

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the 2014 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

\$38,505,000

**WESTERN HILLS WATER DISTRICT
DIABLO GRANDE COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX REFUNDING BONDS
SERIES 2014**

Dated: Date of Delivery

Due: September 1, as shown below

The \$38,505,000 Western Hills Water District Diablo Grande Community Facilities District No. 1 Special Tax Refunding Bonds Series 2014 (the "2014 Bonds") are being issued by the Western Hills Water District (the "Water District") by and through its Diablo Grande Community Facilities District (the "District"). The 2014 Bonds are special tax obligations of the Water District, authorized pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, being California Government Code Section 53311, *et seq.* (the "Mello-Roos Act"), and are issued pursuant to a Fiscal Agent Agreement dated as of August 1, 2001 and supplements thereto, by and between the Water District and The Bank of New York Mellon Trust Company, N.A., as Fiscal Agent. The 2014 Bonds are secured by Special Taxes (described herein) on parity with \$7,580,000 outstanding principal amount of bonds issued by the Water District in 2005. The 2014 Bonds are issued to (i) refund certain outstanding bonds previously by the District in 2001, 2002 and 2004; (ii) fund a reserve account; and (iii) to pay the costs of issuance of the 2014 Bonds. Interest on the 2014 Bonds is payable March 1, 2015, and thereafter semiannually on March 1 and September 1 of each year.

The 2014 Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"), and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. See "APPENDIX H – BOOK-ENTRY SYSTEM."

The 2014 Bonds are secured by and payable, on a parity with bonds issued in 2005, from a pledge of annual Special Taxes (as defined herein) to be levied by the Water District on real property within the boundaries of the District, from the proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Taxes, and from amounts held in certain funds under the Fiscal Agent Agreement, all as more fully described herein. Land within the District consists of completed homes, land under development, and unimproved land planned for a primarily residential development in an area of Stanislaus County known as "Diablo Grande" near the City of Patterson. **Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the District. In the event of delinquency, proceedings may be conducted only against the parcel of real property securing the delinquent Special Tax. There is no assurance the owners will be able to pay the Special Tax or that they will pay such Special Tax even though financially able to do so.** To provide funds for payment of the bonds previously issued and the interest thereon as a result of any delinquent installments, the Water District established Reserve Accounts from proceeds of the bonds previously issued, which accounts will also be funded as described herein and maintained for the 2014 Bonds and outstanding 2005 Bonds. See "SECURITY FOR THE BONDS."

Property in the District subject to the Special Tax is comprised of approximately 2,936 acres and currently includes completed homes, infrastructure improvements suitable for additional development, undeveloped land, two golf courses (one of which is closed and likely to be used for future home development, walking trails and other public amenities), a clubhouse and related outbuildings and improvements. The property is projected to be developed with 2,354 residential parcels and limited commercial sites, as well as the existing golf course and clubhouse and related amenities. Home construction began in 2004 and stopped in 2008 as a result of the real estate downturn and bankruptcy of the previous developer. Currently, home construction has resumed and homes are offered for sale. Most of the undeveloped land in the District is owned by World International LLC (the "Current Developer"), an entity which is not a homebuilder and intends to market residential lots to merchant homebuilders, custom homebuilders and individuals. See "THE DISTRICT."

The 2014 Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "THE 2014 Bonds — Redemption."

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE WATER DISTRICT, THE COUNTY OF STANISLAUS, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF THE 2014 BONDS. THE 2014 BONDS DO NOT CONSTITUTE A DEBT OF THE WATER DISTRICT WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL DEBT LIMITATION. THE INFORMATION SET FORTH IN THIS OFFICIAL STATEMENT, INCLUDING INFORMATION UNDER THE HEADING "SPECIAL RISK FACTORS," SHOULD BE READ IN ITS ENTIRETY.

This cover page contains certain information for general reference only. It is not a summary of all of the provisions of the 2014 Bonds. Prospective investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "SPECIAL RISK FACTORS" herein for a discussion of the special risk factors that should be considered, in addition to the other matters and risk factors set forth herein, in evaluating the investment quality of the 2014 Bonds.

The 2014 Bonds are offered when, as and if issued, subject to approval as to their legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel. Certain legal matters will also be passed on by Jones Hall, A Professional Law Corporation as Disclosure Counsel. Certain legal matters will be passed upon for the Water District by Griffith & Masuda, Turlock, California. It is anticipated that the 2014 Bonds will be available for delivery to DTC on or about August 8, 2014 in New York, New York.

WESTHOFF, CONE & HOLMSTEDT

MATURITY SCHEDULE

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP[†]</u> <u>(958324)</u>
2016	\$475,000	2.000%	2.000%	DG7
2017	1,860,000	3.000	3.172	DH5
2018	1,920,000	3.000	3.323	DJ1

\$6,155,000 4.000% Term Bonds Due September 1, 2021 — Price: 98.500% to Yield: 4.248%
CUSIP[†] 958324DM4

\$9,570,000 5.050%% Term Bonds Due September 1, 2025 — Price: 98.500% to Yield: 5.230%
CUSIP[†] 958324DR3

\$18,525,000 5.300% Term Bonds Due September 1, 2031 — Price: 98.250% to Yield: 5.459%
CUSIP[†] 958324DX0

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GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

Use of Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

This Official Statement is not to be construed as a contract with the purchasers of the Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts

Estimates and Forecasts. When used in this Official Statement and in any continuing disclosure by the Water District, in any press release and in any oral statement made with the approval of an authorized officer of the Authority or the Water District, the words or phrases "will likely result," "are expected to", "will continue", "is anticipated", "estimate", "project," "forecast", "expect", "intend" and similar expressions may identify "forward looking statements." Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, give rise to any implication that there has been no change in the affairs of the Authority or the Water District since the date hereof.

Limit of Offering. No dealer, broker, salesperson or other person has been authorized by the Authority or the Underwriter to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale. This Official Statement is not to be construed as a contract with the purchasers of the Bonds.

Involvement of Underwriter. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Water District or the Authority since the date hereof. All summaries of the Trust Agreement or other documents referred to in this Official Statement, are made subject to the provisions of such documents, respectively, and do not purport to be complete statements of any or all of such provisions.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITER MAY OFFER AND SELL THE BONDS TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICE STATED ON THE COVER PAGE HEREOF AND SAID PUBLIC OFFERING PRICE MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER.

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXCEPTION FROM THE REGISTRATION REQUIREMENTS CONTAINED IN SUCH ACT. THE BONDS HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES LAWS OF ANY STATE.

WESTERN HILLS WATER DISTRICT STANISLAUS COUNTY, CALIFORNIA

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David Orris, Director

Carmen Kearney, Director

Ruby Beltran, Director

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LOCATION MAP



OFFICIAL STATEMENT

\$38,505,000
WESTERN HILLS WATER DISTRICT
DIABLO GRANDE COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX REFUNDING BONDS
SERIES 2014

This Official Statement, including the cover page and all Appendices hereto, is provided to furnish certain information in connection with the issuance by the Western Hills Water District (the "**Water District**") by and through its Diablo Grande Community Facilities District No. 1 (the "**Community Facilities District**" or the "**District**") of \$38,505,000 aggregate principal amount of bonds designated Western Hills Water District Diablo Grande Community Facilities District No. 1 Special Tax Refunding Bonds Series 2014 (the "**2014 Bonds**").

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Definitions of certain terms used herein and not defined herein shall have the meaning set forth in the Fiscal Agent Agreement.

INTRODUCTION

Creation of the District. The 2014 Bonds are issued pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982, as amended (Sections 53311, *et seq.*, of the Government Code of the State of California) (the "**Mello-Roos Act**") and pursuant to a Fiscal Agent Agreement dated as of August 1, 2001, as amended and supplemented by a Supplemental Agreement No. 1 to Fiscal Agent Agreement dated as of December 1, 2002, a Supplemental Agreement No. 2 to Fiscal Agent Agreement dated as of May 1, 2004, a Supplemental Agreement No. 3 to Fiscal Agent Agreement dated as of January 1, 2005, and a Supplemental Agreement No. 4 to Fiscal Agent Agreement dated as of July 1, 2014 (together, the "**Fiscal Agent Agreement**") between the Water District and The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, as fiscal agent (the "**Fiscal Agent**").

Registration of Ownership of 2014 Bonds. The 2014 Bonds shall be issued only as fully registered bonds in book-entry form, registered in the name of Cede & Co., as nominee of The Depository Trust Company ("**DTC**"), without coupons, in the denomination of \$5,000 or any integral multiple thereof and shall be dated as of and bear interest from the date of delivery thereof at the rate or rates set forth on the cover page hereof. Interest on the 2014 Bonds is payable on March 1 and September 1 of each year (each an "**Interest Payment Date**"), commencing March 1, 2015. Ultimate purchasers of 2014 Bonds will not receive physical certificates representing their interest in the 2014 Bonds. So long as the

2014 Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners shall mean Cede & Co., and shall not mean the ultimate purchasers of the 2014 Bonds. Payments of the principal, premium, if any, and interest on the 2014 Bonds will be made directly to DTC, or its nominee, Cede & Co. so long as DTC or Cede & Co. is the registered owner of the 2014 Bonds. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX H – BOOK-ENTRY SYSTEM."

Refunding Plan. The Water District has previously issued on its behalf its (i) Western Hills Water District Diablo Grande Community Facilities District No. 1 Special Tax Bonds Series 2001 (the "**2001 Bonds**"), (ii) Western Hills Water District Diablo Grande Community Facilities District No. 1 Special Tax Bonds Series 2002 (the "**2002 Bonds**"), and (iii) Western Hills Water District Diablo Grande Community Facilities District No. 1 Special Tax Bonds Series 2004 (the "**2004 Bonds**") (together, the "**Refunded Bonds**"). The District has also issued its Western Hills Water District Diablo Grande Community Facilities District No. 1 Special Tax Bonds Series 2005 (the "**2005 Bonds**") for the purpose of financing costs of acquiring and constructing certain public infrastructure improvements within the District, which will remain outstanding and secured on parity with the 2014 Bonds.

The Refunded Bonds are currently outstanding in the aggregate principal amount of \$38,545,000 which will be redeemed in full, on an current basis, on September 1, 2014 (the "**Redemption Date**") at a redemption price equal to 100% of their principal amount, together with interest coming due and payable on the Redemption Date.

In order to accomplish the refinancing plan, the net proceeds of the Bonds, together with certain other funds on hand with respect to the Refunded Bonds, will be transferred to Bank of New York Mellon Trust Company, N.A., as fiscal agent for the Refunded Bonds, registrar and transfer agent, for deposit into a prior bonds escrow subaccount (the "**Escrow Subaccount**") to be established under Irrevocable Refunding Instructions given by the Water District to the Fiscal Agent.

Source of Payment of the 2014 Bonds. The 2014 Bonds are payable from the levy of special taxes (the "**Special Tax**" or "**Special Taxes**") which are to be annually levied by the Water District on taxable real property within the boundaries of the District. The 2014 Bonds are secured and payable on parity with the Water District's \$7,580,000 outstanding amount of 2005 Bonds. The Water District has issued the entire \$57,000,000 authorized amount of bonds authorized for the District, and no Additional Bonds (described herein) may thereafter be issued by the Water District, except for refunding bonds. The Bonds are also payable from the proceeds of any foreclosure actions brought following a delinquency in the payment of the Special Taxes, and from amounts held in certain funds and accounts established pursuant to the Fiscal Agent Agreement, including a reserve fund, all as more fully described herein. The Special Tax applicable to each taxable parcel in the District will be levied and collected according to the tax liability determined by the Board of Directors of the Water District through the application of the approved the rate and method of apportionment of Special Tax for the District (the "**Special Tax Formula**"). The Special Tax Formula is set forth in APPENDIX A hereto. The Special Taxes represent fixed liens on the parcels of land subject to a Special Tax under the proceedings and failure to pay the Special Tax could result in proceedings to foreclose title to the delinquent property. The Special Taxes do not constitute the personal indebtedness of the owners of taxed parcels and no proceedings to collect directly from an owner is permitted. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Special Tax Methodology" and "APPENDIX A — RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

In connection with the issuance of the 2001 Bonds, the Water District directed the Fiscal Agent to establish a Reserve Fund (the "**Reserve Fund**") from 2001 Bond proceeds, which was increased from

proceeds of the 2002 Bonds, 2004 Bonds, and 2005 Bonds. In connection with the issuance of the 2014 Bonds, the Water District will direct the Fiscal Agent to establish the 2014 Refunding Bonds Reserve Account in the Reserve Fund. The Reserve Fund is available to be transferred to the Bond Fund for prorata payment of all series of Bonds in the event of delinquencies in the payment of the Special Taxes, to the extent of such delinquencies. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS — Reserve Account." If there are additional delinquencies after depletion of funds in the Reserve Fund, the Reserve Fund may be replenished from Special Taxes, however, *the Water District is not obligated to pay the Bonds or supplement the Reserve Fund from its own funds.*

Property Subject to the Special Tax. The District was initially comprised of all the land within the Water District, however as property is subdivided certain parcels designated for open space and public uses become exempt from the Special Tax. The Water District is located in Stanislaus County (the "**County**") in the hills on the western edge of California's Central Valley. Property in the District subject to the Special Tax was initially comprised of approximately 5,070 acres, much of which was planned for open space not ultimately be subject to the Special Tax. Currently, the District contains approximately 2,936 acres subject to the Special Tax.

Land in the District currently includes 425 homes constructed beginning in 2004. Much of the planned development project remains undeveloped with infrastructure in place, financed through funds of a previous developer and proceeds of the previous bonds. Existing infrastructure is at a level which readily facilitates additional homebuilding. The property was planned under an approved County specific plan to include 2,012 residential units, a hotel, a vineyard and winery, and two commercial sites, as well as substantial open space not subject to the Special Tax. Home construction began in 2004 but was curtailed by the real estate downturn in 2008. Diablo Grande Limited Partnership (the "**Original Developer**") owned all property in the District at the time of its formation. Beginning in 2004 the Original Developer sold 210 parcels to individuals (as custom home lots) and merchant builders Western Pacific Housing, Inc. (an affiliate of D.R. Horton) and Private Island Homes, who commenced building and selling homes. In November 2008, World International LLC (the "**Current Developer**"), an entity which is not a homebuilder, acquired all of the Original Developer's holdings through bankruptcy proceedings of the Original Developer, for a total of \$21 million. The Current Developer is undertaking plans to continue development of the project, including expansion of the projected number of residential lots and marketing of residential lots to merchant homebuilders, custom homebuilders and individuals. The holdings encompass the approximately 29,500 acres (2,687 of which are in the District) originally owned by the Original Developer, net of the lots sold to individuals and merchant builders. See "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT." Currently, home construction has resumed and homes are offered for sale by De Nova homes.

Land in the District currently includes 735 final mapped residential lots, of which 425 have been improved with completed homes. In addition to the completed homes, infrastructure improvements suitable for additional development is in place and new home construction has recently commenced after being idle for several years. Land in the District also includes undeveloped parcels, two golf courses (one of which is closed and likely to be used for other purposes in the future), a clubhouse and related outbuildings and improvements, all as described herein. See "THE DISTRICT."

The land in the District is the "Phase 1" development portion of the Original Developer's planned "**Diablo Grande Project**" At build-out, the various property uses within the District are planned to include a mix of urban uses, including 2,354 single-family residential lots covering 790 acres, 38 acres designated for 42 townhomes, 50 acres of commercial land in two sites, 44 acres of vineyards, an existing 18-hole golf course and an existing clubhouse. A second existing golf course has been recently closed, with the Current Developer contemplating using its land for additional homesites (included in the 2,354 projection), walking trails and other public amenities. The Phase 1 project has vested entitlements created

under a Specific Plan (described herein) approved by the County for residential lots, some of which have received final map approval and include homes completed and sold or under construction, a hotel site and winery site, all originally proposed by the Original Developer as Phase 1/Unit 1, the initial portion of the overall development.

All of the Improvements to be financed with proceeds of the four previous series of bonds have been completed. The Current Developer is not a homebuilder and contemplates selling residential lots to merchant homebuilders, custom homebuilders and individuals.

Currently, four of the five Board members of the Water District are persons who are employed by or otherwise associated with the Current Developer. See "THE DISTRICT" and "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT."

Market Report. A market assessment and analysis report was prepared by Meyers Research LLC, dated July, 2014 (the "**Market Report**"). The Market Report was commissioned by the Current Developer in connection with its evaluation of the current development potential of its undeveloped land in the District. The Market Report analyzed residential product types, pricing and absorption for the entirety of the Phase 1 Village master plan in the market as it existed on the date of the report, along with projections of the market demand for 2015 through an assumed potential buildout of the community. See "THE DISTRICT - Development History of the Project" and "APPENDIX C - Market Assessment and Analysis Report."

Security for the Bonds. Taxable property in the District is security for the Special Tax and the Special Tax is security for the Bonds. The Water District authorized the preparation of an appraisal report for 318 undeveloped taxable parcels within the District, which appraisal sets forth a value of such undeveloped property of \$59,114,000 as of June 28, 2014. In considering the estimates of value evidenced by the appraisal, it should be noted that the appraisal is based upon a number of standard and special assumptions which affected the estimates as to value. See "VALUE ESTIMATE OF PROPERTY WITHIN THE DISTRICT" and Appendix B.

For parcels subject to the Special Tax and not included in the appraisal, the 2013-14 County assessed valuation is \$91,211,471. The aggregate value of the property in the District includes both the \$59,114,000 appraised value of the 318 undeveloped parcels and the assessed value of the remainder. Based upon the \$150,325,471 total valuation and an aggregate outstanding principal amount of 2005 Bonds of \$7,580,000 and 2014 Bonds of 38,505,000, for a total amount of Bonds of \$46,085,000, the value-to-lien ratio for property in the District is 3.3 to 1.

Unpaid Special Taxes do not constitute a personal indebtedness of the owners of any of the parcels within the District. In the event of delinquency, proceedings may be conducted only against the real property on which the Special Tax is delinquent. The unpaid Special Taxes are not required to be paid upon sale of property within the District.

Risks of Investment. See the section of this Official Statement entitled "SPECIAL RISK FACTORS" for a discussion of special factors that should be considered, in addition to the other matters set forth herein, in considering the investment quality of the 2014 Bonds.

Limited Obligation of the Water District. The general fund of the Water District is not liable and the full faith and credit of the Water District is not pledged for the payment of the interest on, or principal of or redemption premiums, if any, on the Bonds. The Bonds are not secured by a legal or equitable pledge of or charge, lien or encumbrance upon any property of the Water District or any of its income or receipts, except the money in the Special Tax Fund (described herein)

established under the Fiscal Agent Agreement, and neither the payment of the interest on nor principal of or redemption premiums, if any, on the Bonds is a general debt, liability or obligation of the Water District. The Bonds do not constitute an indebtedness of the Water District within the meaning of any constitutional or statutory debt limitation or restrictions and neither the Water District Board, the Water District nor any officer or employee thereof shall be liable for the payment of the interest on or principal of or redemption premiums, if any, on the Bonds other than from the proceeds of the Special Taxes and the money in the Special Tax Fund, as provided in the Fiscal Agent Agreement.

Summary of Information. Brief descriptions of certain provisions of the Fiscal Agent Agreement, the 2014 Bonds and certain other documents are included herein. The descriptions and summaries of documents herein do not purport to be comprehensive or definitive, and reference is made to each such document for the complete details of all its respective terms and conditions, copies of which are available for inspection at the office of the Water District. All statements herein with respect to certain rights and remedies are qualified by reference to laws and principles of equity relating to or affecting creditors' rights generally. Capitalized terms used in this Official Statement and not otherwise defined herein shall have the meanings ascribed to such terms in the Fiscal Agent Agreement. The information and expressions of opinion herein speak only as of the date of this Official Statement and are subject to change without notice. Neither delivery of this Official Statement, any sale made hereunder, nor any future use of this Official Statement shall, under any circumstances, create any implication that there has been no change in the affairs of the Water District or the District since the date hereof.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. For definitions of certain terms used herein and not defined herein, see "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT."

THE 2014 BONDS

Authority for Issuance

The 2014 Bonds are issued pursuant to the Act and the Fiscal Agent Agreement, approved by Resolution No. 2001-01 adopted by the Water District Board on July 5, 2001, and the supplement to the Fiscal Agent Agreement approved by Resolution No. 2014-04 adopted by the Water District Board on July 14, 2014. The Water District was formed by the Original Developer to facilitate development within the Water District boundaries. Currently, four of the five Board members of the Water District are persons who are employed by or otherwise associated with the Current Developer. See "THE WATER DISTRICT."

The District was established and authorized to incur bonded indebtedness in an aggregate principal amount not to exceed \$57,000,000. Pursuant to the Act, the Water District Board adopted Resolution No. 2000-03 on August 24, 2000 stating its intent to establish the District, to authorize the issuance of bonds and to hold an election pursuant to the Act. Under the provisions of the Act, since there were fewer than 12 registered voters residing within the District at a point during the 90-day period preceding the adoption of the Water District's Resolution No. 2000-06 on September 24, 2000 (the "**Resolution of Formation**"), the sole qualified elector was the Original Developer who was entitled to cast one vote for each acre or portion of an acre of land owned within the District. The Original Developer voted to incur the indebtedness and to approve the annual levy of Special Taxes to be levied within the District, for the purpose of paying for the various improvements, including repaying any indebtedness of the District, replenishing the Reserve Fund and paying the administrative expenses of the District.

After issuing the 2005 Bonds, the Water District had issued the entire \$57,000,000 amount of bonds authorized for the District.

Description of the 2014 Bonds

The 2014 Bonds are being issued as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("**DTC**"), and will be available to ultimate purchasers in the denomination of \$5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Ultimate purchasers of 2014 Bonds will not receive physical certificates representing their interest in the 2014 Bonds. So long as the 2014 Bonds are registered in the name of Cede & Co., as nominee of DTC, references herein to the Owners shall mean Cede & Co., and shall not mean the ultimate purchasers of the 2014 Bonds. Payments of the principal, premium, if any, and interest on the 2014 Bonds will be made directly to DTC, or its nominee, Cede & Co., by The Bank of New York Mellon Trust Company, N.A., Los Angeles, California, as the Fiscal Agent for the bonds, so long as DTC or Cede & Co. is the registered owner of the 2014 Bonds. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX H – BOOK-ENTRY SYSTEM" below.

The 2014 Bonds will be dated as of and bear interest from the date of delivery thereof at the rates and mature in the amounts and years, as set forth on the cover page hereof. The principal of the 2014 Bonds and premiums due upon the redemption thereof, if any, will be payable in lawful money of the United States of America at the principal corporate trust office of the Fiscal Agent in Los Angeles, California, or such other place as designated by the Fiscal Agent, upon presentation and surrender of the 2014 Bonds.

Interest on the 2014 Bonds, computed on the basis of a 360-day year consisting of twelve 30-day months, will be paid in lawful money of the United States of America semiannually on March 1 and September 1 of each year (each an "**Interest Payment Date**"), commencing March 1, 2015. Interest on the 2014 Bonds (including the final interest payment upon maturity or earlier redemption) is payable by check of the Fiscal Agent mailed on the Interest Payment Dates by first class mail to the registered Owner thereof at such registered Owner's address as it appears on the registration books maintained by the Fiscal Agent at the close of business on the Record Date preceding the Interest Payment Date, or by wire transfer made on such Interest Payment Date upon written instructions received by the Fiscal Agent on or before the Record Date preceding the Interest Payment Date, of any Owner of \$1,000,000 or more in aggregate principal amount of 2014 Bonds; provided that so long as any 2014 Bonds are in book-entry form, payments with respect to such 2014 Bonds shall be made by wire transfer, or such other method acceptable by the Fiscal Agent, to DTC. See "APPENDIX H – BOOK-ENTRY SYSTEM" below.

Each 2014 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless (i) it is authenticated on an Interest Payment Date, in which event it shall bear interest from such date of authentication, or (ii) it is authenticated prior to an Interest Payment Date and after the close of business on the Record Date preceding such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or (iii) it is authenticated prior to the Record Date preceding the first Interest Payment Date, in which event it shall bear interest from the Dated Date; provided, however, that if at the time of authentication of a 2014 Bond, interest is in default thereon, such 2014 Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment thereon. So long as the 2014 Bonds are registered in the name of Cede & Co., as nominee of DTC, payments of the principal, premium, if any, and interest on the 2014 Bonds will be made directly to DTC, or its nominee, Cede & Co. Disbursements of such payments to DTC's Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of DTC's Participants and Indirect Participants, as more fully described herein. See "APPENDIX H – BOOK-ENTRY SYSTEM" below.

Redemption

Optional Redemption. The 2014 Bonds shall be subject to optional redemption from any source of available funds prior to maturity, in whole, or in part among maturities as shall be specified by the Water District and by lot within a maturity, on any Interest Payment Date on or after September 1, 2022, at the following respective redemption prices (expressed as percentages of the principal amount of the 2014 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
September 1, 2022 and March 1, 2023	102%
September 1, 2023 and March 1, 2024	101
September 1, 2024 and Interest Payment Dates thereafter	100

Mandatory Redemption From Prepayments. The 2014 Bonds shall be subject to mandatory redemption from Prepayments of the Special Tax by property owners, in whole or in part among maturities as shall be specified by the Water District and by lot within a maturity, on any Interest Payment Date at a redemption price equal to the principal amount of the 2014 Bonds to be redeemed), plus accrued interest thereon the date of redemption, without premium.

The proceeds of any such Prepayment shall be deposited in the Prepayment Account of the Bond Fund and applied by the Fiscal Agent to pay the redemption price of the 2014 Bonds.

Mandatory Sinking Fund Redemption. The Term 2014 Bonds maturing September 1, 2021, September 1, 2025 and September 1, 2031 are subject to mandatory sinking payment redemption in part on September 1, 2019, September 1, 2022 and September 1, 2026 respectively, and on each September 1 thereafter to maturity, by lot, at a redemption price equal to one hundred percent (100%) of the principal amount thereof to be redeemed, without premium, in the aggregate respective principal amounts as set forth in the following tables:

Term 2014 Bonds of September 1, 2021

Mandatory Redemption Date (September 1)	Sinking Fund Payment
2019	\$1,975,000
2020	2,050,000
2021	2,130,000

Term 2014 Bonds of September 1, 2025

Mandatory Redemption Date (September 1)	Sinking Fund Payment
2022	\$2,215,000
2023	2,330,000
2024	2,450,000
2025	2,575,000

Term 2014 Bonds of September 1, 2031

Mandatory Redemption Date (September 1)	Sinking Fund Payment
2026	\$2,705,000
2027	2,850,000
2028	2,995,000
2029	3,155,000
2030	3,320,000
2031	3,500,000

The amounts in the foregoing tables shall be reduced pro rata, in order to maintain substantially level debt service, as a result of any prior partial optional redemption or mandatory redemption of the 2014 Bonds.

In lieu of redemption, moneys in the Bond Fund may be used and withdrawn by the Fiscal Agent for purchase of Outstanding 2014 Bonds, upon the filing with the Fiscal Agent of an Officer's Certificate requesting such purchase, at public or private sale as and when, and at such prices (including brokerage and other charges) as such Officer's Certificate may provide, but in no event may 2014 Bonds be purchased at a price in excess of the principal amount thereof, plus interest accrued to the date of purchase.

Redemption Procedure by Fiscal Agent. The Fiscal Agent shall cause notice of any redemption to be mailed by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the date fixed for redemption, to the Securities Depositories and to one or more Information Services, and to

the respective registered Owners of any 2014 Bonds designated for redemption, at their addresses appearing on the 2014 Bond registration books in the Principal Office of the Fiscal Agent; but such mailing shall not be a condition precedent to such redemption and failure to mail or to receive any such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of such 2014 Bonds.

Such notice shall state the redemption date and the redemption price and, if less than all of the then Outstanding 2014 Bonds are to be called for redemption, shall designate the CUSIP numbers and 2014 Bond numbers of the 2014 Bonds to be redeemed by giving the individual CUSIP number and 2014 Bond number of each 2014 Bond to be redeemed or shall state that all 2014 Bonds between two stated 2014 Bond numbers, both inclusive, are to be redeemed or that all of the 2014 Bonds of one or more maturities have been called for redemption, shall state as to any 2014 Bond called in part the principal amount thereof to be redeemed, and shall require that such 2014 Bonds be then surrendered at the Principal Office of the Fiscal Agent for redemption at the said redemption price, and shall state that further interest on such 2014 Bonds will not accrue from and after the redemption date.

The Water District has the right to rescind any notice of the redemption of 2014 Bonds by written notice to the Fiscal Agent on or prior to the dated fixed for redemption.

Upon the payment of the redemption price of 2014 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall, to the extent practicable, bear the CUSIP number identifying, by issue and maturity, the 2014 Bonds being redeemed with the proceeds of such check or other transfer.

Whenever provision is made in the Fiscal Agent Agreement for the redemption of less than all of the 2014 Bonds of any maturity, the Fiscal Agent shall select the 2014 Bonds to be redeemed, from all 2014 Bonds or such given portion thereof of such maturity by lot in any manner which the Fiscal Agent in its sole discretion shall deem appropriate. Upon surrender of 2014 Bonds redeemed in part only, the Water District shall execute and the Fiscal Agent shall authenticate and deliver to the registered Owner, at the expense of the Water District, a new 2014 Bond or 2014 Bonds, of the same series and maturity, of authorized denominations in aggregate principal amount equal to the unredeemed portion of the 2014 Bond or 2014 Bonds.

Effect of Redemption. From and after the date fixed for redemption, if funds available for the payment of the principal of, and interest and any premium on, the 2014 Bonds so called for redemption shall have been deposited in the Bond Fund, such 2014 Bonds so called shall cease to be entitled to any benefit under the Fiscal Agent Agreement other than the right to receive payment of the redemption price, and no interest shall accrue thereon on or after the redemption date specified in such notice.

Transfer or Exchange of 2014 Bonds

So long as the 2014 Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of 2014 Bonds shall be made in accordance with DTC procedures. See "APPENDIX H – BOOK-ENTRY SYSTEM" below. Any 2014 Bond may, in accordance with its terms, be transferred or exchanged by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such 2014 Bond for cancellation, accompanied by delivery of a duly written instrument of transfer in a form approved by the Fiscal Agent. Whenever any 2014 Bond or 2014 Bonds shall be surrendered for transfer or exchange, the Water District shall execute and the Fiscal Agent shall authenticate and deliver a new 2014 Bond or 2014 Bonds, for a like aggregate principal amount of 2014 Bonds of authorized denominations and of the same maturity. The cost for any services rendered or any expenses incurred by the Fiscal Agent in connection with any such transfer or exchange shall be paid by the Water District. The Fiscal Agent shall collect from the Owner requesting such transfer any tax or other governmental charge required to be paid with respect to such transfer or exchange.

No transfers or exchanges of 2014 Bonds shall be required to be made (i) within 15 days prior to the date established by the Fiscal Agent for selection of 2014 Bonds for redemption or (ii) with respect to a 2014 Bond after such 2014 Bond has been selected for redemption.

2014 Bonds Mutilated, Lost, Destroyed or Stolen

If any 2014 Bond shall become mutilated, the Water District shall execute, and the Fiscal Agent shall authenticate and deliver, a new 2014 Bond of like tenor and principal amount in exchange and substitution for the 2014 Bond so mutilated, but only upon surrender to the Fiscal Agent of the 2014 Bond so mutilated. Every mutilated 2014 Bond so surrendered to the Fiscal Agent shall be canceled by it and destroyed by the Fiscal Agent who shall deliver a certificate of destruction thereof to the Water District. If any 2014 Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Fiscal Agent and, if such evidence be satisfactory to it and indemnity for the Fiscal Agent and the Water District satisfactory to the Fiscal Agent shall be given, the Water District shall execute, and the Fiscal Agent shall authenticate and deliver, a new 2014 Bond of like tenor and principal amount in lieu of and in substitution for the 2014 Bond so lost, destroyed or stolen. The Water District may require payment of a sum not exceeding the actual cost of preparing each new 2014 Bond delivered and of the expenses which may be incurred by the Water District and the Fiscal Agent for the preparation, execution, authentication and delivery.

ESTIMATED SOURCES AND USES OF FUNDS

A summary of the estimated sources and uses of funds associated with the sale of the 2014 Bonds follows:

Estimated Sources of Funds:

Principal Amount of 2014 Bonds	\$38,505,000.00
Less: Original Issue Discount	(592,786.50)
Plus: Sources Related to Refunded Bonds	<u>6,283,322.33</u>
Total	<u>\$44,195,535.83</u>

Estimated Uses of Funds:

Deposit into Prior Bonds Escrow Subaccount ⁽¹⁾	\$39,790,206.88
Deposit to Reserve Fund	3,688,910.00
Costs of Issuance ⁽²⁾	<u>716,418.95</u>
Total	<u>\$44,195,535.83</u>

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- (1) Will be used to defease and refund the Refunded Bonds. See "INTRODUCTION-Refunding Plan" above.
- (2) Includes Underwriter's discount, fees of Bond Counsel and Disclosure Counsel, expenses and charges of the Fiscal Agent, costs of printing the Official Statement, administrative fees of the Water District, and other costs of issuance.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

The Bonds are limited obligations and not general obligations of the Water District, payable solely from the Special Taxes and the funds pledged therefor under the Fiscal Agent Agreement. Neither the faith and credit of the Water District nor of the State or any political subdivision thereof is pledged to the payment of the Bonds. Notwithstanding any other provision of the Fiscal Agent Agreement, the Water District is not obligated to advance available surplus funds from the Water District treasury to cure any deficiency in the payment of the Special Tax, provided, however, the Water District is not prevented, in its sole discretion, from so advancing funds.

Although the Special Tax as described herein is levied against taxable parcels within the District, it does not constitute a personal indebtedness of the owners of property within the District. There is no assurance that the property owners will be financially able to pay the annual Special Tax or that they will pay such tax even if financially able to do so. See "SPECIAL RISK FACTORS."

THE WATER DISTRICT HAS NO OBLIGATION TO REPLENISH THE RESERVE ACCOUNT AS DESCRIBED HEREIN EXCEPT FROM SPECIAL TAXES, INCLUDING DELINQUENT SPECIAL TAXES THAT ARE PAID OR COLLECTED FROM FORECLOSURE SALES.

Limited Obligation

The Bonds are special, limited obligations of the Water District, payable and secured by the Special Tax and certain amounts held in funds under the Fiscal Agent Agreement. The Bonds do not constitute a charge against the general credit of the Water District, and under no circumstances is the Water District obligated to pay principal of or redemption premiums, if any, or interest on the Bonds except from the Special Taxes and other moneys pledged thereto under the Fiscal Agent Agreement. Neither the State of California nor any public agency (other than the Water District) is obligated to pay the principal of or redemption premiums, if any, or interest on the Bonds, and neither the faith and credit nor the taxing power of the Water District, the State of California or any public agency thereof is pledged to the payment of the principal of or redemption premiums, if any, or interest on the Bonds. The payment of the principal of or redemption premiums, if any, or interest on the Bonds does not constitute a debt, liability or obligation of the Water District, the State of California or any public agency (other than the Water District, to the limited extent set forth in the Fiscal Agent Agreement).

Special Taxes

The Act was enacted by the Legislature of the State of California (the "State") to provide an alternative method of funding certain public capital facilities and services, especially in developing areas of the State. Once duly established, a community facilities district is a legally constituted governmental entity with defined boundaries, with the governing board or legislative body of the local agency acting on its behalf. Subject to approval by a two-thirds vote of the district's qualified electors voting, and compliance with the provisions of the Act, a legislative body of a local agency may issue bonds for the district and may levy and collect a special tax within such district to repay such indebtedness.

Notwithstanding anything in the Fiscal Agent Agreement or in the Bonds, the Water District shall not be required to advance any moneys derived from any source other than the Special Taxes and other assets pledged under the Fiscal Agent Agreement for any of the purposes in the Fiscal Agent Agreement mentioned, whether for the payment of the principal or Redemption Price of or interest on the Bonds or for any other purpose of the Fiscal Agent Agreement.

In the Fiscal Agent Agreement, the Water District agrees and covenants that, at each time that Special Taxes are received, it will transfer the Special Taxes received to the Fiscal Agent; provided that, if the Water District determines, on or before any Interest Payment Date, that the Fiscal Agent will have sufficient money in the Special Tax Fund on such date to make the deposits required by the Fiscal Agent Agreement, the Water District may, from the Special Taxes received, deposit into the Community Facilities Fund the amount needed to pay its budgeted Administrative Expenses for the period prior to the next Interest Payment Date or to reimburse the Water District for the payment of unbudgeted Administrative Expenses during the prior six-month period (taking into account in such determination the amounts available in the Community Facilities Fund for such purpose).

The Fiscal Agent shall deposit any portion of the Special Taxes received that represents prepaid Special Taxes into the Prepayment Fund. The Fiscal Agent shall deposit all other Special Taxes received into the Special Tax Fund established under the Fiscal Agent Agreement, which fund the Fiscal Agent shall establish and maintain. All money in the Special Tax Fund shall be held by the Fiscal Agent in trust hereunder and shall be disbursed, allocated and applied solely to the uses and purposes set forth in the Fiscal Agent Agreement.

Pledge of Special Taxes. Subject only to the provisions of the Fiscal Agent Agreement permitting the application thereof for the purposes and on the terms and conditions set forth in the Fiscal Agent

Agreement, all of the Special Taxes and all amounts (including proceeds of the Bonds) held by the Fiscal Agent in any fund or account established under the Fiscal Agent Agreement (except for amounts held in the Rebate Fund) are pledged to secure the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions of this Fiscal Agent Agreement. This pledge constitutes a first lien on the Special Taxes and amounts in such funds and shall be valid and binding from and after delivery by the Fiscal Agent of the Bonds, without any physical delivery thereof or further act. The Special Taxes and other amounts are hereby pledged to the payment of Bonds without priority or distinction of one over the other and the Special Taxes and other amounts constitute a trust fund for the security and payment of the interest on and principal of the Bonds; but nevertheless out of Special Taxes and other amounts certain amounts may be applied for other purposes as provided herein. The pledge of Special Taxes and other amounts made is irrevocable until all of the Bonds are no longer outstanding.

A Special Tax applicable to each taxable parcel in the District shall be levied and collected according to the tax liability determined by the Water District Board through the application of the Special Tax Formula and prepared by Goodwin Consulting Group, Inc., Sacramento, California (the "**Special Tax Consultant**") and set forth in APPENDIX A hereto for all taxable properties in the District. Interest and principal on the Bonds and 2005 Bonds is payable from the annual Special Taxes to be levied and collected on such property within the District and from the proceeds, if any, from the sale of such property for delinquency of such Special Taxes.

The Special Taxes are exempt from the property tax limitation of Article XIII A of the California Constitution, pursuant to Section 4 thereof as a "special tax" authorized by a two-thirds vote of the qualified electors. The levy of the Special Taxes was authorized by the Water District pursuant to the Act in an amount determined according to the Special Tax Formula approved by the Water District. See "Special Tax Methodology" below and "APPENDIX A — RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

The amount of Special Taxes that the District may levy in any year, and from which principal and interest on the Bonds is to be paid, is strictly limited by the maximum rates approved by the qualified electors within the District which are set forth as the "**Maximum Annual Special Tax**" in the Special Tax Formula. Under the Special Tax Formula, Special Taxes for the purpose of making payments on the Bonds will be levied annually in an amount, not in excess of the Maximum Annual Special Tax. The Special Taxes and any interest earned on the Special Taxes shall constitute a trust fund for the principal of and interest on the Bonds pursuant to the Fiscal Agent Agreement and, so long as the principal of and interest on these obligations remains unpaid, the Special Taxes and investment earnings thereon shall not be used for any other purpose, except as permitted by the Fiscal Agent Agreement, and shall be held in trust for the benefit of the owners thereof and shall be applied pursuant to the Fiscal Agent Agreement. The Special Tax Formula apportions the Annual Costs (as defined in the Special Tax Formula and described below) among the taxable parcels of real property within the District according to the rate and methodology set forth in the Special Tax Formula. See "Special Tax Methodology" below. See also "APPENDIX A — RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

The Water District may levy the Special Tax at the Maximum Annual Special Tax rate authorized by the qualified electors within the District as set forth in the Special Tax Formula if conditions so require. The Water District has covenanted to annually levy the Special Taxes in an amount at least sufficient to pay the Annual Costs (as defined below).

The Water District may levy the Special Tax at the Maximum Annual Special Tax rate authorized by the qualified electors within the District as set forth in the Special Tax Formula if conditions so require. Because each Special Tax levy is limited to the Maximum Annual Special Tax rates authorized as set forth in the Special Tax Formula, no assurance can be given that, in the event of Special Tax

delinquencies, the amount of the Annual Costs will in fact be collected in any given year. See "SPECIAL RISK FACTORS — Insufficiency of Special Taxes" herein. The Special Taxes are collected for the Water District by the County of Stanislaus in the same manner and at the same time as *ad valorem* property taxes.

Special Tax Methodology

The Special Tax authorized under the Act applicable to land within the District will be levied and collected according to the tax liability determined by the Water District through the application of the appropriate amount or rate as described in the Special Tax Formula (defined terms set forth below in this section have the meanings set forth in the Special Tax Formula) set forth in "APPENDIX A — RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX." Each year, the Water District will determine the Annual Costs of the District for the upcoming fiscal year. The "**Annual Costs**" include the following items (i) debt service on the Bonds for the next Calendar Year; (ii) Administrative Expenses for such Fiscal Year; (iii) any amounts needed to replenish any bond reserve fund for bonds of the Water District; (iv) an amount equal to the amount of delinquencies in Special Taxes levied in the previous Fiscal Year and/or anticipated in the current Fiscal Year; and (v) pay-as-you-go expenditures for Authorized Facilities; less earnings on the bond reserve funds. **The pay-as-you-go component of the Special Tax Formula has not been utilized in the past, although the Water District is currently contemplating utilizing such source over the next two fiscal years, and expects that it can generate approximately \$3 million for transfer to the Improvement Fund to be used for paying the cost of authorized facilities of the District. Such pay-as-you-go moneys from the collection of Special Taxes are only available on an annual basis after payment of debt service on the 2014 Bonds and 2005 Bonds.** The Annual Costs are the basis for the amount of Special Tax to be levied within the District. In no event may the Water District levy a Special Tax in any year above the Maximum Annual Special Tax identified for each parcel in the Special Tax Formula.

Parcels Subject to the Special Tax. The Water District will prepare a list of the parcels subject to the Special Tax using the records of the Water District and the County Assessor. The Water District will tax all parcels within the District that are wholly or partially within the Pre-Development Plan Area (the "**PDP**") (described herein, and generally a development plan for the Diablo Grande Specific Plan) except tax-exempt parcels as described in the Special Tax Formula. Taxable parcels that are acquired by a public agency after the District is formed will remain subject to the Special Tax unless a "trade" resulting in no loss of Special Tax revenue can be made, as described in the Special Tax Formula. Parcels wholly outside the PDP Area may not be taxed.

Undeveloped Parcels are taxed on the Gross Taxable Acreage of the parcel. The Gross Taxable Acreage includes a *pro rata* share of the acreage that is lost to public right-of-ways when a parcel is subdivided. The reason the parcel is taxed for Gross Taxable Acres rather than gross acres is to ensure that the overall special tax revenue base remains undiminished throughout the existence of the District. Undeveloped Parcels are the parcels that have been subdivided from the Original Parcels, but do not yet have their final use entitlements for development and assigned significantly higher tax rates. As these parcels are created, some taxable acreage may be lost to public right-of-ways, such as streets, roads, and landscaped corridors. Taxing these parcels on the Gross Taxable Acreage is a means of maintaining the special tax base. The District administrator will review the allocation of taxable acreage to Undeveloped Parcels to ensure that the maximum annual special tax for parcels reflects the development potential for each new Undeveloped Parcel. In no case shall the maximum annual special tax for the Undeveloped Parcel with the adjusted Gross Taxable Acreage exceed the special tax revenue for the parcel that would occur when the parcel achieves full development status.

Assignment of Maximum Annual Special Tax. The Special Tax Formula describes in detail the method for assigning the Maximum Annual Special Tax to parcels within the District, which generally provides that each year the Water District will use the definitions contained in the Special Tax Formula to classify each parcel as tax-exempt or taxable. The Special Tax Formula assigns a total Maximum Annual Special Tax to the existing Original Parcels (as defined in the Special Tax Formula) and then reallocates the tax to Successor Parcels (as defined in the Special Tax Formula). Successor Parcels are further classified as a Developed Parcel, Golf Course Parcel, Undeveloped Parcel, Public Parcel, or Open Space Parcel. A Maximum Annual Special Tax is then assigned to each Successor Parcel using Attachment 2 of the Special Tax Formula.

Only that portion of a taxable parcel that lies within the boundaries of the PDP Area will be taxed. For each Successor Parcel, the administrator will first determine the area of the parcel that lies within the PDP Area. Then the Maximum Annual Special Tax Rate and Maximum Annual Special Tax is assigned to the Successor Parcel by assigning a land use from Attachment 2. If a Successor Parcel has more than one land use, determine the Taxable Acreage for each land use, and assign a Maximum Annual Special Tax to the parcel by multiplying the Taxable Acreage for each use by the Maximum Annual Special Tax Rate for each land use, then sum the total Maximum Annual Special Tax for each land use assigned to the parcel.

Developed Parcels are assigned a Maximum Annual Special Tax on a per unit basis for Single Family Residential Use Parcels and Multi-family Residential Use Parcels. Commercial Use Parcels and Golf Course Parcels are assigned a Maximum Annual Special Tax by multiplying the Taxable Acreage by the Maximum Annual Special Tax Rate. The Maximum Annual Special Tax for Undeveloped Parcels is assigned on a *pro rata* basis, as described in the Special Tax Formula. Public Parcels and Open Space Parcels are tax-exempt. A tax-exempt parcel that is not needed for public use and is converted to a taxable use will become subject to the Special Tax and will be assigned a Maximum Annual Special Tax Rate and Maximum Annual Special Tax based on the assigned land use.

Termination of the Special Tax. The Special Tax will be levied and collected for as long as needed to pay the principal and interest on the Bonds and other costs incurred in order to construct the Improvements and authorized District-funded facilities and to pay the Annual Costs. The Special Tax Formula provides that the Special Tax may not be levied on any parcel in the District after fiscal year 2039-40. When all Annual Costs incurred by the District have been paid, the Special Tax will cease to be levied.

Prepayment of the Special Tax. The Special Tax Formula provides that landowners may permanently satisfy all or a portion of the Special Tax by a cash settlement with the Water District, pursuant to specific conditions, including a determination by the Water District that the prepayment of the Special Tax obligation does not jeopardize its ability to make timely payments of debt service on outstanding Bonds. The amount of a Full Prepayment or a Partial Prepayment (as defined in the Special Tax Formula) is calculated according to the methodology set forth in the Special Tax Formula, and is based on determining a "**Benefit Share**" of anticipated costs relating to the outstanding Bonds, fees, call premiums, and expenses incurred by the Water District, less a "**Reserve Fund Share**", as defined in the Special Tax Formula. See "APPENDIX A – RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

Levy of Maximum Annual Special Tax and Debt Service Coverage

The annual Special Tax will be calculated by the Water District and levied to provide money for debt service on the Bonds, replenishment of the Reserve Fund, anticipated Special Tax delinquencies, administration of the District, and for payment of pay-as-you-go expenditures or reimbursements for costs of the Improvements or authorized District-funded facilities not funded from Bond proceeds.

The Maximum Annual Special Tax per taxable parcel is based on a uniform tax of \$1,350 per acre for Original Parcels and Undeveloped Parcels. For Successor Parcels, the Maximum Annual Special Tax ranges from \$1,800 to \$3,000 annually per unit for single family residential detached land uses, and from \$900 to \$1,200 per unit annually for apartments, condominiums, and townhouses. Commercial Use Parcels are assigned a Maximum Annual Special Tax Rate per acre ranging from \$3,600 to \$7,500 annually. In no event may the Water District levy a Special Tax in any year above the Maximum Annual Special Tax identified for each parcel in the Special Tax Formula.

The following table shows the Maximum Annual Special Tax rates for property in the District. For fiscal year 2013-14, the levy of the Special Taxes was \$4,473,166.76 and the Maximum Annual Special Tax was \$5,372,414.00.

Maximum Annual Special Tax Rate – Successor Parcels

<u>Tax Category</u>	<u>Sub-Category</u>	<u>Maximum Special Tax</u>	<u>Actual Special Tax</u>
Developed Parcels			
Single-Family Residential	Estate (Lots greater than 3 Acres)	\$3,000 per Unit	\$3,000 per Unit
Single Family Residential	40,000 square foot minimum lots	\$3,000 per Unit	\$3,000 per Unit
Single Family Residential	20,000 square foot minimum lots	\$3,000 per Unit	\$3,000 per Unit
Single Family Residential	8,000 square foot minimum lots	\$2,400 per Unit	\$2,400 per Unit
Single Family Residential	6,000 square foot minimum lots	\$2,250 per Unit	\$2,250 per Unit
Single Family Residential	5,000 square foot minimum lots	\$2,100 per Unit	2,100 per Unit
Single Family Residential	Patio Home*	\$1,800 per Unit	\$1,800 per Unit
Multi-Family residential	Townhouses	\$1,200 per Unit	\$1,200 per Unit
Multi-Family Residential	Condominiums	\$900 per Unit	\$900 per Unit
Multi-Family Residential	Apartments	\$900 per Unit	\$900 per Unit
Commercial	Commercial Use Parcels	\$7,500 per Acre	\$7,500 per Acre
Commercial	Hotel Use Parcels	\$5,000 per Acre	\$5,000 per Acre
Commercial	Winery list Parcels	\$3,600 per Acre	\$3,600 per Acre
Undeveloped Parcels	N/A	\$1,350 per Acre	\$1,129 per Acre
Golf Course Parcels	N/A	\$1,350 per Acre	\$1, 129 per Acre

* Includes single family detached lots less than 5,000 square feet.

Source: Goodwin Consulting Group, Inc.

Proceeds of the annual Special Tax levy will first be used to pay the Annual Costs other than pay-as-you-go expenditures and second, if the levy included a pay-as-you-go component, for deposit into the Improvement Fund for authorized costs not funded from Bond proceeds. As of the date of issuance of the 2014 Bonds, the Current Developer anticipates utilizing the pay-as-you-go component of the Special Tax Formula for each of the next two fiscal years, in order to generate approximately \$3 million for additional improvements. See "VALUE ESTIMATE OF PROPERTY IN THE DISTRICT." See also "SECURITY AND SOURCES OF PAYMENTS FOR THE BONDS — Special Tax Methodology" above. See "APPENDIX A - RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX" for a copy of the Special Tax Formula.

Stanislaus County Tax Loss Reserve

The County and the other political subdivisions within its boundaries operate under the provisions of Sections 4701 through 4717, inclusive, of the Revenue and Taxation Code of the State of California, commonly referred to as the "**Teeter Plan**," with respect to property tax collection and disbursement procedures. These sections provide an alternative method of apportioning secured taxes whereby agencies levying taxes through the County roll may receive from the County 100% of their taxes at the time they are levied. The County treasury's cash position (from taxes) is insured by a special tax loss reserve fund accumulated from delinquent penalties.

The Teeter Plan is applicable to the collection of property taxes in Stanislaus County, however, it is not applicable to special taxes of community facilities districts. Accordingly, the Special Taxes securing the 2014 Bonds are not subject to the Teeter Plan.

Special Tax Fund

When received, the Special Taxes are required under the Fiscal Agent Agreement to be deposited into a Special Tax Fund created in connection with the issuance of the 2001 Bonds and held by the Fiscal Agent in trust for the benefit of the Water District and the Owners of the Bonds. Within the Special Tax Fund, the Fiscal Agent maintains two accounts, (i) the Debt Service Account, to the credit of which the Fiscal Agent deposits, immediately upon receipt from the Water District, all Special Tax revenue, and (ii) the Surplus Account, to the credit of which the Fiscal Agent deposits surplus Special Tax Revenue as described below. Moneys in the Special Tax Fund will be disbursed as provided below and, pending any disbursement, will be subject to a lien in favor of the Owners of the Bonds. From time to time, the Water District may request withdrawal from the Debt Service Account and/or the Surplus Account of the Special Tax Fund amounts needed to pay the Water District administrative expenses; provided that such transfers shall not be in excess of the portion of the Special Tax Revenues collected by the Water District that represent levies for administrative expenses.

All Special Tax Revenue are required to be forwarded to the Fiscal Agent by the Water District for deposit upon receipt into the Debt Service Account no later than ten (10) Business Days prior to each Interest Payment Date, the Fiscal Agent will withdraw from the Debt Service Account of the Special Tax Fund and transfer (i) to the Reserve Fund, an amount which when added to the amount then on deposit therein is equal to the Reserve Requirement, and (ii) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund such that the amount in the Bond Fund equals the principal, premium, if any, and interest due on the Bonds on the next Interest Payment Date. At such time as deposits to the Debt Service Account equal the principal, premium if any, and interest becoming due on the Bonds for the current Bond Year and the amount needed to restore the Reserve Fund balance to the Reserve Requirement, the amount in the Debt Service Account in excess of such amount may, at the discretion of and upon the request of, the Water District, be transferred to the Surplus Account, which shall occur on or after September 15th of each year. If there has been no levy for pay-as-you-go expenditures it is unlikely there will be amounts to be transferred to the Surplus Account.

Moneys in the Surplus Account may, at the Water District's discretion, be transferred to the Improvement Fund to pay for costs of the Improvements or other authorized expenses of the District, to pay the principal of, premium, if any, and interest on the Bonds or to replenish the Reserve Fund to the amount of the Reserve Requirement. See "THE IMPROVEMENTS – Acquisition by the Water District."

Deposit and Use of Proceeds of 2014 Bonds

The 2014 Bonds are additionally secured by amounts generated from proceeds of the 2014 Bonds, together with interest earnings thereon pledged under the Fiscal Agent Agreement. The proceeds of the initial purchase of the 2014 Bonds shall be paid to the Fiscal Agent, who shall deposit such proceeds in the Reserve Fund, the Escrow Fund, and the Costs of Issuance Fund established under the Fiscal Agent Agreement. See "APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT" for information on use of the moneys, including investment earnings thereon, in the various funds established under the Fiscal Agent Agreement. See also "Reserve Fund" below.

Delinquent Payments of Special Tax; Covenant for Superior Court Foreclosure

Special Tax Payments and Foreclosure Proceedings The Special Tax will be collected in the same manner and the same time as *ad valorem* property taxes, except at the Water District's option, the Special Taxes may be billed directly to property owners. In the event of a delinquency in the payment of any installment of Special Taxes, the Water District is authorized by the Act to order institution of an action in superior court to foreclose the lien therefor.

The Water District has covenanted in the Fiscal Agent Agreement with and for the benefit of the Owners of the Bonds that it will cause a special tax consultant to annually on or before September 1 of each year review the public records of the County of Stanislaus relating to the collection of the Special Tax in order to determine the amount of the Special Tax collected in the prior fiscal year, and if the Water District determines on the basis of such review that the amount so collected is deficient by more than 5% of the total amount of the Special Tax levied in the District in such Fiscal Year, it will within 30 days thereafter institute foreclosure proceedings as authorized by the Act in order to enforce the lien of the delinquent installment of the Special Tax against each separate lot or parcel of land in the District for which such installment of the Special Tax is delinquent, and will diligently prosecute and pursue such foreclosure proceedings to judgment and sale; *provided*, that if the Water District determines on the basis of such review that (a) the amount so collected is deficient by less than 5% of the total amount of the Special Tax levied in the District in such Fiscal Year, but that property owned by any single property owner in the District is delinquent by more than \$10,000 with respect to the Special Tax due and payable by such property owner in such Fiscal Year, or (b) property owned by any single property owner in the District is delinquent cumulatively by more than \$5,000 with respect to the current and past Special Tax due (irrespective of the total delinquencies in the District) then the Water District will cause to the Fiscal Agent to institute, prosecute and pursue such foreclosure proceedings in the time and manner provided in the Fiscal Agent Agreement against each such property owner.

Under the Act, foreclosure proceedings are instituted by the bringing of an action in the superior court of the county in which the parcel lies, naming the owner and other interested persons as defendants. The action is prosecuted in the same manner as other civil actions. In such action, the real property subject to the special taxes may be sold at a judicial foreclosure sale for a minimum price which will be sufficient to pay or reimburse the delinquent special taxes.

The owners of the Bonds benefit from the Reserve Fund established pursuant to the Fiscal Agent Agreement; however, if delinquencies in the payment of the Special Taxes with respect to the Bonds are significant enough to completely deplete the Reserve Fund, there could be a default or a delay in payments of principal and interest to the owners of the Bonds pending prosecution of foreclosure proceedings and receipt by the Water District of the proceeds of foreclosure sales in an amount sufficient to pay delinquent amounts. Provided that it is not levying the Special Tax at the Maximum Annual Special Tax rates set forth in the Special Tax Formula, the Water District may adjust (but not to exceed the Maximum Annual Special Tax) the Special Taxes levied on all property within the District subject to the Special Tax to provide an amount required to pay debt service on the Bonds and to replenish the Reserve Fund.

Under current law, a judgment debtor (property owner) has at least 140 days from the date of service of the notice of levy in which to redeem the property to be sold. If a judgment debtor fails to redeem and the property is sold, his or her only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale. If, as a result of such an action a foreclosure sale is set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made (California Code of Civil Procedure Section 701.680).

Foreclosure by court action is subject to normal litigation delays, the nature and extent of which are largely dependent upon the nature of the defense, if any, put forth by the debtor and the condition of the calendar of the superior court of the county. Such foreclosure actions can be stayed by the superior court on generally accepted equitable grounds or as the result of the debtor's filing for relief under the Federal bankruptcy laws. The Act provides that, upon foreclosure, the Special Tax lien will have the same lien priority as is provided for *ad valorem* taxes and special assessments. See "VALUE ESTIMATE OF PROPERTY WITHIN THE DISTRICT – Priority of Lien."

The Water District has foreclosed as described above on delinquent parcels and the Current Developer has in all instances of foreclosures on the residential parcels designated for non-custom residential homes acquired the parcels at the foreclosure sale. These acquisitions totaled approximately \$650,000 in 2013 and likewise, the Current Developer has set aside for similar foreclosure acquisitions at the next tax sale scheduled for late 2014 or early 2015. The Current Developer expects to likewise acquire non-custom home residential lots that may be the subject of foreclosure proceedings in the near future.

Reserve Fund

A Reserve Fund (the "**Reserve Fund**") was established for the 2001 Bonds under the original Fiscal Agent Agreement, and reserve accounts thereunder were established with proceeds of the 2002 Bonds, 2004 Bonds, and 2005 Bonds, with all the Reserve Funds being held by the Fiscal Agent. Upon delivery of the 2014 Bonds, the amount of the 2014 Reserve Account (the "**2014 Reserve Account**") shall be established by depositing certain proceeds of the 2014 Bonds into the 2014 Reserve Account such that the amount in the 2014 Reserve Account equals the "**Reserve Requirement**" for the 2014 Bonds, which is the lesser of 10% of the original principal amount of the 2014 Bonds, 100% of maximum annual debt service on the 2014 Bonds, or 125% of average annual debt service on the 2014 Bonds. Separately, the Fiscal Agent holds and will continue to hold a reserve account in the Reserve Fund for the 2005 Bonds, the Reserve Requirement for which equals the lesser of 10% of the original principal amount of the 2005 Bonds, 100% of maximum annual debt service on the 2005 Bonds, or 125% of average annual debt service on the 2005 Bonds. The Water District is required to cause to be maintained, but only from Special Taxes, an amount of money or other security equal to the Reserve Requirements in the Reserve Fund and the 2014 Reserve Account at all times that the 2005 Bonds and 2014 Bonds are outstanding.

All amounts deposited in the Reserve Fund accounts (together, the "**Reserve Funds**") shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest on, the 2005 Bonds and 2014 Bonds. Whenever transfer is made from the Reserve Funds to the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent shall provide written notice thereof to the Water District. Whenever, on the Business Day prior to any Interest Payment Date, the amount in the Reserve Funds exceeds the then applicable Reserve Requirement, the Fiscal Agent shall transfer an amount equal to the excess from the Reserve Funds to the Bond Fund or the Improvement Fund as provided below, except that investment earnings on amounts in the Reserve Funds may be withdrawn from the Reserve Funds for purposes of making payment to the Federal government to comply with rebate requirements.

Moneys in the Reserve Funds shall be invested and deposited in accordance with the Fiscal Agent Agreement. Interest earnings and profits resulting from the investment of moneys in the Reserve Funds and other moneys in the Reserve Funds shall remain therein until the balance exceeds the Reserve Requirement; any amounts in excess of the Reserve Requirement shall be transferred to the Bond Fund to

be used for the payment of the principal of and interest on the Bonds in accordance with the Fiscal Agent Agreement.

Whenever the balance in the Reserve Funds exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, and make any other transfer required under the Fiscal Agent Agreement, the Fiscal Agent shall transfer the amount in the Reserve Funds to the Bond Fund to be applied, on the next succeeding Interest Payment Date to the payment and redemption of all of the Outstanding Bonds. In the event that the amount so transferred from the Reserve Funds to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Funds shall be transferred to the Water District, after payment of any amounts due the Fiscal Agent, to be used for any lawful purpose of the Water District.

Additional Bonds

After issuance of the 2005 Bonds, the Water District issued the entire \$57,000,000 amount of bonds authorized for the District; accordingly no Additional Bonds (as described in the Fiscal Agent Agreement) are authorized, however the Water District may issue additional bonds secured by the Special Tax on parity with the 2014 Bonds to refund any bonds issued for the District.

DEBT SERVICE SCHEDULE AND COVERAGE

The annual debt service on the 2014 Bonds based on the interest rates and maturity schedule set forth on the cover of this Official Statement is set forth below, followed by a coverage table which includes the scheduled aggregate debt service on the 2005 Bonds.

DIABLO GRANDE COMMUNITY FACILITIES DISTRICT NO. 1 SPECIAL TAX REFUNDING BONDS DEBT SERVICE

Year Ending (Sept. 1)	2014 Bonds Principal	2014 Bonds Interest	2014 Bonds Total
2015		\$ 1,951,395.64	\$ 1,951,395.64
2016	\$ 475,000	1,834,210.00	2,309,210.00
2017	1,860,000	1,824,710.00	3,684,710.00
2018	1,920,000	1,768,910.00	3,688,910.00
2019	1,975,000	1,711,310.00	3,686,310.00
2020	2,050,000	1,632,310.00	3,682,310.00
2021	2,130,000	1,550,310.00	3,680,310.00
2022	2,215,000	1,465,110.00	3,680,110.00
2023	2,330,000	1,353,252.50	3,683,252.50
2024	2,450,000	1,235,587.50	3,685,587.50
2025	2,575,000	1,111,862.50	3,686,862.50
2026	2,705,000	981,825.00	3,686,825.00
2027	2,850,000	838,460.00	3,688,460.00
2028	2,995,000	687,410.00	3,682,410.00
2029	3,155,000	528,675.00	3,683,675.00
2030	3,320,000	361,460.00	3,681,460.00
2031	3,500,000	185,500.00	3,685,500.00
Total	\$38,505,000	\$21,022,298.14	\$59,527,298.14

**DIABLO GRANDE COMMUNITY FACILITIES DISTRICT NO. 1
SPECIAL TAX REFUNDING BONDS
DEBT SERVICE COVERAGE**

Maturity (Sept. 1)	Series 2005 Debt Service	Series 2014 Debt Service	Aggregate Debt Service	Available Revenues (1)	Coverage Ratio
2015	\$ 683,973	\$ 1,951,396	\$ 2,635,368	\$ 5,372,414	2.04 : 1
2016	680,910	2,309,210	2,990,120	5,372,414	1.80 : 1
2017	687,016	3,684,710	4,371,726	5,372,414	1.23 : 1
2018	681,766	3,688,910	4,370,676	5,372,414	1.23 : 1
2019	680,701	3,686,310	4,367,011	5,372,414	1.23 : 1
2020	683,541	3,682,310	4,365,851	5,372,414	1.23 : 1
2021	683,854	3,680,310	4,364,164	5,372,414	1.23 : 1
2022	688,041	3,680,110	4,368,151	5,372,414	1.23 : 1
2023	685,823	3,683,253	4,369,075	5,372,414	1.23 : 1
2024	682,479	3,685,588	4,368,066	5,372,414	1.23 : 1
2025	683,010	3,686,863	4,369,873	5,372,414	1.23 : 1
2026	686,330	3,686,825	4,373,155	5,372,414	1.23 : 1
2027	682,910	3,688,460	4,371,370	5,372,414	1.23 : 1
2028	683,040	3,682,410	4,365,450	5,372,414	1.23 : 1
2029	681,430	3,683,675	4,365,105	5,372,414	1.23 : 1
2030	688,080	3,681,460	4,369,540	5,372,414	1.23 : 1
2031	682,410	3,685,500	4,367,910	5,372,414	1.23 : 1
Total	\$11,625,314	\$59,527,298	\$71,152,612	\$91,331,038	

(1) Based on the Maximum Annual Special Tax for Fiscal Year 2013-14. The Maximum Annual Special Tax may increase upon further development.

THE WATER DISTRICT

The Water District was formed in 1992 under Division 13, Sections 34000-38501 of the California Water Code, primarily for the purpose of providing water to the proposed development then contemplated by Diablo Grande Limited Partners (the "**Original Developer**") to be constructed within the approximate 29,500-acre Diablo Grande Project holdings of the Original Developer. The formation was constituted by an election on April 30, 1992, certified by the Board of Supervisors of the County of Stanislaus and recorded with the County Recorder on June 8, 1992. The Original Developer was the sole owner of all of the property in the Water District. The Water District was formed by the Original Developer solely for the purpose of facilitating development of the Original Developer's property and the Board of Directors of the Water District was for several years comprised of persons who were employed by or otherwise associated with the Original Developer. The directors are publicly elected by the owners of land within the District. Currently, the Board is comprised of persons who are employed by or otherwise associated with the Current Developer, except for one member who is a homeowner within the Water District's boundary. The District boundaries are coterminous with the Water District and do not currently encompass the entire original Diablo Grande Project. See "APPENDIX E – SELECTED DEMOGRAPHIC DATA" for general information on the area near the Water District.

Currently, four of the five Board members are persons who are employed by or otherwise associated with the Current Developer.

THE DISTRICT

The Developer has provided the following information with respect to development within the District. No assurance can be given that all information is complete. No assurance can be given that development in the District will be completed, or that it will be completed in a timely manner. Since ownership of the property within the District is subject to change, the development plans outlined below may not be continued by a subsequent owner if the property is sold, however development by any subsequent owner will be subject to the District, the District's water supply, and the lien of the Bonds, the Diablo Grande Specific Plan, local approvals, and the policies and requirements of the County. No assurance can be given that the plans or projections detailed below will actually occur.

Overview of the District

The District originally comprised approximately 5,070 acres (a substantial portion of which will remain as open space and not be subject to the Special Tax), or approximately 17.2% of the approximate 29,500-acre "**Diablo Grande**" planned residential, golf and resort project (further described below). Land within the District includes substantial planned open space and as property in the District is subdivided for development, such open space parcels become exempt from the Special Tax. Land in the District subject to the Special Tax currently comprises 2,936 acres.

The District as originally formed comprised six County Assessor's parcels (25-05-04, 25-10-05, 25-11-06, 25-15-06, 25-15-07, and 25-16-10), some parts of which were subsequently subdivided for initial residential development, with final maps now in place providing for 735 residential parcels. Additional parcels are expected to be subdivided as development occurs, and the Current Developer now projects an estimated 2,354 residential lots at buildout. The District was formed to provide infrastructure improvements for the first stage (the Original Developer's "**Phase 1**") of the Diablo Grande Project located within the Diablo Grande Specific Plan (described herein) established by the County. Anticipated development within the District includes 2,312 single-family residential units, 42 multi-family residential units, and approximately 39 acres of commercial uses. The property in the District currently includes two

completed golf courses (one of which is operational and the other of which is closed, likely permanently), a clubhouse and related outbuildings and improvements, a winery and completed homes sold to homeowners. Land in the District is surrounded by extensive vacant land and other than the golf courses, clubhouse and newly developed or developing homes, is currently predominantly undeveloped.

Location of the District

The District is located approximately 9 miles west of the City of Patterson, California in western Stanislaus County (the "**County**"). The County lies between San Joaquin County on the north, Merced County on the south, and Santa Clara County on the west. The County is traversed by two major highways, Interstate 5 on the west side and State Highway 99 through its central region. The City of Modesto is the County seat with an estimated population of approximately 206,785 persons as of January 1, 2014.

The incorporated city nearest to the District is the City of Patterson, a rural community with a January 1, 2014 population estimate of 20,922, near Interstate 5 between Los Banos and Tracy. The town lies about 60 minutes driving time to employment centers in Pleasanton, Livermore, Dublin, and San Ramon to the west, which are accessible from Interstate 5 via Interstate 580. These employment centers have experienced significant growth due to the movement of growth from the San Francisco Bay Area.

The District is located in a mostly undeveloped area of the County in the hills forming a portion of the western edge of California's Central Valley. Other than highway-related retail at Interstate 5, the community is approximately 15 minutes away from retail facilities including a 50,000 square foot Save Mart grocery store, 158,000 square foot Super Walmart, CVS drugstore, Starbucks, and others. Patterson continues to grow with the recent opening of Grainger's 820,000 square foot distribution center, Amazon's 1,000,000+ square foot fulfillment center (a physical facility where product orders are processed, packed and shipped), and a 1,500,000 square foot warehouse and distribution center is also planned for Restoration Hardware. CVS operates 807,000 square foot distribution center and Kohl's has a 400,700 square foot facility as well. The City expects that the State Enterprise Zone will continue to draw more companies and increase the local employment base.

Utility and safety services are provided within the District by the following providers: police: Stanislaus County Sheriff's Office; Fire: West Stanislaus County Fire Protection District; Electric: Turlock Irrigation District; Telephone: Frontier.

Property west of Interstate 5 in the area of the District is generally hilly, steep, rough terrain primarily used for dry farming or cattle grazing. Some exceptions extend along and near to Oak Flat Road where terrain is level to rolling to gentle hilly with some availability of water sources. These lands have been used to grow cherries, walnuts, almonds and citrus. Land area east of Interstate 5 is typical Central Valley agricultural terrain, primarily level with water availability and good soils for almonds, walnuts, apricots, raw crops, sod farms, and other crops. These land areas are heavily utilized for various crop types and have a long history of such uses.

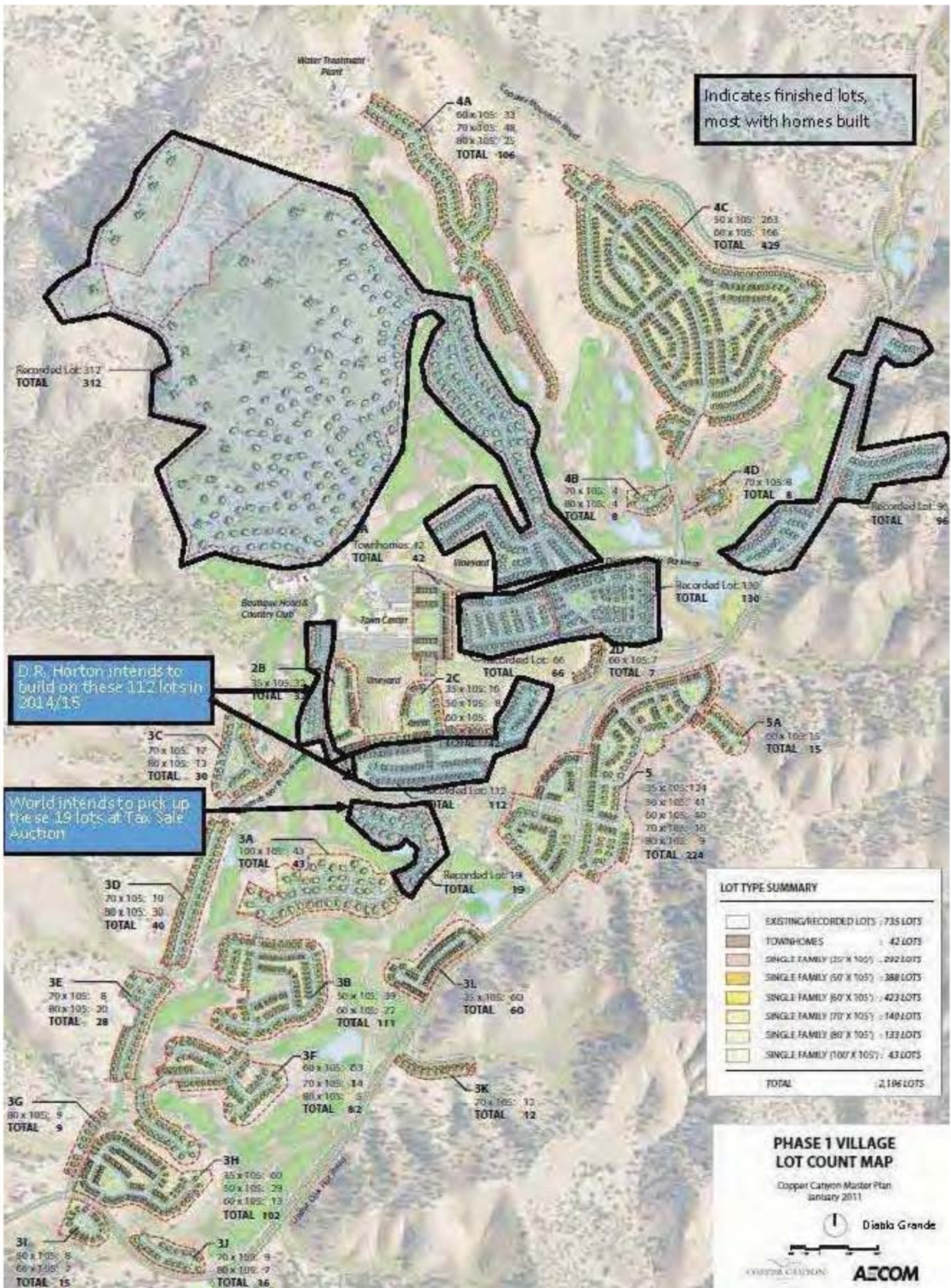
Direct access to the District west from the "Patterson" exit of Interstate 5 is available on Diablo Grande Parkway constructed by the Original Developer of the Diablo Grande Project, a portion of which includes the "cut-across" component funded in part with proceeds of the 2001 Bonds. The entrance gate to the project is approximately 8 miles from Interstate 5. All of Diablo Grande Parkway has been improved by the Original Developer to modern two-lane County standards.

A map of California highlighting travel times from a central point labeled "Diablos Canyon" (marked with a red star). Four arrows radiate from this point to different locations, each with a time box: Stockton (50 Minutes), Modesto (45 Minutes), Sacramento (60 Minutes), and San Jose (90 Minutes). The map shows major highways like I-5, I-80, I-880, and SR-99, as well as numerous cities and geographical features across the state.

AERIAL VIEW OF THE DISTRICT1



DEVELOPMENT STATUS MAP1



Entrance to the District is via an entrance gate to the project. Beyond the gate are private streets, some of which traverses the existing golf courses and vineyards, which currently extend from inside the gate to the existing golf clubhouse area, a distance of approximately 2 miles, and into newly constructed residential streets and homes sold and under construction.

Development History of the Project

Zoning and Specific Plan. Property in the District is currently a part of the County's 3,400-acre Diablo Grande Specific Plan (the "**Specific Plan**"). The District comprises approximately 2,936-acres of the Specific Plan area. Development of the property in the District is under the jurisdiction of the County and has been and will be governed by the Specific Plan, the Environmental Impact Report prepared in connection with the Specific Plan, the Mitigation Monitoring and Reporting Plan, and by all adopted project mitigation measures and conditions, including the specific conditions of approval related to existing and future Tentative Map applications.

Existing pre-zoning for the property in the District includes RC - resort commercial uses including commercial, clubhouse, restaurant, conference and hotel center, retail and offices; RA - rural residential, 3 acre minimum; R1 - single family residential, 10,000 square-foot, 20,000 square-foot, and 40,000 square-foot lots; R2 - medium density residential with 4,500 minimum square-foot detached lots; R3 - multiple family residential with medium high densities.

The Current Developer intends to apply for an amendment to the Specific Plan to facilitate additional residential units in the District in excess of the 2,012 approved under the Specific Plan. No definite plans have been formulated at this time and no assurance can be given that additional units will be applied for or granted by the County.

Property within the District subject to the Special Tax initially included the entirety of each of the 6 County Assessor's Parcels that comprised the 5,070 acres in the District. The Special Tax Formula provides that as subdivision of the 6 County Assessor's Parcels occurs, the Special Tax will shift only to the developed parcels, which comprise land within the Original Developer's Phase 1/Unit 1 development area. Land in the District subject to the Special Tax currently comprises 2,936 acres. Subdivided parcels designated for open space, public uses and parcels planned to remain as raw land and all parcels wholly outside of the Phase 1/Unit 1 development area will not be subject to Special Taxes and will not be security for the Bonds. See "APPENDIX A — RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX."

Water. A source of water for development is available to the District as identified by a Certificate of Transfer of Water dated June 5, 2000 between Kern County Water Agency ("**KWCA**") and the Water District, the Point of Delivery Agreement between the California Department of Water Resources ("**DWR**"), and the KWCA dated June 8, 2000, the agreement between the Department of Water Resources, State of California, the KWCA and the Water District for construction, operation and maintenance of the Western Hills Turnout, a permanent turnout within the California Aqueduct Right-of-Way dated June 8, 2000. These documents provide for the transfer from KWCA to the Water District of a long term and stable source of up to 8,000 acre feet per annum of annual water supply of Kern County Water Agency's Pioneer Project water supply made available to the Water District by the Department of Water Resources by simultaneously exchanging KCWA's State Water Project (the "**SWP**") water supply to the Water District at the aqueduct turnout completed by the Developer in 2001. The Water District's delivery system consists of 4 pumping stations, a water treatment plant, a 1 million gallon water reservoir and approximately 22 miles of treated water pipelines and 7 miles of raw water pipelines.

In 2010, the District entered into an unbalanced water banking program agreement with five SWP contractors. The initial term of the agreement is through 2019, and after 2019, the buyers may terminate the agreement on five years' prior written notice. Under the agreement, the Water District sells and the contractors agree to buy that portion of the District's SWP water in excess of in-district demands, which helps reduce the Water District's annual raw water costs. In addition, the Water District earns a water bank credit of 500 acre feet per annum if at least 500 acre feet of excess water is provided to the contractors. Through 2013, the Water District had accrued 2,000 acre feet of water bank credits. The Water District is able to call on its accrued credits in order to meet in-district demands when SWP water is insufficient to meet those demands. So long as the Water District has accrued credits, it has the right to call on those credits for fifteen years after termination of the agreement. Because of the severe curtailment in SWP water supplies this year, the Water District was able to meet reduced in-district water demands by calling on its accrued water credits and by implementation of water conservation measures. The water banking arrangement assists the Water District in its water supply planning and in firming up its water supply through at least 2034.

The Water District projects that the 8,000 acre feet entitlement is sufficient to provide for development of the 2,012 residential units and commercial uses on approximately 2,250 acres as contemplated by the Original Developer. The entitlement is currently permitted under DWR's SWP water rights by the State Water Resources Control Board for 466 acres of development. Development of the remaining acreage will require the Water District to request through the KCWA to DWR to petition the State Water Resources Control Board for expansion of the initially permitted area. The Water District contemplates doing so in a timely manner to facilitate further development.

Original Developer's Development Plan. Land within the District is designated under the Specific Plan for 2,012 residential units and commercial uses on approximately 2,936 acres, and approximately 787 acres of open space. The Original Developer designated this area as Phase 1 of the Diablo Grande Project, and the Original Developer anticipated it to be developed in four "units."

The Current Developer's development plan for the planned Phase 1 is in conformance with the Specific Plan and applicable zoning ordinances, and no further discretionary approvals are required to allow all Phase 1 development to proceed as originally contemplated by the Original Developer upon approval of tentative and final subdivision maps.

Development Under the Original Developer's Development Plan. In December 1999 the County approved a tentative subdivision map (as amended) to create the 313 residential lots, a hotel site and winery site then-proposed for the first unit of the Original Developer's Phase 1. A final subdivision map for 84 custom lots, and 52 production lots, referred to as "The Reserves," was recorded in May 2003. A final subdivision map for 51 production lots "Villas I" in Unit 1A and 47 patio home production lots "Villas I" (Unit 1A-2) was recorded in August 2004. A final map for a 66 production lot subdivision "Vineyards I" (Unit 2C) and a 130 production lot subdivision "The Cottages" (Unit 2C) was recorded in March 2006. An additional 112 production lot subdivision "Vineyards II" (Unit 2C) was recorded April 2006. A final map for 40 custom lots (Unit 1B) was recorded May 2006. A final map for 96 production lots "Villas II" (Unit 2A) was recorded July 2006. A final map for 39 custom lots (Unit 1D) was recorded October 2006. A final map for 19 production lots "Legends I" was recorded April 2008. To date, 735 residential lots are the subject of final maps.

Construction of Amenities By Original Developer. In connection with the golf orientation originally envisioned for the Diablo Grande Project, the Original Developer created a clubhouse facility a result of remodeling the large main residence located on the ranch property at the time of acquisition of the land and constructed and operated two golf courses, the "Ranch" course, which was completed in 1996, and the "Legends" course, which was completed in 1997. The Legends course is presently closed

and the Current Developer is expecting to redevelop the land into other uses, including additional homes, walking trails, and other public amenities. The Original Developer had planned to construct a winery and hotel on the property but those were not built, however a vineyard was planted and remains a visual amenity.

Bankruptcy of Original Developer. On March 10, 2008 the Original Developer commenced bankruptcy proceedings, largely resulting from the national real estate downturn resulting in a slowdown and stoppage of development and sale of lots and homes in the project. The Current Developer acquired most of the undeveloped land in the project in October 2008 as part of the disposition of assets under the bankruptcy proceeding.

Presently Existing Development. Nearly all of the presently existing homes were constructed prior to the real estate downturn. As a result of the Original Developer's development activities, land in the District presently comprises 735 final mapped residential lots, of which 425 homes have been improved with completed homes. In addition to the completed homes, infrastructure improvements suitable for additional development are in place. Land in the District also includes undeveloped land, two golf courses (one of which is closed and likely to be used for other purposes in the future), a clubhouse and related outbuildings and improvements.

DeNova Homes is currently building homes in the District and has sold 4 homes in 2014.

Market Report. A market assessment and analysis report was prepared by Meyers Research LLC, dated July 2014 (the "**Market Report**"). The Market Report was commissioned by the Current Developer in connection with its evaluation of the current development potential of its undeveloped land in the District. The Market Report analyzed residential product types, pricing and absorption for the entirety of the Phase 1 Village master plan in the market as it existed on the date of the report, along with projections of the market demand for 2015 through an assumed potential buildout of the community. See "APPENDIX C - Market Assessment and Analysis Report."

Key findings of the Market Report include following:

- The location and setting of the Diablo Grande Project offers many amenities and natural beauty.
- Target segments of home buyers should include predominantly primary and also some secondary buyers, including families, "empty nesters", and retirees.
- The master planned environment of the Diablo Grande Project should result in a competitive advantage in the local and regional market due to the relative lack of competing master planned communities in the region.
- Existing infrastructure and amenities including extensive open space provide a strong foundation for new home sales.
- Home values and lot values have increased significantly in the Bay Area in the past year, which should positively affect the demand for further out locations.
- The project is located in the greater Modesto region but will likely attract buyers from areas outside the region, such as Stockton, Oakland, San Jose, and in particular the fast-growing Tri Valley area (Livermore, Pleasanton, and Dublin). The project is an approximately 60-minute drive from the Tri Valley area, which is benefitting from favorable job growth yet relatively high home prices – factors which should drive more of the Tri Valley workforce toward the District in search of new homes.

A history of new home sales in the District is shown below, along with the annual median new home sale price, followed by table summarizing sales by price range.

**Diablo Grande - Annual Sales of New Production Homes
2004-2014**

<u>Year</u>	<u>Annual New Home Sales</u>	<u>Median New Home Price</u>
2004	67	\$353,500
2005	103	\$505,500
2006	68	\$430,500
2007	104	\$347,350
2008	43	\$282,000
2009	9	\$136,000
2010	3	\$105,000
2011	3	\$195,000
2012	0	\$0
2013	0	\$0
2014	4*	\$339,770
Total	404**	

* 4 closed sales as of July 2014, per DeNova homes.

** Excludes 21 sales of custom homes. The total number of home sales to date is reported to be 425.
Source: Meyers Market Study and Analysis Report (excluding 2013, 2014).

Diablo Grande - Annual New Home Sales by Price Range

<u>Year</u>	<u>Below \$150,000</u>	<u>\$150,000- \$199,999</u>	<u>\$200,000- 249,999</u>	<u>\$250,000- \$299,999</u>	<u>\$300,000- \$349,999</u>	<u>\$350,000- \$449,999</u>	<u>\$450,000+</u>
2005	3%	4%	1%	0%	1%	17%	74%
2006	0%	0%	0%	2%	5%	53%	40%
2007	0%	0%	8%	4%	30%	27%	21%
2008	0%	14%	19%	37%	23%	7%	0%
2009	67%	0%	11%	0%	11%	0%	11%
2010	67%	0%	0%	0%	0%	0%	33%
2011	33%	33%	0%	33%	0%	0%	0%
2012	0%	0%	0%	0%	0%	0%	0%
2013	0%	0%	0%	0%	0%	0%	0%
2014	0%	0%	0%	0%	50%	50%	0%

Source: Meyers Market Study and Analysis Report (excluding 2013, 2014).

Anticipated Development Plan of Current Developer

The Current Developer is of the opinion that the Original Developer's development plan has some inefficiencies with regards to grading and backbone infrastructure and the lotting and phasing are outdated as to current market demands. Accordingly, the Current Developer does not presently intend to follow the specific lotting shown in the development plan of the Original Developer. The Current Developer is considering applying for approval by the County to allow additional units in the project, in addition to relocating some larger lots along the hillsides to areas closer to infrastructure and recreational amenities. The Current Developer projects seeking approval for a total of 2,354 residential units in Phase 1, an increase from the presently approved 2,012.

The Current Developer also contemplates that the now closed Legends golf course will be repurposed for other uses, possibly including recreational amenities and further residential development. The Current Developer has determined that approximately 15% of existing homeowners are golfers, and as such considers the allocation of a significant amount of water to the incremental amenity benefit associated with the existence of a second golf course not justified by added value to lots and homes. The current plan is to repurpose the course into more cost efficient lots, and the addition of more contemporary and sustainable amenities, such as walking trails and bike paths, with an emphasis on the natural environment.

The Current Developer indicates that it intends to spend approximately \$42 million and to take the following actions over the next three years. No assurance can be given that such estimated expenditures will actually occur.

Within 12 months, spend \$2 million on the following:

- Creation of a 12-month budget to create and revise the master plan and launch a master marketing and signage program;
- Create walking/ biking trails;
- Apply for a 15% bonus density per the Specific Plan, and plan those additional lots on the closed Legends Golf Course. (2012 units +35 entry units) times 1.15% bonus = 2,354 units; and
- Improve the Ranch Golf Course.

Within 24-36 months, spend approximately \$40 million on the following:

- Significantly improve the existing clubhouse, adding a convenience market and coffee bar, and new finishes throughout;
- Create walking/ biking trails;
- Begin selling subdivisions to homebuilders;
- Create the community park;
- Develop, under a builder program, approximately 100 new homes; and
- Improve the front entrance arrival with new landscaping and guardhouse.

