

LAND APPRAISAL REPORT

Case No.

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

CLIENT AND PROPERTY IDENTIFICATION

Property Address 129 National City Blvd. City National City State CA Zip Code 91950-1106
 Borrower Edward Paula Owner of Public Record William R. Perks County San Diego
 Legal Description Northern Portion of Lots 1 and 2, Walshs Subdivision, Map 1279, City of National City, County of San Diego, State of California
 Assessor's Parcel Number 556-011-25-00 Tax Year 2015 R.E. Taxes 1,455
 Neighborhood Name National City Downtown Map Reference 1289-H7 Census Tract 0118.01
 Special Assessments PUD Yes No HOA \$ 0 Per Year Per Month
 Property Rights Appraised Fee Simple Leasehold Other (Describe) _____
 Assignment Type Purchase Transaction Refinance Transaction Other (describe) _____
 Lender/Client Paula Financials Services, Inc. Address 4455 Murphy Canyon Rd., Suite 100, San Diego, CA 92123

CONTRACT ANALYSIS

I did did not analyze the contract sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.
 The contract is a typical CAR contract with no concessions noted

Contract Price: \$ 179,000 Date of Contract 3/3/16 Is the property seller the owner of public record? Yes No Data Source(s): contract
 Is there any financial assistance (loan charges, sale concessions, gift or down payment assistance, etc.) to be paid by any party on behalf of the borrower?
 Yes No If Yes, report the total dollar amount and describe items paid. \$ _____

NEIGHBORHOOD DESCRIPTION

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

Neighborhood Characteristics				One-Unit Trends				One-Unit Housing			Present Land Use %	
Location	<input type="checkbox"/> Urban	<input checked="" type="checkbox"/> Suburban	<input type="checkbox"/> Rural	Property Values	<input type="checkbox"/> Increasing	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Declining	Price	Age	One Unit	<u>70</u> %	
Built-Up	<input checked="" type="checkbox"/> Over 75%	<input type="checkbox"/> 25-75%	<input type="checkbox"/> Under 25%	Demand/Supply	<input type="checkbox"/> Shortage	<input checked="" type="checkbox"/> In Balance	<input type="checkbox"/> Over Supply	\$ (000)	(yrs)	2-4 Unit	<u>10</u> %	
Growth	<input type="checkbox"/> Rapid	<input checked="" type="checkbox"/> Stable	<input type="checkbox"/> Slow	Marketing Time	<input type="checkbox"/> Under 3 mnths	<input type="checkbox"/> 3-6 mnths	<input checked="" type="checkbox"/> Over 6 mnths	<u>125</u> Low	<u>1</u>	Multi-family	<u>10</u> %	
Neighborhood Boundaries							<u>550</u> High	<u>111</u>	Commercial	<u>10</u> %		
								<u>350</u> Pred.	<u>60</u>			

	Good	Average	Fair	Poor		Good	Average	Fair	Poor
Convenience to Employment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Property Compatibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Shopping	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	General appearance of properties	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Primary Education	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Adequacy of Police/Fire Protection	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Convenience to Recreational Facilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Protection from Detrimental Conditions	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Employment Stability	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	Overall appeal to market	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Neighborhood Description: The subject is located in the downtown area of National City. The neighborhood is considered the National City limits. The subject has average access to schools, shopping, houses of worship and employment.

Market Conditions (including support for the above conclusions): The single family market has been stable over the past year with little change in the median selling price.

SITE DESCRIPTION

Dimensions: See Site Map for Area Calculation Area: 0.15 ac Acres Sq. Ft. Shape Rectangular View None
 Specific Zoning Classification Downtown Specific Plan Zone 2 Zoning Description See comment addenda
 Zoning Compliance Legal Legal Nonconforming (Grandfathered Use) No Zoning Illegal (Describe) _____
 Uses permitted under current zoning regulations See comment addenda
 Highest and Best Use: develop with mixed use project.
 Describe any improvements none
 Do present improvements conform to zoning? Yes No No Improvements (If "No", Explain) _____
 Present Use of Subject Site vacant Current or Proposed Ground Rent Yes No If yes, \$ _____
 Topography: Level Size: Typical Shape Rectangular Drainage Appears Adequate
 Corner Lot Yes No Underground Utilities: Yes No Fenced? Yes No If yes, type block
 Special Flood Hazard Area Yes No FEMA Flood Zone X FEMA Map # 06073C1911G FEMA Map Date 05/16/2012

Utilities	Public	Other	Provider or description	Off-Site Improvements	Type/Description	Public	Other
Electricity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Existing</u>	Street Surface	<u>2 lane asphalt</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Gas	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Available</u>	Street Type/Influence	<u>main corridor</u>	<input type="checkbox"/>	<input type="checkbox"/>
Water	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Available</u>	Curb/Gutter	<u>concrete</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Sewer	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<u>Available</u>	Sidewalks	<u>concrete</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
				Street/Lights (Type)	<u>yes</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
				Alley	<u>None</u>	<input type="checkbox"/>	<input type="checkbox"/>

Are the utilities and off-site improvements typical for the market? Yes No If No, describe: _____
 Are there any adverse site conditions or external factors (easements, encroachments, environmental conditions, land uses, etc.)? Yes No If Yes, describe _____

Site Comments: The site is a small interior lot on National City Blvd.

