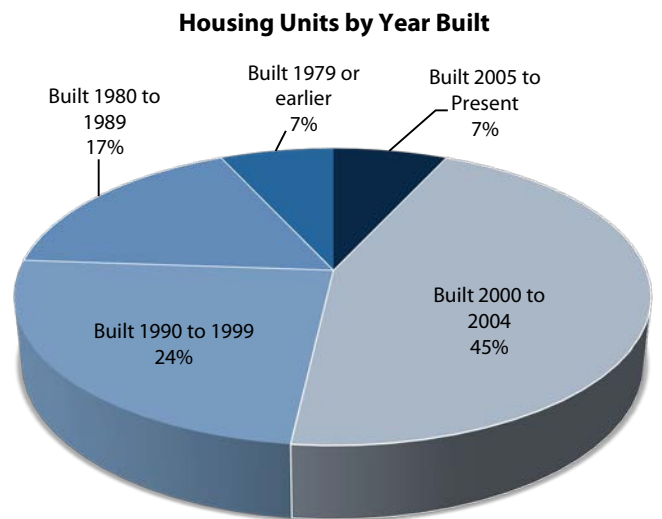
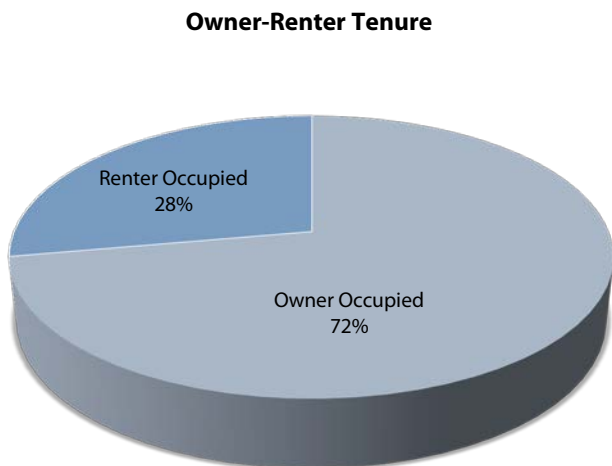
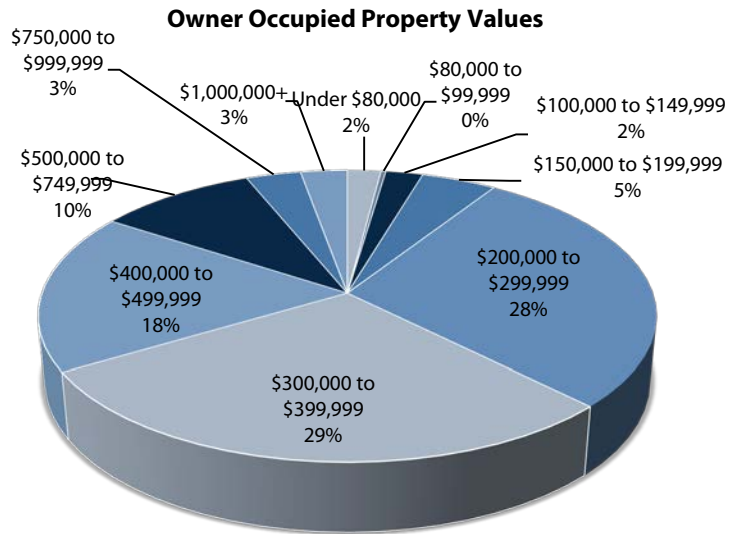
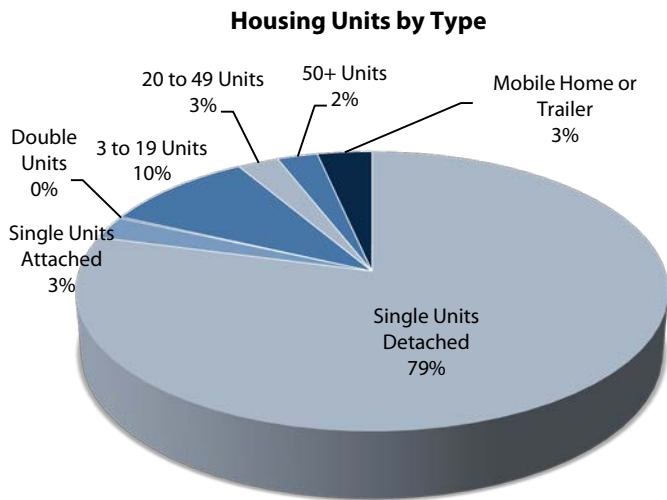


* 1.0 ratio denotes balanced demand supply condition

HOUSING TRENDS

HOUSING PROFILE

The charts below present profiles of the existing housing stock in the Murrieta-Temecula market area. Seventy-two percent of the market area's households are homeowners. The median home value as reported by Neilsen Site Reports is \$343,187 (all existing homes). Single-family detached homes account for 79 percent of the housing units and single family attached homes account for 2.6 percent.

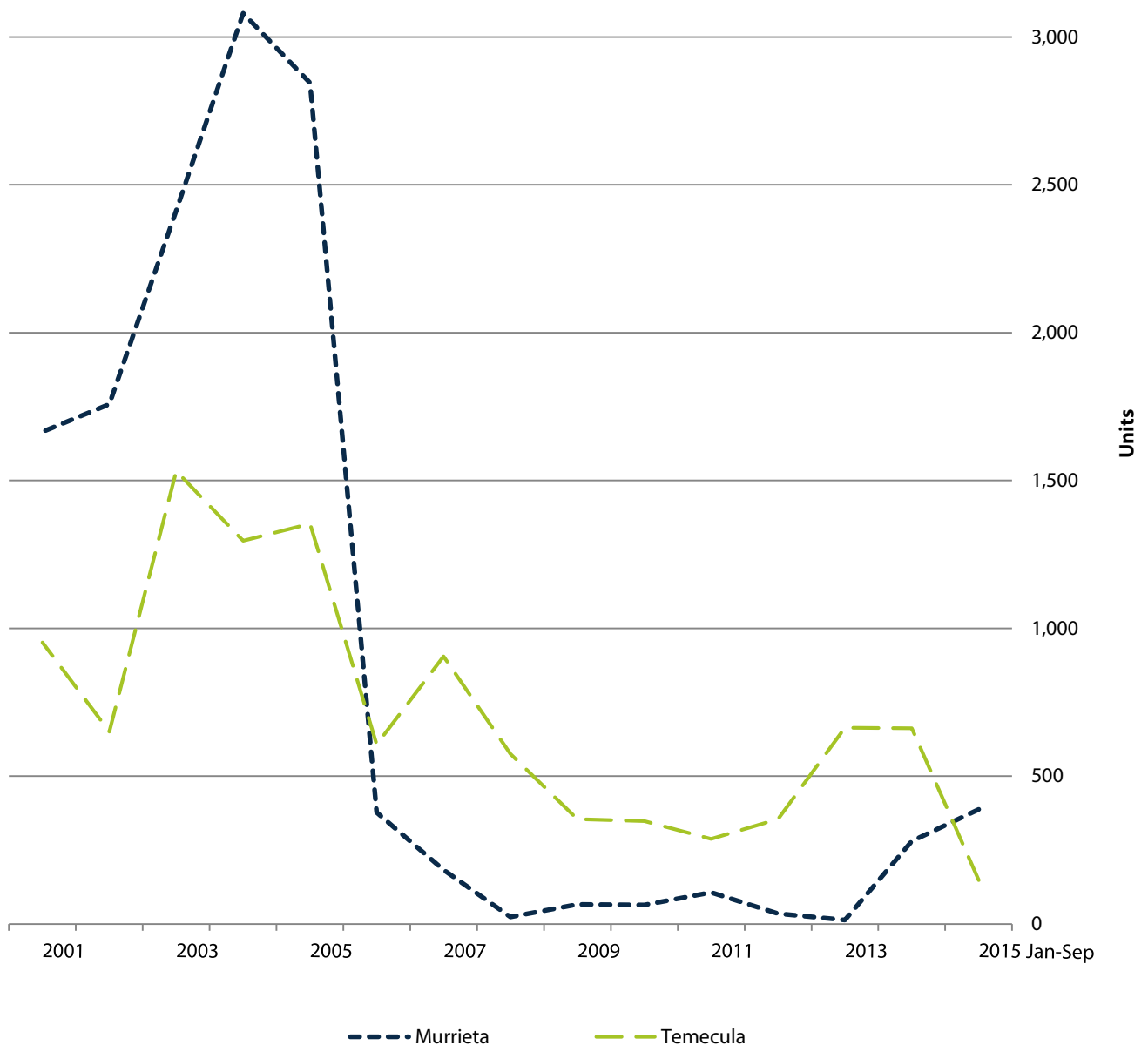


HOUSING TRENDS

RESIDENTIAL BUILDING TRENDS

Due the recession, residential construction activity in Riverside County declined to 3,264 units in 2011. With the economic recovery, permit activity increased to over 6,700 units in 2014. Residential permits issued in the cities of Murrieta and Temecula in 2014 totaled 942 units (609 single family units). In the first nine months of 2015 permits totaled 536 units (250 single family units). Over the past three years, multi-family units have accounted for 61 percent of the residential permits issued in Murrieta and Temecula.

RESIDENTIAL BUILDING PERMITS
Cities of Murrieta and Temecula



Demographic Trends

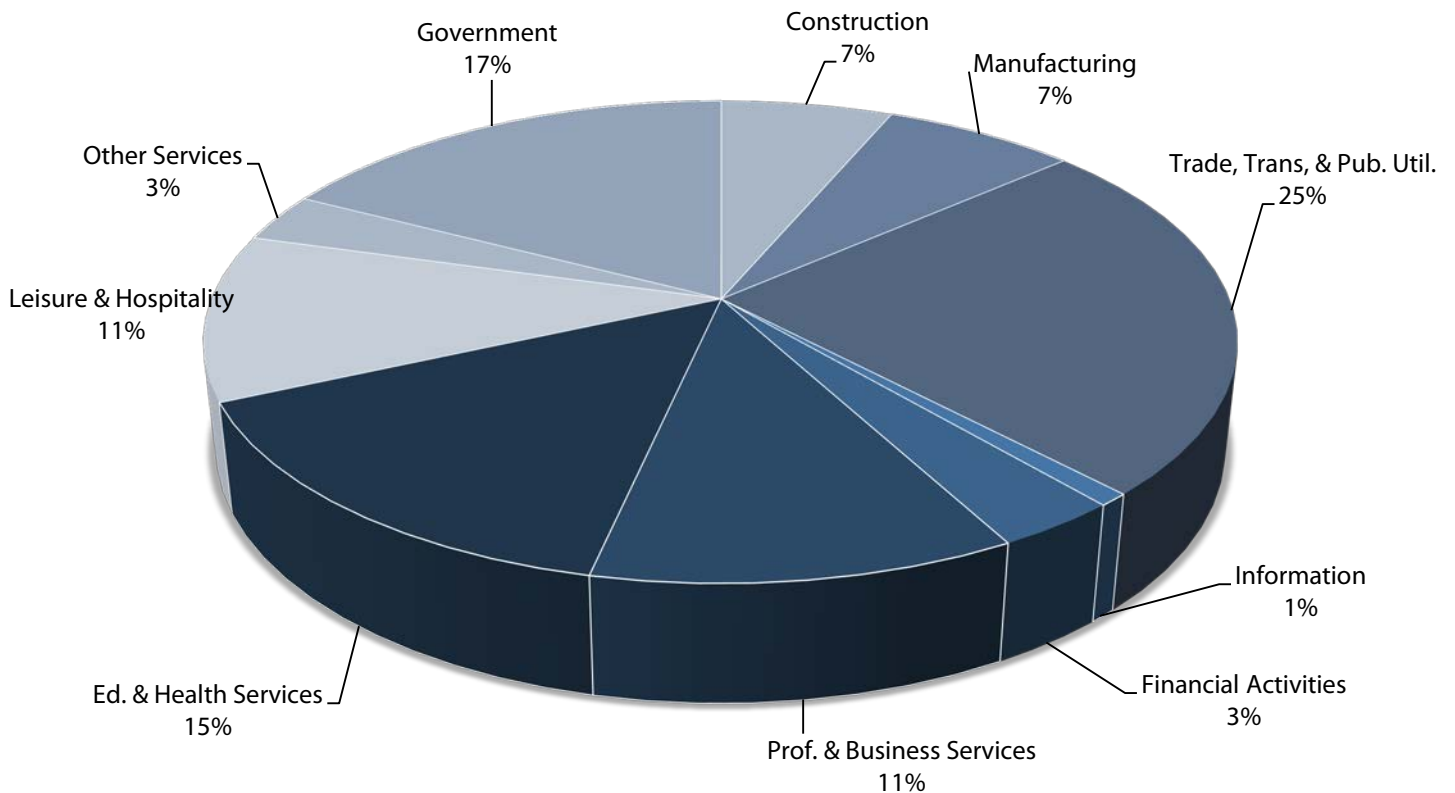
DEMOGRAPHIC TRENDS

EMPLOYMENT TRENDS

The most important factor influencing the demand for new homes is the rate of employment expansion. New jobs attract new households to the region and jobs provide the purchasing power necessary for home ownership. Employment trends are also an important determinant of homebuyer's purchase attitudes.

The exhibit below presents a historical summary of employment growth in the Inland Empire (i.e., Riverside and San Bernardino counties) since 2001. The region emerged from the recession in 2011 with net employment growth of 3,200 jobs. Employment expansion accelerated in 2012 and remained strong in 2013 with increases of 32,400 and 51,100 jobs, respectively. Healthy job growth continued in 2014 with an increase of 53,100 jobs.

EMPLOYMENT BY INDUSTRY



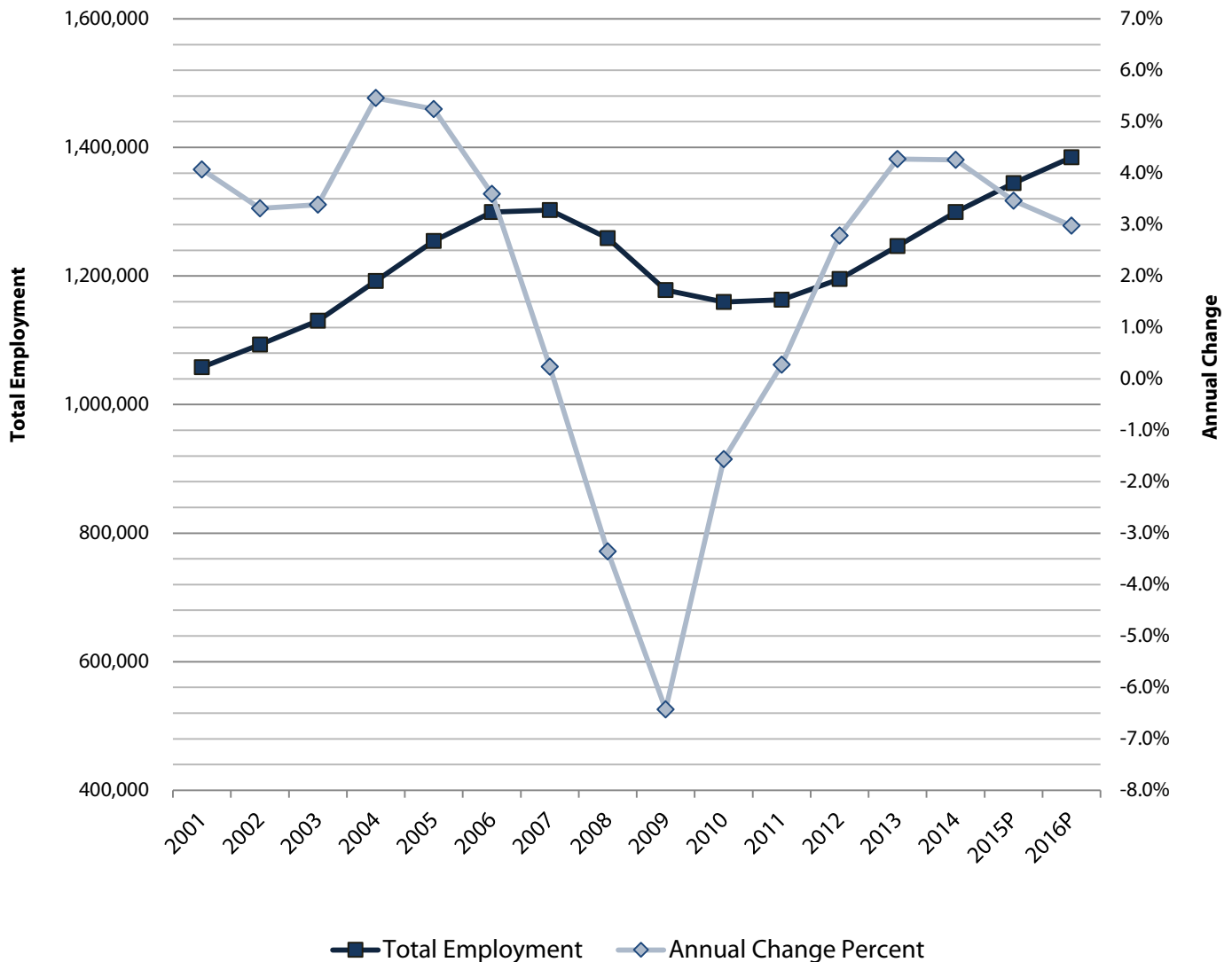
DEMOGRAPHIC TRENDS

EMPLOYMENT TRENDS

In conjunction with national trends, economic conditions in the Inland Empire are projected to continue the positive momentum through 2015 and 2016 generating employment growth of 3.8 to 3.9 percent per year (i.e., 50,000 to 52,000 jobs per year). The Inland Empire has a diversified economy with no single major employer or industry sector dominating the economic landscape. The primary factor driving the county's employment growth is the national economic recovery that is fueling increased consumer spending and broad-based industry growth involving manufacturing, business-to-business activity, leisure and business travel, and a recovery of the housing market.