Merchant Builder Property

D.R. Horton (a division of Western Pacific Housing) owns a total of 118 finished lots. See "Table 4, Top Ten Taxpayers." The company recently received Design Review Committee approval on its plans for the 112-lot Vineyards II and the company reports it is completing construction drawings in preparation of moving forward.

De Nova Homes (under the ownership name Civic Diablo Grande LLC) owns 50 finished lots in the District, down from 54 finished lots since 4 lots have been sold in 2014. De Nova is presently actively

selling homes in its "Villa Vista" development with homes ranging from 1,776 to 2,265 square feet. See "Table 4, Top Ten Taxpayers."

Environmental Matters

Development Approvals. Since acquiring the property over 20 years ago, the Original Developer had encountered various environmental challenges in master panning the Diablo Grande Project. These challenges were consistently handled by counsel for the Original Developer and in some cases have delayed the Original Developer's development plans. At the current time all litigation related to the property has been concluded.

Flood Hazard Map Information. According to the Stanislaus County Public Works Department the property in the District is classified as being in Flood Zone X, described as areas outside of the 100- and 500-year flood plain, per (per www.floodmaps.com provided by Digital Media Services).

Wetland Conditions. The Developer has obtained a Clean Water Act Section 404 permit, which authorizes fill in areas the United States Army Corps of Engineers has delineated as "waters of the United States." The permit allows construction of the planned residential, commercial and other uses within the District. The permit ensures that the Developer is in full compliance with Section 404 of the Clean Water Act and that the Developer can conduct fill activity in conformance with the requirements of the permit.

Seismic Conditions. According to the Seismic Safety Commission, the District is located within Zone 3, which is assigned to areas of moderate seismic activity. The location within this zone does not prevent development. There are only two zones in California. Zone 4 is assigned to areas of major faults. Zone 3 is assigned to areas with more moderate seismic activity. The District is not located within a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 (revised January 1994) of the California Department of Conservation, Division of Mines and Geology.

Levy of Special Tax; Maximum Special Tax Revenue

Levy of Special Tax. The Special Tax will be levied and collected through the application of the appropriate amount or rate as described in the Rate and Method each year in an amount at least sufficient to pay debt service on outstanding Bonds and administrative expenses of the District. See "SECURITY FOR THE BONDS- Special Taxes" above and Appendix A.

For Fiscal Year 2013-14, the Maximum Annual Special Tax for the District is \$5,372,414.00. This will change over the life of the Bonds as development occurs. For Fiscal Year 2013-14, the Special Tax levy was \$4,473,166.76.

For application of the Special Tax Formula for fiscal year 2013-14, the District contained 733 "developed" residential lots (308 of which are classified as developed for purposes of the Special Tax Formula because they are final mapped lots but had no structure valuation per County Assessor records) that are taxed at their maximum rates. In addition, six parcels that were classified as developed residential lots have prepaid their special tax obligation and are now considered Prepaid Parcels. There was also one parcel (13.66 acres) classified as a Hotel Use Parcel and one parcel (10.73 acres) classified as a Winery Use Parcel that are each taxed at their maximum special tax rates of \$5,000 per acre and \$3,600 per acre, respectively. Taxing these Developed Parcels at their maximum special tax rates will generate approximately \$1,803,578 in special tax revenue, assuming no delinquencies. This amount is insufficient to fully fund the Annual Cost of \$4,473,167 for 2013-14. As a result, the remaining \$2,669,589 represented a levy on Undeveloped Parcels and Golf Course Parcels. Given that there are approximately 2,252.85 acres of Undeveloped Parcels and 88.51 acres of Golf Course Parcels within the District, each acre was taxed \$1,129.26 in fiscal year 2013-14. This is approximately 83.65% of the maximum special tax rate of \$1,350 per acre for Undeveloped and Golf Course Parcels. No Special Tax needed to be levied on Original Parcels in fiscal year 2013-14.

Special Tax Coverage. The Special Tax Formula apportions the Annual Costs among the taxable parcels of property within the District according to the rate and methodology set forth in the Special Tax Formula. The maximum annual special tax ranges from approximately \$1,800 to \$3,000 per single-family unit, depending on product type and lot size. No escalation of the Special Tax is permitted. The following table shows the District debt service coverage for fiscal year 2013-14 based on the actual levy and the Maximum Annual Special Tax levy and debt service on bonds outstanding at the time. Debt Service and Debt Service Coverage for each year can be found on page 23.

Table 1
Western Hills Water District
Community Facilities District No. 1
2013-14 Debt Service Coverage

<u>Description</u>	<u>2013-14 Maximum Tax</u>	<u>2013-14 Revenue Requirement</u>	<u>2013-14 Debt Service</u>	<u>2013-14 Debt Service Coverage</u>
Maximum Special Tax	\$5,372,414	\$4,473,167	\$4,392,759	122.3%

Limitations on Increases in Special Tax Levy. If owners are delinquent in the payment of Special Taxes, the Water District may not increase Special Tax levies to make up for delinquencies for prior Fiscal Years above the Maximum Annual Special Tax rates specified for each category of property within the District. In addition, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the Bonds. See "SPECIAL RISK FACTORS."

Special Tax Collection and Delinquency Rate

As of July 8, 2014, 47 parcels were delinquent in the total amount of \$134,765, which is 3.01% of the fiscal year 2013-14 special tax levy. Of the total fiscal year 2013-14 Special Tax levy of \$4,473,167, approximately \$4,338,402 has been collected. No delinquent taxpayer is responsible for 5% or more of the total Special Tax levy. The table below shows the annual Special Tax levies and current delinquencies for the past nine years.

**Western Hills Water District
Community Facilities District No. 1
Historical Special Tax Levies and Delinquencies ⁽¹⁾
(As of July 8, 2014)**

<u>Fiscal Year</u>	<u>Total Levy</u>	<u>Delinquent Parcels</u>	<u>Delinquent Amount</u>	<u>Delinquent Amount Percentage</u>
2004-05	\$3,541,297	0	\$ 0	0.00%
2005-06	4,389,365	0	0	0.00
2006-07	4,476,324	0	0	0.00
2007-08	4,582,220	0	0	0.00
2008-09	4,581,411	0	0	0.00
2009-10	4,586,870	0	0	0.00
2010-11	4,629,089	34	102,994	2.22
2011-12	4,470,512	36	110,398	2.47
2012-13	4,472,872	44	122,078	2.73
2013-14	4,473,167	47	134,765	3.01

(1) Does not include delinquent special taxes from fiscal years 2006-07 through 2009-10 that were removed from the County tax roll.

Source: Delinquency information as of July 8, 2014, Stanislaus County, as compiled by Goodwin Consulting Group, Inc.

Future delinquencies in the payment of property taxes (including the Special Taxes) with respect to property in the District could result in draws on the Reserve Fund established, and perhaps, ultimately, a default in the payment on the Bonds. See "SPECIAL RISK FACTORS."

The table below shows the fiscal year 2013-14 Special Tax levy on each category of land development status.

The Water District has foreclosed as described above on delinquent parcels and the Current Developer, in all instances of foreclosures on the residential parcels designated for non-custom residential homes, has acquired the parcels at the foreclosure sale. These acquisitions totalled approximately \$650,000 in 2013 and likewise, the Current Developer has set aside funds for similar foreclosure acquisitions at the next tax sale scheduled for late 2014 or early 2015. The Current Developer has budgeted funds for this purpose and expects to continue to acquire non-custom home residential lots that may be the subject of foreclosure proceedings in the near future.

Table 3
Western Hills Water District
Community Facilities District No. 1
Special Tax Levy by Development Status

Owner	No. of Parcels	Taxable Acres	2013-14 Special Tax Levy	% of 2013-14 Special Tax Levy
<i>Taxable Developed Parcels (1)</i>				
<u>Single-Family Residential:</u>				
Improved Residential (2)	425	78.59	\$918,750	20.5%
Finished Lots:				
World International (3)	66	101.01	198,000	4.4
Western Pacific Housing (DR Horton)	118	20.98	268,200	6.0
Civic Diablo Grande (De Nova Homes)	50	6.30	102,900	2.3
Kitco Holdings (4)	8	2.38	19,200	0.4
RWHS Diablo Grande Legends LLC (4)	11	3.36	27,000	0.6
Other Owners	<u>55</u>	<u>57.86</u>	<u>162,600</u>	<u>3.6</u>
Subtotal Finished Lots	<u>308</u>	<u>191.90</u>	<u>777,900</u>	<u>17.4</u>
Subtotal Single-Family Residential (5)	735	270.48	1,696,650	37.9
<u>Commercial:</u>				
Hotel	1	13.66	68,300	1.5
Winery	1	10.73	38,628	0.9
Golf Course	<u>2</u>	<u>88.51</u>	<u>100,063</u>	<u>2.2</u>
Subtotal Commercial	<u>4</u>	<u>112.90</u>	<u>206,991</u>	<u>4.6</u>
Subtotal Developed Parcels	739	383.38	1,903,641	42.6
<i>Taxable Undeveloped Parcels</i>				
World International (6)	10	2,484.12	2,491,824	55.7
RWHS Diablo Grande Legends LLC	1	17.99	20,338	0.5
Pacific Blue LLC	<u>1</u>	<u>50.74</u>	<u>57,363</u>	<u>1.3</u>
Subtotal Undeveloped Parcels	12	2,552.85	2,569,526	57.4
Total		2,936.23	\$4,473,167	100.0%
Total World International (Taxable Developed & Undeveloped Parcels)	80	2,687.62	\$2,860,587	63.9%

- (1) Developed Parcels, as defined in the Amended Rate and Method of Apportionment of Special Tax for CFD No. 1, are those single family residential units or lots and those commercial properties within an approved final subdivision map; for multifamily units, Developed Parcels are those for which a building permit has been issued.
- (2) Includes 6 improved residential lots that have prepaid their Special Tax burden. No Special Tax levy is included for these lots.
- (3) Represents final mapped custom lots of 3 acres or more.
- (4) World International anticipates acquiring these lots through an upcoming tax sale auction.
- (5) Two of the 308 finished lots on the current tax roll will be split into two lots each; therefore, there are currently 310 finished lots, based on information provided by the Current Developer.
- (6) Includes 1,619 unmapped, future residential lots, including in concept 42 townhomes.
- Source: Goodwin Consulting Group, Inc.

The table below shows the top 10 taxpayers in Fiscal Year 2013-14.

Table 4
Western Hills Water District
Community Facilities District No. 1
Top 10 Taxpayers

Owner	No. of Parcels	Taxable Acres	Composite Value	Existing Debt Burden	Value-to- Debt Ratio
World International LLC	80	2,687.62	\$41,600,101	\$29,516,094	1.4
Western Pacific Housing (D.R. Horton)	118	20.98	13,772,000	2,767,339	5.0
Civic Diablo Grande (De Nova Homes)	50	6.30	4,925,000	1,061,742	4.6
Pacific Blue LLC	2	61.47	757,997	990,455	0.8
RWHS Diablo Grande Legends LLC	12	21.35	3,066,000	488,445	6.3
Kitco Holdings LLC	8	2.38	760,000	198,109	3.8
Oak Valley Community Banks	5	19.48	875,000	154,773	5.7
Walt Oxley Enterprises Inc.	4	3.15	405,000	123,818	3.3
Private Owner	4	0.85	419,424	89,768	4.7
Private Owner	<u>4</u>	<u>0.64</u>	<u>614,392</u>	<u>83,577</u>	<u>7.4</u>
Total	287	2,824.24	67,194,914	35,474,122	41.9
All Others	<u>464</u>	<u>111.99</u>	<u>83,130,557</u>	<u>10,680,878</u>	<u>7.8</u>
Total	751	2,936.23	150,325,471	46,155,000	3.3

Sources: Appraised Values provided by Seevers, Jordan & Ziegenmeyer, compiled by Goodwin Consulting Group, Inc.

Special Tax Enforcement and Collection Procedures. The Water District could receive additional funds for the payment of debt service through foreclosure sales of delinquent property, but no assurance can be given as to the amount foreclosure sale proceeds or when foreclosure sale proceeds would be received. The Water District has covenanted in the Fiscal Agent Agreement to take certain enforcement actions and commence and pursue foreclosure proceedings against delinquent parcels under the terms and conditions described in this Official Statement. See "SECURITY FOR THE BONDS — Covenant to Commence Superior Court Foreclosure."

Foreclosure actions would include, among other steps, formal Board of Directors action to authorize commencement of foreclosure proceedings, mailing multiple demand letters to the record owners of the delinquent parcels advising them of the consequences of failing to pay the applicable special taxes and contacting secured lenders to obtain payment. If these efforts were unsuccessful, they would be followed (as needed) by the filing of an action to foreclose in superior court against each parcel that remained delinquent.

Limitations on Increases in Special Tax Levy. If owners are delinquent in the payment of Special Taxes, the Water District may not increase Special Tax levies to make up for delinquencies for prior Fiscal Years above the Maximum Annual Special Tax rates specified for each category of property within the District. See "SECURITY FOR THE BONDS – Rate and Method." In addition, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the Bonds. See "SPECIAL RISK FACTORS."

OWNERSHIP OF PROPERTY WITHIN THE DISTRICT

Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the District. There is no assurance that the present owners or any subsequent owners have the ability to pay the Special Taxes or that, even if they have the ability, they will choose to pay such taxes. An owner may elect to not pay the Special Taxes when due and cannot be legally compelled to do so. Neither the Water District nor any 2005 Bondowner will have the ability at any time to seek payment directly from the owners of property within the District of the Special Tax or the principal or interest on the 2014 Bonds, or the ability to control who becomes a subsequent owner of any property within the District.

Much of the property in the District is currently owned by a single entity. The Current Developer has provided the information set forth under the heading "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT" below. The Water District has not verified the information and no assurance can be given that all information is complete. However, the Current Developer has provided a certification to the Water District that it has reviewed the information and that it is true, correct and complete.

No assurance can be given that development of the property will be completed, or that it will be completed in a timely manner. The Special Taxes are not personal obligations of the Current Developer or of any subsequent landowners; the Bonds are secured only by the Special Taxes and moneys available under the Fiscal Agent Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" and "SPECIAL RISK FACTORS" herein.

The Current Developer and Other Undeveloped Land Owners

The Current Developer. In November 2008, the Current Developer acquired all of the holdings of the Original Developer for a price of approximately \$20 million through the bankruptcy proceedings of the Original Developer. Under the terms negotiated with the bankruptcy court, concurrently with closing, World contributed approximately \$1 million to Diablo Grande's water district in order to keep water supply and operations.

The Current Developer has invested approximately \$75 million in the project to date, principally comprised of the initial acquisition, special taxes, golf course operations, funding Water District expense shortfalls and to a lesser extent, capital improvements to the water treatment facility, golf courses and clubhouse. The property is currently unencumbered by mortgage financing.

The Current Developer a single purpose entity is an affiliate of Three60, LLC, which acts as a holding company in the United States for assets belonging to parent company FREL Mexico ("FREL"). FREL was founded in the late 1950s by Mr. Ramon Marcos and today the company is owned by the second generation including Rafael Marcos as its president and Linda Marcos, Elvira Marcos and Francis Marcos who actively participate in decision making through their formal Board of Directors.

FREL is a real estate developer focused on residential buildings, hotels & resorts, regional shopping centers, office buildings and master plan developments. Over the past 60 years, the company has developed over 12 million square feet of commercial real estate, including headquarters for international corporations such as American Express, L'Oreal de Paris, and Kimberly Clark among other prominent organizations. FREL's current income producing portfolio includes 13 office buildings totaling approximately 5 million square feet of rentable space, 2 resorts including approximately 655 rooms and 40,000 square feet of meetings space. In addition, FREL is currently in the early stages of developing 2 residential towers and a large office building. The current book value of the portfolio exceeds \$500

million, with leverage not exceeding 30% as a portfolio. FREL has a legacy banking relationship with BBVA Bancomer and commercial facilities with Santander Bank.

In 2013 FREL took its shopping center portfolio public in a joint venture with partners owning additional shopping centers together forming a REIT vehicle known as Fibra Shop (www.fibrashop.mx). The partnership is listed in the Mexican Stock Exchange under the ticker symbol “FSHOP13”. Fibra Shop operates as a real estate investment trust, and the company primarily leases properties, in malls preferably with at a minimum of one anchor store targeting middle and upper class segments. Fibra Shop’s current market capitalization exceeds \$550 million, and FREL retains 34.65% controlling interest in the trust that holds the assets.

In the United States, FREL’s shareholder via its holding company Three60, LLC owns a variety of investments, including approximately \$25 million equity contribution of the \$200 million Ethika Diversified Opportunity Real Estate Fund (“Ethika”), where Rafael Marcos is the Investment Committee Chair. Ethika is a real estate platform tactically investing in opportunistic and value-add real estate, the fund targets hospitality and office sectors, predominately focused on top 30 MSAs.

In addition, Three60, LLC is an LP investor in a 300+ home master plan development in Rancho Bernardo San Diego, deploying approximately \$8 million of capital to date.

As part of its growth in the United States and keeping consistent with its development roots, in 2008 the principals of FREL/Three60, LLC via its single purpose entity World International, LLC acquired the Diablo Grande Project.

Recognizing that home sales during 2007-2010 have fallen significantly from the peak between 2002-2006 in the nine-county area, principals of FREL/Three60, LLC saw an opportunity to capitalize on the home market rebounding. As experienced developers, they clearly understood from day one that markets trends are cyclical and that a mid-to-long term investment horizon strategy was needed to return to peak prices. The developer made its investment understanding that Diablo Grande holds quantifiable strengths that are unique to the asset, which combined with a stable and moderate growth in real estate markets should allow the developer to capitalize on its investment and achieve its financial goals. Since acquisition, the Current Developer has invested an additional \$53.7 million in ongoing operational expenses of the development, including Water District, Golf Courses, Land Acquisition and Additional Improvements in Diablo Grande. At the moment development plans are being revised to reflect current homebuyer preferences and address the growing housing needs in the area.

Management of Diablo Grande. Laurus Corporation (“Laurus”) has entered into a development agreement with the Current Developer to provide certain development services. The agreement includes an initial phase where Laurus will be acting in an advisory role to the operation and its principals and upon achieving certain predefined targets, the companies have the option to form a joint venture to further develop the project.

Laurus Corporation and the principals of FREL/Three60, LLC have a long history of investing together. Currently, Rafael Marcos, president of FREL, is a partner and Investment Committee Chair in Laurus’ affiliate Ethika Diversified Opportunity Real Estate Fund. In addition, Laurus and holding company Three60, LLC are joint venture partners developing a 300+ home master plan community in Rancho Bernardo San Diego, CA. The history between the two companies dates back more than a decade.

Laurus Corporation (www.lauruscorporation.com) is a private real estate investment and development firm established 1999 to acquire and reposition real estate assets. Its professionals have over \$3 billion in real estate transaction and development service experience with a primary focus on the

acquisition of fee-simple hospitality, office, retail and multifamily residential properties. Laurus' experience and expertise is in complex distressed assets, sub-performing operations requiring intensive, aggressive post acquisition management. The company's current portfolio includes approximately \$750 million in real estate holdings, encompassing office buildings, hotels, multifamily and master plan community development.

Andres Szita is a co-founder and Chairman of Laurus. Since the inception of Laurus in 1999, he has been successful in providing accredited investors, developers, and family office investors with a wide variety of real estate investment vehicles and development services. Through these operations, the company established and expanded business relations and over \$2.4 billion in real estate transaction experience in the hospitality industry, office, multifamily, mixed-use, and overall development.

Philip W. Cyburt is Chief Executive Officer of Laurus and has over 26 years of real estate experience. Together with the founders, Mr. Cyburt leads the organization to ensure that the quality of each investment fulfills the greatest potential for investors and aligns with Laurus' strategy. His career has engaged him to work closely with a wealth of well positioned contacts in the banking and real estate industries both nationally and internationally. Mr. Cyburt's breadth of skills and knowledge in corporate restructuring, capital investment, acquisition, development, and disposition of billions of dollars in real estate transactions brings tremendous value to Laurus. Among his various roles, Mr. Cyburt has been a senior executive with two Fortune 500 companies, where he was responsible for the management of vast global real estate and development portfolios. His institutional real estate responsibilities have included corporate and structured finance; transaction structuring; debt/equity formation and negotiations; strategic planning; portfolio valuation and feasibility studies; as well as residential and commercial development.

Prior to Laurus, Mr. Cyburt, as Managing Director of Alvarez and Marsal, LLC, served as interim CEO of Lehman Brothers Holdings real estate division, where he managed the debt and equity portfolio consisting of over \$23 billion of assets. He co-founded Cyburt Hall Partners, where as Managing Director he acted as an investor, developer, and operator for approximately \$250 million of real estate investments. As President of Boeing Realty Corporation, he successfully directed the company's real estate portfolio (\$9 billion in assets comprising of 125 million square feet in 26 states and 63 countries). In addition, Mr. Cyburt spear headed Boeing's relocation of its world headquarters from Seattle to Chicago. He was also elected as President of McDonnell Douglas Realty Company, which serviced and restructured a \$750 million commercial real estate loan portfolio in the early 1990's. The portfolio consisted of nonperforming loans and REO properties including office, industrial, retail, and hotels located throughout the United States. Early in his career, he was also Director at Tishman Realty and Construction. Mr. Cyburt has a B.S. degree from Chapman University, attended graduate courses at Chapman University, Pepperdine University Executive MBA Program, and the investment real estate certificate program at University of Irvine.

Other Undeveloped Land Owners. As to the parcels owned by other than World International LLC, see Table 3 above and Table 5 below under the caption "VALUE ESTIMATE OF PROPERTY WITHIN THE DISTRICT." Additionally, the following applies:

- Bank of Stockton: owns two finished, custom lots.
- Civic Diablo Grande LLC (De Nova Homes): owns 50 finished lots; construction of homes underway.
- Kitco Holdings LLC: owns eight finished lots in foreclosure. The Current Developer anticipates acquiring such lots through an upcoming tax sale auction.
- Oak Valley Community Bank: owns five finished, custom lots in foreclosure.
- Pacific Blue LLC: owns one large lot comprising 50.74 taxable acres of Undeveloped property, expected to be subdivided into 35 entry lots in the future, as well as the winery.
- RHWS Diablo Grande Legends LLC: owns eleven finished lots in foreclosure. The Current Developer anticipates acquiring such lots through an upcoming tax sale auction.
- Western Pacific Housing (DR Horton): owns 118 finished lots; preparing for construction of homes.

Assumption of Certain Obligations of the Water District. Upon acquisition of the holdings of the Original Developer in 2008, the Current Developer assumed the existing "Master Agreement to Provide Water, Sewer, and Storm Drain Services" between the Original Developer and the Water District, dated June 4, 1998; and an amendment thereto dated May 14, 2009. Under the agreement, the Current Developer agrees to advance funds to the Water District to cover the shortfall of annually approved operational costs incurred after October 7, 2008, until such time that the Water District's revenues are sufficient to meet the following costs:

- Annual Costs of Operations
- Annual Costs for Capital Improvements and Replacements
- Operating Reserve Fund as determined by the Water District's Board of Directors
- Principal and Interest payments on any outstanding debt other than to the Current Developer.

The Current Developer, at its discretion, may also advance funds for the purpose of replacing capital assets, and providing new capital assets. All said advances are treated as a loan to the Water District, and the Water District is to begin paying off this debt when it's revenues begin to exceed the cost of it operations.

The Current Developer has funded approximately \$9 million under the agreement and expects to fund a minimum of an additional \$1.6 million under the agreement in the 2014-15 fiscal year.

Projected Sale of Property Within the District

The Current Developer is not a builder and intends to sell all of the residential land within the District to homebuilding entities or individuals. The Current Developer will continue to manage the construction of the Improvements. As tentative map approval is received from the County, the mapped residential parcels will be marketed for sale to one or more merchant builders or individuals, with closings to occur upon and subsequent to approval of the tentative map and, in some cases, upon completion of finished lot improvements. Alternatively, lot sales to homebuilders in some instances may be "paper lots" wherein the purchasing homebuilder will obtain tentative and final maps and construct the lot improvements. The Current Developer currently intends to hold certain non-residential land in the District, including the golf course, the hotel site and the winery site, as long term investment properties. See "THE DISTRICT - Anticipated Development in the District."

No assurance can be given that any sales of property will actually occur and no assurance can be given that an owner of any parcel in the District will be the developer of its property in the District or will develop its property as contemplated in a finally approved tentative subdivision map.

Current Developer's Financing Plan

Future cash flow needs include interest payments, general and administration costs, real estate taxes, and parcel specific costs such as engineering and legal expenses. These costs are anticipated by the Current Developer to be funded from proceeds of land sales or from Current Developer's cash on hand.

In addition to Current Developer generated funds, the collections of Special Taxes in previous years plus interest thereon in the Special Tax Fund created under the Fiscal Agent Agreement has generated approximately \$1.5 million which is currently available for purposes authorized under the Resolution of Formation and the Act. In connection with the issuance of the 2014 Bonds, the Water District will cause the transfer of such available money to the Improvement Fund to be used for paying the cost of authorized facilities of the District. The Water District also has the ability to generate pay-as-you-go moneys from the collection of Special Taxes after payment of debt service on the 2014 Bonds and 2005 Bonds. The Water District is currently contemplating utilizing such source over the next two fiscal years, and expects that it can generate approximately \$3 million, providing a total of \$4.5 million of additional funds for public improvements.

VALUE ESTIMATE OF PROPERTY WITHIN THE DISTRICT

The value of the land within the District is a critical factor in determining the investment quality of the Bonds. If a property owner defaults in the payment of a Special Tax, the Water District's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Taxes. See "SECURITY FOR THE BONDS - Covenant to Commence Superior Court Foreclosure" and "SPECIAL RISK FACTORS - Bankruptcy and Foreclosure Delays." Reductions in District property values due to a downturn in the economy, natural disasters such as earthquakes or floods, stricter land use regulations or other events could have an adverse impact on the security for payment of the Special Taxes.

Unpaid Special Taxes do not constitute a personal indebtedness of the owners of the parcels within the District and the owners have made no commitment to pay the principal of or interest on the Bonds or to support payment of Bonds in any manner. There is no assurance that the owners have the ability to pay the Special Taxes or that, even if they have the ability, they will choose to pay such taxes.

An owner may elect to not pay the Special Taxes when due and cannot be legally compelled to do so. Neither the Water District nor any Bondholder will have the ability at any time to seek payment from the owners of property within the District of any Special Tax or any principal or interest due on the Bonds, or the ability to control who becomes a subsequent owner of any property within the District.

In connection with valuing property in the District, the Water District has obtained the 2013-14 County assessed valuation (the "**Assessed Valuation**") of the property in the District; however in order to provide a more accurate valuation of 318 undeveloped parcels in the District the Water District ordered an appraisal of such land.

The Appraisal

The Water District ordered preparation of an appraisal report dated July 14, 2014 (the "**Appraisal**"), of the estimated market values as of June 28, 2014, of 318 undeveloped parcels within the District. The Appraisal was prepared by Seevers Jordan Ziegenmeyer, Rocklin, California (the "**Appraiser**"). The Appraisal is set forth in APPENDIX B hereto. The description herein of the Appraisal is intended for limited purposes only; the Appraisal should be read in its entirety.

The appraised properties comprise undeveloped residential lots within the District not improved with a single-family residence, which total 318 separate Assessor's parcels, 301 of which are finished single-family residential lots. The Appraisal determines a cumulative, or aggregate, value estimate for the appraised properties for the individual ownerships, under the assumptions and conditions cited in the Appraisal. Approximately \$37,335,463 is the estimated cost of remaining infrastructure work for Phase 1. \$32,835,463 (net of projected Special Tax Collections) is not assumed to be in place in arriving at the value estimate. The cumulative, or aggregate, value of the District accounts for the impact of the lien of the Special Tax securing the Water District's bonds. The effective date of the value is June 28, 2014. The Appraiser's estimate of value is a result of the Appraiser's analysis. The Appraiser's opinion that the cumulative, or aggregate, value of the fee simple interest in the appraised properties, in accordance with the assumptions and conditions set forth in the Appraisal is \$59,114,000. See Table 5 following this section for allocation of the value among ownership.

The value estimate assumes a transfer would reflect a cash transaction on terms that are considered to be equivalent to cash. The estimate is also premised on an assumed sale after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with buyer and seller each acting prudently, knowledgeably, for their own self interest and assuming that neither is under duress.

The Appraiser used the sales comparison approach to estimate the market value of each developable land use component comprising the appraised property (production-oriented residential lots and estate lots). The data set and other market indicators was utilized to establish the incremental value difference between each of the lot groupings larger and smaller than the typical lot size used for analysis. A discounted cash flow analysis was relied upon in the valuation of the remaining lots held by the Current Developer. Typically, the sales comparison approach is most pertinent when valuing land, single-family homes and small, owner-occupied commercial and industrial properties. The cumulative, or aggregate, value of the appraised properties represents the sum of the value estimates concluded for each ownership interest, which is not equivalent to the market value of the District as a whole. See "APPENDIX B – APPRAISAL OF CERTAIN PROPERTY IN THE DISTRICT."

Assumptions and Limiting Conditions. In considering the estimate of value evidenced by the Appraisal, it should be noted that the Appraisal is based upon a number of standard and special assumptions which affect the estimate as to value. Because the Appraisal sets forth the Appraiser's

opinion as to value only as of the date of such Appraisal, it does not reflect any changes to value that might have occurred since that date or which may occur in the future.

The appraised valuation is based upon a hypothetical condition that approximately \$4.5 million of infrastructure improvements not presently in place will be installed in conjunction with this refunding. The Water District reports that of such \$4.5 million, approximately \$1.5 million is currently available from previous collections of Special Taxes and intended by the Water District to be used for infrastructure improvements. The Water District has additionally determined that it has the ability to generate pay-as-you-go moneys over the next two years in the approximate amount of \$3 million from the collection of Special Taxes (after payment of debt service on the 2014 Bonds and 2005 Bonds) and will use such moneys for the remainder of the infrastructure contemplated under the Appraiser's hypothetical condition. See "OWNERSHIP OF PROPERTY WITHIN THE DISTRICT - Current Developer's Financing Plan."

Since a substantial amount of the undeveloped residential lots (1,484) are held by a single ownership, World International LLC, a discounted cash flow analysis was utilized to provide the estimate of market value, in bulk, of those parcels. Similarly a bulk sale valuation was separately determined for the 121 custom home lots owned by the Current Developer, and the total valuation of the Current Developer's undeveloped lot holdings was determined by adding the two value estimates together.

The Appraiser has assumed that there is no hazardous material on or used in the construction or maintenance of any improvements on the property that would cause a loss in value. Should future conditions and events reduce the level of permitted development or delay the completion of any projected development, the value of the undeveloped land would likely be reduced from that estimated by the Appraiser. See "SPECIAL RISK FACTORS — Future Land Use Regulations and Growth Control Initiatives" and "— Hazardous Substances" below. See "APPENDIX B — APPRAISAL OF CERTAIN PROPERTY IN THE DISTRICT" hereto for a description of certain assumptions made by the Appraiser. Accordingly, because the Appraiser arrived at an estimate of market values based upon certain assumptions which may or may not be fulfilled, no assurance can be given that should the parcels become delinquent due to unpaid Special Taxes, and be foreclosed upon and offered for sale for the amount of the delinquency, that any bid would be received for such property or, if a bid is received, that such bid would be sufficient to pay such delinquent Special Taxes.

Projected Absorption Period. The Appraisal estimated that the absorption period for the single family residential property appraised will be 2 units per month. This is an estimate based upon sales trends in nearby Manteca and Stockton.

Property values may not be evenly distributed throughout the District; thus, certain parcels may have a greater value than others. This disparity is significant because in the event of nonpayment of the Special Tax, the only remedy is to foreclose against the delinquent parcel.

No assurance can be given that the foregoing valuation can or will be maintained during the period of time that the Bonds are outstanding in that the Water District has no control over the market value of the property within the District or the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which, through the levy of a tax or an assessment, may be on a parity with the Special Taxes. See "Priority of Lien" below.

For a description of certain risks that might affect the assumptions made in the Appraisal, see "SPECIAL RISK FACTORS" herein.

The complete Appraisal is included as Appendix B. The conclusions reached in the Appraisal are subject to certain assumptions and qualifications which are set forth in the Appraisal.

Assessed Valuation

In addition to the 318 parcels appraised, there are 425 additional parcels within the District that have vertical improvements constructed and are not part of the Appraisal. The Water District used Stanislaus County 2013-14 assessed valuation to estimate the value of such parcels.

For parcels subject to the Special Tax and not included in the Appraisal, the 2013-14 County assessed valuation is \$91,211,471.

As provided by Article XIII A of the California Constitution, county assessors' assessed values are to reflect market value as of the date the property was last assessed (or 1975, whichever is more recent), increased by a maximum of 2% per year. Properties may be reassessed by the County only upon a change of at least 51% ownership of existing property or upon new construction. The assessed values of parcels in the District thus reflect, for undeveloped parcels, the estimate of the County Assessor (the "**Assessor**") of market value when acquired (or 1975, whichever is later), possibly increased by 2% per year, and for parcels on which construction has occurred since their date of acquisition, the Assessor's estimate of market value as of the time of construction, possibly increased by 2% per year. Due to the variable timing of transfers of ownership, inaccuracies as to Assessor's value estimates, and price declines, the County assessed valuations are not in all cases reflective of most current development status and value, as is the case with certain properties in the District. As such, the actual market value of parcels in the District, if sold at foreclosure, may be higher or lower than the Assessor's assessed values. The actual fair market value of any parcel can often be more accurately established through an arm's-length sale or an appraisal by an independent appraiser, which the Water District has not endeavored to undertake in connection with the sale of the Bonds.

Value to Special Tax Burden Ratios

The value of the land within the District is a critical factor in determining the investment quality of the Bonds. If a property owner defaults in the payment of a Special Tax, the Water District's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Taxes. See "SECURITY FOR THE BONDS - Covenant to Commence Superior Court Foreclosure" and "SPECIAL RISK FACTORS - Bankruptcy and Foreclosure Delays." Reductions in District property values due to a downturn in the economy, natural disasters such as earthquakes or floods, stricter land use regulations or other events could have an adverse impact on the security for payment of the Special Taxes.

The Special Tax is levied on each parcel within the District and only the respective individual parcel is responsible for such Special Tax.

In comparing the value of the real property within the District and the principal amount of the Bonds, it should be noted that only the real property upon which there is a delinquent Special Tax can be foreclosed upon, and the real property within the District cannot be foreclosed upon as a whole to pay delinquent Special Taxes of the owners of such parcels within the District unless all of the property is subject to a delinquent Special Tax. In any event, individual parcels may be foreclosed upon separately to pay delinquent Special Taxes levied against such parcels.

The Appraisal sets forth the estimated value, by ownership, of 318 undeveloped parcels subject to the Special Tax lien to be \$59,114,000 subject to the limiting conditions stated therein. (See "The

Appraisal" above and Exhibit B hereto.) For parcels subject to the Special Tax and not included in the Appraisal, the 2013-14 County assessed valuation is \$91,211,471, for a total value estimate of \$150,325,471. The principal amount of 2005 Bonds is \$7,580,000 and the 2014 Bonds is \$38,505,000 for total outstanding Bonds of \$46,085,000. Consequently, the estimated value of the parcels in the District, subject to the Special Tax lien based on either their assessed value or appraised value is approximately 3.3 times the principal amount of the outstanding principal amount of Bonds.

The table on the following page summarizes the value-to-debt burden of parcels in the District, based on the composite value of the assessed values in the fiscal year 2013-14 assessor's tax roll and the appraised values in the Appraisal.

Table 5
Western Hills Water District
Community Facilities District No. 1
Value-to-Debt Ratios by Development Status and Owner

Owner	No. of Parcels	Taxable Acres	Assessed Value	Remaining Assessed Value (1)	Appraised Value	Composite Value	Existing Debt Burden	Value-to-Debt Ratio (2)
<i>Taxable Developed Parcels (3)</i>								
<u>Single-Family Residential:</u>								
Improved Residential (4)	425	78.59	\$79,497,749	\$79,497,749	\$436,000	\$79,933,749	\$9,479,840	8.4
Finished Lots:								
World International (5)	66	101.01	1,388,872	0	0	0	0	0.0
Western Pacific Housing (DR Horton)	118	20.98	1,205,000	0	13,772,000	13,772,000	2,767,339	5.0
Civic Diablo Grande (De Nova Homes)	50	6.30	460,716	0	4,925,000	4,925,000	1,061,742	4.6
Kitco Holdings (6)	8	2.38	96,000	0	760,000	760,000	198,109	3.8
RWHS Diablo Grande Legends LLC (6)	11	3.36	138,000	0	1,045,000	1,045,000	278,591	3.8
Other Owners	55	57.86	1,092,247	0	5,725,000	5,725,000	1,677,738	3.4
Subtotal Finished Lots	308	191.90	4,380,835	0	26,227,000	26,227,000	5,983,520	4.4
Subtotal Single-Family Residential (7)	735	270.48	83,878,584	79,497,749	26,663,000	106,160,749	15,463,361	6.9
<u>Commercial:</u>								
Hotel	1	13.66	286,167	286,167	0	286,167	704,733	0.4
Winery	1	10.73	150,000	150,000	0	150,000	398,571	0.4
Golf Course	2	88.51	3,748,041	3,748,041	0	3,748,041	1,032,472	3.6
Subtotal Commercial	4	112.90	4,184,208	4,184,208	0	4,184,208	2,135,775	4.4
Subtotal Developed Parcels	739	383.38	88,062,792	83,681,957	26,663,000	110,344,957	17,599,136	6.3
<i>Taxable Undeveloped Parcels</i>								
World International Parcels with Assessed Values (8)	5	2,101.92	6,921,517	6,921,517	0	6,921,517	24,518,958	0.3
World International Parcels with Appraised Values (8)	5	382.20	958,263	0	30,430,000	30,430,000	3,235,168	9.4
RWHS Diablo Grande Legends LLC	1	17.99	252,000	0	2,021,000	2,021,000	209,854	9.6
Pacific Blue LLC	1	50.74	607,997	607,997	0	607,997	591,884	1.0
Subtotal Undeveloped Parcels	12	2,552.85	8,739,777	7,529,514	32,451,000	39,980,514	28,555,864	1.4
Total Based on Combined Appraised and Assessed Values (9)				\$91,211,471	\$59,114,000	\$150,325,471	\$46,155,000	3.3
Exempt Parcels	82	0.00	104,293					
Prepaid Parcels (10)	0	0.00	1,473,632					
Total Based on Assessed Value (9)	833	2,936.23	96,802,569					
World International Parcels								
World International Parcels with Appraised Values	71	483.21	2,347,135	0	30,430,000	30,430,000	3,235,168	9.4
World International Parcels with Assessed Values	9	2,204.42	11,170,101	11,170,101	0	11,170,101	26,280,926	0.4
Total World International	80	2,687.62	13,517,236	11,170,101	30,430,000	41,600,101	29,516,094	1.4

(1) Does not include Assessed Values for those properties included in the Appraisal.

(2) Value-to-Debt ratios are based on the Composite Value.

(3) Developed Parcels, as defined in the Amended Rate and Method of Apportionment of Special Tax for CFD No. 1, are those single family residential units or lots and those commercial properties within an approved final subdivision map; for multifamily units, Developed Parcels are those for which a building permit has been issued.

(4) Includes 6 improved residential lots that have prepaid their Special Tax burden. No values or debt burdens have been included for these lots.

(5) Represents final mapped custom lots of 3 acres or more; the value and debt burden for these lots is included in the total of the World International properties shown in the table under Taxable Undeveloped Parcels.

(6) World International anticipates acquiring these lots through an upcoming tax sale auction.

(7) Two of the 308 finished lots on the current tax roll will be split into two lots each; therefore, there are currently 310 finished lots, based on information provided by the current Developer.

(8) Includes 1,619 unmapped, future residential lots, including in concept, 42 townhomes. Also includes the value and debt burden of the 66 final mapped custom lots owned by World International shown under Taxable Developed Property.

(9) Does not include assessed values of exempt or prepaid parcels.

(10) The six prepaid lots are included in "Improved Residential" above. Includes one parcel that prepaid during fiscal year 2013-14, for which bonds were retired in March 2014.

Sources: Appraised Values provided by Seevers, Jordan & Ziegenmeyer, compiled by Goodwin Consulting Group, Inc.

The table below summarized the fiscal year 2013-14 value to debt ratios.

Table 6
Western Hills Water District
Community Facilities District No. 1
Summary of Value to Debt Ratios

Value-to-Debt Category	Number of Parcels	Composite Value	Bonded Debt	% of Bonded Debt
10 : 1 to 19.9 : 1	89	\$27,497,483	\$2,316,950	5.0%
5 : 1 to 9.9 : 1	400	66,230,834	9,441,267	20.5%
3 : 1 to 5 : 1	134	13,956,288	3,148,081	6.8%
1 : 1 to 3 : 1	42	4,853,182	2,391,271	5.2%
0 : 1 to 1 : 1	7	7,357,684	25,622,262	55.5%
World International Remaining Parcels				
5 : 1 to 9.9 : 1 (1)	71	30,430,000	3,235,168	7.0%
Total	743	150,325,471	46,155,000	100.0%

(1) Includes 71 properties owned by World International that were appraised in bulk.

Sources: Appraised Values provided by Seevers, Jordan & Ziegenmeyer, compiled by Goodwin Consulting Group, Inc.

Other public agencies whose boundaries overlap those of the District could, without the consent of the Water District and in certain cases without the consent of the owners of the land within the District, impose additional taxes or assessment liens on the land within the District. The purpose would be to finance additional regional or local public improvements or services. The lien created on the land within the District through the levy of such additional taxes or assessments may be on a parity with the lien of the Special Tax. In addition, construction loans may be obtained by the Current Developer or home loans may be obtained by ultimate homeowners. The deeds of trust securing such debt on property within the District, however, will be in a junior position to the lien of the Special Tax.

Priority of Lien

The principal of and interest on the Bonds are payable from the Special Tax authorized to be collected within the District, and payment of the Special Tax is secured by a lien on certain real property within the District. Such lien is co-equal to and independent of the lien for general taxes and any other liens imposed under the Act, regardless of when they are imposed on the property in the District. The imposition of additional special taxes, assessments and general property taxes will increase the amount of independent and co-equal liens which must be satisfied in foreclosure. The Water District, the County and certain other public agencies are authorized by the Act to form other community facilities districts and improvement areas and, under other provisions of State law, to form special assessment districts, either or both of which could include all or a portion of the land within the District.

There can be no assurance that the property owners within the District will not petition for the formation of other community facilities districts and improvement areas or for a special assessment district or districts and that parity special taxes or special assessments will not be levied by the County or some other public agency to finance additional public facilities, however no other special districts are currently contemplated by the Water District or the Current Developer.

Private liens, such as deeds of trust securing loans obtained by a property owner, may be placed upon property in the District at any time. Under California law, the Special Taxes have priority over all existing and future private liens imposed on property subject to the lien of the Special Taxes.

SPECIAL RISK FACTORS

No General Obligation of the Water District

The Bonds are not general obligations of the Water District but are limited obligations of the Water District and the District payable solely from the proceeds of the Special Tax and certain funds held under the Fiscal Agent Agreement, including amounts deposited in the Reserve Fund and investment income thereon, and the proceeds, if any, from the sale of property in the event of a foreclosure. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS." Any tax for the payment of the Bonds will be limited to the Special Tax to be collected within the jurisdiction of the District.

Levy and Collection of the Special Tax

General. The principal source of payment of principal of and interest on the Bonds is the proceeds of the annual levy and collection of the Special Tax against property within the District.

Limitation on Maximum Special Tax Rate. The annual levy of the Special Tax is subject to the maximum annual Special Tax rate authorized in the Rate and Method. The levy cannot be made at a higher rate even if the failure to do so means that the estimated proceeds of the levy and collection of the Special Tax, together with other available funds, will not be sufficient to pay debt service on the Bonds.

In addition to the maximum annual Special Tax rate limitation in the Rate and Method, Section 53321(d) of the Act provides that the special tax levied against any parcel for which an occupancy permit for private residential use has been issued may not be increased as a consequence of delinquency or default by the owner of any other parcel within a community facilities district by more than 10% above the amount that would have been levied in such Fiscal Year had there never been any such delinquencies or defaults. In cases of significant delinquency, these factors may result in defaults in the payment of principal of and interest on the Bonds.

Factors that Could Lead to Special Tax Deficiencies. The following are some of the factors that might cause the levy of the Special Tax on any particular parcel of Taxable Property to vary from the Special Tax that might otherwise be expected:

Property Tax Delinquencies. Failure of the owners of Taxable Property to pay property taxes (and, consequently, the Special Tax), or delays in the collection of or inability to collect the Special Tax by tax sale or foreclosure and sale of the delinquent parcels, could result in a deficiency in the collection of Special Tax revenues. See "Property Tax Delinquencies" below. For a summary of recent Special Tax collection and delinquency rates in the District, see "THE DISTRICT – Special Tax Levies and Delinquencies."

Delays Following Special Tax Delinquencies and Foreclosure Sales. The Fiscal Agent Agreement generally provides that the Special Tax is to be collected in the same manner as ordinary ad valorem property taxes are collected and, except as provided in the special covenant for foreclosure described in "SECURITY FOR THE BONDS – Covenant to Commence Superior Court Foreclosure" and in the Act, is subject to the same penalties and the same procedure, sale and lien priority in case of delinquency as is provided for ordinary ad valorem property taxes. Under these procedures, if taxes are

unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the County.

If sales or foreclosures of property are necessary, there could be a delay in payments to owners of the Bonds pending such sales or the prosecution of foreclosure proceedings and receipt by the Water District of the proceeds of sale if the Bond Reserve Fund is depleted. See "SECURITY FOR THE BONDS – Covenant to Commence Superior Court Foreclosure."

The ability of the Water District to collect interest and penalties specified by State law and to foreclose against properties having delinquent Special Tax installments may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the "FDIC") has or obtains an interest. The FDIC would obtain such an interest by taking over a financial institution that has made a loan that is secured by property within the District. See " – FDIC/Federal Government Interests in Properties" below.

Other laws generally affecting creditors' rights or relating to judicial foreclosure may affect the ability to enforce payment of Special Taxes or the timing of enforcement of Special Taxes. For example, the Soldiers and Sailors Civil Relief Act of 1940 affords protections such as a stay in enforcement of the foreclosure covenant, a six-month period after termination of military service to redeem property sold to enforce the collection of a tax or assessment and a limitation on the interest rate on the delinquent tax or assessment to persons in military service if the court concludes the ability to pay such taxes or assessments is materially affected by reason of such service.

Transfers to Governmental Entities. The number of parcels of Taxable Property could be reduced through the acquisition of Taxable Property by a governmental entity and failure of the government to pay the Special Tax based upon a claim of exemption or, in the case of the federal government or an agency thereof, immunity from taxation, thereby resulting in an increased tax burden on the remaining taxed parcels.

Property Tax Delinquencies

General. Delinquencies in the payment of property taxes and, consequently, the Special Taxes, can occur because the owners of delinquent parcels may not have received property tax bills from the County in a timely manner, including situations in which the County initially sent property tax bills to the property developer or merchant builder at a time when the parcels in question had already been sold to individual homeowners. Delinquencies can also reflect economic difficulties and duress by the property owner. See "THE DISTRICT – Special Tax Levies and Delinquencies."

Numerous future delinquencies by the owners of Taxable Property in the District in the payment of property taxes (and, consequently, the Special Taxes, which are collected on the ordinary property tax bills) when due could result in a deficiency in Special Tax Revenues necessary to pay debt service on the Bonds, which could in turn result in the depletion of the Bond Reserve Fund, prior to reimbursement from the resale of foreclosed property or payment of the delinquent Special Tax. In that event, there could be a delay or failure in payments of the principal of and interest on the Bonds. See "SECURITY FOR THE BONDS –Bond Reserve Fund," and "THE DISTRICT – Special Tax Levies and Delinquencies."

Measures to Mitigate Consequences of Continuing Delinquencies. The Water District intends to take certain actions designed to mitigate the impact of future delinquencies, including: enforcing the lien of the Special Taxes through collection procedures that will include foreclosure actions under certain circumstances (see "SECURITY FOR THE BONDS –Covenant to Commence Superior Court Foreclosure"); and increasing the levy of Special Taxes against non-delinquent property owners in the

District, to the extent permitted under the Rate and Method and the Act and to the extent the Special Taxes are not already being levied at the Maximum Annual Special Tax rate. See "THE DISTRICT – Special Tax Levies and Delinquencies."

The Water District has foreclosed on delinquent parcels and the Current Developer has in all instances of foreclosures on the residential parcels designated for non-custom residential homes has acquired the parcels at the foreclosure sale. The Current Developer indicates it likewise expects to acquire non-custom home residential lots in the future as well, however no assurance can be given that such intent to acquire will actually be carried out.

Risks Related to Homeowners With High Loan-to-Value Ratios

Any future decline in home values in the District could result in property owner unwillingness or inability to pay mortgage payments, as well as ad valorem property taxes and Special Taxes, when due. Under such circumstances, bankruptcies are likely to increase. Bankruptcy by homeowners with delinquent Special Taxes would delay the commencement and completion of foreclosure proceedings to collect delinquent Special Taxes.

It is possible that laws could be enacted in the future to assist homeowners in default in the payment of mortgages and property taxes. It is further possible that federal laws could be enacted that would adversely impact the ability of the Water District to foreclose on parcels with delinquent Special Taxes. No assurance can be given that any such laws will be enacted, or if enacted will be effective in assisting affected homeowners.

Payment of Special Tax is Not a Personal Obligation of the Property Owners

An owner of Taxable Property is not personally obligated to pay the Special Taxes. Rather, the Special Taxes are an obligation running only against the parcels of Taxable Property. If, after a default in the payment of the Special Tax and a foreclosure sale by the Water District, the resulting proceeds are insufficient, taking into account other obligations also constituting a lien against the affected parcels of Taxable Property, the Water District has no recourse against the owner.

Property Values

The value of Taxable Property within the District is a critical factor in determining the investment quality of the Bonds. If a property owner defaults in the payment of the Special Tax, the Water District's only remedy is to foreclose on the delinquent property in an attempt to obtain funds with which to pay the delinquent Special Tax. Land values could be adversely affected by economic and other factors beyond the Water District's control, such as a general economic downturn, relocation of employers out of the area, shortages of water, electricity, natural gas or other utilities, destruction of property caused by earthquake, flood, wildfires, or other natural disasters, environmental pollution or contamination, or unfavorable economic conditions.

The following is a discussion of specific risk factors that could affect the value of property in the District.

Risks Related to Availability of Mortgage Loans. The current state of the world-wide capital markets has adversely affected the availability of mortgage loans to homeowners, including potential buyers of homes within the District. Any such unavailability could hinder the ability of the current homeowners to resell their homes, or the ability to refinance existing loans.

Natural Disasters. The value of the Taxable Property in the future can be adversely affected by a variety of natural occurrences, particularly those that may affect infrastructure and other public improvements and private improvements on the Taxable Property and the continued habitability and enjoyment of such private improvements.

The areas in and surrounding the District, like those in much of California, may be subject to unpredictable seismic activity, including earthquakes. See "THE DISTRICT – Flood and Earthquake Conditions."

Other natural disasters could include, without limitation, floods, wildfires, droughts or tornadoes. One or more natural disasters could occur and could result in damage to improvements of varying seriousness. The damage may entail significant repair or replacement costs and that repair or replacement may never occur either because of the cost, or because repair or replacement will not facilitate habitability or other use, or because other considerations preclude such repair or replacement. Under any of these circumstances there could be significant delinquencies in the payment of Special Taxes, and the value of the Taxable Property may well depreciate or disappear.

Legal Requirements. Other events that may affect the value of Taxable Property include changes in the law or application of the law. Such changes may include, without limitation, local growth control initiatives, local utility connection moratoriums and local application of statewide tax and governmental spending limitation measures.

Hazardous Substances. One of the most serious risks in terms of the potential reduction in the value of Taxable Property is a claim with regard to a hazardous substance. In general, the owners and operators of Taxable Property may be required by law to remedy conditions of the parcel relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "**CERCLA**" or the "**Superfund Act**," is the most well-known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner or operator is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has anything to do with creating or handling the hazardous substance. The effect, therefore, should any of the Taxable Property be affected by a hazardous substance, is to reduce the marketability and value of the parcel by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition.

The property values set forth in this Official Statement do not take into account the possible reduction in marketability and value of any of the Taxable Property by reason of the possible liability of the owner or operator for the remedy of a hazardous substance condition of the parcel. Although the Water District is not aware that the owner or operator of any of the Taxable Property has such a current liability with respect to any of the Taxable Property, it is possible that such liabilities do currently exist and that the Water District is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the Taxable Property resulting from the existence, currently, on the parcel of a substance presently classified as hazardous but that has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently on the parcel of a substance not presently classified as hazardous but that may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly affect the value of Taxable Property that is realizable upon a delinquency.

Other Possible Claims Upon the Value of Taxable Property

While the Special Taxes are secured by the Taxable Property, the security only extends to the value of such Taxable Property that is not subject to priority and parity liens and similar claims.

The table in the section "THE DISTRICT – Direct and Overlapping Governmental Obligations" shows the outstanding amount of governmental obligations (with stated exclusions), the tax or assessment for which is or may become an obligation of one or more of the parcels of Taxable Property. The table also states the additional amount of general obligation bonds the tax for which, if and when issued, may become an obligation of one or more of the parcels of Taxable Property. The table does not specifically identify which of the governmental obligations are secured by liens on one or more of the parcels of Taxable Property.

In addition, other governmental obligations may be authorized and undertaken or issued in the future, the tax, assessment or charge for which may become an obligation of one or more of the parcels of Taxable Property and may be secured by a lien on a parity with the lien of the Special Tax securing the Bonds.

In general, as long as the Special Tax is collected on the County tax roll, the Special Tax and all other taxes, assessments and charges also collected on the tax roll are on a parity, that is, are of equal priority. Questions of priority become significant when collection of one or more of the taxes, assessments or charges is sought by some other procedure, such as foreclosure and sale. In the event of proceedings to foreclose for delinquency of Special Taxes securing the Bonds, the Special Tax will be subordinate only to existing prior governmental liens, if any. Otherwise, in the event of such foreclosure proceedings, the Special Taxes will generally be on a parity with the other taxes, assessments and charges, and will share the proceeds of such foreclosure proceedings on a pro rata basis. Although the Special Taxes will generally have priority over non-governmental liens on a parcel of Taxable Property, regardless of whether the non-governmental liens were in existence at the time of the levy of the Special Tax or not, this result may not apply in the case of bankruptcy. See "– Bankruptcy Delays" below.

Failure to Develop Properties

There can be no assurance that land development operations within the District will not be adversely affected by a deterioration of the real estate market and economic conditions or the adoption of local, State and federal governmental policies relating to real estate development, the income tax treatment of real property ownership, or the national economy. A slowdown of the development process could adversely affect land values and reduce the ability or desire of the property owners to pay the annual Special Taxes. In that event, there could be a default in the payment of the Bonds.

Concentration of Ownership

A significant portion of the land within the District is currently owned by the Current Developer. Although there are likely to be transfers of ownership of property within the District as development progresses, the timely payment of the Bonds depends upon the willingness and ability of all of the owners of taxable property within the District to pay the Special Taxes when due. The only assets of the owners of property within the District which constitute security for the Bonds are such owners' real property holdings located within the District, and each parcel may only be foreclosed against for delinquent Special Taxes levied against such parcel. If the current landowners choose to pay some but not all of the Special Taxes, they may, as owners of parcels in the District, choose to default on payments of the Special Tax on parcels. Also see "Bankruptcy" below.

FDIC/Federal Government Interests in Properties

General. The ability of the Water District to foreclose the lien of delinquent unpaid Special Tax installments may be limited with regard to properties in which the Federal Deposit Insurance Corporation (the "**FDIC**"), the Drug Enforcement Agency, the Internal Revenue Service, or other federal agency has or obtains an interest.

Federal courts have held that, based on the supremacy clause of the United States Constitution, in the absence of Congressional intent to the contrary, a state or local agency cannot foreclose to collect delinquent taxes or assessments if foreclosure would impair the federal government interest.

The supremacy clause of the United States Constitution reads as follows: "This Constitution, and the Laws of the United States which shall be made in Pursuance thereof; and all Treaties made, or which shall be made, under the Authority of the United States, shall be the supreme Law of the Land; and the Judges in every State shall be bound thereby, anything in the Constitution or Laws of any State to the contrary notwithstanding."

This means that, unless Congress has otherwise provided, if a federal governmental entity owns a parcel that is subject to Special Taxes but does not pay taxes and assessments levied on the parcel (including Special Taxes), the applicable state and local governments cannot foreclose on the parcel to collect the delinquent taxes and assessments.

Moreover, unless Congress has otherwise provided, if the federal government has a mortgage interest in the parcel and the Water District wishes to foreclose on the parcel as a result of delinquent Special Taxes, the property cannot be sold at a foreclosure sale unless it can be sold for an amount sufficient to pay delinquent taxes and assessments on a parity with the Special Taxes and preserve the federal government's mortgage interest. In *Rust v. Johnson* (9th Circuit; 1979) 597 F.2d 174, the United States Court of Appeal, Ninth Circuit held that the Federal National Mortgage Association ("**FNMA**") is a federal instrumentality for purposes of this doctrine, and not a private entity, and that, as a result, an exercise of state power over a mortgage interest held by FNMA constitutes an exercise of state power over property of the United States.

The Water District has not undertaken to determine whether any federal governmental entity currently has, or is likely to acquire, any interest (including a mortgage interest) in any of the parcels subject to the Special Taxes, and therefore expresses no view concerning the likelihood that the risks described above will materialize while the Bonds are outstanding.

FDIC. In the event that any financial institution making any loan which is secured by real property within the District is taken over by the FDIC, and prior thereto or thereafter the loan or loans go into default, resulting in ownership of the property by the FDIC, then the ability of the District to collect interest and penalties specified by State law and to foreclose the lien of delinquent unpaid Special Taxes may be limited.

The FDIC's policy statement regarding the payment of state and local real property taxes (the "**Policy Statement**") provides that property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided

under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC-owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non-ad valorem taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Act and a special tax formula which determines the special tax due each year are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. The Ninth Circuit issued a ruling on August 28, 2001, in which it determined that the FDIC, as a federal agency, is exempt from special taxes levied under the Act.

The Water District is unable to predict what effect the application of the Policy Statement would have in the event of a delinquency in the payment of Special Taxes on a parcel within the District in which the FDIC has or obtains an interest, although prohibiting the lien of the Special Taxes to be foreclosed out at a judicial foreclosure sale could reduce or eliminate the number of persons willing to purchase a parcel at a foreclosure sale. Such an outcome could cause a draw on the Bond Reserve Fund and perhaps, ultimately, if enough property were to become owned by the FDIC, a default in payment on the Bonds.

Depletion of Bond Reserve Fund

The Bond Reserve Fund is to be maintained at an amount equal to the Reserve Requirement for the 2014 Bonds and the 2005 Bonds. See "SECURITY FOR THE BONDS –Bond Reserve Fund." The Bond Reserve Fund will be used to pay principal of and interest on the 2014 Bonds and the 2005 Bonds if insufficient funds are available from the proceeds of the levy and collection of the Special Tax against property within the District. If the Bond Reserve Fund is depleted, it can be replenished from the proceeds of the levy and collection of the Special Taxes that exceed the amounts to be paid to the owners of the 2005 Bonds and the 2014 Bonds under the Fiscal Agent Agreement. However, because the Special Tax levy is limited to the annual Maximum Annual Special Tax rates, it is possible that no replenishment would be achieved if the Special Tax proceeds, together with other available funds, remain insufficient to pay all such amounts. Thus it is possible that the Bond Reserve Fund will be depleted and not be replenished by the levy and collection of the Special Taxes.

Bankruptcy Delays

The payment of the Special Tax and the ability of the Water District to foreclose the lien of a delinquent unpaid Special Tax, as discussed in "SECURITY FOR THE BONDS," may be limited by bankruptcy, insolvency or other laws generally affecting creditors' rights or by the laws of the State of California relating to judicial foreclosure. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving legal opinion) will be qualified as to the enforceability of the various legal instruments by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights, by the application of equitable principles and by the exercise of judicial discretion in appropriate cases.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, bankruptcy of a property owner or any other person claiming an interest in the property could result in a

delay in superior court foreclosure proceedings and could result in the possibility of Special Tax installments not being paid in part or in full. Such a delay would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds.

In addition, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien could then be treated as an unsecured claim by the court. Any such stay of the enforcement of the lien for the Special Tax, or any such delay or non-payment, would increase the likelihood of a delay or default in payment of the principal of and interest on the Bonds and the possibility of delinquent Special Taxes not being paid in full.

To the extent that property in the District continues to be owned by a limited number of property owners, the chances are increased that the Bond Reserve Fund could be fully depleted during any such delay in obtaining payment of delinquent Special Taxes. As a result, sufficient moneys would not be available in the Bond Reserve Fund to make up shortfalls resulting from delinquent payments of the Special Tax and thereby to pay principal of and interest on the Bonds on a timely basis.

Disclosure to Future Purchasers

The Water District has recorded a notice of the Special Tax lien in the Office of the County Recorder. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective purchaser or lender will consider such special tax obligation in the purchase of a parcel of land or a home in the District or the lending of money secured by property in the District. The Act and the Goals and Policies require the subdivider of a subdivision (or its agent or representative) to notify a prospective purchaser or long-term lessor of any lot, parcel, or unit subject to a Mello-Roos special tax of the existence and maximum amount of such special tax using a statutorily prescribed form. California Civil Code Section 1102.6b requires that in the case of transfers other than those covered by the above requirement, the seller must at least make a good faith effort to notify the prospective purchaser of the special tax lien in a format prescribed by statute. Failure by an owner of the property to comply with these requirements, or failure by a purchaser or lessor to consider or understand the nature and existence of the Special Tax, could adversely affect the willingness and ability of the purchaser or lessor to pay the Special Tax when due.

No Acceleration Provisions

The Bonds do not contain a provision allowing for their acceleration in the event of a payment default or other default under the terms of the Bonds or the Fiscal Agent Agreement. Under the Fiscal Agent Agreement, a Bondholder is given the right for the equal benefit and protection of all Bondowners similarly situated to pursue certain remedies. So long as the Bonds are in book-entry form, DTC will be the sole Bondholder and will be entitled to exercise all rights and remedies of Bond holders.

Loss of Tax Exemption

As discussed under the caption "LEGAL MATTERS – Tax Exemption," interest on the Bonds might become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued as a result of future acts or omissions of the Water District in violation of its covenants in the Fiscal Agent Agreement. The Fiscal Agent Agreement does not contain a special redemption feature triggered by the occurrence of an event of taxability. As a result, if interest on the Bonds were to become includable in gross income for purposes of federal income taxation, the Bonds would continue to remain outstanding until maturity unless earlier redeemed pursuant to optional or mandatory redemption or redemption upon prepayment of the Special Taxes. See "THE BONDS – Redemption."

IRS Audit of Tax-Exempt Bond Issues

The Internal Revenue Service (the "IRS") has initiated an expanded program for the auditing of tax-exempt bond issues, including both random and targeted audits. It is possible that the Bonds will be selected for audit by the IRS. It is also possible that the market value of such Bonds might be affected as a result of such an audit of such Bonds (or by an audit of similar bonds or securities).

Impact of Legislative Proposals, Clarifications of the Code and Court Decisions on Tax Exemption

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Bondowners from realizing the full current benefit of the tax status of such interest.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Prices of bond issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the market price for the Bonds will not be affected by the introduction or enactment of any future legislation (including without limitation amendments to the Internal Revenue Code), or changes in interpretation of the Internal Revenue Code, or any action of the Internal Revenue Service, including but not limited to the publication of proposed or final regulations, the issuance of rulings, the selection of the Bonds for audit examination, or the course or result of any Internal Revenue Service audit or examination of the Bonds or obligations that present similar tax issues as the Bonds.

CONSTITUTIONAL LIMITATIONS ON TAXATION AND APPROPRIATIONS

Article XIII A of the California Constitution, commonly known as "**Proposition 13**," provides that each county will levy the maximum *ad valorem* property tax permitted by Proposition 13 and will distribute the proceeds to local agencies in accordance with an allocation formula based in part on pre-Proposition 13 *ad valorem* property tax rates levied by local agencies.

Article XIII A limits the maximum *ad valorem* tax on real property to 1% of "full cash value," which is defined as the County Assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment. The full cash value may be adjusted annually to reflect increases of no more than 2% per year or decreases in the consumer price index or comparable local data, or declining property value caused by damage, destruction or other factors.

Article XIII A exempts from the 1% tax limitation any taxes to repay indebtedness approved by the voters prior to July 1, 1978, and requires a vote of two-thirds of the qualified electorate to impose Special Taxes or any additional *ad valorem*, sales, or transaction taxes on real property. In addition, Article XIII A requires the approval of two-thirds of all members of the State Legislature to change any State laws resulting in increased tax revenues. On June 3, 1986, California voters approved an amendment to Article XIII A of the California Constitution to allow local governments and school districts to raise their property tax rates above the constitutionally mandated 1% ceiling for the purpose of paying off certain new general obligation debt issued for the acquisition or improvement of real property and approved by two-thirds of the votes cast by the qualified electorate. If any such voter-approved debt is issued, it may be on a parity with the lien of the Special Tax on the parcels within the District.

State and local government agencies in the State, and the State itself are subject to annual appropriation limits, imposed by Article XIII B of the State Constitution. Article XIII B prohibits government agencies and the State from spending "appropriations subject to limitation" in excess of the appropriations limits imposed. "Appropriations subject to limitation" are authorizations to spend "proceeds of taxes," which consist of tax revenues, certain state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed the cost reasonably borne by such entity in providing the regulation, product or service. No limit is imposed on appropriations of funds which are not "proceeds of taxes" such as debt service on indebtedness existing or authorized before January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government, reasonable user charges or fees and certain other non-tax funds.

CONTINUING DISCLOSURE

The Water District has covenanted for the benefit of owners of the 2014 Bonds to provide certain financial information and operating data relating to the District by not later than the next April 1st after the end of the Water District's fiscal year (presently June 30) in each year commencing with its report for the 2013-14 fiscal year (the "**Water District Annual Report**") and to provide notices of the occurrence of certain enumerated events. The Water District Annual Report will be filed with each Nationally Recognized Municipal Securities Information Repository. The notices of material events will be filed with the Municipal Securities Rulemaking Board. These covenants have been made in order to assist the Underwriter in complying with Securities Exchange Commission Rule 15c2-12(b)(5).

In connection with the prior bonds issued for the District, the Water District entered into a continuing disclosure obligation. For the last five years, reports were timely filed. The reports were filed by April 1st as required, but the obligation states that each report is to reflect information "as of December 31st of the prior year" and the reports state that they apply to the year ended June 30.

The Original Developer had entered into a continuing disclosure undertaking in connection with the issuance of bonds for the District, however upon filing bankruptcy and the acquisition of the project by the Current Developer, the obligation to furnish developer information was not taken over by the

Current Developer. Accordingly, no continuing disclosure reporting has been made by the Current Developer within the last 5 years. The Current Developer has agreed to make information available to the Water District to be incorporated in the Water District Annual Report.

The specific nature of the information to be contained in the Annual Report or the notices of material events by the Water District is summarized in "APPENDIX G — FORM OF CONTINUING DISCLOSURE UNDERTAKING."

UNDERWRITING

The 2014 Bonds were purchased through negotiation by Westhoff, Cone & Holmstedt, on its own behalf and as representative of Alamo Capital (the "**Underwriter**"). The Underwriter agreed to purchase the 2014 Bonds at a price of \$37,430,901.00 (which is equal to the par amount of the 2014 Bonds, less an original issue discount of \$592,786.50 less the Underwriter's discount of \$481,312.50). The initial public offering prices set forth on the cover page hereof may be changed by the Underwriter. The Underwriter may offer and sell the 2014 Bonds to certain dealers and others at a price lower than the public offering prices set forth on the cover page hereof.

The Underwriter has entered into an agreement with Alamo Capital for retail distribution of certain municipal securities offerings, at the original issue prices. Pursuant to said agreement, if applicable to the 2014 Bonds, the Underwriter will share a portion of its underwriting compensation with respect to the Bonds with Alamo Capital.

The Underwriter may offer and sell the 2014 Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriter

LEGAL OPINION

The validity of the 2014 Bonds and certain other legal matters are subject to the approving opinion of Jones Hall, a Professional Law Corporation, Bond Counsel. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix F to this Official Statement, and the final opinion will be made available to registered owners of the 2014 Bonds at the time of delivery. Certain legal matters will also be passed upon by Jones Hall as Disclosure Counsel. The fees of Jones Hall are contingent upon the Bonds being issued. Certain legal matters will be passed upon for the Water District by Griffith & Masuda, A Professional Law Corporation, Turlock, California, as counsel to the Water District.

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the 2014 Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Water District comply with all requirements of the Internal Revenue Code of 1986 (the "**Code**") that must be satisfied subsequent to the issuance of the 2014 Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Water District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the 2014 Bonds.

If the initial offering price to the public (excluding bond houses and brokers) at which a 2014 Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which each 2014 Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. De minimis original issue discount is disregarded.

Under the Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the 2014 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such 2014 Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such 2014 Bond. The Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the 2014 Bonds who purchase the 2014 Bonds after the initial offering of a substantial amount of such maturity. Owners of such 2014 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2014 Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such 2014 Bonds under federal individual and corporate alternative minimum taxes.

Under the Code, original issue premium is amortized on an annual basis over the term of the 2014 Bond (said term being the shorter of the 2014 Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the 2014 Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a 2014 Bond is amortized each year over the term to maturity of the 2014 Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized 2014 Bond premium is not deductible for federal income tax purposes. Owners of Premium 2014 Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such 2014 Bonds.

In the further opinion of Bond Counsel, interest on the 2014 Bonds is exempt from California personal income taxes.

Owners of the 2014 Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the 2014 Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the 2014 Bonds other than as expressly described above.

RATINGS

The Water District has not applied to a rating agency for the assignment of a rating to the 2014 Bonds and does not contemplate applying for a rating.

NO LITIGATION

At the time of delivery of and payment for the bonds, the Counsel to the Water District will deliver his opinion that to the best of its knowledge there is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any court or regulatory agency pending against the Water District affecting its existence or the titles of its officers to office or seeking to restrain or to enjoin the issuance, sale or delivery of the 2014 Bonds, the application of the proceeds thereof in accordance with the Fiscal Agent Agreement, or the collection or application of the Special Tax to pay the principal of and interest on the 2014 Bonds, or in any way contesting or affecting the validity or enforceability of the 2014 Bonds, the Fiscal Agent Agreement or any action of the Water District contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement or any amendment or supplement thereto, or contesting the powers of the Water District or its authority with respect to the 2014 Bonds or any action of the Water District contemplated by any of said documents.

The execution and delivery of this Official Statement by the Water District has been duly authorized by the Water District Board on behalf of the District.

WESTERN HILLS WATER DISTRICT

By: /s/ Carmen Kearney
Treasurer

APPENDIX A

**WESTERN HILLS WATER DISTRICT
DIABLO GRANDE COMMUNITY FACILITIES DISTRICT NO. 1
RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX**

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Western Hills Water District
Diablo Grande Community Facilities District No. 1

AMENDED RATE AND METHOD OF
APPORTIONMENT OF SPECIAL TAX

ORIGINAL DATE:	SEPTEMBER 28, 2000
FIRST AMENDMENT:	JANUARY 11, 2002
SECOND AMENDMENT:	DECEMBER 5, 2002

1. Basis of Special Tax Levy

A Special Tax authorized under the Mello-Roos Community Facilities Act of 1982 (the "Act") applicable to the land in the Diablo Grande Community Facilities District No. 1 (the "CFD") of the Western Hills Water District (the "Water District") shall be levied and collected according to the tax liability determined by the Water District through the application of the appropriate amount or rate, as described below.

2. Definitions

"**Act**" means the Mello-Roos Community Facilities Act of 1982, as amended, Sections 53311 and following of the California Government Code.

"**Administrative Expenses**" means the actual or estimated costs incurred by the Water District to determine, levy and collect the Special Taxes, including salaries of Water District employees and the fees of consultants, legal counsel, corporate bond-paying agents, fiscal agents, and bond trustees; the costs of collecting installments of the Special Taxes upon the general tax rolls; cost of arbitrage calculation and arbitrage rebates; preparation of required reports; and any other costs required to administer the CFD as determined by the Water District.

"**Annual Costs**" means, for any Fiscal Year, the total of the following:

- i) Debt Service for the Calendar Year commencing January 1 of such Fiscal Year through December 31 of the following Fiscal Year;
- ii) Administrative Expenses for such Fiscal Year;
- iii) Any amounts needed to replenish any bond reserve fund for bonds of the Water District issued for the CFD to the level required under the documents pursuant to which such bonds were issued;
- iv) An amount equal to the amount of delinquencies in payments of Special Taxes levied in the previous Fiscal Year and/or anticipated for the current Fiscal Year; and,
- v) Pay-as-you-go expenditures for Authorized Facilities to be constructed or acquired by the CFD;

- vi) Less earnings on the bond reserve fund pursuant to the bond indenture and any reimbursements.

The total Annual Costs shall be limited to that necessary to provide the Authorized Facilities.

"Anticipated Construction Proceeds" means \$50,000,000 as adjusted annually after the Base Year in accordance with the Engineering News Record Building Cost Index. The Water District Board may reduce the base level from \$50,000,000 once all facility costs are known with certainty. The Anticipated Construction Proceeds may be reduced by an approved resolution of the Board once determining the actual costs funded by the CFD are less than the Anticipated Construction Costs determined at CFD formation.

"Auditor-Controller" means the Auditor-Controller of the County.

"Authorized Facilities" means those improvements, as listed in the Resolution forming the CFD.

"Benefit Percentage" means the calculation that shows the percentage share of benefits accruing to a Parcel for all proposed and realized facility improvements within the CFD.

"Board" means the Board of Directors of the Water District.

"Bond Share" means the calculation that shows the percentage share of bonds issued that accrues to a Parcel for public facilities.

"Bond Year" means the 12-month period ending on the bond principal payment date of each calendar year as defined in the bond documents under which the bonds will be issued.

"CFD" means the Diablo Grande Community Facilities District No. 1 of the Western Hills Water District.

"Commercial Use Parcel" means the land use designations permitting the following uses: retail, restaurant, tennis club, town center, winery, hotel, office, industrial, or other commercial uses.

"County" means Stanislaus County, California.

"Debt Service" means for each Bond Year, the total amount of principal and interest for any bonds, notes or certificates of participation of the Water District for the CFD during that Bond Year, less any applicable credits that may be available from any other sources available to the Water District to pay principal and interest for the previous or current Bond Year.

"Developed Parcel" means a Parcel receiving one of the following development approvals from the County:

<u>Land Use</u>	<u>Development Approval</u>
Single family Use Residential	Final Subdivision Map
Multi-Family Use Residential	Building Permit issuance
Commercial Use	Final Map or Final Parcel Map (as defined by the Subdivision Map Act)

"Final Subdivision Map" means a recorded map in compliance with the Subdivision Map Act of the State of California.

"Fiscal Year" means the period starting July 1 and ending the following June 30.

"Golf Course Parcel" means a parcel that is designated and/or developed as a golf course, and may include the golf club house.

"Gross Taxable Acre(age)" means the acreage of the Parcel prior to dedication of right-of-way for streets, roads, landscaping, open space, and other public purposes.

"Hotel Use Parcel" means any Taxable Parcel that is designated and/or developed as a hotel/conference center.

"Maximum Annual Special Tax" means the greatest amount of Special Tax that can be levied against a Parcel.

"Maximum Annual Special Tax Rate" means the amount shown in **Attachment 1** and **Attachment 2** that is used in calculating the Maximum Annual Special Tax for a Taxable Parcel based on its land use classification and development status.

"Maximum Annual Special Tax Revenue" means the greatest amount of revenue that can be collected in any Fiscal Year by taxing all Taxable Parcels at the Maximum Annual Special Tax Rate.

"Maximum CFD Revenue" means the sum of the Maximum Annual Special Tax for all Taxable Parcels in the CFD assuming that all parcels are Developed Parcels or Golf Course Parcels. At the time of formation of the CFD, the Maximum CFD Revenue was calculated to be \$4,908,350. The Maximum CFD Revenue may be increased or decreased by an approved resolution of the Board once determining the actual Maximum CFD Revenue has increased or decreased from the time of formation of the CFD.

"Multi-Family Residential Use" means any parcel designated and/or developed for more than one residential dwelling unit per parcel. Such uses may consist of apartments, condominiums, townhouses, time-share units, duplexes, or tri-plexes.

"Open Space Parcel" means any Parcel created by subdivision of land within the CFD that is not planned or designated for development, and that is not designated as a Public Parcel.

"Original Parcel" means any Parcel in the CFD that existed at the date of formation of the CFD. An Original Parcel lies wholly or partially within the PDP Area. Each Original Parcel is assigned Taxable Acres and a Maximum Annual Special Tax, as shown in **Attachment 1**.

"Parcel" means any County Assessor's Parcel in the CFD based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

"Parcel Number" means the County Assessor's Parcel Number for any Parcel based on the equalized tax rolls of the County as of January 1 of each Fiscal Year.

"Partial Prepayment Parcel" means a Parcel that has permanently satisfied a portion of the Special Tax obligation by a cash settlement with the Water District as permitted under Government Code Section 53344 and described in Section 6.

"Partial Prepayment Factor" means a factor that is applied to the Maximum Annual Special Tax Rate of a Parcel classified as a Partial Prepayment Parcel. This factor is applied when the prepayment is made as well as at any time that the Maximum Annual Special Tax Rate is recalculated.

"PDP Area" means that area of the CFD, which has a Preliminary Development Plan approval from the County. The Preliminary Development Plan has a definitive boundary as shown on **Map 1**. The PDP Area may be expanded to include new areas within the CFD after formation of the CFD.

"Prepayment" means the permanent satisfaction of all of the Special Tax obligation for one or more Parcels by a cash settlement with the Water District as permitted under Government Code Section 53344 and described in Section 6.

"Prepayment Parcel" means a Parcel that has permanently satisfied the entire Special Tax obligation by a cash settlement with the Water District as permitted under Government Code Section 53344 and described in Section 6.

"Public Parcel" means any Parcel, in its entirety, that is or is intended to be publicly owned within the CFD as approved by the County or Water District--or as subsequently designated by the County or Water District--that is normally exempt from the levy of general *ad valorem* property taxes under California law, including public streets, schools, parks, public drainage ways, public landscaping, wetlands, greenbelts, and public open space. Public Parcels are exempt from the levy of Special Taxes.

"Raw Land Parcel" means a Parcel within the boundaries of the CFD, which lies wholly outside the PDP Area. Raw Land Parcels are "tax-exempt".

"Remaining Facility Cost Share" means that calculation that shows the percentage share of the Anticipated Construction Proceeds, less the construction proceeds from bonds issued, less the share of pay-as-you-go funding used to acquire authorized facilities that accrues to a Parcel.

"Reserve Fund Share" means the calculation that shows the percentage share of the reserve fund balance that accrues to a Parcel.

"Single Family Residential Use Parcel" means the land use designation permitting development of one single family unit per Parcel.

"Special Tax(es)" mean(s) any tax levy under the Act in the CFD.

"Successor Parcel" means any Parcel in the CFD that was created by subdividing an Original Parcel, or another Successor Parcel, and which lies partially or wholly within the PDP Area. Each Successor Parcel is designated as a Developed Parcel, Undeveloped Parcel, Golf Course Parcel, Public Parcel or Open Space Parcel, based on the designated land use of the new Parcel. Each Successor Parcel is assigned a Maximum Annual Special Tax based on land use(s) and units as shown in **Attachment 2**.

"Tax Collection Schedule" means the document prepared by the District for the County Auditor-Controller to use in levying and collecting the Special Taxes each Fiscal Year.

"Taxable Acres or Acreage" means the area of an Original Parcel, as shown in **Attachment 1**, that lies within the boundaries of the PDP Area. For Successor Parcels, the Taxable Acres or Acreage is defined as the Gross Acreage of the Taxable Parcel that lies within the boundaries of the PDP Area. For Successor Parcels designated as Undeveloped Parcels the Taxable Acreage is defined as the Gross Taxable Acres.

"Taxable Parcel" means any Original Parcel, Developed Parcel, Golf Course Parcel, or Undeveloped Parcel that lies wholly or partially within the PDP Area.

"Tax-Exempt Parcel" means a Parcel not subject to the Special Tax. Tax-Exempt Parcels include: (i) Public Parcels (subject to the limitations set forth in Section 4, below), (ii) any Prepayment Parcel, (iii) Open Space Parcels, and (iv) Raw Land Parcels.

"Total Facility Cost Share" means that calculation that shows the percentage share of the Anticipated Construction Proceeds that accrues to a Parcel.

"Undeveloped Parcel" means any Taxable Parcel that lies within the boundaries of the PDP Area, and is not designated as a Developed Parcel or Golf Course Parcel. Parcels used for vineyards at the formation of the CFD are considered Undeveloped Parcels.

"Water District" means the Western Hills Water District.

"Winery Use Parcel" means any Taxable Parcel that is designated and/or developed as a winery.

3. Termination of the Special Tax

The Special Tax will be levied and collected from Taxable Parcels in the CFD for as long as needed to pay the principal and interest on debt for the Bonds issued to fund authorized facilities. However, in no event shall the Special Tax be levied after Fiscal Year 2039-2040.

When all of the bonds issued to pay for authorized facilities have been retired, the Special Tax shall cease to be levied. The Water District shall direct the County Recorder to record a Notice of Cessation of Special Tax. Such notice will state that the obligation to pay the Special Tax has ceased and that the lien imposed by the Notice of Special Tax Lien is extinguished.

The Water District shall also direct the County Recorder to record a Notice of Cessation of Special Tax for Parcels that are wholly outside the PDP Area as a result of the subdivision of an Original Parcel or Successor Parcel. A Notice of Cessation of Special Tax shall also be recorded for Prepayment Parcels.

4. Assignment of Maximum Annual Special Tax

Each year, prior to August 1, the Water District shall assign the Maximum Annual Special Tax for each Parcel by following the steps below.

- A. Classify Parcels as Taxable or Tax-exempt. The Water District shall prepare a list of the Parcels subject to the Special Tax using the records of the County Assessor and any other County or Water District records. The Water District shall identify the Taxable Parcels from a list of all Parcels within the CFD.
- B. Classify Each Parcel as an Original or Successor Parcel. Original Parcels are those Parcels shown in **Attachment 1**. Successor Parcels are created when Original Parcels are subdivided.
 1. Original Parcels are listed in **Attachment 1**.
 2. Successor Parcels. Successor Parcels are created when an Original Parcel is subdivided. Successor Parcels that are subdivided are classified as Successor Parcels. When a Successor Parcel is created a Maximum Annual Special Tax Rate and Maximum Annual Special Tax shall be assigned using the steps in Section C.2 below.
- C. Determine the Maximum Annual Special Tax Rates.
 1. Original Parcels. The Maximum Annual Special Tax Rates, Taxable Acreage, and Maximum Annual Special Tax are shown in **Attachment 1** for each Original Parcel.

2. Successor Parcels. The Maximum Annual Special Tax Rates are shown in **Attachment 2** for each land use category. When a Successor Parcel is created, it is classified as a Developed Parcel, Golf Course Parcel, Undeveloped Parcel, Public Parcel, Raw Land Parcel, or Open Space Parcel, and it shall be assigned a Maximum Annual Special Tax Rate and Maximum Annual Special Tax based on the land use classification from **Attachment 2** using the steps below.
 - a. Determine portion of Successor Parcel to be taxed. Only that portion of an Original Parcel or Successor Parcel that lies within the PDP Area will be subject to the assignment of the Maximum Annual Special Tax in this section. **Map 1** shows the boundaries of the PDP Area. For each Successor Parcel, determine the area (in acres) of the Parcel that lie within the boundaries of the PDP Area.
 - b. Assign Maximum Annual Special Tax Rate and Maximum Annual Special Tax. For each Successor Parcel, assign a land use, as shown in **Attachment 2** and defined in Section 2 above. If a parcel has more than one land use, determine the Taxable Acreage for each use. A Successor Parcel that lies wholly outside the PDP Area (as shown on **Map 1**) will be designated as a Raw Land Parcel and is designated as a Tax-Exempt Parcel.
 - 1) Developed Parcels. The Maximum Annual Special Tax for a Developed Parcel is based on the Maximum Annual Special Tax Rate shown on **Attachment 2** times the number of units assigned to that Parcel. A Single Family Residential Use Parcel will be assigned one unit. A Multi-family Residential Use Parcel will be assigned the number of units created by the building permit. For Commercial Parcels, the units are equal to the Taxable Acreage of the Parcel.
 - 2) Undeveloped Parcels. The Maximum Annual Special Tax for an Undeveloped Parcel is based on the Maximum Annual Special Tax Rate shown on **Attachment 2** times the number of Gross Taxable Acres assigned to that Parcel.
 - a) Sum the Taxable Acres of Original Parcels and/or Successor Parcels to be subdivided.
 - b) Sum the Taxable Acres of all new Successor Parcels.
 - c) Subtract b) from a).
 - d) If the result from c) is greater than zero, assign the amount in c) on a *pro rata* basis to new Successor Parcels. Calculate a percentage by dividing the gross acreage of the new Successor Parcel by the number derived in a). Multiply this percentage times the

number derived in c). This amount is then added to the gross acreage of the new Successor Parcel and this new number becomes the Gross Taxable Acreage for the new Successor Parcel. The administrator may allocate the acreage calculated in c) to new Successor Parcels based on the development potential of the new Successor Parcels if the administrator deems the calculation detailed in this step does not properly reflect their development potential. However, the maximum special tax revenue assigned to a Successor Parcel, calculated by multiplying the Gross Taxable Acreage times the tax rate for Undeveloped Parcels, shall not exceed the maximum special tax revenue that the parcel would generate if all of the potential development area were taxed at the Developed Parcel tax rate.

e) Repeat for all new Successor Parcels created.

3) Golf Course Parcels. The Maximum Annual Special Tax for a Golf Course Parcel is the Maximum Annual Special Tax Rate shown on **Attachment 2** times the number of Taxable Acres assigned to the Parcel.

3. Parcels Classified as Partial Prepayment Parcels. A Parcel classified as a Partial Prepayment Parcel is assigned its Maximum Annual Special Tax Rate by multiplying the calculated Maximum Special Tax Rate from Step B, 1. or 2. above by the Partial Prepayment Factor for that Parcel as calculated in Section 6, Part B.

D. Conversion of a Tax-Exempt Parcel to a Taxable Parcel. If a Tax-Exempt Parcel is not needed for public use and is converted to a taxable use, it shall become subject to the Special Tax. The Maximum Annual Special Tax for such a Parcel shall be assigned as described beginning with Section 4.A above.

E. Taxable Parcels Acquired by a Public Entity. Taxable Parcels that are acquired by a public entity after the CFD is formed will remain subject to the applicable Special Tax unless the Special Tax obligation is satisfied pursuant to Section 53317.5 of the Government Code. An exception to this may be made if a Public Parcel, such as a school site, is relocated to a Taxable Parcel, the previously Tax-Exempt Parcel of comparable acreage becomes a Taxable Parcel and the Maximum Annual Special Tax from the previously Taxable Parcel is transferred to the new Taxable Parcel. This trading of Parcels will be permitted to the extent that there is no net loss in Maximum Special Tax Revenue.

F. Parcels Annexed to the CFD after formation. Parcels annexed to the CFD after formation shall be classified as Taxable or Tax-Exempt, based on the definitions in

Section 2. The annexed parcels shall then be assigned a Maximum Annual Special Tax Rate and Maximum Annual Special Tax using the steps beginning with Section 4.A above.