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There are 8 comparable sites currently offered for sale in the subject neighborhood ranging in price from \$ 100,000 to \$ 1,900,000
 There are 2 comparable sites sold in the past 12 months in the subject neighborhood ranging in price from \$ 350,000 to \$ 1,350,000

COMPARABLE SALES

FEATURE	SUBJECT	COMPARABLE #1		COMPARABLE #2		COMPARABLE #3	
Address	129 National City Blvd.	2542 Ridgeway Dr.		2604 Ridgeway Dr.		2303 E. 8th St.	
City and Zip Code	National City, CA 91950-1106	National City, CA 91950		National City, CA 91950		National City, CA 91950	
Proximity to Subject		2.24 miles SE		2.25 miles SE		1.48 miles E	
Data Sources	contract	MLS 150061741, Pub Rec.		MLS 150029511, Pub Rec.		Loopnet, Pub Rec.	
Verification Sources		Doc.#092665		Doc.#486332		Doc.#412816	
Sale Price	\$ 179,000		\$ 350,000		\$ 1,350,000		\$ 1,530,000
Price/ ac	\$ 1,193,333.33	\$ 193,370		\$ 605,381		\$ 864,407	
Date of Sale (MO/DA/YR)	3/3/16	3/2/16		9/15/15		9/24/14	
Days on Market	576	67		63		N/A	
Financing Type		cash		cash		cash	
Concessions							
Location	Average	Average		Average		Average	
Property Rights Appraised	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Site Size ac	0.15 ac	1.81 ac	-160,000	2.23 ac	-625,000	1.77 ac	-700,000
View	None	None		None		None	
Topography	Level	Rolling		Rolling		Level	
Available Utilities	All	All		All		All	
Street Frontage	62	N/A		N/A		N/A	
Street Type	asphalt	asphalt		asphalt		asphalt	
Water Influence	None	None		None		None	
Fencing	Block	None		None		None	
Improvements	None	Teardown -10,000		Teardown -10,000		Teardown -10,000	
Net Adjustments (Total, in \$)		<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -170,000	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -635,000	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -710,000
Adjusted sales price of the comparable sales (in \$)		Net=-49%	\$ 180,000	Net=-47%	\$ 715,000	Net=-46%	\$ 820,000
		Gross=49%		Gross=47%		Gross=46%	

The Appraiser has researched the transfer history of the subject property for the past 3 years and the listing history of the subject for the past 12 months prior to the effective date of this appraisal. The appraiser has also researched the transfer and listing history of the comparable sales for the past 12 months.

The appraiser's research Did Did Not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of the appraisal

Data Sources: SDMLS

The appraiser's research Did Did Not reveal any prior sales or transfers of the comparable sales for the year prior to the date of sale of the comparable sale.

Data Sources: SDMLS

The appraiser's research Did Did Not reveal any prior listings of the subject property or comparable sales for the year prior to the effective date of the appraisal.

Data Sources: SDMLS

Listing/Transfer History (if more than two, use comments section or an addendum)	Transfer/Sale (ONLY) of Subject in past 36 months:	Listing and Transfer history of Comp 1 in past 12 months	Listing and Transfer history of Comp 2 in past 12 months	Listing and Transfer history of Comp 3 in past 12 months
	\$	\$	\$ N/A	\$
	\$	\$	12/15/14	\$

Subject Property is Currently Listed for Sale? Yes No Data Source: Loopnet

Current Listing History	List Date	List Price	Days on Market	Data Source
	9/14/15	\$ 179,000	171	Loopnet#19425284

Subject Property has been listed within the last 12 Months? Yes No Data Source:

12 Month Listing History	List Date	List Price	Days on Market	Data Source
	5/5/15	\$ 179,999	65	SDMLS#150024095
	4/21/15	\$ 199,999	18	SDMLS#150021228

Comments on Prior Sales/Transfers and Current and Prior Listings: The subject property has been off and on the SDMLS since 8/5/2014.