The Murrieta Economic Development Agency reports that major employers coming to town include Kaiser Permanente, HealthSouth, Rady Children's Hospital, and CarMax. In addition, Marriott recently completed a new hotel and has a second hotel under construction. Temecula Economic Development reports that Glassworks recently purchased a 250,000 square foot facility and other companies arriving in town recently include: Bomatic, Iron Grip, U.S. Milk Production, Rough Brothers, Color Spot, and 60Grit Studios.

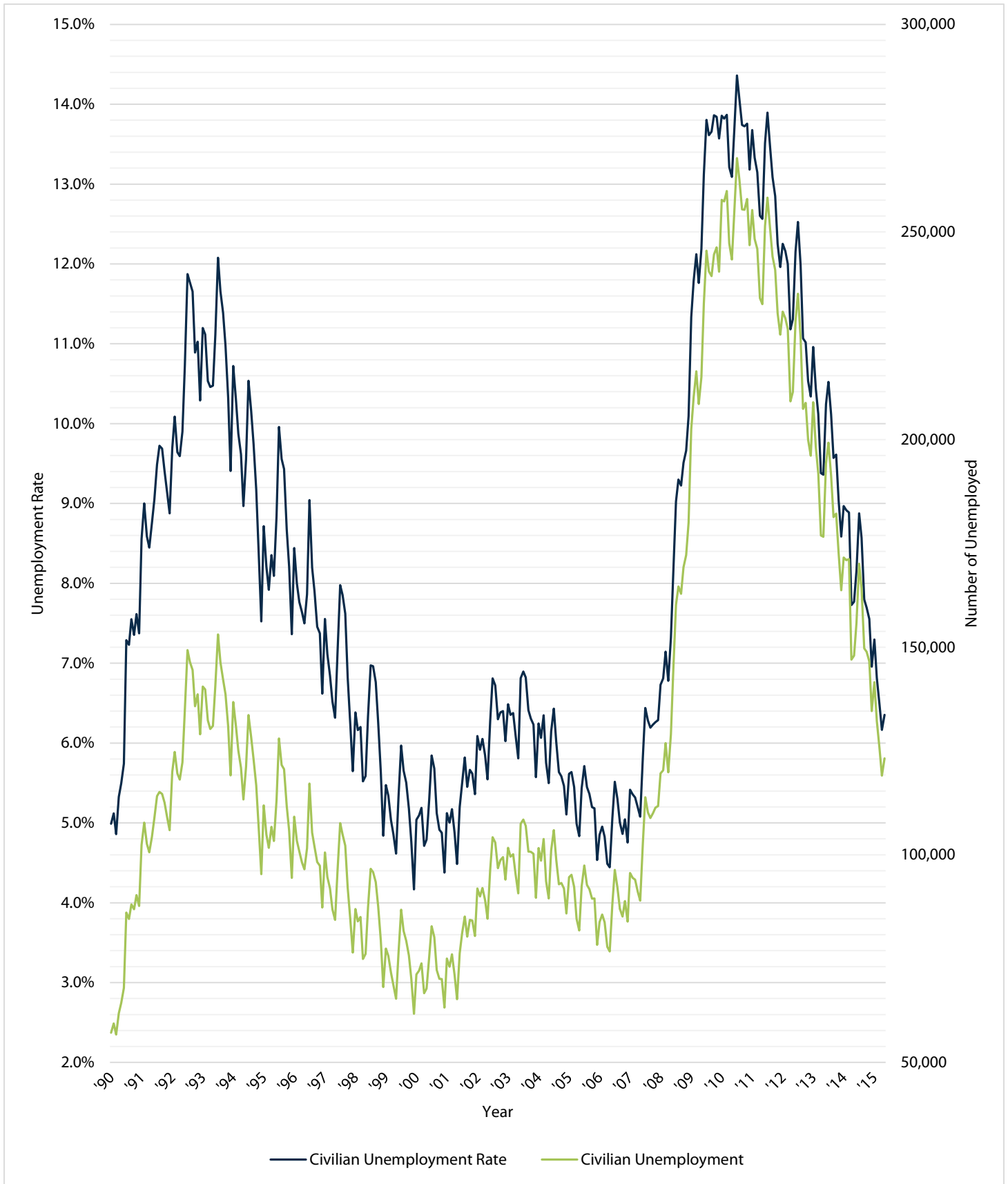
EMPLOYMENT TRENDS
Riverside & San Bernardino Counties



DEMOGRAPHIC TRENDS

EMPLOYMENT TRENDS

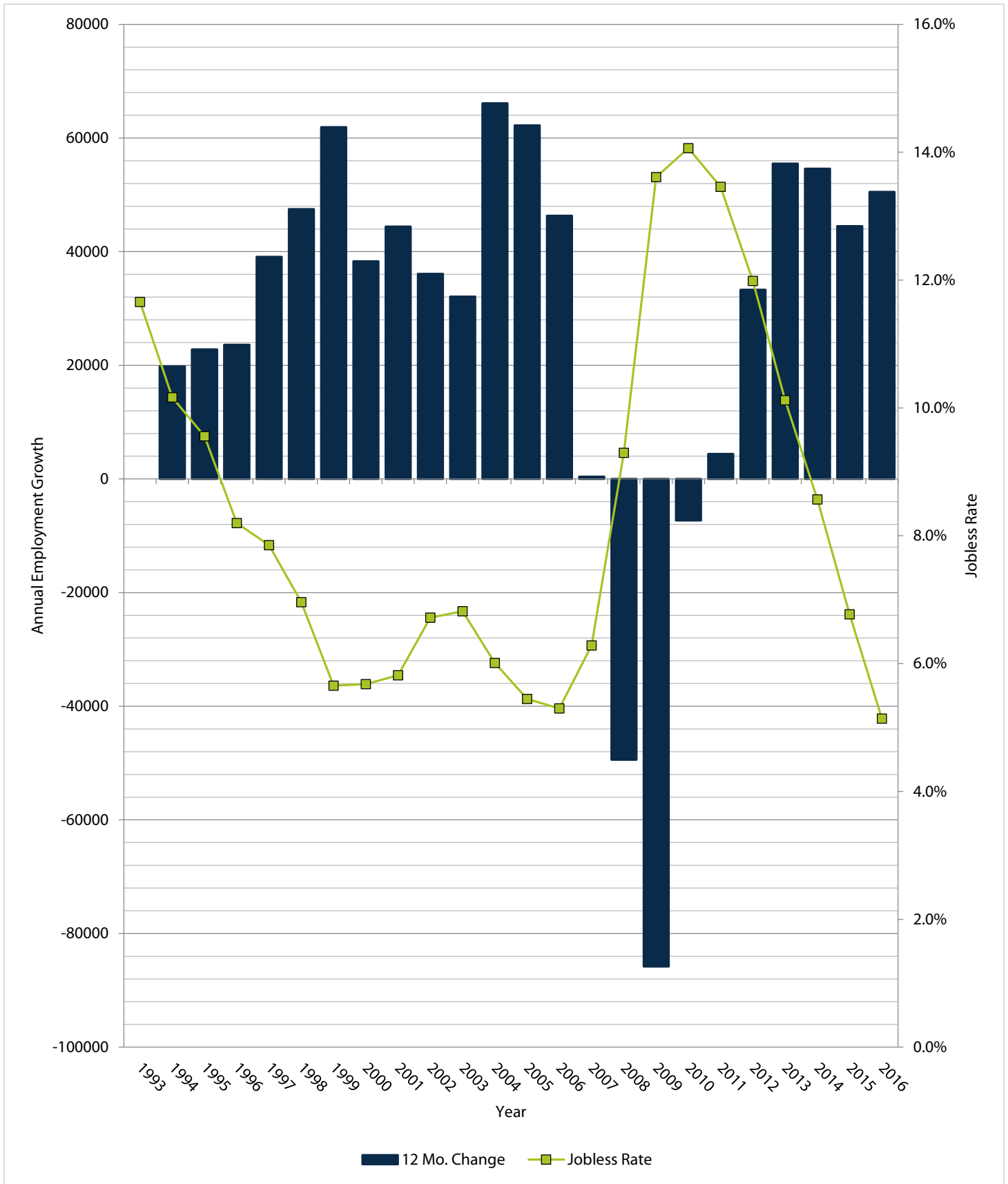
RIVERSIDE-SAN BERNARDINO-ONTARIO METROPOLITAN DIVISION UNEMPLOYMENT TRENDS (1990 TO 2015)



DEMOGRAPHIC TRENDS

EMPLOYMENT TRENDS

RIVERSIDE-SAN BERNARDINO-ONTARIO METROPOLITAN DIVISION EMPLOYMENT GROWTH TRENDS (1993 TO 2016)

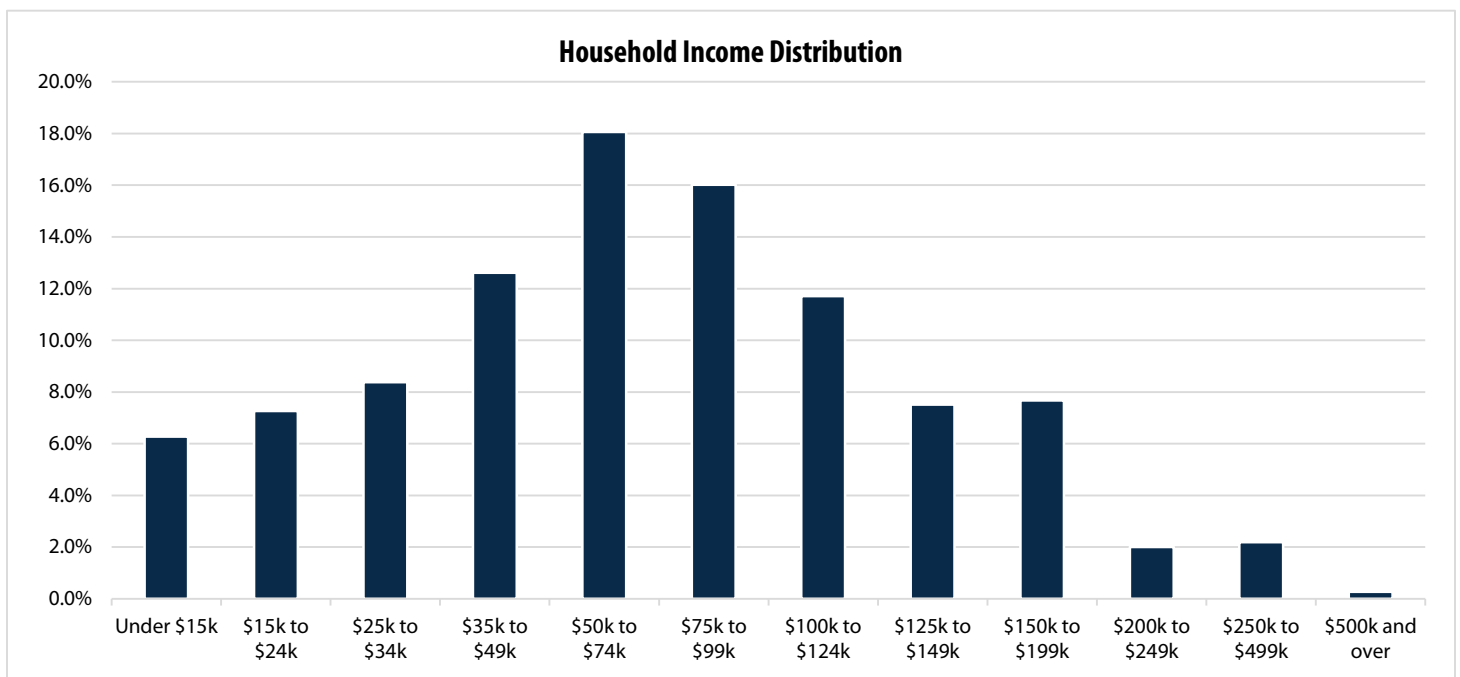
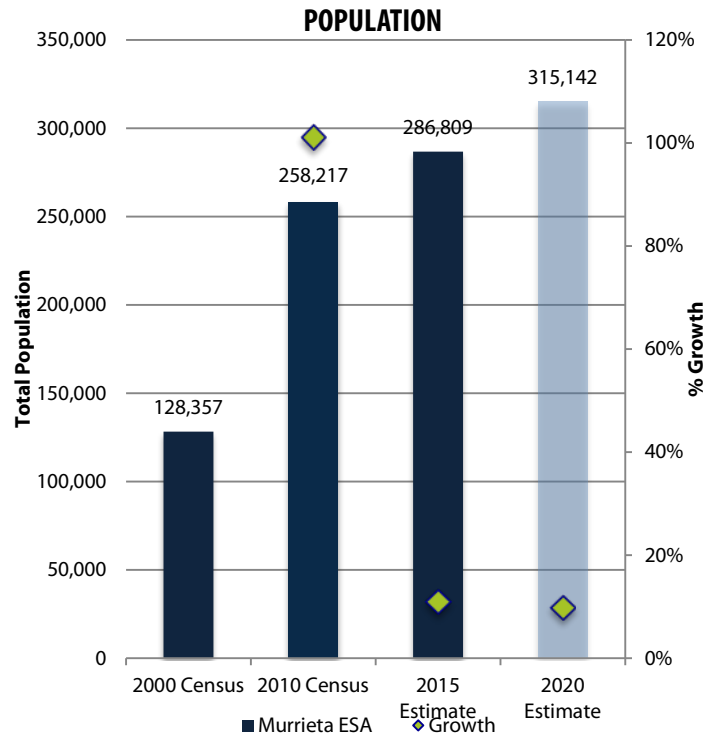
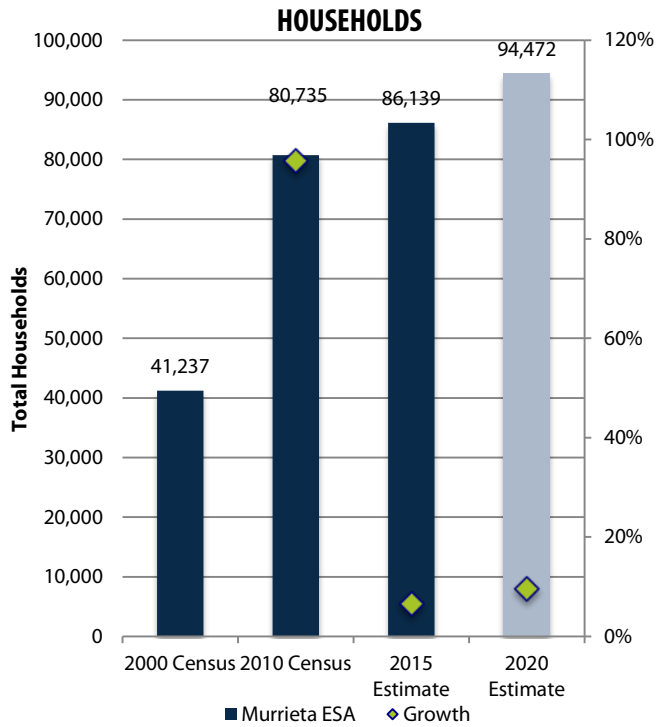


DEMOGRAPHIC TRENDS

HOUSEHOLDS & POPULATION

The exhibits below present a demographic profile of the Murrieta-Temecula Economic Study Area (ESA). There are 286,809 persons residing in the area composing 86,139 households. Over the past five years the market area's population grew by 11.1 percent.

The median household income for the ESA is \$71,389 compared to the countywide figure of \$56,337. Nearly one third of the ESA's households have incomes of over \$100,000 and 72 percent of all households are homeowners.