5. Calculating Annual Special Taxes

The Water District shall compute the Annual Costs and determine the Maximum Annual Special Tax for each Parcel based on the assignment of the Maximum Annual Special Tax in Section 4. The District will then determine the Special Tax levy for each Parcel through the following steps:

- A. Compute the Annual Cost using the definition in Section 2 for the Fiscal Year.
- B. Determine the Maximum Annual Special Tax revenue for all Developed Parcels. If Maximum Annual Special Tax revenue is greater than the Annual Cost, proportionally reduce the Maximum Annual Special Tax Rate for Developed Parcels until the total Special Taxes are equal to the Annual Cost.
- C. If the Annual Costs are greater than the Maximum Annual Special Tax revenue calculated under Step B, calculate the additional Maximum Annual Special Tax revenue from all Undeveloped Parcels and Golf Course Parcels. If this amount, together with the amount from Step B, is greater than the Annual Cost, proportionally reduce the Maximum Annual Special Tax Rate for Undeveloped and Golf Course Parcels until the total Special Taxes are equal to the Annual Cost.
- D. If the Annual Costs are greater than the Maximum Annual Special Tax revenue calculated under Step C, calculate the additional Maximum Special Annual Tax revenue from all Original Parcels. If this amount, together with the amount from Step C, is greater than the Annual Cost, proportionally reduce the Maximum Annual Special Tax Rate for Original Parcels until the total Special Taxes are equal to the Annual Cost.
- E. Levy on each Taxable Parcel the amount calculated above.
- F. Prepare the Tax Collection Schedule listing the Special Tax levy for each Taxable Parcel and send it to the County Auditor-Controller requesting that it be placed on the general, secured property tax roll for the Fiscal Year. The Tax Collection Schedule shall not be sent later than the date required by the Auditor-Controller for such inclusion.

The Water District shall make every effort to correctly calculate the Special Tax for each Parcel. It shall be the burden of the owner of the Parcel levied a Special Tax to correct any errors in the determination of the parcels subject to the tax and their Special Tax assignments.

6. Prepayment of Special Tax Obligation

The Special Tax obligation of a Parcel may be permanently satisfied by a cash settlement with the District as permitted under Government Code Section 53344. Prepayment is permitted only under the following conditions:

- The Water District determines that the Prepayment of the Special Tax obligation does not jeopardize its ability to make timely payments of debt service on outstanding bonds.
- Any landowner prepaying the Special Tax obligation must pay any and all delinquent Special Taxes and penalties for the prepaying Parcel.
- Prior to the calculation of the prepayment amount, the landowner must notify the District whether such landowner intends to execute a full Prepayment or Partial Prepayment. If the landowner intends to execute a Partial Prepayment, the landowner shall further notify the District of the dollar amount of the intended Prepayment.

The prepayment amount shall be established by following the steps in Part A, B, and D.

Part A: Prepayment of Outstanding Bonds

- Step A.1: Determine the Special Tax to be prepaid for the Parcel as either the Maximum Annual Special Tax for the Parcel as if it were a Developed Parcel, or as calculated in Section 4.B.1. Determine the Maximum Annual Special Tax for the Parcel based on the assignment of the Maximum Annual Special Tax described in Section 4 above.
- Step A.2: Determine the Benefit Percentage by dividing the Maximum Annual Special Tax from Step A.1 by the Maximum CFD Revenue as defined in Section 2.
- Step A.3: Determine the Bond Share for the Parcel by multiplying the Benefit Percentage from Step A.2 by the total amount of outstanding bonds issued by the CFD. The bond principal that will be retired in an upcoming Bond Year if Special Taxes have already been levied to pay Debt Service for that Bond Year shall reduce the amount of outstanding bonds.
- Step A.4: Determine the Reserve Fund Share associated with the Bond Share determined in Step A.3. The Reserve Fund Share is equal to the lesser of the reserve requirement on all outstanding bonds or the actual Reserve Fund amount multiplied by the Benefit Percentage. Reduce the Bond Share by the amount of the Reserve Fund Share to arrive at the total amount of bonds to be included in the Prepayment amount.
- Step A.5: Determine the total Prepayment amount required by adding to the Bond Share amount calculated in Step A.4 any fees, call premiums, amounts necessary to

cover negative arbitrage from the date of the prepayment to first call date on the bonds, and expenses incurred by the District in connection with the prepayment calculation or the application of the proceeds of the prepayment. If Special Taxes have already been levied, but not collected, at the time the prepayment is calculated, the owner of the Parcel(s) must pay the Special Taxes included on the property tax bill in addition to the prepayment amount.

Part B: Calculate Remaining Facility Cost Share

- Step B.1: Determine the Total Facility Cost Share for the Parcel by multiplying the Benefit Percentage from Part A, Step A.2 above by the Anticipated Construction Proceeds.
- Step B.2: Determine the share of facilities funded by bonds already issued by the CFD for the Parcel by multiplying the Benefit Percentage by the construction proceeds made available from all such bonds issued by the CFD.
- Step B.3: Determine the share of facilities funded with any pay-as-you-go special tax revenues by multiplying the Benefit Percentage by the total amount of pay-as-you-go funding used to acquire authorized facilities.
- Step B.4: Determine the Remaining Facility Cost Share for the Parcel by subtracting the results from Steps B.2 and B.3 above from the Total Facility Cost Share determined in Step B.1. (Notwithstanding the above, once the Water District has issued all bonds for the CFD, the remaining facility cost share shall be set to zero for purposes of this prepayment calculation.)
- Step B.5: Combine the amount from Part A Step A.5 with the amount from Part B Step B.4 to arrive at the Full Prepayment amount.**

Part C: Calculate the Partial Prepayment Factor

If the prepayment is a partial prepayment, then the property owner shall designate an amount which is less than the total prepayment amount determined above for the prepaying Parcel (or group of prepaying Parcels) that results in a bond call in a whole number multiple of \$5,000. The District shall then determine the Partial Prepayment Factor by the following procedure:

- Step C.1: Subtract the amount of the Partial Prepayment from the sum of the total amount of bonds included in the Prepayment amount calculated in Step A.4 and the Remaining Facility Cost Share calculated in B.4 above;
- Step C.2: Divide the result of Step C.1 by the sum of the total amount of bonds included in the Prepayment amount calculated in Step A.4 and the Remaining Facility Cost Share calculated in B.4; and,

Step C.3: If a Partial Prepayment had previously been made for this Parcel, add the amount of all previous partial prepayment amounts to the partial prepayment currently proposed, then perform the Partial Prepayment Factor calculation, beginning with Step C.1.

Part D: Transfers

Make the appropriate transfers from the Reserve Fund to the prepayment fund, as follows:

Step D.1: For a full prepayment transfer the amount of the Reserve Fund Share.

Step D.2: For a partial prepayment, transfer an amount equal to the Reserve Fund Share times one minus the Partial Prepayment Factor.

7. Records Maintained for the CFD

As development and subdivision of the Diablo Grande Project occurs, the Water District will maintain a written record of the following information for each Parcel:

- the current Parcel Number;
- the number of units or acres for each Developed Parcel;
- the Gross Taxable Acreage of each Undeveloped Parcel;
- the acreage of each Undeveloped Parcel, Open Space and Raw Land Parcel
- the acreage by land use for each Undeveloped Parcel and Raw Land Parcel;
- the Maximum Annual Special Taxes which applied in each Fiscal Year; and
- the authorized Special Taxes levied in each Fiscal Year.

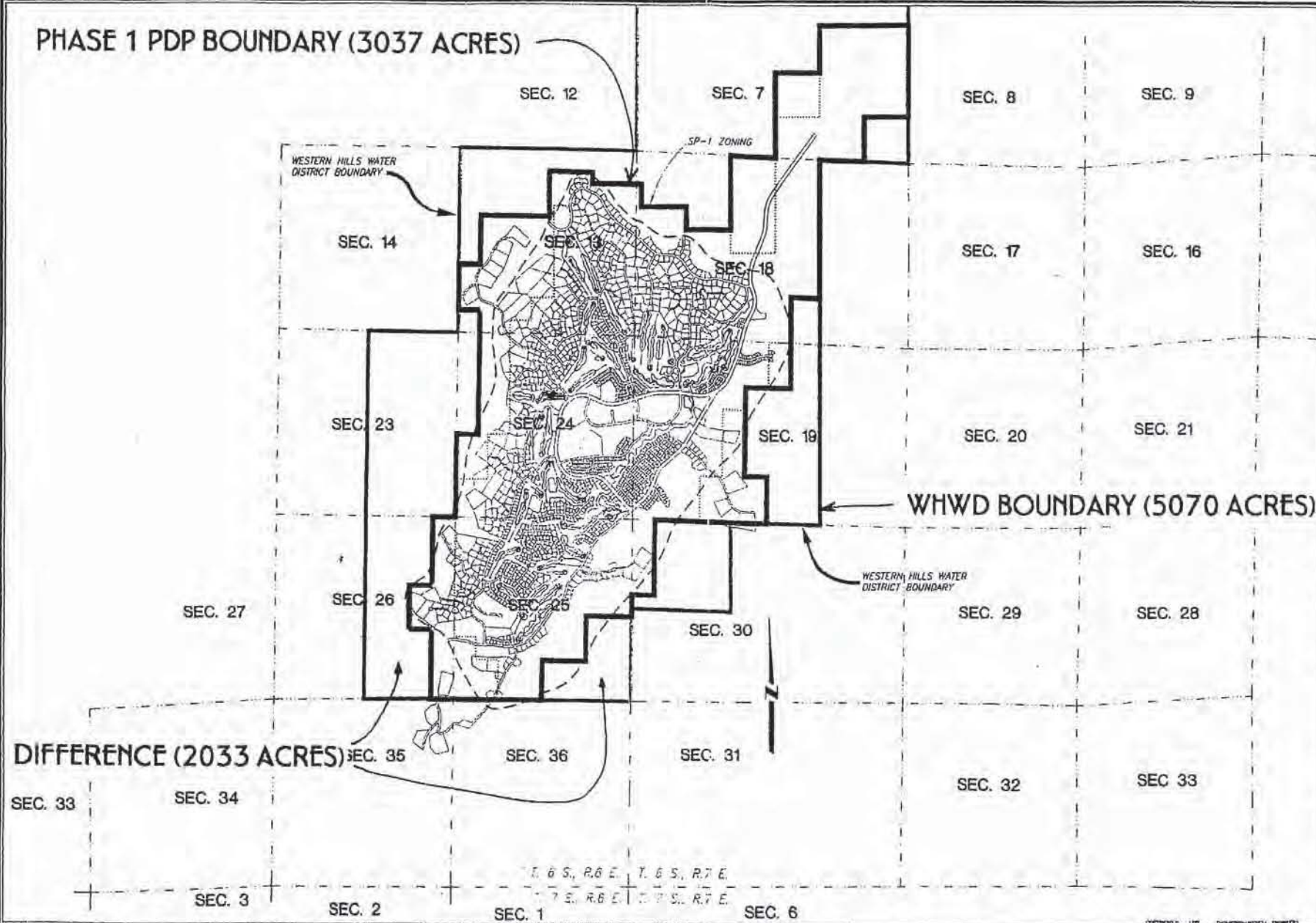
The file containing the information listed above will be available for public inspection.

8. Appeals

Any taxpayer that feels that the amount of the Special Tax assigned to a Parcel is in error may file a notice with the Water District appealing the levy of the Special Tax. The Water District will then promptly review the appeal, and if necessary, meet with the applicant. If the Water District verifies that the tax should be modified or changed, a recommendation at that time will be made to the Water District Board and, as appropriate, the Special Tax levy shall be corrected and, if applicable in any case, a refund shall be granted.

Interpretations may be made by Resolution of the Water District Board for purposes of clarifying any vagueness or ambiguity as it relates to the calculation of the Maximum Annual Special Tax Rate, the method of apportionment, the classification of properties or any definition applicable to the CFD.

PHASE 1 PDP BOUNDARY (3037 ACRES)



APPROVED BY:



**THOMPSON-HYSELL
ENGINEERS**
A DIVISION OF THE HYATT COMPANIES
1041 15TH STREET, SACRAMENTO, CA 95811
TEL: (916) 441-1111
FAX: (916) 441-1112

DATE	DESCRIPTION

**WESTERN HILLS
DISTRICT BOUNDARY
DIABLO GRANDE**
STANISLAUS COUNTY, CALIFORNIA

SHEET NUMBER
1
OF 1 SHEETS

Attachment 1
Western Hills Water District
Diablo Grande Community Facilities District No. 1
County of Stanislaus
Maximum Special Tax Rate - Original Parcels

Assessor Parcel Numbers	Acres	Maximum Special Tax Rate	Maximum Special Tax
	[1]		
		<u>per acre</u>	
25-10-05	1,050	\$1,350	\$1,417,500
25-15-06	530	\$1,350	\$715,500
25-05-04	280	\$1,350	\$378,000
25-11-06	1,043	\$1,350	\$1,408,050
25-16-10	44	\$1,350	\$59,400
25-15-07	90	\$1,350	\$121,500
Totals	3,037		\$4,099,950

"original"

[1] Total gross acres of PDP

Attachment 2
Western Hills Water District
Diablo Grande Community Facilities District No. 1
County of Stanislaus
Successor Parcel Maximum Annual Special Tax Rates

Land Use	Maximum Annual Special Tax Rate
<u>DEVELOPED PARCELS</u>	
Single Family Residential Use	<i>per unit</i>
Estate (greater than 3 acres)	\$3,000
40,000 s.f. minimum lot size	\$3,000
20,000 s.f. minimum lot size	\$3,000
8,000 s.f. minimum lot size	\$2,400
6,000 s.f. minimum lot size	\$2,250
5,000 s.f. minimum lot size	\$2,100
Patio Home - Detached residential [1]	\$1,800
Multi-Family Residential Use	<i>per unit</i>
Townhouses (Includes 1 - 4 units)	\$1,200
Condominiums	\$900
Apartments	\$900
Commercial Use Parcels	<i>per acre</i>
Commercial Use Parcel	\$7,500
Hotel Use Parcel	\$5,000
Winery Use Parcel	\$3,600
<u>UNDEVELOPED PARCEL</u>	<i>per acre</i> \$1,350
<u>GOLF COURSE PARCEL</u>	<i>per acre</i> \$1,350
<u>OPEN SPACE PARCEL</u>	<i>per acre</i> tax-exempt
<u>RAW LAND PARCEL</u>	<i>per acre</i> tax-exempt
<u>PUBLIC PARCEL</u>	<i>per acre</i> tax-exempt

"successor"

[1] Single family detached lots are less than 5,000 s.f.

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APPENDIX B

APPRAISAL OF CERTAIN PROPERTY IN THE DISTRICT

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Appraisal Report

Western Hills Water District (Diablo Grande) Community Facilities District No. 1

Patterson, Stanislaus County, California



Date of Report: July 14, 2014

Prepared For:

Mr. Guillermo Marrero, Director/President
Western Hills Water District
9501 Morton Davis Drive
Patterson, California 95363

Prepared By:

Eric A. Segal, Appraiser



Seevers
Jordan
Ziegenmeyer

Real Estate Appraisal & Consultation



July 14, 2014

Mr. Guillermo Marrero, Director/President
Western Hills Water District
9501 Morton Davis Drive
Patterson, California 95363

RE: Western Hills Water District Diablo Grande
Community Facilities District No. 1
Patterson, Stanislaus County, California

Dear Mr. Marrero:

At your request and authorization, Seevers • Jordan • Ziegenmeyer has prepared an appraisal report and analyzed market data for the purpose of estimating the market value (*fee simple estate*) of certain undeveloped properties within the boundaries of the Western Hills Water District Diablo Grande Community Facilities District (CFD) No. 1, under the conditions and assumptions set forth in the attached report.

The appraisal report has been conducted in accordance with appraisal standards and guidelines found in the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (2004). This document is presented in an Appraisal Report Format, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the 2014-2015 edition of USPAP.

The Western Hills Water District Diablo Grande Community Facilities District No. 1 encompasses approximately 2,250 acres of land to be developed with single- and multifamily residential housing, commercial uses, open space and recreational uses, and public facilities. Anticipated development within the CFD includes 2,354± single-family residential units, 602 multifamily residential units and approximately 39 acres of commercial uses. There is also approximately 2,273 acres of undeveloped land (primarily open space) within the boundaries of the CFD not presently developable. The appraised properties comprise the undeveloped residential lots within the District not improved with a single-family residence, which total 318 separate Assessor's parcels, 301 of which are finished single-family residential lots. The Diablo Grande master planned community is located in the southwestern portion of Stanislaus County, California, approximately eight miles southwest of the city of Patterson, west of Interstate 5, at the terminus of Diablo Grande Parkway and situated in a valley created by the Diablo Range.

The various land use components contained within Diablo Grande – Phase 1, Units 1 through 5 include single-family and multifamily residential, commercial, winery, golf club and golf course, vineyards, public use and open space. It should be noted all the improvements financed by the Western Hills Water District Diablo Grande Community Facilities District No. 1 (series 2001, 2002, 2004, and 2005) are in place and available for use.

Mr. Guillermo Marrero
July 14, 2014
Page 2

We have been requested to provide a cumulative, or aggregate, value estimate for the appraised properties for the individual ownership components of the subject, under the assumptions and conditions cited in the attached report. Primary among the assumptions is the value estimate is subject to the hypothetical condition any improvements to be financed by the Western Hills Water District Diablo Grande Community Facilities District No. 1 Special Tax Collections are in place.

The value estimates assume a transfer would reflect a cash transaction or terms that are considered to be equivalent to cash. The estimates are also premised on an assumed sale after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with buyer and seller each acting prudently, knowledgeably, for their own self-interest and assuming neither is under duress.

The cumulative, or aggregate, value of the District accounts for the impact of the lien of the Special Tax securing the Western Hills Water District Diablo Grande Community Facilities District No. 1 Bonds.

As a result of our analysis, it is our opinion the cumulative, or aggregate, value of the fee simple interest in the appraised properties, subject to the hypothetical condition any improvements to be financed by the Western Hills Water District Diablo Grande Community Facilities District No. 1 Special Tax Collections are in place, in accordance with the assumptions and conditions set forth in the attached document (please refer to pages 6 through 8), is:

FIFTY NINE MILLION ONE HUNDRED FOURTEEN THOUSAND DOLLARS
\$59,114,000

Please see the *Market Value by Assessor's Parcel* table in the Addenda for a description and breakdown of the value above by ownership and parcel.

This letter must remain attached to the report, which contains 102 pages plus related tables, exhibits and Addenda, in order for the value opinion set forth herein to be considered valid.

We hereby certify the subject properties have been inspected and we have impartially considered all data collected in the investigation. Further, we have no past, present or anticipated future interest in the property. The subject properties do not have any significant natural, cultural, recreational or scientific value. The appraiser certifies this appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.

Thank you for the opportunity to work with your office on this assignment.

Sincerely,



Eric A. Segal, Appraiser
State Certification No.: AG026558
Expires: February 18, 2015
/mlm

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SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Property Name: The appraised properties comprise the undeveloped residential lots within the boundaries of the Western Hills Water District Diablo Grande Community Facilities District No. 1 not improved with a single-family residence.

Property Location: The Diablo Grande master planned community is located in the southwestern portion of Stanislaus County, California, approximately eight miles southwest of the city of Patterson, west of Interstate 5, at the terminus of Diablo Grande Parkway and situated in a valley created by the Diablo Range.

Assessor's Parcel Numbers/Ownership: The appraised properties consist of 318 separate Assessor's parcels (301 are finished single-family residential lots), which are identified within the Addenda to this report (see *Market Value by Assessor's Parcel*).

A breakdown of the number of parcels under each ownership group (more than four parcels) is shown in the table below:

Owner	No. of Parcels
Civic Diablo Grande LLC	54
Kitco Holdings LLC	8
Oak Valley Community Bank	5
RWHS Diablo Grande Legends LLC	12
Western Pacific Housing	118
World International LLC	71
Other Individually Owned Parcels	50
Total	318

It is noted there are 429 additional parcels within Western Hills Water District Diablo Grande CFD No. 1 that have vertical improvements constructed and are not part of this appraisal.

Property Type/Current Use: Improved and unimproved residential lots

Zoning/Land Use: The various land components representing the subject property are zoned for single-family residential development. For a complete description of the governing zoning ordinances, please refer to the *Property Identification and Legal Data* section of this report.

Flood Zone: Zone X – Areas outside of the 100- and 500-year flood plains (per www.floodmaps.com, provided by Digital Media Services)

Earthquake Zone: According to the Seismic Safety Commission, the subject is located within Zone 3, which is assigned to areas of moderate seismic activity. The location within this zone does not prevent development. There are only two zones in California. Zone 4 is assigned to areas of major faults. Zone 3 is assigned to areas with more moderate seismic activity. The subject is not located within a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 (revised January 1994) of the California Department of Conservation, Division of Mines and Geology.

Highest and Best Use: Single-family residential development, as approved and proposed

Date of Inspection: June 28, 2014

Effective Date of Value: June 28, 2014

Date of Report: July 14, 2014

Property Rights Appraised: Fee simple estate

Conclusion of Cumulative, or Aggregate, Value: **\$59,114,000**

It should be noted the value presented above is subject to the general and extraordinary assumptions, hypothetical conditions and limiting conditions (please refer to pages 6 through 8) presented in the attached report.

CLIENT, INTENDED USER AND INTENDED USE

The client and intended user of the report is the Western Hills Water District. It is our understanding the report will be used for bond underwriting purposes.

APPRAISAL REPORT FORMAT

This document represents an Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the 2014-2015 edition of the Uniform Standards of Professional Appraisal Practice (USPAP).

TYPE AND DEFINITION OF VALUE

The purpose of this appraisal is to estimate the market value (*fee simple estate*), by ownership, and the cumulative, or aggregate, value of the appraised properties comprising a portion of the Western Hills Water District Diablo Grande Community Facilities District (CFD) No. 1, subject to the hypothetical condition any improvements to be financed by the CFD No. 1 Special Tax Collections are in place.

PROPERTY RIGHTS APPRAISED

The estimates of value derived in this report are for the fee simple estate. The definition of this real property interest is offered below.

Fee Simple Estate: absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.¹

The rights appraised are also subject to the General and Extraordinary Assumptions and Limiting Conditions contained in this report and to any exceptions, encroachments, easements and rights-of-way recorded. The value estimates account for the impact of the lien of the Special Tax securing the Western Hills Water District Diablo Grande CFD No. 1 Bonds.

DATES OF INSPECTION, VALUE AND REPORT

An inspection of the subject properties was completed on June 28, 2014, which represents the effective date of market value by ownership, and cumulative, or aggregate, value of the appraised properties. This appraisal report was completed and assembled on July 14, 2014.

¹ The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010), 78.

SCOPE OF WORK

This appraisal report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP). This analysis is intended to be an “appraisal assignment,” as defined by USPAP; the intention is the appraisal service be performed in such a manner that the result of the analysis, opinions, or conclusion be that of a disinterested third party.

Several legal and physical aspects of the subject property were researched and documented. A physical inspection of the property was completed and serves as the basis for the site description contained in this report. The sales history was verified by consulting public records. Various documents were provided for the appraisal, including developer’s budget and project maps. The zoning and entitlements, earthquake zone, flood zone and utilities were verified with applicable public agencies at the County of Stanislaus. Property tax information for the current tax year was obtained from the County of Stanislaus Treasurer-Tax Collector’s Office.

Data relating to the subject’s neighborhood and surrounding market area were analyzed and documented. This information was obtained through personal inspections of portions of the neighborhood and market area; newspaper articles; real estate conferences; and interviews with various market participants, including property owners, property managers, brokers, developers and local government agencies.

In this appraisal, the highest and best use of the subject property as though vacant was determined based on the four standard tests (legal permissibility, physical possibility, financial feasibility and maximum productivity).

We have been requested to provide estimates of market value of the appraised properties. The sales comparison approach to value was used to determine the market value of each developable land use component comprising the subject property (production-oriented residential lots and estate lots). The data set and other market indicators was utilized to establish the incremental value difference between each of the lot groupings larger and smaller than the typical lot size used for analysis. A discounted cash flow analysis was relied upon in the valuation of the remaining lots held by the master developer.

The cumulative, or aggregate, value of the appraised properties represents the sum of the value estimates concluded for each ownership interest, which is not equivalent to the market value of the District as a whole.

This appraisal report has been conducted in accordance with appraisal standards and guidelines found in the Uniform Standards of Professional Appraisal Practice (USPAP) and the Appraisal

Standards for Land Secured Financing published by the California Debt and Investment Advisory Commission (2004).

I, Eric A. Segal, Appraiser, inspected the subject properties; collected and confirmed data related to the subject properties, comparables and the neighborhood/market area; analyzed market data; and prepared an appraisal report with estimates of value described above.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

It is noted the use of an extraordinary assumption or hypothetical condition can impact the results of an appraisal.

Extraordinary Assumptions

1. It is assumed there are no adverse soil conditions, toxic substances or other environmental hazards that may interfere or inhibit the development of the subject properties.
2. It is assumed all remaining infrastructure improvements, including those to be financed by the Western Hills Water District Diablo Grande CFD No. 1 Bonds and those to be financed by the master developer, will be properly installed and available for use.
3. The exact locations of the easements referenced in a preliminary title report were not provided to the appraiser. The appraiser is not a surveyor nor qualified to determine the exact location of the referenced easements. It is assumed the easements noted in the referenced preliminary title report do not have an impact on the opinions of value as provided in this report. If, at some future date, these easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion(s) of value. The opinions of value presented in this report are predicated on none of the items referenced in the preliminary title report having a detrimental impact upon the utility of the property as proposed, nor the opinions of value. If, at some future date, these exceptions are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion(s) of value.

Hypothetical Conditions

1. The estimate of cumulative, or aggregate, value of the appraised properties comprising a portion of the Western Hills Water District Diablo Grande CFD No. 1 is subject to a hypothetical condition. A hypothetical condition is defined by USPAP as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis.” The hypothetical condition assumes certain infrastructure improvements to be financed by the Western Hills Water District Diablo Grande CFD No. 1 Special Tax Collections are in place and available for use.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. No responsibility is assumed for matters of law or legal interpretation.
3. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
4. The information and data furnished by others in preparation of this report is believed to be reliable, but no warranty is given for its accuracy.
5. It is assumed there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
6. It is assumed the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
7. It is assumed the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in the appraisal report.
8. It is assumed all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
9. It is assumed the use of the land and improvements is confined within the boundaries or property lines of the property described and there is no encroachment or trespass unless noted in the report.
10. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user of this report is urged to retain an expert in this field, if desired.
11. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I (we) have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. Since compliance matches each owner's financial ability with the cost-to cure the property's potential physical characteristics, the real estate appraiser cannot comment on compliance with ADA. A brief summary of the

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subject's physical aspects is included in this report. It in no way suggests ADA compliance by the current owner. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. Specific study of both the owner's financial ability and the cost-to-cure any deficiencies would be needed for the Department of Justice to determine compliance.

12. The appraisal is to be considered in its entirety and use of only a portion thereof will render the appraisal invalid.
13. Possession of this report or a copy thereof does not carry with it the right of publication nor may it be used for any purpose by anyone other than the client without the previous written consent of Seevers • Jordan • Ziegenmeyer.
14. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or any other media without the prior written consent and approval of Seevers • Jordan • Ziegenmeyer. Seevers • Jordan • Ziegenmeyer authorizes the reproduction of this report for publication in the preliminary official statement and official statement for Bond financing purposes.
15. The liability of Seevers • Jordan • Ziegenmeyer and its employees/subcontractors for errors/omissions, if any, in this work is limited to the amount of its compensation for the work performed in this assignment.
16. Acceptance and/or use of the appraisal report constitutes acceptance of all assumptions and limiting conditions stated in this report.
17. An inspection of the subject properties revealed no apparent adverse easements, encroachments or other conditions, which currently impact the subject. However, the exact locations of typical roadway and utility easements, or any additional easements, which would be referenced in a preliminary title report, were not provided to the appraiser. The appraiser is not a surveyor nor qualified to determine the exact location of easements. It is assumed typical easements do not have an impact on the opinion (s) of value as provided in this report. If, at some future date, these easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion (s) of value.
18. This appraisal report is prepared for the exclusive use of the appraiser's client. No third parties are authorized to rely upon this report without the express consent of the appraiser.
19. The appraiser is not qualified to determine the existence of mold, the cause of mold, the type of mold or whether mold might pose any risk to the property or its inhabitants. Additional inspection by a qualified professional is recommended.

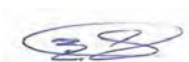
— Seevers • Jordan • Ziegenmeyer —

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CERTIFICATION STATEMENT

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed appraisal services regarding a portion of the properties that are the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I certify that my State of California real estate appraiser license has never been revoked, suspended, cancelled, or restricted.
- I have the knowledge and experience to complete this appraisal assignment. Please see the Qualifications of Appraiser(s) portion of the Addenda to this report for additional information.
- As of the date of this report, I have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.



Eric A. Segal, Appraiser
State Certification No.: AG026558 (February 18, 2015)

July 14, 2014
DATE

PROPERTY HISTORY

The appraised properties comprise the single-family residential lots within the boundaries of Western Hills Water District Diablo Grande Community Facilities District No. 1 not improved with a single-family residence. At build-out, the various land uses within the entire Diablo Grande – Phase 1 community will include a mix of urban uses, including detached residential, multifamily residential, commercial, resort, golf courses, public facilities, and open space. In fact, the Diablo Grande resort and master planned community will consist of approximately 2,354 single-family residential lots covering 818 acres, 39 acres of commercial land, 44 acres of vineyards and an 18-hole golf course. Diablo Grande – Phase 1, which represents Units 1 through 5, contains approximately 2,250 gross acres located in the southwestern portion of Stanislaus County, California, approximately eight miles southwest of the city of Patterson, west of Interstate 5, at the terminus of Diablo Grande Parkway and situated in a valley created by the Diablo Range. As proposed, and partially improved, approximately 36% of the entire Diablo Grande – Phase 1 development is of a detached single-family residential character. At the present time the components comprising the appraised properties represent various stages of development, including unimproved, partially improved and improved detached, single-family residential lots. For your reference, a table summarizing the appraised properties within the boundaries of the District is presented below.

Village	Lot Configurations	Typical Lot Size	Description	Lots
2A			Townhomes	42
2B, 2C, 3H, 3L & 5	35' x 105'	3,675	Single-Family Lots	292
2C, 3B, 3H, 3I, 4C & 5	50' x 105'	5,250	Single-Family Lots	388
2C, 2D, 3B, 3F, 3H, 3I, 4A, 4C, 5 & 5A	60' x 105'	6,300	Single-Family Lots	423
3C, 3D, 3E, 3F, 3J, 3K, 4A, 4B, 4D & 5	70' x 105'	7,350	Single-Family Lots	140
2C, 3C, 3D, 3E, 3F, 3G, 3J, 4A, 4B & 5	80' x 105'	8,400	Single-Family Lots	133
3A	100' x 105'	10,500	Single-Family Lots	62
Estate Lots				121
Existing Single-Family Production Lots				172
Total Appraised Properties				1,773

The appraised properties have not transferred ownership within the past three years, and are not presently being marketed for sale. There is currently one active production home project marketing homes in the Diablo Grande development, Villa Vista by DeNova Homes. Please refer to the *Residential Market Overview* section for a discussion of this project, as well as competing projects in the region.

PROPERTY IDENTIFICATION AND LEGAL DATA

Location

The appraised properties are located in the southwestern portion of Stanislaus County, California, approximately eight miles southwest of the city of Patterson, west of Interstate 5, at the terminus of Diablo Grande Parkway and situated in a valley created by the Diablo Range.

Assessor's Parcel Number/Ownership

The subject property consists of 318 legally transferrable parcels comprising 1,773 single-family residential lots (existing and proposed), which are identified within the Tax Roll (*Market Value by Assessor's Parcel*) appended hereto. A breakdown of the number of parcels under each ownership group is shown in the table below:

Owner	No. of Parcels
Civic Diablo Grande LLC	54
Kitco Holdings LLC	8
Oak Valley Community Bank	5
RWHS Diablo Grande Legends LLC	12
Western Pacific Housing	118
World International LLC	71
Other Individually Owned Parcels	50
Total	318

It is noted there are 429 additional parcels within Western Hills Water District Diablo Grande CFD No. 1 considered "developed" and are not part of this appraisal.

Legal Description

A legal description of the subject properties, which would be contained in a preliminary title report, was not provided for use in this analysis.

Assessment and Tax Information

Ad Valorem Taxes

The property tax system in California was amended in 1978 by Article XIII to the State Constitution, commonly referred to as Proposition 13. It provides for a limitation on ad valorem property taxes

and for a procedure to establish the current taxable value of real property by reference to a base year value, which is then modified annually to reflect inflation (if any). Annual increases cannot exceed 2% per year.

The base year was set at 1975-76, or any year thereafter in which the property is substantially improved or changes ownership. When either of these two conditions occur, the property is to be re-appraised at market value, which becomes the new base year assessed value. Proposition 13 also limits the maximum tax rate to 1% of the value of the property, exclusive of bonds and supplemental assessments. Bonded indebtedness approved prior to 1978 and any bonds subsequently approved by a two-thirds vote of the district, in which the property is located, can be added to the 1% tax rate.

The existing ad valorem taxes are of nominal consequence in this appraisal, primarily due to the fact these taxes will be adjusted substantially as the remaining infrastructure and property improvements are completed and in consideration of the definition of market value employed in this appraisal, which assumes a sale of the appraised properties. The appraised properties are subject to a tax rate of 1.1903%.

Special Taxes and Assessments

As referenced, the appraised properties are located within the boundaries of Western Hills Water District Diablo Grande CFD No. 1. The District includes single-family and multifamily residential land use components, commercial use parcels, undeveloped parcels and both golf course parcels (one golf course has been abandoned and is proposed for redevelopment with open space and residential lots). Each of these land uses are encumbered by Bonds associated with the CFD. The proceeds of the existing bonds were used by the Water District (Western Hills Water District) to acquire water, wastewater, drainage and related improvements of benefit to property within the District. Additionally, proceeds of the 2001 Bonds (initial issuance) were used, in part, to acquire, on behalf of the County, all or part of certain roadway improvements required as a condition of development within the District, including those roads known or to be known as Lower Oak Flat Road and Diablo Grande Parkway.

According to the CFD Tax Administration Report (Fiscal Year 2013-14), prepared by Goodwin Consulting Group (Dated December 18, 2013), the annual special taxes applicable to the subject are as follows:

Land Use	Maximum Annual Special Tax Rate
<i>Single-Family Residential Use</i>	
Estate Lots (3.0-acre minimum)	\$3,000 per unit
40,000 sf minimum lot size	\$3,000 per unit
20,000 sf minimum lot size	\$3,000 per unit

8,000 sf minimum lot size	\$2,400 per unit
6,000 sf minimum lot size	\$2,250 per unit
5,000 sf minimum lot size	\$2,100 per unit
Patio Home – Detached residential	\$1,800 per unit
Multifamily Residential Use	
Townhouses	\$1,200 per unit
Condominiums	\$900 per unit
Apartments	\$900 per unit
Commercial Use Parcels	
Commercial Use	\$7,500 per acre
Hotel Use	\$5,000 per acre
Winery Use	\$3,600 per acre
Miscellaneous Parcels	
Golf Course	\$1,350 per acre
Undeveloped Parcels	\$1,350 per acre

The appraised properties are also subject to a number of direct levies, which, in total, represent only nominal assessments. They include West Stanislaus Fire District, WSFPD Fire Suppression, Patterson Ambulance District and Turlock Mosquito Abatement. The bond indebtedness and these direct levies will be considered in the valuation of the subject property.

Entitlement Status

The Western Hills Water District Diablo Grande Community Facilities District No. 1 (“CFD”) contains approximately 2,250 gross acres of land. At build-out, the various property uses within the entire Diablo Grande resort and master planned development will include a mix of urban uses, including detached residential, multifamily residential, commercial, resort, golf courses, public facilities, and open space. Anticipated development within the CFD specifically includes over 2,000 single-family residential units, 602 multifamily residential units and approximately 39 acres of commercial uses.

The Diablo Grande community represents a development that has undergone extensive planning and review. Consequently, significant changes to the underlying land uses are highly unlikely.

Land Use Summary

The various land use components contained within Diablo Grande – Phase 1, Units 1 through 5, are detailed in the table on the following page.

Diablo Grande – Phase 1, Units 1 through 5		
Component	Description	Acreage
Open Space & Recreation	Hillside Area	498
Open Space & Recreation	Creek Side Areas	297
Open Space & Recreation	Parks	49
Open Space & Recreation	Golf Courses	255
Open Space & Recreation	Vineyards	44
Open Space & Recreation	Ponds	22
Employment	Hotel/Conference Center/Town Center	14
Employment	Shopping Center	7
Employment	Winery	3
Employment	Golf Club	12
Employment	Tennis Club	3
Single-Family Residential	R-5 Single-Family Residential	44
Single-Family Residential	R-8 Single-Family Residential	36
Single-Family Residential	R-10 Single-Family Residential	345
Single-Family Residential	R-20 Single-Family Residential	80
Single-Family Residential	R-40 Single-Family Residential	98
Single-Family Residential	Estate (3 ac. Minimum)	128
Single-Family Residential	Patio Home Lots (4,500 sf)	13
Single-Family Residential	Planned Development – Cottages	74
Multifamily Residential	MF Residential – Town Center	N/A
Public Facilities	Water Treatment	18
Public Facilities	Maintenance Center	4
Public Facilities	Roads – Parkway	40
Public Facilities	Roads – Others	147
Total		2,250

Source: Phasing Map Units 1 – 5, Thompson-Hysell Engineers (2005)

At the present time the numerous land use components comprising the subject of this appraisal represent unimproved and improved detached, single-family residential lots. There is also approximately 2,273 acres of undeveloped land (primarily open space) within the boundaries of Western Hills Water District Diablo Grande Community Facilities District No. 1 not presently developable.

General Plan Designation and Zoning

The portion of the master planned community considered the subject of this appraisal assignment relates to that developable portion subject to the lien of the Special Tax securing the Western Hills Water District Diablo Grande Community Facilities District No. 1 Bonds not improved with a single-family residence. According to the Stanislaus County Planning Department, a PD – Planned

Development land use designation covers the subject property. However, the various land uses included in the subject property are comprised of R-A – rural residential, R-1 – single-family residential and R-2 – medium density residential.

Flood Zone

The subject property is located within Flood Zone X, an area outside of the 100- and 500-year flood plains. The flood data is provided by Digital Media Services (www.floodmaps.com). The FEMA community/panel number is 060384-0725E, dated September 26, 2008.

Earthquake Zone

According to the Seismic Safety Commission the subject parcels are located within Zone 3, which is considered to be the lowest risk zone in California. There are only two zones in California. Zone 4 is assigned to areas of major faults. Zone 3 is assigned to areas with more moderate seismic activity. In addition, the subject is not located within a Fault-Rupture Hazard Zone (formerly referred to as an Alquist-Priolo Special Study Zone), as defined by Special Publication 42 (revised January 1994) of the California Department of Conservation, Division of Mines and Geology.

Conditions of Title

A preliminary title report was not provided for this analysis. It is assumed there are no adverse conditions on title. The appraiser assumes no negative title restrictions and accepts no responsibility for matters pertaining to title.

Easements

An inspection of the subject property revealed no apparent adverse easements, encroachments or other conditions currently impacting the parcels. Please refer to a preliminary title report for information regarding potential easements, as the appraiser is not a surveyor nor qualified to determine the exact location of any easements. It is assumed that any easements noted in a preliminary title report do not have an impact on the opinion of value set forth in this report. If at some future date, any easements are determined to have a detrimental impact on value, the appraiser reserves the right to amend the opinion of value contained herein.

Assessor’s Parcel Maps

A complete set of Assessor’s parcel maps encompassing the Western Hills Water District Diablo Grande Community Facilities District No. 1 are included in the Addenda to this report.

SITE DESCRIPTION

The Western Hills Water District Diablo Grande Community Facilities District No. 1, which encumbers the Diablo Grande resort and master planned community, is located in the southwestern portion of Stanislaus County, California, approximately eight miles southwest of the City of Patterson, west of Interstate 5. Diablo Grande currently represents partially improved land proposed for a mix of urban uses, including detached residential, multifamily residential, commercial, hotel, golf courses, public facilities and open space. The appraised properties comprise the undeveloped residential lots within the District not improved with a single-family residence, which total 318 separate Assessor’s parcels, 301 of which are finished single-family residential lots.

The subject property is further discussed as follows.

Size and Shape:	The Diablo Grande resort and master planned community is irregular in shape and contains a gross land area of approximately 2,250 acres. There is also approximately 2,273 acres of undeveloped land (primarily open space) within the boundaries of Western Hills Water District Diablo Grande Community Facilities District No. 1 not presently developable.
Topography:	The topography of the subject property varies from generally level at the lower elevations to moderately sloping and steep terrain at the upper elevations.
Soil:	A soils study of the Western Hills Water District Diablo Grande Community Facilities District No. 1 was not provided for this analysis. This appraisal assumes the soil and subsoil conditions are suitable for development based on the existing development plan being implemented.
Adjacent Land Uses:	
North:	Vacant land
East:	Vacant land
South:	Vacant land
West:	Vacant land
Drainage:	Drainage appears to be good, due to the proximity of Salado Creek, which traverses the District.
Offsite Improvements:	There is one project entrance from Interstate 5 (Diablo Grande Parkway). All four connector streets, including Legends South Parkway, Legends North Parkway and Copper Mountain Road, will either intersect or merge with the project’s primary route, Diablo Grande Parkway. Several interior residential streets will connect with any of the four aforementioned connector streets

	to provide good access throughout the community. At this point, a portion of the off-site improvements, including Units 1 and 2, are installed.																
Access:	As indicated above, primary access to the subject property is provided via one entrance and route, Diablo Grande Parkway, which connects with Interstate 5. At Interstate 5, Diablo Grande Parkway becomes Sperry Road, which provides direct access to the city of Patterson. As indicated previously, the subject's detached residential properties will be accessible from proposed interior project streets, several of which already exist.																
Utilities:	Public utilities, including electricity, gas, water, and telephone service, have been extended to the subject project. Public utilities serving Diablo Grande are as follows: <table> <tr> <td>Water:</td><td>Kern County Water Agency</td></tr> <tr> <td>Sewer:</td><td>City of Patterson</td></tr> <tr> <td>Drainage:</td><td>City of Patterson</td></tr> <tr> <td>Electricity:</td><td>Pacific Gas and Electric</td></tr> <tr> <td>Gas:</td><td>Propane (JS West)</td></tr> <tr> <td>School District:</td><td>Patterson Joint Unified School District</td></tr> <tr> <td>Fire District:</td><td>County of Stanislaus</td></tr> <tr> <td>Law Enforcement:</td><td>County of Stanislaus</td></tr> </table>	Water:	Kern County Water Agency	Sewer:	City of Patterson	Drainage:	City of Patterson	Electricity:	Pacific Gas and Electric	Gas:	Propane (JS West)	School District:	Patterson Joint Unified School District	Fire District:	County of Stanislaus	Law Enforcement:	County of Stanislaus
Water:	Kern County Water Agency																
Sewer:	City of Patterson																
Drainage:	City of Patterson																
Electricity:	Pacific Gas and Electric																
Gas:	Propane (JS West)																
School District:	Patterson Joint Unified School District																
Fire District:	County of Stanislaus																
Law Enforcement:	County of Stanislaus																
Hazardous Waste:	At the time of inspection, the appraiser did not observe the existence of hazardous material, which may or may not be present on the properties. The appraiser has no knowledge of the existence of such materials on the properties. However, the appraiser is not qualified to detect such substances. The presence of potentially hazardous materials could affect the value of the properties. The value estimate is predicated on the assumption that there is no such material on or in the properties that would cause a loss in value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them.																
Functional Adequacy and Utility:	The infrastructure of the master plan, from a conceptual standpoint, has one entrance. The primary connector route originates at Interstate 5. This route, Diablo Grande Parkway, a circular roadway, provides adequate access to and from the project, and provides adequate access through the development, from which other roadways intersect. An interior street system will serve all of the various components of future development. Based upon this plan, overall functional utility is considered to be average.																

Development Plan:	The plan for approximately 2,250 acres is to develop a master-planned community consisting primarily of approximately 2,202 single-family homes on home sites that will generally range in size from 5,000 square feet to 40,000 square feet. Additionally, the Diablo Grande project will include a significant number of larger estate lots (3.0-acre minimum) and patio homes (3,300 to 4,500 square foot lots). Also included within the master planned community are proposed multifamily residential housing units that will be incorporated into the town center development. The balance of the community will be comprised of a mix of uses, including hotel/conference center, commercial, vineyard (existing) and winery, golf club (existing), tennis club, one 18-hole championship golf course (existing) and significant open spaces. The second 18-hole championship golf course was abandoned and will ultimately be utilized for both additional open space and residential lots.
Infrastructure Development:	To deliver home sites, the developer is constructing a number of infrastructure improvements, including grading, drainage, sewer, water and roadways. According to the most recent infrastructure cost budget provided, remaining improvements total approximately \$38,895,300, or \$25,159 per lot for the remaining 1,546 unimproved residential lots held by the master developer. Construction fund proceeds from the Western Hills Water District Diablo Grande CFD No. 1 Bonds over the next three years will finance an additional \$4.5 million in infrastructure improvements, which will be considered in the valuation of the master developer component.
Grading:	Mass grading on portions of the Diablo Grande project is complete, as well as in-tracts for several of the villages.
Drainage:	Considering the topography of Diablo Grande, as well as the proximity of Salado Creek, which traverses the project, drainage appears to be adequate.
Sewer:	Sewage from the Diablo Grande project is treated by the expanded wastewater treatment facility in the City of Patterson.
Water:	The subject property and other lands are within the boundaries of the Western Hills Water District. At the request of the Western Hills Water District, a Community Facilities District was formed to fund capital improvements for the development of the Diablo Grande resort and master planned community. As part of those capital improvements, water transmission lines were installed to deliver necessary water service to the subject properties. According to the Official Statement for the Western Hills Water District Diablo Grande Community Facilities

	District No. 1, “[a] permanent source of water is available to the subject property as identified by a Certificate of Transfer of Water dated June 5, 2000 between Kern County Water Agency and the Western Hills Water District, the Point of Delivery Agreement between the Department of Water Resources, State of California, and the Kern County Water Agency dated June 8, 2000, the agreement between the Department of Water Resources, State of California, The Kern County Water Agency and the Western Hills Water District for construction, operation and maintenance of the Western Hills Turnout, a permanent turnout within the California Aqueduct Right-of-Way dated June 8, 2000. These documents provide for the transfer from Kern County Water Agency to the Western Hills Water District of a long term and stable source of up to 8,000 acre feet per annum of annual water supply of Kern County Water Agency’s Pioneer Project water supply made available to the Water District by the Department of Water Resources by simultaneously exchanging Kern County Water Agency State Water Project water supply to the Western Hills Water District at the recently completed aqueduct turnout.”
Roads:	The initial master developer constructed the major roadways leading to the Diablo Grande resort and master planned community, which includes Lower Oak Flat Road and Diablo Grande Parkway, and has constructed a network of interior roadway segments to provide adequate access and circulation to many of the parcels that comprise the District. Additional roads will be constructed by the current master developer to facilitate the build-out of the Diablo Grande development.
Design Concept and Community Amenities:	
Design Concept:	As previously indicated the entire Diablo Grande – Phase 1, as proposed and partially improved, represents a resort and master planned community of 2,250± acres. The community was initially being developed around two 18-hole championship golf courses (The Ranch and The Legends West), however, one has been closed and will be re-used as additional open space and single-family residential lots, a 212-room resort hotel (proposed), winery and vineyard. Additionally, adjacent to the proposed hotel will be a shopping center and town center. Surrounding the golf course and climbing the surrounding hillsides will be approximately 2,202 single-family residences, which will include a number of custom homes. The various community and resort uses will be located at the center of the Diablo Grande – Phase 1 project.

	The residential component of the Diablo Grande – Phase 1 project consists primarily of single-family residential home sites with varying lot sizes ranging from 3,675 square foot patio home lots to 10,500 square foot home sites. Custom/Estate lots range from approximately 0.5 acre to 9.13 acres.
	Design Guidelines and CC&Rs exist for the overall community.
Community Amenities:	In addition to an 18-hole golf course (the second golf course has been abandoned, as previously noted), at build-out Diablo Grande – Phase 1 will feature a swim and tennis center, equestrian center, picnic areas, children’s playground, town center, shopping center, resort hotel, as well as miles of hiking, walking, cycling and equestrian trails.
	In addition to the Special Tax, a Homeowners Association (HOA) is collected from each residence, which is approximately \$104 per month, as well as approximately \$110 per month for the Western Hills Water District, which includes water, sewer and storm drain.
Conclusion:	The configuration and size of Diablo Grande – Phase 1 are considered adequate for residential and mixed-use development. While the project and the housing market stalled amidst the economic collapse in 2008, the historical demand for single-family product bodes well for this project over the long term and should ultimately increase the demand for the complementary land uses within this planned community. With new ownership and an aggressive marketing campaign, the Diablo Grande – Phase 1 master planned community should be competitive with other resort-style master planned communities in the Central Valley and foothill region, with the anticipation of capturing Bay Area commuters currently residing in Tracy, Manteca/Lathrop and Stockton.

SUBJECT PHOTOGRAPHS



Diablo Grande entrance



Looking north along Perrett Road (Estate Lots)



Northeasterly view from Perrett Road



Easterly view from Perrett Road



Southeasterly view from Perrett Road



Southerly view along Perrett Road

SUBJECT PHOTOGRAPHS



Southerly view across Diablo Grande



Easterly view across Diablo Grande



Looking north towards Griffiths Court



Subject Property



Village 3A



Village 3A

SUBJECT PHOTOGRAPHS



Village 2A



Village 2A



Looking north across golf course



Subject Property



Subject Property



Looking southwest towards Village 5A

SUBJECT PHOTOGRAPHS



Northerly view of Diablo Grange from Upper Oak Flat Road



Northeasterly view of Diablo Grange from Upper Oak Flat Road



Looking southwest along Upper Oak Flat Road



Westerly view from Upper Oak Flat Road



Looking north from Upper Oak Flat Road



Looking north from Upper Oak Flat Road towards estate lots and vineyard



Introduction

Stanislaus County is located in the northern area of California's San Joaquin Valley at the intersection of State Highway 99 and State Highway 132. It has always been known for its rich soil and abundant crops that stretch across the Central Valley from the foothills of the Sierra Nevada to the California Coastal Range. The county is located in the northern portion of the Central Valley, approximately 90 miles southeast of San Francisco, 75 miles south of Sacramento and 315 miles north of Los Angeles. The county encompasses approximately 1,521 square miles of primarily agricultural land. Stanislaus County's climate is typical of the San Joaquin Valley, with a short rainy season from about December to April and a long dry season. It has an average rainfall of 12 inches per year. Modesto, the county seat of Stanislaus County, is geographically located in the central portion of the County. It is also known as a regional center for commerce in Stanislaus County.

Population

Stanislaus County has a population of over 524,000 and has experienced relatively slow growth over the past five years, with an average growth rate of 0.6% per year. The following table illustrates population trends for areas within the county over the past few years.

POPULATION TRENDS						
City	2008	2009	2010	2011	2012	2013
Ceres	44,103	44,738	45,179	45,538	45,801	46,320
Hughson	6,432	6,512	6,600	6,687	6,791	6,979
Modesto	200,941	201,331	201,911	201,713	202,852	205,987
Newman	10,029	10,183	10,208	10,475	10,554	10,643
Oakdale	19,777	20,231	20,557	20,779	20,922	21,234
Patterson	20,394	20,360	20,364	20,501	20,610	20,846
Riverbank	21,907	22,121	22,559	22,775	22,898	23,149
Turlock	67,420	67,619	68,279	68,813	69,290	69,888
Waterford	8,368	8,428	8,434	8,478	8,523	8,598
Unincorporated	110,018	109,703	109,912	110,485	111,098	110,480
Total	509,389	511,226	514,003	516,244	519,339	524,124
Source: California Department of Finance						

Transportation

Several major highways, including Interstate 5 and Highway 99, two of California's major north-south routes, intersect Stanislaus County. Highways 132, 108, and 120 are the east-west arteries running through the county. This highway system provides convenient and efficient means of shipping to all major markets.

Much of Stanislaus County is served by the Santa Fe and Union Pacific Railroads. The Modesto & Empire Traction Company (M&ET) short-line interconnects the transcontinental lines and operates a modern intermodal facility in connection with the Santa Fe Railroad for heavy industrial users.

Modesto City-County Airport offers service through Sky West. Approximately five flights each day connect with San Francisco's direct, non-stop flights to all major hubs, such as Denver, Chicago, New York, Boston, Washington DC, Dallas, Minneapolis, Detroit, Pittsburg and Atlanta. Local charter service is available through Modesto Flight Center and Sky Trek Aviation. San Francisco, San Jose, Oakland and Sacramento airports are within 90 miles of Stanislaus County.

The Port of Stockton, about 30 miles north of Stanislaus County, provides a deep-water port with direct access to the Pacific Ocean. Additionally, rail and truck transportation to and from the port is available. Over 90 interstate truck lines and over 100 contract carriers operate in the county. Overnight delivery is possible to all major locations in California.

Employment & Economy

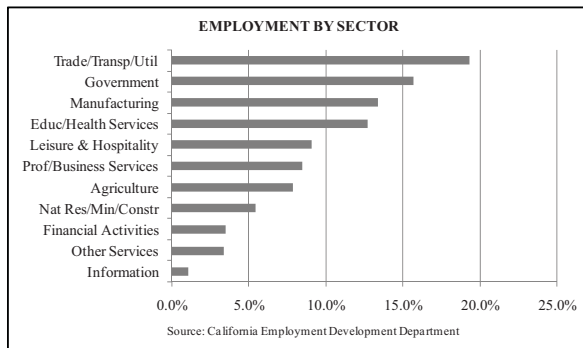
The California Employment Development Department has reported the following employment data for Stanislaus County over the past several years.

EMPLOYMENT TRENDS						
	2008	2009	2010	2011	2012	2013
Labor Force	232,000	234,900	239,800	238,700	239,700	238,200
Employment	206,500	197,700	198,300	198,800	203,600	207,300
Job Growth	(1,000)	(8,800)	600	500	4,800	3,700
Unemployment Rate	11.0%	15.8%	17.3%	16.7%	15.1%	13.0%

Source: California Employment Development Department

The unemployment rate in Stanislaus County was 11.1% in May 2014, which compares to rates of 7.6% for California and 6.3% for the U.S. Most areas within the state and nation, including Stanislaus County, saw declining unemployment rates in 2004 through 2006, increases from 2007 to 2010, and declines in 2011-2013. Because the local economy has a strong agricultural base, seasonal swings in the area's unemployment rate are tied to the agricultural growing season. County employment is typically strongest in the late summer months through the end of the harvest season, with unemployment peaking in the winter. Farm labor, food processing plants, packing plants and food distribution warehouses are all tied to the growing season.

Stanislaus County has a diverse economy, with no one sector accounting for a majority of the employment in the region. The following chart indicates the percentage of total employment for each sector within the county.



As can be seen in the chart above, Stanislaus County's largest employment sectors are Trade, Transportation and Utilities (which includes retail and wholesale trade); Government; Manufacturing; and Education and Health Services.

Similar to the other counties that make up the Central Valley, or the San Joaquin Valley, Stanislaus County's land is predominantly utilized for agriculture (nearly 80%). The main agricultural products in the region include milk, almonds, chickens, chicken eggs, cattle and calves, turkeys and walnuts.

While agribusiness remains important to the economy of the region, other economic sectors have expanded over the past decade, including commercial, industrial, and service industries. This has provided a more diverse base of opportunity for the county's labor force. In recent years, Stanislaus County has become a retail and medical center for the region, as well as the home to modern chemical-producing plants, metal products, electrical equipment, paper products and automotive parts.

Stanislaus County's major manufacturing employers and the employers' products are listed in the following tables.

MAJOR MANUFACTURING EMPLOYERS		
Company	Product	Employees
E&J Gallo Winery	Winery	3,181
Seneca Foods	Fruit Products	2,200
Stanislaus Food Products	Tomato Products	1,922
Foster Farms	Poultry Processor	1,722
Del Monte Foods	Fruit Products	1,700
ConAgra Foods	Tomato & Bean Products	1,200
Bronco Wine Company	Winery	834
Frito-Lay	Snack Food Products	684
Racor	Filtration Products	648
Foster Farms Dairy	Dairy Products	628

Source: Stanislaus County Community Profile 2013-2014

MAJOR NON-MANUFACTURING EMPLOYERS		
Company	Industry	Employees
Stanislaus County	County Government	3,990
Modesto City Schools	Education District	3,113
Memorial Medical Center	Healthcare	3,013
Turlock Unif. Sch. Dist.	Education District	2,120
Doctors Medical Center	Healthcare	1,984
Modesto Junior College	Education Institution	1,643
Ceres Unif. Sch. Dist.	Education District	1,561
Save Mart Supermarkets	Retail Supermarket	1,503
Kaiser Permanente	Healthcare	1,500
Wal-Mart	Retailer	1,453

Source: Stanislaus County Community Profile 2010-2011
(Note: this data has not been included in subsequent years' reports)

Household Income

Median household income represents a broad statistical measure of well-being or standard of living in a community. The median income level divides households into two equal segments with one half of households earning less than the median and the other half earning more. The median income is considered to be a better indicator than the average household income as it is not dramatically affected by unusually high or low values. In the year 2012 (most recent data available from the U.S. Census Bureau), Stanislaus County's median household income was \$46,324, which was lower than the state of California's median income of \$58,322.

Recreation & Community Facilities

Stanislaus County is located at the base of the Sierra Nevada foothills, just a few hours from Yosemite National Park. San Francisco, Lake Tahoe, Reno, Yosemite National Park, Los Angeles, the Napa Valley, Monterey Bay and historic towns of the Gold Rush era are all within a few hours by car. Within Stanislaus County itself there are 19 theatres, 48 parks, 3 municipal golf courses and 4 private country clubs. There are nearby lakes that offer swimming, boating and water sports. Mild weather makes most outdoor sports available year round. With picturesque Gold Rush-era towns dotting the foothills to the east and with the majestic Sierra Nevada beckoning skiers, backpackers, boaters and anglers, Stanislaus County offer residents many recreational options.

Educational facilities in the county include 39 elementary schools, 5 junior high schools, 5 high schools, 2 continuation schools, various private and parochial schools, Modesto Junior College, Yosemite Community College District and the California State University, Stanislaus. Stanislaus State University, which offers bachelor and graduate degree programs, is located 10 miles south of Modesto. California State University, Stanislaus enrollment is about 6,000 students. Modesto Junior College is a community college that offers a variety of academic and vocational courses with enrollment of about 12,500 students.

Conclusion

Stanislaus County represents a growing region that was once dependent on agriculture but has transitioned into a more well-balanced economy. Business and industry recognize the economic opportunities the county has to offer, including a good transportation network, reasonable costs compared to other parts of California, and a productive workforce. Regional, national and international companies continue to locate and expand their businesses in Stanislaus County. Like most of the state and nation, the county experienced high unemployment and real estate market declines during the period of roughly 2008-2010. Employment conditions have shown some improvement in the county; however, unemployment remains somewhat high and the economic recovery period will likely be long and gradual.

NEIGHBORHOOD



Source: Google Maps

Introduction

This section of the report provides an analysis of the observable data that indicate patterns of growth, structure and/or change that may enhance or detract from property values. For the purpose of this analysis, a neighborhood is defined as “a group of complementary land uses; a congruous grouping of inhabitants, buildings or business enterprises.”²

Neighborhood Boundaries

The boundaries of a neighborhood identify the physical area that influences the value of the subject property. These boundaries may coincide with observable changes in prevailing land use or occupant characteristics. Physical features such as the type of development, street patterns, terrain, vegetation and parcel size tend to identify neighborhoods. Roadways, waterways and changing elevations can also create neighborhood boundaries.

The subject property is located within the Diablo Grande master planned community. The boundaries of the neighborhood generally coincide with Diablo Grande and are identified as the Diablo Grande Parkway to the east and the Diablo Canyon foothills to the north, west and south.

² *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010), 133.

Demographics

According to Site To Do Business Online (STDB), which makes projections from Census, Department of Finance and other data sources, in 2010 the neighborhood boundaries contained 826 people and 307 households, which equates to an average household size of 2.69. The median age is 33.8 years. The three primary age groups are 45 to 54 years (14.6% of total), 35 to 44 (14.3% of total) and 25 to 34 years (12.8% of total). The median household income for 2012 is estimated by STDB at \$43,892.

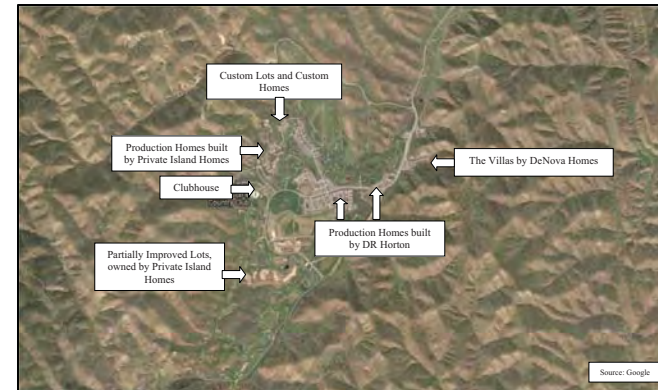
All homes were constructed within the last 10 years. As of the 2010 Census, of the 385 total housing units, 179 were owner-occupied and 128 were renter-occupied and 78 were vacant. Of the 78 vacant housing units, 17.9% were for rent or rented and not occupied, 23.1% were for sale or sold and unoccupied, 29.5% were seasonal homes, 3.8% were migrant worker housing, and 25.6% were vacant for “other” reasons (likely in the foreclosure process).

Transportation

A network of interior roadways provides access throughout the Diablo Grande master planned community. The major arterial roadway is Diablo Grande Parkway, which extends northeast approximately eight miles before intersecting Interstate 5. Interstate 5 is a major north-south freeway that extends to Sacramento and Redding to the north, before continuing on into Oregon, Washington and eventually Canada. To the south, Interstate 5 provides access to the metropolitan areas of Los Angeles and San Diego, before terminating at the Mexico border.

Land Uses

The neighborhood is mostly single-family residential with golf/community uses. A map of major land uses is presented on the following page.



The entire Diablo Grande project, as proposed and partially improved, represents a resort and master planned community of 2,250± acres. The community was initially being developed around two 18-hole championship golf courses (The Ranch and The Legends West - existing), however, one course has been abandoned and will be reused as open space and future single-family homes, a proposed 212-room resort hotel, a proposed winery and existing vineyards (44 acres). Additionally, adjacent to the hotel will be a proposed shopping center and town center. At build-out, Diablo Grande – Phase 1 will include approximately 2,202 single-family residences (on approximately 790 acres), which will include significant custom home development, as well as 587 multifamily units (on 38 acres) positioned in proximity to the shopping center and town center (on 50 acres of commercial land), with views of the existing vineyards. The various community and resort uses will be located at the center of the Diablo Grande – Phase 1 project.

At the present time the single-family residential component of Diablo Grande – Phase 1 is at various stages of development, including unimproved, partially improved and improved detached, single-family residential land and residences, as well as land designated for commercial development.

With the exception of the restaurant located within the clubhouse for the golf course, supporting commercial land uses have not yet been developed. It is not known when construction of the hotel/resort/spa will commence.

It should be noted that Amazon recently constructed a regional distribution center in Patterson, which employs 1,500 people. With fewer than 200 finished lots in Patterson, job growth in Patterson could lead to increased new home demand in Diablo Grande (at least until Patterson is able to deliver additional finished lots).

Community Uses

To date, one operating golf courses and the clubhouse is complete. Other community uses have not yet been constructed. Public educational services are provided by the Newman-Crows Landing School District, with schools located approximately 28 miles to the southeast in Newman. School buses pick up and drop off children in mornings and afternoons. Private schools are also located nearby. The Sacred Heart Catholic School (K-8) is located in Patterson, and St. Stanislaus Parish School (K-8) and Central Catholic High School (9-12) are located in Modesto. Turlock Christian Schools (Pre-school through 12) is located in Turlock.

Currently, there are no churches or religious facilities within the community, and it is not known whether any are planned. The nearest churches are located within the city of Patterson.

The nearest emergency room facilities are located in Tracy, Modesto and Turlock. Ambulance service is provided through Stanislaus County (911). Fire services are provided by the West Stanislaus County Fire Protection District, and law enforcement is provided by the Stanislaus County Sheriff's Office.

Conclusion

The Diablo Grande neighborhood is developing. At the present time, community and commercial services necessary for a self-contained, well-balanced community are not available. However, commercial development is planned. As single-family residential development continues and more community and commercial services become available, the neighborhood will generate additional buyer interest. In the meantime, buyers will be attracted to Diablo Grande by its rural setting, resort-centered community and affordable prices. Overall, the characteristics support residential development. Residential land values in the neighborhood are stable to increasing in the near term.

RESIDENTIAL MARKET OVERVIEW

Market Definition

The neighborhood is characterized as a developing bedroom community and retirement area for Bay Area households. In the near term the subject would appeal to first-time and first-time move up buyers from Patterson and Bay Area markets (commuters). The subject also would attract retirement, move-down buyers wanting a rural and recreational atmosphere but proximity to the Bay Area.

Single-Family Building Permits

Building permit data for Diablo Grande is not available. However, no new development has occurred within the last three years. Building permit data for the city of Patterson, which is the closest urban area to the subject that captures similar buyers (as well as other buyer types), is shown below.

Year	Single-Family Building Permits
2004	231
2005	899
2006	307
2007	33
2008	4
2009	0
2010	0
2011	3
2012	24
2013	44
10-Year Average	155

Source: SOCDs

The number of single-family permits declined from 2006 through 2010. The declines were due to limited demand, not limited supply. Bay Area housing prices began increasing in 2011, as a result, some home demand for Patterson returned by 2012, and permit activity has increased since.

Median Prices – New and Resale Prices Combined

According to DataQuick, in Patterson the median price (resale and new homes) as of April 2014 was up 5.04% year-over-year, with year-over-year median prices increasing in each of the last 12 months. The median price has fluctuated in recent months but the overall general trend is upward.

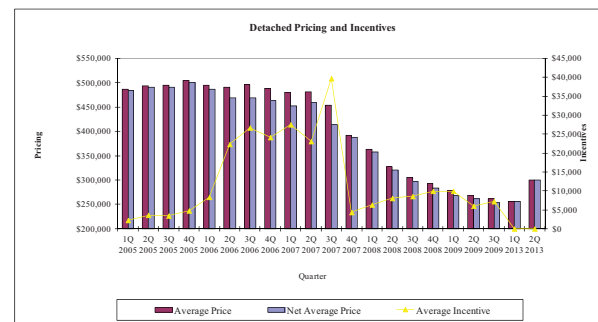
A comparison of median home prices in Patterson with the nearby communities of Newman (Stanislaus County), Los Banos (Merced County), Tracy (San Joaquin County), Lathrop (San Joaquin County) Manteca (San Joaquin County) and Stockton (San Joaquin County). In April 2014, the median price in Patterson was \$239,500, which was less than Tracy (\$366,500), Lathrop (\$311,500) and Manteca (\$300,000), but more than Newman (\$162,500), Los Banos (\$215,000) and Stockton (\$183,250). The median prices are correlated with distance from the Bay Area.

Historical New Home Pricing and Sales

A table and chart depicting the average pricing of active detached single-family residential projects in Patterson since the First Quarter of 2005 are provided on the following page. The data indicated in the table—like much of the data presented in this section of the report—was collected by The Gregory Group, a firm that publishes new home prices and absorption statistics for areas of California. As shown, there is no pricing data for 2010, 2011 and 2012 because there were no active projects in Patterson during this time period. Starting in 2013, there was just one project actively marketing homes in Patterson. In the First Quarter of 2014, DeNova Homes opened the Villa Vista subdivision in Diablo Grande, which is the first active subdivision in five years and is the only active subdivision in Patterson at the present time.

Quarter	Average Price	Net Average Price	Average Incentive	% Change Net Average Price	Average Home Size	Number of Projects
1Q 2005	\$486,894	\$484,648	\$2,246	5.9%	2,616	18
2Q 2005	\$494,164	\$490,571	\$3,593	1.2%	2,640	19
3Q 2005	\$494,588	\$491,156	\$3,432	0.1%	2,609	19
4Q 2005	\$504,949	\$500,166	\$4,783	1.8%	2,602	18
1Q 2006	\$494,510	\$486,154	\$8,356	-2.8%	2,586	18
2Q 2006	\$491,366	\$469,031	\$22,335	-3.5%	2,583	15
3Q 2006	\$495,885	\$469,169	\$26,716	0.0%	2,593	17
4Q 2006	\$487,657	\$463,501	\$24,156	-1.2%	2,580	16
1Q 2007	\$479,291	\$451,761	\$27,530	-2.5%	2,570	14
2Q 2007	\$481,755	\$458,671	\$23,084	1.5%	2,612	13
3Q 2007	\$453,303	\$413,586	\$39,717	-9.8%	2,604	13
4Q 2007	\$391,709	\$387,361	\$4,348	-6.3%	2,590	11
1Q 2008	\$363,881	\$357,554	\$6,327	-7.7%	2,595	11
2Q 2008	\$328,102	\$320,032	\$8,070	-10.5%	2,571	10
3Q 2008	\$305,789	\$297,227	\$8,562	-7.1%	2,568	9
4Q 2008	\$293,840	\$283,890	\$9,950	-4.5%	2,577	7
1Q 2009	\$278,004	\$268,061	\$9,943	-5.6%	2,516	6
2Q 2009	\$267,874	\$261,874	\$6,000	-2.3%	2,364	4
3Q 2009	\$261,195	\$253,973	\$7,222	-3.0%	2,189	3
1Q 2013	\$255,490	\$255,490	\$0	0.6%	2,245	1
2Q 2013	\$300,490	\$300,490	\$0	17.6%	2,245	1
3Q 2013	\$300,490	\$300,490	\$0	0.0%	2,245	1
4Q 2013	\$300,490	\$300,490	\$0	0.0%	2,245	1
1Q 2014	\$325,400	\$320,400	\$5,000	6.6%	2,020	1

Source: The Gregory Group



Source: The Gregory Group

Even though there is just one project in Patterson, the average price at this project increased 17.6% between the First Quarter of 2013 and the Second Quarter of 2013.

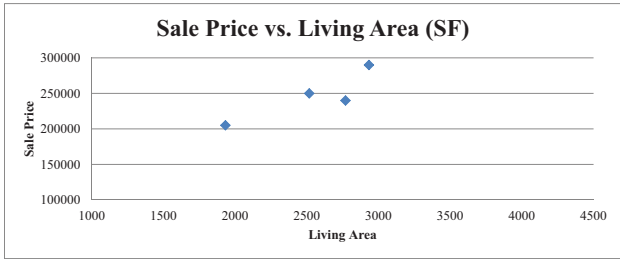
As of the First Quarter of 2014, the one active project in Patterson (Diablo Grande) achieved just shy of two sales per month. Meanwhile, as stated, this project has increased its prices.

Resale Pricing

The gap between resale sale and asking prices is lessening. Resale prices for January 1, 2014 through June 10, 2014 on lots containing at least 2,000 SF but less than 12,000 SF for Diablo Grande are shown below.

Road	Living Area (SF)	Sale Price	Last List Price	Sale Price/SF	Sale/List	Year Built	Days on Market	Lot Size
9384 Vinter Circle	2,036	\$200,000	\$212,000	\$98	94.3%	2007	56	3,342
20504 Sarazen Lane	2,392	\$280,000	\$304,000	\$117	92.1%	2004	79	6,462
20781 Fairway Drive	2,967	\$310,000	\$349,000	\$104	88.8%	2007	122	5,375
20900 Valley View Place	3,433	\$450,000	\$479,000	\$131	93.9%	2005	200	11,356
Total Sales	4	2,707 (avg.)	\$310,000 (avg.)	\$336,000 (avg.)	\$113 (avg.)	92.3% (avg.)	2006 (avg.)	114 (avg.)
								6,634 (avg.)

Source: MLS

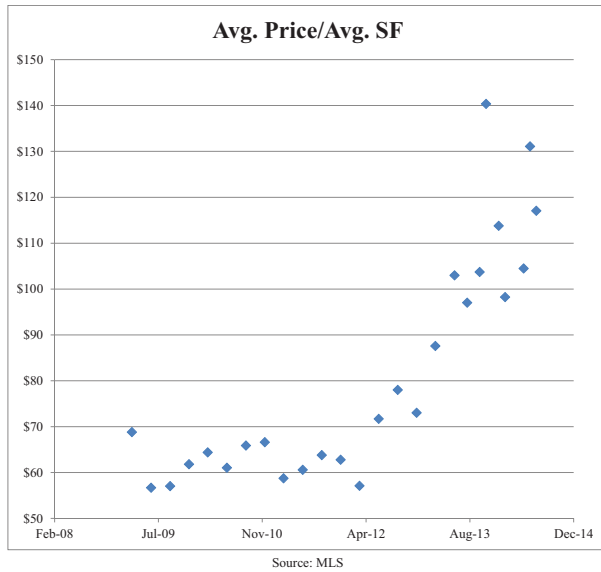


Source: MLS

Historical data over a longer period (1st Quarter 2009 through present) for re-sales of single-family residences in Diablo Grande is presented below.

Period Ending	Total Sales	Avg. Home Size	Avg. Price	Avg. Price/Avg. SF	Avg. Days on Market
Mar-09	4	2,351	\$161,750	\$69	98
Jun-09	20	2,355	\$133,458	\$57	100
Sep-09	16	2,363	\$134,786	\$57	28
Dec-09	4	2,533	\$156,500	\$62	47
Mar-10	3	2,350	\$151,300	\$64	6
Jun-10	13	2,331	\$142,231	\$61	32
Sep-10	9	2,319	\$152,756	\$66	64
Dec-10	11	2,536	\$168,941	\$67	42
Mar-11	9	2,211	\$129,898	\$59	62
Jun-11	10	2,588	\$156,802	\$61	71
Sep-11	9	2,653	\$169,178	\$64	44
Dec-11	8	2,485	\$156,013	\$63	56
Mar-12	10	2,373	\$135,500	\$57	58
Jun-12	14	2,165	\$155,182	\$72	49
Sep-12	6	2,604	\$203,142	\$78	6
Dec-12	11	2,063	\$150,606	\$73	22
Mar-13	8	2,145	\$187,813	\$88	39
Jun-13	11	2,379	\$244,945	\$103	40
Aug-13	4	2,538	\$246,250	\$97	21
Sep-13	1	2,517	\$261,000	\$104	44
Oct-13	2	3,171	\$445,000	\$140	42
Nov-13	0	0	\$0	\$0	0
Dec-13	1	1,802	\$205,000	\$114	10
Jan-14	1	2,036	\$200,000	\$98	56
Feb-14	0	0	\$0	\$0	0
Mar-14	0	0	\$0	\$0	0
Apr-14	1	2,967	\$310,000	\$104	122
May-14	1	3,433	\$450,000	\$131	200
Jun-14	1	2,392	\$280,000	\$117	79

Source: MLS



MLS data suggests that resale prices have increased over the past several periods. It does appear, however, that sales volume has been lower in 2014 than that observed in 2013, as there have only been four re-sales within Diablo Grande thus far in the current year.

Absorption

As noted, there is just one active project in Patterson. We have considered similar projects from Manteca and Stockton as indicators of achievable absorption for Diablo Grande. The map on the following page (which reflects the competitive areas) is following by a table summarizing sales rates at active detached projects in these areas.

COMPETITIVE AREAS



ABSORPTION RATES BY PROJECT AND QUARTER

Project By Area	Builder	Avg. Home Price (1Q 2014 Only)	Avg. Home Size (1Q 2014 Only)	Lot Size or Type	1Q 2014	4Q 2013	3Q 2013	2Q 2013	1Q 2013	4Q 2012	3Q 2012	Average Per Quarter	Average Per Month
Stockton	Woodside Homes	\$306,790	1,907	6,000	14	13	20	11	19	-	-	15.2	5.1
	Riverbend	-	1,748	5,000	-	2	25	15	8	22	-	14.4	4.8
	Preston Meadows	-	1,851	5,000	-	-	-	1	16	5	-	7.3	2.4
	Total				14	14	45	27	43	27	-		
	No. of Active Projects				1	1	2	2	3	3	2		
	Quarterly Pro-Rata				14.8	14.0	7.5	22.5	9.0	14.3	11.5		
					4.7	4.7	2.5	7.5	3.0	4.8	4.5		
												4.5	Log. Monthly (Pro-Rata)
Manteca	Woodside Homes	\$346,657	2,440	9,000	6	3	10	0	-	-	-	4.8	1.6
	Orchard Park	\$389,276	2,966	7,800	0	12	-	-	-	-	-	6.0	2.0
	Montage at Tuxton	-	2,244	6,000	-	-	-	24	3	9	1	9.2	3.1
	Oakwood Shores	\$424,429	2,971	9,000	9	10	15	8	20	0	-	10.3	3.4
	Bright Homes	\$352,290	2,221	7,000	7	8	3	23	6	4	2	7.6	2.5
	Pomello Grove	-	7,370	15	12	41	13	6	14	8	-	15.6	5.2
	Atherton Homes	\$407,276	2,682	-	-	-	-	-	-	-	-	-	-
	Total				37	45	69	68	35	27	11		
	No. of Active Projects				5	5	4	5	4	4	3		
	Quarterly Pro-Rata				7.4	9.0	17.3	13.6	8.8	6.8	3.7		
					2.5	3.0	5.8	4.5	2.9	2.3	1.2		
												3.2	Log. Monthly (Pro-Rata)
Patterson	DeNeva Homes	\$325,400	2,020	6,000	5	-	-	-	-	-	-	-	-
	Villa Vista	-	2,245	6,000	-	1	5	8	9	N/A	N/A	8.5	2.8
	Malibonjony	-	-	-	-	-	-	-	-	-	-	-	-
	Total				5	1	5	8	9	0	0		
	No. of Active Projects				1	1	1	1	1	1	1		
					5.0	1.0	5.0	8.0	9.0	0.0	0.0		
					1.7	0.3	1.7	2.7	3.0	N/A	N/A		
												1.5	Log. Monthly (Pro-Rata)

In Stockton, projects have averaged 4.5 sales per month over the last seven quarters; in Manteca, projects have averaged 3.2 sales per month. Absorption rates are anticipated to be steady to slightly

increasing over the next 12 months. For Diablo Grande, where there is currently one active project, we estimate an absorption rate of 2.0 units per month for the first 12 months of sales, which is slightly above the average for the past seven quarters in Patterson. As prices in Patterson and other markets closer to the Bay Area continue to recover from the lows over the past several years, we anticipate increased demand for new homes in Diablo Grande, which will lead to strengthening absorption.

Market Participant Interviews

We regularly interview market participants (buyers/sellers/brokers) regarding residential market conditions. Recently we interviewed three prominent agents (with two national brokerages and one independent regional company) about demand for residential land in the Central Valley. The first agent indicated that he was aware that a national homebuilder is currently under contract to acquire finished lots in Patterson for approximately \$85,000 per lot, which is more than a 100% increase over the investor prices that occurred in Patterson in recent years (*note we confirmed that this contract has been canceled*). Also, this agent indicated the same national builder recently acquired unimproved high density single-family lots in Tracy, but it intends to re-map the property to a lower density before completing site development. This same broker was recently involved in a transaction where a public builder acquired unimproved lots in Manteca that, up until last year, was utilized for agricultural use. This property requires significant infrastructure. The second agent indicated he is currently marketing high-density single-family lots in Central Stockton. The lots were under contract to a public builder, but the builder recently backed out of the contract because it felt the market couldn't yet support this product type. The third agent indicated he had finished lots under contract in Newman to an investor/builder at \$40,000/lot. These lots were acquired by the seller in 2010 out of bankruptcy for \$15,000/lot.

Conclusion

The following are key points from this section that are restated, in summary.

- New and resale prices have increased in recent months after several years of declining and depressed conditions
- Absorption rates have strengthened in recent quarters as Bay Area prices have increased and few new projects in the Central Valley have come online

The Patterson area is a secondary market which will always be connected to home affordability in the Bay Area. During periods of rising prices in the Bay Area, Patterson will enjoy stronger demand from buyers/workers priced out of the Bay Area market, and during periods of price declines, Patterson will be susceptible to periods of limited demand. Diablo Grande represents a longer

commute for Bay Area workers than Patterson, but it offers more desirable recreational amenities and stronger community appeal, which helps offset the longer drive. Until supporting commercial services are constructed in Diablo Grande, Patterson will be a more attractive option for Bay Area commuters.

As noted in the *Neighborhood Overview*, Amazon recently constructed a regional distribution center in Patterson, which employs 1,500 people. With fewer than 150 finished lots in Patterson (divided between 61 finished lots owned by an investor and 74 lots owed by Pacific Union Homes being held for future development), job growth in Patterson could lead to increased new home demand in Diablo Grande (at least until Patterson is able to deliver additional finished lots).

HIGHEST AND BEST USE ANALYSIS

The term “highest and best use,” as used in this report, is defined as follows:

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value.³

Two analyses are typically required for highest and best use. The first analysis is highest and best use of the land as though vacant. The second analysis is the highest and best use of the land as improved, which is not applicable, since the appraised properties are vacant land. (Definitions of these terms are provided in the *Glossary of Terms* in the Addenda to this report.)

Highest and Best Use as though Vacant

In accordance with the definition of highest and best use, it is appropriate to analyze the subject as though vacant as it relates to legal permissibility, physical possibility, financial feasibility and maximum productivity.

Legal Permissibility

The legal factors influencing the highest and best use of the subject property are primarily government regulations such as zoning and building codes. The subject property represents approximately 2,250 gross acres tentatively approved for development, with portions containing final map approval. As proposed and approved, the subject property will include single- and multifamily residential housing, commercial uses, open space and public facilities. Anticipated development within the CFD includes 2,202 single-family residential units, 602 multifamily residential units and approximately 39 acres of commercial uses.

The subject property, as proposed and partially improved, represents a resort and master planned community that has undergone extensive planning and review. Based on the difficulties in obtaining the subject’s existing approvals, it is doubtful any significant project changes would be allowed.

Physical Possibility

The physical and locational characteristics of the properties have been previously described in this report. In summary, the physical characteristics of the site, terrain and soils are suitable for the proposed uses.

³ *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010), 93.

Location considerations include the compatibility of the subject’s proposed use(s) and location with respect to surrounding uses. As indicated previously, the subject represents a resort and master planned community, which has undergone extensive planning and review. The proposed development has been carefully designed to include an appropriate mix of land uses that are compatible with adjacent uses and uses throughout the master planned community.

It should be noted at the time of inspection the appraiser did not observe the existence of hazardous material, which may or may not be present on the properties. The appraiser has no knowledge of the existence of such materials on the properties. However, the appraiser is not qualified to detect such substances. The presence of potentially hazardous materials could affect the value of the properties. The value estimate herein is predicated on the assumption there is no material on or in the properties that would cause a loss of value. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field if desired.

There are no known significant easements that would prohibit the development of the properties. Overall, the subject has locational characteristics, access and utilities, which support the subject’s intended uses.

Financial Feasibility

The feasibility of the allowable uses is dependent on the supply and demand conditions, which influence the competitive position of each type of property use within the development. The demand for single-family development within the project will affect the timing and feasibility of other property uses within the development.

The feasibility of single-family developments is dependent on the regional supply and demand conditions. Sales of new homes in Patterson, Stockton and Tracy have once again begun to improve after a prolonged period of contraction that began in 2008 during the past few years. These communities are serving as alternative housing destinations for commuters to the Bay Area region. Historically, the San Joaquin County cities of Stockton and Tracy have provided affordable residential developments for homebuyers seeking single-family residences outside the often-unaffordable Bay Area, which, in turn, has put pressure on the affordability of housing in those market areas, resulting in many homebuyers commuting to other areas seeking more affordable housing, including Patterson.

Diablo Grande is located in a rural setting west of the city of Patterson in Stanislaus County. The developer is in the process of creating both a resort destination and master planned community of single- and multifamily residential units geared towards a wide range of potential buyers, including

retirees, telecommuters, upper-income homebuyers and first- and second-time move-up homebuyers. The development is centered on a proposed resort hotel, shopping center and town center, as well as existing vineyards and an 18-hole golf course. The community represents an upscale home-buying alternative to the relatively equidistant city of Stockton, and nearby Patterson. Further, Diablo Grande intends to draw homebuyers from the city of Tracy.

Merchant builders have historically shown an interest in developing production-oriented projects on lots up to approximately one acre in size. As noted, Diablo Grande consists of various residential lot size categories ranging from 3,675 square feet to 10,500 square feet for smaller lots, and starting at 0.5 acre in size for custom/estate lots. The most financially feasible use of the subject's lot categories less than one acre in size is production-oriented single-family residential development, while custom residential development is the most probable use of the estate lots.

Maximum Productivity

There is only one land use that is legally permissible, physically possible and financially feasible; to develop the subject property as single-family residential units.

Conclusion of the Highest and Best Use – As Though Vacant

Legal, physical, and market conditions have been analyzed to evaluate the highest and best use of the properties. The analysis is presented to evaluate the type of use(s) that will generate the greatest level of future benefits possible to the properties. The only use that meets the four criteria for determining the highest and best use is a well-balanced single-family residential development. The subject should be developed according to this land use designation. Based on this analysis, residential development is judged to be the subject's highest and best use as vacant land.

Probable Buyer

The most probable buyer of the appraised properties is a combination of owner/users looking to acquire land for custom home development, a land speculator or merchant builder looking to acquire land for production home development.

APPROACHES TO VALUE

The valuation process is a systematic procedure used in the valuation of real property.⁴ This process involves the investigation, organization and analysis of pertinent market data and other related factors that affect the market value of real estate. The market data is analyzed in terms of any one or all of the three traditional approaches to estimating real estate value. These are the cost, sales comparison, and income capitalization approaches. One additional analysis—a discounted cash flow analysis—is also applicable. Each approach to value is briefly discussed and defined as follows:

Cost Approach

The cost approach is based on the premise that no prudent buyer would pay more for a particular property than the cost to acquire a similar site and construct improvements of equivalent desirability and utility. Thus, this approach to value relates directly to the economic principle of substitution, as well as supply and demand. The cost approach is most applicable when valuing properties where the improvements are new or suffer only a minor amount of accrued depreciation, and is especially persuasive when the site value is well supported. The cost approach is also highly relevant when valuing special-purpose or specialty properties and other properties that are not frequently exchanged in the market.

The definition of the cost approach is offered as follows:

A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.⁵

Sales Comparison Approach

The sales comparison approach is based on the premise that the value of a property is directly related to the prices being generated for comparable, competitive properties in the marketplace. Similar to the cost approach, the economic principles of substitution, as well as supply and demand are basic to the sales comparison approach. This approach has broad applicability and is particularly persuasive when there has been an adequate volume of recent, reliable transactions of similar properties that indicate value patterns or trends in the market. When sufficient data are available, this approach is the most direct and systematic approach to value estimation. Typically, the sales comparison approach is most pertinent when valuing land, single-family homes and small, owner-occupied commercial and office properties.

⁴ *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010), 205.

⁵ *The Dictionary of Real Estate Appraisal*, 47.