Summary of the Sales Comparison Approach:

Reconciliation Comments: I reconciled to a value near the middle of the range giving most weight to sale 4 which had the least adjustments.

This appraisal is made "as-is" Subject to the following conditions or inspections: None

Based on a complete visual inspection of the subject site and those improvements upon said site, defined scope of work, statement of assumptions and limiting conditions and appraiser's certification, my (our) opinion of market value, as defined, of the real property that is the subject of this report is:

Opinion of Market Value: \$250,000 as of: 4/8/2016, which is the date of inspection and the effective date of this appraisal.

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PROJECT INFORMATION FOR PUDs (if applicable)

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

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

Legal name of project: _____

Total number of phases: _____ Total number of units: _____ Total number of units sold: _____

Total number of units rented: _____ Total number of units for sale: _____ Data source(s): _____

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

Does the project contain any multi-dwelling units? Yes No Data Sources: _____

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

Describe common elements and recreational facilities: _____

CERTIFICATIONS AND LIMITING CONDITIONS

This report form is designed to report an appraisal of a parcel of land which may have some minor improvements but is not considered to be an "improved site". All improvements are considered to be of relatively minor value impact on the overall value of the site. This report is not designed to report on an "improved site" where significant value is derived from the improvements. This appraisal report form may be used for single family, multi-family sites and may be included within a PUD development. This appraisal report is subject to the following scope of work, intended use, intended user, definition of market value, statement of assumptions and limiting conditions and certifications. Modifications, additions, or deletions to the intended use, intended user, definitions of market value, or assumptions and limiting conditions are not permitted. The appraiser may expand the scope of work to include any additional research or analysis necessary based on the complexity of this appraisal assignment. Modifications or deletions to the certifications are also not permitted. However, additional certifications that do not constitute material alterations to this appraisal report, such as those required by law or those related to the appraiser's continuing education or membership in an appraisal organization are permitted.

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

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

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

DEFINITION OF MARKET VALUE: The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently 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 passing of title from the seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what they consider their own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in United States 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. (Source OCC, OTS, FRS, & FDIC joint regulations published June 7, 1994)

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

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

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

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

1. I have, at a minimum, developed and reported this appraisal in accordance with the scope of work requirements stated in this appraisal report.
2. I performed a complete visual inspection of the subject site and any limited improvements. I have reported the information in factual and specific terms. I identified and reported deficiencies of the subject site that could affect the utility of the site and its usefulness as a building lot(s).
3. I performed this appraisal in accordance with the requirements of the Uniform Standards of Professional Practice that were adopted and promulgated by the Appraisal Standards Board of the Appraisal Foundation and that were in place at the time this appraisal report was prepared.
4. I developed my opinion of the market value of the real property that is the subject of this report based on the sales comparison approach to value. I have adequate comparable market data to develop a reliable sales comparison approach for this appraisal assignment. I further certify that I considered the cost and income approaches to value but did not develop them unless indicated elsewhere within this report as there are no or very limited improvements and these approaches to value are not deemed necessary for credible results and/or reliable indicators of value for this appraisal assignment.
5. I researched, verified, analyzed, and reported on any current agreement for sale for the subject property, any offering for sale of the subject property in the twelve months prior to the effective date of this appraisal, and the prior sales of the subject property for a minimum of three years prior to the effective date of this appraisal, unless otherwise indicated in this report.
6. I researched, verified, analyzed, and reported on the prior sales of the comparable sales for a minimum of one year to the date of the sales of the comparable sale, unless otherwise indicated in this report.
7. I selected and used comparable sales that are locally, physically, and functionally the most similar to the subject property.
8. I have not used comparable sales that were the result of combining multiple transactions into one reported sale.
9. I have reported adjustments to the comparable sales that reflect the market's reaction to the differences between the subject property and the comparable sales.
10. I have verified, from a disinterested source, all information in this report that was provided by parties who have a financial interest in the sale or financing of the subject property and comparable sales.
11. I have knowledge and experience in appraising this type of property in this market area.
12. I am aware of, and have access to, the necessary and appropriate public and private data sources, such as multiple listing services, tax assessment records, public land records and other such data sources for the area in which the property is located.