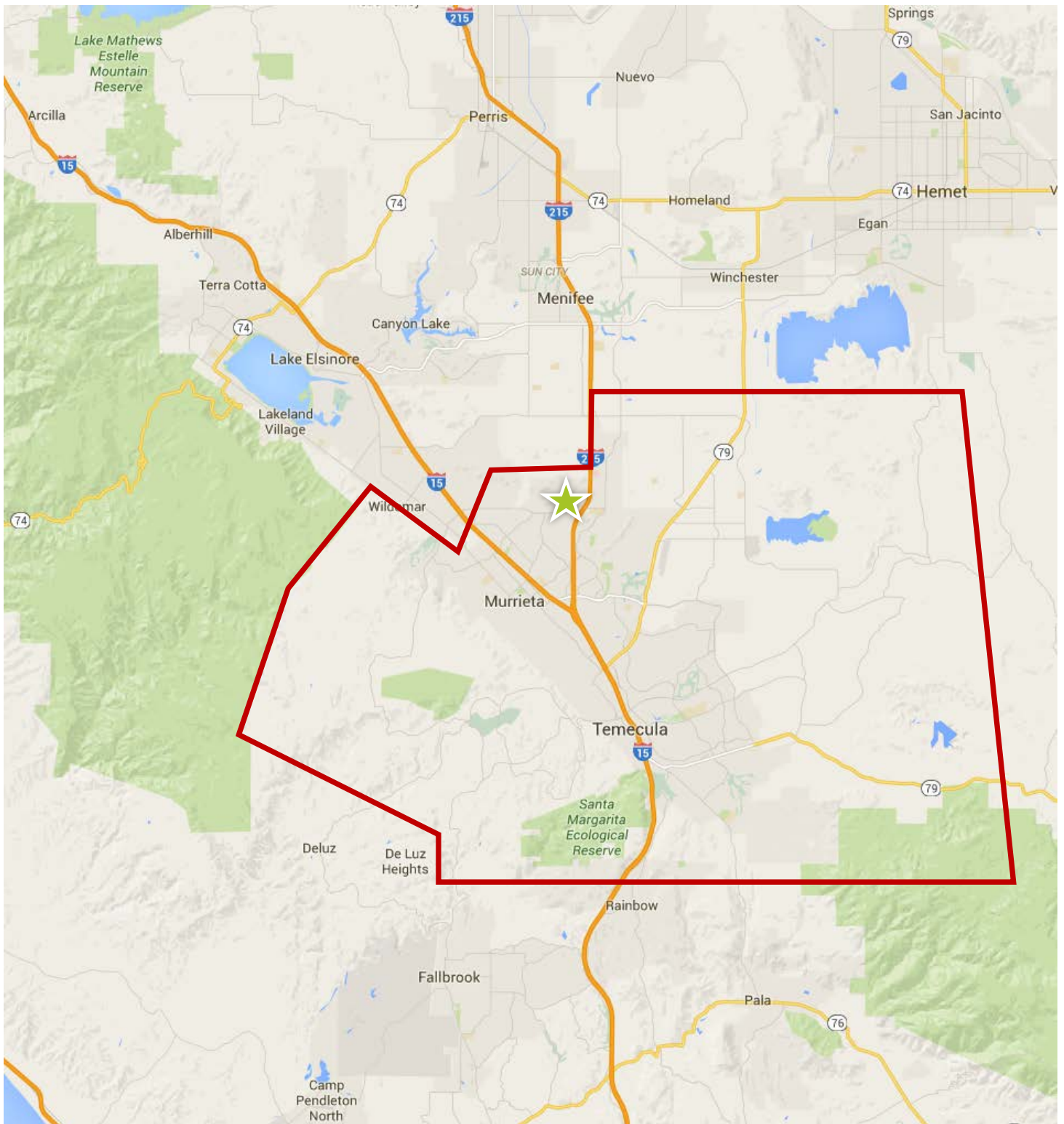
*Projected New
Home Demand*

PROJECTED NEW HOME DEMAND

INTRODUCTION

This section presents a projection of new home demand for the Murrieta Economic Study Area (ESA). The boundaries of the ESA, as defined for the purposes of this report, are shown below. The ESA includes the cities of Murrieta and Temecula the surrounding unincorporated areas, including French Valley.

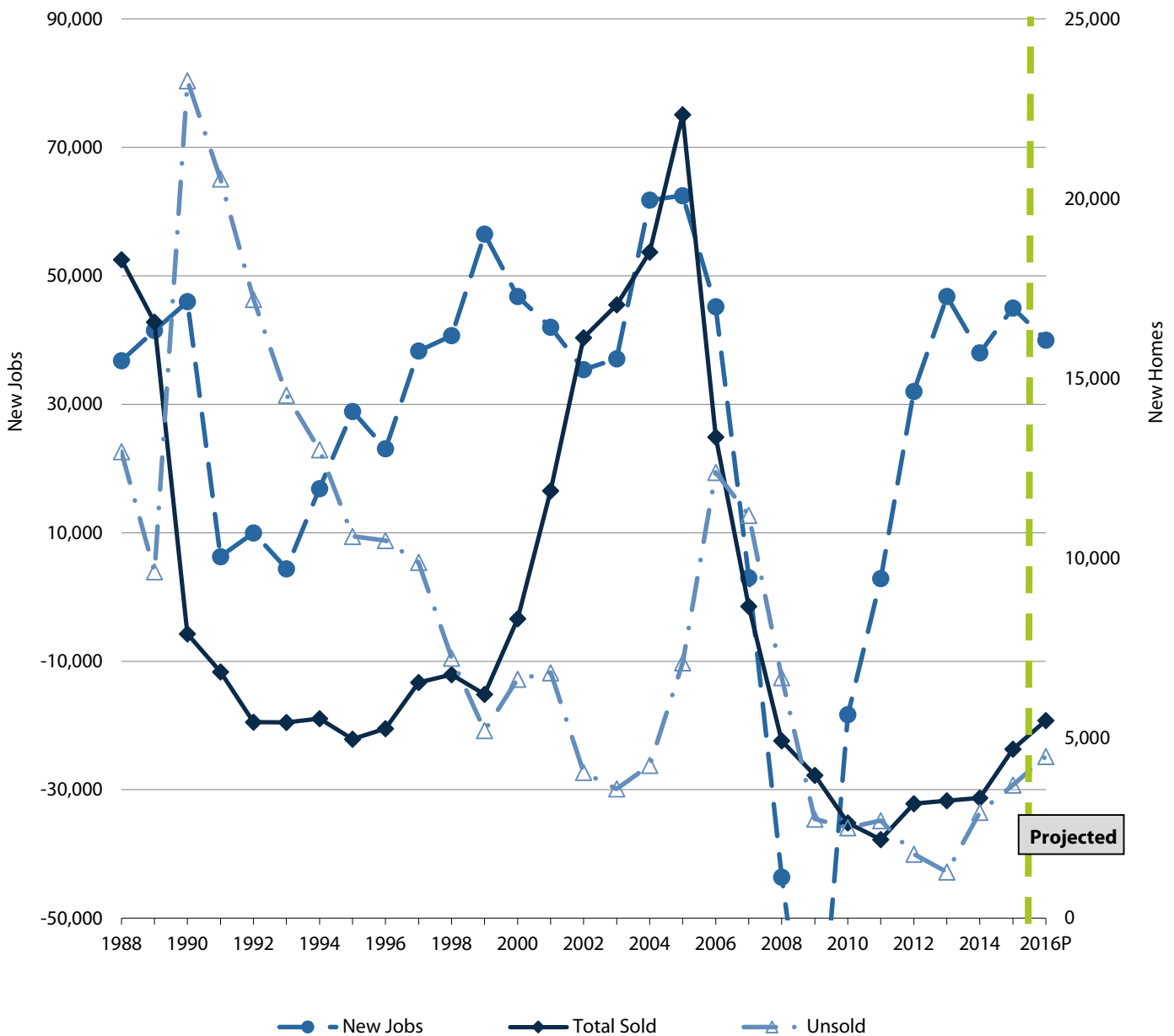
MURRIETA ECONOMIC STUDY AREA



PROJECTED NEW HOME DEMAND EMPLOYMENT & SALES

The exhibit below shows the historical and projected future relationship between employment and new home sales in West Riverside County. Also shown is the trend of unsold inventory. It is projected that the Inland Empire's healthy employment growth will fuel rising new home demand and sales activity which in turn will support moderately rising home prices. New home sales in West Riverside are projected to rise to well over 5,000 homes in 2016. This projection is conservative in light of the substantial job growth that is occurring and considering historical sales volumes.

**INLAND EMPIRE EMPLOYMENT GROWTH
AND WEST RIVERSIDE COUNTY NEW HOME SALES AND INVENTORY TRENDS
1988 - 2016**



Source: Residential Trends, Calif. Ec. Dev. Dept., Market InSite

PROJECTED NEW HOME DEMAND

MAJOR DRIVERS OF NEW HOME DEMAND

The Murrieta ESA's household base is projected to grow by just under 2.0 percent annually (i.e., 1.9%/yr.) over the next five years. This forecast is based upon the favorable rate of employment growth that is occurring together with the volume of new home sales that has been experienced in 2015. Thus far in 2015, attached homes have accounted for 71 percent of the home sales in the \$300,000 to \$350,000 price range, and all of the homes sold priced below \$300,000.

Housing Demand Formula	Projected Annual Population Increase	÷	Average Household Size	=	Annual New Households	×	Percentage of Homeowners	=	Potential New Household Owners/Yr.
2016-2020 Projections	5,667		3.40		1,667		72%		1,200

MARKET INSITE'S PROJECTED ANNUAL NEW HOME DEMAND BY PRICE RANGE

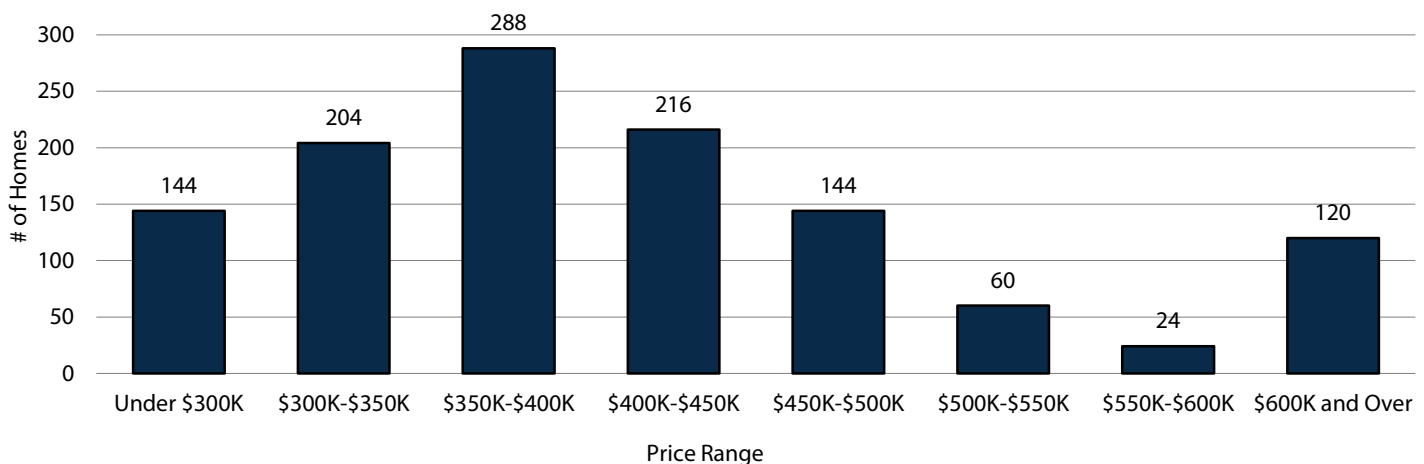
(see following page for price distribution support)

PRICE RANGE	Projected % of Total		Potential New Household Owners		Projected Ave. Annual Sales 2016-2020
Under \$300,000	12%	x	1,200	=	144
\$300,000-\$350,000	17%	x	1,200	=	204
\$350,000-\$400,000	24%	x	1,200	=	288
\$400,000-\$450,000	18%	x	1,200	=	216
\$450,000-\$500,000	12%	x	1,200	=	144
\$500,000-\$550,000	5%	x	1,201	=	60
\$550,000-\$600,000	2%	x	1,202	=	24
\$600,000 and Over	10%	x	1,200	=	120
TOTAL	100%				1,200

ANNUAL NEW HOME DEMAND BY PRICE RANGE

Murrieta Economic Study Area

2016 - 2020



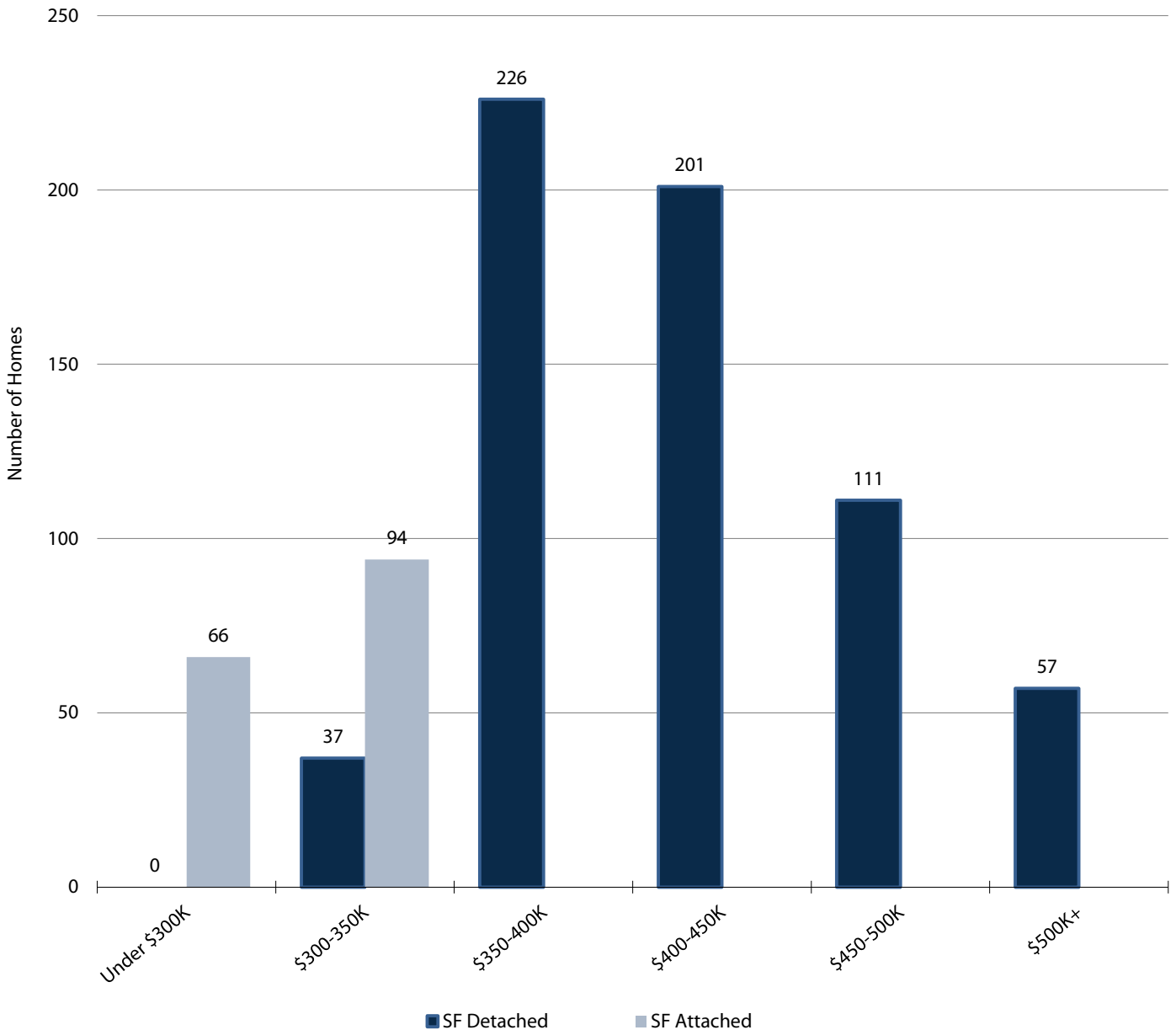
PROJECTED NEW HOME DEMAND

DISTRIBUTION OF NEW HOME SALES

The projected price distribution of new home demand was derived from a synthesis of historical market activity together with the value structure of the existing single family housing stock (i.e., the resale market). The exhibit below shows the price distributions of new home sales in the Murrieta ESA during the first three quarters of 2015.

The value structure of the existing base of resale homes was also an important consideration in deriving the price distribution of demand in the Murrieta ESA (with substantial price premium applied to new product).