The definition of the sales comparison approach is offered as follows:

The process of deriving a value indication for the subject property by comparing market information for similar properties with the property being appraised, identifying appropriate units of comparison, and making qualitative comparisons with or quantitative adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.⁶

Income Capitalization Approach

The income capitalization approach is based on the premise that income-producing real estate is typically purchased as an investment. From an investor's point of view, the potential earning power of a property is the critical element affecting value. The concepts of anticipation and change, as they relate to supply and demand issues and substitution, are fundamental to this valuation approach. These concepts are important because the value of income-producing real estate is created by the expectation of benefits (income) to be derived in the future, which is subject to changes in market conditions. Value may be defined as the present worth of the rights to these future benefits.

Within the income capitalization approach there are two basic techniques that can be utilized to estimate market value. These techniques of valuation are direct capitalization and yield capitalization.

Direct Capitalization: A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only a single year's income is used. Yield and value changes are implied but not identified.⁷

Yield Capitalization: A method used to convert future benefits into present value by 1) discounting each future benefit at an appropriate yield rate, or 2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate.⁸

The definition of the income capitalization approach is offered as follows:

A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.⁹

⁶ The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010), 175.

⁷ The Dictionary of Real Estate Appraisal, 58.

⁸ The Dictionary of Real Estate Appraisal, 211.

⁹ The Dictionary of Real Estate Appraisal, 99.

Discounted Cash Flow Analysis

A discounted cash flow analysis is a procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing and duration of the income streams as well as the quantity and timing of the reversion and discounts each to its present value at a specified yield rate. DCF analysis can be applied with any yield capitalization technique and may be performed on either a lease-by-lease or aggregate basis.¹⁰

In the case of subdivision land, there is no reversion. The four main components of a discounted cash flow analysis are listed as follows:

- **Revenue** – the total gross income derived from the disposition of the subject components.
- **Absorption Analysis** – the time frame required to sell-off the components. Of primary importance in this analysis is the allocation of the revenue over the absorption period – including the estimation of an appreciation factor (if any).
- **Expenses** – the expenses associated with the sell-off of the components are calculated in this section – including administration, marketing and commission costs and property taxes.
- **Discount Rate** – the appropriate discount rate is derived in this portion of the analysis employing a variety of data.

We utilize the discounted cash flow analysis (subdivision development method) to determine the market value of the property held by the master developer (World International LLC), in bulk.

¹⁰ The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010), 59.

APPRAISAL METHODOLOGY

The market value of the appraised properties, by ownership, subject to the lien of the Special Tax securing the Western Hills Water District Diablo Grande Community Facilities District No. 1, will be estimated using the sales comparison approach to value. Since a substantial amount of the undeveloped residential lots (1,484) are held by a single ownership, World International LLC (the master developer), a discounted cash flow analysis (DCF) will be utilized to provide the market value, in bulk, of this ownership. In the sales comparison approach to value, the production-oriented residential lots will be compared to bulk lot sales in the Central Valley region. Similarly, the 121 estate lots will be valued using the recent sales of custom lots throughout the region. Under the discounted cash flow analysis, the expected revenue, absorption period, expenses and discount rate associated with the sell-off of the 1,484 lots will be utilized. A DCF analysis is a procedure in which a discount rate is applied to a projected revenue stream generated from the sale of individual components of a project. In this method of valuation, the appraiser specifies the quantity, variability, timing and duration of the revenue streams and discounts each to its present value at a specified yield rate.

MARKET VALUATION

In order to estimate the market value of the subject's developable residential lots, the sales comparison approach to value will be employed. The underlying premise of the sales comparison approach is the market value of a property is directly related to the price of comparable, competitive properties in the marketplace. In the sales comparison approach, the market value of the subject lots will be estimated by a comparison to similar properties that have recently sold, are listed for sale or are under contract.

This approach is based on the economic principle of substitution. According to The Appraisal of Real Estate, 14th Edition (Chicago: Appraisal Institute, 2013), "*The principle of substitution holds that the value of property tends to be set by the cost of acquiring a substitute or alternative property of similar utility and desirability within a reasonable amount of time.*" The sales comparison approach is applicable when there are sufficient recent, reliable transactions to indicate value patterns or trends in the market.

The proper application of this approach requires obtaining recent sales data for comparison with the subject property. In order to assemble the comparable sales, we searched public records and other data sources for leads, then confirmed the raw data obtained with parties directly related to the transactions (primarily brokers, buyers and sellers).

COMPONENT VALUE PRODUCTION-ORIENTED RESIDENTIAL LOTS

Consideration is given to factors such as property rights conveyed, financing, conditions of sale, and market appreciation or depreciation since the date of sale. Differences in physical characteristics, such as location, number of lots, typical lot size, lot premiums/discounts, site utility/topography and zoning/entitlements are considered in the analysis.

On the following page is a table depicting the various lot size groupings comprising the residential lots within the District. For purposes of comparison, the District's predominant, typical lot size of 6,300 square feet will form the basis of analysis, from which adjustments will be made for the varying lot size categories within the District.

Village	Lot Configurations	Typical Lot Size	Description	Lots
2A			Townhomes	42
2B, 2C, 3H, 3L & 5	35' x 105'	3,675	Single-Family Lots	292
2C, 3B, 3H, 3I, 4C & 5	50' x 105'	5,250	Single-Family Lots	388
2C, 2D, 3B, 3F, 3H, 3I, 4A, 4C, 5 & 5A	60' x 105'	6,300	Single-Family Lots	423
3C, 3D, 3E, 3F, 3J, 3K, 4A, 4B, 4D & 5	70' x 105'	7,350	Single-Family Lots	140
2C, 3C, 3D, 3E, 3F, 3G, 3J, 4A, 4B & 5	80' x 105'	8,400	Single-Family Lots	133
3A	100' x 105'	10,500	Single-Family Lots	62

In the collection of data for analysis, seven comparables have been identified as being representative of the market and it is believed the sales data collected is sufficient for comparison to the subject properties and pertinent to the valuation herein. The data from the comparable sales is summarized in the table on the next page, along with a location map, followed by detailed sales sheets and a discussion of adjustments necessary for comparison with the subject properties. For purposes of this analysis, the market data will be compared to the predominant production-oriented lot category within the District, the 6,300 square foot lots.

BULK LOT SALES SUMMARY

No.	Location	Sale Date	No. of Lots	Typical Lot Size (SF)	Sale Price	Sale Price Per Lot	Bonds Per Lot	Total Consideration Per Lot
1	River Islands South Side of Lakeside Drive Lathrop, San Joaquin County	Dec-13 Pending	46	4,500	\$3,460,000	\$75,217	\$33,237	\$108,454
2	Patterson Gardens, Unit 6 (portion) Marguerite Lane at Jasmine Drive Patterson, Stanislaus County	Aug-13 (canceled contract)	74	6,600	\$6,290,000	\$85,000	\$31,657	\$116,657
3	Valley Crossings N/S of Warren Avenue, E/O Harlan Road Lathrop, San Joaquin County	Apr-13	37	5,000	\$2,874,900	\$77,700	\$0	\$77,700
4	Mossdale Landing North (portion) W/S of Golden Spike Trail, S/O McKee Blvd. Lathrop, San Joaquin County	Mar-13	71	5,000	\$5,502,500	\$77,500	\$9,574	\$87,074
5	Oakwood Shores (portion) Aplicella Court, W/O Woodward Avenue Manteca, San Joaquin County	Dec-12	49	6,500	\$5,145,000	\$105,000	\$0	\$105,000
6	Bella Vista (portion) Marquis Place and Chateau Lane Manteca, San Joaquin County	Oct-12	17	6,300	\$1,500,000	\$88,235	\$0	\$88,235
7	Mountain House - Portion of Neighborhood G Moraga Street Mountain House, San Joaquin County	Aug-12	73	3,500	\$5,005,000	\$68,562	\$13,764	\$82,326

BULK LOT SALES MAP



BULK LOT SALE 1

Property Identification

Project Name River Islands
 Location South side of Lakeside Drive
 APN 213-310-11 (portion)
 City Lathrop
 County San Joaquin

Sale Data

Grantor River Islands Development LLC
 Grantee DeNova Homes
 Contract Date September 2013 (renegotiated December 2013)
 Closing Date Pending Sale
 Deed Book Page N/Ap
 Confirmation Source Broker
 Property Rights Conveyed Fee Simple
 Conditions of Sale Market
 Financing Terms Cash Equivalent
 Canceled Contract Price \$3,460,000
 Annual Special Taxes per Lot \$2,600

Land Data

Zoning Single-family
 Topography Generally level
 Utilities All available
 Number of Lots 46
 Land Area (Acres) N/A
 Density (Units per Acre) N/A
 Development Status at Sale Finished
 Typical Lot Size (SF) 4,500

Indicators (per Lot)

Sale Price \$ 75,217
 Bonds \$ 33,236
 Total Consideration \$108,454
 Site Development Costs \$ 0
 Permits and Fees \$ 40,000

Remarks

The pending sale is Phase 1 of a two phase takedown (Phase 2 is also 46 lots). The buyers initially went into contract in September 2013 for \$90,217 per finished lot, but renegotiated the price in December to \$70,000 per lot for 30 standard lots and \$85,000 per lot for 16 lakefront lots, with a weighted average lot price of \$75,217.

BULK LOT SALE 2

Property Identification

Project Name Patterson Gardens, Unit 6 (portion)
 Location Marguerite Lane at Jasmine Drive
 APN 021-083-061 et al
 City Patterson
 County Stanislaus

Sale Data

Grantor MSCP Pacific Union Patterson Gardens LLC
 Grantee Confidential
 Contract Date Mid-2013
 Closing Date Canceled contract
 Deed Book Page N/Ap
 Confirmation Source Confidential
 Property Rights Conveyed Fee Simple
 Conditions of Sale Market
 Financing Terms Cash Equivalent
 Canceled Contract Price \$6,290,000
 Annual Special Taxes per Lot \$2,760

Land Data

Zoning Single-family
 Topography Generally level
 Utilities All available
 Number of Lots 74
 Land Area (Acres) N/A
 Density (Units per Acre) N/A
 Development Status at Sale Finished
 Typical Lot Size (SF) 6,600

Indicators (per Lot)

Canceled Contract Price \$ 85,000
 Bonds \$ 31,657
 Total Consideration \$116,657
 Site Development Costs \$ 0
 Permits and Fees \$ 30,000

Remarks

The comparable represents a contract that was canceled by the buyer in late August 2013. The contract price was at \$85,000 per lot. The potential buyer was a national home builder. According to the seller, the buyer sought a last-minute price reduction. The seller denied that request because it is not motivated to sell the property. The seller acquired the property from Taylor Morrison Homes in December 2008 as an investment (2008 sale price not known).

BULK LOT SALE 3

Property Identification	
Project Name	Valley Crossing (portion)
Location	North side of Warren Avenue, east of Harlan Road
APN	
City	Lathrop
County	San Joaquin County
Sale Data	
Grantor	196-760-01 et al
Grantee	KT Builders LLC
Contract Date	Woodside 05N LP (Woodside Homes)
Closing Date	N/A
Deed Book Page	4/10/2013
Verification (Direct Party/Secondary/Public Records)	047181
Property Rights Conveyed	Secondary
Conditions of Sale	Fee Simple
Financing Terms	Market
Sale Price	Cash Equivalent
Special Taxes per Lot	\$2,874,900
	\$0 (at time of sale)
Land Data	
Zoning	Single-family
Topography	Generally Level
Utilities	All available
Number of Lots	37
Land Area (Acres)	N/Av
Density (Units per Acre)	N/Av
Development Status at Sale	Finished Lots
Typical Lot Size (SF)	5,000
Indicators	
Sale Price	\$ 77,700
Bonds	\$ 0
Total Consideration	\$ 77,700
Site Development Cost (Per Lot)	\$ 0
Permits and Fees (Per Lot)	\$ 30,000
Remarks	
This comparable represents the sale of 37 finished lots at an infill location in the northern area of Lathrop. The seller acquired the property in late 2012 for an undisclosed sum, as a short term investment.	

BULK LOT SALE 4

Property Identification	
Project Name	Mossdale Landing North (portion)
Location	West side of Golden Spike Trail, south of McKee Road
APN	191-610-35 et al
City	Lathrop
County	San Joaquin County
Sale Data	
Grantor	Lathrop 113 LP
Grantee	Woodside 05N LP (Woodside Homes)
Contract Date	N/A
Closing Date	3/25/2013
Deed Book Page	38399
Verification (Direct Party/Secondary/Public Record)	Secondary
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	\$5,502,500
Special Taxes per Lot	\$858
Land Data	
Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	71
Land Area (Acres)	N/A
Density (Units per Acre)	N/A
Development Status at Sale	Finished Lots
Typical Lot Size (SF)	5,000
Indicators (per Lot)	
Sale Price	\$ 77,500
Bonds	\$ 9,574
Total Consideration	\$ 87,074
Site Development Costs	\$ 0
Permits and Fees	\$ 30,000
Remarks	
This comparable represents the sale of 71 finished lots. The seller acquired the property in an REO transaction from First Bank in 2010 for \$1.7 million.	

BULK LOT SALE 5

Property Identification

Project Name Oakwood Shores (portion)/Tract 3477 (portion)
 Location Aplicella Court, west of Woodward Avenue
 APN N/A
 City Manteca
 County San Joaquin County

Sale Data

Grantor 241-720-15 et al
 Grantee Oakwood LT Ventures II LLC
 Contract Date Woodside 05N LP (Woodside Homes)
 N/A
 Closing Date 12/14/2012
 Deed Book Page 165451
 Verification (Direct Party/Secondary/Public Records) Direct Party
 Property Rights Conveyed Fee Simple
 Conditions of Sale Market
 Financing Terms Cash Equivalent
 Sale Price \$5,145,000
 Special Taxes per Lot \$0 (at time of sale)

Land Data

Zoning Single-family
 Topography Generally Level
 Utilities All available
 Number of Lots 49
 Land Area (Acres) N/Av
 Density (Units per Acre) N/Av
 Development Status at Sale Finished Lots
 Typical Lot Size (SF) 6,500

Indicators

Sale Price \$105,000
 Bonds \$ 0
 Total Consideration \$105,000
 Site Development Cost (Per Lot) \$ 0
 Permits and Fees (Per Lot) \$ 30,000

Remarks

This comparable represents the sale of 49 finished lots within the Oakwood Shores lake community. Most (44) of these lots have lake frontage and are anticipated to achieve significant lot premiums as a result. This property has a Homeowner's Association fee of approximately \$1,560/lot/year.

BULK LOT SALE 6

Property Identification

Project Name Bella Vista (portion)
 Location Marquis Place and Chateau Lane
 APN 241-490-06 et al
 City Manteca
 County San Joaquin County

Sale Data

Grantor Cathedral Sun LLC
 Grantee Woodside 05N LP (Woodside Homes)
 Contract Date N/A
 Closing Date 10/19/2012
 Deed Book Page 136493
 Verification (Direct Party/Secondary/Public Records) Public Record
 Property Rights Conveyed Fee Simple
 Conditions of Sale Market
 Financing Terms Cash Equivalent
 Sale Price \$1,500,000
 Special Taxes per Lot \$0 (at time of sale)

Land Data

Zoning Single-family
 Topography Generally Level
 Utilities All available
 Number of Lots 17
 Land Area (Acres) N/Av
 Density (Units per Acre) N/Av
 Development Status at Sale Finished Lots
 Typical Lot Size (SF) 6,300

Indicators

Sale Price \$ 88,235
 Bonds \$ 0
 Total Consideration \$ 88,235
 Site Development Cost (Per Lot) \$ 0
 Permits and Fees (Per Lot) \$ 14,100

Remarks

This comparable represents the sale of 17 remnant finished lots. Nine lots had completed home foundations with permits and fees paid by the seller. The buyer plans to demolish the foundations; however, the pre-paid fees transferred with the property. We estimate that, on average, the remaining permits and fees equate to \$14,100 per lot.

BULK LOT SALE 7

Property Identification

Project Name	Mountain House – Portion of Neighborhood G
Location	Moraga Street
APN	256-030-01 thru -10, -29 thru -47; 256-050-09 thru -16, -45 thru -48; 256-060-33 thru -40; 256-070-01 thru 23
City	Mountain House
County	San Joaquin

Sale Data

Grantor	Trimark Communities, LLC
Grantee	Lennar Homes of CA
Contract Date	N/A
Closing Date	August 8, 2012
Deed Book Page	100151
Confirmation Source	Broker
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Canceled Contract Price	\$5,005,000
Annual Special Taxes per Lot	\$1,200

Land Data

Zoning	Single-family
Topography	Generally level
Utilities	All available
Number of Lots	73
Land Area (Acres)	N/A
Density (Units per Acre)	N/A
Development Status at Sale	Finished
Typical Lot Size (SF)	3,500

Indicators (per Lot)

Sale Price	\$ 68,562
Bonds	<u>\$ 13,763</u>
Total Consideration	\$ 82,325
Site Development Costs	\$ 0
Permits and Fees	\$ 26,000

Remarks

The comparable is the August 2012 transfer of 73 finished lots in Mountain House with a typical lot size of 3,500 square feet.

Analysis and Conclusion

The comparable transactions are adjusted based on the profile of the subject property with regard to categories that affect market value. For certain adjustments such as site development cost, permits and fees and Special Taxes, adjustments are made using actual or estimated (present value) dollar amounts. Other adjustments may be categories as either superior or inferior, with percentage adjustments applied accordingly. If a comparable has an attribute considered superior to that of the subject, it is adjusted downward to negate the effect the item has on the price of the comparable. The opposite is true of categories considered inferior to the subject. The adjustments are made in consideration of paired sales, the appraiser's experience and knowledge and interviews with market participants.

At a minimum, the appraiser considers the need to make adjustments for the following items:

- Expenditures after Sale (i.e. site development costs (if any), permits and fees, bond encumbrance and atypical carrying costs such as Homeowner's Association fees)
- Property rights conveyed
- Financing terms
- Conditions of sale (motivation)
- Market conditions (time)
- Location
- Physical features

A detailed analysis involving the adjustment factors is presented below.

Loaded Lot Analysis

Since each comparable has the same highest and best use as the subject property—near term single-family residential development—we apply adjustments for remaining site development costs (if any) and permits and fees on a dollar-for-dollar basis. That is, the comparables are analyzed on a loaded-lot-basis, where any remaining site development costs and permits and fees due at building permit are added to the lot price to yield a price that reflects the total consideration. After all other adjustments are applied (market conditions, physical characteristics, etc.), we deduct the subject's remaining permits and fees to determine the subject's lot value.

Expenditures After Sale

For subdivision land, expenditures after sale typically include site development costs, permits and fees and bond encumbrance. For subdivisions where site development is complete and final subdivision map has recorded, adjustments for remaining site development costs do not apply.

Adjustments for Bond Encumbrance

If applicable, we consider the remaining bond terms to estimate a remaining principal bond balance. While bond interest rates may vary somewhat, for approximation purposes, we utilized a 6% discount rate. The estimated bond encumbrances are added to the loaded lot prices on a dollar-for-dollar basis.

Property Rights Conveyed

In transactions of real property, the rights being conveyed vary widely and have a significant impact on the sales price. As previously noted, the opinion of value in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts and conditions, covenants and restrictions (CC&Rs). All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below-market financing terms or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis. The comparable sales were cash to the seller transactions and do not require adjustments.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sales price actually paid compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered to be non-market and may include the following:

- a seller acting under duress,
- a lack of exposure to the open market,
- an inter-family or inter-business transaction for the sake of family or business interest,
- an unusual tax consideration,
- a premium paid for site assemblage,
- a sale at legal auction, or
- an eminent domain proceeding.

The comparables did not involve any non-market conditions of sale and do not require adjustments.

Market Conditions

Market conditions vary over time, but the date of this appraisal is for a specific point in time. In a dynamic economy – one that is undergoing changes in the value of the dollar, interest rates and economic growth or decline – extra attention needs to be paid to assess changing market conditions. Significant monthly changes in price levels can occur in several areas of a city, while prices in other areas remain relatively stable. Although the adjustment for market conditions is often referred to as a time adjustment, time is not the cause of the adjustment.

The comparables represent transactions that occurred between August 2012 and December 2013. Lot prices have increased since the time period between August 2012 and April 2013. Upward adjustments are applied, accordingly.

Physical Characteristics

The physical characteristics of a property can impact the selling price. Those that may impact value include the following:

Location

Location adjustments are applied in consideration of area home prices, household income and other characteristics. The comparables are located in Patterson, Lathrop, Manteca and Mountain House. Comparables 1, 3, 4, 5 and 6 are located in Lathrop/Manteca, which are considered slightly superior commuter markets to the subject in terms of location, based on the most recent median home price statistics discussed in the *Residential Market Overview* section. Comparable 7 is located in Mountain House, which is superior to the subject in terms of its proximity to the Bay Area. Comparable 2 is located in Patterson, within the Patterson gardens master planned community; given its superior location proximate to commercial and community services, a downward adjustment is warranted.

Community Appeal

The subject is located within a master planned project with above average community appeal. Comparables 1 through 6 are typical suburban subdivisions, which are inferior to the subject and require upward adjustments. Comparable 7 is located in the Mountain House master planned community which is considered generally similar; thus, no adjustment is warranted.

Number of Lots

Generally, there is an inverse relationship between the number of lots and price per lot such that larger projects (with a greater number of lots) achieve a lower price per lot. However, market participants indicate that projects of fewer than 20 lots are achieving discounts because of fewer buyers (merchant builders generally require at least this many lots to develop project synergy and offset model costs). Comparable 6 contains 17 lots and receives an upward adjustment. The remaining comparables do not require adjustments.

Lot Size (Typical)

Adjustments for differences in lot size between the comparables and subject are estimated by applying lot size adjustment factors to difference in lot size. We have considered paired sales to assist with the determination of a lot size adjustment factor, as well as market participant interviews.

Site Utility

Differences in contour, drainage, soil conditions, as well as project design, can affect the utility and, therefore, the market value of the properties. The subject property and comparables are planned for traditional single-family lots and all have average site utility. Adjustments for this factor do not apply.

Lot Premiums

The subject and most of comparables are anticipated to achieve a similar level of lot premiums (cul-de-sac, corner, inverted corner). Comparables 1 and 5 feature a number of lots with lake frontage, which are anticipated to achieve premiums. Those comparables are superior to the subject (on average) in this regard and require downward adjustments.

Adjustment Grid

The grid on the following page reflects the afore-discussed adjustments.

ADJUSTMENT GRID - BULK LOT SALES								
Elements of Comparison:	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7
Lot Price		\$75,217	\$85,000	\$77,700	\$77,500	\$105,000	\$88,235	\$68,562
Remaining Site Development Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Permits and Fees	\$26,000	\$40,000	\$30,000	\$30,000	\$30,000	\$30,000	\$14,100	\$26,000
Loaded Lot Price Before Bonds		\$115,217	\$115,000	\$107,700	\$107,500	\$135,000	\$102,335	\$94,562
Special Taxes		\$2,600	\$2,700	\$0	\$858	\$0	\$0	\$1,200
Years To Maturity (Approx)		25	20	0	19	0	0	20
Present Value at 6%		\$33,237	\$31,657	\$0	\$9,574	\$0	\$0	\$13,764
Loaded Lot Price After Bonds		\$148,454	\$146,657	\$107,700	\$117,074	\$135,000	\$102,335	\$108,326
Property Rights Conveyed Adjustment	Fee Simple	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Financing Terms Adjustment	Cash Equiv.	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Sale Conditions Adjustment	Market	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Market Conditions Adjustment	Jun-14 (Appraisal)	Dec-13	Aug-13	Apr-13 Upward	Mar-13 Upward	Dec-12 Sig. Upward	Oct-12 Sig. Upward	Aug-12 Sig. Upward
Physical Characteristics:								
Location	DuBois Grande	Lathrop Downward	Patterson Downward	Lathrop Downward	Lathrop Downward	Martica Downward	Martica Downward	Mtn. House Sig. Downward
Adjustment		Inferior	Inferior	Inferior	Inferior	Inferior	Inferior	Superior
Community Appeal Adjustment	Good	St. Upward	St. Upward	St. Upward	St. Upward	St. Upward	St. Upward	St. Downward
Number of Lots Adjustment	89	46	74	37	71	49	17 Upward	73
Lot Size (Typical) Adjustment	6,300	4,500 Upward	6,600	5,000 Upward	5,000 Upward	6,500	6,300	3,500 Sig. Upward
Topography/Utility Adjustment	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Lot Premiums/Discounts Adjustment	Average	Superior Downward	Similar	Similar	Similar	Superior Downward	Similar	Similar
Summary of Adjustments		St. Downward	Downward	Upward	Upward	Similar	Sig. Upward	Upward
Adjusted Loaded Lot Value		< \$148,454	< \$146,657	> \$107,700	> \$117,074	= \$135,000	> \$102,335	> \$108,326
Concluded Loaded Lot Value:	\$135,000							
Less: Permits and Fees (\$26,000)								
Less: Remaining Site Development Costs \$0								
Estimated Lot Indicator	\$109,000							

Conclusion of Lot Value

The comparables reflect an unadjusted range of \$68,562 to \$105,000 per lot. On a loaded lot basis, and considering anticipated assumed bond debt, the comparables reflect a range of \$102,335 to \$148,454 per lot. With emphasis on Bulk Lot Sale 5, which is generally similar to the subject in lot size and offsetting adjustments, a loaded lot value of \$135,000 is considered reasonable for the subject's standard 6,300 square foot lots. Deducting the subject's typical permits and fees due at building permit (\$26,000 per lot) yields an underlying lot value of \$109,000 per lot for the subject's typical 6,300 square foot (60' x 105') lots.

In the following table, adjustments for discrepancies in lot size are made to the above-concluded typical lot for each production lot size category within the District.

Village	Lot Configurations	Typical Lot Size	Description	Indicated Lot Values
2A			Townhomes	\$59,000
2B, 2C, 3H, 3L & 5	35' x 105'	3,675	Single-Family Lots	\$84,000
2C, 3B, 3H, 3I, 4C & 5	50' x 105'	5,250	Single-Family Lots	\$99,000
2C, 2D, 3B, 3F, 3H, 3I, 4A, 4C, 5 & 5A	60' x 105'	6,300	Single-Family Lots	\$109,000
3C, 3D, 3E, 3F, 3J, 3K, 4A, 4B, 4D & 5	70' x 105'	7,350	Single-Family Lots	\$119,000
2C, 3C, 3D, 3E, 3F, 3G, 3J, 4A, 4B & 5	80' x 105'	8,400	Single-Family Lots	\$129,000
3A	100' x 105'	10,500	Single-Family Lots	\$144,000

It's worth noting Village 3A is currently in an unimproved lot stage; though, a final map was recorded for 19 of the 62 lots. According to the developer's budget, remaining in-tract and offsite costs associated with Village 3A total \$48,679 for the 19 final map lots and \$96,977 per lot for the 43 tentatively mapped lots, which will be accounted for in the allocation of value, by ownership, below:

Owner	Lot Size Category	Typical Lot Size	No. of Lots	Market Value per Lot	Less Remaining Costs	Residual Market Value/Lot (rd)	Market Value in Bulk
Civic Diablo Grande LLC	35' x 105'	3,675	21	\$ 84,000	\$ -	\$ 84,000	\$ 1,764,000
Civic Diablo Grande LLC	60' x 105'	6,300	33	\$ 109,000	\$ -	\$ 109,000	\$ 3,597,000
Civic Diablo Grande LLC Bulk Value			54				\$ 5,361,000
Kico Holdings LLC	100' x 105'	10,500	8	\$ 144,000	\$ (48,679)	\$ 95,000	\$ 760,000
RWHS Diablo Grande Legends LLC	100' x 105'	10,500	11	\$ 144,000	\$ (48,679)	\$ 95,000	\$ 1,045,000
RWHS Diablo Grande Legends LLC	100' x 105'	10,500	43	\$ 144,000	\$ (96,977)	\$ 47,000	\$ 2,021,000
RWHS Diablo Grande Legends LLC Bulk Value			54				\$ 3,066,000
Western Pacific Housing	50' x 105'	5,250	6	\$ 99,000	\$ -	\$ 99,000	\$ 594,000
Western Pacific Housing	60' x 105'	6,300	15	\$ 109,000	\$ -	\$ 109,000	\$ 1,635,000
Western Pacific Housing	70' x 105'	7,350	97	\$ 119,000	\$ -	\$ 119,000	\$ 11,543,000
Western Pacific Housing Bulk Value			118				\$ 13,772,000
World International LLC	Townhomes	N/A	42	\$ 59,000	\$ -	\$ 59,000	\$ 2,478,000
World International LLC	35' x 105'	3,675	292	\$ 84,000	\$ -	\$ 84,000	\$ 24,528,000
World International LLC	50' x 105'	5,250	388	\$ 99,000	\$ -	\$ 99,000	\$ 38,412,000
World International LLC	60' x 105'	6,300	423	\$ 109,000	\$ -	\$ 109,000	\$ 46,107,000
World International LLC	70' x 105'	7,350	140	\$ 119,000	\$ -	\$ 119,000	\$ 16,660,000
World International LLC	80' x 105'	8,400	133	\$ 129,000	\$ -	\$ 129,000	\$ 17,157,000
World International LLC Aggregate Value - Production-Oriented Lots			1,418				\$ 145,342,000

It's worth noting the 1,418 production oriented residential lots held by the master developer represent unimproved lots, which will require completion of infrastructure and in-tract costs for development. These costs, as well as the market value for the remaining estate residential lots held by the master developer and valued in the next section, will be considered in the market valuation, in bulk, of the master development held properties, which is presented at the end of this section.

COMPONENT VALUE – ESTATE LOTS

There are 121 lots comprising the appraised portion of the Western Hills Water District Diablo Grande Community Facilities District No. 1 classified as estate lots, or non-production home oriented lots. These lots have historically been marketed to individuals for custom home development, not to production homebuilders. Of the 121 lots, which range in size from 0.24-acre to 9.13-acres, the average is 1.31 acres. These lots are located north of the Diablo Grande Golf & Country Club. In order to estimate the market value of the estate lots, the 121 lots will be categorized by size: less than one acre; greater than one acre, but less than three acres; greater than three acres, but less than five acres and those greater than five acres.

The sales comparison approach is based on the economic principle of substitution. The proper application of this approach requires obtaining recent sales data for comparison with the subject property. On the following page, we have arrayed comparable sales that have occurred in the region. The summary table is accompanied by a map and followed by details of each comparable. The basis of analysis is price per lot.

ESTATE LOT SALES SUMMARY

No.	Property Identification	Sale Date	Sale Price	Land Area Acre/SF	Price per Acre	Bonds per Acre	Total Consideration per Acre
1	Perrett Road - Diablo Grande Patterson, Stanislaus County APN: 025-027-007	Pending	\$59,000	0.65 28,183	\$91,190	\$31,045 \$47,983	\$90,045 \$139,173
2	20641 Morton Davis Circle - Diablo Grande Patterson, Stanislaus County APN: 025-025-066	Feb-14	\$45,000	0.54 23,522	\$83,333	\$31,045 \$57,491	\$76,045 \$140,824
3	16485 Locust Avenue Patterson, Stanislaus County APN: 048-009-034	Nov-13	\$150,000	3.67 159,865	\$40,872	\$0 \$0	\$150,000 \$40,872
4	Morton Davis Circle - Diablo Grande Patterson, Stanislaus County APN: 025-025-057	Aug-13	\$55,000	0.55 23,958	\$100,000	\$31,045 \$56,443	\$86,045 \$156,445
5	130 Opus One Court El Dorado Hills, El Dorado County APN: 104-510-32-10	Jun-13	\$195,000	2.92 127,195	\$66,781	\$0 \$0	\$195,000 \$66,781
6	20621 Morton Davis Circle - Diablo Grande Patterson, Stanislaus County APN: 025-025-067	Apr-13	\$48,500	0.54 23,522	\$89,815	\$31,045 \$57,491	\$79,545 \$147,306
7	20600 Morton Davis Circle - Diablo Grande Patterson, Stanislaus County APN: 025-025-058	Apr-13	\$55,000	0.46 20,168	\$118,790	\$31,045 \$67,052	\$86,045 \$185,842
8	11196 W. Clover Road Tracy, San Joaquin County APN: 214-180-36	Mar-13	\$125,000	1.94 84,506	\$64,433	\$0 \$0	\$125,000 \$64,433
9	16670 Wakefield Court Tracy, San Joaquin County APN: 209-390-27	Dec-11	\$135,000	2.80 121,968	\$48,214	\$0 \$0	\$135,000 \$48,214
10	8000 W. Lime Road Tracy, San Joaquin County APN: 253-220-32	Mar-11	\$130,000	1.50 65,340	\$86,667	\$0 \$0	\$130,000 \$86,667
11	2501 Village Drive Ione, Amador County APN: 003-031-002	Listing	\$299,000	9.30 405,108	\$32,151	\$0 \$0	\$299,000 \$32,151
12	130 Opus One Court El Dorado Hills, El Dorado County APN: 104-510-32-10	Listing	\$275,000	2.92 127,195	\$94,178	\$0 \$0	\$275,000 \$94,178
13	1201 Cain Five Drive El Dorado Hills, El Dorado County APN: 104-240-22-00	Listing	\$480,000	5.00 217,800	\$96,000	\$0 \$0	\$480,000 \$96,000

RESIDENTIAL LOT SALES MAP





Property Identification

Project Name Diablo Grande
Location Perrett Road
APN 025-027-007
City Patterson
County Stanislaus County

Sale Data

Grantor World International LLC
Grantee Pending
Days on Market 7
Contract Date June 25, 2014
Closing Date Pending
Deed Book Page Pending
Property Rights Conveyed Fee Simple
Conditions of Sale Market
Financing Terms Cash Equivalent
Sale (List) Price \$59,000 (\$91,190 per acre)
Confirmation Public records/MLS
Annual Special Taxes per Lot \$3,000

Land Data

Zoning Residential
Topography Sloping
View Local
Utilities In place
Land Area (Acres) 0.647

Remarks

This comparable is the pending sale of a 0.647-acre lot in Diablo Grande. The parcel sits above Perrett Road and offers local views with sloping terrain. The property was on the market for seven days.



Property Identification

Project Name Diablo Grande
Location 20641 Morton Davis Circle
APN 025-025-066
City Patterson
County Stanislaus County

Sale Data

Grantor Kenneth Helppie
Grantee John R King
Days on Market 111
Closing Date February 20, 2014
Deed Book Page 10702
Property Rights Conveyed Fee Simple
Conditions of Sale Market
Financing Terms Cash Equivalent
Sale (List) Price \$45,000 (\$83,333 per acre)
Confirmation Public records/MLS
Annual Special Taxes per Lot \$3,000

Land Data

Zoning Residential
Topography Level to sloping
View Local
Utilities In place
Land Area (Acres) 0.54

Remarks

This 0.54-acre lot in Diablo Grande sold in February 2014 for \$45,000. The parcel sits above the Diablo Grande Golf & Country Club and offers local views with level to sloping terrain. The property was on the market for 111 days for \$55,500.

LOT SALE 3



Property Identification

Project Name N/A
 Location 16485 Locust Avenue
 APN 048-009-034
 City Patterson
 County Stanislaus County

Sale Data

Grantor Cose Living trust
 Grantee Rodolfo & Karen Alvarez
 Contract Date N/A
 Closing Date November 26, 2013
 Deed Book Page 97357
 Property Rights Conveyed Fee Simple
 Conditions of Sale Market
 Financing Terms Cash Equivalent
 Sale Price \$150,000 (\$40,872 per acre)
 Confirmation Public records/MLS
 Annual Special Taxes per Lot \$0

Land Data

Zoning Residential
 Topography Generally level
 View Local
 Utilities None
 Land Area (Acres) 3.67

Remarks

This comparable is the sale of a 3.67-acre parcel in Patterson. The property sold with no water or sewer in place; though, existing estate homes flank both sides of the property. The property was on the market for just over 200 days and sold for the list price.

LOT SALE 4



Property Identification

Project Name Diablo Grande
 Location Morton Davis Circle
 APN 025-025-057
 City Patterson
 County Stanislaus County

Sale Data

Grantor Simile Construction Services Inc
 Grantee Mark Fullard
 Days on Market 41
 Closing Date August 14, 2013
 Deed Book Page 69754
 Property Rights Conveyed Fee Simple
 Conditions of Sale Market
 Financing Terms Cash Equivalent
 Sale (List) Price \$55,000 (\$100,000 per acre)
 Confirmation Public records/MLS
 Annual Special Taxes per Lot \$3,000

Land Data

Zoning Residential
 Topography Sloping
 View Local
 Utilities In place
 Land Area (Acres) 0.55

Remarks

This comparable is the August 2013 sale of a 0.55-acre lot in Diablo Grande. The parcel offers local views with sloping terrain. The property was on the market for 41 days for \$60,000.

LOT SALE 5



Property Identification

Project Name Chateau Montelana
Location 130 Opus One Court
APN 104-510-32-10
City El Dorado Hills
County El Dorado County

Sale Data

Grantor Joseph & Julie Rawlins
Grantee Scott & Anthea Adair
Contract Date N/A
Closing Date June 12, 2013
Deed Book Page 30616
Property Rights Conveyed Fee Simple
Conditions of Sale Market
Financing Terms Cash Equivalent
Sale Price \$195,000 (\$66,781 per acre)
Confirmation Public records/MLS
Annual Special Taxes per Lot \$0

Land Data

Zoning Residential
Topography Level to sloping
View American River
Utilities All to site
Land Area (Acres) 2.92

Remarks

This comparable is the June 2013 sale of a 2.92-acre parcel in the Chateau Montelana subdivision in El Dorado County, above the South Fork of the American River. The property has all utilities available for residential development. The lot was on the market for 149 days and sold for \$4,000 below the list price (\$199,000)

LOT SALE 6



Property Identification

Project Name Diablo Grande
Location 20621 Morton Davis Circle
APN 025-025-067
City Patterson
County Stanislaus County

Sale Data

Grantor Walt Oxley Ents Inc
Grantee Mark Fullard
Days on Market 13
Closing Date April 24, 2013
Deed Book Page 34764
Property Rights Conveyed Fee Simple
Conditions of Sale Market
Financing Terms Cash Equivalent
Sale (List) Price \$48,500 (\$89,814 per acre)
Confirmation Public records/MLS
Annual Special Taxes per Lot \$3,000

Land Data

Zoning Residential
Topography Level to sloping
View Local
Utilities In place
Land Area (Acres) 0.54

Remarks

This 0.54-acre lot in Diablo Grande, which sold in April 2013 for \$48,500, is adjacent to Comparable 2. The parcel sits above the Diablo Grande Golf & Country Club driving range and offers local views with level to sloping terrain. The property was on the market for 13 days for \$50,000.

LOT SALE 7



Property Identification

Project Name Diablo Grande
Location 20600 Morton Davis Circle
APN 025-025-058
City Patterson
County Stanislaus County

Sale Data

Grantor Simile Construction Services Inc
Grantee Warren & Theresa Taylor
Days on Market 4
Closing Date April 24, 2013
Deed Book Page 34768
Property Rights Conveyed Fee Simple
Conditions of Sale Market
Financing Terms Cash Equivalent
Sale (List) Price \$55,000 (\$118,790 per acre)
Confirmation Public records/MLS
Annual Special Taxes per Lot \$3,000

Land Data

Zoning Residential
Topography Sloping
View Local
Utilities In place
Land Area (Acres) 0.463

Remarks

This lot in Diablo Grande sold in April 2013 for \$55,000 after being on the market for four days. The parcel offers local views with sloping topography. The property was listed for \$50,000 and sold above the list price.

LOT SALE 8



Property Identification

Project Name None
Location 11196 W. Clover Road
APN 214-180-36
City Tracy
County San Joaquin County

Sale Data

Grantor Good News Missionary Baptist Church
Grantee Irfan Khan
Contract Date N/A
Closing Date March 26, 2013
Deed Book Page 39174
Property Rights Conveyed Fee Simple
Conditions of Sale Market
Financing Terms Cash Equivalent
Sale Price \$125,000 (\$64,433 per acre)
Confirmation Public records/MLS
Annual Special Taxes per Lot \$0

Land Data

Zoning Residential
Topography Generally level
View Local
Utilities Public water within 500'; septic needed
Land Area (Acres) 1.94

Remarks

This property is the March 2013 sale of a 1.94-acre residential parcel in Tracy. The property was on the market for a little over one year and sold for \$125,000, or \$25,000 below the asking price (\$150,000).

LOT SALE 9



Property Identification

Project Name None
 Location 16670 Wakefield Court
 APN 209-390-27
 City Tracy
 County San Joaquin County

Sale Data

Grantor Willy Ngosi
 Grantee Timothy J & Cindy Bannister et al
 Contract Date N/A
 Closing Date December 16, 2011
 Deed Book Page 155503
 Property Rights Conveyed Fee Simple
 Conditions of Sale Market
 Financing Terms Cash Equivalent
 Sale Price \$135,000 (\$48,214 per acre)
 Confirmation Public records/MLS
 Annual Special Taxes per Lot \$0

Land Data

Zoning Residential
 Topography Generally level
 View Local
 Utilities Domestic well; septic needed
 Land Area (Acres) 2.80

Remarks

This 2.8-acre residential parcel in Tracy sold in December 2011 for \$135,000, or 20% below the list price (\$169,000). The property was on the market for 114 days.

LOT SALE 10



Property Identification

Project Name None
 Location 8000 W. Linne Road
 APN 253-220-32
 City Tracy
 County San Joaquin County

Sale Data

Grantor Terry M Stelma
 Grantee Teisha M Markey et al
 Contract Date N/A
 Closing Date March 31, 2011
 Deed Book Page 38861
 Property Rights Conveyed Fee Simple
 Conditions of Sale Market
 Financing Terms Cash Equivalent
 Sale Price \$130,000 (\$86,667 per acre)
 Confirmation Public records/MLS
 Annual Special Taxes per Lot \$0

Land Data

Zoning Residential
 Topography Generally level
 View Local
 Utilities None
 Land Area (Acres) 1.50

Remarks

This property is the March 2011 sale of a 1.5-acre residential parcel in Tracy. The property was on the market for one month and sold for \$130,000, or \$10,000 below the asking price (\$140,000). The site has no water or sewer.

LOT SALE 11 (LISTING)



Property Identification

Project Name None
Location 2501 Village Drive
APN 003-031-002
City Lone
County Amador County

Sale Data

Grantor Soliven
Grantee Listing
Contract Date Listing
Closing Date Listing
Deed Book Page Listing
Property Rights Conveyed Fee Simple
Conditions of Sale Market
Financing Terms Cash Equivalent
List Price \$299,000 (\$32,151 per acre)
Confirmation Public records/MLS
Annual Special Taxes per Lot \$0

Land Data

Zoning Residential
Topography Generally level
View Local
Utilities Public water and sewer within 500'
Land Area (Acres) 9.30

Remarks

This listing is for a 9.3-acre parcel in Lone. The property has been on the market for just over a month and is proximate to existing, rural single-family estates. Public utilities are reportedly located within 500 feet of the lot.

LOT SALE 12 (LISTING)



Property Identification

Project Name Chateau Montelana
Location 130 Opus One Court
APN 104-510-32-10
City El Dorado Hills
County El Dorado County

Sale Data

Grantor Scott & Anthea Adair
Grantee Listing
Contract Date Listing
Closing Date Listing
Deed Book Page Listing
Property Rights Conveyed Fee Simple
Conditions of Sale Market
Financing Terms Cash Equivalent
Sale Price \$275,000 (\$94,178 per acre)
Confirmation Public records/MLS
Annual Special Taxes per Lot \$0

Land Data

Zoning Residential
Topography Level to sloping
View American River
Utilities All to site
Land Area (Acres) 2.92

Remarks

This comparable is the current listing for Comparable 5, a 2.92-acre parcel in the Chateau Montelana subdivision in El Dorado County, above the South Fork of the American River. The property has all utilities available for residential development.

LOT SALE 13 (LISTING)



Property Identification

Project Name	Chateau Montelana
Location	1201 Cain Five Drive
APN	104-240-22-00 (portion)
City	El Dorado Hills
County	El Dorado County

Sale Data

Grantor	Joseph & Julie Rawlins
Grantee	Scott & Anthea Adair
Contract Date	N/A
Closing Date	June 12, 2013
Deed Book Page	30616
Property Rights Conveyed	Fee Simple
Conditions of Sale	Market
Financing Terms	Cash Equivalent
Sale Price	\$480,000 (\$96,000 per acre)
Confirmation	MLS
Annual Special Taxes per Lot	\$0

Land Data

Zoning	Residential
Topography	Level to sloping
View	Local
Utilities	All to site
Land Area (Acres)	5.0

Remarks

This comparable is the current listing of a 5.0-acre parcel in the Chateau Montelana subdivision in El Dorado County, above the South Fork of the American River, west of Salmon Falls Road. The property has all utilities available for residential development.

Analysis and Conclusion

The comparable transactions are adjusted based on the profile of the subject property with regard to categories that affect market value. This report relies on quantitative adjustments. For certain adjustments such as site development cost and Special Taxes (if applicable), adjustments are made using actual or estimated (present value) dollar amounts. Other adjustments may be categories as either superior or inferior, with percentage adjustments applied accordingly. If a comparable has an attribute considered superior to that of the subject, it is adjusted downward to negate the effect the item has on the price of the comparable. The opposite is true of categories considered inferior to the subject. The adjustments are made in consideration of paired sales, the appraiser's experience and knowledge and interviews with market participants. At a minimum, the appraiser considers the need to make adjustments for the following items:

- Expenditures after Sale (atypical carrying costs such as Special Taxes)
- Property rights conveyed
- Financing terms
- Conditions of sale (motivation)
- Market conditions (time)
- Location
- Physical features

A detailed analysis involving the adjustment factors is presented below.

Expenditures After Sale/Special Taxes

Special Taxes vary between some of the comparables and the subject. Whether the comparables were purchased for investment or for speculative home construction, Special Taxes represent a significant holding cost. The subject is encumbered by the Western Hills Water District Diablo Grande Community Facilities District No. 1, as are Comparables 1, 2, 4, 6 and 7. The impact of the Bonds is considered in this analysis.

Note that HOA fees between the comparables and subject can also vary. However, HOA fees are connected to the level of community amenities in each project, where higher fees generally provide some greater tangible benefit (such as a clubhouse, more common area landscaping, etc.) that contributes to higher sale prices. For this reason, we do not account for differences in HOA fees.

Property Rights Conveyed

In transactions of real property, the rights being conveyed vary widely and have a significant impact on the sales price. As previously noted, the opinion of value in this report is based on a fee simple estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat, as well as non-detrimental easements, community facility districts and conditions, covenants and restrictions (CC&Rs). All the comparables represent fee simple estate transactions. Therefore, adjustments for property rights are not necessary.

Financing Terms

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below-market financing terms or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis. The comparable sales were cash to the seller transactions or cash equivalent transactions and do not require adjustments.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sales price actually paid compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered to be non-market and may include the following:

- a seller acting under duress,
- a lack of exposure to the open market,
- an inter-family or inter-business transaction for the sake of family or business interest,
- an unusual tax consideration,
- a premium paid for site assemblage,
- a sale at legal auction, or
- an eminent domain proceeding.

All of the comparables were not known to involve any atypical conditions of sale and do not require adjustments. Comparables 11, 12 and 13 represent current listings and are adjusted downward for the typical negotiations between buyers and sellers.

Market Conditions

Market conditions vary over time, but the date of this appraisal is for a specific point in time. In a dynamic economy – one that is undergoing changes in the value of the dollar, interest rates and economic growth or decline – extra attention needs to be paid to assess changing market conditions. Significant monthly changes in price levels can occur in several areas of a city, while prices in other areas remain relatively stable. Although the adjustment for market conditions is often referred to as a time adjustment, time is not the cause of the adjustment.

As discussed in the *Housing Market Overview*, lot prices are increasing across the region as the market once again enters an expansionary residential period. Different areas of the Central Valley region are experiencing increases in prices at slightly different times and at different levels. After prices “corrected” to a stabilized level, lot pricing has been generally stable. Comparable 5 was purchased in June 2013 for \$195,000, and is currently listed for \$275,000, a 41% increase. Comparables 9 and 10 transferred in 2011 and merit upward adjustments for improving market conditions. Comparables 5 through 8, which transferred between March and June 2013, also warrant upward adjustments for improving market conditions. The remaining comparables are either current listings, pending sales or transactions reflective of current market conditions.

Physical Characteristics

The physical characteristics of a property can impact the selling price. Those that may impact value include the following:

Location

Locational factors considered in this analysis include, but are not limited to, proximity to employment centers, amount of community facilities and economic/demographic characteristics. Comparables 1, 2, 4, 6 and 7 are properties located within the subject’s Diablo Grande master planned community; thus, no adjustments are warranted. Comparable 3 is located in Patterson and does not merit an adjustment for location. Comparables 5, 12 and 13 are located in El Dorado Hills, which is generally considered substantially superior in terms of location and a downward adjustment is applied. Comparables 8, 9 and 10 are located in Tracy, which is superior in terms of proximity to employment centers and supporting commercial and community services; thus, a downward adjustment is applied. Comparable 11 is located in Ione (Amador County), which is considered inferior when compared to the subject and receives an upward adjustment.

Community Appeal

The subject lots are located in the Diablo Grande community, which have good community appeal. Comparables 1, 2, 4, 6 and 7 are also located in Diablo Grande and share the same community appeal. Comparables 3, 8, 9, 10 and 11 are not located within estate-oriented master planned communities and have below average community appeal compared to the subject. Comparables 5, 12 and 13 are located in the Chateau Montelana subdivision in El Dorado Hills, which is considered generally similar to the subject under its current condition prior to build-out.

Lot Position/View Amenity

Comparables 1, 2, 4, 6 and 7 are similar to the typical subject lot. Comparables 5, 12 and 13 are also considered generally similar in terms of lot position/view amenity with respect to open space and views of the American River. The remaining Comparables are considered inferior when compared to the subject lots.

Lot Size

Differences in lot size between the comparables and subject are considered with respect to the categories of lots: less than one acre; greater than one acre, but less than three acres; greater than three acres, but less than five acres and those greater than five acres. In light of the rolling topography of the area and limitations of future building pads given the topography and wetlands or open space areas, minor differences in acreage between the comparables and subject do not require adjustment. Comparables with lot sizes within 0.5-acre do not require adjustment (this is generally supported by the data). In the overall value conclusion for each of the subject lot categories, an adjustment factor for the difference in lot size is considered and reflects the limited utility associated with land outside of the building pad area.

Topography/Site Utility

Differences in topography, shape of the parcel, trees, rock outcroppings, drainage or soil conditions can affect the utility and, therefore, the market value of residential lots. The primary site utility factor involving the subject is topography. All of the subject lots have generally sloping topography, with some containing steep topography, which limits the developable building pad. Comparables 3, 8, 9, 10, 11 and 13 have generally level topography (and site utility), which is considered superior to the subject lots.

Utilities

The subject lots have all utilities in place; whereas, a few of the Comparables lack utilities. Thus, upward adjustments are warranted.

Adjustment Grid

The grid on the following page reflects the afore-discussed adjustments.

ADJUSTMENT GRID - ESTATE LOTS													
Elements of Comparison:	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7	Sale 8	Sale 9	Sale 10	Sale 11	Sale 12
Lot Price		\$85,000	\$45,000	\$169,000	\$55,000	\$192,000	\$48,000	\$58,000	\$125,000	\$135,000	\$130,000	\$299,000	\$275,000
Spec'd Uses		331,043	331,043	331,043	331,043	331,043	331,043	331,043	331,043	331,043	331,043	331,043	331,043
Property Rights Conveyed		Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment													
Physical Characteristics:													
Location		Double Grnd	Double Grnd	Double Grnd	Double Grnd	Double Grnd	Double Grnd	Double Grnd	Double Grnd	Double Grnd	Double Grnd	Double Grnd	Double Grnd
Community Appeal		Average	Similar	Inferior	Similar	Similar	Similar	Similar	Inferior	Inferior	Inferior	Inferior	Inferior
Adjustment				Upward					Upward	Upward	Upward	Upward	Upward
Lot Position/View/Amenity		Good	Similar	Inferior	Similar	Similar	Similar	Similar	Inferior	Inferior	Inferior	Inferior	Inferior
Adjustment				Upward					Upward	Upward	Upward	Upward	Upward
Lot Size (Typical)		41'-51'-51'-51'	0.45	3.67	0.55	2.92	0.54	0.46	1.94	2.80	1.50	9.30	2.92
Adjustment				Superior					Superior	Superior	Superior	Superior	Superior
Topography/Site Utility		Sloping (typical)	Similar	Downward	Similar	Similar	Similar	Similar	Downward	Downward	Downward	Downward	Downward
Adjustment									Partial	Partial	Partial	Partial	Partial
Utilities		In Place	Similar	None	Similar	Similar	Similar	Similar	Upward	Upward	Upward	Upward	Upward
Adjustment				Upward					Upward	Upward	Upward	Upward	Upward
Sum of Adjustments			Similar	Upward	Similar	Downward	Upward	Upward	Similar	Similar	Upward	Similar	Downward
Adjusted Lot Value		= \$90,045	= \$79,045	= \$145,000	= \$80,045	= \$145,000	= \$79,245	= \$80,045	= \$125,000	= \$135,000	= \$130,000	= \$275,000	= \$275,000
Concluded Landed Lot Value:		< \$1,000,000	< \$1,000,000	> \$1,000,000	< \$1,000,000	< \$1,000,000	> \$1,000,000	< \$1,000,000	< \$1,000,000	< \$1,000,000	< \$1,000,000	< \$1,000,000	< \$1,000,000

Conclusion

Based on the data set, conclusions of market value for the subject’s estate lots, by category, is as follows:

Estate Lot Category	Estate Lot Value
< 1 acre lots	\$90,000
< 3 acre lots	\$135,000
< 5 acre lots	\$175,000
> 5 acre lots	\$200,000

The above value conclusions are applied to the 121 estate lots as follows:

APN	Owner Name	Description	Appraised Value	Gross Acres	Taxable Acres	Lot Sq. Ft.
025-025-065	ALLEN ANDOVER LLC	Estate Lot	\$90,000	0.49	0.49	21,481
025-025-019	ALVAREZ JACK	Estate Lot	\$90,000	0.46	0.46	20,214
025-028-012	ANDERSEN BRIAN & AMY	Estate Lot	\$90,000	0.96	0.96	41,818
025-025-003	BANK OF STOCKTON	Estate Lot	\$90,000	0.51	0.51	22,111
025-025-005	BANK OF STOCKTON	Estate Lot	\$90,000	0.47	0.47	20,259
025-025-029	BARSAMIAN ROBERT C & TRISHA A	Estate Lot	\$90,000	0.46	0.46	20,113
025-025-012	BRAR KAMALIIT	Estate Lot	\$90,000	0.46	0.46	20,114
025-025-014	BUI STEVE T	Estate Lot	\$90,000	0.52	0.52	22,720
025-025-027	CAO YANGLONG	Estate Lot	\$90,000	0.46	0.46	20,072
025-028-021	CEARLEY RONALD E	Estate Lot	\$90,000	0.57	0.57	24,630
025-027-003	CEARLEY RONALD E	Estate Lot	\$135,000	2.82	2.82	122,839
025-027-001	CHADINHA ABEL & PAULA M	Estate Lot	\$175,000	3.34	3.34	145,490
025-025-017	DEOL MANDEEP	Estate Lot	\$90,000	0.47	0.47	20,435
025-028-013	DIABLO GRANDE LTD PAR	Estate Lot	\$135,000	1.36	1.36	59,242
025-041-006	ENBOM BRIAN R & DIANE F	Estate Lot	\$90,000	0.94	0.94	40,946
025-027-002	GNESA HENRY A & JILL E	Estate Lot	\$175,000	3.03	3.03	131,987
025-027-007	GROVER CUSTOM BUILDERS INC	Estate Lot	\$90,000	0.63	0.63	27,564
025-026-020	GURM MANDEEP S	Estate Lot	\$90,000	0.66	0.66	28,659
025-025-066	HELPIE KENNETH	Estate Lot	\$90,000	0.55	0.55	23,892
025-025-010	KAELEY PARAMDEEP	Estate Lot	\$90,000	0.53	0.53	22,941
025-026-022	KAMBOJ DILJIT S & KAUR SARBIT	Estate Lot	\$90,000	0.67	0.67	29,207
025-025-013	KAUR RAJIVR	Estate Lot	\$90,000	0.46	0.46	20,043
025-025-008	LEE DANIEL	Estate Lot	\$90,000	0.60	0.60	26,153
025-025-002	MALSAM LAURIE	Estate Lot	\$90,000	0.52	0.52	22,725
025-025-030	MARTINS VALDERMIRO & EVA	Estate Lot	\$90,000	0.49	0.49	21,505
025-025-039	MASHHON HOSSEIN & MASOUMEH G	Estate Lot	\$90,000	0.48	0.48	20,711
025-025-015	MGOSS WILLY & LIM DOLORES	Estate Lot	\$90,000	0.59	0.59	25,727
025-025-038	NORTHERN CALIFORNIA COMMUNITY DEVELOPMENT	Estate Lot	\$90,000	0.51	0.51	22,111
025-027-017	NY DIABLO GRANDE LLC	Estate Lot	\$135,000	1.66	1.66	72,310
025-023-003	OAK VALLEY COMMUNITY BANK	Estate Lot	\$175,000	3.45	3.45	150,282
025-023-004	OAK VALLEY COMMUNITY BANK	Estate Lot	\$175,000	3.99	3.99	173,804
025-023-005	OAK VALLEY COMMUNITY BANK	Estate Lot	\$175,000	3.68	3.68	160,301
025-023-006	OAK VALLEY COMMUNITY BANK	Estate Lot	\$175,000	4.95	4.95	215,622
025-023-007	OAK VALLEY COMMUNITY BANK	Estate Lot	\$175,000	3.41	3.41	148,540

APN	Owner Name	Description	Appraised Value	Gross Acres	Taxable Acres	Lot Sq. Ft.
025-025-028	ORMONDE STEVEN K	Estate Lot	\$90,000	0.46	0.46	20,212
025-026-019	PAINE NANCY	Estate Lot	\$90,000	0.66	0.66	28,780
025-026-014	PENEYRA NESSIE V & JOVITA J	Estate Lot	\$90,000	0.26	0.26	11,203
025-026-026	PETERS MARK C	Estate Lot	\$90,000	0.56	0.56	24,470
025-025-057	SIMILE CONSTRUCTION SERVICE INC	Estate Lot	\$90,000	0.55	0.55	23,912
025-025-058	SIMILE CONSTRUCTION SERVICES INC	Estate Lot	\$90,000	0.46	0.46	20,095
025-026-025	SINGH GURPREET	Estate Lot	\$90,000	0.63	0.63	27,419
025-027-021	SOUZA GEORGE J & MARLENE M	Estate Lot	\$90,000	0.92	0.92	40,031
025-027-018	TERRY DEVELOPMENT INC	Estate Lot	\$90,000	0.83	0.83	36,155
025-025-007	TITUS DEWAYNE	Estate Lot	\$90,000	0.55	0.55	23,991
025-025-018	TOBARAMAYA CARLOS	Estate Lot	\$90,000	0.49	0.49	21,279
025-026-028	TRIVEDI RITESH & SHEFALI	Estate Lot	\$90,000	0.53	0.53	23,150
025-026-009	WALKER MICHAEL S & BETH M	Estate Lot	\$90,000	0.25	0.25	10,753
025-026-010	WALKER MICHAEL S & BETH M	Estate Lot	\$90,000	0.27	0.27	11,798
025-025-004	WALT OXLEY ENTERPRISES INC	Estate Lot	\$90,000	0.55	0.55	23,892
025-025-007	WALT OXLEY ENTERPRISES INC	Estate Lot	\$90,000	0.55	0.55	23,767
025-041-007	WALT OXLEY ENTERPRISES INC	Estate Lot	\$90,000	0.92	0.92	40,075
025-042-016	WALT OXLEY ENTERPRISES INC	Estate Lot	\$135,000	1.14	1.14	49,658
025-023-009	WORLD INTERNATIONAL LLC	Estate Lot	\$175,000	4.38	4.38	190,793
025-023-010	WORLD INTERNATIONAL LLC	Estate Lot	\$200,000	6.71	6.71	292,288
025-025-001	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.50	0.50	21,889
025-025-006	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.53	0.53	23,154
025-025-034	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.46	0.46	20,041
025-025-047	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.52	0.52	22,702
025-025-049	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.96	0.96	41,670
025-025-051	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.48	0.48	20,959
025-025-053	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.76	0.76	33,018
025-025-054	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.61	0.61	26,766
025-025-055	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.46	0.46	20,193
025-025-056	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.56	0.56	24,505
025-025-059	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.54	0.54	23,535
025-025-060	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.56	0.56	24,492
025-025-061	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.50	0.50	21,958
025-025-062	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.46	0.46	20,057
025-025-063	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.46	0.46	20,035
025-025-064	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.46	0.46	20,061
025-025-068	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.46	0.46	20,048
025-027-008	WORLD INTERNATIONAL LLC	Estate Lot	\$175,000	3.33	3.33	145,055
025-027-012	WORLD INTERNATIONAL LLC	Estate Lot	\$175,000	3.34	3.34	145,490
025-027-013	WORLD INTERNATIONAL LLC	Estate Lot	\$175,000	3.03	3.03	131,987
025-027-015	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.61	0.61	26,572
025-027-016	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.55	0.55	23,958
025-028-007	WORLD INTERNATIONAL LLC	Estate Lot	\$200,000	9.13	9.13	397,703
025-028-008	WORLD INTERNATIONAL LLC	Estate Lot	\$200,000	5.88	5.88	256,133
025-028-009	WORLD INTERNATIONAL LLC	Estate Lot	\$200,000	5.85	5.85	254,826
025-028-011	WORLD INTERNATIONAL LLC	Estate Lot	\$135,000	1.21	1.21	52,708
025-028-014	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.50	0.50	21,780
025-028-015	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.52	0.52	22,651
025-028-016	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.48	0.48	20,909
025-028-017	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.72	0.72	31,363
025-028-018	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.92	0.92	40,075
025-028-019	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.75	0.75	32,670
025-028-020	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.55	0.55	23,958
025-028-021	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.49	0.49	21,344
025-028-022	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.58	0.58	25,265
025-028-023	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.55	0.55	23,958
025-028-024	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.74	0.74	32,234
025-028-025	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.99	0.99	43,124
025-028-026	WORLD INTERNATIONAL LLC	Estate Lot	\$135,000	1.46	1.46	62,698
025-041-001	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.48	0.48	20,909
025-041-002	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.92	0.92	40,075
025-041-003	WORLD INTERNATIONAL LLC	Estate Lot	\$135,000	1.35	1.35	58,806
025-041-004	WORLD INTERNATIONAL LLC	Estate Lot	\$200,000	5.65	5.65	246,114

APN	Owner Name	Description	Appraised Value	Gross Acres	Taxable Acres	Lot Sq. Ft.
025-041-005	WORLD INTERNATIONAL LLC	Estate Lot	\$175,000	4.76	4.76	207,346
025-041-009	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.72	0.72	31,363
025-041-010	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.47	0.47	20,473
025-041-011	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.48	0.48	20,909
025-042-004	WORLD INTERNATIONAL LLC	Estate Lot	\$175,000	4.88	4.88	212,573
025-042-005	WORLD INTERNATIONAL LLC	Estate Lot	\$175,000	3.29	3.29	143,312
025-042-006	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.89	0.89	38,768
025-042-007	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.53	0.53	23,087
025-042-008	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.53	0.53	23,087
025-042-009	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.46	0.46	20,038
025-042-010	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.47	0.47	20,473
025-042-011	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.65	0.65	28,314
025-042-012	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.77	0.77	33,541
025-042-013	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.61	0.61	26,572
025-042-014	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.61	0.61	26,572
025-042-015	WORLD INTERNATIONAL LLC	Estate Lot	\$135,000	1.00	1.00	43,560
025-042-017	WORLD INTERNATIONAL LLC	Estate Lot	\$175,000	4.67	4.67	203,425
025-042-018	WORLD INTERNATIONAL LLC	Estate Lot	\$135,000	1.57	1.57	68,389
025-042-019	WORLD INTERNATIONAL LLC	Estate Lot	\$135,000	1.01	1.01	43,996
025-042-020	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.92	0.92	40,075
025-042-021	WORLD INTERNATIONAL LLC	Estate Lot	\$90,000	0.75	0.75	32,670
025-028-008	WYATT JIM L & SANDRA	Estate Lot	\$90,000	0.24	0.24	10,669
025-028-027	YBARRA ANDREW G & FANNIE V	Estate Lot	\$90,000	0.98	0.98	42,556
025-041-008	ZERCOE STEVE	Estate Lot	\$90,000	0.92	0.92	40,075

In light of the fact there are 66 estate lots held by the master developer, not including the production-oriented single-family lots previously valued, a discounted cash flow analysis will be used to determine the market value in bulk of the master developer (World International LLC) components.

BULK MARKET VALUE – WORLD INTERNATIONAL LLC OWNERSHIP
(MASTER DEVELOPER COMPONENT)

In this section, the market value of the World International LLC-owned portion of the District, in bulk, subject to the Lien of the Special Tax securing the Western Hills Water District Diablo Grande Community Facilities District No. 1 Bonds, will be estimated by employing the use of a discounted cash flow analysis; whereby, the expected revenue, absorption period, expenses and discount rate associated with the development and sell-off of the land will be taken into account.

A discounted cash flow analysis is a procedure in which a discount rate is applied to a projected revenue stream generated from the sale of individual components of a project. In this method of valuation, the appraiser/analyst specifies the quantity, variability, timing and duration of the revenue streams and discounts each to its present value at a specified yield rate.

The four main items of the discounted cash flow analysis are summarized as follows:

- **Revenue** – the gross income is based on the individual component values.
- **Absorption Analysis** – the time frame required for sell off. Of primary importance in this analysis is the allocation of the revenue over the absorption period – including the estimation of an appreciation factor (if any).
- **Expenses** – the expenses associated with the sell-off are calculated in this section – including remaining in-tract and infrastructure costs, administration, marketing and commission costs, as well as taxes and special assessments.
- **Discount Rate** – an appropriate discount rate is derived employing a variety of data.

Discussions of these four concepts begin below, with the discounted cash flow analysis offered at the end of this section.

Revenue

The individual component valuations of the 1,484 residential lots held by the master developer, which is depicted in the following table, comprises the revenue of the discounted cash flow analysis.

Village (Master Developer)	Lot Configurations	Typical Lot Size	Description	Lots	Total
2A			Townhomes	42	42
2B, 2C, 3H, 3L & 5	35' x 105'	3,675	Single-Family Lots	292	
2C, 3B, 3H, 3I, 4C & 5	50' x 105'	5,250	Single-Family Lots	388	
2C, 2D, 3B, 3F, 3H, 3I, 4A, 4C, 5 & 5A	60' x 105'	6,300	Single-Family Lots	423	
3C, 3D, 3E, 3F, 3I, 3K, 4A, 4B, 4D & 5	70' x 105'	7,350	Single-Family Lots	140	
2C, 3C, 3D, 3E, 3F, 3G, 3I, 4A, 4B & 5	80' x 105'	8,400	Single-Family Lots	133	1,376
Estates				66	66
Total (Master Developer)					1,484

The market value of each lot was estimated in the previous valuation sections and is summarized in the table on the next page.

Village/Estate Lot (Parcel)	Lot Configurations	Typical Lot Estate Lot Size (SF/AC)	Description	Lots	Indicated Bulk Lot Values	Total Aggregate Values
2A			Townhomes	42	\$59,000	\$2,478,000
2B, 2C, 3H, 3L & 5	35' x 105'	3,675	Single-Family Lots	292	\$84,000	\$24,528,000
2C, 3B, 3H, 3L, 4C & 5	50' x 105'	5,250	Single-Family Lots	388	\$99,000	\$38,412,000
2C, 2D, 3B, 3F, 3H, 3L, 4A, 4C, 5 & 5A	60' x 105'	6,300	Single-Family Lots	423	\$109,000	\$46,107,000
3C, 3D, 3E, 3F, 3L, 3K, 4A, 4B, 4D & 5	70' x 105'	7,350	Single-Family Lots	140	\$119,000	\$16,660,000
2C, 3C, 3D, 3E, 3F, 3H, 3L, 4A, 4B & 5	80' x 105'	8,400	Single-Family Lots	133	\$129,000	\$17,157,000
025-023-009	< 5 acre estate lot	4.38	Estate Lot	1	\$175,000	
025-023-010	> 5 acre estate lot	6.71	Estate Lot	1	\$200,000	
025-025-001	< 1 acre estate lot	0.50	Estate Lot	1	\$90,000	
025-025-006	< 1 acre estate lot	0.53	Estate Lot	1	\$90,000	
025-025-034	< 1 acre estate lot	0.46	Estate Lot	1	\$90,000	
025-025-047	< 1 acre estate lot	0.52	Estate Lot	1	\$90,000	
025-025-049	< 1 acre estate lot	0.96	Estate Lot	1	\$90,000	
025-025-051	< 1 acre estate lot	0.48	Estate Lot	1	\$90,000	
025-025-053	< 1 acre estate lot	0.76	Estate Lot	1	\$90,000	
025-025-054	< 1 acre estate lot	0.61	Estate Lot	1	\$90,000	
025-025-055	< 1 acre estate lot	0.46	Estate Lot	1	\$90,000	
025-025-056	< 1 acre estate lot	0.56	Estate Lot	1	\$90,000	
025-025-059	< 1 acre estate lot	0.54	Estate Lot	1	\$90,000	
025-025-060	< 1 acre estate lot	0.56	Estate Lot	1	\$90,000	
025-025-061	< 1 acre estate lot	0.50	Estate Lot	1	\$90,000	
025-025-062	< 1 acre estate lot	0.46	Estate Lot	1	\$90,000	
025-025-063	< 1 acre estate lot	0.46	Estate Lot	1	\$90,000	
025-025-064	< 1 acre estate lot	0.46	Estate Lot	1	\$90,000	
025-025-068	< 1 acre estate lot	0.46	Estate Lot	1	\$90,000	
025-027-008	< 5 acre estate lot	3.33	Estate Lot	1	\$175,000	
025-027-012	< 5 acre estate lot	3.34	Estate Lot	1	\$175,000	
025-027-013	< 5 acre estate lot	3.03	Estate Lot	1	\$175,000	
025-027-015	< 1 acre estate lot	0.61	Estate Lot	1	\$90,000	
025-027-016	< 1 acre estate lot	0.55	Estate Lot	1	\$90,000	
025-028-007	> 5 acre estate lot	9.13	Estate Lot	1	\$200,000	
025-028-008	> 5 acre estate lot	5.88	Estate Lot	1	\$200,000	
025-028-009	> 5 acre estate lot	5.85	Estate Lot	1	\$200,000	
025-028-011	< 3 acre estate lot	1.21	Estate Lot	1	\$135,000	
025-028-014	< 1 acre estate lot	0.50	Estate Lot	1	\$90,000	
025-028-015	< 1 acre estate lot	0.52	Estate Lot	1	\$90,000	
025-028-016	< 1 acre estate lot	0.48	Estate Lot	1	\$90,000	
025-028-017	< 1 acre estate lot	0.72	Estate Lot	1	\$90,000	
025-028-018	< 1 acre estate lot	0.92	Estate Lot	1	\$90,000	
025-028-019	< 1 acre estate lot	0.75	Estate Lot	1	\$90,000	
025-028-020	< 1 acre estate lot	0.55	Estate Lot	1	\$90,000	
025-028-021	< 1 acre estate lot	0.49	Estate Lot	1	\$90,000	
025-028-022	< 1 acre estate lot	0.58	Estate Lot	1	\$90,000	
025-028-023	< 1 acre estate lot	0.55	Estate Lot	1	\$90,000	
025-028-024	< 1 acre estate lot	0.74	Estate Lot	1	\$90,000	
025-028-025	< 1 acre estate lot	0.99	Estate Lot	1	\$90,000	
025-028-026	< 3 acre estate lot	1.46	Estate Lot	1	\$135,000	
025-041-001	< 1 acre estate lot	0.48	Estate Lot	1	\$90,000	
025-041-002	< 1 acre estate lot	0.92	Estate Lot	1	\$90,000	
025-041-003	< 3 acre estate lot	1.35	Estate Lot	1	\$135,000	
025-041-004	> 5 acre estate lot	5.65	Estate Lot	1	\$200,000	
025-041-005	> 5 acre estate lot	4.76	Estate Lot	1	\$175,000	
025-041-009	< 1 acre estate lot	0.72	Estate Lot	1	\$90,000	
025-041-010	< 1 acre estate lot	0.47	Estate Lot	1	\$90,000	
025-041-011	< 1 acre estate lot	0.48	Estate Lot	1	\$90,000	
025-042-004	> 5 acre estate lot	4.88	Estate Lot	1	\$175,000	
025-042-005	> 5 acre estate lot	3.29	Estate Lot	1	\$175,000	
025-042-006	< 1 acre estate lot	0.89	Estate Lot	1	\$90,000	
025-042-007	< 1 acre estate lot	0.53	Estate Lot	1	\$90,000	
025-042-008	< 1 acre estate lot	0.53	Estate Lot	1	\$90,000	
025-042-009	< 1 acre estate lot	0.46	Estate Lot	1	\$90,000	
025-042-010	< 1 acre estate lot	0.47	Estate Lot	1	\$90,000	
025-042-011	< 1 acre estate lot	0.65	Estate Lot	1	\$90,000	
025-042-012	< 1 acre estate lot	0.77	Estate Lot	1	\$90,000	
025-042-013	< 1 acre estate lot	0.61	Estate Lot	1	\$90,000	
025-042-014	< 1 acre estate lot	0.61	Estate Lot	1	\$90,000	
025-042-015	< 3 acre estate lot	1.00	Estate Lot	1	\$135,000	
025-042-017	> 5 acre estate lot	4.67	Estate Lot	1	\$175,000	
025-042-018	< 3 acre estate lot	1.57	Estate Lot	1	\$135,000	
025-042-019	< 3 acre estate lot	1.01	Estate Lot	1	\$135,000	
025-042-020	< 1 acre estate lot	0.92	Estate Lot	1	\$90,000	
025-042-021	< 1 acre estate lot	0.75	Estate Lot	1	\$90,000	
Total Aggregate Value (master developer component)				1,484		\$152,782,000

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Absorption Analysis

Absorption rates are best measured by looking at historic absorption rates for similar properties in the region. In developing an appropriate absorption period for the disposition of the subject's parcels, we have considered historic absorption rates for similar properties and also attempted to consider the impacts of present market conditions, as well as the anticipated changes in the market. Real estate is cyclical in nature, and it is difficult to accurately forecast specific demand over a projected absorption period.

In attempting to estimate the exposure time that would be required for the disposition of the production-oriented residential lots comprising the subject, both the historical exposure times and projected economic conditions are considered. A number of assumptions are made in the discounted cash flow analysis, not the least of which is the forecast of absorption, or disposition, of the various land use components comprising the subject property. It is common for surveys of market participants to reveal different estimations of anticipated absorption periods for the sell-off of multiple components comprising a master planned development, or large land holding, with some developers preferring to hasten the holding period in favor of mitigating exposures to fluctuations in market conditions; whereas, other developers prefer to manage the sell-off of the property over an extended period of time so as to minimize direct competition of product within the master planned project – most often associated with large residential developments. With 1,484 single-family residential lots, with limited activity during the past seven+ years, a managed disposition of the bulk lots to merchant builders over four years seems appropriate. While the project has remained relatively stagnant during the past six years of the housing market contraction, it is expected that as the housing market continues its recovery and appreciation in the primary market areas of the Bay Area, buyers will once again be forced to consider commuter options presented in the Central Valley. As a unique resort-oriented development, the subject property is likely to capture interest from potential buyers as experienced during the initial development period.

We have also considered the long term absorption rates at similar custom (estate) lot projects in Northern California that target upper-income households. Lot sales at these projects are indicated in the table below.

Project & Location	Survey Period	Total Sales*	Sales Per Month	Comment
Promontory, Village 6, Phase 1 by AKT Development	October 2000 through June 2003 (20 months)	28	1.4	Rolling topography, lots of 1/3 acre, non-gated, resales excluded
El Dorado Hills, Sacramento County, CA				
Promontory, Village 6, Phase 2A by AKT Development	June 2003 through June 2005 (24 months)	34	1.4	Rolling topography, lots of 0.5 to 1.0 acre, gated, some lots with sale price of \$1,000,000+, resales excluded
El Dorado Hills, Sacramento County, CA				

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Copperidge in Saddle Creek by Castle & Cook Copperopolis, Calaveras County, CA	April 1996 through December 2000 (56 months)	114	2.0	Rolling topography, lots of 0.5 acre, non-gated golf course community, absorption indicated based on total project absorption period, resales excluded
The Knolls in Saddle Creek by Castle & Cook Copperopolis, Calaveras County, CA	March 2000 through October 2005 (67 months)	96	1.4	Rolling topography, lots of 0.5 acre, non-gated golf course community, absorption indicated based on total project absorption period, resales excluded
Greenhorn Creek Units 1 through 3 by Grupe Development Angels Camp, Calaveras County, CA	August 1995 through May 2004 (105 months)	316	3.1	Rolling topography, lots of 0.25 acre, non-gated golf course community, absorption indicated based on total project absorption period, resales excluded
Greenhorn Creek Units 4 by Resmark Angels Camp, Calaveras County, CA	December 2000 through September 2006 (69 months)	107	1.6	Rolling topography, lots of 0.25 acre, non-gated golf course community, absorption indicated based on total project absorption period, resales excluded

*Based on close of escrow.

For custom home and lot construction, home pricing has not been as volatile as production pricing. Lot pricing generally increased significantly in 2012 as speculatively builders began acquiring lots for new construction. Home pricing for high end construction has been generally level since that time, with current levels significantly higher than 2009 and 2010. Over the next 12 months we project stable lot and home pricing, with pricing likely to increase slightly in subsequent years as the residential sector continues to expand and recover. The projects above suggest absorption rates between 1.4 and 3.1 units per month, with the upper end of the range indicative of two remote custom lot projects in Calaveras County, in the foothills of the Sierra Nevada mountain range, east of Stanislaus County. Absorption rates at four of the six projects above were calculated based on the total project absorption period and are useful indicators of long term absorption rates. As noted in the *Estate Lot* valuation section, several of the lots recently transferred within Diablo Grande were exposed for less than one month, suggesting, at the right price, there is still demand for custom lots at the subject. Based on the survey above, it is estimated the subject's estate lots could sell at a rate of approximately 1.5 to 2.0 per month, or approximately 36 months.

Market conditions in the area have been stabilizing and are experiencing recovery in some markets as discussed previously this report. The subject property has appeal as a resort-oriented master planned community with golf course and additional amenities planned. The remote location and distance from the employment centers of the East Bay area are tend to offset the positive characteristics of the development. Considering the disposition period concluded above, a total of four years, a modest appreciation rate commensurate with an anticipated inflation rate of 3% seems

appropriate as the market continues its recovery and will be applied to the revenue components in this analysis.

Expenses

General and Administrative

The general and administrative expense category covers the various administrative costs associated with managing the overall development. This would include management, legal and accounting fees and other professional services common to a development project. For purposes of this analysis, we have estimated this expense at 3% of the total gross sale proceeds. This expense is spread evenly over the entire sellout period.

Marketing and Sales

The costs associated with marketing, commissions and closing costs relative to the disposition of the subject's components are estimated at 5% of the total gross sale proceeds. Although this rate is somewhat negotiable, it is consistent with current industry trends.

Ad Valorem Taxes

This appraisal is predicated on, and assumes, a sale of the appraised property in bulk. Interim ad valorem real estate taxes are based on a tax rate of 1.1903%. The total tax expense is gradually reduced over the absorption period, as the land components are sold off. Property taxes are increased by 2% per year.

Special Taxes and Assessments

As referenced, the appraised properties are located within the boundaries of Western Hills Water District Diablo Grande Community Facilities District No. 1. According to the CFD Tax Administration Report (Fiscal Year 2013-14), prepared by Goodwin Consulting Group (Dated December 18, 2013), the annual special taxes applicable to the subject are as follows:

Land Use	Maximum Annual Special Tax Rate
Single-Family Residential Use	
Estate Lots (3.0-acre minimum)	\$3,000 per unit
40,000 sf minimum lot size	\$3,000 per unit
20,000 sf minimum lot size	\$3,000 per unit
8,000 sf minimum lot size	\$2,400 per unit
6,000 sf minimum lot size	\$2,250 per unit
5,000 sf minimum lot size	\$2,100 per unit
Patio Home – Detached residential	\$1,800 per unit

As parcels are sold off by the master developer, the Special Tax obligation will be assumed by the buyer. The purpose of this analysis is to estimate the market value of the underlying land, which serves as the collateral to the Bondholders. As components of the subject property are sold off in this analysis, the balance of the Special Tax obligations necessary to service the debt associated with the Western Hills Water District Diablo Grande Community Facilities District No. 1 Bonds are presumed to be collected from the new owners in the District.

Remaining In-Tract and Infrastructure Costs

All of the master developer's production-oriented single-family residential lots are in unimproved, or partially improved lot condition. According to the master developer's representative, remaining in-tract costs for the 1,418 production-oriented residential lots total \$58,433,948, or \$39,376 per lot. Remaining infrastructure costs total \$37,335,463, or \$25,159 per lot. A copy of the budget is appended to this report. These costs will be considered in the valuation and phased commensurate with the disposition of the lots over the absorption period. It's worth noting, however, \$4.5 million in Special Tax Collections from the Western Hills Water District Diablo Grande CFD No. 1 Bonds will be used towards the completion of additional infrastructure improvements over the next three years, or \$1.5 million per year, which will be considered in the valuation analysis.

Discount Rate

The project yield rate is the rate of return on the total un-leveraged investment in a development, including both equity and debt. The leveraged yield rate is the rate of return to the "base" equity position when a portion of the development is financed. The "base" equity position represents the total equity contribution. The developer/builder may have funded all of the equity contribution, or a consortium of investors/builders as in a joint venture may fund it. Most surveys indicate that the threshold project yield requirement is about 20% to 30% for production home type projects. Instances in which project yields may be less than 20% often involve profit participation arrangements in master planned communities where the master developer limits the number of competing tracts.

According to a leading publication within the appraisal industry, the PwC Real Estate Investor Survey¹¹, discount rates for land development projects ranged from 10.00% to 25.00%, with an average of 18.15% during the Second Quarter 2014. This rate is down 16 basis points from the Fourth Quarter of 2013 (land survey completed every six months). These rates are free-and-clear of financing, are inclusive of developer's profit, and assume entitlements are in place. Without entitlements in place, the PwC survey indicates certain investors increase the discount rate between 400 and 1,500 basis points (an average increase of 1,040 basis points).

¹¹ PwC Real Estate Investor Survey, PwC, 2nd Quarter 2014, Volume 27, Number 2.

According to the data presented in the survey prepared by PwC, the majority of those respondents who use the discounted cash flow (DCF) method do so free and clear of financing. Additionally, the participants reflect a preference in including the developer's profit in the discount rate, versus a separate line item for this factor. As such, the range of rates presented above is inclusive of the developer's profit projection.

According to the PwC Real Estate Investor Survey, "As is typically the case, the resurgence of development land opportunities is following the recovery path of both the U.S. housing market and the U.S. economy." Reportedly, all investor respondents in the Second Quarter 2014 survey expect development land values to increase on average 3.6% over the next 12 months, with none of the survey respondents anticipating property value declines in the national development land market during this same period. It's worth noting, the PwC Second Quarter survey reports U.S. construction spending on residential development increased 15.2% year-over-year.

The discount rates are based on a survey that includes residential, office, retail and industrial developments. Participants in the survey indicate the highest expected returns are on large-scale, unapproved developments. The low end of the range was extracted from projects where certain development risks had been lessened or eliminated. Several respondents indicate they expect slightly lower returns when approvals/entitlements are already in place.

Excerpts from recent PwC surveys are copied below.

"We are seeing more interest from developers and expect to reduce our existing land inventory over the next several months," shares a participant." (Second Quarter 2014)

Survey results suggest that investors anticipate commercial real estate (CRE) fundamentals to continue to improve, opening up diverse development land opportunities across all property types... The outlook for development improved for the second straight year. In addition, and perhaps more importantly, the average outlook for development is considered "fair" – an improvement from two years ago when the average outlook was "modestly poor..." The improvement in the development outlook does not mean that the CRE industry will be flooded with new supply in the near future and that vast opportunities exist for development land investors. "Some markets still have a significant inventory of land with entitlements and some with partial infrastructure that will move forward with development first, so we still need to be patient," says an investor, who suggests looking for opportunities in metros where sustainable job growth exists. Another strategizes to "find the right land location and then wait for buyers to show up." (Fourth Quarter 2013)

Improvements to the U.S. housing market and domestic economy have sparked increased interest in commercial real estate (CRE) development as many investors note that a growing number of developers are talking about and planning new projects. "The market is certainly improving in specific areas and specific submarkets," says an investor. Nevertheless, patience is a key word among many development land investors since the recovery in the CRE industry is occurring very slowly in many areas. "It's all about timing, and you need to be in the right market at the right time," shares another. (Second Quarter 2013)

Although there are signs of improvements in this property sector, investors stress that it mostly relates to the amount of activity rather than improvements in pricing. "It is still a buyers' market," says a participant. For now, some development land investors advise owners to "hold onto their land and wait for markets to really come back..." A growing interest in new development caused both the average and high and low ranges of the discount rate to decline for the national land development market over the past six months. (Fourth Quarter 2012)

Information for a developing in-house database of project yield rates is presented in the following table.

Data Source	Yield / IRR Expectations (Inclusive of Profit)
PwC Real Estate Investor Survey - Second Quarter 2014 (updated semi-annually)	Range of 10.0% to 25.0%, with an average of 18.15%, inclusive of profit and assuming entitlements in place, for land development (national average)
Josh Roden - Meritage (2013)	20% to 25% for entitled lots
Jeb Elmore - Lewis Operating Corp (2013)	18% to 25%. Longer term higher risk projects on higher side of the range, shorter term, lower risk projects on the lower side of the range. Long term speculation properties (10 to 20 years out) often closer to 30%.
Greg Ackerman - Pulite (2010)	18% minimum, 20% target
Chris Downey - Hon Development	Minimum IRR of 20-25%; for an 8 to 10 year cash flow, mid to upper 20% range
Gary Gorian - Dale Poe Development	25% IRR for land development is typical (no entitlements), slightly higher for properties with significant infrastructure costs
David Pitts - Newhall Land and Farming	20% to 30% IRR for land development deals on an unleveraged basis
Mark Palkowitsh - MSP California, LLC	35% for large land deals from raw unentitled to tentative map stage, unleveraged or leveraged. 25% to 30% from tentative map to pad sales to merchant builders, unleveraged
Rick Nieman - GFC	18% to 22% for land with some entitlements, unleveraged. 30% for raw unentitled
Lin Stinson - Providence Realty Group	Low 20% range yield rate required to attract capital to longer-term land holdings
Dan Boyd - ESE Land Company	Merchant builder yield requirements in the 20% range for traditionally financed tract developments. Larger land holdings would require 25% to 30%. Environmentally challenged or politically risky development could well run in excess of 35%.
Tulare Windmill Ventures, LLC	10% discount rate excluding profit for single-family subdivisions
David Jacobsen - Ridgecrest Homes	10% to 40% for single-family residential subdivisions with 1-2 year development time lines
Mike Grant - Premier Homes	15% to 20% IRR
Lyle McCullough - California Pacific Homes	No less than 20% IRR for land development, either entitled or unentitled
Roy Robertson - Ekotec	20% to 30% for an unentitled property; the lower end of the range would reflect those properties close to tentative maps
Gordon MacKenzie - Brookfield Development	No less than 30% when typical entitlement risk exists

The expected and reported IRR requirements relate to properties consisting of unimproved land. The condition of the subject as finished lots and partially finished lots is superior (less risk) in comparison to the properties referred to by the survey respondents; however, the subject's risk is upwardly influenced by its outlying market location, move-up market segment and significant lot premium revenue (which can dissipate significantly in periods of market decline).