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CERTIFICATION AND LIMITING CONDITIONS (CONTINUED)

- 13. I obtained the information, estimates, and opinions furnished by other parties and expressed in this appraisal report from reliable source that I believe to be true and correct.
14. I have taken into consideration the factors that have an impact on value with the respect to the subject neighborhood, subject property, and the proximity of the subject property to adverse influences in the development of my opinion of market value.
15. I have not knowingly withheld any significant information from this appraisal report and, to the best of my knowledge, all statements and information in this appraisal report are true and correct.
16. I stated in this appraisal report my own personal, unbiased, and professional analysis, opinions and conclusions, which are subject only to the assumptions and limiting conditions in this appraisal report.
17. I have no present or prospective interest in the property that is the subject of this report, and I have no present or prospective interest or bias with respect to the participants in the transaction.
18. My employment and/or compensation for performing this appraisal or any future or anticipated appraisals was not conditioned on any agreement or understanding, written or otherwise, that I would report (or present analysis supporting) a predetermined specific value, a predetermined minimum value, a range or direction in value, a value that favors the cause of any party, or attainment of a specific result or occurrence of a specific subsequent event (such as approval of a pending mortgage loan application.)
19. I personally prepared all conclusions and opinions about the real estate that were set forth in this appraisal report.
20. I identified the lender/client in this appraisal report who is the individual, organization, or agent for the organization that ordered and will receive this appraisal report.
21. The lender/client may disclose or distribute this appraisal report to: the borrower, another lender at the request of the borrower; the mortgagee or its successors and assigns; mortgage insurers; government sponsored enterprises; other secondary market participants; data collection or reporting services; professional appraisal organizations; any department, agency, or instrumentality of the United States; and any state, the District of Columbia, or other jurisdictions; without having to obtain the appraiser's or supervisory appraiser's (if applicable) consent.
22. I am aware that any disclosure of distribution of this appraisal report by me or the lender/client may be subject to certain laws and regulations.
23. The borrowers, another lender at the request of the borrower, the mortgagee or its successors and assigns, mortgage insurers, government sponsored enterprises, and other secondary market participants may rely on this appraisal report as part of any mortgage finance transaction that involves any one or more of these parties.
24. If this appraisal report was transmitted as an "electronic record" containing my "electronic signature," as those terms are defined in applicable federal and/or state laws (excluding audio and video recordings), or a facsimile transmission of this appraisal report containing a copy or representation of my signature, the appraisal report shall be as effective, enforceable and valid as if a paper version of this appraisal report were delivered containing my original hand written signature.
25. Any intentional or negligent misrepresentation(s) contained in this appraisal report may result in civil liability and/or criminal penalties including, but not limited to, fine or imprisonment or both under the provisions of Title 18, United States Code, Section 1001, et seq., or similar laws.

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

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

Signature [Handwritten Signature]
Name Ronald E. Tebbetts, CREA
Company Name Cal-Coast Appraisal Consultants, Inc.
Company Address PO Box 710961, San Diego, CA 92171
Telephone Number 858-278-4168
Email Address ron.tebbetts@hotmail.com
Date of Signature and Report 4/11/2016
Effective Date of Appraisal 4/8/2016
State Certification # AG002672
or State License #
or Other (describe) State #
State CA
Expiration Date of Certification or License 01/26/2018

Signature
Name
Company Name
Company Address
Telephone Number
Email Address
Date of Signature
State Certification #
or State License #
State
Expiration Date of Certification or License

ADDRESS OF PROPERTY APPRAISED
129 National City Blvd.
National City, CA 91950-1106

APPRAISED VALUE OF SUBJECT PROPERTY \$ 250,000

LENDER/CLIENT
Name
Company Name Paula Financials Services, Inc.
Company Address 4455 Murphy Canyon Rd. Suite 100, San Diego, CA 92123
Email Address

SUBJECT PROPERTY

- Did not inspect subject property
Did inspect exterior of subject property from street
Date of Inspection
Did inspect interior and exterior of subject property
Date of Inspection

COMPARABLE SALES

- Did not inspect exterior of comparable sales from street
Did inspect exterior of comparable sales from street
Date of Inspection

Borrower Edward Paula

Property Address 129 National City Blvd.

City National City County San Diego State CA Zip Code 91950-1106

Lender/Client Paula Financials Services, Inc. Address 4455 Murphy Canyon Rd., Suite 100, San Diego, CA 92123

ZONING

The subject property is within the Downtown Specific Plan area with Zone 2 Designation. The description for this zone is shown in the "Zoning Description" exhibit below and reportedly allows for multi-family residential development. The buyer has correspondence from the city saying that the property might be allowed for development with 15 residential unit.

The valuation of the subject assumes that 15 units can be developed. This is an extraordinary assumption as defined below.

EXTRAORDINARY ASSUMPTION

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. An extraordinary assumption may be used in an assignment only if;

- 1) It is required to properly develop credible opinion and conclusions;
- 2) The Appraiser has a reasonable basis for the extraordinary assumption;
- 3) Use of the extraordinary assumption results in a credible analysis; and
- 4) The Appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions.

(Dictionary of Real Estate Appraisal, Fourth Edition).