Distribution of New Home Sales by Price Range
Menifee Economic Study Area
First Through Third Quarter 2015



*Supporting
Documentation*

SUPPORTING DOCUMENTATION

PACE AND PRICING ALTERNATIVE RECOMMENDATIONS: 1.25% TAX RATE

Fireman's Circle: Product #1 | Row Townhomes | 15 DU/acre | 4.0 Sales per Month

Recommended Pricing												
Plan	Mix	Mix %	SF	Base Price	Incen.	Net Base Price	Net Base/SF	Options	Premiums	Total Price	Total Price/SF	Total Projected Revenue
1	36	38%	1,280	\$296,000	\$5,000	\$291,000	\$227	\$9,000	\$4,000	\$309,000	\$241	\$11,124,000
2	20	21%	1,508	\$316,000	\$5,000	\$311,000	\$206	\$9,600	\$4,000	\$329,600	\$219	\$6,592,000
3	36	38%	1,892	\$343,000	\$5,000	\$338,000	\$179	\$10,410	\$4,000	\$357,410	\$189	\$12,866,760
4	4	4%	1,914	\$344,000	\$5,000	\$339,000	\$177	\$10,440	\$4,000	\$358,440	\$187	\$1,433,760
Total:	96	100%										\$32,016,520
Weighted Average:			1,583	\$319,792	\$5,000	\$314,792	\$203	\$9,714	\$4,000	\$333,505	\$215	

Fireman's Circle: Product #2 | Courtyard Homes | 50'x50' Lots | 11 DU/acre | 4.0 Sales per Month

Recommended Pricing												
Plan	Mix	Mix %	SF	Base Price	Incen.	Net Base Price	Net Base/SF	Options	Premiums	Total Price	Total Price/SF	Total Projected Revenue
2	9	25%	1,827	\$366,000	\$5,000	\$361,000	\$198	\$11,142	\$5,400	\$382,542	\$209	\$3,442,878
3	9	25%	1,923	\$368,000	\$5,000	\$363,000	\$189	\$11,202	\$5,400	\$384,602	\$200	\$3,461,418
4	11	31%	2,039	\$370,000	\$5,000	\$365,000	\$179	\$11,262	\$5,400	\$386,662	\$190	\$4,253,282
Next Gen.	7	19%	2,430	\$379,000	\$5,000	\$374,000	\$154	\$11,532	\$5,400	\$395,932	\$163	\$2,771,524
Total:	36	100%										\$13,929,102
Weighted Average:			2,033	\$370,250	\$5,000	\$365,250	\$181	\$11,270	\$5,400	\$386,920	\$192	

ASSUMPTIONS:

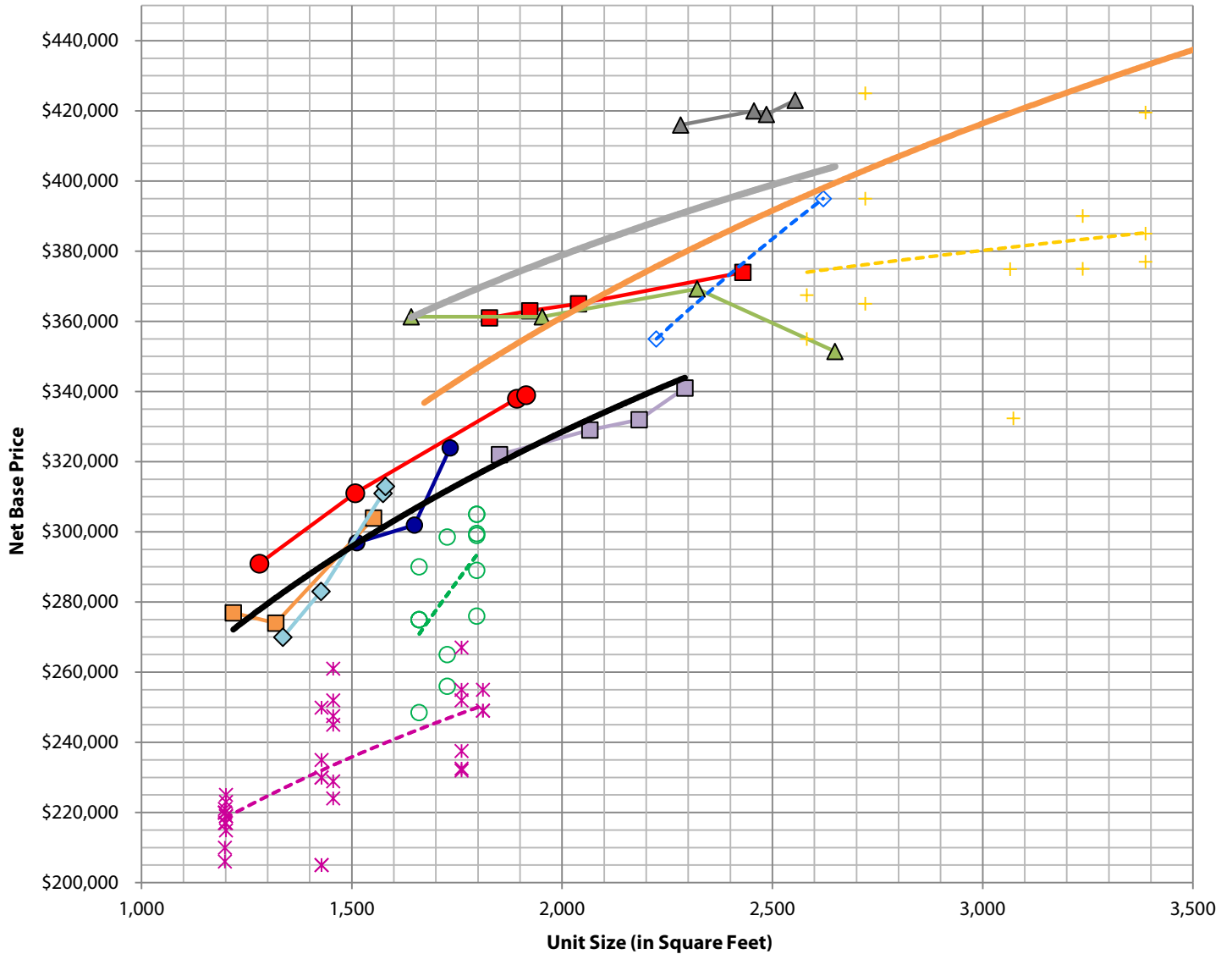
Sales Pace:	To average 4.0 sales per month
Projected Appreciation:	To average approximately 5.0% annually from 2016 through 2018**
Property Taxes:	1.25%
Options:	3.0% of (Gross Base Price + Premiums)
Incentive:	\$5,000
HOA:	Estimated at \$75-\$100 per month
Premiums:	Based on lots with views of exterior open space, end units, and units on interior greenbelt

**Note: While MLS recorded appreciation from October 2014 to October 2015 for the subject ZIP code at 10.1%, Market InSite predicts the appreciation going forward to be 5% per annum, for year's 2016 to 2018.

SUPPORTING DOCUMENTATION

PRICE GRAPH

ALTERNATIVE PRICING WITH 1.25% TAX RATE (NET BASE PRICE GRAPH)



- Fireman's Circle: Product #1 | Row Townhomes | 15 DU/acre | 4.0 Sales per Month
- Fireman's Circle: Product #2 | Courtyard Homes | 50'x50' Lots | 11 DU/acre | 4.0 Sales per Month
- The Ridge at Cal Oaks | DR Horton | Murrieta | Townhome | 4.2 Sales Per Month | Tax Rate:1.70%
- Aldea at Paseo Del Sol | TRI Pointe Homes | Temecula | Townhome | 3.6 Sales Per Month | Tax Rate:1.48%
- Alegre at Paseo Del Sol | TRI Pointe Homes | Temecula | Townhome | 5.4 Sales Per Month | Tax Rate:1.48%
- ◇ Arroyo Vista | Lennar | Murrieta | Townhome | 14.5 Sales Per Month | Tax Rate:1.36%
- ▲ Seneca | KB Home | Murrieta | Detached Condo | Avg. 3,500' (Typical 50'x70') Lots | 0.6 Sales Per Month | Tax Rate:1.67%
- ▲ Renaissance at Redhawk | Beazer | Temecula | SFD Small Lot | Avg. 2,500' (Typical 30'x85') Lots | 3 Sales Per Month | Tax Rate:1.25%
- Bel Flora Resale Median Price Trendline | Murrieta | SFD Small Lot | Average 2,875 SF Lots | Average Year Built 2005
- × North Oak Resale Median Price Trendline | Murrieta | Condos/Townhomes | Average Year Built 2008
- + Murrieta Oaks Resale Median Price Trendline | Murrieta | SFD | Average 8,200 SF Lots | Average Year Built 2004
- + Wedgewood Way Resale Median Price Trendline | Murrieta | SFD | Average 7,405 SF Lots | Average Year Built 2004
- Log. (New Home Townhome Median Price Trendline |Murrieta and Temecula | Average 6.9 Sales Per Month*)
- Log. (New Home SFD Small Lot/Detached Condo Median Price Trendline |Murrieta and Temecula | 2,500-3,500 SF Lots | Average 1.8 Sales Per Month)
- - - Log. (Bel Flora Resale Median Price Trendline | Murrieta | SFD Small Lot | Average 2,875 SF Lots | Average Year Built 2005)
- - - Log. (North Oak Resale Median Price Trendline | Murrieta | Condos/Townhomes | Average Year Built 2008)
- - - Log. (Murrieta Oaks Resale Median Price Trendline | Murrieta | SFD | Average 8,200 SF Lots | Average Year Built 2004)
- - - Log. (Wedgewood Way Resale Median Price Trendline | Murrieta | SFD | Average 7,405 SF Lots | Average Year Built 2004)
- Log. (New Home SFD on Conventional Lots Median Price Trendline | Murrieta and Temecula | 5,500-8,000 SF Lots | Average 4.0 Sales Per Month**)

*Average sales rate of 6.9 reflects average including Arroyo Vista's inflated 14.5 sales rate; without Arroyo Vista the trendline average is 4.4 sales/month

**Trendline includes projects with conventional sized lots and similar sized homes: Ranch Bella Vista's Paloma, Alicante, Cambria, Hawthorne, and Addison Point

SUPPORTING DOCUMENTATION

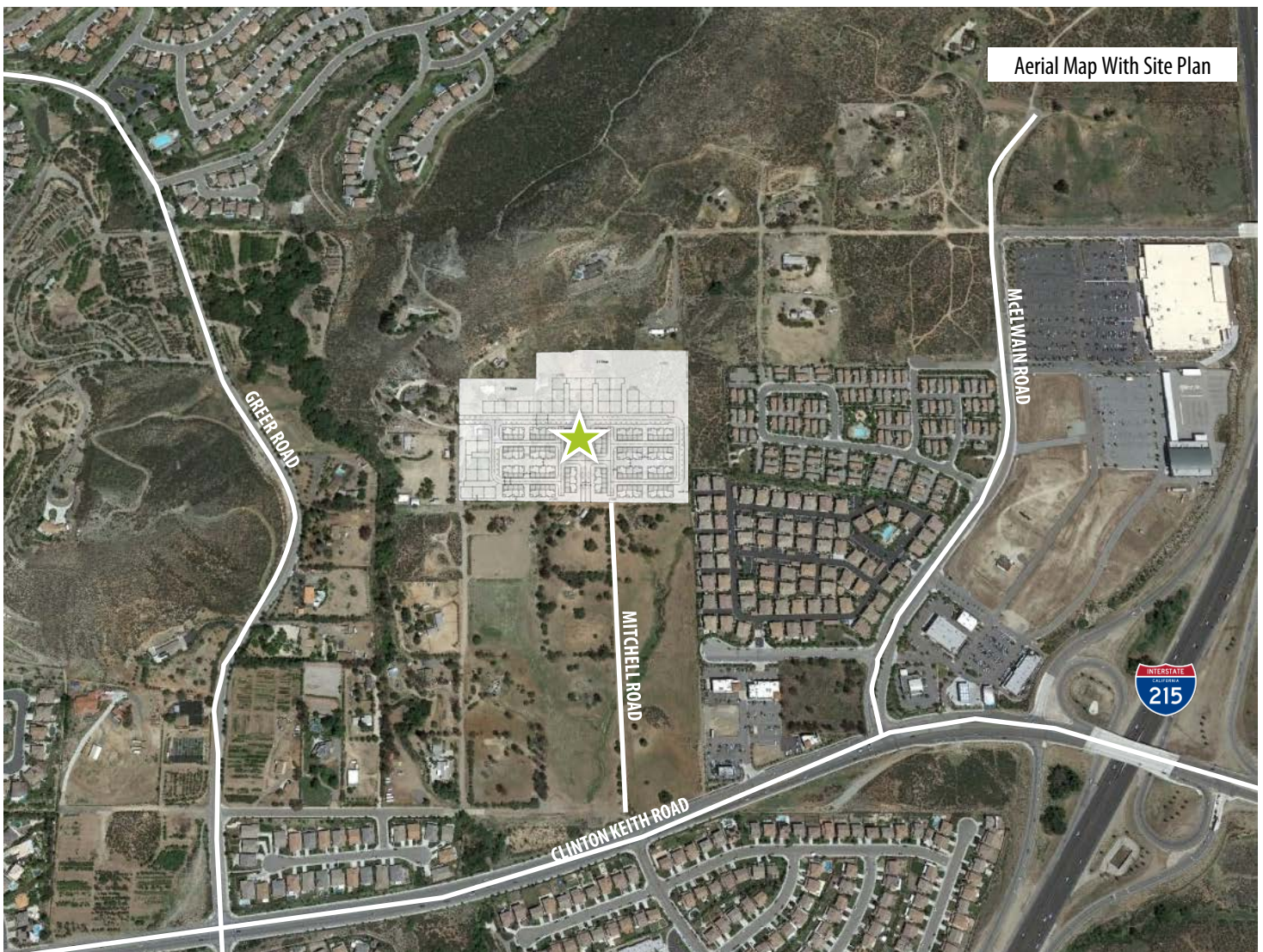
BACKGROUND

The subject site "Fireman's Circle" includes three different contiguous addresses containing a total of 14 acres. Ten of the 14 acres are reported to be relatively flat and developable land while the remaining 4 acres are hillside. The properties (which we will refer to collectively as the "subject site") are located north of Clinton Keith Road, just west of Interstate 215 in the city of Murrieta. There are two product types proposed for the subject: 96 two-story row townhomes, and 36 single family detached homes arranged in a cluster on lots sized approximately 2,500 square feet (measuring 50 feet by 50 feet).