Based on the preceding discussion and developer surveys, we have concluded a discount rate (IRR) of **22.0%** for the market valuation of the components held by the master developer, which includes both improved and unimproved residential lots, given the duration of the absorption period (four years).

Conclusion

The discounted cash flow on the following page incorporates the preceding factors in estimating the market of the World International LLC-owned portion of the District, in bulk. The discounted cash flow analysis is calculated on an annual basis, with the components selling out over a four year period.

Assumptions:					
Village	Typical Lot	Total Lots	Value Lot	Conclusion	HOLDING COSTS AND GENERAL EXPENSES
2A	Townhomes	42	\$59,000	\$ 2,478,000	General and Administrative (% sales)
2B, 2C, 3H, 3L & 5	3,675	292	\$84,000	\$ 24,528,000	Marketing and Sales
2C, 3B, 3H, 3L, 4C & 5	5,250	388	\$99,000	\$ 38,412,000	First year annual taxes per Bulk Lot:
2C, 2D, 3B, 3F, 3H, 3L, 4A, 4C, 5 & 5A	6,300	423	\$109,000	\$ 46,107,000	First year annual taxes per Estate Lot:
3C, 3D, 3E, 3F, 3I, 3K, 4A, 4B, 4D & 5	7,350	140	\$119,000	\$ 16,660,000	Avg. Annual Special Taxes (Bulk Lots):
2C, 3C, 3D, 3E, 3F, 3G, 3I, 4A, 4B & 5	8,400	133	\$129,000	\$ 17,157,000	Annual Special Taxes (Estate Lots):
Total Production-Oriented Lots	1,418		\$102,498	\$ 145,342,000	Remaining In-Tract Costs:
Estate Lots	66		\$112,727	\$ 7,440,000	Remaining Infrastructure Costs:
Aggregate Retail Value/Sales Revenue	1,484	\$102,953	\$152,782,000	DISCOUNT RATE (IRR)	22%
Income and Expense Analysis:					
Period (One Period - 1 year)	1	2	3	4	Total
Sales (Production Lots)	300	340	375	403	1,418
Inventory (Production Lots)	1,118	778	403	0	
Sales (Estate Lots)	12	24	24	0	66
Inventory (Estate Lots)	48	24	0	0	
Appreciation/Inflation:	3.0%	6.0%	9.0%	12.0%	
Total Sales Revenue	\$ 33,763,810	\$ 39,808,019	\$ 44,844,956	\$ 46,263,445	\$ 164,678,230
Expenses					
General and Administrative	\$ (1,235,087)	\$ (1,235,087)	\$ (1,235,087)	\$ (1,235,087)	\$ (4,940,347)
Marketing and Sales	\$ (1,688,090)	\$ (1,990,401)	\$ (2,342,248)	\$ (2,313,172)	\$ (8,233,911)
Ad Valorem Taxes	\$ (382,286)	\$ (284,499)	\$ (195,460)	\$ (97,520)	\$ (940,101)
Special Taxes	\$ (3,199,950)	\$ (2,510,841)	\$ (1,719,050)	\$ (853,164)	\$ (8,283,004)
Remaining In-Tract Costs	\$ (12,362,612)	\$ (14,010,961)	\$ (15,453,265)	\$ (16,607,109)	\$ (58,433,948)
Remaining Infrastructure Costs	\$ (7,899,899)	\$ (8,952,060)	\$ (9,873,624)	\$ (10,610,854)	\$ (37,335,463)
Bond Fund Proceeds (Offset)	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$	\$ 4,500,000
Total Expenses	\$ (25,246,847)	\$ (27,483,877)	\$ (29,218,740)	\$ (31,717,114)	\$ (113,666,773)
NET INCOME:	\$ 8,514,963	\$ 12,324,146	\$ 15,626,216	\$ 14,546,131	\$ 51,011,457
Present Value Factor	0.81967	0.67186	0.55071	0.45140	
Discounted Cash Flow	\$ 6,979,478	\$ 8,280,130	\$ 8,605,465	\$ 6,566,110	\$ 30,431,184
Net Present Value	\$ 30,431,184				
CONCLUSION OF VALUE BY DISCOUNTED CASH FLOW ANALYSIS (RD)					\$ 30,430,000

SUMMARY AND CONCLUSION

The purpose of this appraisal is to provide the market values, by ownership, of the appraised properties, subject to the Lien of the Special Tax securing the Western Hills Water District Diablo Grande Community Facilities District No. 1 Bonds (*fee simple estate*), as of June 28, 2014. The appraised properties represent the undeveloped residential lots situated within the boundaries of the District no improved with a single-family residence. The Diablo Grande master planned community is located in the southwestern portion of Stanislaus County, California, approximately eight miles southwest of the city of Patterson, west of Interstate 5, at the terminus of Diablo Grande Parkway and situated in a valley created by the Diablo Range.

The cumulative, or aggregate, value of the appraised properties is estimated herein in accordance with the definitions, certifications, assumptions and conditions set forth in the attached document (please refer to pages 6 through 8). Primary among the assumptions is the value estimate is subject to the hypothetical condition any improvements to be financed by the Western Hills Water District Diablo Grande Community Facilities District No. 1 Special Tax Collections are in place. As a result of our analysis, it is our opinion the cumulative, or aggregate, value of the appraised properties (please see *Market Value by Assessor's Parcel* list in the Addenda to this report), as of June 28, 2014, is:

FIFTY NINE MILLION ONE HUNDRED FOURTEEN THOUSAND DOLLARS
\$59,114,000

The value estimates assume a transfer that reflects a cash transaction or terms considered to be equivalent to cash. The estimate is also premised on an assumed sale after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with buyer and seller each acting prudently, knowledgeably, for their own self interest and assuming neither is under duress.

EXPOSURE TIME

Exposure time is the period a property interest would have been offered on the market *prior to* the hypothetical consummation of a sale at market value on the effective date of the appraisal. Marketing time reflects the time it might take to sell an interest in real property at its estimated market value during the period *immediately after* the effective date of the appraisal. Exposure time and marketing time may or may not be similar depending on whether market activity in the immediate future continues in the same manner as in the immediate past. Indications of the exposure time associated with a market value estimate are provided by the marketing times of sale comparables, interviews with participants in the market, and analysis of general economic conditions. Estimation of a future marketing time is more difficult, requiring forecasting and analysis of trends. The exposure time is estimated for the subject property below.

As described above, exposure time is defined as the length of time a property interest would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is a retrospective estimate of time based on an analysis of past events assuming a competitive and open market. The residential land market throughout the Central Valley region has shown signs of recovery. A transfer of residential land has typically occurred within 12 months of exposure. Given the size of the subject properties, and the condition of the market, it is expected that if appropriately priced, the exposure time for the subject properties, assuming the properties (by ownership) are not marketed concurrently, would likely be in line with the high end of the range, or approximately **12 months**.

ADDENDA

MARKET VALUE BY ASSESSOR'S PARCEL

MARKET VALUE BY ASSESSOR'S PARCELS												
Western Hills Water District Double Grade CTD No. 1												
Fiscal Year 2013-14 Special Tax Roll												
(Highlighted parcels are appraisal parcels)												
APN	Owner Name	Zoning	Assessed Improved Value	Assessed Land Value	Total Assessed Value	Appraised Value	Value	Land Use Description	Gross Acres	Taxable Acres	Lot Sq. Ft.	
025-02-010	WORLD INTERNATIONAL LLC	Residential	\$11,000	\$27,253	\$37,353	\$37,353	\$35,000.00	All Remaining Lots Left By World International LLC	981.96	250.00		
025-02-016	WORLD INTERNATIONAL LLC		\$0	\$40,790	\$40,790	\$40,790	\$40,790	Exempt	190.00	0.00		
025-02-012	WORLD INTERNATIONAL LLC		\$0	\$31,445	\$31,445	\$31,445	\$31,445	Exempt	120.00	0.00		
025-02-011	WORLD INTERNATIONAL LLC		\$0	\$13,101	\$13,101	\$13,101	\$13,101	Exempt	30.00	0.00		
025-02-001	TITUS BOWMAN	Residential	\$18,000	\$20,000	\$38,000	\$38,000	\$38,000	Single Family	0.13	0.13	5,803	
025-02-002	BREWSTER BENE	Residential	\$93,636	\$41,616	\$135,252	\$135,252	\$135,252	Single Family	0.12	0.12	5,112	
025-02-003	DOROTHY BRIAN S & PHYLLA A	Residential	\$177,100	\$20,000	\$197,100	\$197,100	\$197,100	Single Family	0.11	0.11	4,905	
025-02-008	PATMORE RONALD L & CAROL	Residential	\$181,200	\$20,000	\$201,200	\$201,200	\$201,200	Single Family	0.15	0.15	6,377	
025-02-005	ALFANO PHILIP W & MARY E	Residential	\$163,200	\$26,000	\$189,200	\$189,200	\$189,200	Single Family	0.17	0.17	7,302	
025-02-006	MCQUEEN PATRICIA	Residential	\$177,100	\$20,000	\$197,100	\$197,100	\$197,100	Single Family	0.14	0.14	6,056	
025-02-007	HOOK CHARLES S & KUSIMA	Residential	\$124,950	\$20,000	\$144,950	\$144,950	\$144,950	Proposed	0.12	0.00	5,107	
025-02-009	BORSE EDWARD JR	Residential	\$111,643	\$41,616	\$153,259	\$153,259	\$153,259	Single Family	0.12	0.12	5,120	
025-02-000	COYOLO MICHAEL R	Residential	\$145,636	\$41,616	\$187,252	\$187,272	\$187,272	Single Family	0.12	0.12	5,133	
025-02-010	HARRIS PAUL E & YVONNE V	Residential	\$181,200	\$20,000	\$201,200	\$201,200	\$201,200	Single Family	0.12	0.12	5,146	
025-02-011	RUSSELL ROBERT J & BARBARA	Residential	\$134,000	\$20,000	\$154,000	\$154,000	\$154,000	Single Family	0.12	0.12	5,159	
025-02-012	HACK KENNETH W & SUSAN S	Residential	\$177,100	\$20,000	\$197,100	\$197,100	\$197,100	Single Family	0.12	0.12	5,172	
025-02-013	BATHRE RAYMOND & DOROTHY	Residential	\$192,200	\$20,000	\$212,200	\$212,200	\$212,200	Single Family	0.14	0.14	6,234	
025-02-014	SCOTT THOMAS R & TINA L	Residential	\$166,100	\$20,000	\$186,100	\$186,100	\$186,100	Single Family	0.15	0.15	6,452	
025-02-015	BORGUEZ RAMON P & BLANCA E	Residential	\$76,138	\$52,287	\$128,425	\$128,425	\$128,425	Single Family	0.13	0.13	5,609	
025-02-016	ATWAL JASVINDER & SHAMINDER	Residential	\$74,247	\$52,287	\$126,534	\$126,534	\$126,534	Single Family	0.11	0.11	4,967	
025-02-017	BREIBY CARASIMBA	Residential	\$114,120	\$20,000	\$134,120	\$134,120	\$134,120	Single Family	0.14	0.14	6,087	
025-02-018	MENDOZA RICHARD A	Residential	\$99,381	\$52,410	\$151,991	\$151,991	\$151,991	Single Family	0.13	0.13	5,608	
025-02-019	HALL HARRY S	Residential	\$93,636	\$41,616	\$135,252	\$135,252	\$135,252	Single Family	0.13	0.13	5,790	
025-02-020	MARTIN VALDEMARO	Residential	\$180,000	\$20,000	\$200,000	\$200,000	\$200,000	Single Family	0.13	0.13	5,792	
025-02-021	GARCIA CARLOS L	Residential	\$192,200	\$20,000	\$212,200	\$212,200	\$212,200	Single Family	0.13	0.13	5,796	
025-02-022	VARGAS CARLOS D	Residential	\$132,100	\$20,000	\$152,100	\$152,100	\$152,100	Single Family	0.13	0.13	5,845	
025-02-023	SCOTT DAVID & LYNN E	Residential	\$200,000	\$20,000	\$220,000	\$220,000	\$220,000	Single Family	0.14	0.14	5,991	
025-02-024	REID DAVID	Residential	\$115,000	\$20,000	\$135,000	\$135,000	\$135,000	Single Family	0.14	0.14	5,938	
025-02-025	RIDAS GARY E & MONICA L	Residential	\$180,000	\$20,000	\$200,000	\$200,000	\$200,000	Single Family	0.14	0.14	5,968	
025-02-026	MARCOUX RICHARD ALLEN	Residential	\$181,100	\$20,000	\$201,100	\$201,100	\$201,100	Single Family	0.12	0.12	5,347	
025-02-027	DESANTS GARY & DREW SHELIA	Residential	\$177,100	\$20,000	\$197,100	\$197,100	\$197,100	Single Family	0.14	0.14	5,969	
025-02-028	DELEGADO SHARON	Residential	\$106,682	\$30,000	\$136,682	\$136,290	\$136,290	Single Family	0.19	0.19	8,479	
025-02-029	PEREZ JOSE L SR & LUIE	Residential	\$96,435	\$52,410	\$148,845	\$148,845	\$148,845	Single Family	0.15	0.15	6,746	
025-02-030	CHEN WEN YUNG	Residential	\$101,109	\$36,614	\$137,723	\$137,723	\$137,723	Single Family	0.12	0.12	5,280	
025-02-031	GAYLORD BRIAN S & JULIE Z	Residential	\$153,000	\$20,000	\$173,000	\$173,000	\$173,000	Single Family	0.12	0.12	5,098	
025-02-032	MORERA ANITA & NORA S	Residential	\$95,756	\$41,616	\$137,372	\$137,372	\$137,372	Single Family	0.13	0.13	5,521	
025-02-033	HILL GLENN & CHARLENE	Residential	\$109,242	\$41,616	\$150,858	\$150,858	\$150,858	Single Family	0.13	0.13	5,641	
025-02-034	TRIPP HERB D & BRIAN S	Residential	\$95,750	\$52,287	\$148,037	\$148,037	\$148,037	Single Family	0.13	0.13	5,641	
025-02-035	HAGGERTY KENNETH A & MILLER DONNA L	Residential	\$152,200	\$20,000	\$172,200	\$172,200	\$172,200	Single Family	0.13	0.13	5,641	
025-02-036	CHAN JOHN K & EMILY C	Residential	\$181,200	\$20,000	\$201,200	\$201,200	\$201,200	Single Family	0.13	0.13	5,641	
025-02-037	NAVARRETE BALDEAR	Residential	\$130,000	\$20,000	\$150,000	\$150,000	\$150,000	Single Family	0.13	0.13	5,641	
025-02-038	RIECHLEDERER CARLA	Residential	\$192,200	\$20,000	\$212,200	\$212,200	\$212,200	Single Family	0.13	0.13	5,642	
025-02-039	AGUIRDO STEVE A	Residential	\$172,100	\$20,000	\$192,100	\$192,100	\$192,100	Single Family	0.13	0.13	5,649	
025-02-040	TRAN PAUL	Residential	\$131,092	\$41,629	\$172,721	\$173,921	\$173,921	Single Family	0.14	0.14	6,146	
025-02-041	SAZZA JOHN CHARLES	Residential	\$99,344	\$52,287	\$151,631	\$151,631	\$151,631	Single Family	0.13	0.13	5,790	
025-02-042	CALIFORNIA EQUITY MANAGEMENT GROUP INC	Residential	\$181,200	\$20,000	\$201,200	\$201,200	\$201,200	Single Family	0.13	0.13	5,459	
025-02-043	VANDERBILT ANGELA & BOB	Residential	\$134,640	\$20,000	\$154,640	\$154,640	\$154,640	Single Family	0.12	0.12	5,370	
025-02-044	LAMPREDA RENEE A	Residential	\$121,099	\$20,000	\$141,099	\$141,099	\$141,099	Single Family	0.12	0.12	5,281	
025-02-045	FAYN VICTORIA	Residential	\$172,100	\$20,000	\$192,100	\$192,100	\$192,100	Single Family	0.14	0.14	6,079	
025-02-046	MURPHY JAMES P	Residential	\$132,100	\$20,000	\$152,100	\$152,200	\$152,200	Single Family	0.17	0.17	7,189	
025-02-047	KORTH MARK D & CARRIE L	Residential	\$63,972	\$52,287	\$116,259	\$126,259	\$126,259	Single Family	0.14	0.14	6,159	
025-02-048	WANG ZICHUN	Residential	\$143,000	\$20,000	\$163,000	\$163,000	\$163,000	Single Family	0.13	0.13	5,643	
025-02-049	REID DAVID	Residential	\$139,000	\$20,000	\$159,000	\$159,000	\$159,000	Single Family	0.14	0.14	5,922	
025-02-050	KIRKINSON MARTIN G & DELOUNDA A	Residential	\$103,128	\$52,287	\$155,415	\$155,415	\$155,415	Single Family	0.14	0.14	6,170	
025-02-051	KHEU JOHN & TRAN LAN ANH T	Residential	\$129,540	\$20,000	\$149,540	\$149,540	\$149,540	Single Family	0.12	0.12	5,387	
025-02-052	DARLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0	\$0	Exempt	0.00	0.00		
025-02-053	MILLAR DEBRA J	Residential	\$188,757	\$78,430	\$267,187	\$267,187	\$267,187	Single Family	0.30	0.30	13,232	
025-02-052	WENNEKAMP MARVIN RICHARD	Residential	\$287,100	\$25,000	\$312,100	\$312,100	\$312,100	Single Family	0.30	0.30	12,840	
025-02-055	ANKLAM MARK & DONNA	Residential	\$237,100	\$25,000	\$262,100	\$262,100	\$262,100	Single Family	0.28	0.28	12,386	
025-02-058	CYRIL KAREN	Residential	\$241,092	\$62,893	\$303,985	\$303,985	\$303,985	Single Family	0.30	0.30	13,131	
025-02-060	DAVIS JULIE ANN	Residential	\$283,100	\$25,000	\$308,100	\$308,100	\$308,100	Single Family	0.31	0.31	13,373	
025-02-066	DAVIS MELLE GENE	Residential	\$133,332	\$78,430	\$211,762	\$211,762	\$211,762	Single Family	0.32	0.32	13,740	
025-02-067	CYRIL HUMBERTO	Residential	\$191,100	\$25,000	\$216,100	\$216,100	\$216,100	Single Family	0.32	0.32	13,951	
025-02-069	WORLD INTERNATIONAL LLC	Residential	\$133,946	\$78,430	\$212,376	\$212,376	\$212,376	Single Family	0.33	0.33	14,165	
025-02-093	CHIAN GARY & A BOND MEYER	Residential	\$249,000	\$25,000	\$274,000	\$274,000	\$274,000	Single Family	0.30	0.30	13,020	
025-02-010	PORETTA CHAD	Residential	\$237,100	\$25,000	\$262,100	\$262,100	\$262,100	Single Family	0.26	0.26	11,271	
025-02-011	BOWELL WILLIAM & JEANNETTE	Residential	\$282,000	\$26,611	\$311,199	\$311,199	\$311,199	Single Family	0.35	0.35	16,778	
025-02-012	RAMON DOUGLAS E & FRANCESCA T	Residential	\$209,148	\$78,430	\$287,578	\$287,578	\$287,578	Single Family	0.27	0.27	11,785	
025-02-013	MC LAUGHLIN EDWARD F JR & COLLEEN M	Residential	\$197,000	\$78,430	\$275,430	\$275,430	\$275,430	Single Family	0.28	0.28	12,412	
025-02-014	LOPEZ ANTONIO	Residential	\$121,000	\$78,430	\$200,919	\$200,919	\$200,919	Single Family	0.26	0.26	11,207	

MARKET VALUE BY ASSESSOR'S PARCELS												
Western Hills Water District Double Grade CTD No. 1												
Fiscal Year 2013-14 Special Tax Roll												
(Highlighted parcels are appraised parcels)												
APN	Owner Name	Zoning	Assessed Improved Value	Assessed Land Value	Total Assessed Value	Appraised Value	Value	Land Use Description	Gross Acres	Taxable Acres	Lot Sq. Ft.	Py.
025-022-011	GARCIA CARMEN M	Residential	\$195,717	\$67,972	\$263,709		\$263,709 Single Family		0.30	0.30	13,176	
025-022-016	AT WAL JASWINDER & SHAMINDER	Residential	\$178,199	\$47,168	\$225,367		\$225,367 Single Family		0.30	0.30	13,236	
025-022-017	FRY PAUL L	Residential	\$109,096	\$78,430	\$187,526		\$187,526 Single Family		0.31	0.31	13,198	
025-022-018	FOWLER FREDERICK J & SHERRY L	Residential	\$204,404	\$47,168	\$251,572		\$251,572 Single Family		0.29	0.29	12,585	
025-022-019	BLAKES DAVID L & MARANDA	Residential	\$108,777	\$78,416	\$206,993		\$206,993 Single Family		0.29	0.29	12,622	
025-022-020	MENNER GARTH	Residential	\$140,454	\$20,010	\$160,464		\$160,464 Single Family		0.30	0.30	12,912	
025-022-021	HART TADMONDO	Residential	\$207,500	\$25,000	\$232,500		\$232,500 Single Family		0.37	0.37	16,173	
025-022-022	SPOTLAND STEVEN & REGINA	Residential	\$141,510	\$78,616	\$220,126		\$220,126 Single Family		0.39	0.39	16,846	
025-022-023	THOMAS LEELE & PREETAS JADE	Residential	\$276,700	\$25,500	\$302,200		\$302,200 Single Family		0.32	0.32	13,874	
025-022-024	PARJAN SHIKHAR	Residential	\$168,300	\$25,500	\$193,800		\$193,800 Single Family		0.32	0.32	13,780	
025-022-025	MURPHY THOMAS J & DONNA L	Residential	\$284,500	\$25,000	\$309,500		\$309,500 Single Family		0.34	0.34	15,000	
025-022-026	MILLER KENNETH D	Residential	\$298,500	\$25,000	\$323,500		\$323,500 Single Family		0.28	0.28	12,177	
025-022-027	CHAN ANTHONY & JO'NAE	Residential	\$210,056	\$48,818	\$258,874		\$258,874 Single Family		0.25	0.25	10,986	
025-022-028	GERARD CLEFFORD J & GAIL A	Residential	\$278,888	\$11,212	\$290,100		\$290,100 Single Family		0.28	0.28	12,699	
025-022-029	SHAHABZA ABBAS	Residential	\$214,200	\$30,000	\$244,800		\$244,800 Single Family		0.31	0.31	13,597	
025-022-030	KATAMA HENRY & BETTY	Residential	\$162,000	\$67,972	\$230,002		\$230,002 Single Family		0.32	0.32	13,762	
025-022-031	BRAZIL LORA	Residential	\$244,900	\$25,000	\$269,900		\$269,900 Single Family		0.30	0.30	13,107	
025-022-032	HAPPA TIMOTHY J & LINDA J	Residential	\$260,319	\$47,168	\$307,487		\$307,487 Single Family		0.31	0.31	13,564	
025-022-033	TRADE DANIEL L & SHERRY L	Residential	\$141,697	\$78,430	\$220,127		\$220,127 Single Family		0.30	0.30	13,130	
025-022-034	TRADE DANIEL L & SHERRY L	Residential	\$207,300	\$25,000	\$232,300		\$232,300 Single Family		0.26	0.26	11,531	
025-022-035	CASTRO SANDRON	Residential	\$177,777	\$62,744	\$240,521		\$240,521 Single Family		0.24	0.24	10,463	
025-022-036	ROSE TINA	Residential	\$109,691	\$67,972	\$266,663		\$266,663 Single Family		0.25	0.25	10,822	
025-022-037	CHRISTENSEN MARK	Residential	\$177,202	\$78,430	\$255,632		\$255,632 Single Family		0.24	0.24	10,204	
025-022-038	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0		\$0 Exempt		0.00	0.00		
025-022-039	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0		\$0 Exempt		0.00	0.00		
025-023-002	WORLD INTERNATIONAL LLC		\$0	\$0	\$0		\$0 Exempt		0.00	0.00		
025-023-003	OAK VALLEY COMMUNITY BANK	Residential			\$175,000		\$175,000 Estate Lot		3.45	3.45	149,282	
025-023-004	OAK VALLEY COMMUNITY BANK	Residential			\$175,000		\$175,000 Estate Lot		3.99	3.99	173,804	
025-023-005	OAK VALLEY COMMUNITY BANK	Residential			\$175,000		\$175,000 Estate Lot		3.68	3.68	160,501	
025-023-006	OAK VALLEY COMMUNITY BANK	Residential			\$175,000		\$175,000 Estate Lot		4.95	4.95	215,622	
025-023-007	OAK VALLEY COMMUNITY BANK	Residential			\$175,000		\$175,000 Estate Lot		3.41	3.41	146,540	
025-023-008	WORLD INTERNATIONAL LLC		\$0	\$0	\$0		\$0 Exempt		0.00	0.00		
025-023-009	WORLD INTERNATIONAL LLC	Residential			\$0		\$0 Estate Lot (included in Master Developer bulk value)		4.38	4.38	190,793	
025-023-010	WORLD INTERNATIONAL LLC	Residential			\$0		\$0 Estate Lot (included in Master Developer bulk value)		6.71	6.71	292,288	
025-023-022	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0		\$0 Exempt		0.00	0.00		
025-023-023	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0		\$0 Exempt		0.00	0.00		
025-024-001	PIRETTA CHAD	Residential	\$198,695	\$78,430	\$277,121		\$277,121 Single Family		0.30	0.30	12,928	
025-024-002	THE BANK OF NEW YORK MELLON TRUSTEE	Residential	\$207,500	\$25,000	\$232,500		\$232,500 Single Family		0.32	0.32	13,865	
025-024-003	HESSIE JOHN H & MICHELLE M	Residential	\$237,500	\$25,000	\$262,500		\$262,500 Single Family		0.28	0.28	12,314	
025-024-004	BEHNER KYLE & LESLIE	Residential	\$168,763	\$78,616	\$247,381		\$247,381 Single Family		0.23	0.23	10,751	
025-024-005	HERRY WILLIAM K	Residential	\$246,736	\$47,615	\$294,351		\$294,351 Single Family		0.24	0.24	10,259	
025-024-006	LUND JASON E & AMY M	Residential	\$292,000	\$25,000	\$317,000		\$317,000 Single Family		0.26	0.26	11,217	
025-024-007	THELAKAR TIM & JEN	Residential	\$240,000	\$25,000	\$265,000		\$265,000 Single Family		0.25	0.25	10,952	
025-024-008	GOODELL ANTHONY	Residential	\$274,000	\$25,000	\$299,000		\$299,000 Single Family		0.27	0.27	11,850	
025-024-009	ROYER VINCENT J & CAROLYN M	Residential	\$284,500	\$25,000	\$309,500		\$309,500 Single Family		0.32	0.32	13,810	
025-024-010	IVY HARRY & MONIQUE	Residential	\$279,700	\$35,700	\$315,400		\$315,400 Single Family		0.28	0.28	12,317	
025-024-011	WHITNEY PERRY A & KATHRYN M	Residential	\$200,000	\$25,000	\$225,000		\$225,000 Single Family		0.25	0.25	10,829	
025-024-012	SAUNDERS MICHAEL & B VICTORIA	Residential	\$320,000	\$25,000	\$345,000		\$345,000 Single Family		0.25	0.25	10,788	
025-024-013	ANNON TYROD	Residential	\$281,500	\$25,000	\$306,500		\$306,500 Single Family		0.25	0.25	10,786	
025-024-014	GRACER SONIA S	Residential	\$125,797	\$78,616	\$204,403		\$204,403 Single Family		0.25	0.25	10,788	
025-024-015	LISTER JAMES E & ARANDA LISTER ROSA I	Residential	\$293,913	\$10,015	\$303,928		\$303,928 Single Family		0.27	0.27	11,579	
025-024-016	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0		\$0 Exempt		0.00	0.00		
025-024-017	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0		\$0 Exempt		0.00	0.00		
025-025-001	WORLD INTERNATIONAL LLC	Residential			\$0		\$0 Estate Lot (included in Master Developer bulk value)		0.50	0.50	21,889	
025-025-002	MALHAM LAURIE	Residential			\$90,000		\$90,000 Estate Lot		0.52	0.52	22,725	
025-025-003	BANK OF STOCKTON	Residential			\$90,000		\$90,000 Estate Lot		0.51	0.51	22,111	
025-025-004	WALT OLEY ENTERPRISES INC	Residential			\$90,000		\$90,000 Estate Lot		0.55	0.55	23,892	
025-025-005	BANK OF STOCKTON	Residential			\$90,000		\$90,000 Estate Lot		0.47	0.47	20,239	
025-025-006	WORLD INTERNATIONAL LLC	Residential			\$0		\$0 Estate Lot (included in Master Developer bulk value)		0.53	0.53	23,154	
025-025-007	TITUS DEWAYNE	Residential			\$90,000		\$90,000 Estate Lot		0.55	0.55	23,991	
025-025-008	LEE DONNEL	Residential			\$90,000		\$90,000 Estate Lot		0.60	0.60	26,173	
025-025-009	RICKS RICHARD A	Residential	\$288,203	\$104,823	\$393,086		\$393,086 Single Family		0.54	0.54	23,573	
025-025-010	WALLY PALMAREEP	Residential			\$90,000		\$90,000 Estate Lot		0.53	0.53	22,941	
025-025-011	WINTERS HERIK CHARLES	Residential	\$270,304	\$31,212	\$301,716		\$301,716 Single Family		0.47	0.47	20,521	
025-025-012	HEAR KASALIT	Residential			\$90,000		\$90,000 Estate Lot		0.46	0.46	20,114	
025-025-013	KAIR RAYTR	Residential			\$90,000		\$90,000 Estate Lot		0.46	0.46	20,083	
025-025-014	HOFFSTEY L	Residential			\$90,000		\$90,000 Estate Lot		0.52	0.52	23,720	
025-025-015	MOONY WILLY & LINDA DOLORES	Residential			\$90,000		\$90,000 Estate Lot		0.39	0.39	21,727	
025-025-016	W BRYAN GILBERT M	Residential	\$246,374	\$94,339	\$340,673		\$340,673 Single Family		0.46	0.46	20,651	
025-025-017	DECK MANDEEP	Residential			\$90,000		\$90,000 Estate Lot		0.47	0.47	20,433	

MARKET VALUE BY ASSESSOR'S PARCEL												
Western Hills Water District Double Grande CTD No. 1												
Fiscal Year 2013-14 Special Tax Roll												
(Highlighted parcels are appraised parcels)												
APN	Owner Name	Zoning	Assessed Improved Value	Assessed Land Value	Total Assessed Value	Appraised Value	Value	Land Use Description	Gross Acres	Taxable Acres	Lot Sq. Ft.	Lot Sq. Ft.
025-025-010	THOMAS MAYA CARLOS	Residential				\$90,000	\$90,000	Entire Lot	0.49	0.49	11,737	11,737
025-025-010	ALVAREZ JACK	Residential				\$90,000	\$90,000	Entire Lot	0.46	0.46	20,214	20,214
025-025-020	TITUS RICHARDNE & CLAUDIA	Residential	\$415,197	\$68,133	\$523,330		\$523,330	Single Family	0.48	0.48	20,400	20,400
025-025-021	MENDONCA DEBRA A DONALD	Residential	\$316,200	\$30,000	\$346,800		\$346,800	Single Family	0.46	0.46	20,115	20,115
025-025-022	HODGSON MARK C & ROSA AGATHA	Residential	\$342,000	\$30,000	\$372,000		\$372,000	Single Family	0.46	0.46	20,009	20,009
025-025-023	ALONSO SHANE JOSEPH	Residential	\$307,500	\$30,000	\$337,500		\$337,500	Single Family	0.46	0.46	20,006	20,006
025-025-024	GRAYSON ROBERT EDWIN	Residential	\$315,633	\$315,633	\$315,266		\$315,266	Single Family	0.46	0.46	20,072	20,072
025-025-025	PEREZ JOSE L & LUYE	Residential	\$300,000	\$25,000	\$325,000		\$325,000	Single Family	0.32	0.32	22,511	22,511
025-025-026	CAO YANGLONG	Residential	\$393,500	\$75,000	\$468,500		\$468,500	Single Family	0.46	0.46	20,164	20,164
025-025-027	CAO YANGLONG	Residential				\$90,000	\$90,000	Entire Lot	0.46	0.46	20,072	20,072
025-025-028	OKENDE STEVEN K	Residential				\$90,000	\$90,000	Entire Lot	0.46	0.46	20,212	20,212
025-025-029	BARSHAMIAN ROBERT C & TRISHA A	Residential				\$90,000	\$90,000	Entire Lot	0.46	0.46	20,113	20,113
025-025-030	MARTIN VALDEMIRO & EVA	Residential				\$90,000	\$90,000	Entire Lot	0.49	0.49	21,505	21,505
025-025-031	NELSON DERRICK D	Residential	\$324,181	\$94,117	\$418,298		\$418,298	Single Family	0.48	0.48	20,495	20,495
025-025-032	WORLD INTERNATIONAL LLC	Residential	\$289,000	\$30,000	\$319,000		\$319,000	Single Family	0.46	0.46	20,041	20,041
025-025-033	TRON FORWARD A & A SHARIEL	Residential	\$349,000	\$30,000	\$379,000		\$379,000	Single Family	0.47	0.47	20,498	20,498
025-025-036	THIBESCH ULRICH A & FELECIA	Residential	\$295,000	\$30,000	\$326,400		\$326,400	Single Family	0.46	0.46	20,061	20,061
025-025-037	GORIOVAYA LUYA	Residential	\$295,000	\$30,000	\$325,000		\$325,000	Single Family	0.38	0.38	21,166	21,166
025-025-038	NORTHERN CALIFORNIA COMMUNITY DEVELOPMENT	Residential				\$90,000	\$90,000	Entire Lot	0.31	0.31	22,111	22,111
025-025-039	NASHBURN ROBERT & MARGARET G	Residential	\$386,500	\$45,000	\$231,500		\$231,500	Single Family	0.47	0.48	20,711	20,711
025-025-040	BANK OF AMERICA NA	Residential				\$90,000	\$90,000	Entire Lot	0.47	0.47	20,701	20,701
025-025-041	DIABLO GRANDE RESIDENTIAL ASSOC	00	\$0	\$0	\$0		\$0	Exempt	0.00	0.00		
025-025-042	DIABLO GRANDE RESIDENTIAL ASSOC	00	\$0	\$0	\$0		\$0	Exempt	0.00	0.00		
025-025-043	DIABLO GRANDE RESIDENTIAL ASSOC	00	\$0	\$0	\$0		\$0	Exempt	0.00	0.00		
025-025-044	DIABLO GRANDE RESIDENTIAL ASSOC	00	\$0	\$0	\$0		\$0	Exempt	0.00	0.00		
025-025-045	WORLD INTERNATIONAL LLC	Residential	\$425,500	\$45,000	\$469,200		\$469,200	Single Family	0.32	0.32	22,702	22,702
025-025-046	CHAVEZ ERIC E & LORE R	Residential				\$469,200	\$469,200	Single Family	0.32	0.32	40,025	40,025
025-025-047	WORLD INTERNATIONAL LLC	Residential	\$495,500	\$30,000	\$469,500		\$469,500	Single Family	0.36	0.36	41,670	41,670
025-025-048	MENDOZA REYES A & LOREANE D	Residential				\$469,500	\$469,500	Single Family	0.36	0.36	25,800	25,800
025-025-049	WORLD INTERNATIONAL LLC	Residential	\$268,500	\$75,000	\$343,500		\$343,500	Single Family	0.30	0.30	39,625	39,625
025-025-050	WORLD INTERNATIONAL LLC	Residential				\$343,500	\$343,500	Single Family	0.30	0.30	39,618	39,618
025-025-051	WORLD INTERNATIONAL LLC	Residential				\$0	\$0	Entire Lot (included in Master Developer bulk value)	0.61	0.61	26,766	26,766
025-025-052	WORLD INTERNATIONAL LLC	Residential				\$0	\$0	Entire Lot (included in Master Developer bulk value)	0.46	0.46	20,193	20,193
025-025-053	WORLD INTERNATIONAL LLC	Residential				\$0	\$0	Entire Lot (included in Master Developer bulk value)	0.56	0.56	24,505	24,505
025-025-054	WORLD INTERNATIONAL LLC	Residential				\$90,000	\$90,000	Entire Lot	0.55	0.55	23,912	23,912
025-025-055	SMILE CONSTRUCTION SERVICES INC	Residential				\$90,000	\$90,000	Entire Lot	0.46	0.46	20,095	20,095
025-025-056	WORLD INTERNATIONAL LLC	Residential				\$0	\$0	Entire Lot (included in Master Developer bulk value)	0.34	0.34	21,515	21,515
025-025-057	WORLD INTERNATIONAL LLC	Residential				\$0	\$0	Entire Lot (included in Master Developer bulk value)	0.36	0.36	24,492	24,492
025-025-058	WORLD INTERNATIONAL LLC	Residential				\$0	\$0	Entire Lot (included in Master Developer bulk value)	0.30	0.30	21,939	21,939
025-025-059	WORLD INTERNATIONAL LLC	Residential				\$0	\$0	Entire Lot (included in Master Developer bulk value)	0.46	0.46	20,097	20,097
025-025-060	WORLD INTERNATIONAL LLC	Residential				\$0	\$0	Entire Lot (included in Master Developer bulk value)	0.46	0.46	20,035	20,035
025-025-061	WORLD INTERNATIONAL LLC	Residential				\$0	\$0	Entire Lot (included in Master Developer bulk value)	0.46	0.46	20,061	20,061
025-025-062	ALLEN ANDOVER LLC	Residential				\$90,000	\$90,000	Entire Lot	0.49	0.49	21,481	21,481
025-025-063	HELPEE KENNETH	Residential				\$90,000	\$90,000	Entire Lot	0.55	0.55	23,492	23,492
025-025-064	WALT OXLEY ENTERPRISES INC	Residential				\$90,000	\$90,000	Entire Lot	0.55	0.55	23,767	23,767
025-025-065	WORLD INTERNATIONAL LLC	Residential				\$0	\$0	Entire Lot (included in Master Developer bulk value)	0.46	0.46	20,480	20,480
025-025-066	WESTER PROPERTY MANAGEMENT	Residential	\$412,000	\$40,000	\$452,000		\$452,000	Single Family	0.34	0.34	40,906	40,906
025-025-067	THOMAS WALTER R & SUE	Residential	\$315,500	\$30,000	\$345,500		\$345,500	Single Family	0.48	0.48	20,762	20,762
025-025-068	HOBRELLI GABRIEL & BUTNER KATIE	Residential	\$283,000	\$30,000	\$313,000		\$313,000	Single Family	0.48	0.48	20,911	20,911
025-025-069	ROSE DAVID & LAUNDIN NAJAT	Residential	\$263,969	\$62,663	\$326,632		\$326,632	Single Family	0.51	0.51	22,249	22,249
025-025-070	ROGER KURT J	Residential	\$232,203	\$78,430	\$310,633		\$310,633	Single Family	0.38	0.38	21,147	21,147
025-025-071	CONFORTI DOMINIC L & JANICE P	Residential	\$293,000	\$30,000	\$323,000		\$323,000	Single Family	0.51	0.51	22,066	22,066
025-025-072	RAMOS RICH & RENDON	Residential	\$392,000	\$30,000	\$422,000		\$422,000	Single Family	0.53	0.53	23,066	23,066
025-025-073	SWIDERSKI PAUL J SR & VALERIE J M	Residential	\$254,979	\$94,117	\$349,096		\$349,096	Single Family	0.51	0.51	22,106	22,106
025-025-074	WYATT DMI & SANDRA	Residential				\$90,000	\$90,000	Entire Lot	0.24	0.24	10,609	10,609
025-025-075	WALKER MICHAEL S & BETH M	Residential				\$90,000	\$90,000	Entire Lot	0.25	0.25	10,753	10,753
025-025-076	WALKER MICHAEL S & BETH M	Residential	\$415,000	\$75,000	\$490,000		\$490,000	Single Family	0.37	0.37	11,706	11,706
025-025-077	PERAZZORRA CARLOS JR & CRISTINA C	Residential	\$380,000	\$30,000	\$410,000		\$410,000	Single Family	0.33	0.33	14,525	14,525
025-025-078	FREDERICK JOHN L & KATHLEEN L	Residential	\$214,500	\$30,000	\$244,500		\$244,500	Single Family	0.29	0.29	12,641	12,641
025-025-079	PENNEYA NESSE V & JONITA J	Residential	\$315,000	\$75,000	\$390,000		\$390,000	Single Family	0.26	0.26	11,203	11,203
025-025-080	THOMSON MARTIN G & BRODERICK A	Residential	\$313,000	\$30,000	\$343,000		\$343,000	Single Family	0.33	0.33	22,913	22,913
025-025-081	WYATT JIM & SANDRA	Residential	\$288,500	\$30,000	\$318,500		\$318,500	Single Family	0.41	0.41	26,498	26,498
025-025-082	DOMINGUEZ RAY & ALMA	Residential	\$245,751	\$94,117	\$339,868		\$339,868	Single Family	0.61	0.61	26,438	26,438
025-025-083	FAIRIE NANCY	Residential				\$90,000	\$90,000	Entire Lot	0.66	0.66	28,780	28,780
025-025-084	GILM MANDEEP S	Residential				\$90,000	\$90,000	Entire Lot	0.66	0.66	28,639	28,639
025-025-085	CHARLEY RONALD E	Residential				\$90,000	\$90,000	Entire Lot	0.67	0.67	24,430	24,430
025-025-086	KAMOI DELIT S & KAUR SARBIT	Residential				\$90,000	\$90,000	Entire Lot	0.67	0.67	29,207	29,207

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Western Hills Water District Double Grade CTD No. 1												
Fiscal Year 2013-14 Special Tax Roll												
(Highlighted parcels are appraised parcels)												
APN	Owner Name	Zoning	Assessed Improved Value	Assessed Land Value	Total Assessed Value	Appraised Value	Land Use Description	Gross Acres	Taxable Acres	Lot Sq. Ft.		
025-026-021	MUNIZ STEVEN V & LINDA L	Residential	\$277,000	\$30,000	\$307,000	\$307,000	Single Family	0.14	0.14	3,233.9		
025-026-024	LOMAYTO PETER MICHAEL	Residential	\$320,000	\$30,000	\$350,000	\$350,000	Single Family	0.55	0.55	24,014		
025-026-027	ENGEL GERRIT J	Residential	\$90,000	\$90,000	\$90,000	\$90,000	Single Family	0.63	0.63	27,419		
025-026-028	PETERS MARK C	Residential	\$90,000	\$90,000	\$90,000	\$90,000	Single Family	0.56	0.56	24,470		
025-026-029	YABARA ANDREW G & FANNIE V	Residential	\$90,000	\$90,000	\$90,000	\$90,000	Single Family	0.98	0.98	42,126		
025-026-029	HOVEY RITESH A SHEFALI	Residential	\$90,000	\$90,000	\$90,000	\$90,000	Single Family	0.53	0.53	23,150		
025-026-029	DIABLO GRANDE RESIDENTIAL ASSOC		\$0		\$0	\$0	Exempt	0.00	0.00			
025-027-001	CHARNDIA ABEL & PAULA M	Residential			\$175,000	\$175,000	Single Family	3.34	3.34	145,490		
025-027-002	CHESA HENRY A & JULE E	Residential			\$175,000	\$175,000	Single Family	3.03	3.03	131,987		
025-027-003	CEARLEY RONALD E	Residential			\$135,000	\$135,000	Single Family	2.82	2.82	122,839		
025-027-007	GROVEY CUSTOM BUILDERS INC	Residential			\$90,000	\$90,000	Single Family	0.63	0.63	27,564		
025-027-008	WORLD INTERNATIONAL LLC		\$0		\$0	\$0	Exempt	3.33	3.33	145,051		
025-027-010	DIABLO GRANDE RESIDENTIAL ASSOC		\$0		\$0	\$0	Exempt	0.00	0.00			
025-027-011	DIABLO GRANDE RESIDENTIAL ASSOC		\$0		\$0	\$0	Exempt	0.00	0.00			
025-027-019	WORLD INTERNATIONAL LLC	Residential			\$0	\$0	Exempt	3.34	3.34	145,490		
025-027-019	WORLD INTERNATIONAL LLC	Residential			\$0	\$0	Exempt	3.03	3.03	131,987		
025-027-019	CRUZ SANTIAGO & RUIB A	Residential	\$382,404	\$57,652	\$440,056	\$440,256	Single Family	0.70	0.70	30,492		
025-027-019	WORLD INTERNATIONAL LLC	Residential			\$0	\$0	Exempt	0.61	0.61	26,472		
025-027-019	WORLD INTERNATIONAL LLC	Residential			\$0	\$0	Exempt	0.55	0.55	23,958		
025-027-017	NY DIABLO GRANDE LLC	Residential			\$115,000	\$115,000	Single Family	1.66	1.66	72,110		
025-027-018	TERRY DEVELOPMENT INC	Residential			\$90,000	\$90,000	Single Family	0.63	0.63	26,135		
025-027-020	SOJZA GEORGE J & MARLENE M	Residential			\$90,000	\$90,000	Single Family	0.92	0.92	40,031		
025-027-022	STARR PARTNERS LLC	Residential	\$400,000	\$45,000	\$445,000	\$445,000	Single Family	0.96	0.96	41,818		
025-028-001	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00			
025-028-001	WORLD INTERNATIONAL LLC	Residential			\$0	\$0	Exempt	9.13	9.13	397,703		
025-028-008	WORLD INTERNATIONAL LLC	Residential			\$0	\$0	Exempt	5.88	5.88	256,133		
025-028-008	WORLD INTERNATIONAL LLC	Residential			\$0	\$0	Exempt	1.65	1.65	72,426		
025-028-010	FRY LAURENCE S & MICHELLE A	Residential	\$446,500	\$30,000	\$476,500	\$476,500	Single Family	1.11	1.11	48,352		
025-028-010	WORLD INTERNATIONAL LLC	Residential			\$0	\$0	Exempt	1.21	1.21	52,768		
025-028-012	ANDERSEN BRIAN & AMY	Residential			\$90,000	\$90,000	Single Family	0.96	0.96	41,818		
025-028-013	DIABLO GRANDE LTD PAR	Residential			\$135,000	\$135,000	Single Family	1.36	1.36	59,242		
025-028-014	WORLD INTERNATIONAL LLC	Residential			\$0	\$0	Exempt	0.50	0.50	21,780		
025-028-015	WORLD INTERNATIONAL LLC	Residential			\$0	\$0	Exempt	0.52	0.52	22,651		
025-028-016	WORLD INTERNATIONAL LLC	Residential			\$0	\$0	Exempt	0.48	0.48	20,909		
025-028-017	WORLD INTERNATIONAL LLC	Residential			\$0	\$0	Exempt	0.72	0.72	31,363		
025-028-018	WORLD INTERNATIONAL LLC	Residential			\$0	\$0	Exempt	0.92	0.92	40,075		
025-028-019	WORLD INTERNATIONAL LLC	Residential			\$0	\$0	Exempt	0.75	0.75	32,670		
025-028-020	WORLD INTERNATIONAL LLC	Residential			\$0	\$0	Exempt	0.55	0.55	23,958		
025-028-021	WORLD INTERNATIONAL LLC	Residential			\$0	\$0	Exempt	0.49	0.49	21,344		
025-028-022	WORLD INTERNATIONAL LLC	Residential			\$0	\$0	Exempt	0.58	0.58	25,245		
025-028-023	WORLD INTERNATIONAL LLC	Residential			\$0	\$0	Exempt	0.55	0.55	23,958		
025-028-024	WORLD INTERNATIONAL LLC	Residential			\$0	\$0	Exempt	0.74	0.74	32,234		
025-028-025	WORLD INTERNATIONAL LLC	Residential			\$0	\$0	Exempt	0.99	0.99	43,124		
025-028-026	WORLD INTERNATIONAL LLC	Residential			\$0	\$0	Exempt	1.46	1.46	63,598		
025-028-027	ROSS JEFFREY SCOTT & DALEY ELIZABETH	Residential	\$399,500	\$30,000	\$429,500	\$429,500	Single Family	1.06	1.06	46,174		
025-029-001	RODRIGUEZ ABEL ARDO & BONE	Residential	\$145,500	\$20,000	\$165,500	\$165,500	Single Family	0.13	0.13	5,791		
025-029-002	BLACK GLENDA L ORE	Residential	\$245,000	\$20,000	\$265,000	\$265,000	Single Family	0.14	0.14	6,206		
025-029-003	MILLAR DEBRA J	Residential	\$132,000	\$20,000	\$152,000	\$152,000	Single Family	0.17	0.17	7,563		
025-029-009	HECKLER JEFFREY A & SUSAN M	Residential	\$132,000	\$20,000	\$152,000	\$152,000	Single Family	0.18	0.18	7,754		
025-029-009	BAKER LINDA	Residential	\$191,500	\$20,000	\$211,500	\$211,500	Single Family	0.13	0.13	5,581		
025-029-006	AGANAD ARMANDO S	Residential	\$135,252	\$41,616	\$176,868	\$176,868	Single Family	0.12	0.12	5,018		
025-029-007	CERNY LAUREN	Residential	\$153,000	\$20,000	\$173,000	\$173,000	Single Family	0.12	0.12	5,258		
025-029-008	KAMEL AYMAN	Residential	\$110,063	\$41,929	\$151,992	\$151,992	Single Family	0.11	0.11	4,922		
025-029-009	NISBETT RESIDUES S F & PATRICIA R	Residential	\$132,500	\$20,000	\$152,500	\$152,500	Single Family	0.12	0.12	5,369		
025-029-010	PEREZ ROBERT A VANESSA M	Residential	\$171,200	\$20,000	\$191,200	\$191,200	Single Family	0.13	0.13	5,704		
025-029-011	ROBLEK MICHAEL MATTHEW	Residential	\$107,725	\$41,929	\$149,654	\$149,654	Single Family	0.14	0.14	5,925		
025-029-012	WHITE HARMEN T	Residential	\$132,500	\$20,000	\$152,500	\$152,500	Single Family	0.14	0.14	6,143		
025-029-013	PAINE NANCY ROSANNA	Residential	\$177,500	\$20,000	\$197,500	\$197,500	Single Family	0.13	0.13	5,551		
025-029-014	RICHARDSON DAVID A	Residential	\$191,500	\$20,000	\$211,500	\$211,500	Single Family	0.15	0.15	6,493		
025-029-015	LINDSEY MATTHEW & NATALIE	Residential	\$98,978	\$52,287	\$151,265	\$151,265	Single Family	0.14	0.14	5,978		
025-029-016	BLACKMAN JESSE J & ARIANNE	Residential	\$117,730	\$14,565	\$132,295	\$132,295	Single Family	0.17	0.17	7,655		
025-029-017	MILLER MARC & ANA	Residential	\$92,243	\$52,410	\$144,653	\$144,653	Single Family	0.13	0.13	5,602		
025-029-018	WHITE JACK D & AMY E	Residential	\$178,100	\$20,000	\$198,100	\$198,100	Single Family	0.13	0.13	5,619		
025-029-019	EQUITY TRUST COMPANY CUSTODIAN	Residential	\$113,304	\$52,410	\$165,714	\$165,714	Single Family	0.13	0.13	5,880		
025-029-020	LEONTE BRUCE A	Residential	\$81,548	\$52,287	\$133,835	\$133,835	Single Family	0.13	0.13	5,483		
025-029-021	CHEN HAN A Q & XIANGMING	Residential	\$88,887	\$52,287	\$141,174	\$141,174	Single Family	0.12	0.12	5,309		
025-029-022	DODSON DONALD F & MARIE L	Residential	\$104,174	\$52,287	\$156,461	\$156,461	Single Family	0.11	0.11	4,961		
025-029-023	MARTIN STEPHEN L	Residential	\$62,344	\$52,287	\$114,631	\$114,631	Single Family	0.12	0.12	5,371		
025-029-024	DODSON NEWMARK	Residential	\$112,400	\$20,000	\$132,400	\$132,400	Single Family	0.12	0.12	5,062		
025-029-025	RODRIGUEZ JENNE	Residential	\$113,016	\$20,000	\$133,016	\$133,016	Single Family	0.11	0.11	4,798		

MARKET VALUE BY ASSESSOR'S PARCELS												
Western Hills Water District Double Grande CTD No. 1												
Fiscal Year 2013-14 Special Tax Roll												
(Highlighted parcels are appraised parcels)												
APN	Owner Name	Zoning	Assessed Improved Value	Assessed Land Value	Total Assessed Value	Appraised Value	Value	Land Use Description	Gross Acres	Taxable Acres	Lot Sq. Ft.	
025-029-020	BULLITT FERNANDO	Residential	\$126,200	\$12,287	\$138,487	\$172,347	Single Family	0.11	0.11	4,378		
025-029-027	CHAVES CALLIE	Residential	\$123,000	\$20,000	\$143,000	\$143,000	Single Family	0.11	0.11	4,616		
025-029-029	GOMEZ LUIS ANTONIO	Residential	\$116,200	\$20,400	\$136,600	\$136,600	Single Family	0.10	0.10	4,306		
025-029-029	SANGUON KIM	Residential	\$130,000	\$20,800	\$150,800	\$150,800	Single Family	0.11	0.11	4,602		
025-029-030	PEREZ EILENA	Residential	\$132,222	\$41,616	\$173,838	\$176,800	Single Family	0.19	0.19	8,328		
025-029-031	LEMES ALBERTO	Residential	\$166,500	\$20,000	\$186,500	\$186,500	Single Family	0.11	0.11	4,502		
025-029-032	SCHEIDT MICHAEL J	Residential	\$155,619	\$20,400	\$176,019	\$175,627	Single Family	0.10	0.10	4,458		
025-029-033	JENSEN DAVID C & MARLENE R	Residential	\$107,300	\$20,400	\$127,700	\$127,500	Single Family	0.11	0.11	4,602		
025-029-034	OLALLA LILLYMENDY SANDOVAL	Residential	\$161,200	\$20,000	\$181,200	\$201,500	Single Family	0.11	0.11	4,610		
025-029-035	CHAVES CALLIE J	Residential	\$93,840	\$40,000	\$133,840	\$134,640	Single Family	0.11	0.11	4,968		
025-029-036	HERNAZ-GARZA MARGARITA	Residential	\$171,500	\$20,000	\$191,500	\$191,500	Single Family	0.11	0.11	4,968		
025-029-037	SERRA JIM M	Residential	\$196,500	\$20,000	\$216,500	\$216,500	Single Family	0.11	0.11	4,979		
025-029-038	LADA JOSEPH T	Residential	\$123,021	\$62,744	\$185,665	\$186,661	Single Family	0.15	0.15	6,523		
025-029-039	DIALMATH SHAMSHER	Residential	\$122,767	\$11,212	\$133,979	\$133,979	Prdwld	0.17	0.00	7,602		
025-029-040	LTD DEVELOPMENT INC	Residential	\$166,500	\$20,000	\$186,500	\$186,500	Single Family	0.15	0.15	6,459		
025-029-041	HENSON LARRY E	Residential	\$105,565	\$41,929	\$147,494	\$147,494	Single Family	0.15	0.15	6,515		
025-029-042	MILLER DAVID W	Residential	\$132,200	\$20,000	\$152,200	\$152,200	Single Family	0.20	0.20	8,777		
025-029-043	MEDINA RAFAEL & RICARDO	Residential	\$126,200	\$20,000	\$146,200	\$146,200	Single Family	0.16	0.16	7,123		
025-029-044	VANON CHRISTINE	Residential	\$132,200	\$20,000	\$152,200	\$152,200	Single Family	0.15	0.15	6,444		
025-029-046	ATVAL JAWHIDER R & SHAMSEDER	Residential	\$93,361	\$12,410	\$111,991	\$111,991	Single Family	0.12	0.12	5,107		
025-029-046	CYN CLARECE L JR & EVELYN H	Residential	\$121,600	\$20,400	\$142,000	\$141,800	Single Family	0.11	0.11	4,604		
025-029-047	MADRON LAURA L	Residential	\$142,000	\$20,400	\$162,400	\$163,200	Single Family	0.12	0.12	5,221		
025-029-048	DIABLO GRANDE RESIDENTIAL ASSN		\$0	\$0	\$0	\$0	Exempt	0.00	0.00			
025-029-049	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00			
025-029-051	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00			
025-029-051	HUTCHER MICHAEL D & EILEEN	Residential	\$119,000	\$20,000	\$139,000	\$139,000	Single Family	0.17	0.17	7,367		
025-029-062	DE PALW SHELBY M	Residential	\$136,718	\$32,287	\$169,005	\$169,005	Single Family	0.16	0.16	7,102		
025-029-063	SORA MARIA A	Residential	\$144,635	\$12,410	\$157,045	\$157,045	Single Family	0.16	0.16	7,155		
025-029-064	YAKKO KENNETH & MAUREEN	Residential	\$81,918	\$32,410	\$114,328	\$114,328	Single Family	0.15	0.15	6,446		
025-029-065	MILTON KATZLEL	Residential	\$179,500	\$20,000	\$199,500	\$199,500	Single Family	0.14	0.14	6,169		
025-029-066	OLDSOPHIANI VICTOR & VICTORIA	Residential	\$151,092	\$22,410	\$173,492	\$173,492	Single Family	0.14	0.14	5,962		
025-029-067	PADRON DIANA	Residential	\$121,726	\$20,000	\$141,726	\$142,534	Single Family	0.14	0.14	6,026		
025-029-068	MEXSY JOHN R & KAREN M	Residential	\$182,000	\$20,000	\$202,000	\$202,000	Single Family	0.14	0.14	6,228		
025-029-069	SHEPPERD JAMES & YVONNE E	Residential	\$182,000	\$20,000	\$202,000	\$202,000	Single Family	0.15	0.15	6,541		
025-029-071	SECRETARY OF HOUSING AND URBAN DEVELOPMENT	Residential	\$133,500	\$40,000	\$173,500	\$173,500	Single Family	0.14	0.14	6,020		
025-029-071	GALESBERG MICHAEL & SUSAN	Residential	\$201,200	\$20,000	\$221,200	\$221,500	Single Family	0.13	0.13	5,844		
025-029-075	HEAH KRASHEET KALR	Residential	\$179,500	\$20,000	\$199,500	\$199,500	Single Family	0.16	0.16	7,014		
025-029-075	WESTERN PACIFIC HOUSING	Residential			\$99,000	\$99,000	Improved Single Family Residential Lot 50' x 100' Typical Lot	0.37	0.37	16,266		
025-029-075	WESTERN PACIFIC HOUSING	Residential			\$99,000	\$99,000	Improved Single Family Residential Lot 50' x 100' Typical Lot	0.19	0.19	8,696		
025-029-075	WESTERN PACIFIC HOUSING	Residential			\$99,000	\$99,000	Improved Single Family Residential Lot 50' x 100' Typical Lot	0.15	0.15	6,609		
025-029-076	ONA DOMINADOR L	Residential	\$172,000	\$20,000	\$192,000	\$192,000	Single Family	0.16	0.16	6,777		
025-029-077	ALUIA DIAMARA & SANDORI	Residential	\$188,000	\$20,000	\$208,000	\$208,000	Single Family	0.16	0.16	6,811		
025-029-078	ALBENS THOMAS G & BEVERLY	Residential	\$220,000	\$20,000	\$240,000	\$240,000	Single Family	0.18	0.18	7,656		
025-029-079	GARCIA CARLOS J	Residential	\$172,000	\$20,000	\$192,000	\$192,000	Single Family	0.15	0.15	6,606		
025-029-020	GLADITA MICHAEL J JR	Residential	\$188,000	\$20,000	\$208,000	\$208,000	Single Family	0.20	0.20	8,513		
025-029-021	JAYASH TUDRAJ	Residential	\$198,000	\$20,400	\$218,400	\$218,300	Single Family	0.26	0.26	11,494		
025-029-022	FOX JACK E & ESTELLITA	Residential	\$176,500	\$20,000	\$196,500	\$196,500	Single Family	0.15	0.15	6,308		
025-029-023	MARCOTTE STEVEN JAMES & GAIL DAWN	Residential	\$111,500	\$20,400	\$131,900	\$132,300	Single Family	0.12	0.12	5,426		
025-029-024	BAUTISTA FRANK	Residential	\$178,200	\$20,400	\$198,600	\$198,900	Single Family	0.13	0.13	5,900		
025-029-025	BOGETT CLAYTON	Residential	\$182,000	\$20,000	\$202,000	\$202,000	Single Family	0.13	0.13	5,800		
025-029-026	OBERS DAVID & JONI	Residential	\$122,139	\$41,616	\$163,755	\$164,175	Single Family	0.13	0.13	5,800		
025-029-027	HERWOOD CORY	Residential	\$245,000	\$20,000	\$265,000	\$265,000	Single Family	0.13	0.13	5,800		
025-029-028	WITLOW ANNE M	Residential	\$152,418	\$41,616	\$194,034	\$194,034	Single Family	0.13	0.13	5,800		
025-029-029	ELOLA STEVEN	Residential	\$172,000	\$20,000	\$192,000	\$192,000	Single Family	0.13	0.13	5,800		
025-029-030	NISWOM ROBERT	Residential	\$158,425	\$52,287	\$210,712	\$211,239	Single Family	0.15	0.15	6,608		
025-029-031	TILLER GREGORY A	Residential	\$117,400	\$52,410	\$169,810	\$169,810	Single Family	0.14	0.14	5,932		
025-029-032	BBE AND TERRY & YAN YONG L	Residential	\$146,257	\$41,616	\$187,873	\$189,673	Single Family	0.13	0.13	5,611		
025-029-033	MOTAS HERMEGILDO	Residential	\$208,000	\$20,000	\$228,000	\$228,000	Single Family	0.13	0.13	5,674		
025-029-034	YANGLIN & GAY MEN	Residential	\$182,000	\$20,000	\$202,000	\$202,000	Single Family	0.13	0.13	5,806		
025-029-035	SLATER ROBERT A & LORRAINE	Residential	\$172,000	\$20,000	\$192,000	\$192,000	Single Family	0.14	0.14	5,883		
025-029-036	ASCENCO INDRACE & GLORIA	Residential	\$208,000	\$20,000	\$228,000	\$228,000	Single Family	0.13	0.13	5,795		
025-029-037	STONE MARSHALL & NICAN	Residential	\$119,103	\$17,803	\$136,906	\$137,803	Prdwld	0.15	0.00	6,463		
025-029-038	WATTS ANDRE TYRELL & STEPHANIE D	Residential	\$162,302	\$41,616	\$203,918	\$203,918	Single Family	0.17	0.17	7,235		
025-029-039	HARRIS JOSEPH A & CHARLOTTE A	Residential	\$188,500	\$20,000	\$208,500	\$208,500	Single Family	0.17	0.17	7,444		
025-029-040	JOHNSON REISSELL G & HIZAN J	Residential	\$94,117	\$52,287	\$146,404	\$146,404	Single Family	0.17	0.17	7,599		
025-029-041	LESCORD FRANK M & CATHY L	Residential	\$179,500	\$20,000	\$199,500	\$199,500	Single Family	0.20	0.20	8,676		
025-029-042	IRONG KYUNG C	Residential	\$108,619	\$52,287	\$160,906	\$161,700	Single Family	0.14	0.14	6,173		
025-029-043	FENTON ADAM & ILLIAN	Residential	\$142,000	\$52,410	\$194,410	\$194,410	Single Family	0.11	0.11	5,800		
025-029-044	HILL MARK & KATHLEEN	Residential	\$93,000	\$52,410	\$145,409	\$145,500	Single Family	0.11	0.11	5,000		

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Western Hills Water District Double Grade CTD No. 1												
Fiscal Year 2013-14 Special Tax Roll												
(Highlighted parcels are appraised parcels)												
APN	Owner Name	Zoning	Assessed Improved Value	Assessed Land Value	Total Assessed Value	Appraised Value	Value	Land Use Description	Gross Acres	Taxable Acres	Lot Sq. Ft.	
025-000-046	ELICKSON, ESSE & AUBRIANNE	Residential	\$117,700	\$26,000	\$143,700		\$143,700 Single Family		0.11	0.11	3,009	
025-000-046	SIEK FRANK & TU YIBEI	Residential	\$110,063	\$41,029	\$151,092		\$151,092 Single Family	0.14	0.14	3,942		
025-000-047	COOPER, NIEL	Residential	\$141,110	\$103,020	\$244,130		\$244,130 Single Family	0.16	0.16	4,073		
025-000-048	GEORGE DORIAN A	Residential	\$176,500	\$20,000	\$196,500		\$196,500 Single Family	0.13	0.13	3,600		
025-000-049	GRAY KURLAND	Residential	\$109,242	\$41,616	\$150,858		\$150,858 Single Family	0.13	0.13	3,600		
025-000-050	BOLIN DANIEL	Residential	\$115,032	\$52,287	\$167,319		\$167,319 Single Family	0.13	0.13	3,600		
025-000-051	ACHETA ROSALINDA S SANTIAGO	Residential	\$201,500	\$20,500	\$222,000		\$222,000 Single Family	0.15	0.15	4,014		
025-000-052	MARUYAMA FRANK II	Residential	\$176,500	\$20,000	\$196,500		\$196,500 Single Family	0.14	0.14	3,917		
025-000-053	KACS KANDIAN	Residential	\$119,140	\$41,616	\$160,756		\$160,756 Single Family	0.11	0.11	3,004		
025-000-054	PORTER SUCKOW DIANA	Residential	\$201,500	\$20,000	\$221,500		\$221,500 Single Family	0.11	0.11	3,000		
025-000-055	JAMES LEROY	Residential	\$113,500	\$40,000	\$153,500		\$153,500 Single Family	0.11	0.11	3,002		
025-000-060	ANG GEORGE & YAO EDY RIVERA	Residential	\$94,676	\$41,616	\$136,292		\$136,292 Single Family	0.13	0.13	3,761		
025-000-057	DEE JOHN E	Residential	\$128,611	\$20,008	\$148,619		\$148,619 Single Family	0.15	0.15	4,275		
025-000-058	ABAYAN DENNIS P & ELORA N	Residential	\$179,000	\$20,000	\$199,000		\$199,000 Single Family	0.13	0.13	3,600		
025-000-059	HORNE JR EDWARD	Residential	\$137,132	\$20,008	\$158,140		\$158,140 Single Family	0.13	0.13	3,600		
025-000-060	MESA KUTY R & MARCIA	Residential	\$179,000	\$20,000	\$199,000		\$199,000 Single Family	0.13	0.13	3,612		
025-000-061	GORDON EDWARD C & LAURA L	Residential	\$210,000	\$20,000	\$230,000		\$230,000 Single Family	0.16	0.16	7,106		
025-000-055	HURKE WILLIAM & LILA	Residential	\$140,500	\$20,000	\$160,500		\$160,500 Single Family Residential Lot 10' x 100' Typical Lot	0.18	0.18	7,146		
025-000-062	WESTERN PACIFIC HOUSING	Residential				\$99,000	\$99,000 Improved Single Family Residential Lot 10' x 100' Typical Lot	0.11	0.11	3,000		
025-000-064	WESTERN PACIFIC HOUSING	Residential				\$99,000	\$99,000 Improved Single Family Residential Lot 10' x 100' Typical Lot	0.11	0.11	3,000		
025-000-062	WESTERN PACIFIC HOUSING	Residential				\$99,000	\$99,000 Improved Single Family Residential Lot 10' x 100' Typical Lot	0.12	0.12	3,226		
025-000-066	MEDIANO LOREANNE J	Residential	\$119,000	\$20,000	\$139,000		\$139,000 Single Family	0.18	0.18	7,709		
025-000-067	DAHLIO GRANDE RESIDENTIAL ASSN	Residential	\$0	\$0	\$0		\$0 Exempt	0.00	0.00			
025-000-068	DAHLIO GRANDE COMMERCIAL ASSOC	Residential	\$73,378	\$31,445	\$104,823		\$104,823 Single Family	0.09	0.09	4,049		
025-001-002	MARTINEZ MARSHALL JR	Residential	\$132,000	\$20,000	\$152,000		\$152,000 Single Family	0.09	0.09	4,050		
025-001-001	GOLEY HELENE M	Residential	\$115,560	\$20,400	\$135,960		\$135,960 Single Family	0.10	0.10	4,440		
025-001-004	SHENSON LAWRENCE W	Residential	\$83,639	\$11,372	\$115,011		\$115,011 Single Family	0.09	0.09	3,932		
025-001-005	SALAS MIGUEL	Residential	\$22,819	\$11,372	\$34,192		\$34,192 Single Family	0.09	0.09	4,052		
025-001-006	DAHLIN STANLEY A	Residential	\$97,000	\$20,000	\$117,000		\$117,000 Single Family	0.11	0.11	3,001		
025-001-007	WAYSON WALTER C	Residential	\$108,120	\$25,500	\$133,620		\$133,620 Single Family	0.12	0.12	5,330		
025-001-000	DESAI KAMLA V & NEHA	Residential	\$91,432	\$15,500	\$106,932		\$106,932 Single Family	0.08	0.08	3,472		
025-001-000	RIBBEL WILLIAM & CHERYL	Residential	\$97,000	\$20,000	\$117,000		\$117,000 Single Family	0.09	0.09	4,052		
025-001-010	FITZGERALD WILLIAM V JR & PAMELA M	Residential	\$115,500	\$20,000	\$135,500		\$135,500 Single Family	0.10	0.10	4,300		
025-001-011	DAVIS JULE	Residential	\$115,500	\$20,000	\$135,500		\$135,500 Single Family	0.14	0.14	6,241		
025-001-012	VIERA ROBT & KATH HARPREET	Residential	\$108,500	\$20,000	\$128,500		\$128,500 Single Family	0.11	0.11	4,613		
025-001-013	PENSA MICHAEL	Residential	\$108,500	\$20,000	\$128,500		\$128,500 Single Family	0.11	0.11	4,449		
025-001-014	ATWAL JASWINDER & SAMINDER	Residential	\$85,000	\$20,000	\$105,000		\$105,000 Single Family	0.09	0.09	4,020		
025-001-015	FERNANDEZ BENITO A NOLA R	Residential	\$115,500	\$20,000	\$135,500		\$135,500 Single Family	0.09	0.09	3,920		
025-001-016	CARDINALE PAUL & CARIDAD	Residential	\$108,500	\$20,000	\$128,500		\$128,500 Single Family	0.07	0.07	3,120		
025-001-017	ALBRECHT ANN	Residential	\$97,000	\$20,000	\$117,000		\$117,000 Single Family	0.08	0.08	3,600		
025-001-018	MYRICK ASHLEY	Residential	\$115,500	\$20,000	\$135,500		\$135,500 Single Family	0.09	0.09	3,920		
025-001-019	HAPPHOLD CLEVE	Residential	\$108,500	\$20,000	\$128,500		\$128,500 Single Family	0.07	0.07	3,180		
025-001-020	HICKSON ROGER D	Residential	\$80,000	\$20,000	\$100,000		\$100,000 Single Family	0.08	0.08	3,600		
025-001-021	TIERNEY JEFFREY R & RHODES TRACEY	Residential	\$115,500	\$20,000	\$135,500		\$135,500 Single Family	0.09	0.09	3,920		
025-001-022	ATWAL JASWINDER & SHAMINDER	Residential	\$95,500	\$20,000	\$115,500		\$115,500 Single Family	0.10	0.10	4,516		
025-001-023	TOPEL MICHAEL	Residential	\$72,279	\$26,264	\$98,543		\$98,543 Single Family	0.10	0.10	4,316		
025-001-024	GRACE JOHN P JR & CAROL A	Residential	\$91,000	\$20,000	\$111,000		\$111,000 Single Family	0.10	0.10	4,372		
025-001-025	ABRUA HARSH	Residential	\$96,500	\$20,000	\$116,500		\$116,500 Single Family	0.10	0.10	4,266		
025-001-026	FABIA DARLENO CHRISTINE	Residential	\$91,000	\$20,000	\$111,000		\$111,000 Single Family	0.12	0.12	5,390		
025-001-027	HOGAN COLTON B	Residential	\$80,000	\$26,010	\$106,010		\$106,010 Single Family	0.14	0.14	6,128		
025-001-028	ANCHETA MARCELINO I	Residential	\$91,000	\$20,000	\$111,000		\$111,000 Single Family	0.11	0.11	4,741		
025-001-029	SECRETARY OF HOUSING AND URBAN DEVELOP	Residential	\$86,190	\$25,500	\$111,690		\$111,690 Single Family	0.10	0.10	4,136		
025-001-030	SYTO NORMAN A FOUNCER EDITHA Y	Residential	\$73,773	\$14,445	\$88,218		\$88,218 Single Family	0.16	0.16	7,020		
025-001-031	LEWIS DONALD C & SCHEIDER ELLEN	Residential	\$96,500	\$20,400	\$116,900		\$116,900 Single Family	0.13	0.13	5,526		
025-001-032	EDWARDS LEROY REAN	Residential	\$107,100	\$20,400	\$127,500		\$127,500 Single Family	0.10	0.10	4,335		
025-001-033	KAPKOR NEBERE	Residential	\$87,861	\$20,808	\$108,669		\$108,669 Single Family	0.11	0.11	4,757		
025-001-034	ZHANG BUN BAO ZHONG	Residential	\$86,478	\$26,264	\$112,742		\$112,742 Single Family	0.12	0.12	5,426		
025-001-035	CHAVES DAVID S	Residential	\$67,972	\$11,372	\$79,344		\$79,344 Single Family	0.16	0.16	6,970		
025-001-036	RUENIZ PIERRO	Residential	\$115,500	\$20,000	\$135,500		\$135,500 Single Family	0.12	0.12	5,111		
025-001-037	GRIZZ JEFFREY A	Residential	\$86,500	\$20,000	\$106,500		\$106,500 Single Family	0.11	0.11	4,901		
025-001-038	LOPEZ GILJANNO	Residential	\$61,561	\$14,445	\$76,006		\$76,006 Single Family	0.11	0.11	4,641		
025-001-039	MORRAY TABARA	Residential	\$108,500	\$20,000	\$128,500		\$128,500 Single Family	0.07	0.07	3,084		
025-001-040	GRUNDY KATHLEEN	Residential	\$98,500	\$20,000	\$118,500		\$118,500 Single Family	0.11	0.11	4,843		
025-001-041	PIZANO PAUL Y	Residential	\$98,500	\$20,000	\$118,500		\$118,500 Single Family	0.13	0.13	5,461		
025-001-042	ALLREDIDGE BROOKIE	Residential	\$108,500	\$20,000	\$128,500		\$128,500 Single Family	0.08	0.08	3,528		
025-001-043	REED PHELIP CHARLES	Residential	\$97,000	\$20,000	\$117,000		\$117,000 Single Family	0.08	0.08	3,613		
025-001-044	PMORGAN CHASE BANK NA	Residential	\$97,000	\$20,000	\$117,000		\$117,000 Single Family	0.08	0.08	3,613		
025-001-045	TIFFIN DWAYNE	Residential	\$46,879	\$11,445	\$58,324		\$58,324 Single Family	0.07	0.07	2,964		
025-001-046	LOPEZ CHRISTINA A	Residential	\$63,790	\$11,372	\$75,162		\$75,162 Single Family	0.08	0.08	3,419		

MARKET VALUE BY ASSESSOR'S PARCELS												
Western Hills Water District Double Grande CTD No. 1												
Fiscal Year 2013-14 Special Tax Roll												
(Highlighted parcels are appraised parcels)												
APN	Owner Name	Zoning	Assessed Improved Value	Assessed Land Value	Total Assessed Value	Appraised Value	Land Use Description	Gross Acres	Taxable Acres	Lot Sq. Ft.	Lot Sq. Ft.	Lot Sq. Ft.
023-01-040	VIVIAN HULTOR	Residential	\$88,674	\$26,010	\$114,684	\$114,684	Single Family	0.09	0.09	3,938		
023-01-048	HORTON GRIELDA & BASILE	Residential	\$89,099	\$26,204	\$115,303	\$115,303	Single Family	0.09	0.09	3,917		
023-01-049	LI LAUREN	Residential	\$81,000	\$28,000	\$109,000	\$102,000	Single Family	0.12	0.12	5,051		
023-01-050	TITUS DEWAYNE	Residential	\$81,000	\$25,500	\$106,500	\$107,100	Single Family	0.10	0.10	4,452		
023-01-051	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00			
023-01-052	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00			
023-01-053	DIABLO GRANDE COMMERCIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00			
023-02-001	PERRY ROBERT D	Residential	\$85,400	\$26,400	\$111,800	\$106,000	Single Family	0.07	0.07	3,100		
023-02-002	CUNNINGHAM RACHELLE LEBLANC	Residential	\$81,878	\$26,204	\$108,082	\$110,000	Single Family	0.08	0.08	3,400		
023-02-003	DORNE EDWARD JR	Residential	\$111,403	\$20,808	\$132,211	\$134,211	Single Family	0.09	0.09	3,920		
023-02-004	MURRAY CRAIG V	Residential	\$108,500	\$20,000	\$128,500	\$128,500	Single Family	0.07	0.07	3,100		
023-02-005	SPARKS ALEXANDRA	Residential	\$97,000	\$20,000	\$117,000	\$117,000	Single Family	0.08	0.08	3,400		
023-02-006	WARD JOSEPH & JACQUELYN	Residential	\$115,500	\$20,000	\$135,500	\$135,500	Single Family	0.09	0.09	3,920		
023-02-007	CVIC DIABLO GRANDE LLC	Residential				\$84,000	Improved Single Family Residential Lot 35' x 100' Typical Lot	0.09	0.09	3,920		
023-02-008	CVIC DIABLO GRANDE LLC	Residential				\$84,000	Improved Single Family Residential Lot 35' x 100' Typical Lot	0.10	0.10	4,401		
023-02-009	CVIC DIABLO GRANDE LLC	Residential				\$84,000	Improved Single Family Residential Lot 35' x 100' Typical Lot	0.12	0.12	5,206		
023-02-010	CVIC DIABLO GRANDE LLC	Residential				\$84,000	Improved Single Family Residential Lot 35' x 100' Typical Lot	0.14	0.14	6,141		
023-02-011	CVIC DIABLO GRANDE LLC	Residential				\$84,000	Improved Single Family Residential Lot 35' x 100' Typical Lot	0.08	0.08	3,319		
023-02-012	CVIC DIABLO GRANDE LLC	Residential				\$84,000	Improved Single Family Residential Lot 35' x 100' Typical Lot	0.08	0.08	3,442		
023-02-013	CVIC DIABLO GRANDE LLC	Residential				\$84,000	Improved Single Family Residential Lot 35' x 100' Typical Lot	0.10	0.10	4,370		
023-02-014	MC AD WILLIAM J	Residential	\$108,500	\$20,000	\$128,500	\$128,500	Single Family	0.08	0.08	3,319		
023-02-015	RICHIEY NATHANIEL E	Residential	\$86,190	\$26,400	\$112,590	\$106,500	Single Family	0.08	0.08	3,441		
023-02-016	RAMEY DAVID W	Residential	\$115,500	\$20,000	\$135,500	\$135,500	Single Family	0.09	0.09	3,960		
023-02-017	CACHOLA ANASTASIA	Residential	\$108,500	\$20,000	\$128,500	\$128,500	Single Family	0.12	0.12	5,206		
023-02-018	DEL DON LE ROY JR	Residential	\$91,000	\$20,000	\$111,000	\$111,000	Preserv	0.10	0.00	4,515		
023-02-019	MACWILLIAMS JASON & NOELLE	Residential	\$98,500	\$20,000	\$118,500	\$118,500	Single Family	0.10	0.10	4,400		
023-02-020	CVIC DIABLO GRANDE LLC	Residential				\$84,000	Improved Single Family Residential Lot 35' x 100' Typical Lot	0.11	0.11	4,490		
023-02-021	CVIC DIABLO GRANDE LLC	Residential				\$84,000	Improved Single Family Residential Lot 35' x 100' Typical Lot	0.10	0.10	4,155		
023-02-022	CVIC DIABLO GRANDE LLC	Residential				\$84,000	Improved Single Family Residential Lot 35' x 100' Typical Lot	0.12	0.12	5,206		
023-02-023	CVIC DIABLO GRANDE LLC	Residential				\$84,000	Improved Single Family Residential Lot 35' x 100' Typical Lot	0.14	0.14	5,965		
023-02-024	PORRA NOEMI M	Residential	\$91,000	\$20,000	\$111,000	\$111,000	Single Family	0.13	0.13	5,590		
023-02-025	HAYASHI LI	Residential	\$98,500	\$20,000	\$118,500	\$118,500	Single Family	0.09	0.09	3,970		
023-02-026	ZALCITA WILFRED Y & ELIZABETH ANN L	Residential	\$91,000	\$20,000	\$111,000	\$111,000	Single Family	0.11	0.11	4,740		
023-02-027	TRUONG TRANG LOAC	Residential	\$127,500	\$20,000	\$147,500	\$147,500	Single Family	0.10	0.10	4,154		
023-02-028	CHIAN PAMELA C	Residential	\$98,500	\$20,000	\$118,500	\$118,500	Single Family	0.12	0.12	5,083		
023-02-029	CROWN KIMPHI & EILEEN	Residential	\$98,500	\$20,000	\$118,500	\$118,500	Single Family	0.13	0.13	5,817		
023-02-030	IDC RENTALS LLC	Residential	\$86,700	\$26,400	\$113,100	\$107,100	Single Family	0.08	0.08	3,408		
023-02-031	GOLDENBERG MICHAEL & SUSAN	Residential	\$91,000	\$20,000	\$111,000	\$101,000	Single Family	0.09	0.09	3,960		
023-02-032	ZITO JOSEPH L	Residential	\$97,000	\$20,000	\$117,000	\$117,000	Single Family	0.09	0.09	3,960		
023-02-033	FERRERIZ VINCENT	Residential	\$108,500	\$20,000	\$128,500	\$128,500	Single Family	0.08	0.08	3,344		
023-02-034	PAZDRAUS LARA	Residential	\$78,014	\$11,443	\$89,457	\$110,000	Single Family	0.11	0.11	4,762		
023-02-035	LUND JASON E	Residential	\$83,212	\$26,010	\$109,242	\$109,242	Single Family	0.07	0.07	2,848		
023-02-036	KONINKTAK JENNIFER	Residential	\$84,500	\$11,443	\$95,943	\$96,474	Single Family	0.10	0.10	4,451		
023-02-037	CYX DANIEL	Residential	\$86,700	\$20,400	\$107,100	\$107,100	Single Family	0.11	0.11	4,965		
023-02-038	LI LAUREN	Residential	\$84,500	\$20,400	\$104,900	\$98,250	Single Family	0.08	0.08	3,285		
023-02-039	VANGUIN & GAO MIN	Residential	\$92,388	\$20,000	\$112,388	\$112,388	Single Family	0.12	0.12	5,307		
023-02-040	YANZ AIDIAN	Residential	\$104,623	\$26,204	\$130,827	\$131,027	Single Family	0.13	0.13	5,774		
023-02-041	BACALSO ARTURO & SAavedra MARIEL	Residential	\$81,151	\$26,010	\$107,161	\$107,161	Single Family	0.07	0.07	2,993		
023-02-042	BROWN DALE	Residential	\$72,851	\$11,445	\$84,296	\$104,206	Single Family	0.11	0.11	4,783		
023-02-043	ROQUE CARLOS A & GRILLAN K	Residential	\$98,500	\$20,000	\$118,500	\$118,500	Single Family	0.16	0.16	7,062		
023-02-044	LLOYD SHIRLEY	Residential	\$12,247	\$11,772	\$24,019	\$83,659	Single Family	0.18	0.18	7,794		
023-02-045	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00			
023-02-046	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00			
023-02-047	CVIC DIABLO GRANDE LLC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00			
023-03-001	LUND JASON E	Residential	\$88,133	\$11,445	\$99,578	\$99,578	Single Family	0.11	0.11	4,937		
023-03-002	O'CONNELL DANIELLE V	Residential	\$105,878	\$20,400	\$126,278	\$126,278	Single Family	0.12	0.12	5,183		
023-03-003	LEWIS KEENAN	Residential	\$97,000	\$20,000	\$117,000	\$117,000	Single Family	0.08	0.08	3,408		
023-03-004	GALLE JEAN	Residential	\$115,500	\$20,000	\$135,500	\$135,500	Single Family	0.12	0.12	5,178		
023-03-005	FUSSELL DAREK	Residential	\$88,133	\$11,445	\$99,578	\$99,578	Single Family	0.08	0.08	3,302		
023-03-006	FUSSELL DAREK	Residential	\$115,500	\$20,000	\$135,500	\$135,500	Single Family	0.11	0.11	4,711		
023-03-007	PRO RAMON	Residential	\$162,217	\$11,445	\$173,662	\$170,600	Single Family	0.13	0.13	5,494		
023-03-008	MORALES NOLAN A	Residential	\$97,000	\$20,000	\$117,000	\$117,000	Single Family	0.08	0.08	3,371		
023-03-009	KELTING ANANA & KELLY R	Residential	\$88,130	\$11,443	\$99,573	\$111,115	Single Family	0.19	0.19	8,099		
023-03-010	AVILA EDWARD W JR & DEBORAH	Residential	\$73,202	\$11,772	\$84,974	\$104,974	Single Family	0.16	0.16	6,765		
023-03-011	CORE CARLENE A	Residential	\$97,000	\$20,000	\$117,000	\$117,000	Single Family	0.12	0.12	5,277		
023-03-012	MAURINO PABLO	Residential	\$81,236	\$11,445	\$92,681	\$112,681	Single Family	0.11	0.11	4,608		
023-03-013	PERABO ANA MARIA	Residential	\$73,775	\$11,445	\$85,220	\$104,420	Single Family	0.16	0.16	6,561		
023-03-014	BYRON WINTON A	Residential	\$108,500	\$20,000	\$128,500	\$128,500	Single Family	0.08	0.08	3,403		
023-03-015	VILA BRENTON	Residential	\$108,500	\$20,000	\$128,500	\$128,500	Single Family	0.10	0.10	4,261		
023-03-016	CYDINS BRANDON & MARISHA	Residential	\$115,500	\$20,000	\$135,500	\$135,500	Single Family	0.11	0.11	4,606		