OWNERSHIP HISTORY

The subject property was most recently purchased in 2002 for \$130,000. There has been no transfers during the last three years.

PREVIOUS RELATIONSHIPS

The appraiser has not had any relationship with the subject of this report during the last three years.

COMMENT REGARDING SUBJECT:

The subject lot is located in the downtown part of National City. The subject topography is level.

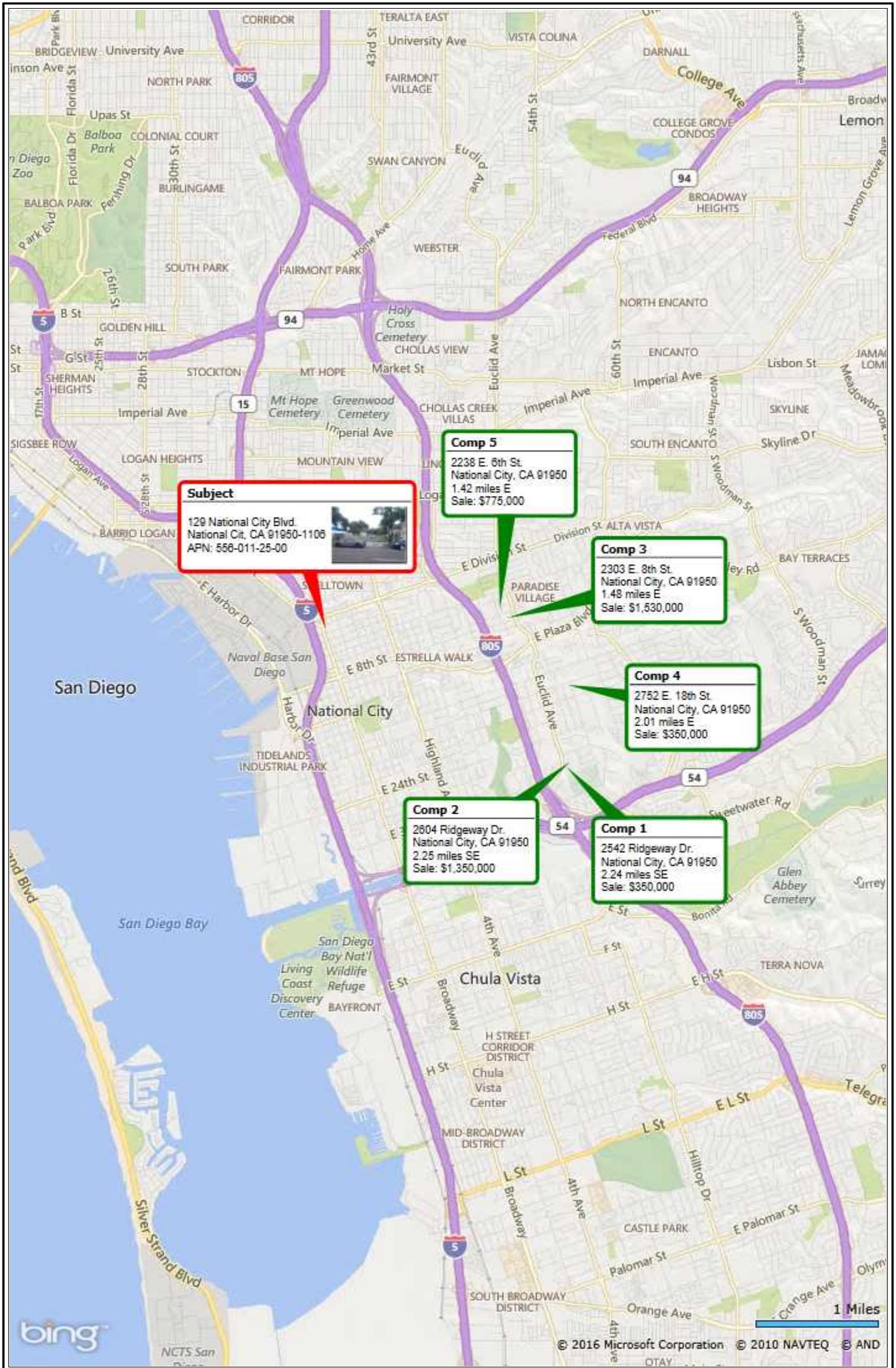
COMMENT REGARDING THE SALES COMPARISON APPROACH:

Sales were examined that have occurred in the National City 91950 zip code area since January 2014. I reconciled to a value near the middle of the range giving most weight to Sale 4 which was most comparable and had the fewest adjustments.

EXPOSURE TIME

It is my opinion that a marketing and exposure time for the subject would be 12 to 24 months.