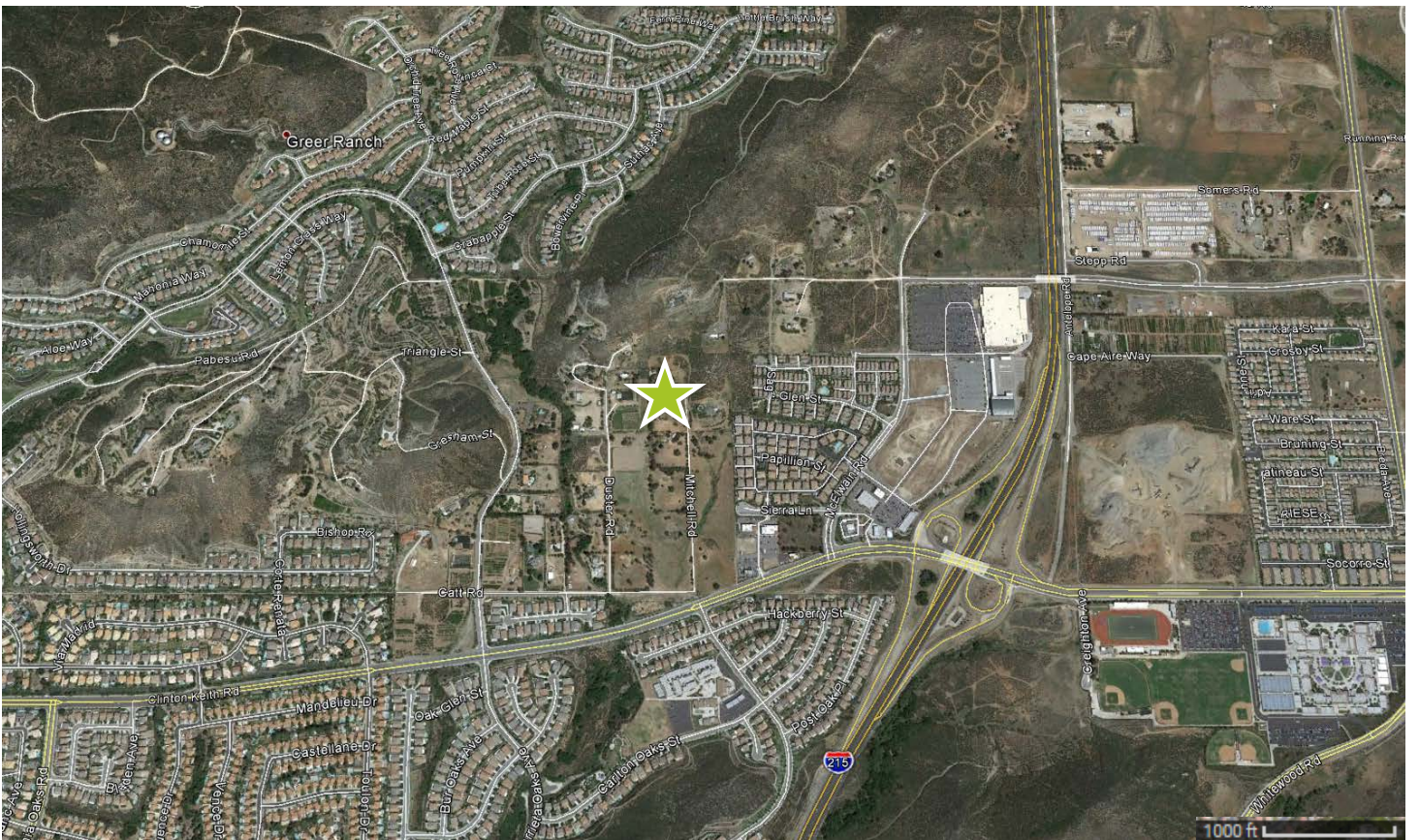
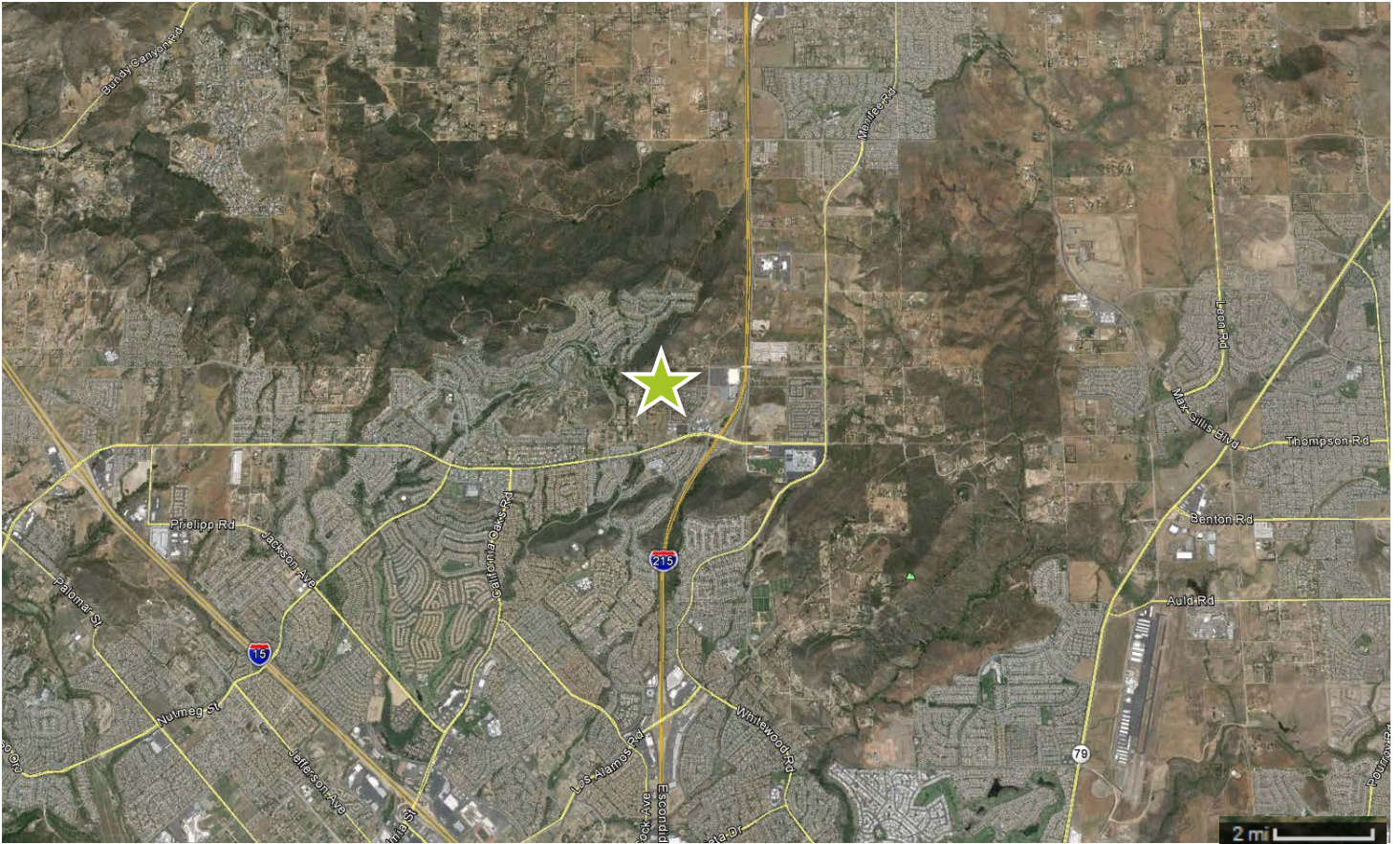
The townhome floorplans range in size from 1,280 to 1,914 square feet. The cluster or courtyard homes range in size from 1,850 square feet to 2,400 square feet.

A Homeowner's Association ("HOA") at Fireman's Circle is anticipated to maintain common areas (such as greenbelts) for a fee of approximately \$75 per month per future household. The total property tax rate includes a Community Facilities District (CFD) and is anticipated not to exceed 2.0% of the value of each home.

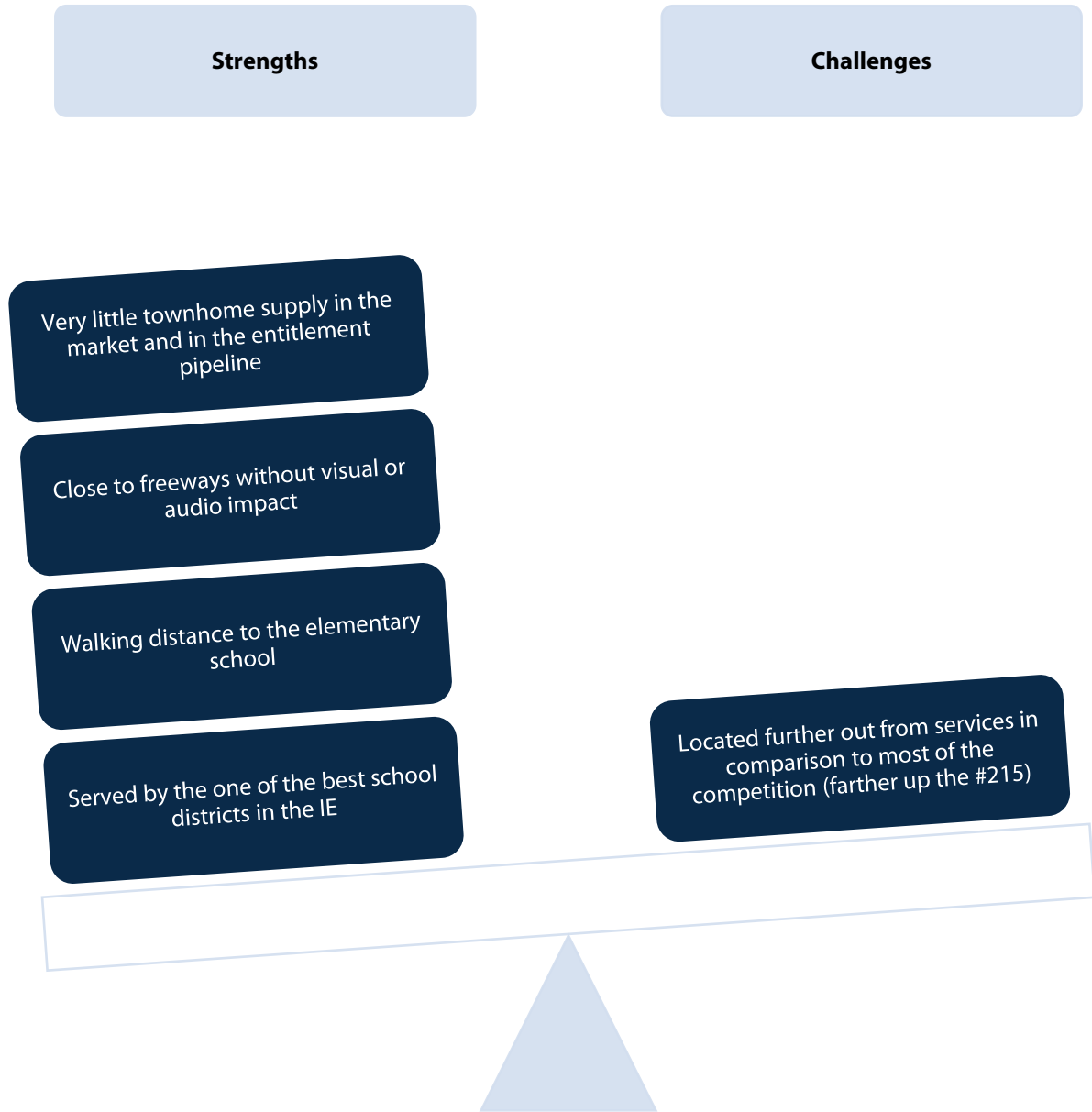
Historically, home shoppers interested in purchasing a new home near the subject property would also consider a new home located in other areas of Murrieta as well as homes in Temecula, French Valley, and areas of Winchester south of Scott Road. Therefore, the greater Murrieta/Temecula market composes the Competitive Market Area ("CMA").



REGIONAL AND LOCAL MAPS



SITE STRENGTHS VERSUS CHALLENGES

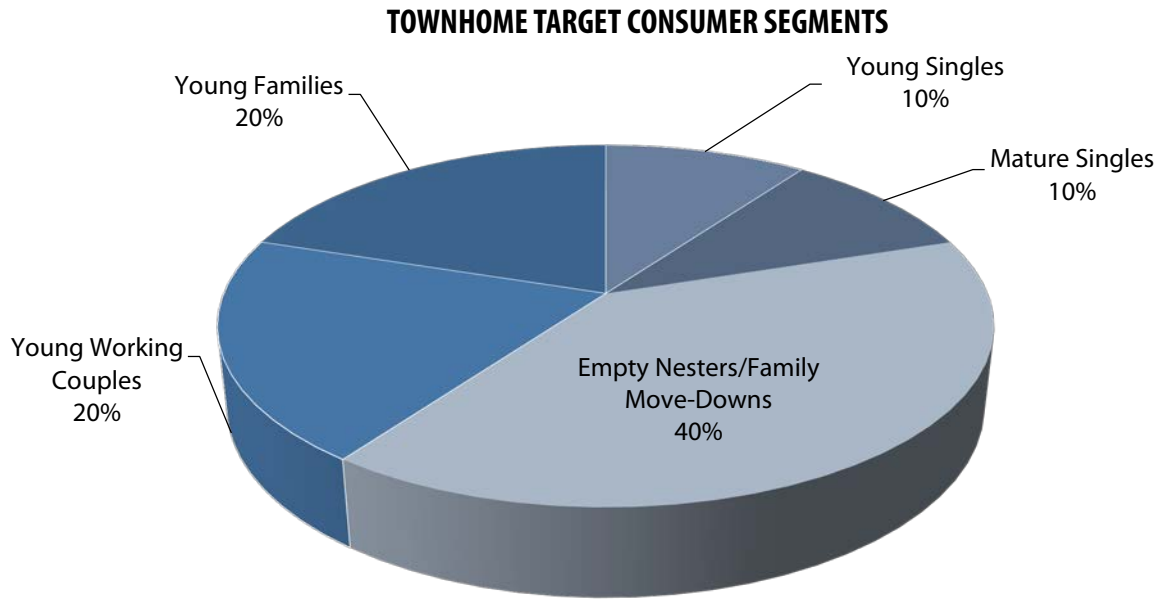


SUPPORTING DOCUMENTATION

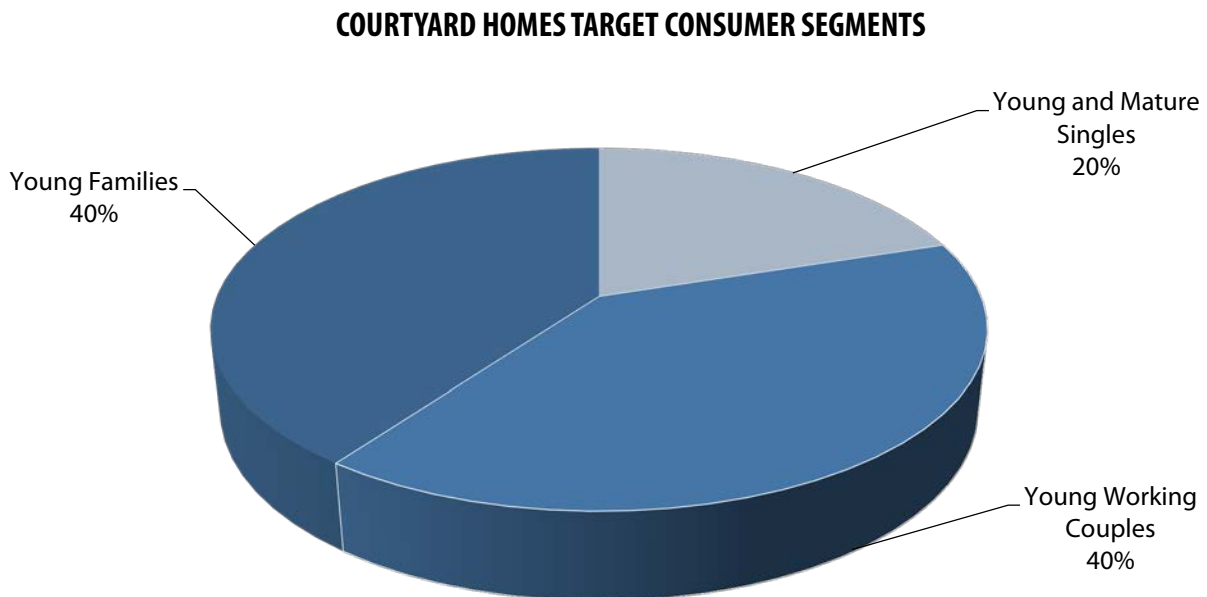
TARGET CONSUMER

The consumer segments expected to be interested in purchasing new townhomes at the subject property will consist of a similar buyer profile experienced thus far by the currently selling developments at *The Ridge at Cal Oaks*.

This profile is dominated by local empty nesters, family move downs, and singles/single parents. Many of these consumers are employed in local civil service. The pie chart below illustrates the expected mix of homebuyers for the subject's townhomes.



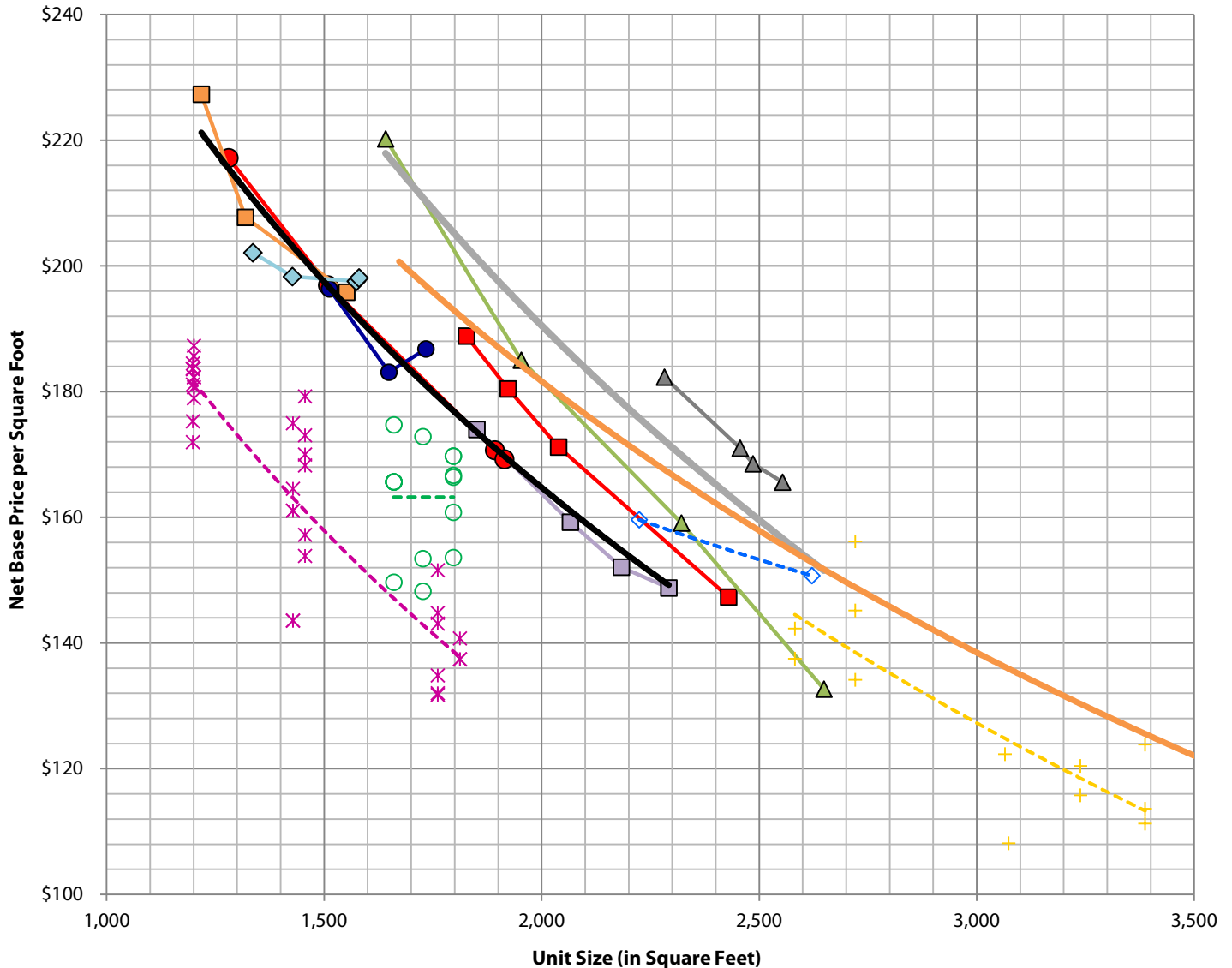
The consumer segments expected to be interested in purchasing new courtyard homes at the subject property will consist of primarily young families and young working couples. The pie chart below illustrates the expected mix of homebuyers for the subject's courtyard homes.