MARKET VALUE BY ASSESSOR'S PARCEL									
Western Hills Water District Double Grade CTD No. 1									
Fiscal Year 2013-14 Special Tax Roll									
(Highlighted parcels are appraised parcels)									
APN	Owner Name	Zoning	Assessed Improved Value	Assessed Land Value	Total Assessed Value	Appraised Value	Land Use Description	Gross Acres	Taxable Acres
024-03-001	CVC DIABLO GRANDE LLC	Residential			\$84,000	\$84,000	Improved Single Family Residential Lot 35 x 100' Typical Lot	0.09	0.09
024-03-002	CVC DIABLO GRANDE LLC	Residential			\$84,000	\$84,000	Improved Single Family Residential Lot 35 x 100' Typical Lot	0.08	0.08
024-03-020	FABACA DAVID & DELAYNE	Residential	\$114,240	\$20,400	\$134,640	\$134,640	Single Family	0.08	0.08
024-03-021	ENCILLI DARLENE	Residential	\$97,000	\$20,000	\$117,000	\$117,000	Single Family	0.09	0.09
024-03-022	JOHNSON LINDA LOW & STEVEN PAUL	Residential	\$115,500	\$20,000	\$135,500	\$135,500	Single Family	0.14	0.14
024-03-023	OLIVER BOB & JUNE A	Residential	\$91,000	\$20,000	\$111,000	\$111,000	Single Family	0.12	0.12
024-03-024	YANG LIN & GAO MIN	Residential	\$92,168	\$20,000	\$112,168	\$112,168	Single Family	0.12	0.12
024-03-025	CVC DIABLO GRANDE LLC	Residential			\$84,000	\$84,000	Improved Single Family Residential Lot 35 x 100' Typical Lot	0.10	0.10
024-03-026	CVC DIABLO GRANDE LLC	Residential			\$84,000	\$84,000	Improved Single Family Residential Lot 35 x 100' Typical Lot	0.11	0.11
024-03-027	CVC DIABLO GRANDE LLC	Residential			\$84,000	\$84,000	Improved Single Family Residential Lot 35 x 100' Typical Lot	0.10	0.10
024-03-028	CVC DIABLO GRANDE LLC	Residential			\$84,000	\$84,000	Improved Single Family Residential Lot 35 x 100' Typical Lot	0.11	0.11
024-03-029	GOLDSBERRY MICHAEL & SUSAN	Residential	\$81,808	\$11,445	\$113,253	\$113,253	Single Family	0.11	0.11
024-03-030	COTTER BRIET & LINDSIE	Residential	\$81,000	\$20,000	\$101,000	\$101,000	Single Family	0.10	0.10
024-03-031	URIBE JOSHUA JAMES	Residential	\$90,455	\$11,372	\$121,827	\$121,827	Single Family	0.10	0.10
024-03-032	MARKY KATHRYN DAWN	Residential	\$80,614	\$26,610	\$114,444	\$114,444	Single Family	0.09	0.09
024-03-033	LAVERIE FATEMEH ZANDE	Residential	\$94,676	\$20,808	\$115,484	\$115,484	Single Family	0.09	0.09
024-03-034	CVC DIABLO GRANDE LLC	Residential			\$84,000	\$84,000	Improved Single Family Residential Lot 35 x 100' Typical Lot	0.11	0.11
024-03-035	CVC DIABLO GRANDE LLC	Residential			\$84,000	\$84,000	Improved Single Family Residential Lot 35 x 100' Typical Lot	0.09	0.09
024-03-036	CVC DIABLO GRANDE LLC	Residential			\$84,000	\$84,000	Improved Single Family Residential Lot 35 x 100' Typical Lot	0.09	0.09
024-03-037	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00
024-03-038	DIABLO GRANDE RESIDENTIAL ASSOCIATION		\$0	\$0	\$0	\$0	Exempt	0.00	0.00
024-03-039	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00
024-03-040	DIABLO GRANDE COMMERCIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00
024-04-001	WESTERN PACIFIC HOUSING	Residential			\$109,000	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.13	0.13
024-04-002	WESTERN PACIFIC HOUSING	Residential			\$109,000	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.26	0.26
024-04-003	WESTERN PACIFIC HOUSING	Residential			\$109,000	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.15	0.15
024-04-004	WESTERN PACIFIC HOUSING	Residential			\$109,000	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.15	0.15
024-04-005	WESTERN PACIFIC HOUSING	Residential			\$109,000	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.15	0.15
024-04-006	WESTERN PACIFIC HOUSING	Residential			\$109,000	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.28	0.28
024-04-007	WESTERN PACIFIC HOUSING	Residential			\$109,000	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.19	0.19
024-04-008	WESTERN PACIFIC HOUSING	Residential			\$109,000	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.17	0.17
024-04-009	WESTERN PACIFIC HOUSING	Residential			\$109,000	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.14	0.14
024-04-010	WESTERN PACIFIC HOUSING	Residential			\$109,000	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.16	0.16
024-04-011	WESTERN PACIFIC HOUSING	Residential			\$109,000	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.16	0.16
024-04-012	WESTERN PACIFIC HOUSING	Residential			\$109,000	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.16	0.16
024-04-013	WESTERN PACIFIC HOUSING	Residential			\$109,000	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.15	0.15
024-04-014	WESTERN PACIFIC HOUSING	Residential			\$109,000	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.14	0.14
024-04-015	WESTERN PACIFIC HOUSING	Residential			\$109,000	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.16	0.16
024-04-016	WESTERN PACIFIC HOUSING	Residential			\$109,000	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.16	0.16
024-04-017	WESTERN PACIFIC HOUSING	Residential			\$109,000	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.16	0.16
024-04-018	WESTERN PACIFIC HOUSING	Residential			\$109,000	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.16	0.16
024-04-019	WESTERN PACIFIC HOUSING	Residential			\$109,000	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.16	0.16
024-04-020	WESTERN PACIFIC HOUSING	Residential			\$109,000	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.16	0.16
024-04-021	WESTERN PACIFIC HOUSING	Residential			\$109,000	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.16	0.16
024-05-001	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.11	0.11
024-05-002	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.11	0.11
024-05-003	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.12	0.12
024-05-004	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.12	0.12
024-05-005	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.12	0.12
024-05-006	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.13	0.13
024-05-007	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.14	0.14
024-05-008	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.14	0.14
024-05-009	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.15	0.15
024-05-010	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.15	0.15
024-05-011	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.15	0.15
024-05-012	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.14	0.14
024-05-013	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.20	0.20
024-05-014	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.42	0.42
024-05-015	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.27	0.27
024-05-016	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.13	0.13
024-05-017	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.13	0.13
024-05-018	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.13	0.13
024-05-019	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.14	0.14
024-05-020	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.15	0.15
024-05-021	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.16	0.16
024-05-022	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.14	0.14
024-05-023	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.15	0.15
024-05-024	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.15	0.15
024-05-025	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.15	0.15

MARKET VALUE LOSS ASSUMPTIONS TABLE													
Fresno Hills Water Reuse District Grants - C&D No. 1													
Fiscal Year 2013-14 Special Tax List													
All parcels with values are appraised parcels													
APN	Owner Name	Use	Zoning	Assessed Improval Value	Assessed Land Value	Total Assessed Value	Appraised Value	Land Use Description	Current Asses	Transfer Asses	Land Use APN		
01-01-001	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-002	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-003	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-004	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-005	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-006	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-007	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-008	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-009	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-010	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-011	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-012	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-013	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-014	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-015	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-016	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-017	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-018	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-019	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-020	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-021	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-022	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-023	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-024	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-025	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-026	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-027	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-028	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-029	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-030	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-031	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-032	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-033	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-034	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-035	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-036	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-037	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-038	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-039	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-040	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-041	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-042	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-043	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-044	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-045	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-046	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-047	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-048	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-049	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-050	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-051	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-052	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-053	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-054	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-055	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-056	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-057	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-058	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-059	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-060	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-061	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-062	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-063	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-064	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-065	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-066	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-067	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-068	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-069	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-070	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-071	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-072	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-073	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-074	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-075	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-076	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-077	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-078	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		
01-01-079	WESTERN PACIFIC HOUSING	Residential	Residential	\$10,000	\$10,000	\$10,000	\$10,000	Improve Single Family Residential Lot 70 x 107 Twp 10 S, R. 12 E, S. 31 N	0.12	0.12	5400		

MARKET VALUE BY ASSESSOR'S PARCEL											
Western Hills Water District Double Grande CTD No. 1											
Fiscal Year 2013-14 Special Tax Roll											
(Highlighted parcels are appraised parcels)											
APN	Owner Name	Zoning	Assessed Improved Value	Assessed Land Value	Total Assessed Value	Appraised Value	Value	Land Use Description	Gross Acres	Taxable Acres	Lot Sq. Ft.
0249-0101	WESTERN PACIFIC HOUSING	Residential			\$117,000	\$117,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.18	0.18	7,775
0249-0102	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.18	0.18	7,750
0249-0103	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.17	0.17	7,213
0249-0104	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.21	0.21	9,187
0249-0105	WESTERN PACIFIC HOUSING	Residential			\$119,000	\$119,000	\$119,000	Improved Single Family Residential Lot 70' x 100' Typical Lot	0.00	0.00	
0249-0106	WORLD INTERNATIONAL LLC		\$397,086	\$222,000	\$619,085	\$619,085	Grdf	46.11	46.11		
0249-0107	PACIFIC BLUE LLC		\$0	\$150,000	\$150,000	\$150,000	Winery	10.73	10.73		
0249-0108	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00		
0249-0109	WORLD INTERNATIONAL LLC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00		
0249-0110	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00		
0249-0111	DIABLO GRANDE COMMERCIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00		
0249-0112	DIABLO GRANDE COMMERCIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00		
0249-0113	DIABLO GRANDE COMMERCIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00		
0249-0114	DIABLO GRANDE COMMERCIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00		
0249-0115	WORLD INTERNATIONAL LLC		\$1,022,026	\$1,488,491	\$2,510,517	\$2,510,517	Double Range - grazing land/open space	1,242.36	843.48		
0249-0116	WORLD INTERNATIONAL LLC		\$1,561,085	\$371,742	\$1,932,826	\$1,932,826	Grdf	40.40	40.40		
0249-0117	DIABLO GRANDE COMMERCIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00		
0249-0118	WORLD INTERNATIONAL LLC		\$0	\$286,167	\$286,167	\$286,167	Hotel	13.66	13.66		
0249-0119	WORLD INTERNATIONAL LLC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00		
0249-0120	WORLD INTERNATIONAL LLC		\$12,496	\$207,025	\$324,915	\$324,915	Undeveloped	34.00	34.00		
0249-0121	WESTERN PACIFIC HOUSING		\$0	\$0	\$0	\$0	Exempt	0.00	0.00		
0249-0122	DIABLO GRANDE COMMERCIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00		
0249-0123	WORLD INTERNATIONAL LLC		\$0	\$0	\$0	\$0	Exempt	1.18	0.00		
0249-0124	WORLD INTERNATIONAL LLC		\$0	\$0	\$0	\$0	Exempt	1.50	0.00		
0249-0125	WORLD INTERNATIONAL LLC		\$0	\$0	\$0	\$0	Exempt	3.10	3.10		
0249-0126	WORLD INTERNATIONAL LLC		\$0	\$0	\$0	\$0	Phase 1, Village 5 - 224 Production-Oriented SFR Lots	39.50	39.50		
0249-0127	WORLD INTERNATIONAL LLC		\$0	\$0	\$0	\$0	Phase 1, Village 5 - 224 Production-Oriented SFR Lots	38.46	0.00		
0249-0128	WORLD INTERNATIONAL LLC		\$0	\$0	\$0	\$0	Exempt	0.74	0.00		
0249-0129	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	0.48	0.48	20,909	
0249-0130	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	0.92	0.92	40,075	
0249-0131	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	1.31	1.35	58,806	
0249-0132	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	5.65	5.65	246,114	
0249-0133	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	4.76	4.76	207,346	
0249-0134	ENSON BRIAN R & DEAN E	Residential	\$0	\$0	\$0	\$0	Exempt	0.94	0.94	40,946	
0249-0135	WALT OULEY ENTERPRISES INC	Residential	\$0	\$0	\$0	\$0	Exempt	0.92	0.92	40,075	
0249-0136	ZERCOE STEVE	Residential	\$0	\$0	\$0	\$0	Exempt	0.92	0.92	40,075	
0249-0137	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	0.72	0.72	31,363	
0249-0138	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	0.47	0.47	20,473	
0249-0139	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	0.48	0.48	20,909	
0249-0140	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00		
0249-0141	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00		
0249-0142	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00		
0249-0143	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00		
0249-0144	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	4.88	4.88	212,173	
0249-0145	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	3.29	3.29	143,112	
0249-0146	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	0.89	0.89	38,768	
0249-0147	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	0.53	0.53	23,087	
0249-0148	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	0.53	0.53	23,087	
0249-0149	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	0.46	0.46	20,018	
0249-0150	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	0.47	0.47	20,473	
0249-0151	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	0.65	0.65	28,314	
0249-0152	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	0.77	0.77	33,541	
0249-0153	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	0.61	0.61	26,572	
0249-0154	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	0.61	0.61	26,572	
0249-0155	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	1.00	1.00	43,560	
0249-0156	WALT OULEY ENTERPRISES INC	Residential	\$0	\$0	\$0	\$0	Exempt	1.14	1.14	49,658	
0249-0157	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	4.67	4.67	203,425	
0249-0158	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	1.57	1.57	68,309	
0249-0159	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	1.01	1.01	43,996	
0249-0160	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	0.92	0.92	40,075	
0249-0161	WORLD INTERNATIONAL LLC	Residential	\$0	\$0	\$0	\$0	Exempt	0.75	0.75	32,670	
0249-0162	SPZ ZEBIN SANDRA A	Residential	\$140,000	\$20,000	\$160,000	\$160,000	Single Family	0.20	0.20	8,638	
0249-0163	MACDONALD ROBERT KRISH	Residential	\$136,268	\$24,410	\$160,678	\$160,678	Single Family	0.15	0.15	6,673	
0249-0164	RUDENSKA KATARYNA M	Residential	\$139,414	\$12,410	\$151,824	\$151,824	Single Family	0.13	0.13	5,745	
0249-0165	GARDINI KAMEL UNIVIA KAY FRANCES	Residential	\$182,500	\$20,000	\$202,500	\$202,500	Single Family	0.19	0.19	8,103	
0249-0166	HIDAGI JAY C	Residential	\$209,100	\$20,000	\$229,500	\$229,500	Single Family	0.15	0.15	6,611	
0249-0167	BLACK JAMES WILLIAM	Residential	\$196,600	\$20,000	\$216,600	\$216,600	Single Family	0.12	0.12	5,306	
0249-0168	HANSON THOMAS J	Residential	\$161,262	\$20,000	\$181,270	\$181,270	Single Family	0.13	0.13	6,462	
0249-0169	CARROLL EMILIA R	Residential	\$131,147	\$20,000	\$151,146	\$151,146	Single Family	0.14	0.14	6,066	
0249-0170	SALLAS-IVY NOREEN	Residential	\$181,000	\$20,000	\$201,000	\$201,000	Single Family	0.13	0.13	5,718	

MARKET VALUE BY ASSESSOR'S PARCELS												
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(Highlighted parcels are appraised parcels)												
APN	Owner Name	Zoning	Assessed Improved Value	Assessed Land Value	Total Assessed Value	Appraised Value	Land Use Description	Gross Acres	Taxable Acres	Lot Sq. Ft.	Lot Sq. Ft.	
025-043-011	OPINALEZ MARTHA E AGUILAR	Residential	\$184,000	\$20,000	\$204,000	\$204,000 Single Family	0.13	0.13	7,764			
025-043-011	ROCCA FRANK JOSEPH & PATRICIA ANN	Residential	\$181,000	\$20,000	\$201,000	\$201,000 Single Family	0.16	0.16	7,038			
025-043-012	GARCIA ENRIQUE G	Residential	\$149,000	\$20,000	\$169,000	\$169,000 Single Family	0.22	0.22	9,469			
025-043-013	LAWRENCE JOHN ALLEN & ANNETTE MARIE	Residential	\$189,720	\$20,000	\$189,720	\$189,720 Single Family	0.15	0.15	6,555			
025-043-014	SINGH BRIENDEEP	Residential	\$171,145	\$20,000	\$191,145	\$191,145 Single Family	0.15	0.15	6,562			
025-043-015	MEDERROS JONEL & EVA	Residential	\$110,063	\$52,410	\$162,473	\$162,473 Single Family	0.13	0.13	5,624			
025-043-016	CORTES ADRIANA	Residential	\$138,053	\$20,000	\$158,053	\$158,700 Single Family	0.15	0.15	6,540			
025-043-017	LEE COLLIN & CAROLYN	Residential	\$149,000	\$20,000	\$169,000	\$169,000 Single Family	0.23	0.23	10,007			
025-043-018	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0 Exempt	0.00	0.00				
025-043-019	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0 Exempt	0.00	0.00				
025-043-020	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0 Exempt	0.00	0.00				
025-043-021	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0 Exempt	0.00	0.00				
025-043-022	DIABLO GRANDE COMMERCIAL ASSOC		\$0	\$0	\$0	\$0 Exempt	0.00	0.00				
025-044-001	HAYWARD RICK	Residential	\$182,500	\$20,000	\$212,500	\$212,500 Single Family	0.16	0.16	6,877			
025-044-002	UNION STREET MORTGAGE INC	Residential	\$146,760	\$40,000	\$181,560	\$181,560 Single Family	0.12	0.12	5,174			
025-044-003	TODA SUHARA L GRACE K	Residential	\$182,500	\$20,000	\$212,500	\$212,500 Single Family	0.12	0.12	5,274			
025-044-004	SMITH JAMES A & ELVA H	Residential	\$186,500	\$20,000	\$206,500	\$206,500 Single Family	0.13	0.13	5,538			
025-044-005	GREENWELL KIMBERLY & ANTHONY W	Residential	\$181,000	\$20,000	\$201,000	\$201,000 Single Family	0.11	0.11	4,873			
025-044-006	BUENAVISTA RILEY	Residential	\$181,000	\$20,000	\$201,000	\$201,000 Single Family	0.17	0.17	7,261			
025-044-007	MEAD DAVID L & KAY L	Residential	\$181,000	\$20,000	\$201,000	\$201,000 Single Family	0.19	0.19	8,412			
025-044-008	MARCIETTE STEVEN & ANGELA	Residential	\$176,500	\$20,000	\$196,500	\$196,500 Single Family	0.15	0.15	6,399			
025-044-009	HANDSON WELLS & RANI	Residential	\$192,500	\$20,000	\$212,500	\$212,500 Single Family	0.14	0.14	6,312			
025-044-010	ALBERDEE KIM L	Residential	\$191,100	\$20,000	\$211,100	\$211,100 Single Family	0.11	0.11	5,060			
025-044-011	WELLS FARGO BANK NA	Residential	\$133,420	\$40,000	\$174,420	\$174,420 Single Family	0.15	0.15	6,396			
025-044-012	LEONARD HENRY L & TEXANO D	Residential	\$184,170	\$20,000	\$184,170	\$184,170 Single Family	0.17	0.17	7,213			
025-044-013	ERLER ALAN & JANET	Residential	\$146,250	\$20,000	\$166,650	\$166,650 Single Family	0.14	0.14	6,315			
025-044-014	RACEY WILLIAM KORN JR	Residential	\$189,000	\$20,000	\$211,000	\$211,000 Single Family	0.14	0.14	6,159			
025-044-015	BOWERS MARIEHAULT GREGG & VICTORIA LOMA	Residential	\$193,000	\$20,000	\$214,200	\$214,200 Single Family	0.14	0.14	6,148			
025-044-016	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.14	0.14	6,130			
025-044-017	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.14	0.14	5,964			
025-044-018	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.13	0.13	5,652			
025-044-019	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.14	0.14	6,072			
025-044-020	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.14	0.14	6,037			
025-044-021	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.14	0.14	6,070			
025-044-022	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.14	0.14	6,243			
025-044-023	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.15	0.15	6,511			
025-044-024	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.13	0.13	5,864			
025-044-025	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.20	0.20	8,867			
025-044-026	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.15	0.15	6,724			
025-044-027	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.16	0.16	6,861			
025-044-028	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.13	0.13	5,853			
025-044-029	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.13	0.13	5,590			
025-044-030	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.13	0.13	5,547			
025-044-031	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.13	0.13	5,646			
025-044-032	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.13	0.13	5,744			
025-044-033	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.14	0.14	5,885			
025-044-034	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.13	0.13	5,762			
025-044-035	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.15	0.15	6,319			
025-044-036	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.15	0.15	6,245			
025-044-037	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.15	0.15	6,398			
025-044-038	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.15	0.15	6,370			
025-044-039	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.14	0.14	6,129			
025-044-040	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.15	0.15	6,330			
025-044-041	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.15	0.15	6,440			
025-044-042	MENG CHEN HUA	Residential	\$136,170	\$20,000	\$156,570	\$156,570 Single Family	0.19	0.19	8,126			
025-044-043	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0 Exempt	0.00	0.00				
025-044-044	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0 Exempt	0.00	0.00				
025-044-045	DIABLO GRANDE PARK		\$0	\$0	\$0	\$0 Exempt	0.00	0.00				
025-044-046	DIABLO GRANDE COMMERCIAL ASSOC		\$0	\$0	\$0	\$0 Exempt	0.00	0.00				
025-045-001	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.15	0.15	6,727			
025-045-002	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.14	0.14	5,910			
025-045-003	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.14	0.14	6,188			
025-045-004	CVIC DIABLO GRANDE LLC	Residential			\$109,000	\$109,000 Improved Single Family Residential Lot 60's + 100' Typical Lot	0.16	0.16	6,900			
025-045-005	RIISANEN ALVAR R & JOLLEN S	Residential	\$193,500	\$20,000	\$213,500	\$213,500 Single Family	0.13	0.13	5,448			
025-045-006	VALLEJO RUTLAND & DAWN	Residential	\$144,175	\$20,000	\$164,175	\$164,175 Single Family	0.13	0.13	5,460			
025-045-007	LAGOS STEVEN & ROSANNA	Residential	\$192,500	\$20,000	\$212,500	\$212,500 Single Family	0.13	0.13	5,793			
025-045-008	GARCHEVA LYNDEN & BERNAYN	Residential	\$149,500	\$20,000	\$169,500	\$169,500 Single Family	0.23	0.23	9,950			
025-045-009	PANABIRAN CORAZON	Residential	\$182,000	\$20,000	\$202,000	\$202,000 Single Family	0.21	0.21	9,006			
025-045-010	CHRISTIAN GREGORY ROGER	Residential	\$122,000	\$20,000	\$142,000	\$142,000 Single Family	0.13	0.13	5,875			
025-045-011	TAYLOR BRAD D	Residential	\$186,500	\$20,000	\$206,500	\$206,500 Single Family	0.12	0.12	5,196			

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025-045-011	BLT FOWLER W & KATHLEEN A	Residential	\$175,500	\$20,000	\$195,500	\$211,500	Single Family	0.18	0.18	8,017		
025-045-013	OLIVER MICHAEL W & MARY JANE	Residential	\$137,008	\$20,000	\$157,008	\$177,000	Single Family	0.16	0.16	7,145		
025-045-014	CUTY CHRISTOPHER S & LISA G	Residential	\$149,000	\$20,000	\$169,000	\$180,000	Single Family	0.14	0.14	6,297		
025-045-015	SOLOMON JOSE A	Residential	\$140,760	\$20,000	\$161,160	\$161,160	Single Family	0.14	0.14	6,084		
025-045-016	AGUILAR CARLOS F JR	Residential	\$142,139	\$41,929	\$184,458	\$184,458	Single Family	0.21	0.21	9,384		
025-045-017	DELGADO JOSE L	Residential	\$105,000	\$41,616	\$146,616	\$146,616	Single Family	0.22	0.22	9,503		
025-045-019	MAYER GARETH	Residential	\$106,552	\$41,929	\$148,481	\$150,000	Single Family	0.13	0.13	5,774		
025-045-019	HIRSCHMAN RONALD L	Residential	\$216,240	\$30,000	\$246,240	\$246,240	Single Family	0.11	0.11	4,921		
025-045-020	DAVIS RONALD & MARY	Residential	\$166,664	\$41,616	\$208,280	\$208,280	Single Family	0.12	0.12	5,064		
025-045-021	ADAMS KATHAN DANIEL & DEANE G	Residential	\$204,000	\$20,000	\$224,000	\$224,000	Single Family	0.12	0.12	5,066		
025-045-022	WILHELM KAREN LOUISE	Residential	\$193,000	\$25,500	\$218,500	\$218,500	Single Family	0.12	0.12	5,381		
025-045-021	MEREDITH JONES JR & EVA M	Residential	\$153,092	\$24,410	\$177,462	\$206,402	Single Family	0.13	0.13	5,525		
025-045-024	PEREZ MARK T JR	Residential	\$127,517	\$41,929	\$169,246	\$169,246	Single Family	0.13	0.13	5,525		
025-045-025	BOCCA JONN	Residential	\$181,000	\$20,000	\$201,000	\$201,000	Single Family	0.13	0.13	5,525		
025-045-026	MORGAN BRANDON ROBERT CASTLE	Residential	\$143,864	\$41,616	\$187,480	\$187,480	Single Family	0.13	0.13	5,525		
025-045-027	HOWE DOUGLAS & CONNIE R	Residential	\$106,500	\$20,000	\$126,500	\$126,500	Single Family	0.13	0.13	5,496		
025-045-028	KELLY RONALD C	Residential	\$182,000	\$20,000	\$202,000	\$202,000	Single Family	0.12	0.12	5,417		
025-045-029	BARRO JOAN A	Residential	\$145,500	\$20,000	\$165,500	\$165,500	Single Family	0.13	0.13	5,660		
025-045-030	HOWELL GERALD W & JORDANA	Residential	\$106,500	\$20,000	\$126,500	\$126,500	Single Family	0.13	0.13	5,540		
025-045-031	PARRA DARLINO A CHRISTINE	Residential	\$141,093	\$41,929	\$183,022	\$183,022	Single Family	0.20	0.20	8,714		
025-045-031	CIVIC DIABLO GRANDE LLC	Residential	\$270,500	\$40,000	\$311,100	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.14	0.14	6,052		
025-045-031	PERA CRUZ CHARLES A	Residential	\$270,500	\$40,000	\$311,100	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.16	0.16	6,801		
025-045-033	AVANTEGA RONALDO M & RUDY B	Residential	\$261,120	\$30,000	\$291,120	\$291,120	Single Family	0.16	0.16	6,777		
025-045-036	REGGAL MEREDITH LYNA & MARY ANNE	Residential	\$175,000	\$25,000	\$200,000	\$200,000	Single Family	0.13	0.13	5,748		
025-045-037	CIVIC DIABLO GRANDE LLC		\$0	\$0	\$0	\$109,000	Improved Single Family Residential Lot 60' x 100' Typical Lot	0.13	0.13	5,548		
025-045-039	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00			
025-045-039	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00			
025-045-040	DIABLO GRANDE COMMERCIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00			
025-046-001	WORLD INTERNATIONAL LLC		\$393,666	\$731,666	\$1,124,752	\$1,124,752	Double Range - grazing land/open space	402.00	327.25			
025-046-004	WORLD INTERNATIONAL LLC		\$307,256	\$623,956	\$1,231,212	\$1,231,212	Double Range - grazing land/open space	740.00	584.45			
025-047-001	WORLD INTERNATIONAL LLC		\$864,627	\$524,514	\$1,220,441	\$1,220,441	Double Range - grazing land/open space	\$40.00	27.25			
025-048-001	WORLD INTERNATIONAL LLC		\$0	\$0	\$0	\$0	Phase 1, Village 4B & 4D - 16 Production-Oriented SFR Lots	8.35	8.35			
025-049-002	DIABLO GRANDE RESIDENTIAL ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00			
025-049-001	PACIFIC BLUE LLC		\$0	\$607,997	\$607,997	\$607,997	Undeveloped	50.74	50.74			
025-050-001	RWHS DIABLO GRANDE LEGENDS LLC	Residential			\$95,000	\$95,000	Unimproved Single Family Lot - Village 3A (1)	0.23	0.23	10,055		
025-050-002	RWHS DIABLO GRANDE LEGENDS LLC	Residential			\$95,000	\$95,000	Unimproved Single Family Lot - Village 3A (1)	0.26	0.26	11,197		
025-050-003	RWHS DIABLO GRANDE LEGENDS LLC	Residential			\$95,000	\$95,000	Unimproved Single Family Lot - Village 3A (1)	0.30	0.30	13,140		
025-050-004	RWHS DIABLO GRANDE LEGENDS LLC	Residential			\$95,000	\$95,000	Unimproved Single Family Lot - Village 3A (1)	0.32	0.32	13,807		
025-050-005	KITCO HOLDINGS LLC	Residential			\$95,000	\$95,000	Unimproved Single Family Lot - Village 3A (1)	0.28	0.28	12,125		
025-050-006	KITCO HOLDINGS LLC	Residential			\$95,000	\$95,000	Unimproved Single Family Lot - Village 3A (1)	0.27	0.27	11,593		
025-050-007	KITCO HOLDINGS LLC	Residential			\$95,000	\$95,000	Unimproved Single Family Lot - Village 3A (1)	0.28	0.28	12,344		
025-050-008	KITCO HOLDINGS LLC	Residential			\$95,000	\$95,000	Unimproved Single Family Lot - Village 3A (1)	0.30	0.30	13,170		
025-050-009	KITCO HOLDINGS LLC	Residential			\$95,000	\$95,000	Unimproved Single Family Lot - Village 3A (1)	0.32	0.32	13,837		
025-050-010	KITCO HOLDINGS LLC	Residential			\$95,000	\$95,000	Unimproved Single Family Lot - Village 3A (1)	0.27	0.27	11,700		
025-050-011	KITCO HOLDINGS LLC	Residential			\$95,000	\$95,000	Unimproved Single Family Lot - Village 3A (1)	0.35	0.35	15,037		
025-050-012	KITCO HOLDINGS LLC	Residential			\$95,000	\$95,000	Unimproved Single Family Lot - Village 3A (1)	0.32	0.32	13,753		
025-050-013	RWHS DIABLO GRANDE LEGENDS LLC	Residential			\$95,000	\$95,000	Unimproved Single Family Lot - Village 3A (1)	0.47	0.47	20,307		
025-050-014	RWHS DIABLO GRANDE LEGENDS LLC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00			
025-050-015	RWHS DIABLO GRANDE HOMEOWNER ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00			
025-050-017	RWHS DIABLO GRANDE HOMEOWNER ASSOC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00			
025-051-001	RWHS DIABLO GRANDE LEGENDS LLC	Residential			\$95,000	\$95,000	Unimproved Single Family Lot - Village 3A (1)	0.33	0.33	14,338		
025-051-002	RWHS DIABLO GRANDE LEGENDS LLC	Residential			\$95,000	\$95,000	Unimproved Single Family Lot - Village 3A (1)	0.27	0.27	11,700		
025-051-003	RWHS DIABLO GRANDE LEGENDS LLC	Residential			\$95,000	\$95,000	Unimproved Single Family Lot - Village 3A (1)	0.31	0.31	13,582		
025-051-004	RWHS DIABLO GRANDE LEGENDS LLC	Residential			\$95,000	\$95,000	Unimproved Single Family Lot - Village 3A (1)	0.37	0.37	15,968		
025-051-005	RWHS DIABLO GRANDE LEGENDS LLC	Residential			\$95,000	\$95,000	Unimproved Single Family Lot - Village 3A (1)	0.25	0.25	10,830		
025-051-006	RWHS DIABLO GRANDE LEGENDS LLC	Residential			\$95,000	\$95,000	Unimproved Single Family Lot - Village 3A (1)	0.27	0.27	11,906		
025-051-007	RWHS DIABLO GRANDE LEGENDS LLC				\$2,021,000	\$2,021,000	Phase 1, Village 3A - 43 Unimproved Single-Family Lots	17.99	17.99			
025-051-008	RWHS DIABLO GRANDE LEGENDS LLC		\$0	\$0	\$0	\$0	Exempt	0.00	0.00			
025-051-009	WORLD INTERNATIONAL LLC				\$95,000	\$95,000	Phase 1, Village 3F - 32 Production-Oriented SFR Lots	11.25	11.25			
Total Unimproved or Appraised, Value of Appraised Properties						\$59,114,000		6,812.97	2,406.76			

REMAINING DEVELOPMENT COSTS

Laurus CorporationCopper Canyon
Patterson, CA

Planning Area	Product	Lot Size	# of Units	Total Intract Costs	Intract Costs Per Lot	Total Master Costs	Master Costs Per Lot	Total Cost to Complete	Total Cost to Complete Per Lot	
Planning Area 1A	Custom Lots	-	66	1,413,614	21,418	1,660,472	25,159	3,074,086	46,577	
Planning Area 2A (1)	Townhomes	-	42	1,515,108	36,074	1,056,664	25,159	2,571,772	61,233	
Planning Area 2C (1)	Single Family	3,675	16	825,123	51,570	402,539	25,159	1,227,661	76,729	
Planning Area 2C (2)	Single Family	5,250	8	426,193	53,274	201,269	25,159	627,463	78,433	
Planning Area 2C (3)	Single Family	6,300	7	380,871	54,871	176,111	25,159	556,982	79,569	
Planning Area 2C (4)	Single Family	8,400	11	629,752	57,250	276,745	25,159	906,497	82,409	
Planning Area 2D	Single Family	6,300	7	134,820	19,260	176,111	25,159	310,931	44,419	
Planning Area 5 (1)	Single Family	3,675	124	5,276,146	42,550	3,119,675	25,159	8,395,821	67,708	
Planning Area 5 (2)	Single Family	5,250	41	1,814,396	44,254	1,031,505	25,159	2,845,902	69,412	
Planning Area 5 (3)	Single Family	6,300	40	1,815,583	45,390	1,086,347	25,159	2,821,929	70,548	
Planning Area 5 (4)	Single Family	7,350	10	468,096	46,810	251,587	25,159	719,682	71,968	
Planning Area 5 (5)	Single Family	8,400	9	434,066	48,230	226,428	25,159	660,494	73,388	
Planning Area 5A	Single Family	6,300	15	1,185,244	79,016	377,380	25,159	1,562,624	104,175	
Planning Area 3A (1)	Single Family	10,500	19	446,880	23,520	478,015	25,159	924,895	48,679	
Planning Area 3A	Single Family	10,500	43	3,088,196	71,819	1,081,823	25,159	4,170,019	96,977	
Planning Area 3B (1)	Single Family	5,250	39	2,089,779	53,584	981,188	25,159	3,070,967	78,743	
Planning Area 3B (2)	Single Family	6,300	72	3,939,845	54,720	1,811,424	25,159	5,751,269	79,879	
Planning Area 3C (1)	Single Family	7,350	17	991,576	58,328	427,697	25,159	1,419,273	83,487	
Planning Area 3C (2)	Single Family	8,400	13	776,724	59,748	327,063	25,159	1,103,787	84,907	
Planning Area 3D (1)	Single Family	7,350	10	318,362	31,836	251,587	25,159	569,948	56,995	
Planning Area 3D (2)	Single Family	8,400	30	967,685	32,256	754,760	25,159	1,722,445	57,415	
Planning Area 3E (1)	Single Family	8,400	8	270,939	33,867	201,269	25,159	472,208	59,026	
Planning Area 3E (2)	Single Family	8,400	20	705,747	35,287	503,173	25,159	1,208,920	60,446	
Planning Area 3F (1)	Single Family	6,300	63	2,498,754	39,663	1,584,996	25,159	4,083,750	64,821	
Planning Area 3F (2)	Single Family	7,350	14	575,159	41,083	352,221	25,159	927,380	66,241	
Planning Area 3F (3)	Single Family	8,400	5	192,514	38,503	125,793	25,159	318,307	63,661	
Planning Area 3G	Single Family	8,400	9	203,900	22,656	226,428	25,159	430,328	47,814	
Planning Area 3H (1)	Single Family	3,675	60	1,855,319	30,922	1,509,520	25,159	3,364,839	56,081	
Planning Area 3H (2)	Single Family	5,250	29	846,154	32,626	729,601	25,159	1,075,755	57,785	
Planning Area 3H (3)	Single Family	6,300	13	438,906	33,762	327,063	25,159	765,969	58,921	
Planning Area 3I (1)	Single Family	5,250	8	299,378	37,422	201,269	25,159	500,647	62,581	
Planning Area 3I (2)	Single Family	6,300	7	209,907	38,558	176,111	25,159	446,018	63,717	
Planning Area 3I (3)	Single Family	7,350	9	365,789	40,643	226,428	25,159	592,217	65,802	
Planning Area 3J	Single Family	8,400	7	294,442	42,063	176,111	25,159	470,553	67,222	
Planning Area 3K	Single Family	7,350	12	659,441	46,620	301,904	25,159	961,345	71,779	
Planning Area 3L	Single Family	3,675	60	1,547,774	25,796	1,509,520	25,159	3,057,294	50,955	
Planning Area 4A (1)	Single Family	6,300	33	1,770,592	53,654	830,236	25,159	2,600,828	78,813	
Planning Area 4A (2)	Single Family	7,350	48	2,643,567	55,074	1,207,616	25,159	3,851,183	80,233	
Planning Area 4A (3)	Single Family	8,400	25	1,412,358	56,494	628,967	25,159	2,041,324	81,653	
Planning Area 4B (1)	Single Family	7,350	4	128,033	32,008	100,635	25,159	228,667	57,167	
Planning Area 4B (2)	Single Family	8,400	4	140,713	37,428	100,635	25,159	250,347	62,587	
Planning Area 4C (1)	Single Family	5,250	263	8,472,196	32,214	6,616,730	25,159	15,088,925	57,372	
Planning Area 4C (2)	Single Family	6,300	166	5,636,045	33,952	4,176,339	25,159	9,812,384	59,111	
Planning Area 4D	Single Family	7,350	8	229,675	28,709	201,269	25,159	430,944	53,868	
Planning Area 2B	Single Family	3,675	32	1,564,664	48,896	805,077	25,159	2,369,741	74,054	
Totals/Averages				1,546	61,969,024	40,083	38,895,300	25,159	100,864,324	65,242
Excluding Village 3A				1,484	58,433,948	39,376	37,335,463	25,159		

ASSESSOR'S PARCEL MAP

SEC. 13, POR. 24 T.6S. R.6E. & SEC. 18, POR. 19 T.6S. R.7E M.D.B.&M.

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POR. SEC. 23, 24, 25, 26 T.6S. R.6E. & POR. SEC.19, 30 T.6S. R.7E. M.D.B.46M.

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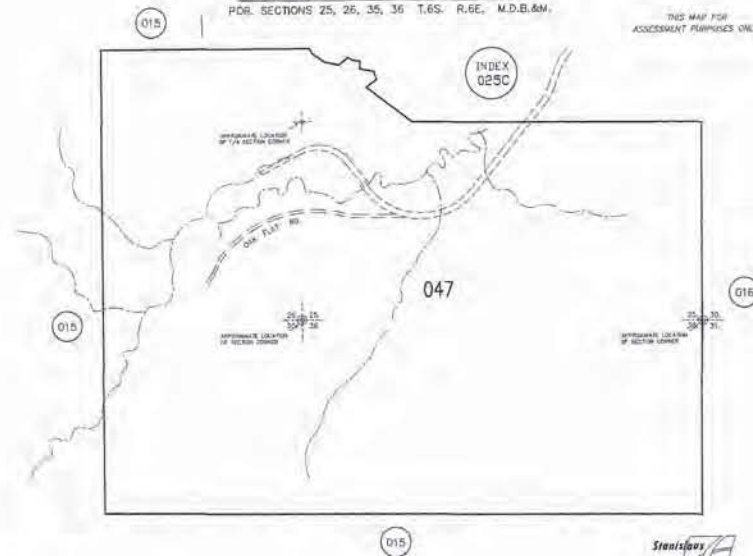


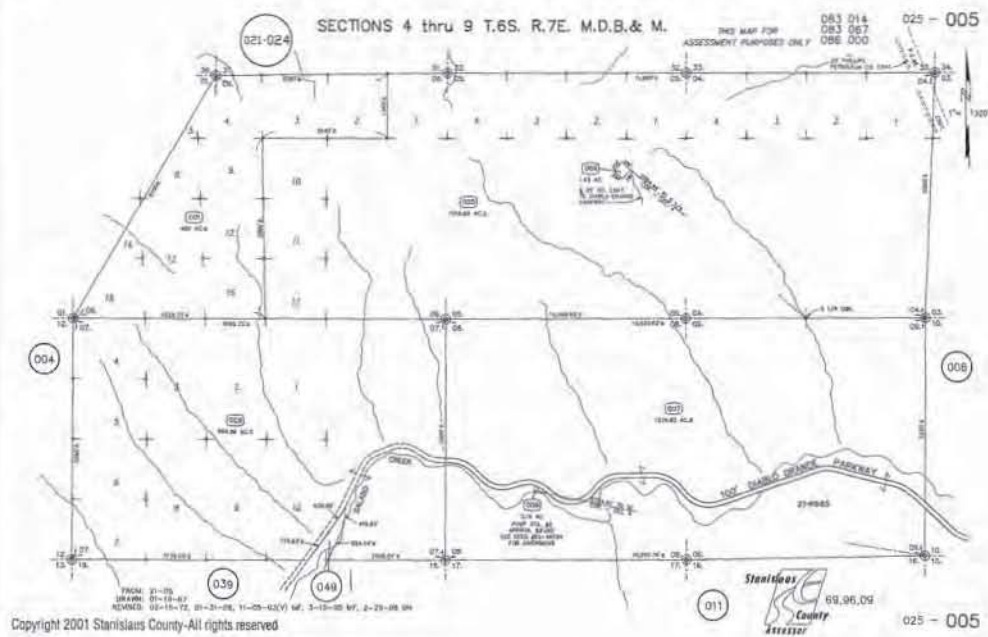
INDEX TO BOOK 025

PDR. SECTIONS 25, 26, 35, 36 T.6S. R.6E. M.D.B.&M.

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POR SECTION 13 T.6S. R.6E. M.D.B. & M.
DIABLO GRANDE NO. 1A, LTS 7-13, 317, A, I, POR H (40M94)

DB3 067 DB2 - 023

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FROM 000-000
REVISION 00-00-00 00
REVISED 00-00-00 00

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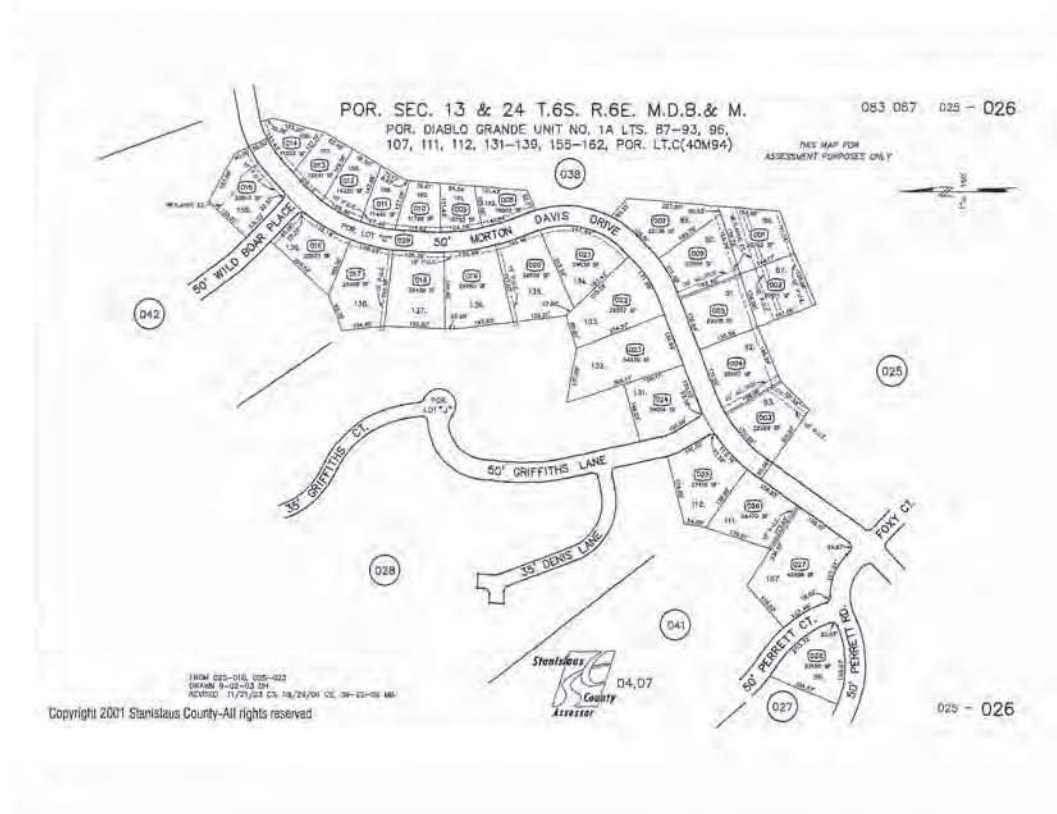
POR. SEC. 24 T.6S. R.6E. M.D.B. & M.
 POR. DIABLO GRANDE UNIT NO. 1A - LOTS. D, E, F, POR. LOT C
 ,33-36, 48, 49, 55-86, 94 & 95 (40M94)
 DIABLO GRANDE UNIT NO. 1B - LOTS. 27-32, 37-47, 50-54 (43M14)

083 067 025 - 025



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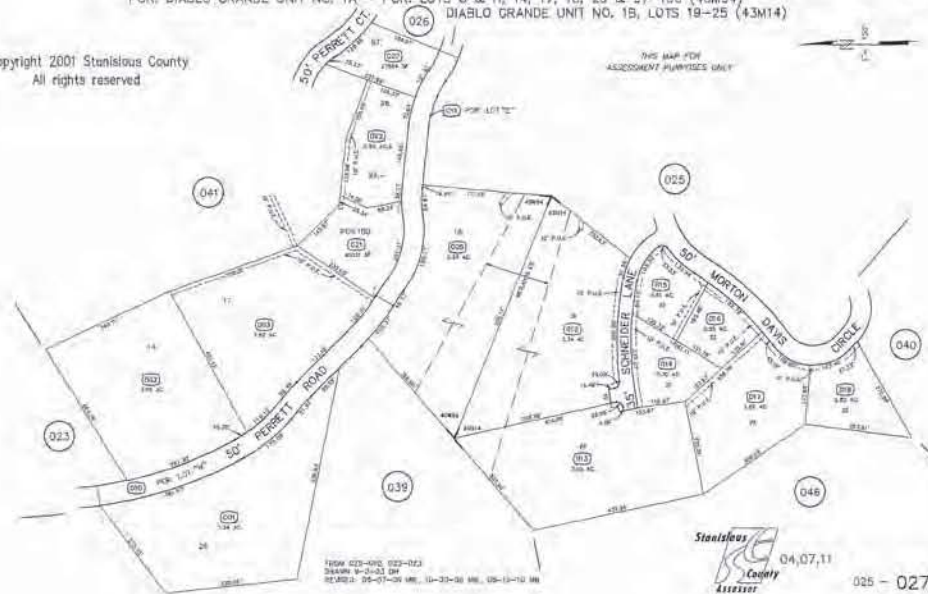


POR. SEC. 24 T.6S. R.6E. M.D.B. & M.
 POR. DIABLO GRANDE UNIT NO. 1A - POR. LOTS C & H, 14, 17, 18, 25 & 97-100 (40M94)
 DIABLO GRANDE UNIT NO. 1B, LOTS 19-25 (43M14)

083 067 025 - 027

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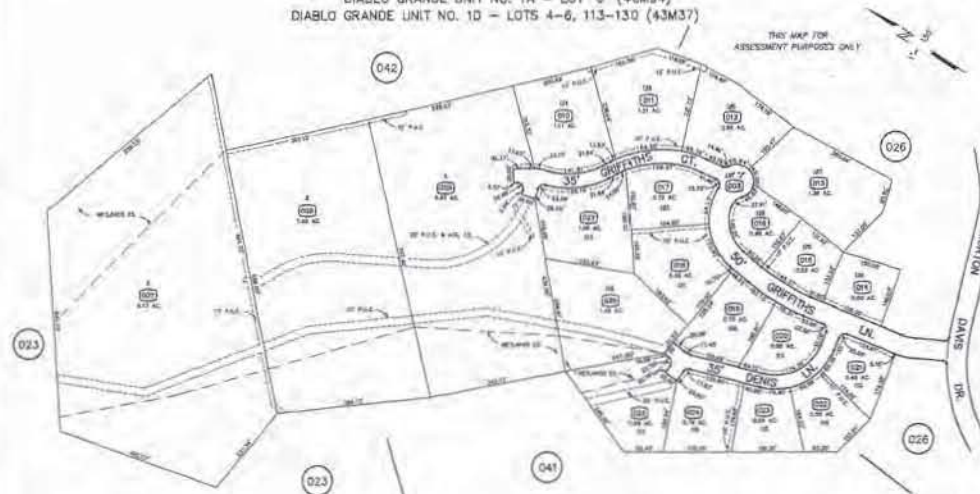
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DB3 067 025 - 028

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FROM: 025-010, 025-026
DRAWS: 10-02-03 (P),
REVISED: 11-25-03 CC, 08-09-08 MS, 01-04-06 MS

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POR. NE 1/4 SEC. 24 T.6S. R.6E. & POR. NW 1/4 SEC. 19 T.6S. R.7E. M.D.B. & M. 063 067 025 - 030
 DIABLO GRANDE NO.1A, POR. LT. Q (40M84)
 DIABLO GRANDE, THE VINEYARDS I (43M07)



FROM 025-016, 025-027
 DRAWING 4-21-08 CH
 REVISED 7-21-08 CH, 08/28/08 EE

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025 - 030

POR. SEC. 19 T.6S. R.7E. M.D.B. & M.
 DIABLO GRANDE, THE COTTAGES - LOTS 27-43, 98-124, POR. LOT "A", POR. LOT "C" & LOT "D" (43M06)

083-067 025 - 032



FROM: 025-010, 025-011
 DRAWN: 04-25-08 MSL
 REVISION:
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POR. SEC. 24 T.6S. R.6E. & POR. SEC. 19 T.6S. R.7E. M.D.B. & M.
DIABLO GRANDE, THE COTTAGES - LOTS 1-20, 59-68, POR. LOT "A", LOT "B" & POR LOT "C" (43M08)
DIABLO GRANDE NO. 1A, POR. LT. Q (40M94)

083 087 025 - 033



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NOTES:
P.L.E. & PRIVATE ADJERS ES. SEE SHEET 7 (A.M.B.)

FROM: 025-033, 025-031
DATE: 04-20-03 M.B.
REVISION: 05/18/06 C.C.

025 - 033

POR. SECTION 24 T.6S. R.6E. M.D.B. & M.
 DIABLO GRANDE, THE VINEYARDS 2 - LOTS 9B-112, A, B, D, E, F & Q (43M12)

063 087 025 - 034

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FROM 025-010
 CHANGE 7-5-06 MP
 REVISOR 05/23/08 CL 02-10-01 ML

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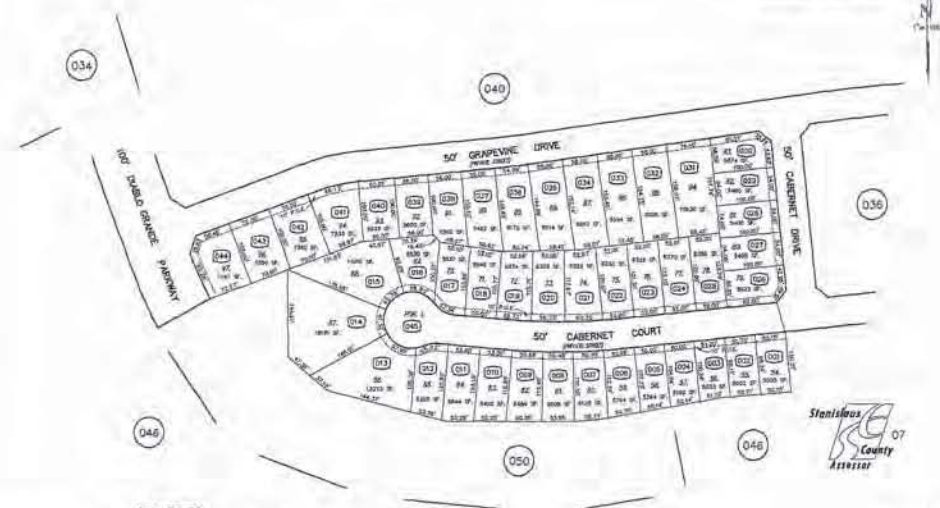


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POR. SECTION 24 T.6S. R.6E. M.D.B. & M.
DIABLO GRANDE, THE VINEYARDS 2 - LOTS 54-97, POR. LT. 1 (43M12)

D83 087 025 - 035

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FROM 025-035
DRAWN 7-8-08 BY
REVISED 10-23-08 BY 025-035-008

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POR. SECTION 24 T.6S. R.6E. M.D.B. & M.
 DIABLO GRANDE, THE VINEYARDS 2 - LOTS 20-53, 3 & POR. 1 (43M12)

083 067 025 - 036

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FROM 155-072
 PLANNED 1-4-00 AC
 REVISION 04/23/01 TS

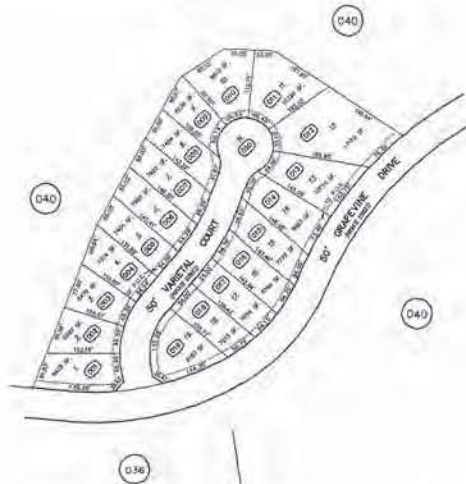
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POR. SECTION 19 T.6S. R.7E. & POR. SECTION 24 T.6S. R.6E. M.D.B. & M. DBS 067 025 - 037
 DIABLO ORANGE, THE VINEYARDS 2 - LOTS 1-19, H (43M12)

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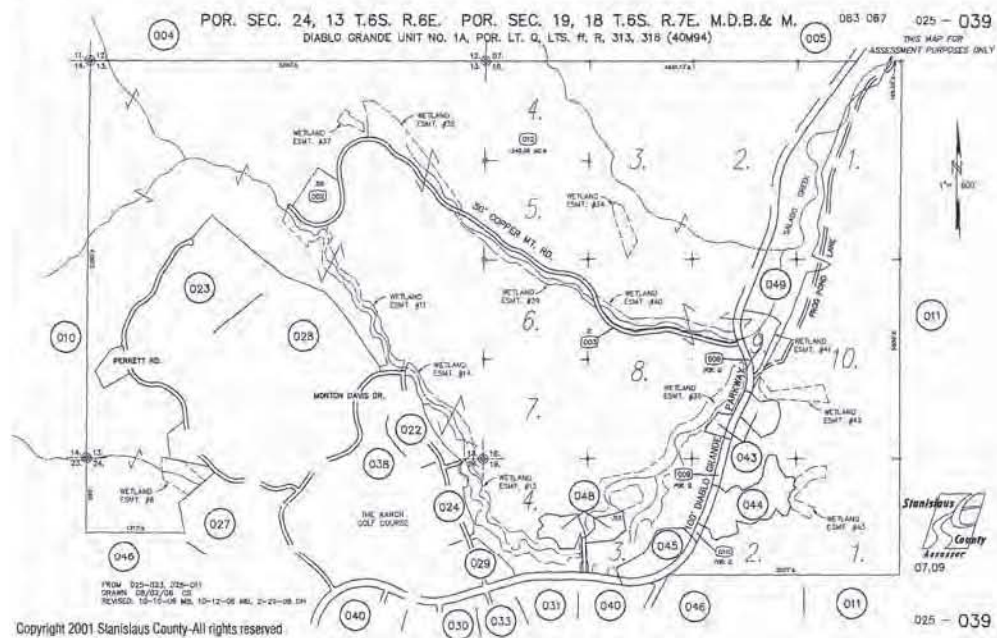


FROM 025-037
 TRACT 7-4-76 MP
 SCHEDULE 88/21/78-23

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POR. SECTION 13 & 24 T.6S. R.6E. M.D.B. & M.
 DIABLO GRANDE, UNIT NO. 1A - LOT "G" (40M94)
 DIABLO GRANDE, UNIT NO. 1B - LOTS 15, 16, 101-106, 108-110 (43M14)

083 067 025 - 041

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FROM 025-027
 DRAFT 08-09-09 M.B.
 REVISED

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POR. SECTION 13 & 24 T.6S. R.6E. M.D.B. & M.
 DIABLO GRANDE UNIT NO. 1A - PQR, LOT "C" & LOT "K" (40M94)
 DIABLO GRANDE UNIT NO. 1D - LOTS 1-3, 140-154 (43M37)

083 087 025 - 042

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FROM: 025-028
 (LAWN: 03-06-08 MS)
 REVISION: 03-04-07 MS, 0-25-07 CH

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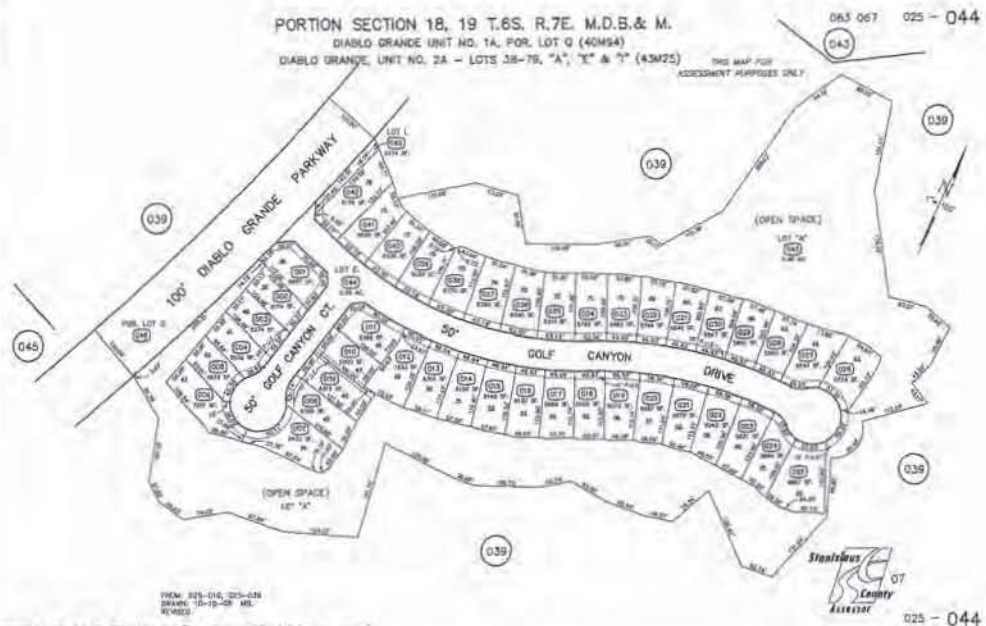
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PORTION SECTION 18, 19 T.6S. R.7E. M.D.B. & M.
 DIABLO GRANDE UNIT NO. 1A, POR. LOT Q (40M94)
 DIABLO GRANDE UNIT NO. 2A - LOTS 38-75, "A", "E" & "F" (43M25)

THIS MAP FOR
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FROM: 025-045, 025-046
 DRAFTER: 10-10-00
 REVISION:

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PORTION NW. 1/4 SECTION 19 T.6S. R.7E. M.D.B. & M.
 DIABLO GRANDE UNIT NO. 1A, POR. LOT Q (40MB4)
 DIABLO GRANDE, UNIT NO. 2A - LOTS 1-37, "D" & "G" (43M25)

083 067 025 - 045

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FROM: 025-010, 025-030
 DRAWN: 10-10-00, RAL
 REVISED:



025 - 045

039 POR SEC 23 - 26 T.6S. R.6E. & POR SEC 19, 30 T.6S. R.7E. M.D.B. & M. 083 087 025 - 046

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FROM 025-015, 025-011, 025-010
DRAWN 06-21-08 CS
CHECKED 06-21-08 M.S.

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025 - 046

PORTION NW. 1/4 SECTION 19 T.6S. R.7E. M.D.B. & M.
 POR. DIABLO GRANDE UNIT NO. 1A - LOT 313, IF (40M94)

DB3 067 025 - 048

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 DRAWN: 09-19-09 BY:
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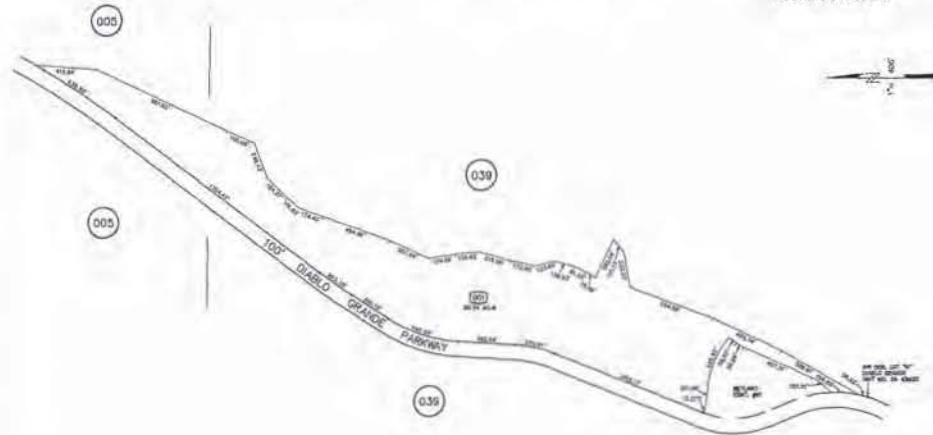
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025 - 048

POR. SECS. 7 & 18 T.6S. R.7E. M.D.B. & M.

063 067 025 - 049

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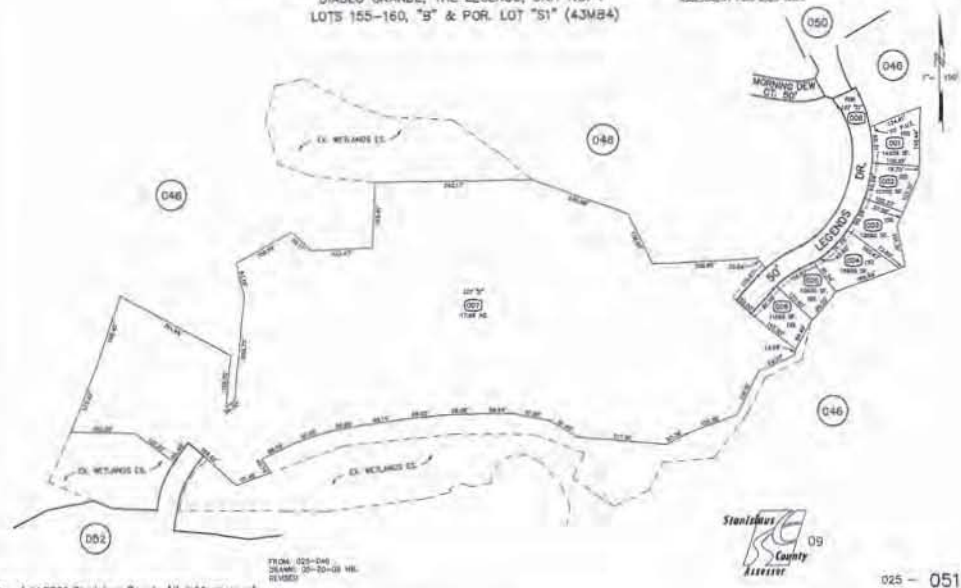


025 - 049



POR. SECTION 24 & 25 T.6S. R.6E. M.D.B. & M.
 DIABLO GRANDE, THE LEGENDS, UNIT NO. 1
 LOTS 155-160, "B" & POR. LOT "S1" (43MB4)

083 067 025 - 051
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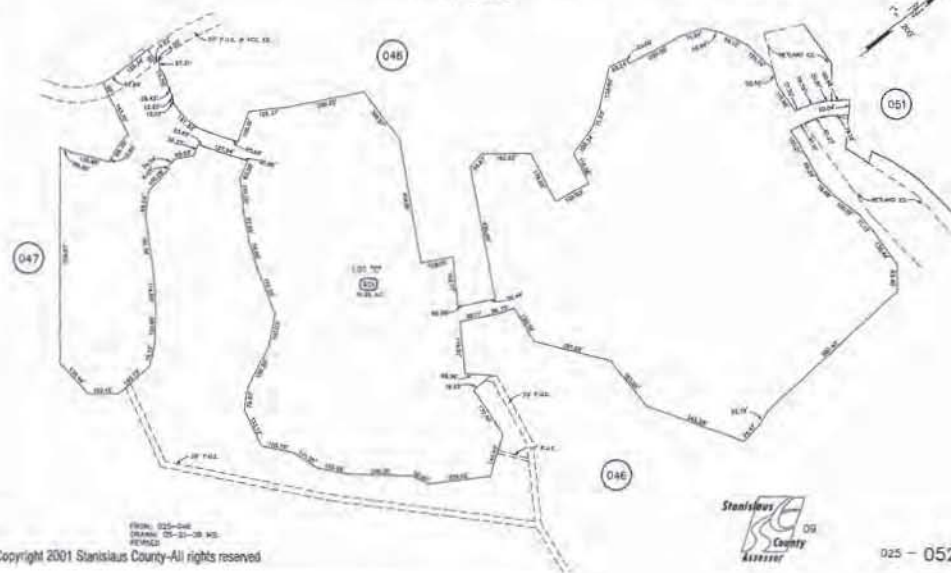
FROM 023-046
 BEARING 201-201-00 N.E.
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083 067 025 - 052

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READDRESSING/REASSIGNING APPRAISAL REPORTS



Readdressing/Reassigning Appraisal Reports

Seevers Jordan Ziegenmeyer adheres to the requirements of the 2014-2015 Edition of the Uniform Standards of Professional Appraisal Practice (USPAP). This edition is effective from January 1, 2014 through December 31, 2015. The following excerpts pertain to readdressing/reassigning appraisal reports:

Advisory Opinion 26, Page A-89:

Once a report has been prepared for a named client(s) and any other identified intended users and for an identified intended use, the appraiser cannot "readdress" (transfer) the report to another party.

Advisory Opinion 27, Pages A-91 to A-92:

Situations often arise in which appraisers who have previously appraised a property are asked by a different party to appraise the same property.... Accepting the assignment from the subsequent prospective client is not prohibited by USPAP, assuming appropriate disclosure is made to the client before being engaged and any existing confidential information is handled properly.... If there is a new potential client, valuation services performed for that new client would constitute a new assignment and the assignment results would be specific to that new assignment.

Frequently Asked Question No. 122, Page F-56 to F-57:

It is never permissible to readdress a report by simply changing the client's name on a completed report, regardless of whether the first client gave a release. The request from Lender B must be treated as a new assignment.

GLOSSARY OF TERMS

GLOSSARY OF TERMS

Unless otherwise noted, the following definitions are from The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010).

Aggregate of Retail Values (ARV): The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent an opinion of value; it is simply the total of multiple market value conclusions.

As Is Market Value: The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

Band of Investment: A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment.

Bulk (Discounted) Value: The most probable price, in a sale of all parcels within a tract or development project, to a single purchaser or sales to multiple buyers, over a reasonable absorption period discounted to present value, as of a specified date, in cash, or in terms equivalent to cash, for which the property rights should sell after reasonable exposure, in a competitive market under all conditions requisite to a fair sale, with buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under stress. (Appraisal Standards For Land-Secured Financing, California Department Advisory Commission, 1994)

Comparative-Unit Method: A method used to derive a cost estimate in terms of dollars per unit of area or volume based on known costs of similar structures that are adjusted for time and physical differences; usually applied to total building area.

Cost Approach: A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.

Depreciation: In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

Direct Capitalization: A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only a single year's income is used. Yield and value changes are implied but not identified.

Discounted Cash Flow (DCF) Analysis: The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate.

Discount Rate: A yield rate used to convert future payments or receipts into present value; usually considered to be a synonym for *yield rate*.

Disposition Value: The most probable price that a specified interest in real property should bring under the following conditions: 1) consummation of a sale within a future exposure time specified by the client; 2) the property is subjected to market conditions prevailing as of the date of valuation; 3) both the buyer and seller are acting prudently and knowledgeably; 4) the seller is under compulsion to sell; 5) the buyer is typically motivated; 6) both parties are acting in what they consider to be their best interests; 7) an adequate marketing effort will be made during the exposure time specified by the client; 8) payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto; 9) the price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Easement: The right to use another's land for a stated purpose.

Environmental Contamination: Adverse environmental conditions resulting from the release of hazardous substances into the air, surface water, groundwater or soil. Generally, the concentrations of these substances would exceed regulatory limits established by the appropriate federal, state, and/or local agencies. (USPAP 2014-2015 Edition)

Exposure Time: Estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. (USPAP 2014-2015 Edition)

External Obsolescence: An element of depreciation; a diminution in value caused by negative externalities and generally incurable on the part of the owner, landlord, or tenant.

Extraction: A method of estimating land value in which the depreciated cost of the improvements on the improved property is

calculated and deducted from the total sale price to arrive at an estimated sale price for the land.

Extraordinary Assumption: An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. (USPAP 2014-2015 Edition)

Fair Market Value: The highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing, and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purposes for which the property is reasonably adaptable and available. (California Code of Civil Procedure, Section 1263.320(a))

Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

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

Functional Obsolescence (Incurable): An element of depreciation; a defect caused by a deficiency or superadequacy in the structure, materials, or design that cannot be practically or economically corrected.

Highest and Best Use: The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four

criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value.

Highest and Best Use of Property as Improved: The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

Highest and Best Use of Land or a Site as though Vacant: Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.

Hypothetical Condition: A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. (USPAP 2014-2015 Edition)

Income Capitalization Approach: A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.

Leased Fee Interest: A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship.

Leasehold Interest: The tenant's possessory interest created by a lease. (Negative leasehold: A lease situation in which the market rent is less than the contract rent. Positive leasehold: A lease situation in which the market rent is greater than the contract rent.)

Liquidation Value: See *Disposition Value*.

Marketing Time: An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

Neighborhood: A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.

Obsolescence: One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external.

Prospective Opinion of Value: A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

Quantity Survey Method: A cost-estimating method in which the quantity and quality of all materials used and all categories of labor required are estimated and unit cost figures are applied to arrive at a total cost estimate for labor and materials.

Replacement Cost: The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout.

Reproduction Cost: The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building.

Sales Comparison Approach: The process of deriving a value indication for the subject property by comparing market information for similar properties with the property being appraised, identifying appropriate units of comparison, and making qualitative comparisons with or quantitative adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.

Site Coverage Ratio: The gross area of the building footprint divided by the site area.

Stabilized Occupancy: An expression of the expected occupancy of a property in its particular market considering current and forecasted supply and demand, assuming it is priced at market rent.

Subdivision Development Method: A method of estimating land value when subdivision development is the highest and best use of the parcel of land being appraised. When all direct and indirect costs and

entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots (or residences), the resultant net sales proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the value of the land.

Superadequacy: An excess in the capacity or quality of a structure or structural component; determined by market standards.

Unit-In-Place Method: A cost-estimating method in which total building cost is estimated by adding together the unit costs for the various building components as installed; also called the *segregated cost method*.

Yield Capitalization: A method used to convert future benefits into present value by 1) discounting each future benefit at an appropriate yield rate, or 2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate.

Yield Rate: A rate of return on capital, usually expressed as a compound annual percentage rate. A yield rate considers all expected property benefits, including the proceeds from sale at the termination of the investment.

QUALIFICATIONS OF APPRAISER(S)



**Seevers
Jordan
Ziegenmeyer**
Real Estate Appraisal & Consultation

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Eric A. Segal, Partner

Introduction

Mr. Segal is a Certified General real estate appraiser with Seevers Jordan Ziegenmeyer, a real estate appraisal firm that engages in a wide variety of real estate valuation and consultation assignments. In 1998, Mr. Segal began his career in real estate as a research analyst/appraiser trainee for SJZ. By 1999, he began writing narrative appraisal reports covering a variety of income properties. Today, Mr. Segal is a partner in the firm and is involved in appraisal assignments covering a wide variety of properties including office, retail, industrial, multifamily housing, master planned communities, Mello-Roos and Assessment Districts, and residential subdivisions. He has developed the experience and background necessary to deal with complex assignments covering an array of property types.

Professional Affiliations

Associate Member (General) - Appraisal Institute
Certified General Real Estate Appraiser - State of California (No. AG026558)

Education

Academic:

Bachelor of Science in Business Administration (Concentrations in Finance and Real Estate & Land Use Affairs), California State University, Sacramento

Appraisal and Real Estate Courses:

Uniform Standards of Professional Appraisal Practice
Appraisal Principles
Basic Income Capitalization
Highest & Best Use and Market Analysis
Advanced Income Capitalization
Report Writing and Valuation Analysis
Appraisal Litigation Practice and Courtroom Management
Computer Enhanced Cash Flow Modeling
Advanced Sales Comparison & Cost Approaches
Advanced Applications

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Sample of Appraisal Experience

Hunters Point Shipyard - Phase I
San Francisco, San Francisco County, California

This appraisal was completed for use by the developer for determination of possible refinancing of the Redevelopment Agency of the City and County of San Francisco Community Facilities District (CFD) No. 7 (Hunters Point Shipyard) Bonds. The appraised property comprises Phase I of the Hunters Point Shipyard redevelopment area, which is commonly referred to as the Hilltop and Hillside subdivisions, and comprises approximately 75.32 gross acres of land, which includes 23.72± developable acres proposed for the construction of 1,142 residential units in a variety of attached single-family, townhouse and stacked residential units. Specifically, the Hilltop development contains 15.92± acres of land to be developed with 788 residential units, and the Hillside development contains 7.8± acres to be developed with 374 single-family residential units. In addition, Phase I will include 36.0± acres dedicated to parks and open space and 15.6± acres of streets and rights-of-way.

City of San Mateo Community Facilities District No. 2008-1 (Bay Meadows)
San Mateo, San Mateo County, California

This appraisal was completed for use in a land-secured financing associated with the development of 52± developable acres proposed for the development of 724,225 square feet of office space, approximately 85,374 square feet of retail space and 1,121 residential housing units, with 632 residential housing units being developed on the residential land component and the balance (289 units) to be developed as part of the mixed-use component. The report was prepared for the City of San Mateo Department of Finance.

City of Redwood City Community Facilities District No. 2010-1 (One Marina)
Redwood City, San Mateo County, California

This appraisal was completed for use in a land-secured financing associated with the development of 16.62± acres proposed for the construction of 231 townhome and flat-style residential units within 24 detached buildings. The report was prepared for the City of Redwood City Department of Finance.

County of San Joaquin Community Facilities District No. 2003-2 (Vernalis Interchange)
Vernalis, San Joaquin County, California

This assignment involved the appraisal of approximately 3,457.41 gross acres of land comprising 40 separate Assessor's parcels devoted to (or intended for) aggregate mining operations by six independent mining operators, including Teichert, West Coast Aggregates, Granite, Kru River, DeSilva Gates and Comex. The summary appraisal was completed for bond financing purposes, with the proceeds intended to finance the construction of a new interchange on State Route 132 at Bird Road, which is intended to enhance traffic operation safety at this intersection. This report was prepared for the County of San Joaquin.

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Sample of Appraisal Experience (continued)

HUD 223(f) Apartment Portfolio
San Francisco, San Francisco County, California

This appraisal assignment involved the appraisal of nine multifamily properties in San Francisco containing between seven and 50 units, as well as mixed-use properties including ground floor retail tenants. The self-contained appraisals were completed in compliance with Federal regulatory requirements and guidelines that may apply as well as the requirements of the Federal Housing Administration (FHA) MAP Program for a 223(f) Refinance. This report was prepared for Column Guaranteed, LLC.

The Parkway & Quinto Ranch
Santa Nella, Merced County, California

This appraisal involved the valuation of a 1,454-lot single-family residential master planned community that included residential, commercial and public use components, and a non-contingent 1,644-acre ranch subject to a conservation easement. This report was prepared for IndyMac Bank.

Reclamation District No. 17 - Mossdale Tract
(portion)
County of San Joaquin, California

The appraised properties represented a portion of Reclamation District No. 17 identified as vacant residential, vacant commercial and vacant industrial land, and excluded those properties within the boundaries of the District zoned as agricultural and public use, and those properties with an assessed improvement value on the most recent property tax roll. Reclamation District No. 17 (Mossdale Tract) is located in San Joaquin County and contains approximately 16,107.58 acres of land comprising approximately 13,335 assessor's parcels. This report was prepared for Reclamation District No. 17.

Bickford Ranch Community Facilities District No.
2003-1
Placer County, California

The hypothetical market valuation of a proposed master planned community that will include 847.2 acres of land designated for 1,783 residential lots and a 9.7-acre commercial component. The appraisal will be used for bond underwriting purposes and was prepared for the County of Placer.

El Dorado Hills Community Facilities District No.
1992-1 (portion)
El Dorado County, California

This assignment involved the hypothetical cumulative, or aggregate, valuation of a sizeable portion of the existing Serrano master planned community. The appraisal included 1,597 single-family residential lots, 382 custom single-family residential lots, 33.05 acres of commercial land and 344 existing single-family residences. The appraisal will be used for bond underwriting purposes and was prepared for the County of El Dorado.

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Sample of Appraisal Experience (continued)

Diablo Grande Community Facilities District No. 1
(Series 2002)
Stanislaus County, California

The appraisal involved the valuation of a partially improved resort and master planned community offering 1,410 residential lots, multifamily land, commercial land, a hotel site, vineyards and two 18-hole championship golf courses. The appraisal was used for bond underwriting purposes and was prepared for Western Hills Water District.

Piumas Lake Community Facilities District No.
2002-1
Yuba County, California

This appraisal included the valuation of a portion of the proposed, and partially improved, Piumas Lake Specific Plan area, and comprised 3,314 detached single-family residential lots. The appraisal was used for bond underwriting purposes and was prepared for the Olivhurst Public Utility District.

Patterson Gardens & Keystone Pacific Business
Park
Patterson, Stanislaus County, California

This appraisal involved the valuation of a 985-lot single-family residential master planned community that included residential, commercial and public use components, and a non-contingent 224-acre industrial park. This report was prepared for Bank of America.

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Business, Transportation & Housing Agency
OFFICE OF REAL ESTATE APPRAISERS
REAL ESTATE APPRAISER LICENSE

Eric A. Segal

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.

OREA APPRAISER IDENTIFICATION NUMBER: AG 026558

Effective Date: February 19, 2013
Date Expires: February 18, 2015


Jim Martin, Director, OREA

3004944

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APPENDIX C

MARKET ASSESSMENT AND ANALYSIS REPORT

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MARKET ASSESSMENT AND ANALYSIS

“Diablo Grande” in Patterson, California
Master Plan Community Assessment and Future Product Planning

Background and Objectives

BACKGROUND:

As part of its due diligence efforts, Laurus Corporation has commissioned Meyers Research, LLC to perform this analysis related to the “Diablo Grande” property in Patterson, California located within the western area of the Modesto metropolitan area (Stanislaus County). As planned, the Phase 1 Village of Diablo Grande will include nearly 2,200 homes (approximately 420 homes are complete and 250+/- lots are owned by other parties). This an update to a previous study completed for Laurus Corporation in June 2013.

OBJECTIVE:

The objective of this assignment is to assess the market opportunity for an additional +/-1,461 home sites at Diablo Grande, as well as 66 custom lots controlled by Laurus Corporation. This report update details residential product, pricing and absorption for the entirety of the Phase 1 Village master plan both in today’s market (July 2014), moving forward to market entry (estimated 2015) and throughout the potential buildout of the community.

CONTACT INFORMATION:

This analysis was prepared by Meyers Research, LLC. It has been commissioned by Laurus Corporation.

Tim Sullivan, Practice Leader, served as the Project Director and oversaw all aspects of this assignment. JT Schwartz, Senior Manager, served as the Project Manager and conducted the day-to-day operations of the analysis. Follow-up questions should be directed to us at:

16236 San Dieguito Road, Suite 3-28
Rancho Santa Fe, CA 92067
858.381.4388

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Introduction

Laurus Corporation is evaluating the market opportunity for Diablo Grande, an existing, amenitized master planned community located in unincorporated Stanislaus County about 30 miles west of downtown Modesto. The community includes an 18-hole golf course, a 20,000 square foot clubhouse including golf pro shop, lockers, bar and grill, tennis courts, outdoor pool and meeting space as well as guard gated entry. The golf course was completed in the 1990s and new home sales and lot sales began in 2004. The most current plan accounts for over 2,200 total residential units; additional phases are planned to develop over a longer time horizon. Ultimately the vision is for a single, cohesive master planned community. Product and pricing recommendations included in this analysis are based on the existing land plan for Diablo Grande Phase 1 Village (approximately 1,460 remaining planned home sites to be developed).

The Diablo Grande site offers a number of competitive advantages that enhance the project's opportunity compared to big picture market conditions. The community is planned to include a combination of diverse housing product and price points that should enhance its appeal to a wide array of buyer profiles and increase absorption. Master planned community options are limited in the region and none offer the amenity package of Diablo Grande, with golf, a clubhouse and countryside mountain views. Nestled in the hills in the western Stanislaus County, this community is situated above the Tule Fog line that negatively effects much of the Central Valley housing stock, making Diablo Grande one of the best housing options in the valley to offer clear and sunny days most of the year. The Development is accessed by Diablo Grande Parkway, a dedicated off-ramp from the I-5 Freeway across from the growing city of Patterson. The scenic seven mile drive winds through the virgin ranchlands and orchards. Residents feel a sense of home as soon as they exit the freeway, with the scenic open space feeling like a natural extension of the open space that embraces Diablo Grande and continues inside Phase 1.

The community is 15 minutes away from regional retail facilities such as a 50,000 square foot Save Mart grocery store, 158,000 square foot Super Walmart, CVS drugstore, Starbucks, and others. Patterson continues to grow with the recent opening of Grainger's 820,000 square foot distribution center, Amazon's 1,000,000+ square foot fulfillment center, an additional one million square feet is also underway for an unidentified retailer. CVS operates an 807,000 square foot distribution center and Kohl's has a 400,700 square foot facility as well. The state Enterprise Zone is expected to continue to draw more companies and increase the local employment base.

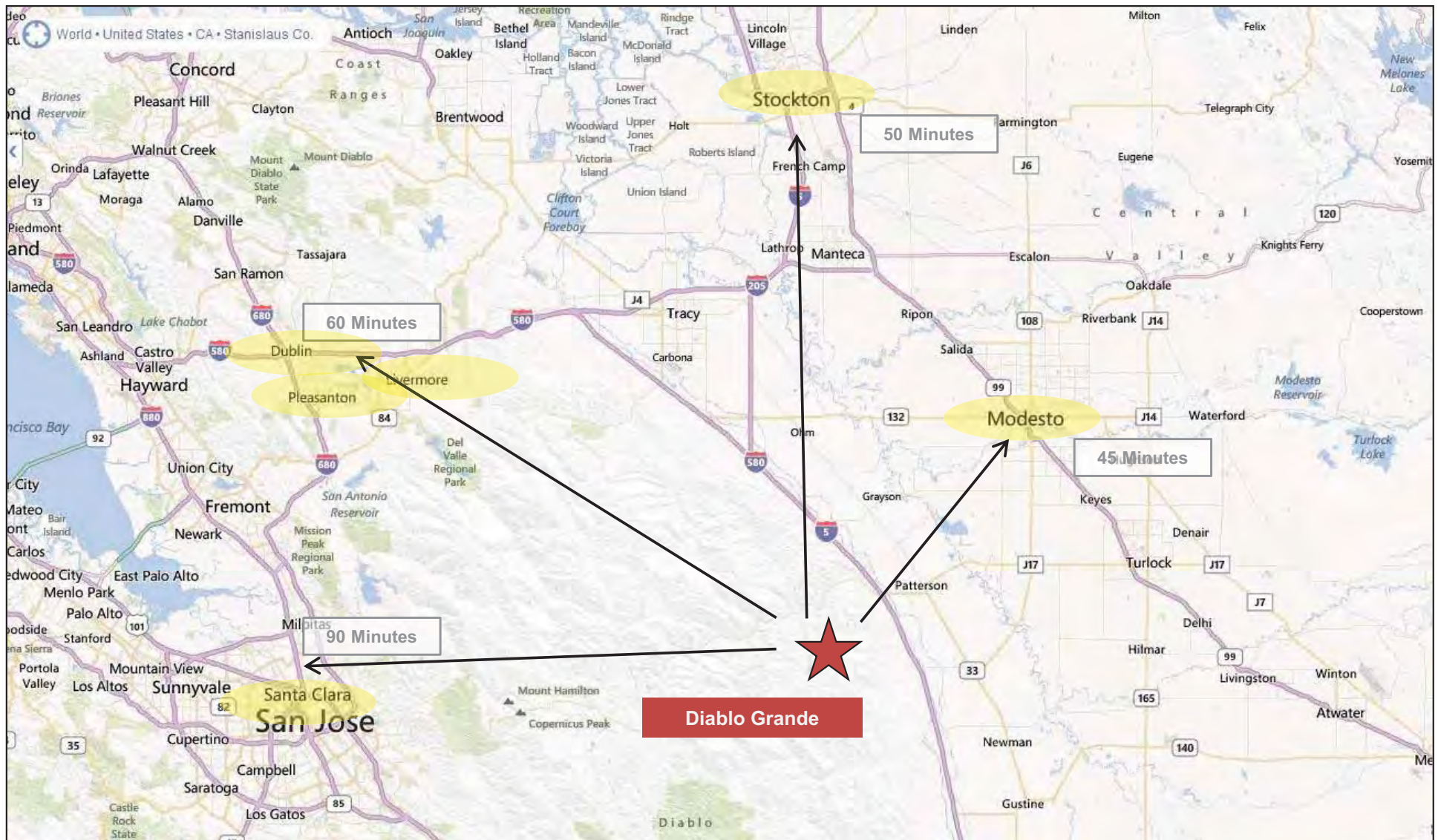
Many Bay Area residents are accustomed to relatively long commutes, and there are a number of employment bases within one hour from Diablo Grande, including Stockton, Modesto and Livermore-Pleasanton-Dublin. There are a limited number of master planned communities within this one hour commute - Mountain House is the primary example. Diablo Grande has a price advantage over Mountain House and communities to the west in Livermore-Pleasanton-Dublin, and has advantages in terms of quality / value (better amenities, views etc.) over new home options in Stockton and Modesto.

Our research indicates that the Subject Property represents a favorable long-term development opportunity for Laurus Corporation. Housing and economic conditions in the region are showing measured improvements thus far in 2012/2013 and indicators are poised for further improvement. Meyers Research anticipates that new home sales, housing prices and employment levels will all show improvements the past two years and throughout 2014 and should continue to grow over the next several years. Lot prices are already showing healthy gains and builders are running out of desirable areas / communities in which to buy lots. Water supply is also likely to restrict the opportunity in the future for the development of new home product. Given the improving market, it would be logical for Diablo Grande to start lot sales this year in 2014 with product estimated to enter the market by 2015.

This analysis provides perspective on current and anticipated future housing market and economic and demographic conditions in the region and surrounding markets, and the opportunity for Diablo Grande within the context of the evolving market. The section that follows provides perspective on the factors that are likely to influence the development opportunity at Diablo Grande going forward and how the region is expected to evolve in the coming years.