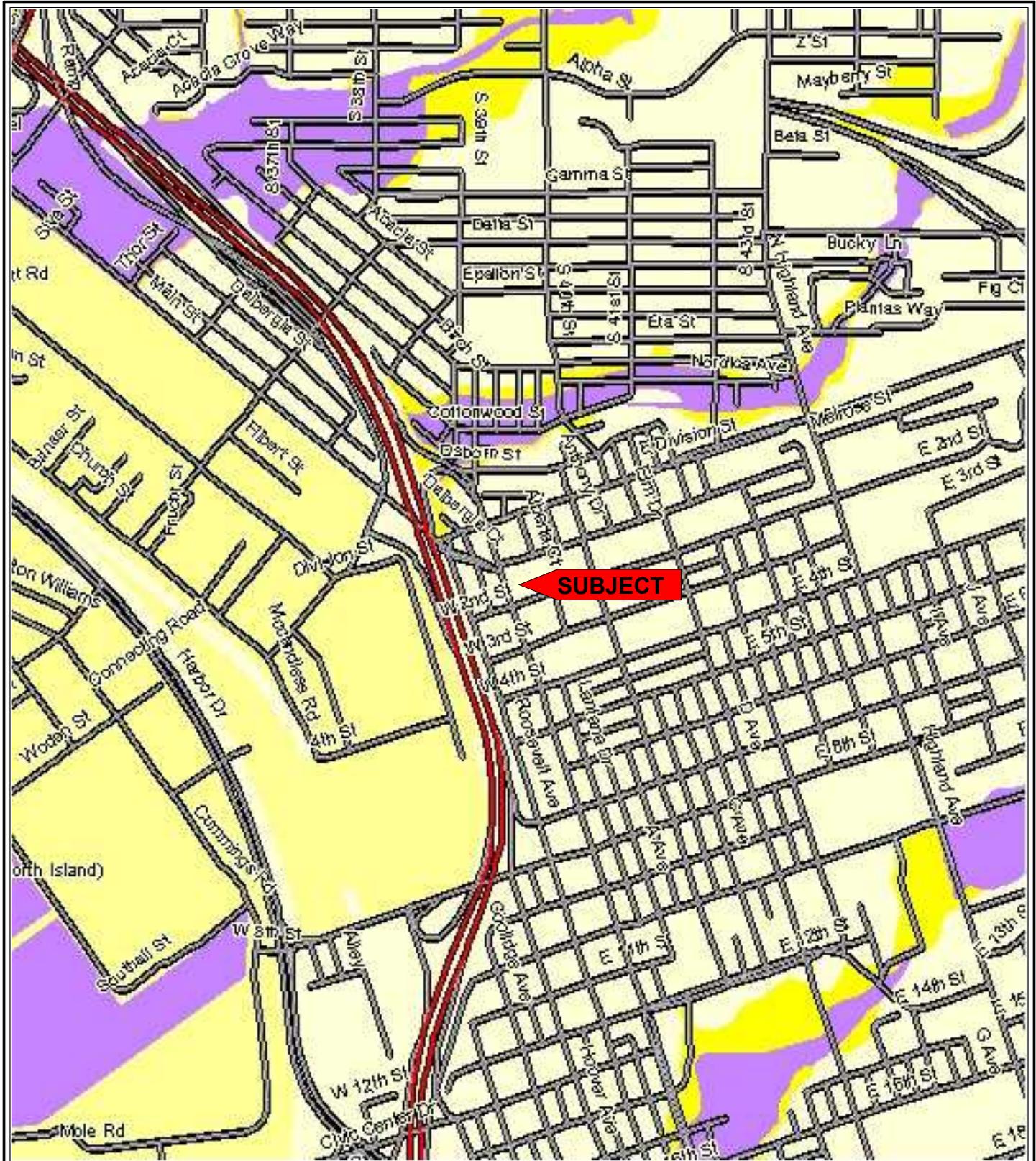
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Flood Map Legends

Flood Zones

- Areas inundated by 500-year flooding
- Areas outside of the 100 and 500 year flood plains
- Areas inundated by 100-year flooding
- Areas inundated by 100-year flooding with velocity hazard
- Floodway areas
- Floodway areas with velocity hazard
- Areas of undetermined but possible flood hazard
- Areas not mapped on any published FIRM

Flood Zone Determination

SFHA (Flood Zone): **Out**
 Within 250 ft. of multiple flood zones?
 Community: **060293**
 Community Name: **NATIONAL CITY, CITY OF**
 Zone: **X** Panel: **060293 1911G** Panel Date: **05/16/2012**
 FIPS Code: **06073** Census Tract: **0118.01**