SUPPORTING DOCUMENTATION

PRICING RECOMMENDATIONS

RECOMMENDED PRICES BASED ON A 1.8-2.0% TAX RATE: NET BASE PRICE PER SQUARE FOOT GRAPH



- Fireman's Circle: Product #1 | Row Townhomes | 15 DU/acre | 4.0 Sales per Month
- Fireman's Circle: Product #2 | Courtyard Homes | 50'x50' Lots | 11 DU/acre | 4.0 Sales per Month
- The Ridge at Cal Oaks | DR Horton | Murrieta | Townhome | 4.2 Sales Per Month | Tax Rate:1.70%
- Aldea at Paseo Del Sol | TRI Pointe Homes | Temecula | Townhome | 3.6 Sales Per Month | Tax Rate:1.48%
- Alegre at Paseo Del Sol | TRI Pointe Homes | Temecula | Townhome | 5.4 Sales Per Month | Tax Rate:1.48%
- ◇ Arroyo Vista | Lennar | Murrieta | Townhome | 14.5 Sales Per Month | Tax Rate:1.36%
- ▲ Seneca | KB Home | Murrieta | Detached Condo | Avg. 3,500' (Typical 50'x70') Lots | 0.6 Sales Per Month | Tax Rate:1.67%
- ▲ Renaissance at Redhawk | Beazer | Temecula | SFD Small Lot | Avg. 2,500' (Typical 30'x85') Lots | 3 Sales Per Month | Tax Rate:1.25%
- Bel Flora Resale Median Price Trendline | Murrieta | SFD Small Lot | Average 2,875 SF Lots | Average Year Built 2005
- * North Oak Resale Median Price Trendline | Murrieta | Condos/Townhomes | Average Year Built 2008
- + Murrieta Oaks Resale Median Price Trendline | Murrieta | SFD | Average 8,200 SF Lots | Average Year Built 2004
- ◇ Wedgewood Way Resale Median Price Trendline | Murrieta | SFD | Average 7,405 SF Lots | Average Year Built 2004
- Log. (New Home Townhome Median Price Trendline | Murrieta and Temecula | Average 6.9 Sales Per Month*)
- Log. (New Home SFD Small Lot/Detached Condo Median Price Trendline | Murrieta and Temecula | 2,500-3,500 SF Lots | Average 1.8 Sales Per Month)
- Log. (Bel Flora Resale Median Price Trendline | Murrieta | SFD Small Lot | Average 2,875 SF Lots | Average Year Built 2005)
- Log. (North Oak Resale Median Price Trendline | Murrieta | Condos/Townhomes | Average Year Built 2008)
- Log. (Murrieta Oaks Resale Median Price Trendline | Murrieta | SFD | Average 8,200 SF Lots | Average Year Built 2004)
- Log. (Wedgewood Way Resale Median Price Trendline | Murrieta | SFD | Average 7,405 SF Lots | Average Year Built 2004)
- Log. (New Home SFD on Conventional Lots Median Price Trendline | Murrieta and Temecula | 5,500-8,000 SF Lots | Average 4.0 Sales Per Month**)

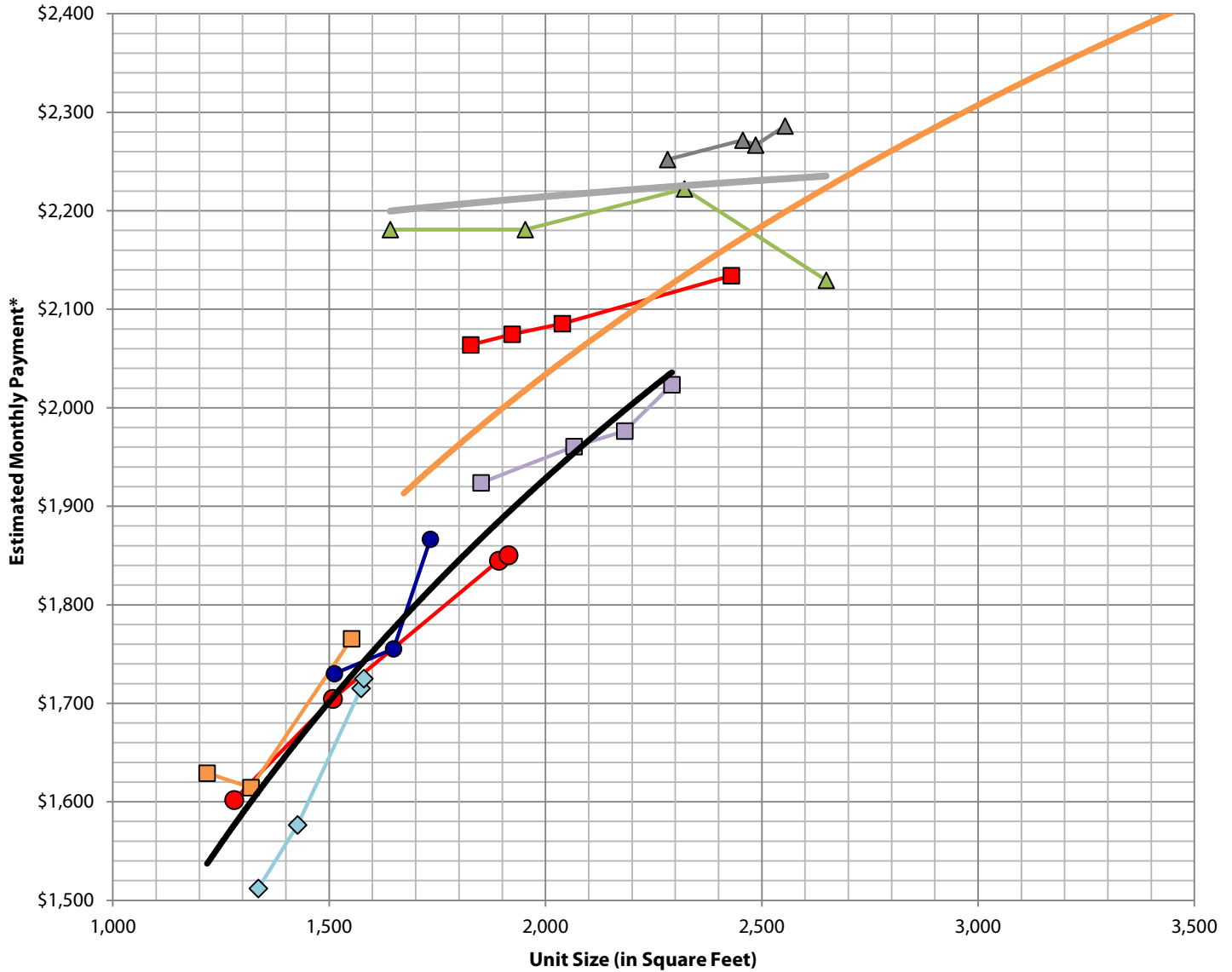
Note: New Home Comparable Developments were surveyed approximately 11/1/15

*New Home Median Price Trendline excludes Audie Murphy and Heritage Lakes developments (represented in separate trendlines). It also excludes outlier Mahogany Creek.

SUPPORTING DOCUMENTATION

PRICING RECOMMENDATIONS

RECOMMENDED PRICES BASED ON A 1.8-2.0% TAX RATE: ESTIMATED MONTHLY PAYMENT* GRAPH



- Fireman's Circle: Product #1 | Row Townhomes | 15 DU/acre | 4.0 Sales per Month
- Fireman's Circle: Product #2 | Courtyard Homes | 50'x50' Lots | 11 DU/acre | 4.0 Sales per Month
- The Ridge at Cal Oaks | DR Horton | Murrieta | Townhome | 4.2 Sales Per Month | Tax Rate:1.70%
- Aldea at Paseo Del Sol | TRI Pointe Homes | Temecula | Townhome | 3.6 Sales Per Month | Tax Rate:1.48%
- Alegre at Paseo Del Sol | TRI Pointe Homes | Temecula | Townhome | 5.4 Sales Per Month | Tax Rate:1.48%
- ◇ Arroyo Vista | Lennar | Murrieta | Townhome | 14.5 Sales Per Month | Tax Rate:1.36%
- ▲ Seneca | KB Home | Murrieta | Detached Condo | Avg. 3,500' (Typical 50'x70') Lots | 0.6 Sales Per Month | Tax Rate:1.67%
- ▲ Renaissance at Redhawk | Beazer | Temecula | SFD Small Lot | Avg. 2,500' (Typical 30'x85') Lots | 3 Sales Per Month | Tax Rate:1.25%
- Log. (New Home Townhome Median Price Trendline |Murrieta and Temecula | Average 6.9 Sales Per Month*)
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- Log. (New Home SFD on Conventional Lots Median Price Trendline | Murrieta and Temecula | 5,500-8,000 SF Lots | Average 4.0 Sales Per Month**)

Note: New Home Comparable Developments were surveyed approximately 11/1/15
 *Based on 30-Year loan at 4.0% with an 80% LTV and \$100/month fire insurance

COMPETITIVE MARKET AREA

COMPETITIVE NEW HOME DEVELOPMENTS PHOTO LEGEND



1 The Ridge at Cal Oaks | DR Horton | Murrieta | Townhome | \$327k-346k | 4.2 Sales Per Month | Tax Rate:1.70%



2 Aldea at Paseo Del Sol | TRI Pointe Homes | Temecula | Townhome | \$282k-\$309k | 3.6 Sales Per Month | Tax Rate:1.48%



3 Alegre at Paseo Del Sol | TRI Pointe Homes | Temecula | Townhome | \$302k-\$329k | 5.4 Sales Per Month | Tax Rate:1.48%



4 Arroyo Vista | Lennar | Murrieta | Townhome | \$275k-\$318k | 14.5 Sales Per Month | Tax Rate:1.36%



5 Seneca | KB Home | Murrieta | Detached Condo | Avg. 3,500' (Typical 50'x70') Lots | \$355k-\$373k | 0.6 Sales Per Month | Tax Rate:1.67%



6 Renaissance at Redhawk | Beazer | Temecula | SFD Small Lot | Avg. 2,500' (Typical 30'x85') Lots | \$426k-\$433k | 3.0 Sales Per Month | Tax Rate:1.25%

COMPETITIVE MARKET AREA

COMPETITIVE NEW HOME DEVELOPMENTS PHOTO LEGEND



7 Alicante at Rancho Bella Vista | Lennar | Murrieta | SFD | Avg. 5,500'
(Typical 55'x100') Lots | \$362k-\$403k | 4.2 Sales Per Month | Tax Rate:1.60%



8 Cambria at Rancho Bella Vista | Lennar | Murrieta | SFD | Avg. 7,500'
(Typical 75'x100') Lots | \$406k-\$486k | 3.7 Sales Per Month | Tax Rate:1.60%



9 Paloma at Rancho Bella Vista | Lennar | Murrieta | SFD | Avg. 6,000'
(Typical 60'x100') Lots | \$384k-\$473k | 4.3 Sales Per Month | Tax Rate:1.60%



10 Addison Pointe | DR Horton | Murrieta | SFD | Avg. 7,000' (Typical
60'x117') Lots | \$359k-\$393k | 4.6 Sales Per Month | Tax Rate:1.90%

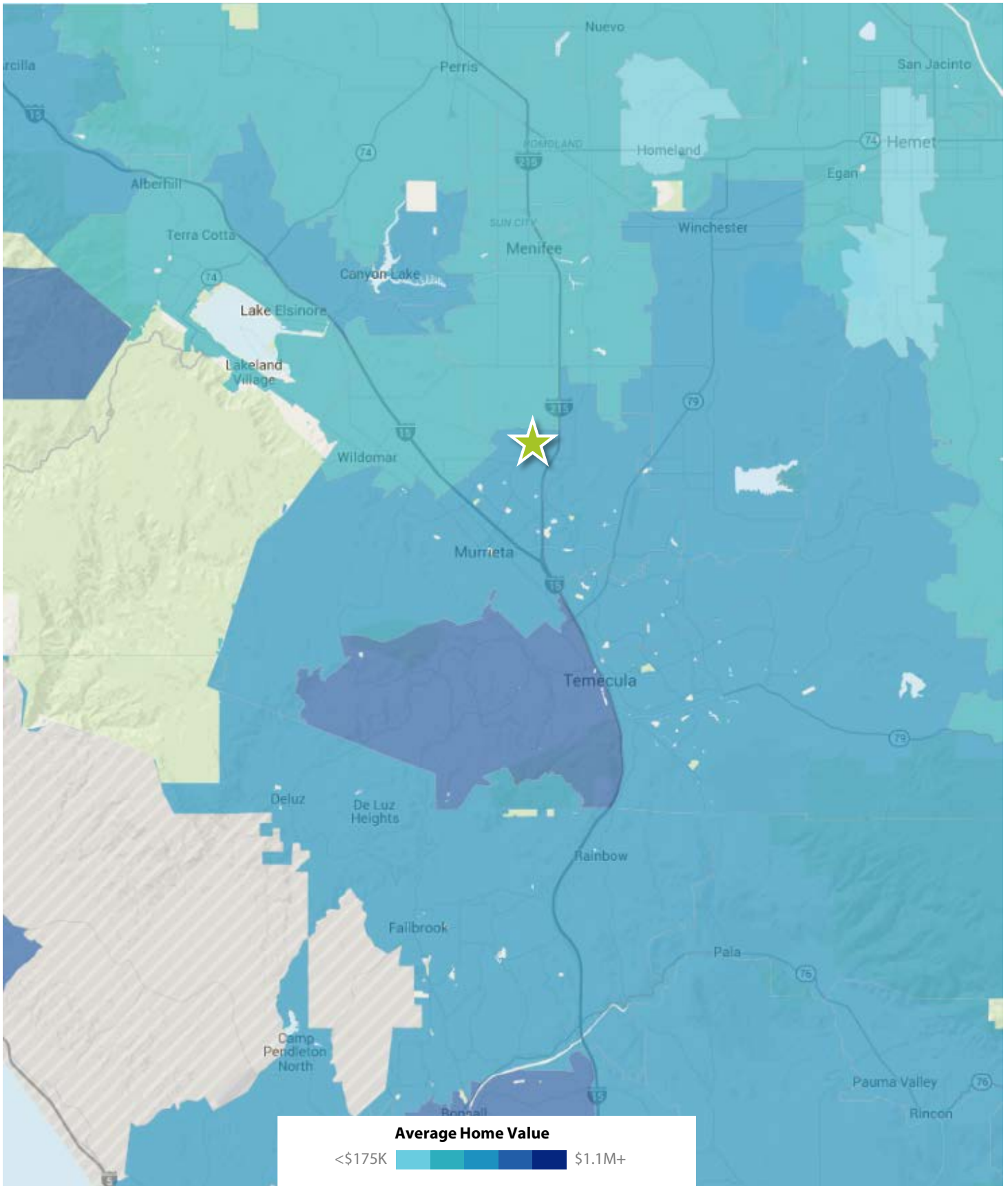


11 Hawthorne | KB Home | Murrieta | SFD | Avg. 8,000' (Typical 80'x100')
Lots | \$332k-\$370k | 3.1 Sales Per Month | Tax Rate:1.90%