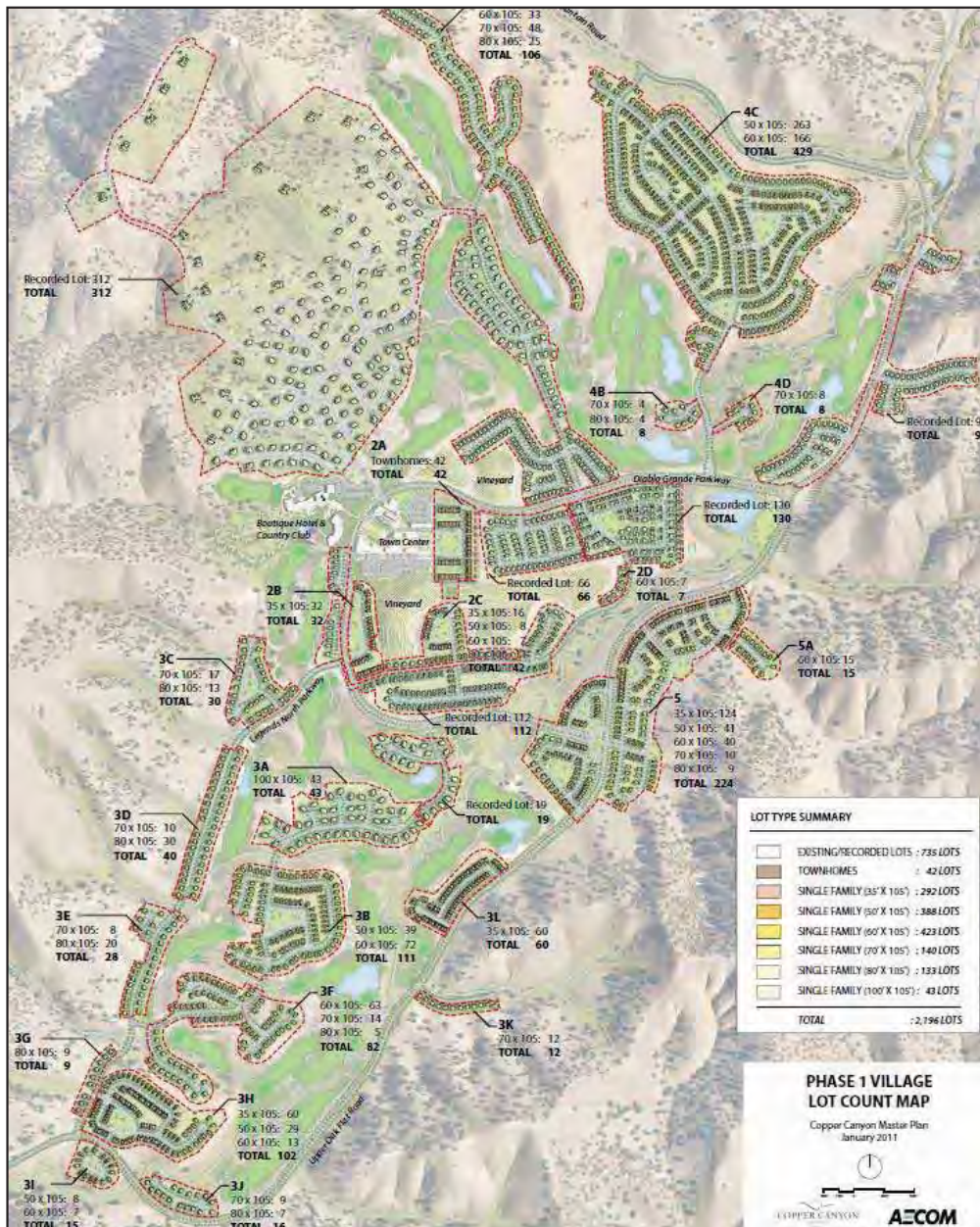
Subject Property Location

Diablo Grande is located in the western portion of Stanislaus County, 9 miles west of Patterson and Interstate 5. The community is proximate to Modesto to the east, Stockton to the north, the Tri-Valley area (Pleasanton, Livermore and Dublin), and San Jose/ greater Bay Area to the west.



Source: Bing Maps; MapPoint

Diablo Grande Site Plan and Parcel Distribution



The entire Diablo Grande community encompasses a total of 33,000 acres and could accommodate over 5,000 homes. Currently there are 420 homes built on the 735 final mapped lots. DeNova Homes is currently selling 33 homes at their Villa Vista community (opened January 2014). D.R. Horton also owns existing mapped lots.

The purpose of this assignment is to address the buildout of the Phase 1 Village, totaling an additional +/- 1,461 lots.

LOT TYPE SUMMARY

	EXISTING/RECORDED LOTS : 735 LOTS
	TOWNHOMES : 42 LOTS
	SINGLE FAMILY (35' X 105') : 292 LOTS
	SINGLE FAMILY (50' X 105') : 388 LOTS
	SINGLE FAMILY (60' X 105') : 423 LOTS
	SINGLE FAMILY (70' X 105') : 140 LOTS
	SINGLE FAMILY (80' X 105') : 133 LOTS
	SINGLE FAMILY (100' X 105') : 43 LOTS
TOTAL	: 2,196 LOTS

Source: AECOM

Diablo Grande Site Photos

Diablo Grande offers an 18-hole, par 72 championship golf course. The Ranch Course was designed by award winning architect Dennis Griffith—this tournament-style course has been rated as one of the top Northern California courses by "Golf Today" magazine. The community includes a 20,000 square foot clubhouse including golf pro shop, lockers, bar and grill, tennis courts, outdoor pool and meeting space, as well as guard gated entry. A second course, The Legends was also built but closed in Spring 2014 due to the drought. The developer plans to convert this course into additional housing and amenities and/or open space.



Executive Summary

*“Diablo Grande” in Patterson, California
Master Plan Community Assessment and Future Product Planning*

Diablo Grande Offers a Well Segmented Master Plan in an Attractive Setting

Diablo Grande represents an opportunity to re-launch a large-scale, golf / outdoor recreation oriented, well amenitized master plan community in an attractive setting. The following summarizes the community vision for new residential development at Diablo Grande:

- **Quality and Value:** The vision for Diablo Grande is that of a product diverse, amenitized master plan that is a “step above” most communities in northern California. Regional demographics reflect the some families with incomes that are higher than typical for the metro area and suggest an opportunity to offer new homes in an environment that is superior to new home communities in the region (the likes of which include Woodbridge and Mountain House, although Mountain House benefits heavily from Bay Area commuter demand). We anticipate that Diablo Grande can re-launch new home sales and offer product appealing to a wide variety of buyer profiles in the market today including younger families, a substantial number of move-up buyers and empty-nesters/active adults in a separate enclave or with product targeted specifically to those buyers.
- **Setting and Location:** The site offers the natural beauty of the California foothills, including rolling hills, vegetation and impressive mountain views. Consider that over four million square feet of new distribution centers have been built over the past several years (including Amazon.com) in Patterson, indicating the local employment base is rapidly growing. This is a notable positive for the Subject. However, the location will be a challenge to overcome in re-building a broad base of buyers, since the site is a 45 minute drive from Modesto and a 60 to 90 minute drive from the key job bases in the Tri-Valley area, Oakland and San Jose.
- **Segmentation:** Amenitized master plans are limited in the local market (primarily Mountain House and the age-restricted Woodbridge). These communities typically attract a mix of families, empty nesters, and retirees. Buyers include a strong mix of primary and some second homebuyers—it is estimated that 80% to 90% of existing homeowners in Diablo Grande are primary residents. Our recommendations for the Subject Property effectively target these key buyer segments, with empty nesters and retirees being obvious short term opportunities.
- **Master Plan Advantage:** Master planned communities are large scale developments that typically include a wide array of real estate product, diverse amenities and multiple commercial uses (such as offices, shopping centers and hotels). The concept is that a “place” can be created where different lifestyle options are offered and a central environment is established. Starting with such trend setters as Columbia in Maryland, The Woodlands in Texas and Mission Viejo and Irvine in California in the 1970s, and followed by The Villages in Florida and Valencia in northern Los Angeles County in the 1980s, master plans defined a clear path to establishing value and creating a magnet for the home buying public. Master plans have become synonymous with great schools, expansive parks and open space, safer investments, and recreational opportunities that command a price premium over the competition. The master planned environment of Diablo Grande gives it a true competitive advantage in the local and regional market. Further, going forward we anticipate a reduction in the creation of new master planned communities given the difficulty to assemble and entitle land, combined with significant upfront costs required to execute the plan. This presents a notable advantage.

Diablo Grande Offers a Well Segmented Master Plan in an Attractive Setting

- **Existing Infrastructure:** Diablo Grande has a number of features that provide the foundation for the master plan to continue new home sales, an existing golf course and a new water pumping facility that can accommodate up to 5,000 homes. It also has extensive open space which is a major amenity for all buyer types.
- **Timing Advantage:** Home values and lot values have increased significantly in the surrounding areas (including the Bay Area) in the past year, which ultimately impacts the demand for further out locations such as Diablo Grande.
- **Regional Perspective:** Diablo Grande is located in the Modesto MSA, but will likely attract buyers from outside this area. The community will be influenced by the economic trends and housing market conditions in surrounding MSAs--the Stockton, Oakland, and San Jose MSAs are viable areas from which Diablo Grande will draw demand from. The Oakland and San Jose MSAs are characterized by a solid job base and job growth, a concentration of higher paying jobs, relatively high incomes (\$70,000 - \$80,000 median), and relatively high home prices (median resale prices of \$600,000+). Diablo Grande may be seen as an affordable option and an excellent value for the Oakland and San Jose MSA buyer. See the **Economic and Demographic Summary** and **Housing Market Summary** sections of this report.

Diablo Grande Will Offer Buyers an Excellent Value Compared to the TriValley Area

The TriValley area (Livermore, Pleasanton, Dublin) is a key region from which Diablo Grande is well positioned to draw buyers. This area is a 60 minute drive from Diablo Grande—which is not an unreasonable commute time in the Bay Area—and is characterized by high incomes, favorable job growth, low unemployment rate and relatively high home prices. **All of these factors make Diablo Grande an excellent value for those working in the TriValley area.** Consider the following economic and housing market indicators for Livermore, Pleasanton and Dublin.

- **Job Growth is Favorable and the Unemployment Rate is Low:** Livermore, Pleasanton and Dublin have all rebounded sharply over the past three plus years to replacing and exceeding the job losses from 2009 to 2010. Livermore, with 700 new net jobs this year and a total job base of 41,300 employees currently has an unemployment rate of 3.6%, which is the lowest it has been since 2007. Pleasanton has also rebounded well over the past few years, with 600 new net jobs thus far in 2014 and a total job base of 36,000 employees. The unemployment rate is very favorable and at its lowest point since 2007 at 2.7%. Dublin, with the smallest total job base of 15,500, added 300 new net jobs in 2014 and the unemployment rate is currently 3.3%.
- **Median Household Incomes are Relatively High:** Median household incomes in the TriValley area are relatively high when compared to Patterson and Stanislaus County. Livermore's median household income is currently \$97,278 and is projected to reach \$107,016 by 2018, a 10% increase. Incomes are higher in Pleasanton, at \$112,322 currently, and are projected to increase to \$121,530 by 2018. Dublin median incomes are at \$108,948 and are projected to reach \$116,668 by 2018.
- **Population Growth is Evident:** Livermore, Pleasanton and Dublin are all projected to see noticeable population increases over the next five years. The Livermore population is estimated at 82,388 as of 2013, and is projected to reach 86,255 by 2018; households are estimated at 29,655 currently, and are projected to grow at 1.0% annually over the next five years. The Pleasanton population is estimated at 71,960, and is projected to reach 75,916 by 2018; Pleasanton households are estimated at 25,810, and are projected to grow at 1.1% annually over the next five years. Dublin's population is estimated at 50,735 currently, and is projected to grow the most over the next five years, reaching 55,961 by 2018; Dublin households are estimated at 16,451 currently, and are projected to grow at 2.3% annually through 2018, the fastest of the TriValley area.
- **Home Prices are Relatively High and Rising in the TriValley Area:** Over the past 24 months, single family detached home prices have increased over \$160,000 in the Tri Valley area from \$601,250 to \$768,667, a 27.8% increase. While home prices have increased in Stanislaus County and Patterson (Zip Code 95363) over the same time period as well, an increase of 45.1% in Stanislaus County and 64.7% in Patterson, still only results in prices of \$207,250 and \$226,917, respectively, which remain significantly lower. Total price per square foot in the TriValley area has risen to \$369/SF, more than triple the amount of Patterson (\$103/SF) and Stanislaus County (\$119/SF). Patterson is clearly a more affordable living option, allowing buyers to purchase larger homes for a fraction of the price.

Product Recommendations

“Diablo Grande” in Patterson, California
Master Plan Community Assessment and Future Product Planning

Product, Pricing and Absorption Analysis Overview

This section provides product and pricing recommendations for Diablo Grande as of July 2014. Lot counts and parcel densities are per Laurus Corporation. The proposed product and price points for each residential parcel are per Meyers Research and are based on our familiarity and assessment of the site its locational opportunities and challenges, and Laurus Corporation's maintenance / execution of additional amenities to enhance the community.

Price points and absorption are based on a review of actively selling communities in the local market today with particular attention paid to other cohesive master planned communities such as Mountain House and Woodbridge. These communities, and our experience with master planned community product planning nationwide, are used as a benchmark for product and pricing at Diablo Grande. In reality, the Subject will be built out over a series of years and the market will evolve over that time period. The prices that are stated in this report today will not be the prices that the project achieves when home sales begin. Similarly, we expect that per project absorption rates will improve over time above where the market is today given improving new home sales conditions and decreasing lot opportunities in this region. This analysis offers perspective on how prices and absorption could change over the next several years during these market changes.

Laurus Corporation's vision for the Subject, with Meyers Research' support, is that of a well amenitized, golf oriented master planned community appealing to a wide variety of buyer profiles in the market today including younger families, maturing families, a substantial number of move-up buyers and empty-nesters/active adults in a separate enclave or with product targeted specifically to those buyers. While this analysis positions Diablo Grande with the context of the conventional housing market in the region, we recognize that the immediate scenic location, amenities and golf course enable Diablo Grande to perform at or above existing communities in the local market, particularly in terms of pricing. Further, there is an opportunity to attract a regional base of buyers with appropriate product creation and pricing.

Diablo Grande Offers a Wide Range of Unit Sizes and Price Points

The Subject's recommended unit sizes, pricing and absorption estimates are summarized below. Meyers generally concurs with the Diablo Grande Phase 1 Village plan and its eight distinct product lines spanning each of the various parcel densities at Diablo Grande: six single-family detached, one attached townhome product (with limited unit count) and a custom lot program. Our research shows that single family product on lots that range from 45' to 70' wide are where the majority of the supply and demand are in the greater Modesto market, both currently and historically. Approximately two-thirds of the product offered at the Subject will be within these product types and lot widths. The 35' product is a bit of a concern, however, KB Home is successfully developing similar product in Riverbend, CA.

The recommended base prices for the Subject appear reasonably positioned above stand alone communities in nearby Patterson, as well as other areas in the Modesto MSA. Pricing for the SFR 50' homes is consistent with what DeNova selling at today in Diablo Grande. Pricing is generally consistent-to-slightly below Manteca and Tracy, and is positioned well below Mountain House on a base price comparison. Average sales prices in 2014 dollars range from the mid to high \$200,000s to the low \$600,000s with an overall community average of \$393,430. Average prices include 7.0% for options and upgrades, as well as a 3.9% lot premium (based on configuration of lots in current land plan). Targeting absorption rates ranging from 3.5 sales per month for 50' and 60' wide single family homes to 2.0 sales per month for the most expensive homes appears reasonable given the current competitive landscape. Pricing and absorption are based on Meyers assumption that Laurus Corporation and its future builder partners will build at least to a similar specification level as the existing product within Diablo Grande, and that additional community amenities will be incorporated.

Project/Subdivision	Type	Configuration	# of Units	Est % of Total Units	Average Unit Size	BASE PRICE		Price Impacting Incentives	NET BASE PRICE		\$ ASSUMPTIONS		AVERAGE PRICE		Estimated Sales / Month
						Base Price	\$/SF		Net Base Price	\$/SF	Options	Premiums	Average Price	\$/SF	
Townhomes	Townhomes	-	42	3%	1,500	\$239,250	\$160	\$0	\$239,250	\$160	\$20,000	\$5,000	\$264,250	\$176	3.50
SFR 35'	Single Family	3,675	292	20%	1,500	\$261,250	\$174	\$0	\$261,250	\$174	\$20,000	\$5,000	\$286,250	\$191	3.50
SFR 50'	Single Family	5,250	388	27%	2,100	\$324,500	\$155	\$0	\$324,500	\$155	\$25,000	\$7,500	\$357,000	\$170	4.00
SFR 60'	Single Family	6,300	423	29%	2,501	\$374,091	\$150	\$0	\$374,091	\$150	\$25,000	\$15,000	\$414,091	\$166	4.00
SFR 70'	Single Family	7,350	140	10%	3,000	\$423,500	\$141	\$0	\$423,500	\$141	\$30,000	\$25,000	\$478,500	\$160	3.50
SFR 80'	Single Family	8,400	133	9%	3,504	\$478,789	\$137	\$0	\$478,789	\$137	\$40,000	\$30,000	\$548,789	\$157	3.00
SFR 100'	Single Family	10,500	43	3%	4,012	\$545,395	\$136	\$0	\$545,395	\$136	\$40,000	\$30,000	\$615,395	\$153	2.00
COMMUNITY SUMMARY			1,461	100%	2,349	\$353,799	\$154	\$0	\$353,799	\$154	\$26,143	\$13,487	\$393,430	\$170	3.7

Subject Property Full Pricing Detail

The full summary details the estimated tax rate, HOA dues, incentives, premiums and options/upgrades by series for this report. Variations in these estimates may result in changes to the base price of the home.

COMMUNITY SPECIFICS				FLOORPLANS		RECOMMENDATIONS															
Subject Property Name						Mo	Base	Incentives		Net Base	Net Base	Assumptions		Total	Payment Assumptions			80.0%			
Location						Sales	Base	Price/	Total / All	Off Price	Price (\$	Price/	Options / Estimated	Total	Price/	Monthly	Base	Addl Tax	4.5%		
				Mix	Size	Pace	Price	SF	Incentives	Of Home	Impacting)	SF	Upgrades	Premiums	Price	SF	HOA	Tax Rate	Assess.	Mo.	Pmt.
Townhomes				21	1,200	3.5	\$214,500	\$179	(\$5,000)	\$0	\$214,500	\$179	\$20,000	\$5,000	\$239,500	\$200	\$187	1.30%	\$150	\$1,567	
Diablo Grande				21	1,800		\$264,000	\$147	(\$5,000)	\$0	\$264,000	\$147	\$20,000	\$5,000	\$289,000	\$161	\$187	1.30%	\$150	\$1,822	
Product: Townhomes																					
Configuration: -																					
Lot Dimensions: ATT																					
3 Months Sold: 0																					
Units Remaining: 42																					
% Remaining: 100%																					
Summary Statistics:					1,500	3.5	\$239,250	\$160	(\$5,000)	\$0	\$239,250	\$160	\$20,000	\$5,000	\$264,250	\$176	\$187	1.30%	\$150	\$1,694	
SFR 35'				146	1,200	3.5	\$236,500	\$197	(\$5,000)	\$0	\$236,500	\$197	\$20,000	\$5,000	\$261,500	\$218	\$187	1.30%	\$150	\$1,680	
Diablo Grande				146	1,800		\$286,000	\$159	(\$5,000)	\$0	\$286,000	\$159	\$20,000	\$5,000	\$311,000	\$173	\$187	1.30%	\$150	\$1,935	
Product: Single Family																					
Configuration: 3,675																					
Lot Dimensions: 35x105																					
3 Months Sold: 0																					
Units Remaining: 292																					
% Remaining: 100%																					
Summary Statistics:					1,500	3.5	\$261,250	\$174	(\$5,000)	\$0	\$261,250	\$174	\$20,000	\$5,000	\$286,250	\$191	\$187	1.30%	\$150	\$1,807	
SFR 50'				194	1,600	4.0	\$286,000	\$179	(\$5,000)	\$0	\$286,000	\$179	\$25,000	\$7,500	\$318,500	\$199	\$187	1.30%	\$200	\$2,023	
Diablo Grande				194	2,600		\$363,000	\$140	(\$5,000)	\$0	\$363,000	\$140	\$25,000	\$7,500	\$395,500	\$152	\$187	1.30%	\$200	\$2,419	
Product: Single Family																					
Configuration: 5,250																					
Lot Dimensions: 50x105																					
3 Months Sold: 0																					
Units Remaining: 388																					
% Remaining: 100%																					
Summary Statistics:					2,100	4.0	\$324,500	\$155	(\$5,000)	\$0	\$324,500	\$155	\$25,000	\$7,500	\$357,000	\$170	\$187	1.30%	\$200	\$2,221	
SFR 60'				211	2,000	4.0	\$335,500	\$168	(\$5,000)	\$0	\$335,500	\$168	\$25,000	\$15,000	\$375,500	\$188	\$187	1.30%	\$200	\$2,316	
Diablo Grande				212	3,000		\$412,500	\$138	(\$5,000)	\$0	\$412,500	\$138	\$25,000	\$15,000	\$452,500	\$151	\$187	1.30%	\$200	\$2,711	
Product: Single Family																					
Configuration: 6,300																					
Lot Dimensions: 60x105																					
3 Months Sold: 0																					
Units Remaining: 423																					
% Remaining: 100%																					
Summary Statistics:					2,501	4.0	\$374,091	\$150	(\$5,000)	\$0	\$374,091	\$150	\$25,000	\$15,000	\$414,091	\$166	\$187	1.30%	\$200	\$2,514	

Subject Property Full Pricing Detail (continued)

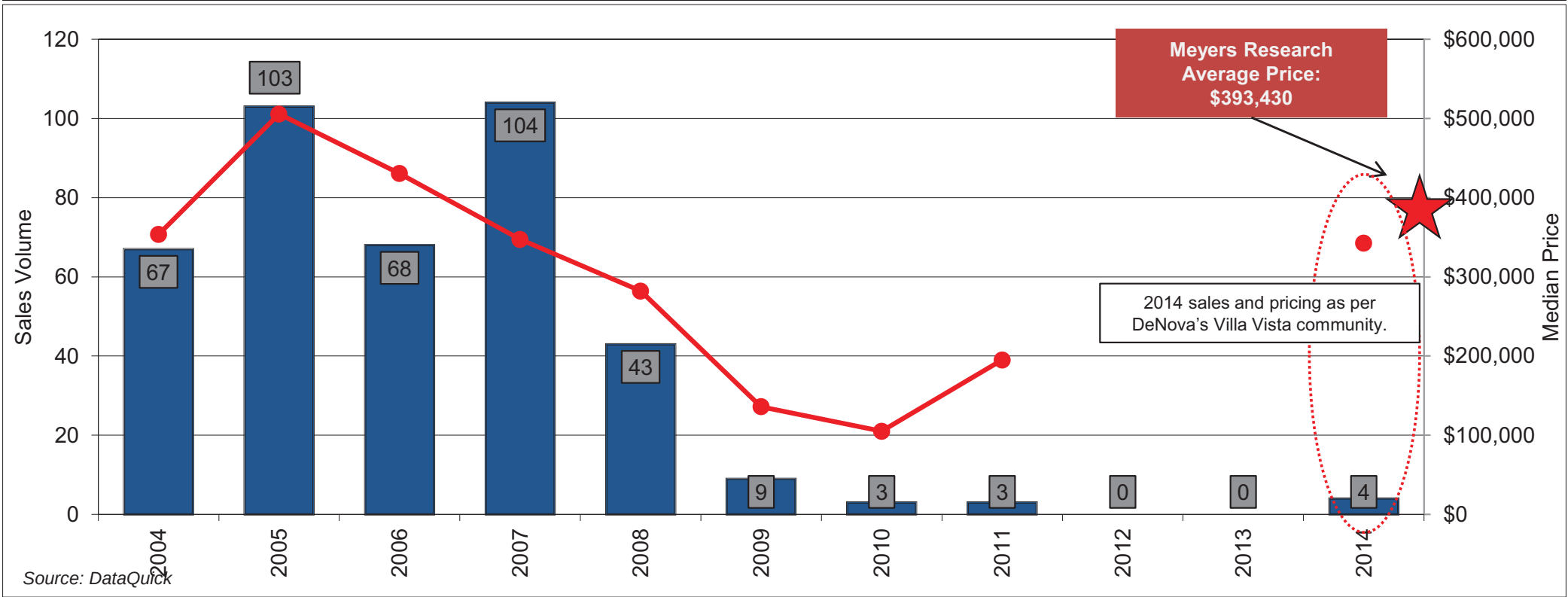
COMMUNITY SPECIFICS				FLOORPLANS		RECOMMENDATIONS																
Subject Property Name				Mix	Size SF	Mo	Base	Incentives		Net Base	Net Base	Assumptions		Total	Payment Assumptions			80.0%				
Location						Sales	Price	Price/	Total / All	Off Price	Price (\$	Price/	Options / Estimated	Total	Price/	Monthly	Base	Addl Tax	4.5%			
Product Details				Sales Summary				Mix	Size SF	Pace	Price	SF	Incentives	Of Home	Impacting)	SF	Upgrades Premiums	Price	SF	HOA	Tax Rate Assess.	Mo. Pmt.
	SFR 70'		Diablo Grande		70	2,500	3.5	\$385,000	\$154	(\$5,000)	\$0	\$385,000	\$154	\$30,000	\$25,000	\$440,000	\$176	\$187	1.30%	\$200	\$2,647	
	Patterson				70	3,500		\$462,000	\$132	(\$5,000)	\$0	\$462,000	\$132	\$30,000	\$25,000	\$517,000	\$148	\$187	1.30%	\$200	\$3,043	
	Product:	Single Family	Total Units:	140																		
	Configuration:	7,350	Units Sold:	0																		
	Lot Dimensions:	70x105	3 Months Sold:	0																		
			Units Remaining:	140																		
			% Remaining:	100%																		
Summary Statistics:						3,000	3.5	\$423,500	\$141	(\$5,000)	\$0	\$423,500	\$141	\$30,000	\$25,000	\$478,500	\$160	\$187	1.30%	\$200	\$2,845	
	SFR 80'		Diablo Grande		66	3,000	3.0	\$440,000	\$147	(\$5,000)	\$0	\$440,000	\$147	\$40,000	\$30,000	\$510,000	\$170	\$187	1.30%	\$250	\$3,057	
	Patterson				67	4,000		\$517,000	\$129	(\$5,000)	\$0	\$517,000	\$129	\$40,000	\$30,000	\$587,000	\$147	\$187	1.30%	\$250	\$3,452	
	Product:	Single Family	Total Units:	133																		
	Configuration:	8,400	Units Sold:	0																		
	Lot Dimensions:	80x105	3 Months Sold:	0																		
			Units Remaining:	133																		
			% Remaining:	100%																		
Summary Statistics:						3,504	3.0	\$478,789	\$137	(\$5,000)	\$0	\$478,789	\$137	\$40,000	\$30,000	\$548,789	\$157	\$187	1.30%	\$250	\$3,256	
	SFR 100'		Diablo Grande		21	3,500	2.0	\$506,000	\$145	(\$5,000)	\$0	\$506,000	\$145	\$40,000	\$30,000	\$576,000	\$165	\$187	1.30%	\$250	\$3,396	
	Patterson				22	4,500		\$583,000	\$130	(\$5,000)	\$0	\$583,000	\$130	\$40,000	\$30,000	\$653,000	\$145	\$187	1.30%	\$250	\$3,791	
	Product:	Single Family	Total Units:	43																		
	Configuration:	10,500	Units Sold:	0																		
	Lot Dimensions:	100x105	3 Months Sold:	0																		
			Units Remaining:	43																		
			% Remaining:	100%																		
Summary Statistics:						4,012	2.0	\$545,395	\$136	(\$5,000)	\$0	\$545,395	\$136	\$40,000	\$30,000	\$615,395	\$153	\$187	1.30%	\$250	\$3,598	

- **The unit size ranges and price ranges represent our market-tested recommendations for each lot product type.** Actual square footages may be refined once actual builders commit to the project and implement their actual floorplans.
- **Additionally, we recommend focusing on one story homes.** The initial sales efforts at Diablo Grande occurred during the real estate boom of 2004 to 2006. Due to rising land costs and construction costs, builders focused on two story units because profits were greater than one story homes. As a result, the existing stock of one story homes is limited, yet demand is strong for one story homes, according to local Realtors. This is logical given the community is attractive to the Empty Nester/ retiree segment. A development plan that includes a concentration of one story homes will further enhance sales activity at Diablo Grande.
- **The 50', 60' and 70' wide lot product can support a strong concentration of single story homes. Ideal single story home size may range from 1,500 to 2,500 square feet.** This lot size offering and home size range is consistent with new home product in comparable active adult communities, and is enjoying strong absorption paces. Consider the following examples:
 - **Woodbridge (Del Webb):** 46', 65', 70' wide lots; 1,329 to 2,618 SF single story homes; 10.0 sales per mo.
 - **Vineyards (Shea Trilogy):** 50', 60', 70' wide lots; 1,463 to 2,853 SF single story homes; 12.0 sales per mo.
 - **Rio Vista (Shea Trilogy):** 45', 55', 65' wide lots; 1,160 to 2,538 SF single story homes; 16.0 sales per mo.

Diablo Grande Has Yet to Find its Full Sales Potential

Until 20104 Diablo Grande had not had new home sales activity since 2011. At the peak in 2005 through 2007, new home sales reached 100 sales per year. DeNova has introduced a 5,600 square foot lot subdivision which has four reported sales in 2014. Pricing is currently in the mid \$300,000s. While it would appear this community is underperforming, consider that the greater master plan has not yet restarted and DeNova is not necessarily a builder with a wide marketing reach. Pricing for this community is consistent with our recommended prices for similar sized product on similar lots. Once the master plan is officially re-released to the market with multiple builders with multiple marketing efforts are implemented we will see the full sales capabilities of Diablo Grande.

New Home History	Development of Diablo Grande, CA										
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Annual New Home Sales	67	103	68	104	43	9	3	3	0	0	4
Prior Year Change	n/a	53.7%	-34.0%	52.9%	-58.7%	-79.1%	-66.7%	0.0%	--	--	n/a
Median New Home Sales Price	\$353,500	\$505,500	\$430,500	\$347,350	\$282,000	\$136,000	\$105,000	\$195,000	--	--	\$342,400
Prior Year Change	n/a	43.0%	-14.8%	-19.3%	-18.8%	-51.8%	-22.8%	85.7%	--	--	n/a



The Community Should See Price Appreciation in the Coming Years

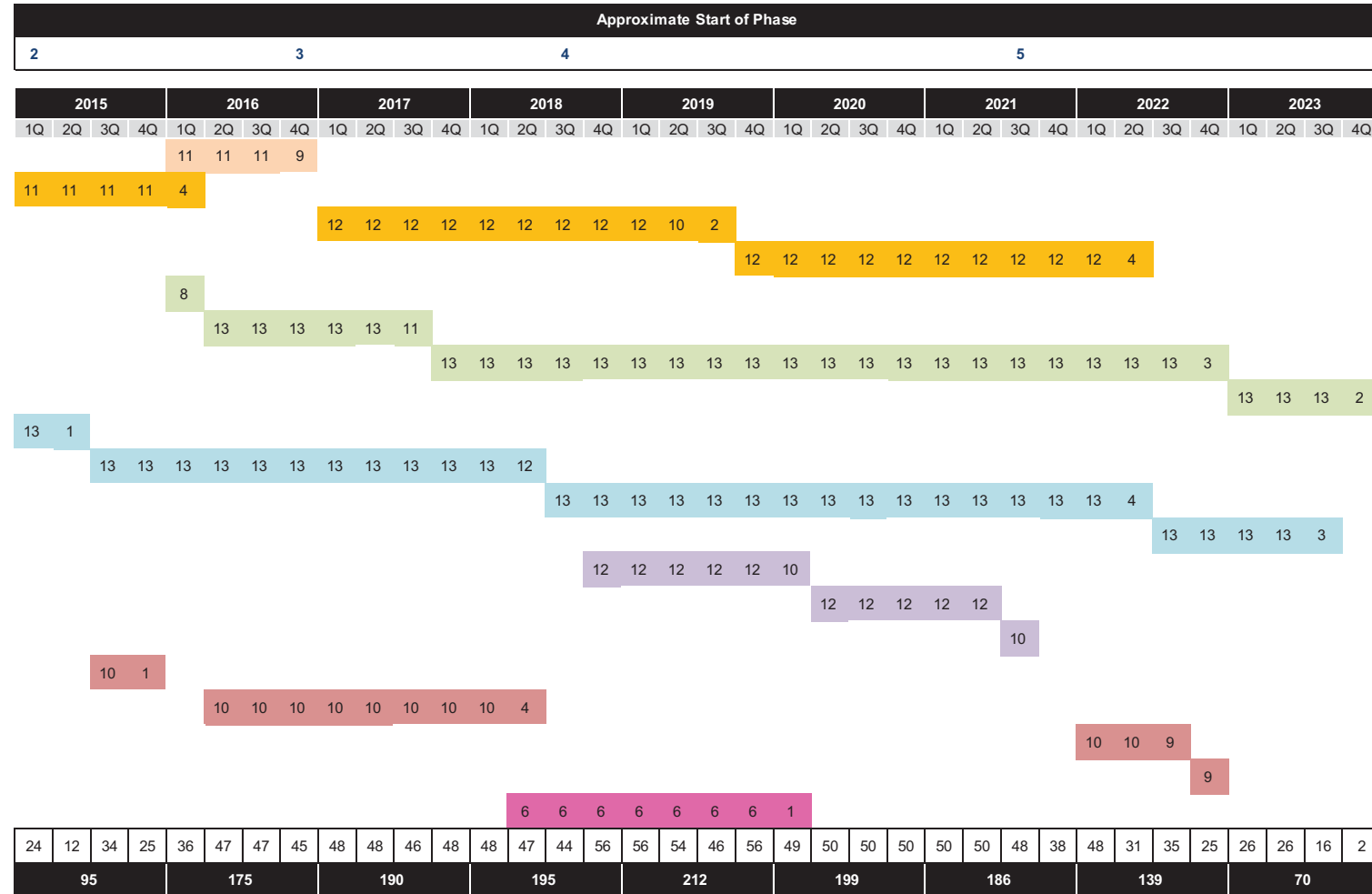
From today until an estimated timeframe the community could open for sale (+/-2015) and throughout the community's sell out we would expect appreciation at Diablo Grande. Over the next five years it is reasonable to anticipate continued appreciation through 2014 (+2%) and as the economy continues to stabilize and the market gains strength we forecast an increase of 3.0% in 2015, 4.0% in 2016, 2.0% in 2017 and 1.0% in 2018. Note: average prices for each year reflect year end.

TOTAL PRICE APPRECIATION SCHEDULE					2014	2015	2016	2017	2018
Project/Subdivision	Type	Configuration	# of Units	Average Price	2.0%	3.0%	4.0%	2.0%	1.0%
Townhomes	ATT	-	42	\$264,250	\$269,535	\$277,621	\$288,726	\$294,500	\$297,445
SFR 35'	Single Family	3,675	292	\$286,250	\$291,975	\$300,734	\$312,764	\$319,019	\$322,209
SFR 50'	Single Family	5,250	388	\$357,000	\$364,140	\$375,064	\$390,067	\$397,868	\$401,847
SFR 60'	Single Family	6,300	423	\$414,091	\$422,373	\$435,044	\$452,446	\$461,495	\$466,110
SFR 70'	Single Family	7,350	140	\$478,500	\$488,070	\$502,712	\$522,821	\$533,277	\$538,610
SFR 80'	Single Family	8,400	133	\$548,789	\$559,765	\$576,558	\$599,621	\$611,613	\$617,729
SFR 100'	Single Family	10,500	43	\$615,395	\$627,703	\$646,534	\$672,396	\$685,844	\$692,702
COMMUNITY SUMMARY			1,461	\$393,430	\$401,298	\$413,337	\$429,871	\$438,468	\$442,853

Hypothetically (if Properly Executed) the Community Could Sell-Out in Nine Years

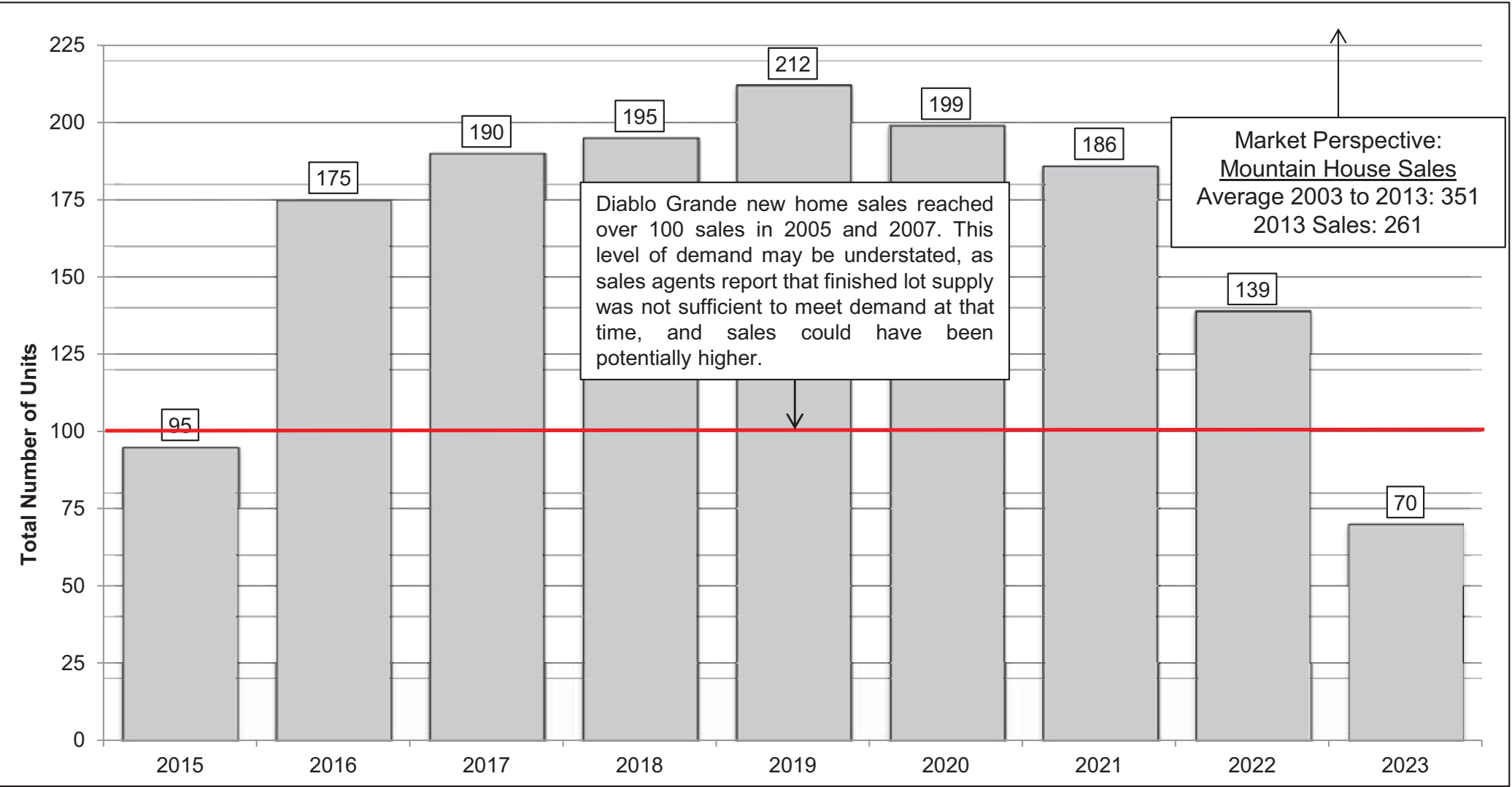
If home sales restart at Diablo Grande in 2015, according to our product recommendations and absorption schedule, the community could reasonably sell out at the end of 2023 (+/-9 years). The absorption paces shown improves slightly from today's rate at market entry (i.e. Townhomes at 3.5 per month in 2014 improving to 11 per quarter or 3.67 per month in 2015+).

							2014	2015+
PRODUCT		PHASE					Est.	Est.
LINE		1	2	3	4	5	Sls/Mo.	Sls/Mo.
Townhomes	One		42				3.50	3.67
SFR 35'	One		48				3.50	3.67
SFR 35'	Two			120			3.50	3.67
SFR 35'	Three					124	3.50	3.67
SFR 50'	One		8				4.00	4.33
SFR 50'	Two			76			4.00	4.33
SFR 50'	Three				263		4.00	4.33
SFR 50'	Four					41	4.00	4.33
SFR 60'	One		14				4.00	4.33
SFR 60'	Two			155			4.00	4.33
SFR 60'	Three				199		4.00	4.33
SFR 60'	Four					55	4.00	4.33
SFR 70'	One			70			3.50	3.67
SFR 70'	Two				60		3.50	3.67
SFR 70'	Three					10	3.50	3.67
SFR 80'	One		11				3.00	3.33
SFR 80'	Two			84			3.00	3.33
SFR 80'	Three				29		3.00	3.33
SFR 80'	Four					9	3.00	3.33
SFR 100'	One			42			2.00	2.00
TOTAL BY PHASE		0	123	547	551	239		



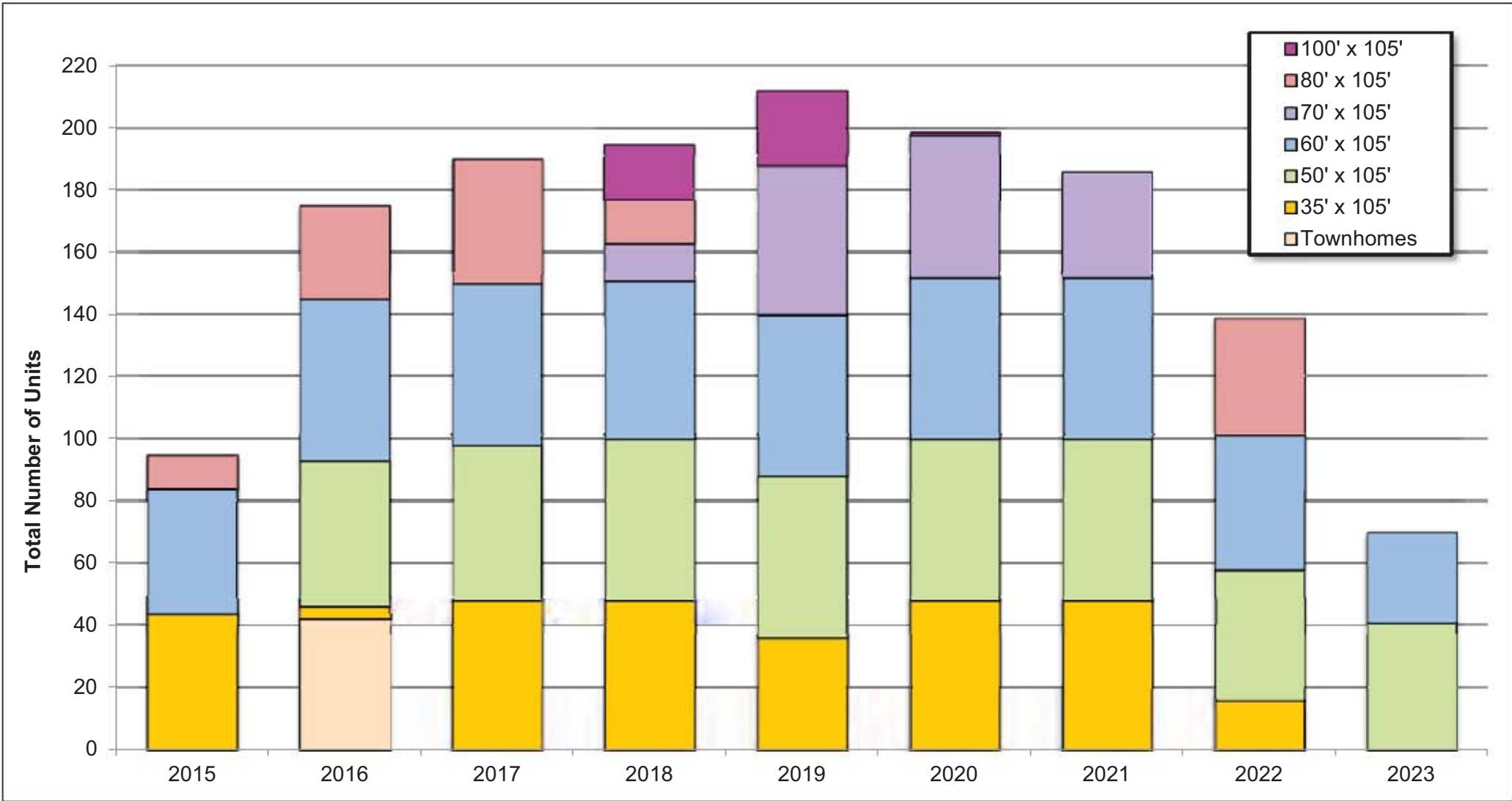
Diablo Grande's Sell Out Could Follow the Traditional Sales “Bell Curve”

The following chart represents annual new home sales at Diablo Grande based on the conceptual build-out. We believe it is possible for the project to reach sales levels that meet and exceed historical peak sales at Diablo Grande, provided that the project can deliver multiple product lines and is able to enhance marketing efforts and create improvements/ additions to community amenities. The peak years of our absorption schedule reach +/-200 units per year – higher than the historical norm, but lower than other master plans in the competitive market such as Mountain House (351 average annual closings and 261 sales in 2013).



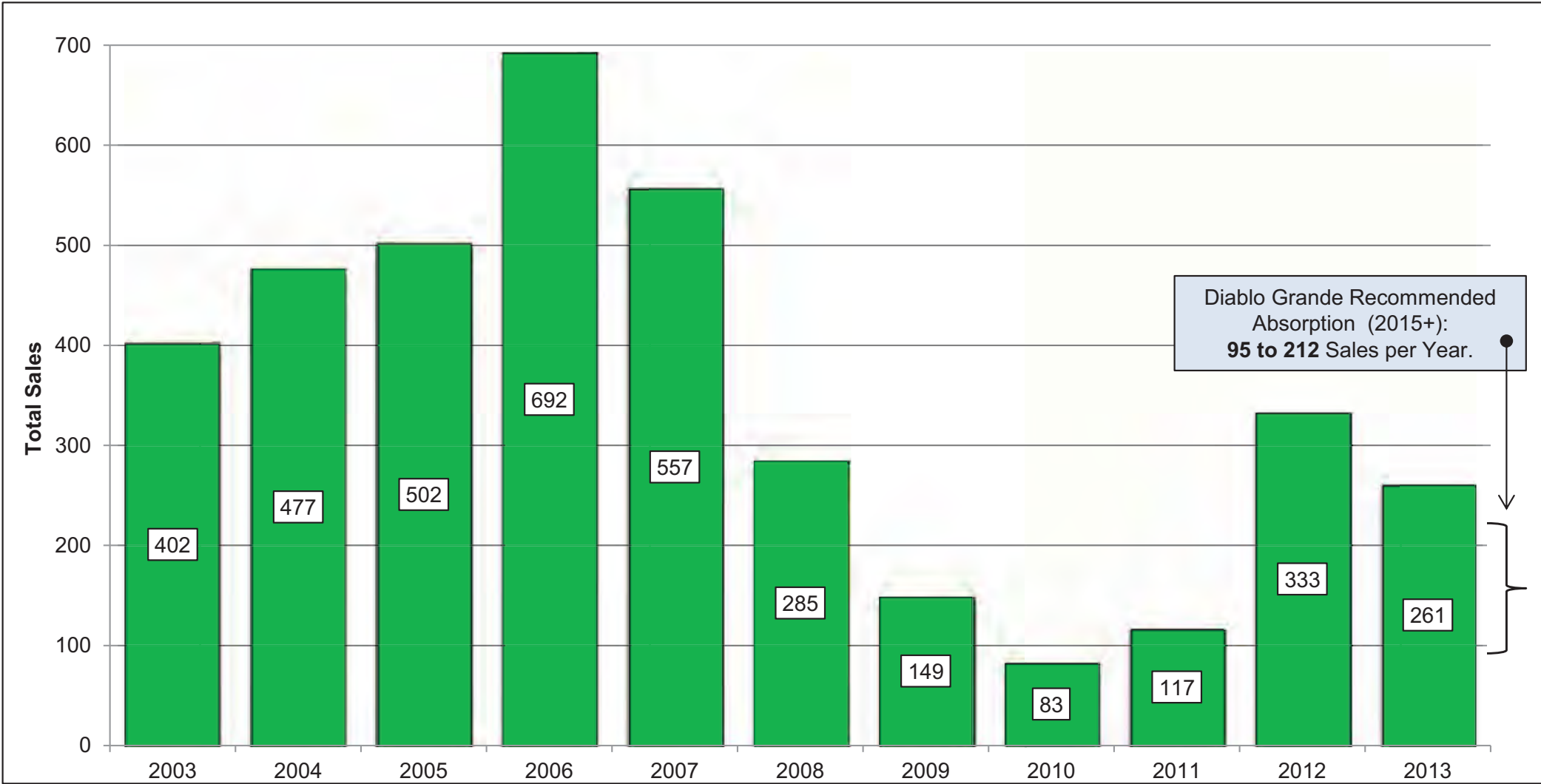
At the Peak of Sales Diablo Grande Could be Selling Six Product Lines

The following represents annual new home sales at Diablo Grande based on the conceptual build-out, as segmented by product type. Selling multiple products at varying price points will enhance absorption by pulling in the widest range of buyers. In the peak years of sales Meyers modeled six actively selling product lines. For perspective, Mountain House currently has eight actively selling communities and in the peak years they offered up to 18.



Mountain House Historical Absorption Shows MPC Potential (and the Most Current Real Estate Cycle)

The following chart represents historical annual new home sales at Mountain House, a key master plan comparable in Tracy. At its peak, Mountain House had 692 annual sales in 2006. The average annual closings is 351 per year and Mountain House had 261 closings in 2013. Homes sales and closings may be understated going forward, as there is limited finished lot supply and builders are limiting the release of lots. While we recognize that Mountain House is better situated to attract commuter buyers than Diablo Grande (30+ minutes closer to the Bay Area), our recommended absorption for Diablo Grande is reasonable when compared to annual closings at Mountain House.



Once Fully Operational Diablo Grande Should Capture Buyers from Modesto to the Bay Area

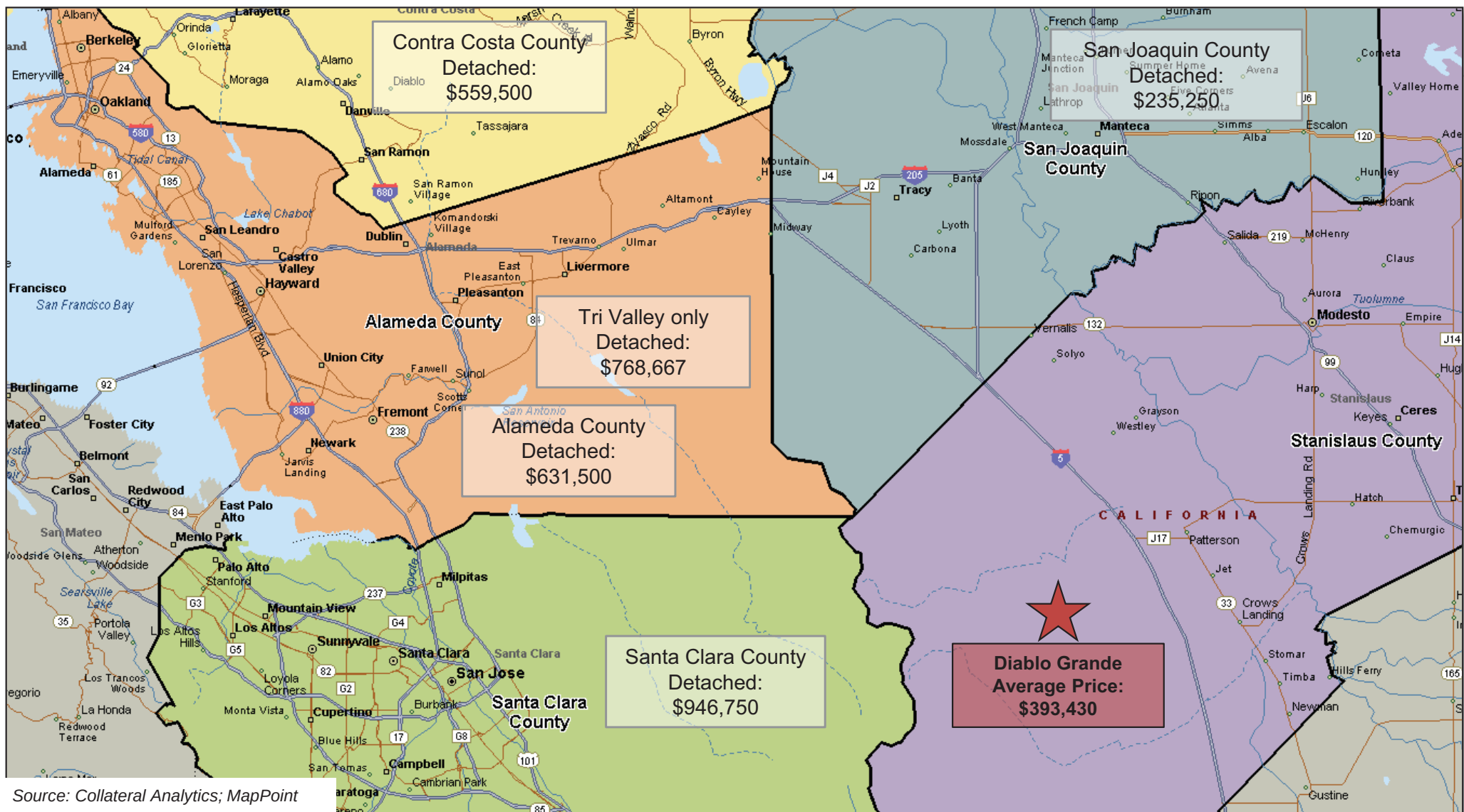
To test the overall reasonableness of the hypothetical sell out the table below compares annual projected sales for Diablo Grande with Meyers projected new home sales schedule from 2014 to 2017. Our new home demand projections show measured improvements in the greater market (Modesto, Stockton, Oakland, San Jose MSAs) reaching over 7,000 new home sales by 2016 and 2017. In Diablo Grande's peak year in 2007, the community captured 1.1% of MSA demand, similar to our capture of 1.4% of demand in 2015. **Based on these projections and our projections for the first three full years of sales at the Subject, the community would capture 1.4% in 2015, 2.2% in 2016 and 2.1% in 2017 of the projected new home market which with proper execution and market driven price points.** We believe this is a rational capture rate for a community the size of Diablo Grande, given the uniqueness of the project, lack of amenitized master plans in this market, and the eventual sell out of existing master plans (such as Woodbridge in Manteca).

	2004	2005	2006	2007	2008	2013	2014	2015	2016	2017
Diablo Grande Annual Sales	67	103	68	104	43	--	--	95	175	190
Historical New Sales/ Meyers Est. Four MSAs Demand*	18,031	18,741	13,837	9,839	6,256	4,075	5,235	6,612	7,869	9,146
Estimated Capture Percentage	0.4%	0.5%	0.5%	1.1%	0.7%	--	--	1.4%	2.2%	2.1%

*Four MSAs include Modesto, Stockton, Oakland and San Jose MSAs

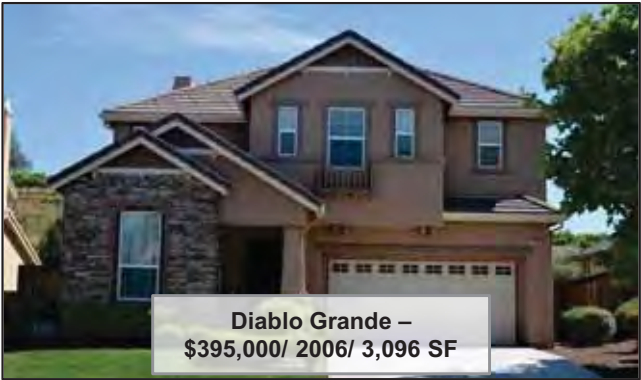
Diablo Grande's Recommended Prices Are a Fraction of What Homes Cost in More Western Locations

Diablo Grande represents a strong value compared to other regions of the Bay Area. Our recommended average price for new home product at Diablo Grande is \$393,430—significantly less than median pricing for resale homes in the Bay Area, including less than *half* of median resale prices in Santa Clara County. NOTE: pricing shown for each area is for all sales (new and resale). New home prices would be even higher.



What Will \$380,000 to \$400,000 Buy in the Single Family Segment?

For perspective on proposed pricing for a typical home in Diablo Grande, we have compared sample homes for sale in the \$380,000 - \$400,000 price range that may appeal to the family buyer segment that is working in the East Bay and San Jose. Note that product in this price range from other markets is significantly older and smaller than that proposed for Diablo. No single family detached homes are available in Pleasanton within this price range. Value ratios range from \$284 to \$386 per square foot among these comparable cities, while Diablo Grande resales are in the low \$100's/SF and new home prices will average \$170/SF. The lot sizes and home sizes in Diablo Grande are significantly larger, and the homes were build more recently (aside from Mountain House). However, it is over 80+ miles to the nearest major employment hub, so added gas and transportation expenditures will remain a factor for prospective buyers when considering a new home.



Location	Product	Year Built	Lot Size (SF)	Home Size (SF)	Home Price	Value Ratio	Distance to Major Job Center
Diablo Grande	SFD	2006	5,608	3,096	\$395,000	\$128	80.0+
San Jose	SFD	1974	3,710	1,148	\$398,000	\$347	5.0
Pleasanton	Townhome	1985	772	1,096	\$397,000	\$362	30.0
Oakland	SFD	1924	2,736	1,008	\$389,000	\$386	5.0
Mountain House	SFD	2008	2,975	1,347	\$382,000	\$284	50.0

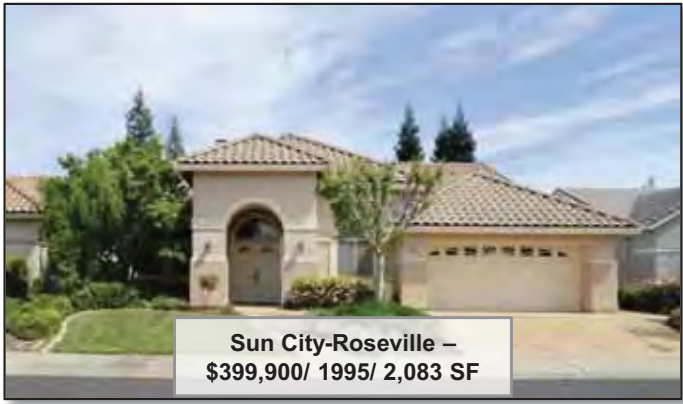
Source: Redfin

What Will \$380,000 to \$400,000 Buy in the Active Adult Segment?

For further perspective on proposed pricing for a typical home in Diablo Grande, we have compared sample homes for sale in the \$380,000 - \$400,000 price range in select active adult communities. Diablo Grande offers newer, and potentially larger homes than similarly priced product in the Summerset community in Brentwood and Sun City in Roseville. While the Woodbridge community in Manteca is slightly newer, it is not a golf course community. Diablo Grande would be a suitable fit for buyers seeking affordable housing with larger, golf course oriented homes.



Location	Product	Year Built	Lot Size (SF)	Home Size (SF)	Home Price	Value Ratio	Golf Course Community
Diablo Grande	SFD	2006	5,608	3,096	\$395,000	\$128	Yes
Woodbridge-Manteca	SFD	2007	5,740	1,986	\$399,000	\$201	No
Summerset-Brentwood	SFD	2000	5,400	1,905	\$385,000	\$202	Yes
Sun City Roseville	SFD	1995	6,965	2,083	\$399,000	\$192	Yes



Source:Redfin

Finished Lot Land Residual Analysis (Production Housing)

For each of the product lines we conducted a static land residual analysis of the recommended base prices plus premiums to test implied lot prices. This exercise results in an overall community lot price average of +/- \$132,000 per lot equating to 36.4% lot to home value ratio and approximately \$2,469 per front foot.

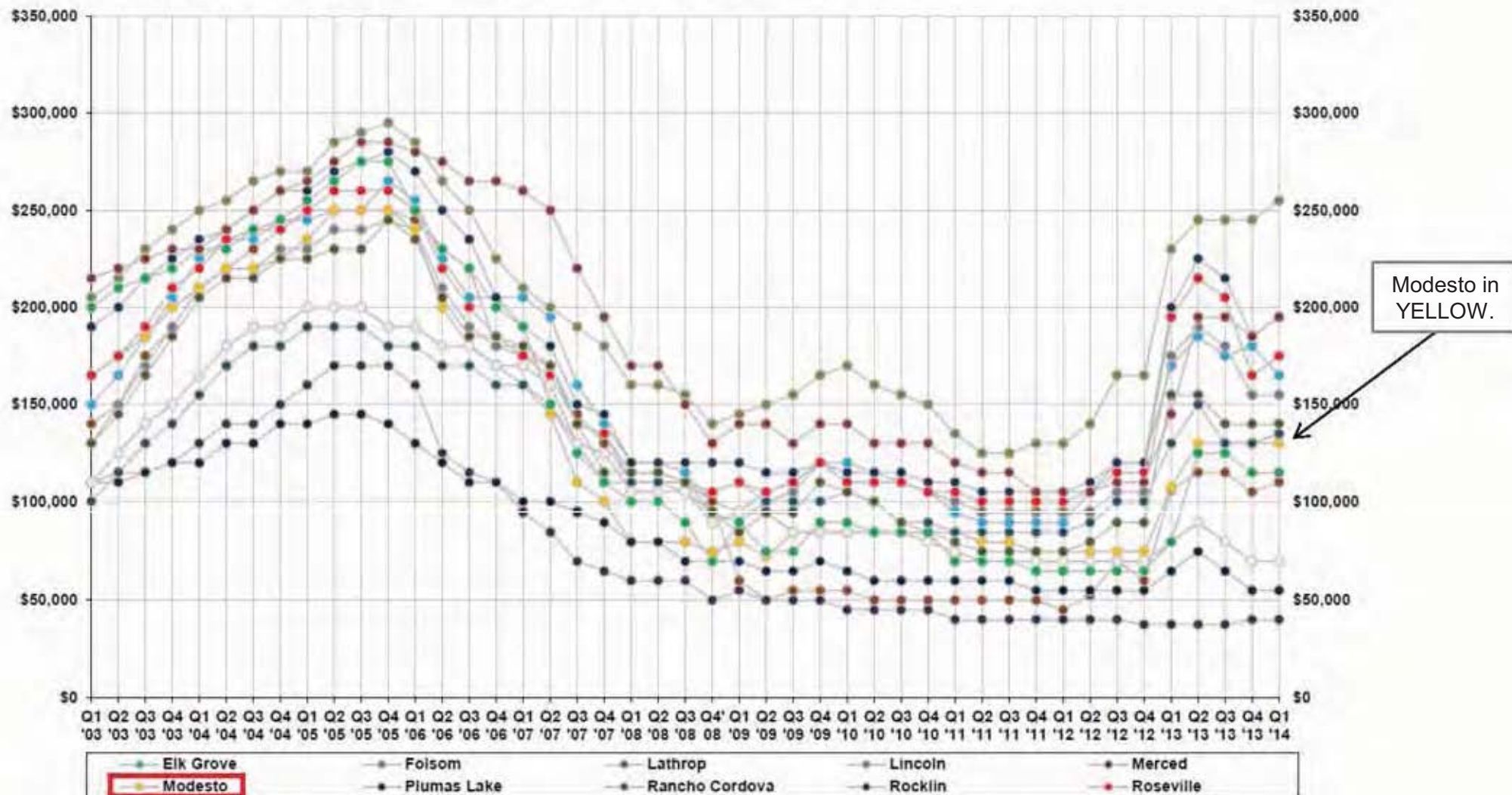
Project/Subdivision	Type	Configuration	# of Units	Est % of Total Units	Average Unit Size	BASE PRICE		Price Impacting Incentives	NET BASE PRICE		FINISHED LOT LAND RESIDUAL		
						Base Price	\$/SF		Net Base Price	\$/SF	Lot to Home Value	Lot Price	Price / Front Foot
Townhomes	Townhomes	-	42	3%	1,500	\$239,250	\$160	\$0	\$239,250	\$160	32.2%	\$78,654	\$2,622
SFR 35'	Single Family	3,675	292	20%	1,500	\$261,250	\$174	\$0	\$261,250	\$174	40.9%	\$108,944	\$3,113
SFR 50'	Single Family	5,250	388	27%	2,100	\$324,500	\$155	\$0	\$324,500	\$155	36.8%	\$122,115	\$2,442
SFR 60'	Single Family	6,300	423	29%	2,501	\$374,091	\$150	\$0	\$374,091	\$150	35.4%	\$137,722	\$2,295
SFR 70'	Single Family	7,350	140	10%	3,000	\$423,500	\$141	\$0	\$423,500	\$141	34.0%	\$152,558	\$2,179
SFR 80'	Single Family	8,400	133	9%	3,504	\$478,789	\$137	\$0	\$478,789	\$137	33.6%	\$171,183	\$2,140
SFR 100'	Single Family	10,500	43	3%	4,012	\$545,395	\$136	\$0	\$545,395	\$136	32.5%	\$187,002	\$1,870
COMMUNITY SUMMARY			1,461	100%	2,349	\$353,799	\$154	\$0	\$353,799	\$154	36.4%	\$132,046	\$2,469

Hard costs for this analysis were estimated at \$60 for single family detached product and \$70 per square foot for the townhomes. Builder profit was estimated at 12%. Interviews with local real estate professionals confirm these inputs are reasonable. Modifications to these or other inputs in the land residual model will change the lot prices estimated above.

Finished Lot Values as per Land Advisors Organization

Land Advisors estimates finished lots in Modesto average approximately \$125,000 per lot. Our land residual analysis on the previous page shows an average of \$132,000 per lot at Diablo Grande suggesting our estimates are reasonable in today's local market.

Greater Sacramento/Northern Central Valley Region - 2003-2014

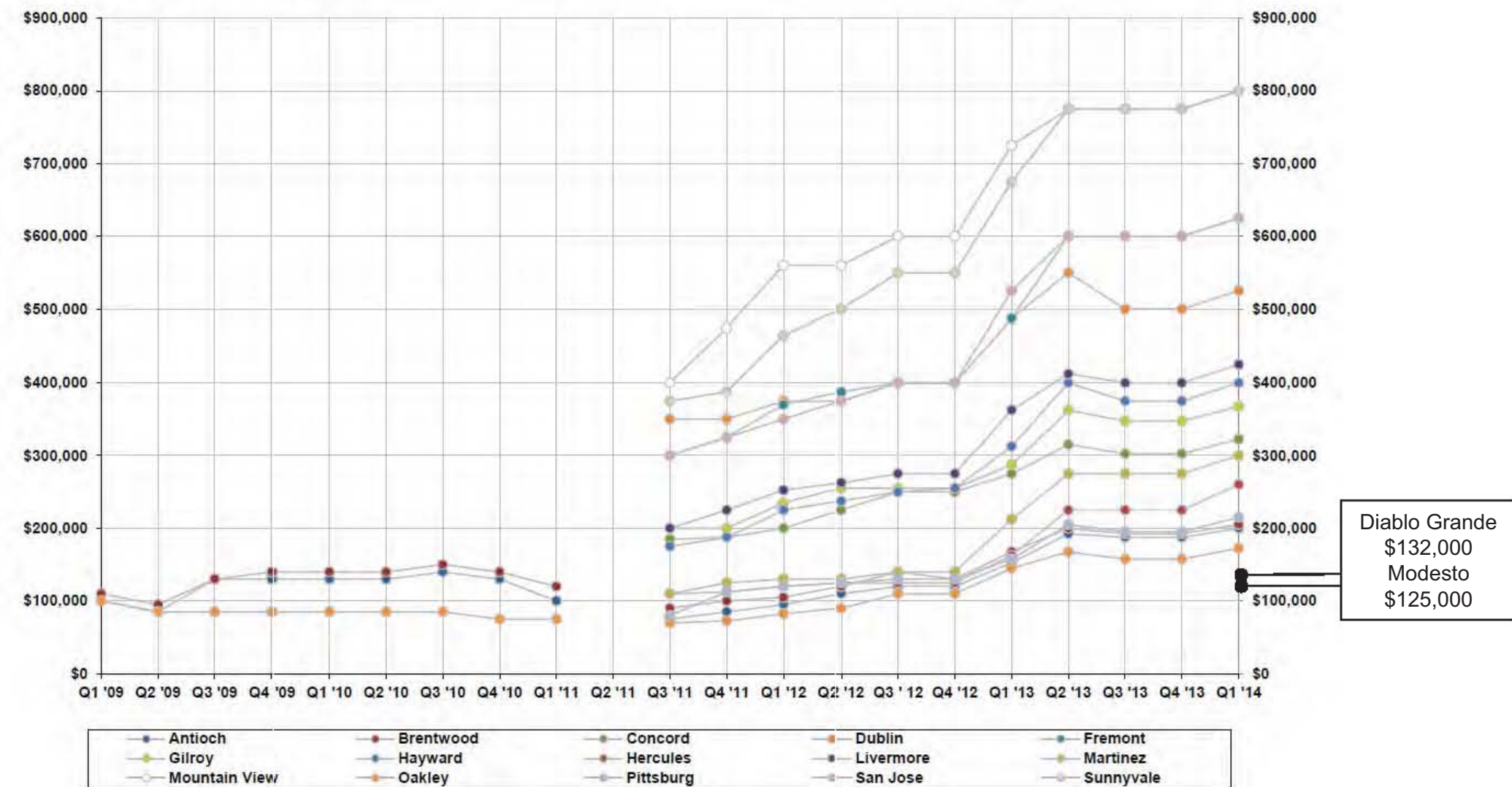


Source: Land Advisors

Finished Lot Values as per Land Advisors Organization

A comparison of Modesto on the previous slide at \$125,000 per lot (and \$132,000 per lot at the Subject) with the Bay Area locations below shows just how more affordable lots are in the Subject's area compared to further west.

Bay Area Region - 2003-2014

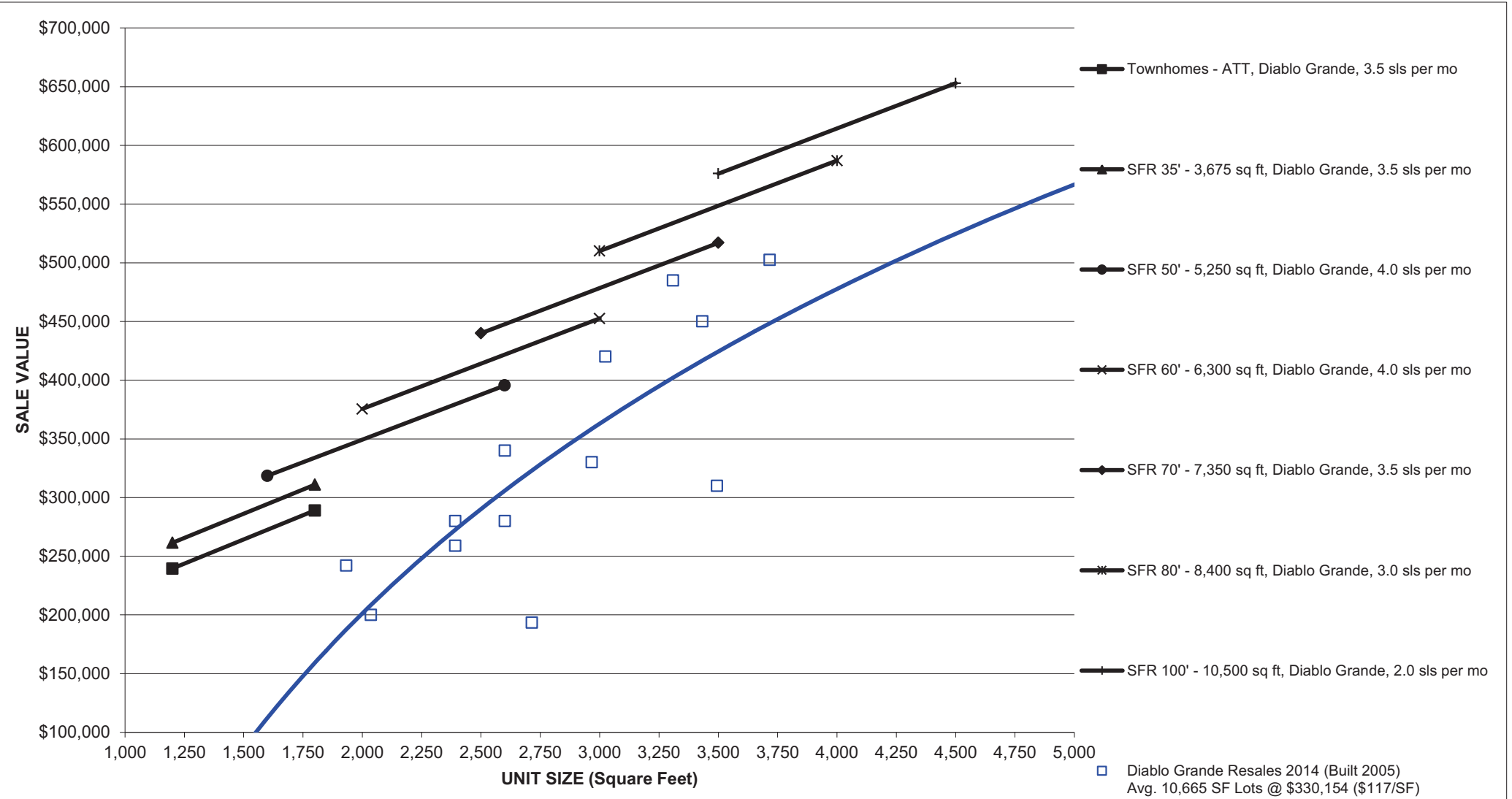


Source: Land Advisors

Competitive Market Summary

Competitive Positioning (Total Price vs. Local Resales)

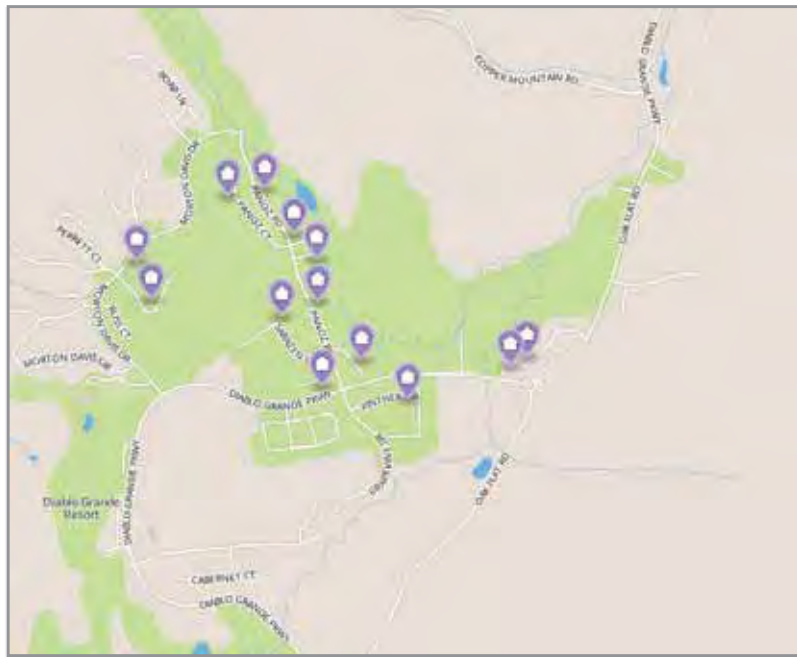
Diablo Grande's recommended total prices (base plus premiums and options/upgrades) are reasonably priced above existing resales in Diablo Grande given its new construction and the vision for improvements to be made to the community. Further, pricing, while at the top, is still reasonably within established values for the area.



Source: Meyers Research; Zonda

Diablo Grande Existing Homes Sales - 2014

Existing Sales 2014

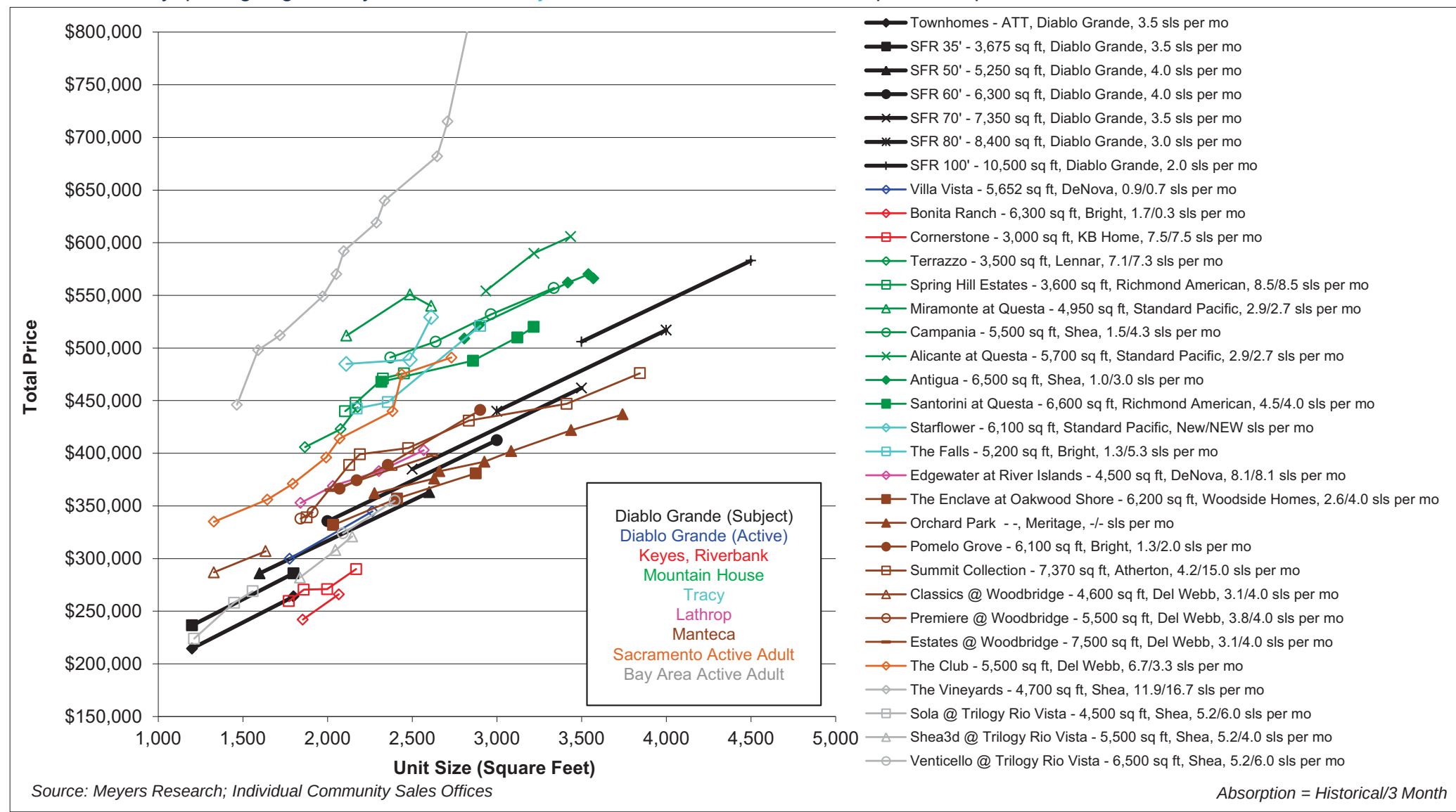


Address	Sale Date	Sale Value	Unit Size	PPSF
20797 Fairway Dr-Patterson-CA	6/17/14	\$193,500	2,715	\$71
9220 Morton Davis Dr-Patterson-CA	6/12/14	\$310,000	3,495	\$89
9230 Panoz Ct-Patterson-CA	6/9/14	\$340,000	2,601	\$131
20504 Sarazen Ln-Patterson-CA	5/29/14	\$280,000	2,392	\$117
20500 Panoz Rd-Patterson-CA	5/27/14	\$420,000	3,024	\$139
20900 Valley View Pl-Patterson-CA	5/6/14	\$450,000	3,433	\$131
20220 Panoz Rd-Patterson-CA	4/17/14	\$485,000	3,309	\$147
9332 Jacks Pl-Patterson-CA	4/9/14	\$259,000	2,392	\$108
20781 Fairway Dr-Patterson-CA	4/8/14	\$330,000	2,967	\$111
20628 Sarazen Pl-Patterson-CA	3/14/14	\$242,000	1,932	\$125

- Built in 2005
- 2 to 6-bedroom plans
- Units Range from 1,932 to 3,717 SF
- Average Lot Size is 10,665 SF

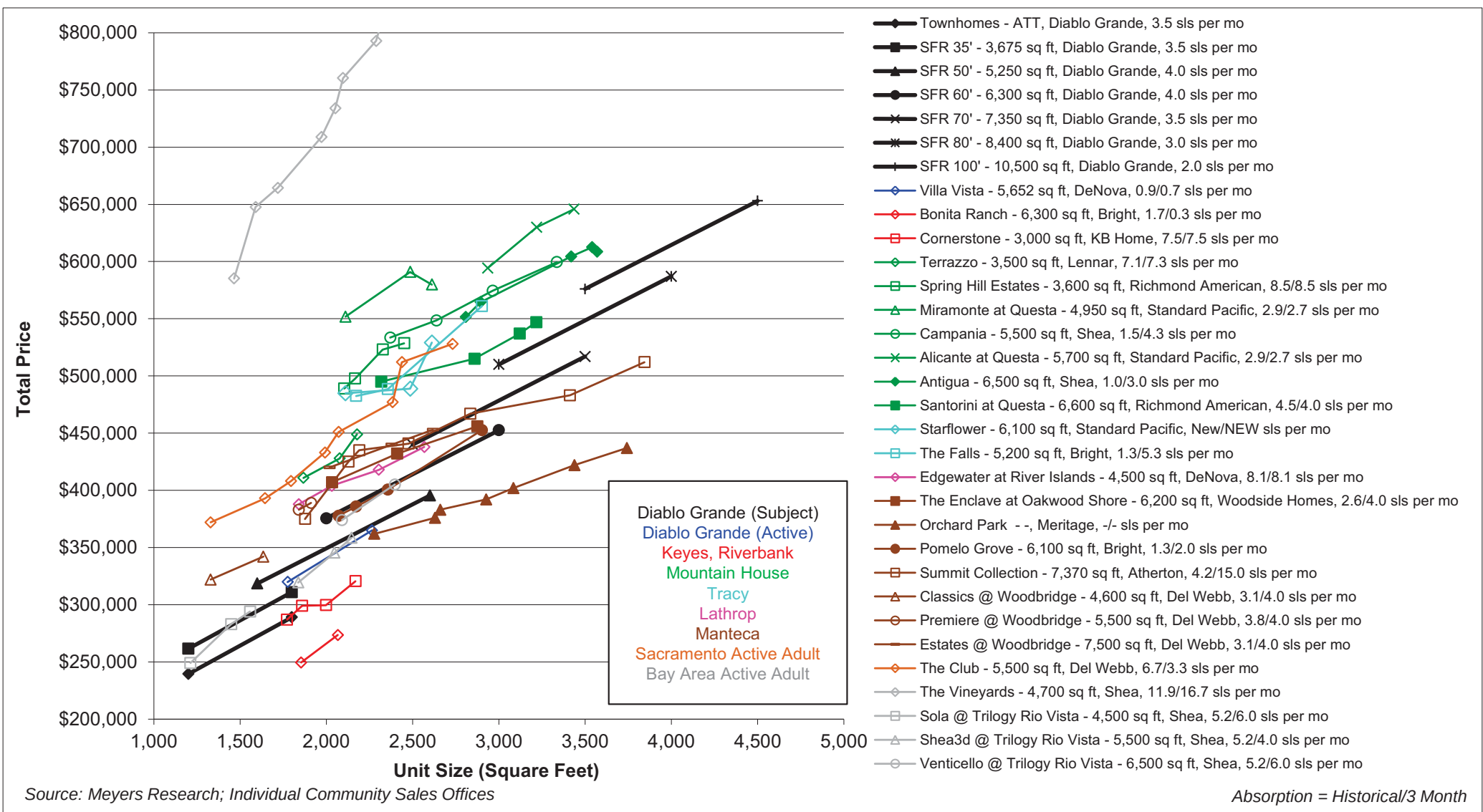
Competitive Positioning (Net Base/Minimum Price)

The recommended base prices for the Subject appear reasonably positioned vs DeNova's Villa Vista community in Diablo Grande. Further prices are above stand alone communities in other Modesto locations (Keyes and Riverbend). Base prices are generally consistent with Manteca. Finally, pricing is generally well below Tracy and Mountain House on a base price comparison.



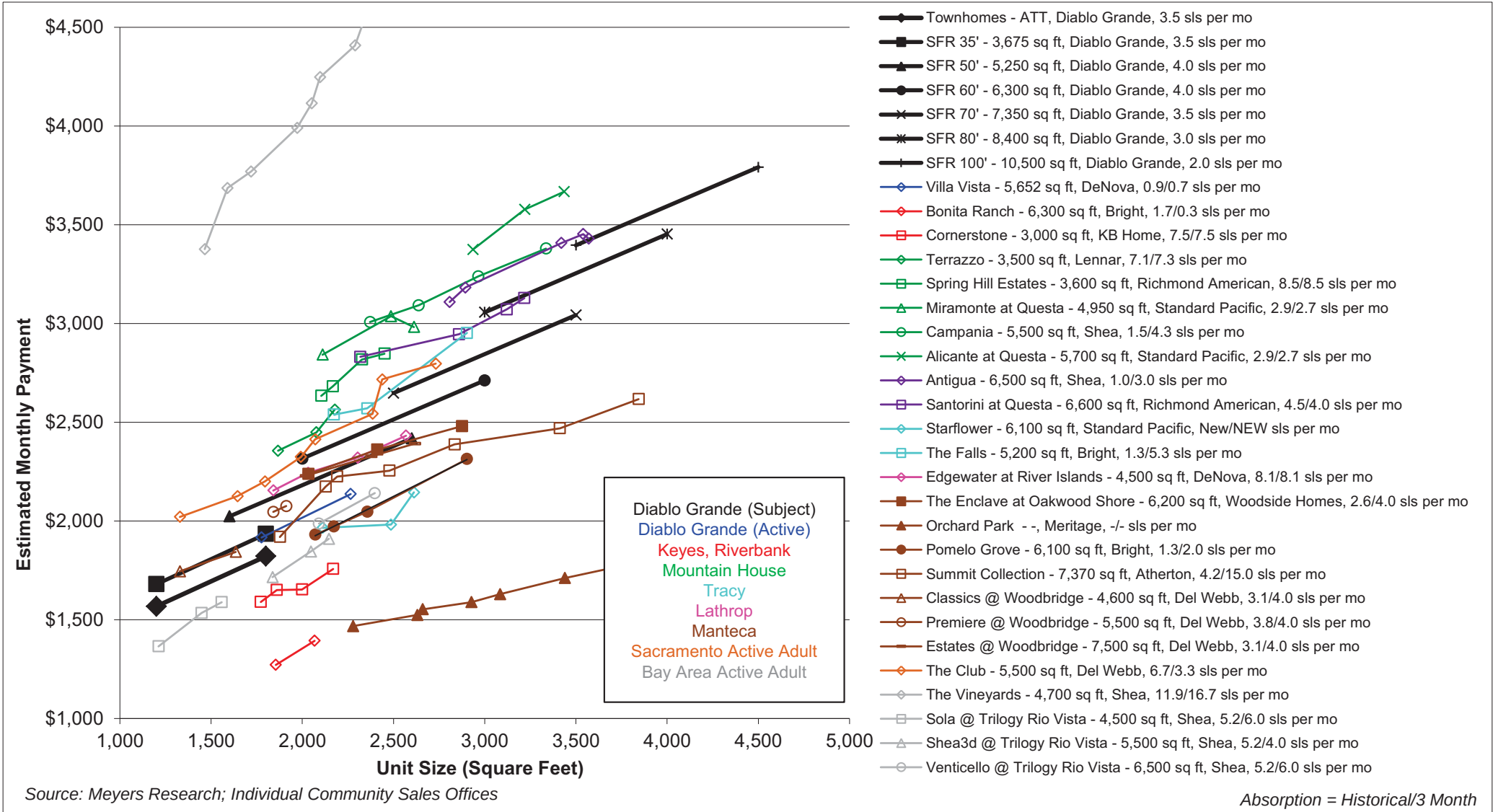
Competitive Positioning (Total Price)

Total prices (base plus premiums, options and upgrades) shift Diablo Grande's positioning upward slightly compared to the previous page. This is related to the premiums that can be achieved with a golf course community compared to most stand-alone subdivisions. Further, buyers in master plans tend to spend a higher amount on options and upgrades compared to stand alone subdivisions.