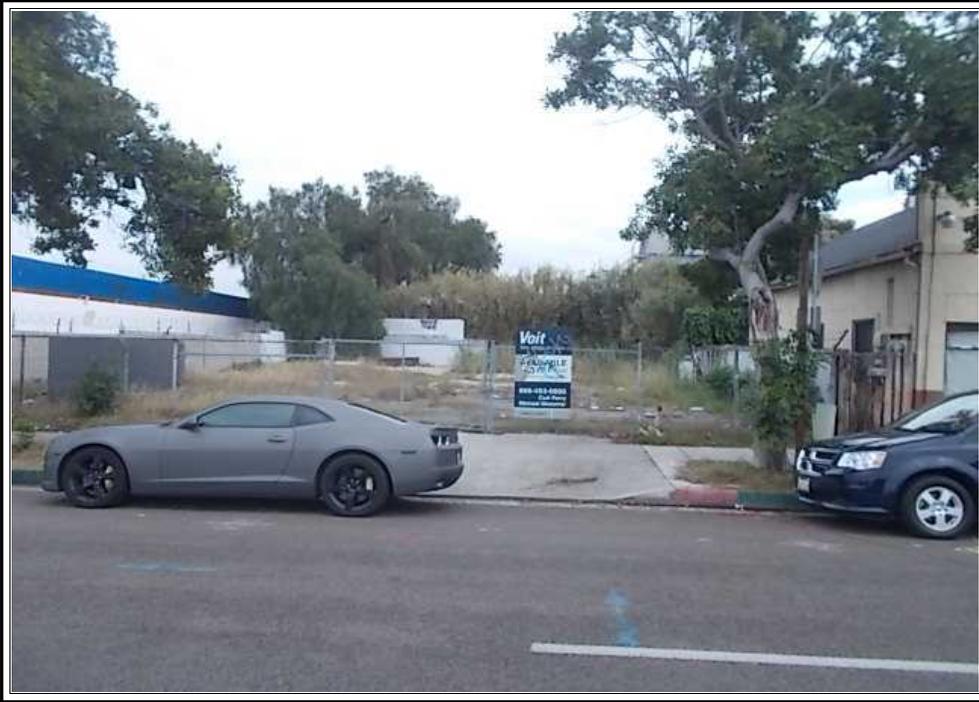
This Report is for the sole benefit of the Customer that ordered and paid for the Report and is based on the property information provided by that Customer. That Customer's use of this Report is subject to the terms agreed to by that Customer when accessing this product. No third party is authorized to use or rely on this Report for any purpose. THE SELLER OF THIS REPORT MAKES NO REPRESENTATIONS OR WARRANTIES TO ANY PARTY CONCERNING THE CONTENT, ACCURACY OR COMPLETENESS OF THIS REPORT INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. The seller of this Report shall not have any liability to any third party for any use or misuse of this Report.

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City National City County San Diego State CA Zip Code 91950-1106

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**FRONT OF
SUBJECT PROPERTY**

129 National City Blvd.
National City, CA 91950-1106



**REAR OF
SUBJECT PROPERTY**



STREET SCENE



Business, Consumer Services & Housing Agency
BUREAU OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Ronald E. Tebbetts

has successfully met the requirements for a license as a residential and commercial 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.

BREA APPRAISER IDENTIFICATION NUMBER: **AG 002672**

Effective Date: January 27, 2016
Date Expires: January 26, 2018

Jim Martin
Jim Martin, Bureau Chief, BREA

3024296

THIS DOCUMENT CONTAINS A TRUE WATERMARK - HOLD UP TO LIGHT TO SEE "CHAIN LINK"

Borrower Edward Paula
Property Address 129 National City Blvd.
City National City County San Diego State CA Zip Code 91950-1106
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QUALIFICATIONS OF THE APPRAISER
Ronald E. Tebbetts

Appraisal Certification

AG002672 State of California "Certified General Real Estate Appraiser"
qualified to appraise all real estate transactions without regard to
transaction value or complexity. License expires 1/26/18

Membership

National Association of Real Estate Appraisers
Certified Real Estate Appraiser (CREA) Designation
Appraisal Institute
Associate Member

Appraisal Experience

1994-Present Owner, Tebbetts Appraisal Service, Inc.

1992-1994 Anderson & Brabant, Inc.

Appraiser responsible for the appraisal of income property within San Diego, Imperial and southern Riverside Counties. All reports are full narrative with values ranging from \$500,000.

1987-1992 Bank of America National Trust & Savings Association

Senior Appraiser responsible for the appraisal of income property within San Diego, Imperial and southern Riverside Counties. All reports are full narrative with values ranging from \$500,000.