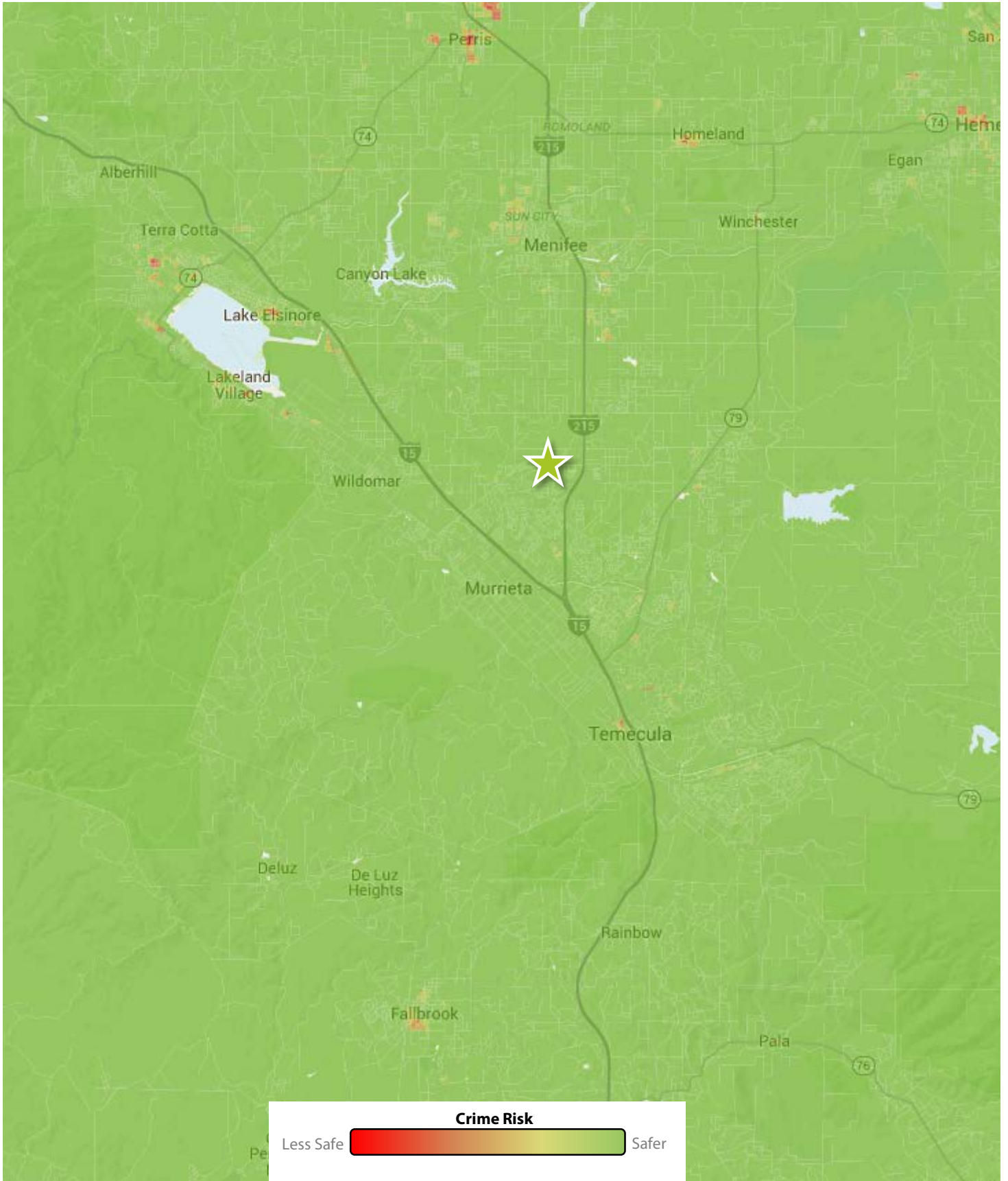
SUPPORTING DOCUMENTATION

AFFORDABILITY

AVERAGE HOME VALUE MAP



CRIME RISK OVERVIEW



HOUSING PROFILE MURRIETA ECONOMIC STUDY AREA AND WEST RIVERSIDE COUNTY - 2015

Description	Murrieta ESA	West Riverside County
Year Round Units in Structure	93,015	586,592
Single Units Detached	79.0%	73.2%
Single Units Attached	2.6%	3.3%
Double Units	0.2%	0.9%
3 to 19 Units	9.5%	9.6%
20 to 49 Units	2.6%	2.0%
50+ Units	2.5%	2.8%
Mobile Home or Trailer	3.4%	8.2%
All Other	0.2%	0.2%
Occupied Units	86,139	539,469
Owner Occupied	72.2%	68.0%
Renter Occupied	27.8%	32.0%
Owner Occupied Property Values	62,174	366,948
Under \$80,000	2.0%	7.6%
\$80,000 to \$99,999	0.3%	1.8%
\$100,000 to \$149,999	2.3%	8.2%
\$150,000 to \$199,999	4.6%	11.2%
\$200,000 to \$299,999	28.4%	26.2%
\$300,000 to \$399,999	28.9%	19.6%
\$400,000 to \$499,999	17.8%	12.9%
\$500,000 to \$749,999	9.6%	8.6%
\$750,000 to \$999,999	3.3%	2.6%
\$1,000,000+	2.8%	1.5%
Median Property Value	\$343,187	\$281,712
Housing Units by Year Built	93,015	586,592
Built 2005 to Present	6.8%	4.8%
Built 2000 to 2004	45.0%	28.5%
Built 1990 to 1999	24.3%	15.6%
Built 1980 to 1989	17.1%	20.4%
Built 1979 or earlier	6.8%	30.7%

Source: Nielsen/Claritas, Market InSite REA

RESIDENTIAL BUILDING PERMITS CITIES OF MURRIETA AND TEMECULA AND RIVERSIDE COUNTY 2001 THROUGH SEPTEMBER 2015

Year	Murrieta			Temecula			2-City Totals			Riverside County		
	SF*	MF*	Total	SF*	MF*	Total	SF*	MF*	Total	SF*	MF*	Total
2015 1st Half	138	250	388	112	36	148	250	286	536	N.A.	N.A.	N.A.
2014	16	264	280	234	428	662	250	692	942	5,074	1,687	6,761
2013	13	0	13	316	348	664	329	348	677	4,432	1,488	5,920
2012	35	0	35	330	25	355	365	25	390	3,107	945	4,052
2011	67	40	107	288	0	288	355	40	395	2,275	989	3,264
2010	40	24	64	348	0	348	388	24	412	4,012	526	4,538
2009	42	24	66	323	32	355	365	56	421	3,406	666	4,072
2008	15	9	24	301	274	575	316	283	599	3,820	1,943	5,763
2007	93	90	183	668	237	905	761	327	1,088	9,717	2,617	12,334
2006	377	0	377	589	18	607	966	18	984	20,958	3,885	24,843
2005	2,147	698	2,845	994	360	1,354	3,141	1,058	4,199	30,638	3,893	34,531
2004	2,509	572	3,081	888	408	1,296	3,397	980	4,377	29,182	4,264	33,446
2003	1,530	883	2,413	1,276	256	1,532	2,806	1,139	3,945	25,424	4,929	30,353
2002	1,648	110	1,758	651	0	651	2,299	110	2,409	20,912	1,343	22,255
2001	1,069	596	1,665	952	0	952	2,021	596	2,617	16,516	2,136	18,652

* SF = Single Family; MF = Multi-family

DEMOGRAPHIC PROFILE MENIFEE ECONOMIC STUDY AREA AND WEST RIVERSIDE COUNTY

Description	Murrieta ESA	West Riverside County
Population		
2020 Estimate*	315,142	1,931,690
2015 Estimate	286,809	1,828,940
2010 Census	258,217	1,722,077
2000 Census	128,357	1,180,502
Growth 2015-2020	9.9%	5.6%
Growth 2010-2015	11.1%	6.2%
Growth 2000-2010	101.2%	45.9%
Households		
2020 Estimate*	94,472	567,098
2015 Estimate	86,139	539,469
2010 Census	80,735	516,719
2000 Census	41,237	376,056
Growth 2015-2020	9.7%	5.1%
Growth 2010-2015	6.7%	4.4%
Growth 2000-2010	95.8%	37.4%
Average Person Per HH	3.31	3.35
Estimated Households by Income -- 2015	86,139	539,469
Under \$15k	6.3%	10.8%
\$15k to \$24k	7.3%	10.7%
\$25k to \$34k	8.4%	10.0%
\$35k to \$49k	12.6%	13.9%
\$50k to \$74k	18.1%	18.5%
\$75k to \$99k	16.0%	13.8%
\$100k to \$124k	11.7%	8.5%
\$125k to \$149k	7.5%	5.3%
\$150k to \$199k	7.7%	5.5%
\$200k to \$249k	2.0%	1.4%
\$250k to \$499k	2.2%	1.5%
\$500k and over	0.3%	0.2%
Est. Average Household Income	\$85,122	\$71,273
Est. Median Household Income	\$71,389	\$56,337

* Market InSite projections

EMPLOYMENT GROWTH INLAND EMPIRE -- 2000 - 2016

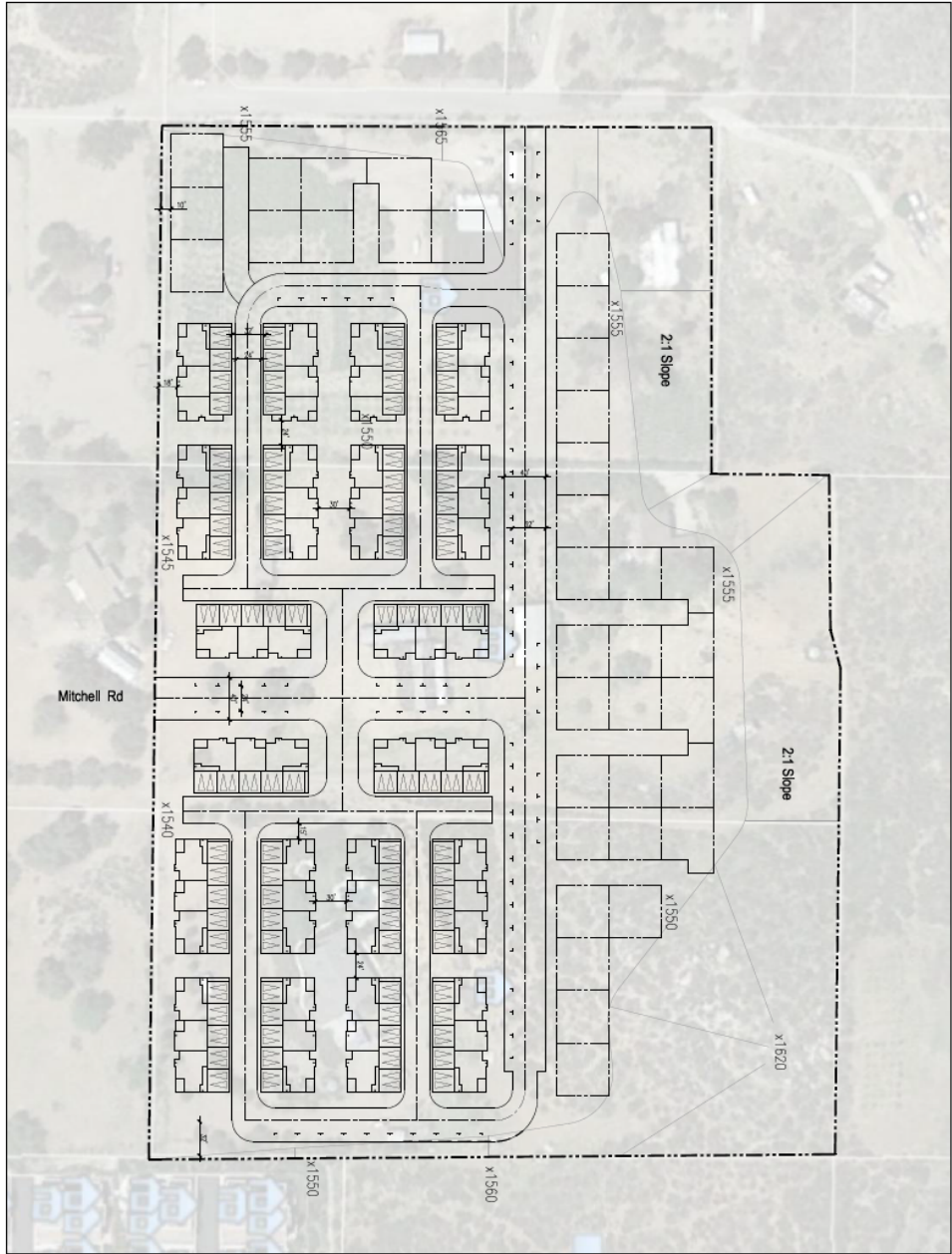
Year	Total Employment	Annual Change	
		Number	Percent
2016	1,401,500	52,000	3.9%
2015	1,349,500	50,000	3.8%
Projections			
2014	1,299,500	53,100	4.3%
2013	1,246,400	51,100	4.3%
2012	1,195,300	32,400	2.8%
2011	1,162,900	3,200	0.3%
2010	1,159,700	(18,400)	-1.6%
2009	1,178,100	(80,900)	-6.4%
2008	1,259,000	(43,700)	-3.4%
2007	1,302,700	3,100	0.2%
2006	1,299,600	45,100	3.6%
2005	1,254,500	62,500	5.2%
2004	1,192,000	61,700	5.5%
2003	1,130,300	37,000	3.4%
2002	1,093,300	35,100	3.3%
2001	1,058,200	41,400	4.1%
2000	1,016,800	48,100	5.0%

EMPLOYMENT BY INDUSTRY INLAND EMPIRE -- AUGUST 2015

Industry Category	Number of Jobs	Percent Dist.	Change Last 12 Months
Agriculture & Mining	13,700	1.0%	-100
Construction	84,400	6.3%	3,700
Manufacturing	94,800	7.1%	4,400
Trade, Trans, & Pub. Util.	324,400	24.2%	7,100
Information	11,100	0.8%	100
Financial Activities	44,300	3.3%	1,500
Prof. & Business Services	149,700	11.2%	8,300
Ed. & Health Services	196,600	14.7%	600
Leisure & Hospitality	148,100	11.1%	6,000
Other Services	43,400	3.2%	-200
Government	229,700	17.1%	4,900
Total	1,340,200	100.0%	36,300

Source: Calif. Emp. Development Department, Market InSite

SITE PLAN



FIREMAN'S CIRCLE

The True Life Companies
23 Corporate Plaza, Suite 150
Newport Beach, CA 92660
949.629.2523

CONCEPTUAL YIELD STUDY - ALT 2

MIRRIETA, CA
EPR # 2014006

04/2015

Project Summary

Total Site Area:	13.7 Acres
Net Area:	10.4
Slope Area:	3.3 Acres
Total Residential Units:	132 DU
Density (Net):	12.7 DU/AC

2-Story Townhome:

Plan	Type	SF	Quantity
Plan 1	2 Bd, 2 Ba	1,280	36 DU
Plan 2	2 Bd, 2.5 Ba	1,508	20 DU
Plan 3	3 Bd, 3 Ba	1,892	36 DU
Plan 4	3 Bd, 3 Ba	1,914	4 DU
Total:			96 DU
Area:		70.0 AC	
Density:		13.7 DU/AC	

50' x 50' Cluster:
Area: 36 DU
Density: 3.4 AC
10.6 DU/AC

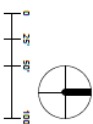
Residential Parking Required

SFD	36 DU x 2.0	72
Townhomes	2 Bedroom Units: 56 x 2.0	112
	3 Bedroom Units: 40 x 2.5	100
	Guest: 96 x 0.25	24
Total Spaces Required		308

Residential Parking Provided

Private Garages	254
Open Parking	67
Total Onsite Parking Provided	331 (2.5um)

Assumptions:
1. Overall footprint of 70' x 10' and overall slope dimension of 100'
2. Setbacks, notes, parking dimensions, site notes and other requirements to be confirmed by civil engineer



KTGY Group, Inc.
Architecture+Planning
17911 Von Karman Ave, Suite 200
Irvine, CA 92614
949.851.2133
ktgy.com