Education

Whittier College - Bachelor of Arts degree with a major in Business Administration

Real estate and related courses include:

Real Estate Principles
Business Law
Statistics
Real Estate Finance

Appraisal Institute

Professional courses completed:

Introduction to Appraising Real Property	1988
Applied Residential Property Valuation	1989
Capitalization Theory & Techniques, Part A	1990
Capitalization Theory & Techniques, Part B	1990

Cal-Coast Appraisal Consultants, Inc.
COMMENT ADDENDUM

File No. 16-040502

Case No.

Borrower Edward Paula

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Standards of Professional Practice, Part A	1991
Standards of Professional Practice, Part B	1991
Standards of Professional Practice, Part C	2002
Case Studies in Real Estate Valuation	1992
Narrative Report Writing	1994
Highest and Best Use Market Analysis	2002

Seminars attended:

Appraisal of Income Properties	1989
Apartment Analysis	1993
Residential Subdivision Analysis	1993
Impact of Changing Demographics and Economic Influences	1993
Federal & State Laws and Regulations Workshop	1999
Condemnation Appraising Principles & Application	1998
California Litigation Valuation	1999
Apartment Seminar (Update)	1998
Attacking & Defending an Appraisal in Litigation	1999
Case Update & Courtroom Strategies	2002
Reappraising, Readdressing, Reassigning Appraisals	2005
Fannie Mae Residential Appraisal Presentation	2005
San Diego Apartment & Housing Seminar	2007
FHA Update	2007
Effective Appraisal Communication	2006
New Technology for Real Estate Appraisers	2007
REO Appraisal	2009
Supporting Capitalization Rates	2011
Business Practices & Ethics	2010
Appraising for the IRS	2011
USPAP Workshop	2015
Applying Economic Forecast-Update	2012
Separating Real Property, Personal Property and Intangible Assets	2012
The New FHA Handbook	2015
Digging into Ground Leases	2015
Laws and Regulation	2015
Land and Site Valuation	2015
Appraisal of Land subject to Ground Leases	2015
Appraisal of Owner-Occupied Commercial Properties	2015
The Sales Comparison Approach	2015

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DEVELOPMENT ZONE #2

Development Intensity

Floor Area Ratio: 4:1 maximum / 2:1 minimum

Maximum Height: 75'

Unless otherwise stated, the development standards of the Major Mixed Use Corridor (MXC-2) zone shall apply.

General Guidelines:

This is the zone along the east side of National City Boulevard, extending from Division Street to 4th Street, and eastward to A Avenue or a comparable property boundary. The Downtown Specific Plan calls for this area to be developed with medium-density residential use. These are relatively large parcels that lend themselves to self-contained multifamily projects. Since this development zone abuts an established single-family neighborhood, projects should be designed to afford a comfortable transition. National City Boulevard should be addressed as the primary frontage for these parcels, and the pedestrian scale and character of the Boulevard should be enhanced. Semi-public building areas, such as residential lobbies, should be accessible from the Boulevard, and front porch "stoops" or small entry courtyards are encouraged at the street frontage. A "build-to" line should be maintained on National City Boulevard in order to define the street edge and reinforce the pedestrian character of the streetscape leading to the Downtown core.

Permitted Land Uses:

Medium density multi-family residential.

Restricted or Prohibited Land Uses:

Retail and other commercial uses, other than those associated with "shopkeeper" homes, are not permitted at ground level on these parcels.

Design Guidelines:

- Driveways are not permitted on National City Boulevard.
- Front porch stoops, entry courtyards or enclosed gardens should be included at grade to enhance the relationship between ground-level residential units and the streetscape, while preserving the privacy and security of residential units at grade.
- Large developments that occupy an entire block, or a substantial portion thereof, should be subdivided in massing and articulation of individual dwelling units to blend with the scale of the adjacent residential neighborhood, to avoid a monolithic appearance and to create a pedestrian-friendly scale at the street.
- Building arcades at the street frontage may also be used to create inviting indoor and outdoor spaces. Pedestrian building entries at grade should occur at least every 50'-0".
- Prohibited are parking areas between the front elevation of a building on National City Boulevard and at the corner of public streets. This reinforces the build-to-line and, in turn, preserves the quality of the streetscape by prohibiting large expanses of parking in front of buildings.
- Alleys or rear service drives should be utilized to minimize the visual impact of parking, loading areas, and garages. Driveway cuts opening to the public streets are to be limited to one per parcel in most instances.
- Primary ground floor residential building entrances should orient to the sidewalk and street. When a courtyard or other outdoor space is used as an entrance to dwellings, such spaces should open directly to the street and sidewalk. Building entries and windows are to be visible to pedestrians.