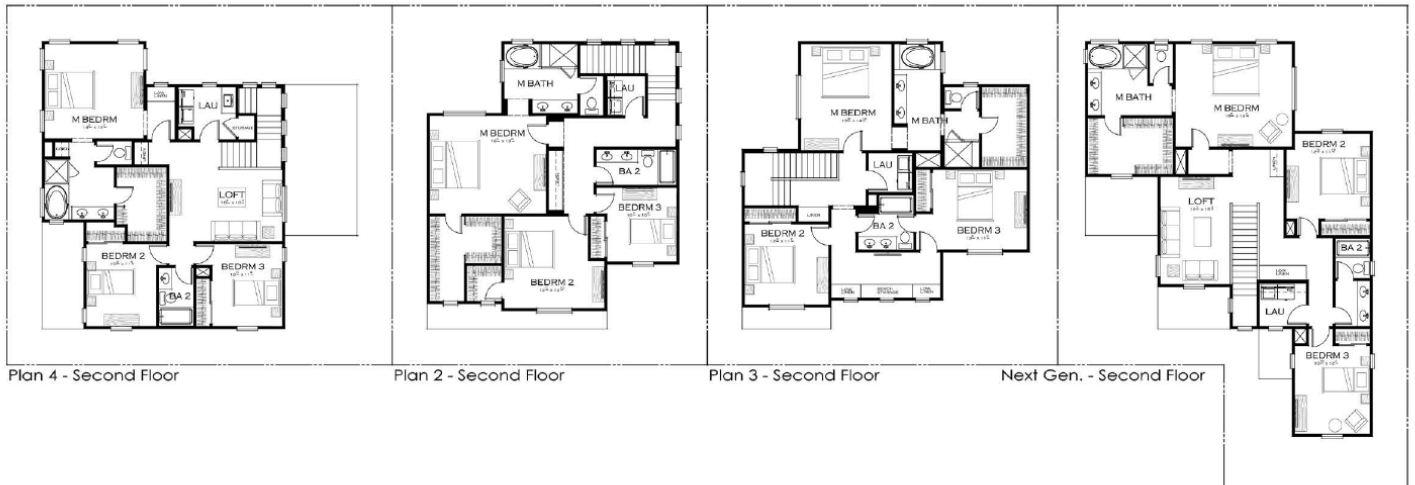


FLOORPLANS



FIREMANS CIRCLE

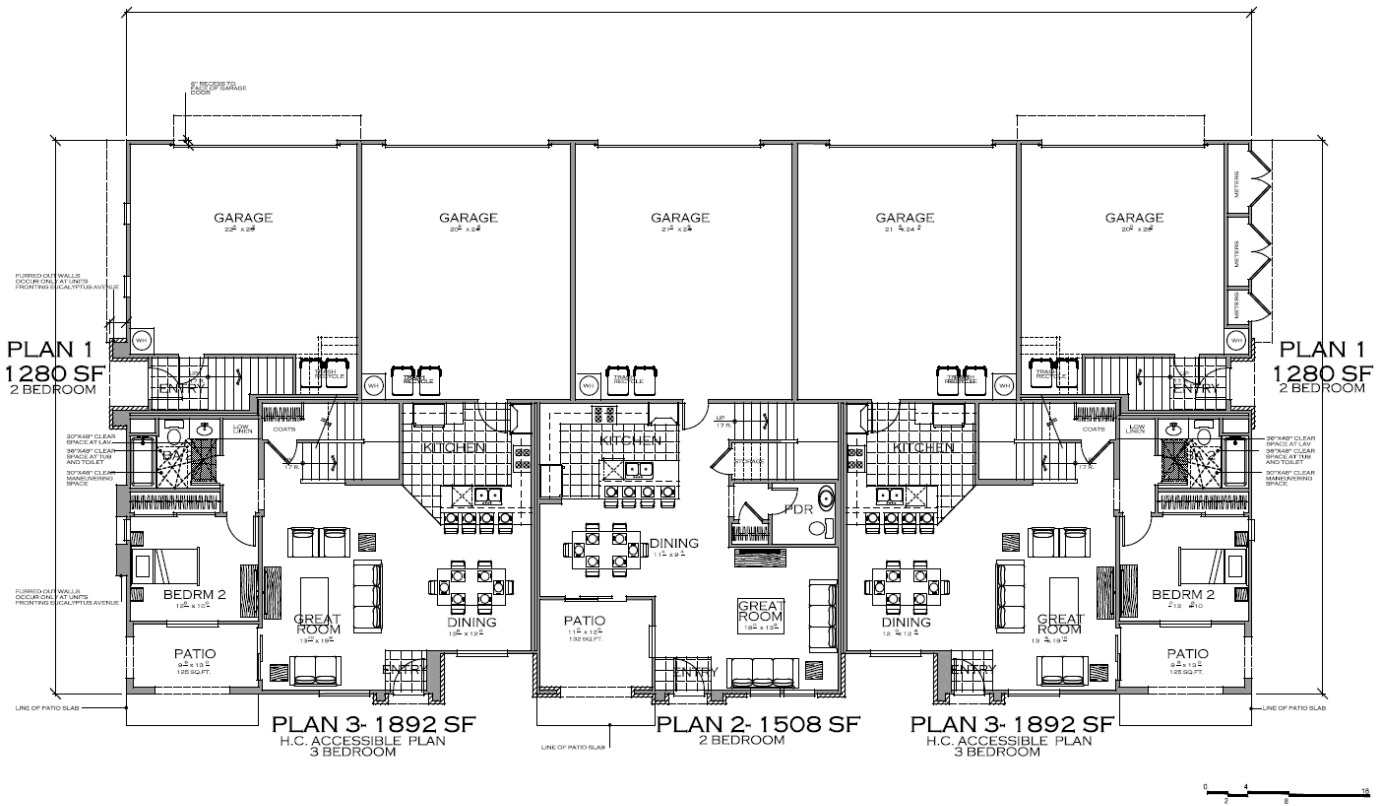
50 X 50 PRODUCT



FIREMANS CIRCLE

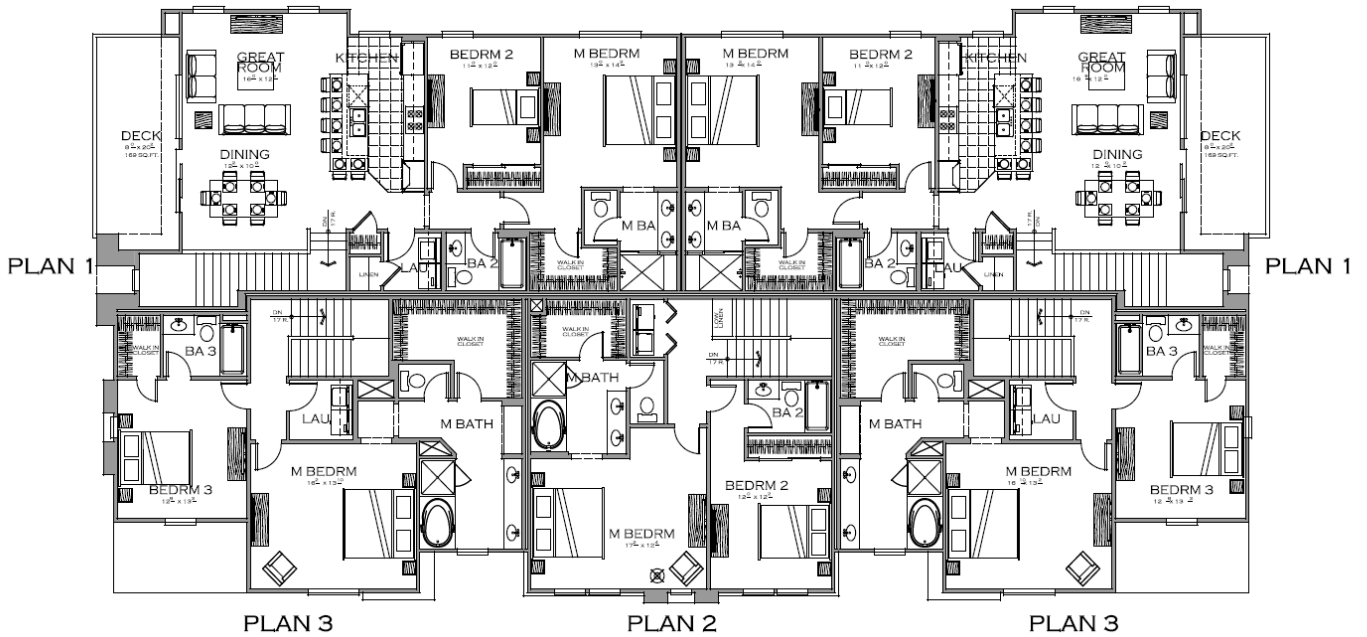
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FLOORPLANS



FIREMANS CIRCLE

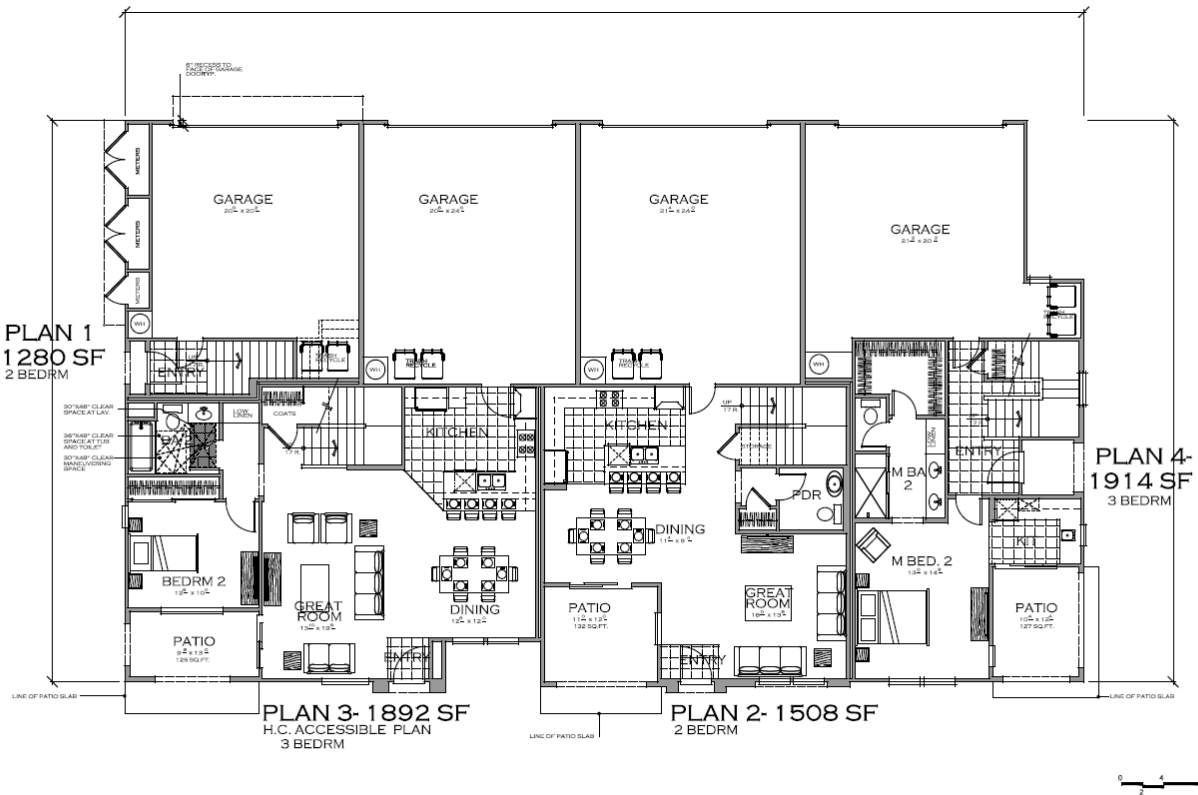
2 STORY TOWNHOMES - 5 PLEX



FIREMANS CIRCLE

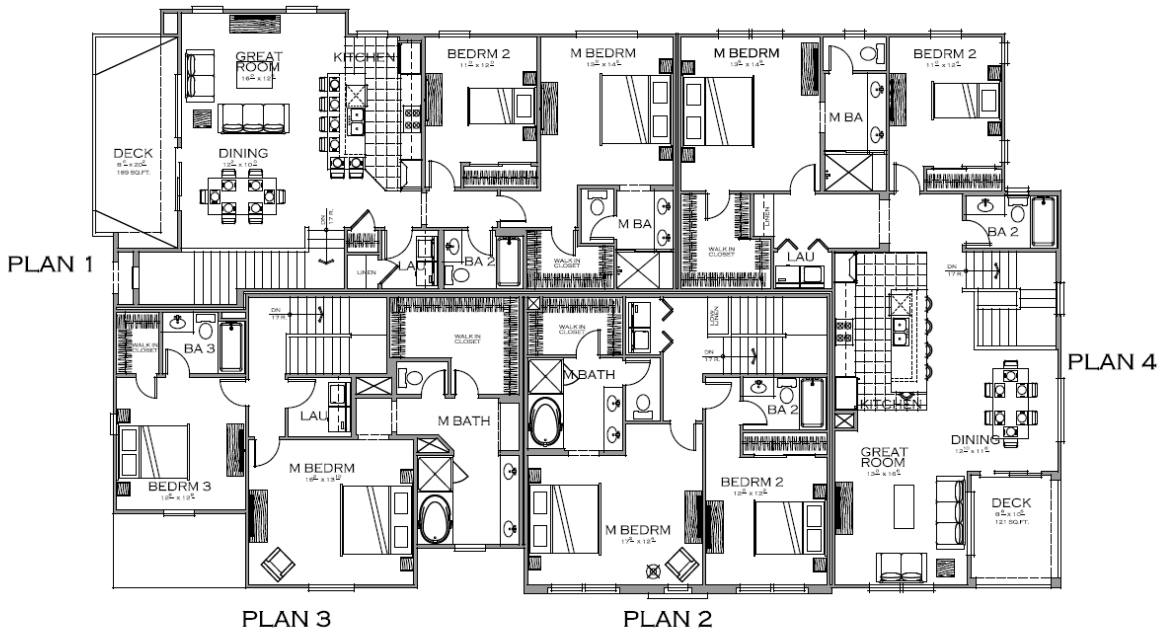
2 STORY TOWNHOMES - 5 PLEX

FLOORPLANS



FIREMANS CIRCLE

2 STORY TOWNHOMES - 4 PLEX



FIREMANS CIRCLE

2 STORY TOWNHOMES - 4 PLEX

ELEVATIONS



FIREMANS CIRCLE

50 X 50 PRODUCT



FIREMANS CIRCLE

2 STORY TOWNHOMES - 5 PLEX

ELEVATIONS



4-Plex -Spanish Colonial Revival Right Elevation



4-Plex Spanish Colonial Revival - Front Elevation



FIREMANS CIRCLE

2 STORY TOWNHOMES - 4 PLEX

PRODUCTS

Get the Information Necessary to Shape Thriving Residential Subdivisions

Market InSite offers various products to our clients including Market Studies, Residential Land Entitlement & Sales Metrics, Finished Lot Values, Residential Land Transaction trends, and Housing Price Index. Additional information about each of our products is provided below.



MARKET STUDIES

Many factors help determine the success or failure of new home communities. Our market studies aim to put your land development or home building project in the proper context for informed decision making relative to timing, pricing, current and future competition, marketability, and product selection. Engagements are accepted on a project by project or portfolio basis.

For additional information, visit our [website](#).



RESIDENTIAL LAND ENTITLEMENT & SALES METRICS REPORTS

The amount of data necessary to make sound residential land decisions can be overwhelming. Market InSite has invested the time and manpower to gather relevant information, sort through it, analyze it, confirm its accuracy, and deliver it to you. This report is designed to be a tool investors, land developers, and builders can rely on and refer to when making difficult real estate decision.

To see what reports we currently have available and pricing, visit our [website](#).



COMPLEMENTARY PRODUCTS

Looking for information about the residential land market, finished lot values, or housing trends? We have various products available on our website at no charge.

Visit our [website](#) to download our Complementary Products.

For additional information about any of our products, please contact Katie Spitznagel at kspitznagel@marketinsiteadvisors.com or (949) 656-8022.

SUPPORTING DOCUMENTATION

EXECUTIVE PROFILE

ROBERT S. MCFARLAND, M.I.R.M., has provided consulting services for the Southern California regional offices of five of the top ten Homebuilding Companies in the Country. He has advised lenders, builders, and land developers resulting in the successful development of new subdivisions featuring single family detached housing, condominiums/townhomes, multi-family rental projects, master planned communities, and mixed-use developments.

Spanning a career of over 30 years, he has completed over 750 reports evaluating the market feasibility and supply and demand components necessary to shape the thriving development of residential subdivisions. In Southern California alone, he completed feasibility reports for successful large scale communities such as: Rosedale in Azusa, The Preserve in Chino, Eastlake Summit in Chula Vista, The Lakes above Rancho Santa Fe in Rancho Santa Fe, Blackstone in Brea, Rancho Bella Vista in Murrieta, The Colony in Anaheim, and Playa Vista in Los Angeles.

Prior to joining Market InSite Real Estate Advisors, Mr. McFarland was a Partner with Market Watch Real Estate Advisors, a Principal with The Concord Group, and Senior Vice President of Market Profiles Inc. He also held marketing management positions with several key homebuilders based in Southern California during the 1970's and 1980's.

Mr. McFarland completed his formal education at the University of Southern California and University of California, Santa Barbara. He has been a speaker at the National Association of Home Builders Conferences, Pacific Coast Builders Conferences, UCI, and USC.

GEOGRAPHIC COVERAGE & PARTIAL CLIENT LIST



- Alexander Communities
- American Beauty Dev.
- Ashbrook Communities
- Avanti Properties Group
- Beazer Homes
- Brehm Homes
- Brookfield Residential
- California West Communities
- Capital Pacific Homes

- Centex Homes
- Chevron Land & Dev.
- Christopher Homes
- Colrich Communities
- Concordia Homes
- Cornerstone Communities
- Deutsche Bank Trust Co. Americas
- Empire Homes
- Fieldstone Communities
- GMS Realty, LLC
- Hillcrest Homes
- K. Hovnanian Companies of California
- HQT Homes
- The Irvine Company
- Key Bank (Key Private Equity)
- Lakeside Realty Advisors
- Lennar
- Lennar Partners
- Lewis Operating Corp.
- Lowe Enterprises Real Estate Group
- McMillin Homes
- Meridian Capital
- Mitzman Land Co.
- Monarch Construction
- Morgan Stanley Real Estate Fund
- Newhall Land & Farming
- The Olson Company
- RC Hobbs Company
- Resmark Equity Partners
- Richmond American Homes
- Sares Regis Homes
- Shea Homes
- Standard Pacific
- Strata Equity
- Taylor Woodrow Homes
- TriPacific Capital Advisors
- True Life Communities
- Trumark Homes
- Union Bank
- Warmington Residential
- Wells Fargo Bank
- William Lyon Homes

LIMITING CONDITIONS

With regard to the consulting services, reports, projections and recommendations provided by Market InSite Real Estate Advisors ("Market InSite") whether delivered orally or in writing, the parties acknowledge that the matters on which Market InSite is consulted are not the subject of a predictive science and are instead subject to unforeseen market variables and conditions. Client therefore understands and acknowledges that Market InSite's projections and recommendations are solely the result of Market InSite's considered opinion based on Market InSite's assumptions and judgments predicated on past experience in light of the relevant data studied with respect to the market conditions and the proposed project.

All information, data, projections and recommendations received by Client, whether presented orally or in writing, shall be solely for use by Client and is/are not to be used or relied upon by any third party(ies) without the prior written approval of Market InSite having been first had and obtained.



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