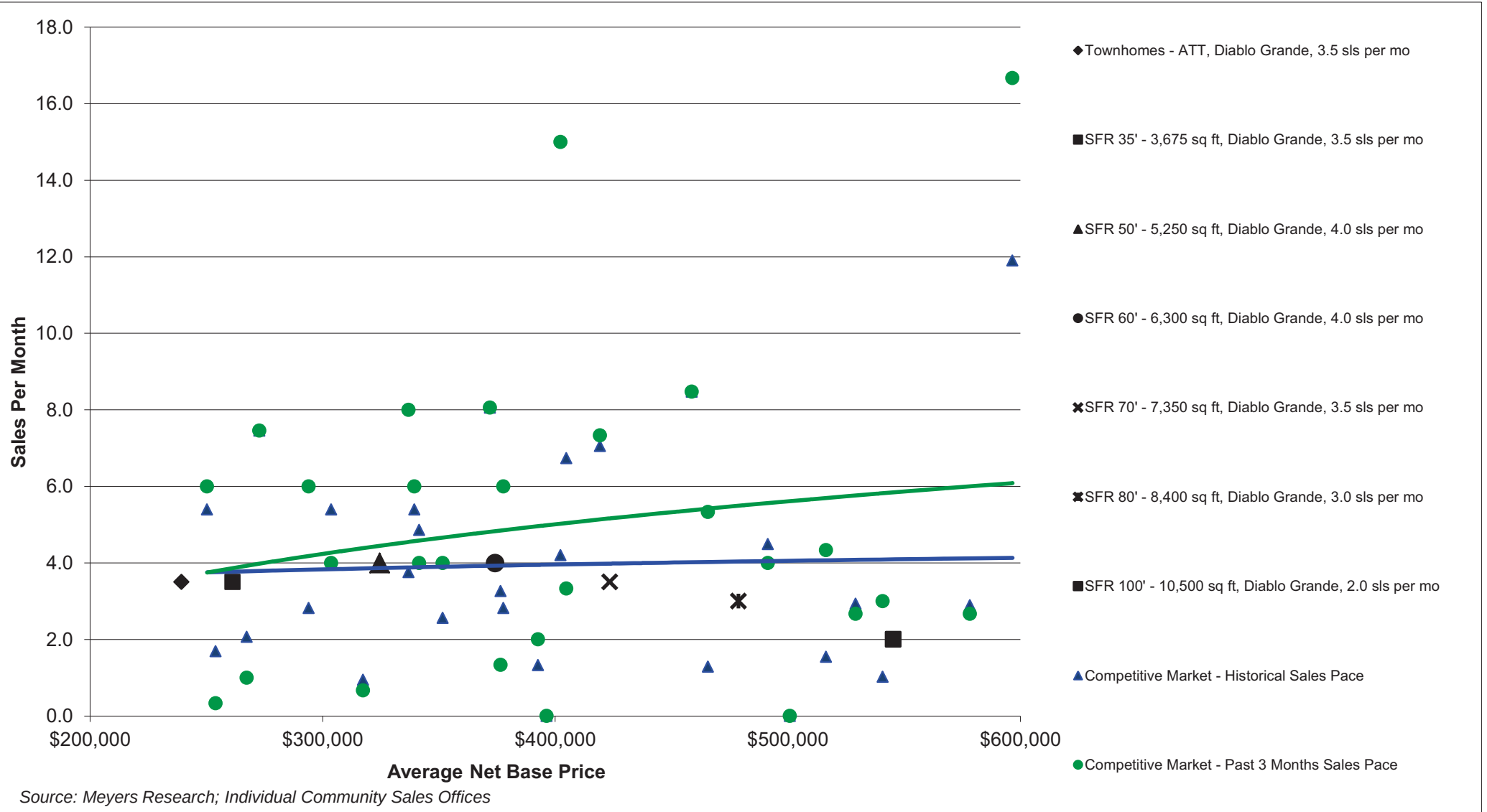
Competitive Positioning (Monthly Payment)

On a monthly payment basis, the recommended base prices are at or above the Manteca comparables, due to higher HOA fees, base taxes and additional taxes at Diablo Grande. Pricing maintains levels just below Mountain House (which is on smaller lots than what will be available at the Subject further creating value).



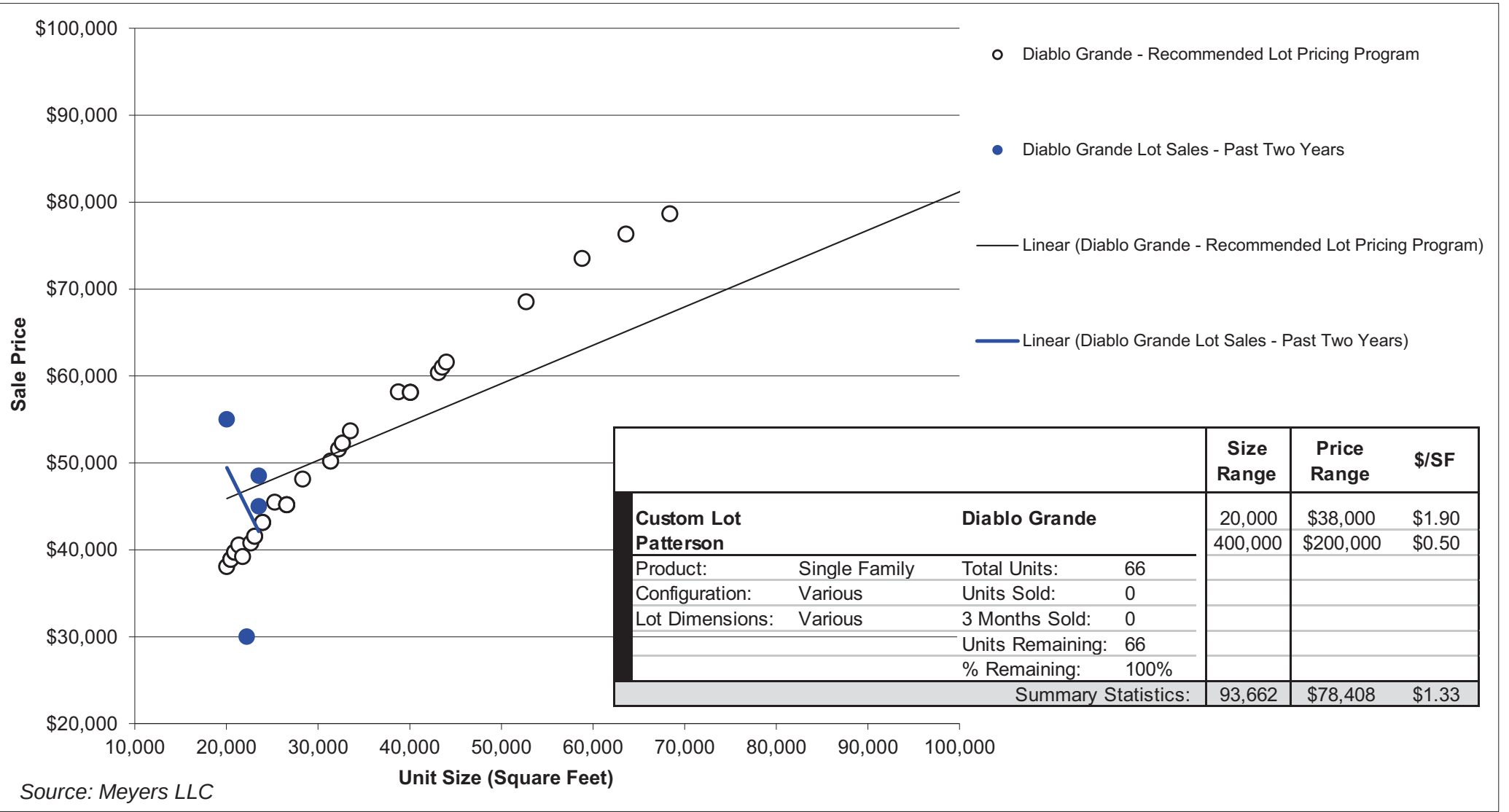
Elasticity of Demand

The chart below depicts the sensitivity of average price as it relates to sales pace among competitive projects, on an overall basis (blue) and in recent months (green). Our recommended sales paces per product line at Diablo Grande (black) are at or slightly below the trend line of comparables' sales paces. This is a reasonable absorption strategy considering the price points targeted at Diablo Grande.



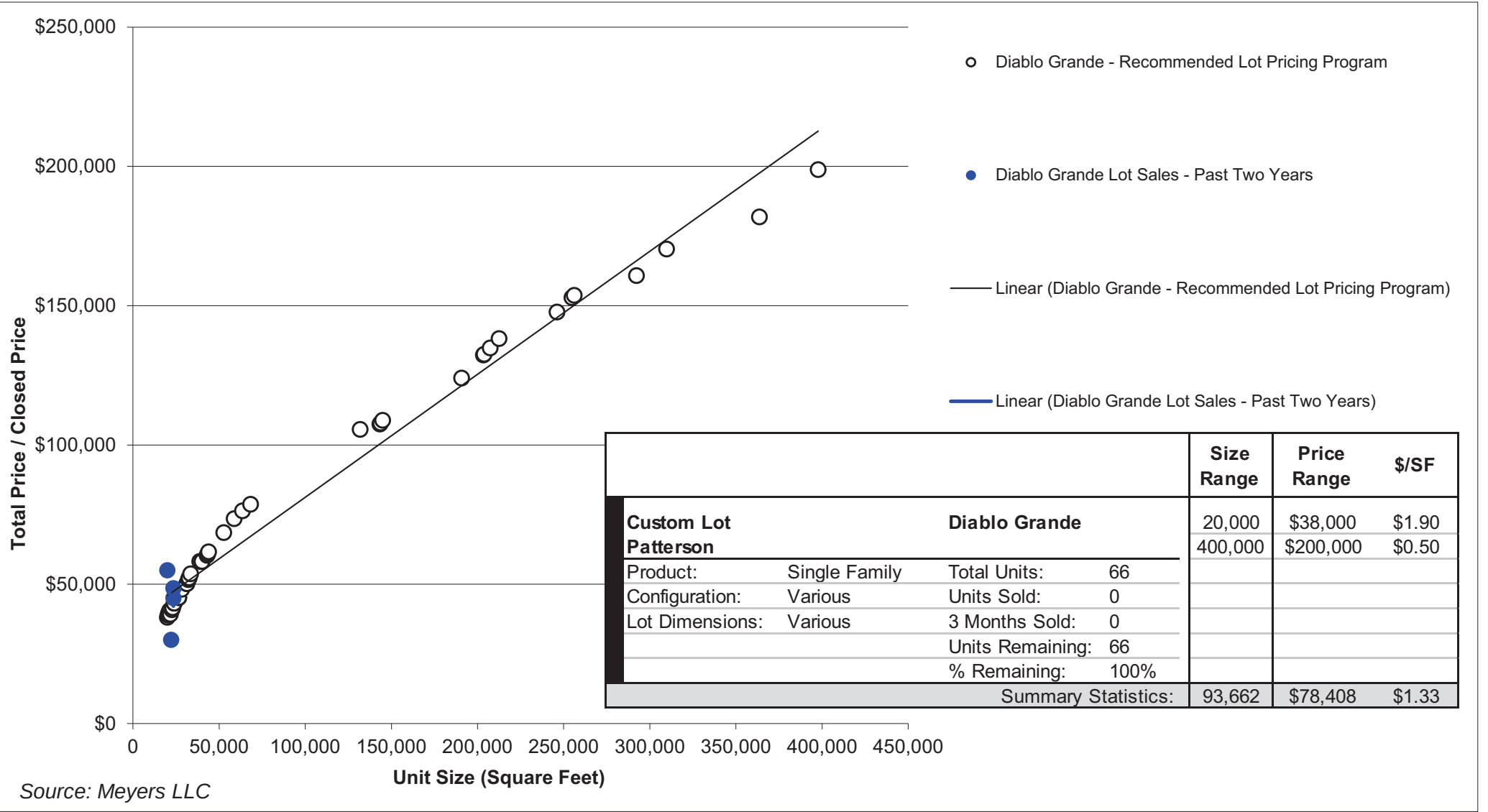
Competitive Positioning – Custom Lots

Diablo Grande’s custom lots range in size from approximately 0.50 acres up to nine acres, and the majority of lots are less than one acre. Resales over the past two years have sold from \$30,000 to \$55,000 for +/- 0.50 acre lots (\$1.35 to \$2.74 per square foot). Our recommended sales pricing for remaining lots ranges from \$38,000 to \$60,000 for lots under one acre are (\$1.90 to \$1.40 per square foot, respectively).



Competitive Positioning – Custom Lots (Continued)

For oversized lots we suggest pricing no greater than \$200,000 for lots up to nine acres. Local Realtors suggest that lots should be priced competitively, since it is currently less expensive to purchase a complete custom home than purchase a lot and build a new home. This is likely to change as market conditions improve and the project evolves.



Comparables Floorplan Summary

Community Specifics and Sales Pace						Floorplan Summary			Competitive Market Pricing Summary																
Project Name		Builder Name		Size			Base	Base Price/	Current Incentives			Net Base Price (\$	Net Base Price/	Typical		Total	Total Price/	Monthly Payment Inputs			80.0%				
Location		Master Plan							Price	Options /	Closing \$ /			Options /	Premiums			Price	SF	HOA		Base	Add	4.5%	
Product Details				Sales Summary		SF	Bed	Bath	Level	Pkg	Price	Sq. Ft.	Reduction	Upgrades	Other	Reduction)	Sq. Ft.	Upgrades	Premiums	Price	SF	HOA	Tax	Taxes	Mo.Pmt.
	Villa Vista		DeNova		1,776	3	2.0	1	2	\$299,900	\$169	\$0	\$0	(\$5,000)	\$299,900	\$169	\$20,000	\$0	\$319,900	\$180	\$170	1.00%	0.69%	\$1,917	
	Patterson		Diablo Grande		2,265	4	2.5	2	3	\$344,900	\$152	\$0	\$0	(\$5,000)	\$344,900	\$152	\$20,000	\$0	\$364,900	\$161	\$170	1.00%	0.60%	\$2,137	
	Product:	Single Family	Total Units:	33																					
	Configuration:	5,652	Units Sold:	4																					
			3 Months Sold:	2																					
	Sales Open Date:	Jan-14	Units Remaining:	29																					
	Overall Sales Rate:	0.9	% Remaining:	88%																					
3 Mon. Sales Rate: 0.7																									
Totals/Averages:					2,021				\$322,400	\$160	\$0	\$0	(\$5,000)	\$322,400	\$160	\$20,000	\$0	\$342,400	\$169	\$170	1.00%	0.65%	\$2,027		
	Bonita Ranch		Bright		1,854	3	2.0	1	2	\$241,990	\$131	\$0	\$0	\$0	\$241,990	\$131	\$5,000	\$2,500	\$249,490	\$135	\$0	1.25%	0.00%	\$1,271	
	Keyes		-		2,067	4	3.0	2	2	\$265,990	\$129	\$0	\$0	\$0	\$265,990	\$129	\$5,000	\$2,500	\$273,490	\$132	\$0	1.25%	0.00%	\$1,393	
	Product:	Single Family	Total Units:	15																					
	Configuration:	6,300	Units Sold:	13																					
			3 Months Sold:	1																					
	Sales Open Date:	Nov-13	Units Remaining:	2																					
	Overall Sales Rate:	1.7	% Remaining:	13%																					
3 Mon. Sales Rate: 0.3																									
Totals/Averages:					1,961				\$253,990	\$130	\$0	\$0	\$0	\$253,990	\$130	\$5,000	\$2,500	\$261,490	\$133	\$0	1.25%	0.00%	\$1,332		
	Cornerstone		KB Home		1,772	3	2.5	2	2	\$259,500	\$146	\$0	\$0	\$0	\$259,500	\$146	\$25,950	\$1,500	\$286,950	\$162	\$145	1.10%	0.08%	\$1,590	
	Riverbank		-		1,860	3	3.0	2	2	\$270,500	\$145	\$0	\$0	\$0	\$270,500	\$145	\$27,050	\$1,500	\$299,050	\$161	\$145	1.10%	0.08%	\$1,650	
	Product:	Single Family	Total Units:	115	1,998	3	2.5	2	2	\$271,000	\$136	\$0	\$0	\$0	\$271,000	\$136	\$27,100	\$1,500	\$299,600	\$150	\$145	1.10%	0.08%	\$1,653	
	Configuration:	3,000	Units Sold:	11	2,169	3	3.0	2	2	\$290,000	\$134	\$0	\$0	\$0	\$290,000	\$134	\$29,000	\$1,500	\$320,500	\$148	\$145	1.10%	0.07%	\$1,757	
			3 Months Sold:	11																					
	Sales Open Date:	May-14	Units Remaining:	104																					
	Overall Sales Rate:	7.5	% Remaining:	90%																					
3 Mon. Sales Rate: 7.5																									
Totals/Averages:					1,950				\$272,750	\$140	\$0	\$0	\$0	\$272,750	\$140	\$27,275	\$1,500	\$301,525	\$155	\$145	1.10%	0.08%	\$1,663		
	Terrazzo		Lennar		1,867	3	2.5	2	2	\$405,880	\$217	\$0	\$0	(\$5,000)	\$405,880	\$217	\$5,000	\$0	\$410,880	\$220	\$108	1.70%	0.00%	\$2,356	
	Mountain House		Mountain House		2,077	3	2.5	2	2	\$422,880	\$204	\$0	\$0	(\$5,000)	\$422,880	\$204	\$5,000	\$0	\$427,880	\$206	\$108	1.70%	0.00%	\$2,449	
	Product:	Single Family	Total Units:	102	2,178	4	3.0	2	2	\$443,880	\$204	\$0	\$0	(\$5,000)	\$443,880	\$204	\$5,000	\$0	\$448,880	\$206	\$108	1.70%	0.00%	\$2,563	
	Configuration:	3,500	Units Sold:	93																					
			3 Months Sold:	22																					
	Sales Open Date:	May-13	Units Remaining:	9																					
	Overall Sales Rate:	7.1	% Remaining:	9%																					
3 Mon. Sales Rate: 7.3																									
Totals/Averages:					2,041				\$424,213	\$208	\$0	\$0	(\$5,000)	\$424,213	\$208	\$5,000	\$0	\$429,213	\$210	\$108	1.70%	0.00%	\$2,456		
	Spring Hill Estates		Richmond American		2,104	3	2.5	2	2	\$439,950	\$209	\$0	\$0	\$0	\$439,950	\$209	\$43,995	\$5,000	\$488,945	\$232	\$0	1.04%	0.56%	\$2,634	
	Mountain House		Mountain House		2,167	3	2.5	2	2	\$447,950	\$207	\$0	\$0	\$0	\$447,950	\$207	\$44,795	\$5,000	\$497,745	\$230	\$0	1.04%	0.56%	\$2,681	
	Product:	Single Family	Total Units:	74	2,327	4	2.5	2	2	\$470,950	\$202	\$0	\$0	\$0	\$470,950	\$202	\$47,095	\$5,000	\$523,045	\$225	\$0	1.04%	0.56%	\$2,818	
	Configuration:	3,600	Units Sold:	10	2,451	3	2.5	2	2	\$475,950	\$194	\$0	\$0	\$0	\$475,950	\$194	\$47,595	\$5,000	\$528,545	\$216	\$0	1.04%	0.56%	\$2,847	
			3 Months Sold:	10																					
	Sales Open Date:	Jun-14	Units Remaining:	64																					
	Overall Sales Rate:	8.5	% Remaining:	86%																					
3 Mon. Sales Rate: 8.5																									
Totals/Averages:					2,262				\$458,700	\$203	\$0	\$0	\$0	\$458,700	\$203	\$45,870	\$5,000	\$509,570	\$225	\$0	1.04%	0.56%	\$2,745		

Comparables Floorplan Summary

Community Specifics and Sales Pace				Floorplan Summary				Competitive Market Pricing Summary																
Project Name		Builder Name		Size SF Bed Bath Level Pkg				Base Price	Base Price/ Sq. Ft.	Current Incentives			Net Base Price (\$ Reduction)	Net Base Price/ Sq. Ft.	Typical		Total Price/ SF	Monthly Payment Inputs			80.0% 4.5%			
Location		Master Plan								Price	Options	Closing \$ /			Options /	Total		Monthly	Base	Addl				
Product Details				Sales Summary				Price	Sq. Ft.	Reduction	Upgrades	Other	Reduction)	Sq. Ft.	Upgrades	Premiums	Price	SF	HOA	Tax	Taxes	Mo.Pmt.		
	Miramonte at Questa Mountain House		Standard Pacific Mountain House		2,111	3	3.0	1	2	\$511,748	\$242	\$0	\$0	(\$5,000)	\$511,748	\$242	\$25,000	\$15,000	\$551,748	\$261	\$100	1.00%	0.10%	\$2,842
					2,486	4	3.0	2	2	\$550,900	\$222	\$0	\$0	(\$5,000)	\$550,900	\$222	\$25,000	\$15,000	\$590,900	\$238	\$100	1.00%	0.10%	\$3,037
	Product:	Single Family	Total Units:	87	2,612	4	3.5	2	2	\$539,900	\$207	\$0	\$0	(\$5,000)	\$539,900	\$207	\$25,000	\$15,000	\$579,900	\$222	\$100	1.00%	0.10%	\$2,982
	Configuration:	4,950	Units Sold:	81																				
	Lot Dimensions:	55' x 90'	3 Months Sold:	8																				
	Sales Open Date:	Mar-12	Units Remaining:	6																				
	Overall Sales Rate:	2.9	% Remaining:	7%																				
	3 Mon. Sales Rate:	2.7																						
Totals/Averages:					2,403					\$534,183	\$222	\$0	\$0	(\$5,000)	\$534,183	\$222	\$25,000	\$15,000	\$574,183	\$239	\$100	1.00%	0.10%	\$2,954
	Campania Mountain House		Shea Mountain House		2,371	3	3.0	2	2	\$491,000	\$207	\$0	\$0	(\$5,000)	\$491,000	\$207	\$17,500	\$25,000	\$533,500	\$225	\$0	1.90%	0.00%	\$3,007
					2,638	3	3.0	2	3	\$506,000	\$192	\$0	\$0	(\$5,000)	\$506,000	\$192	\$17,500	\$25,000	\$548,500	\$208	\$0	1.90%	0.00%	\$3,092
	Product:	Single Family	Total Units:	136	2,965	3	3.0	2	3	\$532,000	\$179	\$0	\$0	(\$5,000)	\$532,000	\$179	\$17,500	\$25,000	\$574,500	\$194	\$0	1.90%	0.00%	\$3,238
	Configuration:	5,500	Units Sold:	128	3,336	5	4.0	2	3	\$557,000	\$167	\$0	\$0	(\$5,000)	\$557,000	\$167	\$17,500	\$25,000	\$599,500	\$180	\$0	1.90%	0.00%	\$3,379
	Lot Dimensions:	55' x 100'	3 Months Sold:	13																				
	Sales Open Date:	Aug-07	Units Remaining:	8																				
	Overall Sales Rate:	1.5	% Remaining:	6%																				
	3 Mon. Sales Rate:	4.3																						
Totals/Averages:					2,828					\$521,500	\$184	\$0	\$0	(\$5,000)	\$521,500	\$184	\$17,500	\$25,000	\$564,000	\$199	\$0	1.90%	0.00%	\$3,179
	Alicante at Questa Mountain House		Standard Pacific Mountain House		2,935	3	3.0	2	2	\$554,185	\$189	\$0	\$0	(\$5,000)	\$554,185	\$189	\$25,000	\$15,000	\$594,185	\$202	\$0	1.95%	0.00%	\$3,374
					3,219	5	3.5	2	2	\$589,900	\$183	\$0	\$0	(\$5,000)	\$589,900	\$183	\$25,000	\$15,000	\$629,900	\$196	\$0	1.95%	0.00%	\$3,577
	Product:	Single Family	Total Units:	62	3,435	5	4.5	2	2	\$605,760	\$176	\$0	\$0	(\$5,000)	\$605,760	\$176	\$25,000	\$15,000	\$645,760	\$188	\$0	1.95%	0.00%	\$3,667
	Configuration:	5,700	Units Sold:	45																				
	Lot Dimensions:	57' x 100'	3 Months Sold:	8																				
	Sales Open Date:	Mar-13	Units Remaining:	17																				
	Overall Sales Rate:	2.9	% Remaining:	27%																				
	3 Mon. Sales Rate:	2.7																						
Totals/Averages:					3,196					\$583,282	\$182	\$0	\$0	(\$5,000)	\$583,282	\$182	\$25,000	\$15,000	\$623,282	\$195	\$0	1.95%	0.00%	\$3,539
	Antigua Mountain House		Shea Mountain House		2,808	4	3.0	2	3	\$509,000	\$181	\$0	\$0	(\$5,000)	\$509,000	\$181	\$17,500	\$25,000	\$551,500	\$196	\$0	1.90%	0.00%	\$3,109
					2,894	4	3.0	2	3	\$522,000	\$180	\$0	\$0	(\$5,000)	\$522,000	\$180	\$17,500	\$25,000	\$564,500	\$195	\$0	1.90%	0.00%	\$3,182
	Product:	Single Family	Total Units:	93	3,420	4	3.0	2	2	\$562,000	\$164	\$0	\$0	(\$5,000)	\$562,000	\$164	\$17,500	\$25,000	\$604,500	\$177	\$0	1.90%	0.00%	\$3,407
	Configuration:	6,500	Units Sold:	87	3,540	4	3.5	2	3	\$570,000	\$161	\$0	\$0	(\$5,000)	\$570,000	\$161	\$17,500	\$25,000	\$612,500	\$173	\$0	1.90%	0.00%	\$3,453
	Lot Dimensions:	65' x 100'	3 Months Sold:	9	3,570	4	3.5	2	3	\$566,000	\$159	\$0	\$0	(\$5,000)	\$566,000	\$159	\$17,500	\$25,000	\$608,500	\$170	\$0	1.90%	0.00%	\$3,430
	Sales Open Date:	Jun-07	Units Remaining:	6																				
	Overall Sales Rate:	1.0	% Remaining:	6%																				
	3 Mon. Sales Rate:	3.0																						
Totals/Averages:					3,246					\$545,800	\$168	\$0	\$0	(\$5,000)	\$545,800	\$168	\$17,500	\$25,000	\$588,300	\$181	\$0	1.90%	0.00%	\$3,316
	Santorini at Questa Mountain House		Richmond American Mountain House		2,318	3	2.0	1	2	\$467,950	\$202	\$0	\$0	(\$5,000)	\$467,950	\$202	\$20,000	\$7,000	\$494,950	\$214	\$0	1.90%	0.10%	\$2,831
					2,859	3	2.5	2	2	\$487,950	\$171	\$0	\$0	(\$5,000)	\$487,950	\$171	\$20,000	\$7,000	\$514,950	\$180	\$0	1.90%	0.10%	\$2,946
	Product:	Single Family	Total Units:	89	3,121	3	2.5	2	2	\$509,950	\$163	\$0	\$0	(\$5,000)	\$509,950	\$163	\$20,000	\$7,000	\$536,950	\$172	\$0	1.90%	0.10%	\$3,071
	Configuration:	6,600	Units Sold:	66	3,217	4	2.5	2	2	\$519,950	\$162	\$0	\$0	(\$5,000)	\$519,950	\$162	\$20,000	\$7,000	\$546,950	\$170	\$0	1.90%	0.10%	\$3,129
	Lot Dimensions:	66' x 100'	3 Months Sold:	12																				
	Sales Open Date:	Apr-13	Units Remaining:	23																				
	Overall Sales Rate:	4.5	% Remaining:	26%																				
	3 Mon. Sales Rate:	4.0																						
Totals/Averages:					2,879					\$496,450	\$172	\$0	\$0	(\$5,000)	\$496,450	\$172	\$20,000	\$7,000	\$523,450	\$182	\$0	1.90%	0.10%	\$2,994

Comparables Floorplan Summary

Community Specifics and Sales Pace				Floorplan Summary				Competitive Market Pricing Summary																
Project Name		Builder Name		Size SF Bed Bath Level Pkg				Base Price	Base Price/ Sq. Ft.	Current Incentives			Net Base Price (\$ Reduction)	Net Base Price/ Sq. Ft.	Typical		Total Price	Total Price/ SF	Monthly Payment Inputs			80.0% 4.5%		
Location		Master Plan								Price Reduction	Options / Upgrades	Closing \$ / Other			Options / Upgrades	Premiums			Total Price	Monthly HOA	Base Tax		Addl Taxes	Mo.Pmt.
Product Details				Sales Summary																				
	Starflower Tracy		Standard Pacific -		2,111	3	2.5	1	2	\$484,828	\$230	\$0	\$0	\$0	\$484,828	\$230	\$0	\$0	\$484,828	\$230	\$0	0.00%	0.00%	\$1,965
					2,486	4	3.0	2	2	\$488,808	\$197	\$0	\$0	\$0	\$488,808	\$197	\$0	\$0	\$488,808	\$197	\$0	0.00%	0.00%	\$1,981
	Product:	Single Family	Total Units:	69	2,612	4	3.5	2	2	\$529,085	\$203	\$0	\$0	\$0	\$529,085	\$203	\$0	\$0	\$529,085	\$203	\$0	0.00%	0.00%	\$2,145
	Configuration:	6,100	Units Sold:	24																				
			3 Months Sold:	24																				
	Sales Open Date:	Jun-14	Units Remaining:	45																				
	Overall Sales Rate:	New	% Remaining:	65%																				
3 Mon. Sales Rate: NEW																								
Totals/Averages:					2,403				\$500,907	\$208	\$0	\$0	\$0	\$500,907	\$208	\$0	\$0	\$500,907	\$208	\$0	0.00%	0.00%	\$2,030	
	The Falls Tracy		Bright Yosemite Vista		2,173	4	3.0	1	2	\$442,490	\$204	\$0	\$0	(\$5,000)	\$442,490	\$204	\$30,000	\$10,000	\$482,490	\$222	\$0	1.45%	0.00%	\$2,539
					2,356	4	3.5	2	2	\$448,490	\$190	\$0	\$0	(\$5,000)	\$448,490	\$190	\$30,000	\$10,000	\$488,490	\$207	\$0	1.45%	0.00%	\$2,570
	Product:	Single Family	Total Units:	166	2,902	4	4.0	2	2	\$520,990	\$180	\$0	\$0	(\$5,000)	\$520,990	\$180	\$30,000	\$10,000	\$560,990	\$193	\$0	1.45%	0.00%	\$2,952
	Configuration:	5,200	Units Sold:	130																				
	Lot Dimensions:	52' x 100'	3 Months Sold:	16																				
	Sales Open Date:	Feb-06	Units Remaining:	36																				
	Overall Sales Rate:	1.3	% Remaining:	22%																				
3 Mon. Sales Rate: 5.3																								
Totals/Averages:					2,477				\$470,657	\$190	\$0	\$0	(\$5,000)	\$470,657	\$190	\$30,000	\$10,000	\$510,657	\$206	\$0	1.45%	0.00%	\$2,687	
	Edgewater at River Islands Lathrop		DeNova -		1,841	3	3.0	1	2	\$352,900	\$192	\$0	\$0	(\$5,000)	\$352,900	\$192	\$10,000	\$25,000	\$387,900	\$211	\$0	1.80%	0.00%	\$2,154
					2,032	3	2.5	2	2	\$368,990	\$182	\$0	\$0	(\$5,000)	\$368,990	\$182	\$10,000	\$25,000	\$403,990	\$199	\$0	1.80%	0.00%	\$2,244
	Product:	Single Family	Total Units:	46	2,304	3	3.0	2	2	\$382,900	\$166	\$0	\$0	(\$5,000)	\$382,900	\$166	\$10,000	\$25,000	\$417,900	\$181	\$0	1.80%	0.00%	\$2,321
	Configuration:	4,500	Units Sold:	14	2,568	4	3.0	2	2	\$402,900	\$157	\$0	\$0	(\$5,000)	\$402,900	\$157	\$10,000	\$25,000	\$437,900	\$171	\$0	1.80%	0.00%	\$2,432
			3 Months Sold:	14																				
	Sales Open Date:	May-14	Units Remaining:	32																				
	Overall Sales Rate:	8.1	% Remaining:	70%																				
3 Mon. Sales Rate: 8.1																								
Totals/Averages:					2,186				\$376,923	\$172	\$0	\$0	(\$5,000)	\$376,923	\$172	\$10,000	\$25,000	\$411,923	\$188	\$0	1.80%	0.00%	\$2,288	
	The Enclave at Oakwood Shore Manteca		Woodside Homes -		2,034	3	2.0	1	2	\$331,990	\$163	\$0	\$0	(\$5,000)	\$331,990	\$163	\$40,000	\$35,000	\$406,990	\$200	\$225	1.07%	0.00%	\$2,238
					2,410	3	2.5	2	2	\$356,990	\$148	\$0	\$0	(\$5,000)	\$356,990	\$148	\$40,000	\$35,000	\$431,990	\$179	\$225	1.07%	0.00%	\$2,361
	Product:	Single Family	Total Units:	49	2,876	3	2.5	2	2	\$380,990	\$132	\$0	\$0	(\$5,000)	\$380,990	\$132	\$40,000	\$35,000	\$455,990	\$159	\$225	1.07%	0.00%	\$2,480
	Configuration:	6,200	Units Sold:	30																				
	Lot Dimensions:	62' x 100'	3 Months Sold:	12																				
	Sales Open Date:	Jul-13	Units Remaining:	19																				
	Overall Sales Rate:	2.6	% Remaining:	39%																				
3 Mon. Sales Rate: 4.0																								
Totals/Averages:					2,440				\$356,657	\$146	\$0	\$0	(\$5,000)	\$356,657	\$146	\$40,000	\$35,000	\$431,657	\$177	\$225	1.07%	0.00%	\$2,360	
	Orchard Park Manteca		Meritage -		2,278	3	2.0	1	3	\$361,990	\$159	\$0	\$0	\$0	\$361,990	\$159	\$0	\$0	\$361,990	\$159	\$0	0.00%	0.00%	\$1,467
					2,630	4	3.0	2	3	\$375,990	\$143	\$0	\$0	\$0	\$375,990	\$143	\$0	\$0	\$375,990	\$143	\$0	0.00%	0.00%	\$1,524
	Product:	Single Family	Total Units:	275	2,660	4	3.5	1	3	\$382,990	\$144	\$0	\$0	\$0	\$382,990	\$144	\$0	\$0	\$382,990	\$144	\$0	0.00%	0.00%	\$1,552
	Configuration:	-	Units Sold:	2	2,927	4	3.5	2	3	\$391,990	\$134	\$0	\$0	\$0	\$391,990	\$134	\$0	\$0	\$391,990	\$134	\$0	0.00%	0.00%	\$1,589
					3,085	4	3.0	2	3	\$401,990	\$130	\$0	\$0	\$0	\$401,990	\$130	\$0	\$0	\$401,990	\$130	\$0	0.00%	0.00%	\$1,629
	Sales Open Date:	Oct-15	Units Remaining:	273	3,439	4	3.0	2	3	\$421,990	\$123	\$0	\$0	\$0	\$421,990	\$123	\$0	\$0	\$421,990	\$123	\$0	0.00%	0.00%	\$1,711
	Overall Sales Rate:	-	% Remaining:	99%	3,743	4	3.0	2	3	\$436,990	\$117	\$0	\$0	\$0	\$436,990	\$117	\$0	\$0	\$436,990	\$117	\$0	0.00%	0.00%	\$1,771
Totals/Averages:					2,966				\$396,276	\$134	\$0	\$0	\$0	\$396,276	\$134	\$0	\$0	\$396,276	\$134	\$0	0.00%	0.00%	\$1,606	

Comparables Floorplan Summary

Community Specifics and Sales Pace				Floorplan Summary				Competitive Market Pricing Summary																
Project Name		Builder Name		Size				Base Price	Base Price/ Sq. Ft.	Current Incentives			Net Base Price (\$ Reduction)	Net Base Price/ Sq. Ft.	Typical		Total Price	Total Price/ SF	Monthly Payment Inputs			80.0% 4.5%		
Location		Master Plan								Price Reduction	Options	Closing \$ / Upgrades			Other	Options / Upgrades			Premiums	Monthly HOA	Base Tax		Addl Taxes	Mo.Pmt.
Product Details				Sales Summary				SF	Bed	Bath	Level	Pkg	Price	Sq. Ft.	Reduction	Sq. Ft.	Upgrades	Premiums	Price	Price/ SF	HOA	Tax	Taxes	Mo.Pmt.
Pomelo Grove Manteca	Bright -				2,071	3	2.0	1	2	\$366,220	\$177	\$0	\$0	\$0	\$366,220	\$177	\$10,000	\$1,500	\$377,720	\$182	\$0	1.27%	0.00%	\$1,931
					2,173	3	2.5	1	2	\$374,275	\$172	\$0	\$0	\$0	\$374,275	\$172	\$10,000	\$1,500	\$385,775	\$178	\$0	1.27%	0.00%	\$1,972
	Product:	Single Family	Total Units:	152	2,356	4	3.5	2	2	\$388,980	\$165	\$0	\$0	\$0	\$388,980	\$165	\$10,000	\$1,500	\$400,480	\$170	\$0	1.27%	0.00%	\$2,047
	Configuration:	6,100	Units Sold:	125	2,902	4	4.0	2	2	\$441,111	\$152	\$0	\$0	\$0	\$441,111	\$152	\$10,000	\$1,500	\$452,611	\$156	\$0	1.27%	0.00%	\$2,314
	Lot Dimensions:	61' x 100'	3 Months Sold:	6																				
	Sales Open Date:	Aug-06	Units Remaining:	27																				
	Overall Sales Rate:	1.3	% Remaining:	18%																				
	3 Mon. Sales Rate:	2.0																						
	Totals/Averages:				2,376					\$392,647	\$165	\$0	\$0	\$0	\$392,647	\$165	\$10,000	\$1,500	\$404,147	\$170	\$0	1.27%	0.00%	\$2,066
Summit Collection Manteca	Atherton Union Ranch				1,877	2	2.0	1	2	\$338,990	\$181	\$0	(\$10,000)	(\$10,000)	\$338,990	\$181	\$35,000	\$1,000	\$374,990	\$200	\$0	1.25%	0.03%	\$1,919
					2,128	3	2.5	1	2	\$388,990	\$183	\$0	(\$10,000)	(\$10,000)	\$388,990	\$183	\$35,000	\$1,000	\$424,990	\$200	\$0	1.25%	0.02%	\$2,174
	Product:	Single Family	Total Units:	281	2,191	4	3.0	1	2	\$398,990	\$182	\$0	(\$10,000)	(\$10,000)	\$398,990	\$182	\$35,000	\$1,000	\$434,990	\$199	\$0	1.25%	0.02%	\$2,225
	Configuration:	7,370	Units Sold:	248	2,477	3	3.0	1	2	\$404,900	\$163	\$0	(\$10,000)	(\$10,000)	\$404,900	\$163	\$35,000	\$1,000	\$440,900	\$178	\$0	1.25%	0.02%	\$2,255
	Lot Dimensions:	67' x 110'	3 Months Sold:	45	2,835	3	3.0	1	3	\$430,990	\$152	\$0	(\$10,000)	(\$10,000)	\$430,990	\$152	\$35,000	\$1,000	\$466,990	\$165	\$0	1.25%	0.02%	\$2,388
	Sales Open Date:	Aug-09	Units Remaining:	33	3,412	5	4.5	2	3	\$446,990	\$131	\$0	(\$10,000)	(\$10,000)	\$446,990	\$131	\$35,000	\$1,000	\$482,990	\$142	\$0	1.25%	0.02%	\$2,469
	Overall Sales Rate:	4.2	% Remaining:	12%	3,844	4	4.5	2	3	\$475,990	\$124	\$0	(\$10,000)	(\$10,000)	\$475,990	\$124	\$35,000	\$1,000	\$511,990	\$133	\$0	1.25%	0.02%	\$2,617
	3 Mon. Sales Rate:	15.0																						
	Totals/Averages:				2,681					\$412,263	\$154	\$0	(\$10,000)	(\$10,000)	\$412,263	\$154	\$35,000	\$1,000	\$448,263	\$167	\$0	1.25%	0.02%	\$2,292
Classics @ Woodbridge Manteca	Del Webb Woodbridge				1,329	2	2.0	1	2	\$286,990	\$216	\$0	\$0	(\$3,000)	\$286,990	\$216	\$30,000	\$5,000	\$321,990	\$242	\$155	1.06%	0.00%	\$1,745
					1,635	2	2.0	1	2	\$306,990	\$188	\$0	\$0	(\$3,000)	\$306,990	\$188	\$30,000	\$5,000	\$341,990	\$209	\$155	1.06%	0.00%	\$1,843
	Product:	Single Family	Total Units:	428																				
	Configuration:	4,600	Units Sold:	289																				
	Lot Dimensions:	46' x 100'	3 Months Sold:	12																				
	Sales Open Date:	Aug-06	Units Remaining:	139																				
	Overall Sales Rate:	3.1	% Remaining:	32%																				
	3 Mon. Sales Rate:	4.0																						
	Totals/Averages:				1,482					\$296,990	\$200	\$0	\$0	(\$3,000)	\$296,990	\$200	\$30,000	\$5,000	\$331,990	\$224	\$155	1.06%	0.00%	\$1,794
Premiere @ Woodbridge Manteca	Del Webb Woodbridge				1,841	2	2.0	1	2	\$337,990	\$184	\$0	\$0	(\$4,000)	\$337,990	\$184	\$35,000	\$10,000	\$382,990	\$208	\$155	1.06%	0.00%	\$2,046
					1,912	3	2.0	1	2	\$343,990	\$180	\$0	\$0	(\$4,000)	\$343,990	\$180	\$35,000	\$10,000	\$388,990	\$203	\$155	1.06%	0.00%	\$2,075
	Product:	Single Family	Total Units:	570																				
	Configuration:	5,500	Units Sold:	363																				
	Lot Dimensions:	55' x 100'	3 Months Sold:	12																				
	Sales Open Date:	Aug-06	Units Remaining:	207																				
	Overall Sales Rate:	3.8	% Remaining:	36%																				
	3 Mon. Sales Rate:	4.0																						
	Totals/Averages:				1,877					\$340,990	\$182	\$0	\$0	(\$4,000)	\$340,990	\$182	\$35,000	\$10,000	\$385,990	\$206	\$155	1.06%	0.00%	\$2,061
Estates @ Woodbridge Manteca	Del Webb Woodbridge				2,019	3	2.0	1	2	\$364,990	\$181	\$0	\$0	(\$5,000)	\$364,990	\$181	\$40,000	\$15,000	\$419,990	\$208	\$155	1.06%	0.00%	\$2,228
					2,379	2	2.0	1	2	\$384,990	\$162	\$0	\$0	(\$5,000)	\$384,990	\$162	\$40,000	\$15,000	\$439,990	\$185	\$155	1.06%	0.00%	\$2,327
	Product:	Single Family	Total Units:	428	2,618	2	2.5	1	3	\$397,990	\$152	\$0	\$0	(\$5,000)	\$397,990	\$152	\$40,000	\$15,000	\$452,990	\$173	\$155	1.06%	0.00%	\$2,391
	Configuration:	7,500	Units Sold:	288																				
	Lot Dimensions:	75' x 100'	3 Months Sold:	12																				
	Sales Open Date:	Aug-06	Units Remaining:	140																				
	Overall Sales Rate:	3.1	% Remaining:	33%																				
	3 Mon. Sales Rate:	4.0																						
	Totals/Averages:				2,339					\$382,657	\$164	\$0	\$0	(\$5,000)	\$382,657	\$164	\$40,000	\$15,000	\$437,657	\$187	\$155	1.06%	0.00%	\$2,316

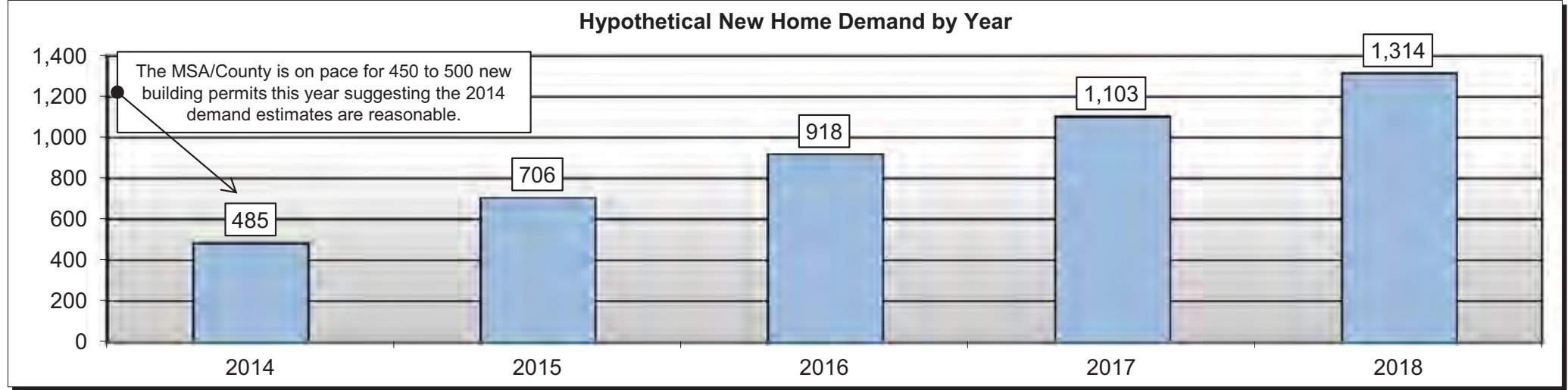
Comparables Floorplan Summary

Community Specifics and Sales Pace						Floorplan Summary				Competitive Market Pricing Summary																	
Project Name		Builder Name		Size				Base Price	Base Price/ Sq. Ft.	Current Incentives			Net Base Price (\$ Reduction)	Net Base Price/ Sq. Ft.	Typical		Total Price/ SF	Monthly Payment Inputs			80.0% 4.5%						
Location		Master Plan								Price Reduction	Options / Upgrades	Closing \$ / Other			Options / Upgrades	Premiums		Total Price	Monthly HOA	Base Tax		Addl Taxes	Mo.Pmt.				
Product Details		Sales Summary		SF	Bed	Bath	Level	Pkg	Price	Sq. Ft.	Reduction	Upgrades	Other	Reduction	Sq. Ft.	Upgrades	Premiums	Price	Price/ SF	HOA	Tax	Taxes	Mo.Pmt.				
	The Club Roseville		Del Webb Westpark		1,329	2	2.0	1	2	\$334,990	\$252	\$0	\$0	(\$5,000)	\$334,990	\$252	\$30,000	\$7,000	\$371,990	\$280	\$158	1.10%	0.04%	\$2,021			
					1,645	3	2.0	1	2	\$355,990	\$216	\$0	\$0	(\$5,000)	\$355,990	\$216	\$30,000	\$7,000	\$392,990	\$239	\$158	1.10%	0.04%	\$2,125			
	Product:	Single Family	Total Units:	704	1,795	3	2.0	1	2	\$370,990	\$207	\$0	\$0	(\$5,000)	\$370,990	\$207	\$30,000	\$7,000	\$407,990	\$227	\$158	1.10%	0.04%	\$2,200			
	Configuration:	5,500	Units Sold:	687	1,992	3	2.0	1	2	\$395,990	\$199	\$0	\$0	(\$5,000)	\$395,990	\$199	\$30,000	\$7,000	\$432,990	\$217	\$158	1.10%	0.04%	\$2,324			
	Lot Dimensions:	55' x 100'	3 Months Sold:	10	2,071	2	2.0	1	2	\$413,990	\$200	\$0	\$0	(\$5,000)	\$413,990	\$200	\$30,000	\$7,000	\$450,990	\$218	\$158	1.10%	0.04%	\$2,413			
	Sales Open Date:	Jan-06	Units Remaining:	17	2,385	3	2.5	1	2	\$439,990	\$184	\$0	\$0	(\$5,000)	\$439,990	\$184	\$30,000	\$7,000	\$476,990	\$200	\$158	1.10%	0.04%	\$2,543			
	Overall Sales Rate:	6.7	% Remaining:	2%	2,438	3	2.5	1	2	\$474,990	\$195	\$0	\$0	(\$5,000)	\$474,990	\$195	\$30,000	\$7,000	\$511,990	\$210	\$158	1.10%	0.03%	\$2,717			
	3 Mon. Sales Rate:	3.3			2,732	3	3.0	1	3	\$490,990	\$180	\$0	\$0	(\$5,000)	\$490,990	\$180	\$30,000	\$7,000	\$527,990	\$193	\$158	1.10%	0.03%	\$2,796			
	Totals/Averages:				2,048					\$409,740	\$200	\$0	\$0	(\$5,000)	\$409,740	\$200	\$30,000	\$7,000	\$446,740	\$218	\$158	1.10%	0.04%	\$2,392			
The Vineyards Brentwood		Shea Trilogy		1,465	2	2.0	1	2	\$445,999	\$304	\$0	\$0	(\$7,500)	\$445,999	\$304	\$89,200	\$50,000	\$585,199	\$399	\$259	1.10%	0.43%	\$3,376				
				1,590	2	2.0	1	2	\$497,999	\$313	\$0	\$0	(\$7,500)	\$497,999	\$313	\$99,600	\$50,000	\$647,599	\$407	\$259	1.10%	0.39%	\$3,686				
				Product:	Single Family	Total Units:	1,050	1,719	2	2.0	1	2	\$511,999	\$298	\$0	\$0	(\$7,500)	\$511,999	\$298	#####	\$50,000	\$664,399	\$387	\$259	1.10%	0.38%	\$3,769
				Configuration:	4,700	Units Sold:	460	1,972	2	2.0	1	2	\$548,999	\$278	\$0	\$0	(\$7,500)	\$548,999	\$278	#####	\$50,000	\$708,799	\$359	\$259	1.10%	0.35%	\$3,990
						3 Months Sold:	45	2,052	2	2.5	1	2	\$569,999	\$278	\$0	\$0	(\$7,500)	\$569,999	\$278	#####	\$50,000	\$733,999	\$358	\$259	1.10%	0.34%	\$4,115
				Sales Open Date:	Jun-11	Units Remaining:	627	2,097	2	2.5	1	2	\$591,999	\$282	\$0	\$0	(\$7,500)	\$591,999	\$282	#####	\$50,000	\$760,399	\$363	\$259	1.10%	0.33%	\$4,247
				Overall Sales Rate:	11.9	% Remaining:	60%	2,289	2	2.5	1	2	\$618,999	\$270	\$0	\$0	(\$7,500)	\$618,999	\$270	#####	\$50,000	\$792,799	\$346	\$259	1.10%	0.32%	\$4,408
				3 Mon. Sales Rate:	16.7			2,337	2	2.5	1	2	\$639,999	\$274	\$0	\$0	(\$7,500)	\$639,999	\$274	#####	\$50,000	\$817,999	\$350	\$259	1.10%	0.31%	\$4,533
								2,647	2	2.5	1	3	\$681,999	\$258	\$0	\$0	(\$7,500)	\$681,999	\$258	#####	\$50,000	\$868,399	\$328	\$259	1.10%	0.29%	\$4,783
								2,709	2	2.5	1	3	\$714,999	\$264	\$0	\$0	(\$7,500)	\$714,999	\$264	#####	\$50,000	\$907,999	\$335	\$259	1.10%	0.28%	\$4,980
Totals/Averages:				2,853	2	2.5	1	3	\$821,999	\$288	\$0	\$0	(\$7,500)	\$821,999	\$288	#####	\$50,000	\$1,036,399	\$363	\$259	1.10%	0.24%	\$5,618				
Totals/Averages:				2,157					\$604,090	\$280	\$0	\$0	(\$7,500)	\$604,090	\$280	#####	\$50,000	\$774,908	\$359	\$259	1.10%	0.33%	\$4,319				
Sola @ Trilogy Rio Vista		Shea Trilogy		1,212	2	2.0	1	2	\$223,990	\$185	\$0	(\$10,000)	\$0	\$223,990	\$185	\$20,000	\$5,000	\$248,990	\$205	\$118	1.10%	0.05%	\$1,365				
				1,448	2	2.0	1	2	\$257,990	\$178	\$0	(\$10,000)	\$0	\$257,990	\$178	\$20,000	\$5,000	\$282,990	\$195	\$118	1.10%	0.04%	\$1,534				
				Product:	Single Family	Total Units:	1,000	1,558	2	2.0	1	2	\$268,990	\$173	\$0	(\$10,000)	\$0	\$268,990	\$173	\$20,000	\$5,000	\$293,990	\$189	\$118	1.10%	0.04%	\$1,589
				Configuration:	4,500	Units Sold:	784																				
				Lot Dimensions:	45' x 100'	3 Months Sold:	18																				
				Sales Open Date:	Jan-02	Units Remaining:	216																				
				Overall Sales Rate:	5.2	% Remaining:	22%																				
				3 Mon. Sales Rate:	6.0																						
Totals/Averages:				1,406					\$250,323	\$178	\$0	(\$10,000)	\$0	\$250,323	\$178	\$20,000	\$5,000	\$275,323	\$196	\$118	1.10%	0.04%	\$1,496				
Shea3d @ Trilogy Rio Vista		Shea Trilogy		1,837	2	2.0	1	2	\$281,990	\$154	\$0	(\$10,000)	\$0	\$281,990	\$154	\$30,000	\$7,500	\$319,490	\$174	\$118	1.10%	0.04%	\$1,716				
				2,047	2	2.5	1	2	\$307,990	\$150	\$0	(\$10,000)	\$0	\$307,990	\$150	\$30,000	\$7,500	\$345,490	\$169	\$118	1.10%	0.03%	\$1,845				
				Product:	Single Family	Total Units:	895	2,146	2	2.5	1	2	\$320,990	\$150	\$0	(\$10,000)	\$0	\$320,990	\$150	\$30,000	\$7,500	\$358,490	\$167	\$118	1.10%	0.03%	\$1,909
				Configuration:	5,500	Units Sold:	783																				
				Lot Dimensions:	55' x 100'	3 Months Sold:	12																				
				Sales Open Date:	Jan-02	Units Remaining:	112																				
				Overall Sales Rate:	5.2	% Remaining:	13%																				
				3 Mon. Sales Rate:	4.0																						
Totals/Averages:				2,010					\$303,657	\$151	\$0	(\$10,000)	\$0	\$303,657	\$151	\$30,000	\$7,500	\$341,157	\$170	\$118	1.10%	0.03%	\$1,823				
Venticello @ Trilogy Rio Vista		Shea Trilogy		2,091	2	2.5	1	3	\$323,990	\$155	\$0	(\$10,000)	\$0	\$323,990	\$155	\$40,000	\$10,000	\$373,990	\$179	\$118	1.10%	0.03%	\$1,987				
				2,397	2	2.5	1	3	\$354,990	\$148	\$0	(\$10,000)	\$0	\$354,990	\$148	\$40,000	\$10,000	\$404,990	\$169	\$118	1.10%	0.03%	\$2,141				
				Product:	Single Family	Total Units:	885																				
				Configuration:	6,500	Units Sold:	783																				
				Lot Dimensions:	65' x 100'	3 Months Sold:	18																				
				Sales Open Date:	Jan-02	Units Remaining:	102																				
				Overall Sales Rate:	5.2	% Remaining:	12%																				
3 Mon. Sales Rate:	6.0																										
Totals/Averages:				2,244					\$339,490	\$151	\$0	(\$10,000)	\$0	\$339,490	\$151	\$40,000	\$10,000	\$389,490	\$174	\$118	1.10%	0.03%	\$2,064				

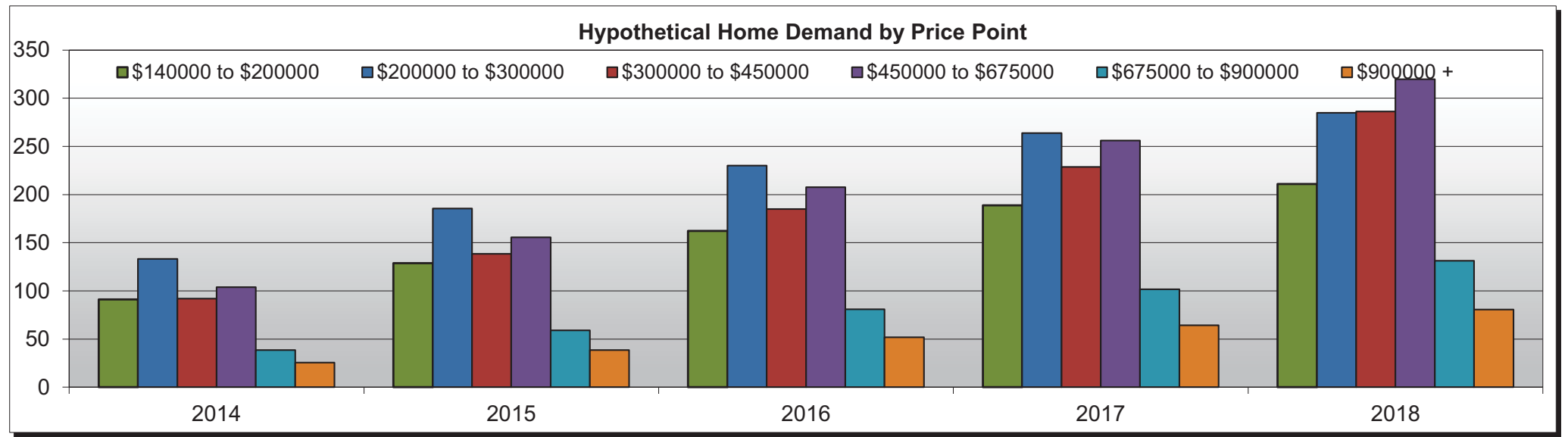
Demand Model Analysis

Modesto MSA New Home Demand Model (2014 to 2018)

Based on the Meyers Research demand model we anticipate steady annual increases in new home sales over the next five years approaching demand for 700+ new homes in 2015 and reaching 900+/- new home sales annually from 2016 to 2018.

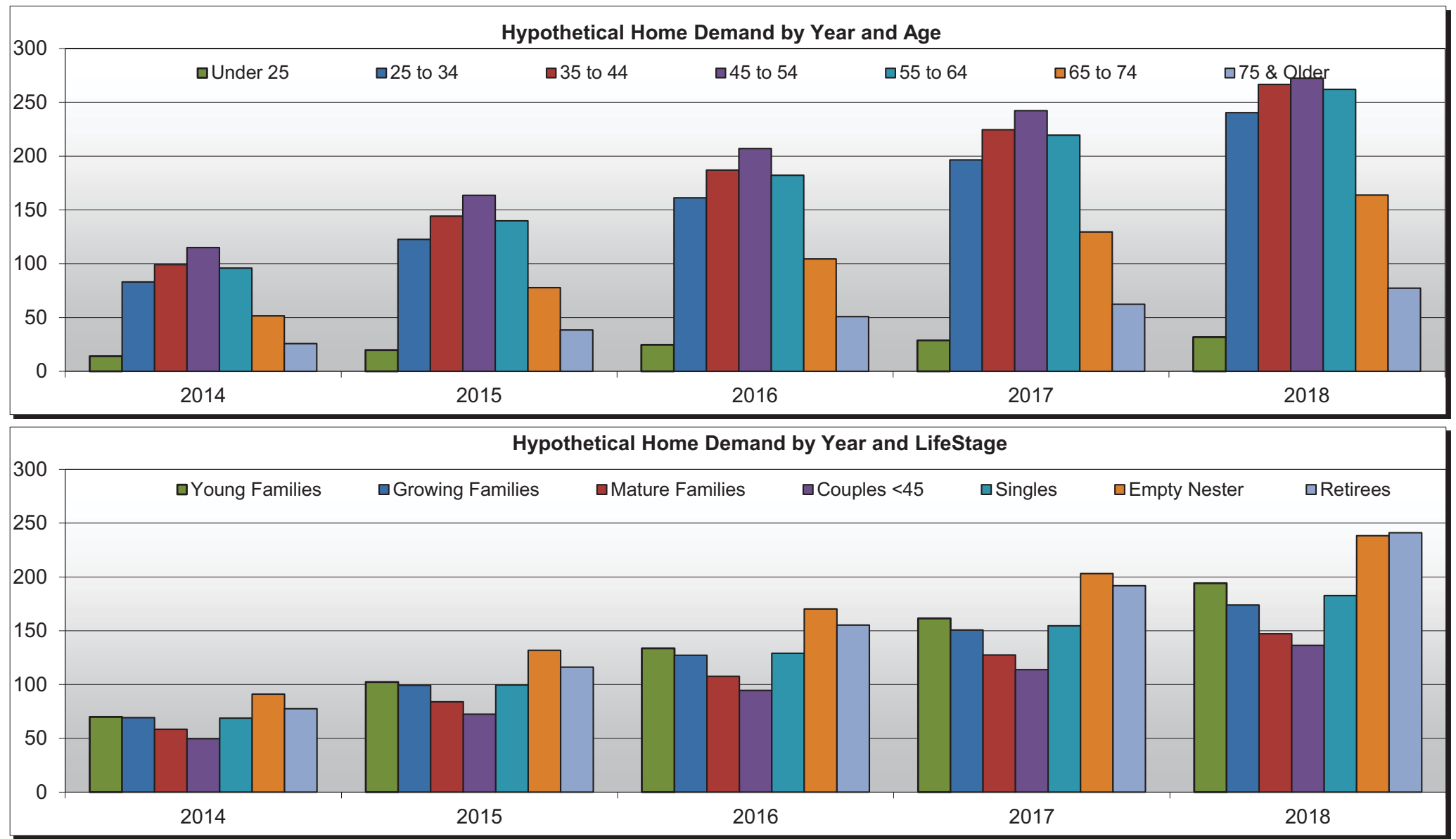


Based on MSA incomes and housing affordability, there will be demand for a wide range of new home product perfect for an amenitized master planned community with various parcels sizes, price points and product types. Today the \$200,000 to \$300,000 price band would capture the greatest market share but this shifts upward over the next five years.



Modesto MSA New Home Demand Model by Age and Life Stage

With more than 1,400 units planned, Diablo Grande will need to attract move-up buyers, families of all kinds, retirees and move down buyers. All of these life stages / age segments will hold a notable amount of new home demand in greater Modesto throughout the Subject's buildout.



Modesto MSA New Home Demand Model (2014 to 2018)

2014 Demand by Home Price Range				2014 Demand	% of Annual Demand
Annual Household Income Range	Income Range Households	% of Total Households	Home Price Purchase Range*		
Income \$35,000 - \$49,999	26,924	15.6%	\$140,000 to \$200,000	91	18.8%
Income \$50,000 - \$74,999	33,801	19.6%	\$200,000 to \$300,000	133	27.5%
Income \$75,000 - \$99,999	21,032	12.2%	\$300,000 to \$450,000	92	19.0%
Income \$100,000 - \$149,999	22,005	12.8%	\$450,000 to \$675,000	104	21.4%
Income \$150,000 - \$199,999	7,286	4.2%	\$675,000 to \$900,000	39	7.9%
Income \$200,000 +	4,858	2.8%	\$900,000 +	26	5.3%
Total Demand	115,905	67.4%	\$140,000 + -	485	100.0%

Demand by Age and Income (Absolute Numbers)							
Under 25	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75 & Older	
5	17	17	16	16	11	9	
5	26	27	28	25	16	7	
2	18	21	21	16	9	4	
2	16	21	29	22	9	4	
0	5	8	11	9	4	1	
0	2	5	8	7	3	1	
14	83	99	115	96	52	26	

Demand by LifeStage (Absolute Numbers)						
Young Families	Growing Families	Mature Families	Couples <45	Singles	Empty Nester	Retirees
13	11	9	10	13	15	20
20	18	15	15	20	23	23
15	14	11	10	14	16	13
14	16	14	10	14	22	13
5	6	6	3	5	9	6
3	4	4	2	3	7	3
70	69	58	50	69	91	77

2015 Demand by Home Price Range				2015 Demand	% of Annual Demand
Annual Household Income Range	Income Range Households	% of Total Households	Home Price Purchase Range*		
Income \$35,000 - \$49,999	27,439	15.4%	\$140,000 to \$200,000	129	18.2%
Income \$50,000 - \$74,999	33,962	19.0%	\$200,000 to \$300,000	186	26.3%
Income \$75,000 - \$99,999	22,808	12.8%	\$300,000 to \$450,000	138	19.6%
Income \$100,000 - \$149,999	23,816	13.4%	\$450,000 to \$675,000	156	22.0%
Income \$150,000 - \$199,999	8,081	4.5%	\$675,000 to \$900,000	59	8.4%
Income \$200,000 +	5,280	3.0%	\$900,000 +	39	5.5%
Total Demand	121,385	68.1%	\$140,000 + -	706	100.0%

Demand by Age and Income (Absolute Numbers)							
Under 25	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75 & Older	
7	24	24	22	23	17	12	
7	36	37	38	34	22	10	
3	27	32	31	25	14	7	
2	25	32	43	34	14	6	
0	7	12	17	14	7	2	
0	3	7	12	11	4	1	
20	123	144	164	140	78	38	

Demand by LifeStage (Absolute Numbers)						
Young Families	Growing Families	Mature Families	Couples <45	Singles	Empty Nester	Retirees
19	15	12	14	19	20	29
28	25	20	21	27	32	33
22	20	16	16	20	24	20
22	24	21	15	21	32	20
7	9	9	5	7	13	9
4	6	6	3	5	10	5
102	99	84	72	100	132	116

2016 Demand by Home Price Range				2016 Demand	% of Annual Demand
Annual Household Income Range	Income Range Households	% of Total Households	Home Price Purchase Range*		
Income \$35,000 - \$49,999	27,390	15.1%	\$140,000 to \$200,000	162	17.7%
Income \$50,000 - \$74,999	33,399	18.4%	\$200,000 to \$300,000	230	25.1%
Income \$75,000 - \$99,999	24,186	13.3%	\$300,000 to \$450,000	185	20.2%
Income \$100,000 - \$149,999	25,210	13.9%	\$450,000 to \$675,000	208	22.6%
Income \$150,000 - \$199,999	8,744	4.8%	\$675,000 to \$900,000	81	8.8%
Income \$200,000 +	5,611	3.1%	\$900,000 +	52	5.6%
Total Demand	124,539	68.7%	\$140,000 + -	918	100.0%

Demand by Age and Income (Absolute Numbers)							
Under 25	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75 & Older	
9	30	30	27	29	22	16	
8	45	46	46	42	29	13	
4	37	43	41	33	19	9	
3	34	42	55	45	20	8	
0	11	16	22	19	10	3	
0	5	10	16	14	6	1	
25	161	187	207	182	104	51	

Demand by LifeStage (Absolute Numbers)						
Young Families	Growing Families	Mature Families	Couples <45	Singles	Empty Nester	Retirees
24	18	15	18	23	26	38
35	30	24	26	34	39	42
30	27	20	21	27	32	28
29	32	28	20	29	43	28
10	12	11	7	10	18	13
5	8	8	3	6	13	7
134	127	108	94	129	170	155

2017 Demand by Home Price Range				2017 Demand	% of Annual Demand
Annual Household Income Range	Income Range Households	% of Total Households	Home Price Purchase Range*		
Income \$35,000 - \$49,999	27,279	14.9%	\$140,000 to \$200,000	189	17.1%
Income \$50,000 - \$74,999	32,746	17.8%	\$200,000 to \$300,000	264	23.9%
Income \$75,000 - \$99,999	25,551	13.9%	\$300,000 to \$450,000	229	20.7%
Income \$100,000 - \$149,999	26,588	14.5%	\$450,000 to \$675,000	256	23.2%
Income \$150,000 - \$199,999	9,407	5.1%	\$675,000 to \$900,000	102	9.2%
Income \$200,000 +	5,939	3.2%	\$900,000 +	64	5.8%
Total Demand	127,510	69.4%	\$140,000 + -	1,103	100.0%

Demand by Age and Income (Absolute Numbers)							
Under 25	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75 & Older	
10	35	35	30	34	26	19	
10	53	53	51	49	34	15	
5	46	52	49	41	24	12	
4	43	52	66	55	25	11	
1	14	20	27	23	13	4	
0	6	13	19	17	7	2	
29	196	225	242	219	130	62	

Demand by LifeStage (Absolute Numbers)						
Young Families	Growing Families	Mature Families	Couples <45	Singles	Empty Nester	Retirees
28	21	18	21	27	30	45
41	34	27	30	38	44	49
37	32	25	26	33	39	36
36	38	34	25	35	53	36
13	15	14	8	13	22	17
7	10	10	4	8	16	9
161	151	128	114	155	203	192

2018 Demand by Home Price Range				2018 Demand	% of Annual Demand
Annual Household Income Range	Income Range Households	% of Total Households	Home Price Purchase Range*		
Income \$35,000 - \$49,999	26,308	14.3%	\$140,000 to \$200,000	211	16.1%
Income \$50,000 - \$74,999	30,525	16.6%	\$200,000 to \$300,000	285	21.7%
Income \$75,000 - \$99,999	27,618	15.0%	\$300,000 to \$450,000	286	21.8%
Income \$100,000 - \$149,999	28,655	15.6%	\$450,000 to \$675,000	320	24.3%
Income \$150,000 - \$199,999	10,494	5.7%	\$675,000 to \$900,000	131	10.0%
Income \$200,000 +	6,442	3.5%	\$900,000 +	81	6.1%
Total Demand	130,043	70.8%	\$140,000 + -	1,314	100.0%

Demand by Age and Income (Absolute Numbers)							
Under 25	25 to 34	35 to 44	45 to 54	55 to 64	65 to 74	75 & Older	
11	39	39	32	38	31	22	
10	58	56	51	53	39	17	
6	59	65	57	51	32	15	
4	56	65	77	69	33	14	
1	19	25	33	30	18	6	
0	8	16	22	21	10	2	
32	240	267	272	262	164	77	

Demand by LifeStage (Absolute Numbers)						
Young Families	Growing Families	Mature Families	Couples <45	Singles	Empty Nester	Retirees
31	23	19	23	30	32	53
44	35	29	32	41	47	57
47	39	30	33	42	48	48
46	46	40	31	44	64	48
17	19	17	11	17	28	23
9	12	12	6	10	19	12
194	174	147	137	183	238	241

Location Analysis

Location Analysis - Introduction

This section highlights the locational opportunities associated with Diablo Grande. This section provides details regarding the project's proximity to employment, retail and health care as well as perspective on local area schools.

Diablo Grande sets a new standard for housing development in greater Modesto, as there is no similar community in the region. Consider the following:

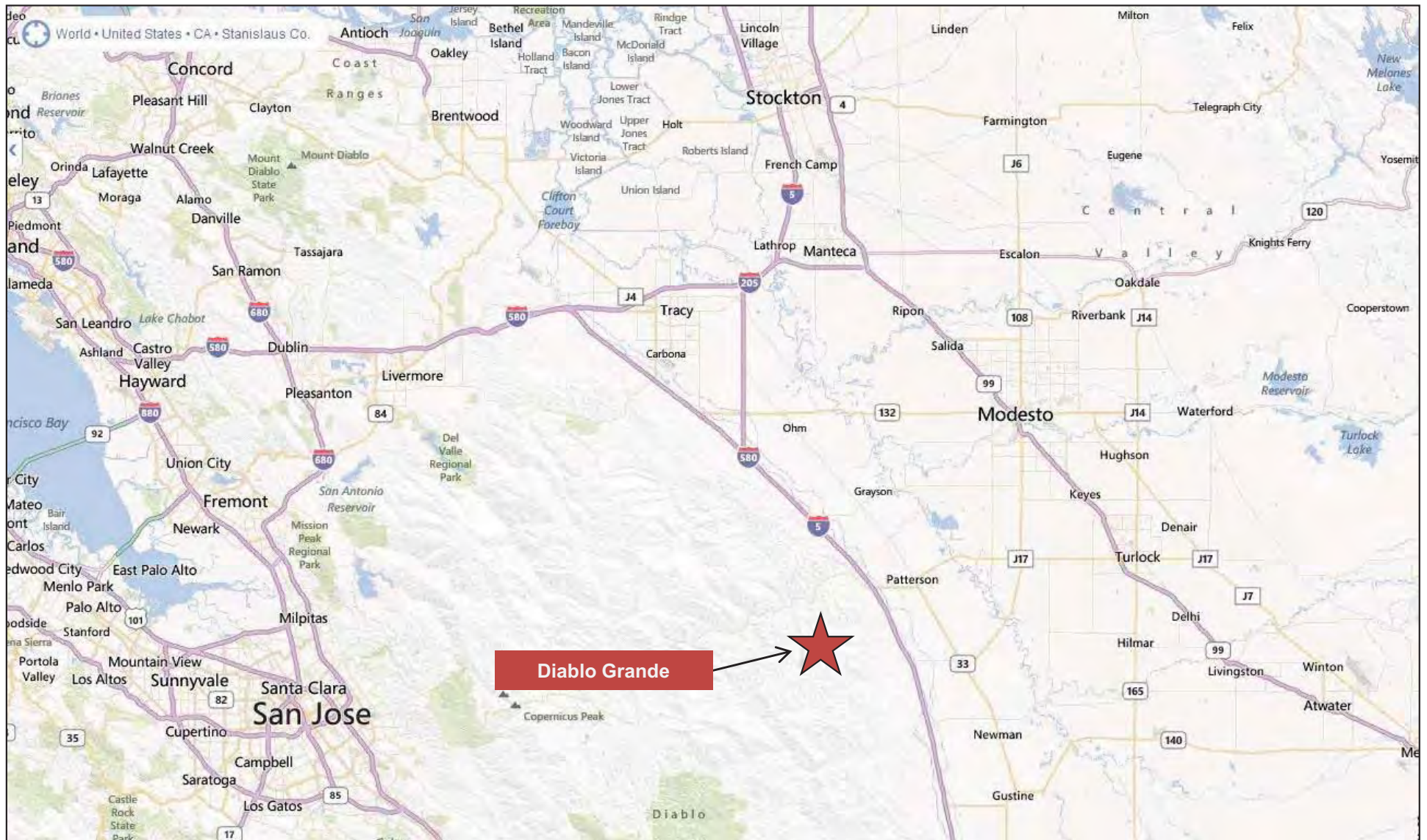
- The location and setting of Diablo Grande is very attractive. The valley surrounding the community is populated with creeks, canyons, native wildlife, oak trees, wine vineyards and golden hillsides.
- Recreation options are abundant within Diablo Grande and the surrounding area. In addition to the Ranch Course golf course, the community offers a number of outdoor activities including hiking, biking, tennis and horseback riding. Community amenities include a clubhouse with a bar/ grill, pool and outdoor lounge area which further enhance the community.
- Current location challenges include a lack of retail options within Diablo Grande, limited retail in Patterson, and distant health care facilities in Modesto.
- Proximity to employment is limited, and the community is at a disadvantage to master plans such as Mountain House, which commands relatively high price points (over \$400,000) and is able to draw from a vast buyer pool of commuters from the Bay Area. Diablo Grande will need to draw from a more local buyer segment, as a daily commute to the Bay Area is not realistic for most residents. This challenge can be mitigated by stressing the value associated with Diablo Grande, in terms offering excellent amenities and golf course living at a fraction of the price of a similar community, were it to exist in the Bay Area.

Subject Site Summary

Attribute	Opportunities	Challenges	Meyers Conclusion
Location	Diablo Grande offers an attractive residential location offering elevation, topography, and nearby mountain views. The valley setting is populated with creeks, canyons, native wildlife, oak trees, wine vineyards and golden hillsides.	The site is over 30 minutes drive to employment centers in central Modesto, 60 minutes to Livermore/ Dublin, and is 90 minutes to the Bay Area. Retail/commercial uses are still quite limited in this area.	Good
Site Access	The subject is accessible from Interstate 5 via the Sperry Avenue exit. It is then a 7-mile drive west along Diablo Grande parkway to the site.	While access to the I-5 freeway is relatively easy, the seven+ mile distance is relatively far. There is no access to Diablo Grande from the west, and no direct connection to the San Jose MSA aside from slow, winding mountain roads.	Fair/ Good
Employment	Diablo Grande is located proximate to various agriculture processing plants in greater Modesto, including Gallo Winery, Seneca Foods and Del Monte Foods. More important for Diablo Grande are a new Amazon.com distribution facility (1,000+ employees) opening in late 2013 as well as a new Grainger facility (150+ employees) in nearby Patterson. Patterson continues to grow with the recent opening of Grainger's 820,000 sq. ft. distribution center, Amazon's 1,000,000+ sq. ft. fulfillment center, an additional 1,000,000 sq. ft. is also underway for an unidentified retailer, CVS operates an 807,000 sq. ft distribution center and Kohls has a 400,700 sq. ft. facility as well. The state Enterprise Zone is expected to continue to draw more companies and increase the local employment base. Additionally, new developments such as the West Ridge Business Park offer build to suit opportunities for Distribution/ Warehouse space of over 1 million square feet.	There are no employment concentrations within the immediate area of Diablo Grande. The nearest employment concentrations are at least ten miles from the site. This represents a disadvantage to master plans such as Mountain House, which is within a more reasonable commute to employment nodes in the East Bay and San Jose.	Fair/ Good
Schools	Diablo Grande residents attend Newman-Crows Landing Unified Schools. Despite the relatively low ranking of the Newman-Crows Landing Unified District, the elementary school that serves Diablo Grande—Bonita Elementary—scores relatively high.	Newman-Crows Landing Unified ranks relatively low as compared to other school districts in Stanislaus County. Lammersville Joint Unified School district serves Mountain House residents and is ranked relatively high. Households that value school districts may favor a Mountain House home purchase over Diablo Grande.	Elementary: Very Good Middle/ High: Below Average
Retail and Recreation	Recreation uses are abundant within Diablo Grande, including hiking, biking, tennis, and horseback riding in addition to the acclaimed golf course. Retail services including grocer, general merchandise and restaurants are concentrated in Patterson.	The Diablo Grande community lacks a community fitness center, a feature that exists in other comparable master planned communities (such as Woodbridge) and other golf/ country club communities in greater Modesto. Retail and commercial uses are limited in the immediate area. There are no retail services within Diablo Grande, and it is a ten mile drive to any services.	Recreation: Excellent Retail: Average
Health Care	The closest hospitals to Diablo Grande are in Modesto, including Memorial Medical Center and Kindred Hospital, and Tracy Hospital in Tracy.	The Modesto and Tracy hospitals are over 30 minutes away. It is possible that a medical facility could emerge in the long term in the local area/ Patterson, but there are no immediate plans for such a facility.	Below Average

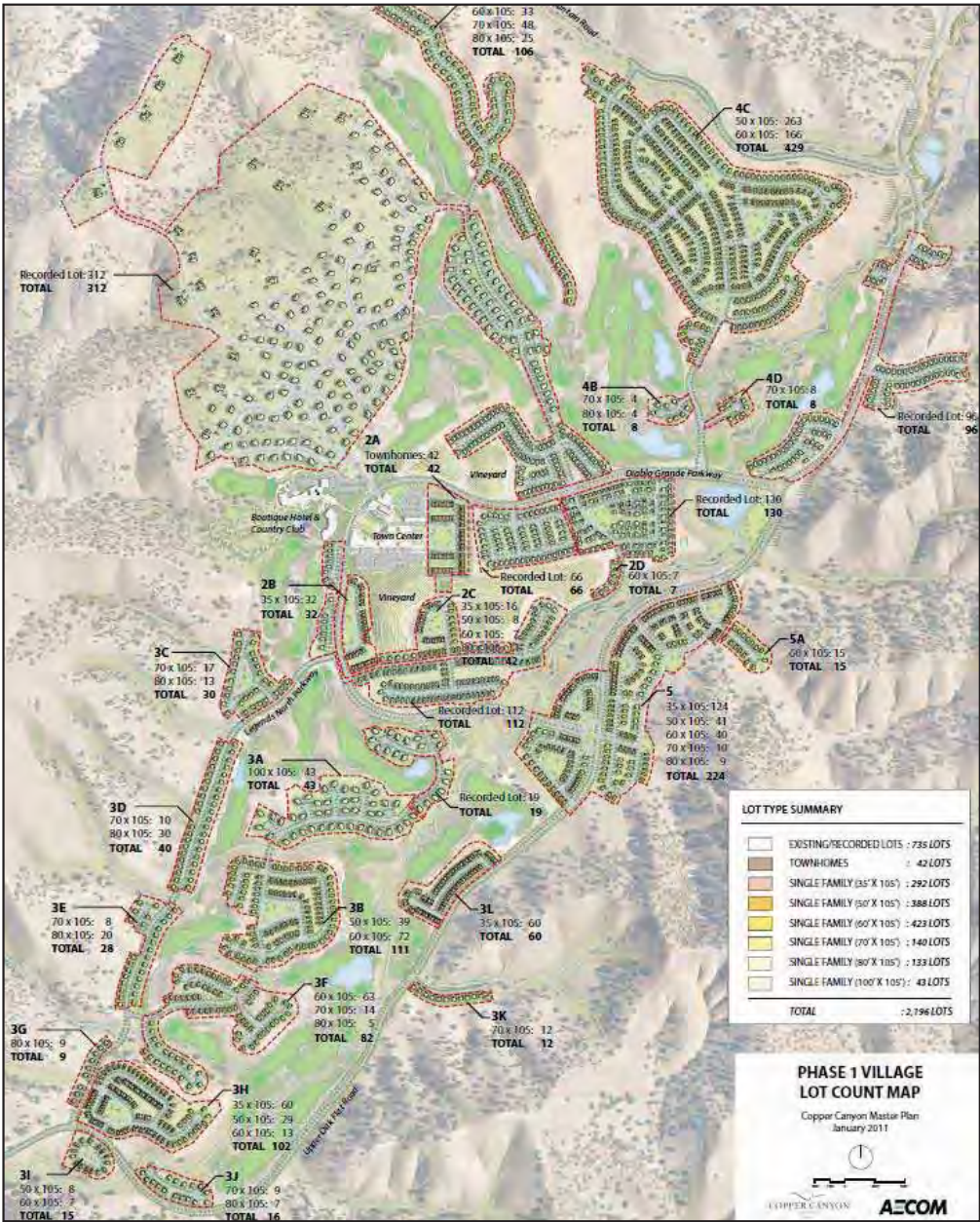
Subject Property Location

Diablo Grande is located in the western portion of Stanislaus County, 9 miles west of Patterson and Interstate 5. The community is proximate to Modesto to the east, Stockton to the north, and San Jose/ greater Bay Area to the west.



Source: Bing Maps

Diablo Grande Site Plan and Parcel Distribution



The entire Diablo Grande community encompasses a total of 33,000 acres and could accommodate over 5,000 homes. Currently there are 420 homes built on the 735 final mapped lots. DeNova Homes is currently selling 33 homes at their Villa Vista community (opened January 2014). D.R. Horton also owns existing mapped lots.

The purpose of this assignment is to address the buildout of the Phase 1 Village, totaling an additional +/- 1,461 lots.

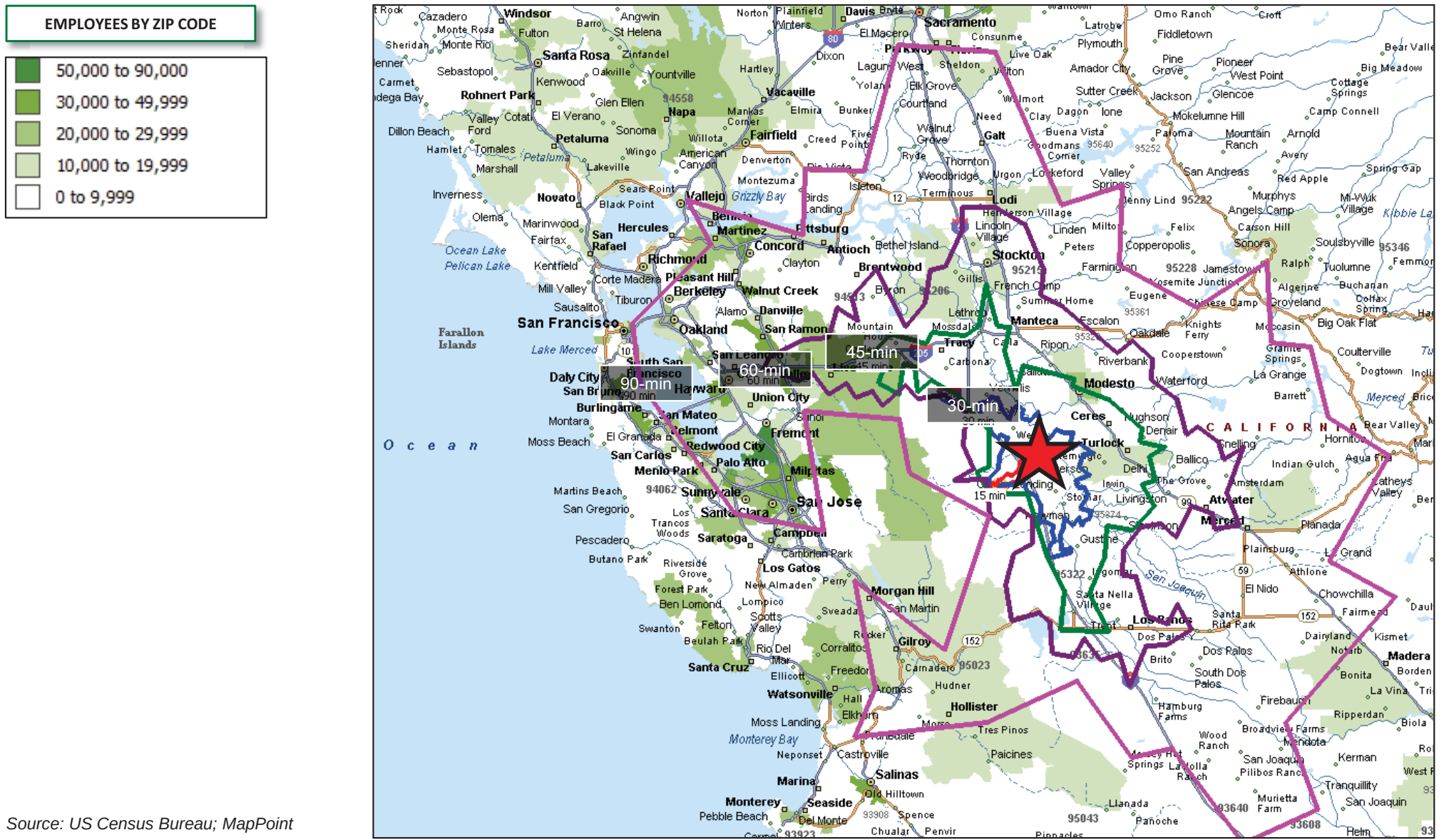
LOT TYPE SUMMARY

EXISTING/RECORDED LOTS	: 735 LOTS
TOWNHOMES	: 42 LOTS
SINGLE FAMILY (35' X 105')	: 292 LOTS
SINGLE FAMILY (50' X 105')	: 388 LOTS
SINGLE FAMILY (60' X 105')	: 423 LOTS
SINGLE FAMILY (70' X 105')	: 140 LOTS
SINGLE FAMILY (80' X 105')	: 133 LOTS
SINGLE FAMILY (100' X 105')	: 43 LOTS
TOTAL	: 2,196 LOTS

Source: AECOM

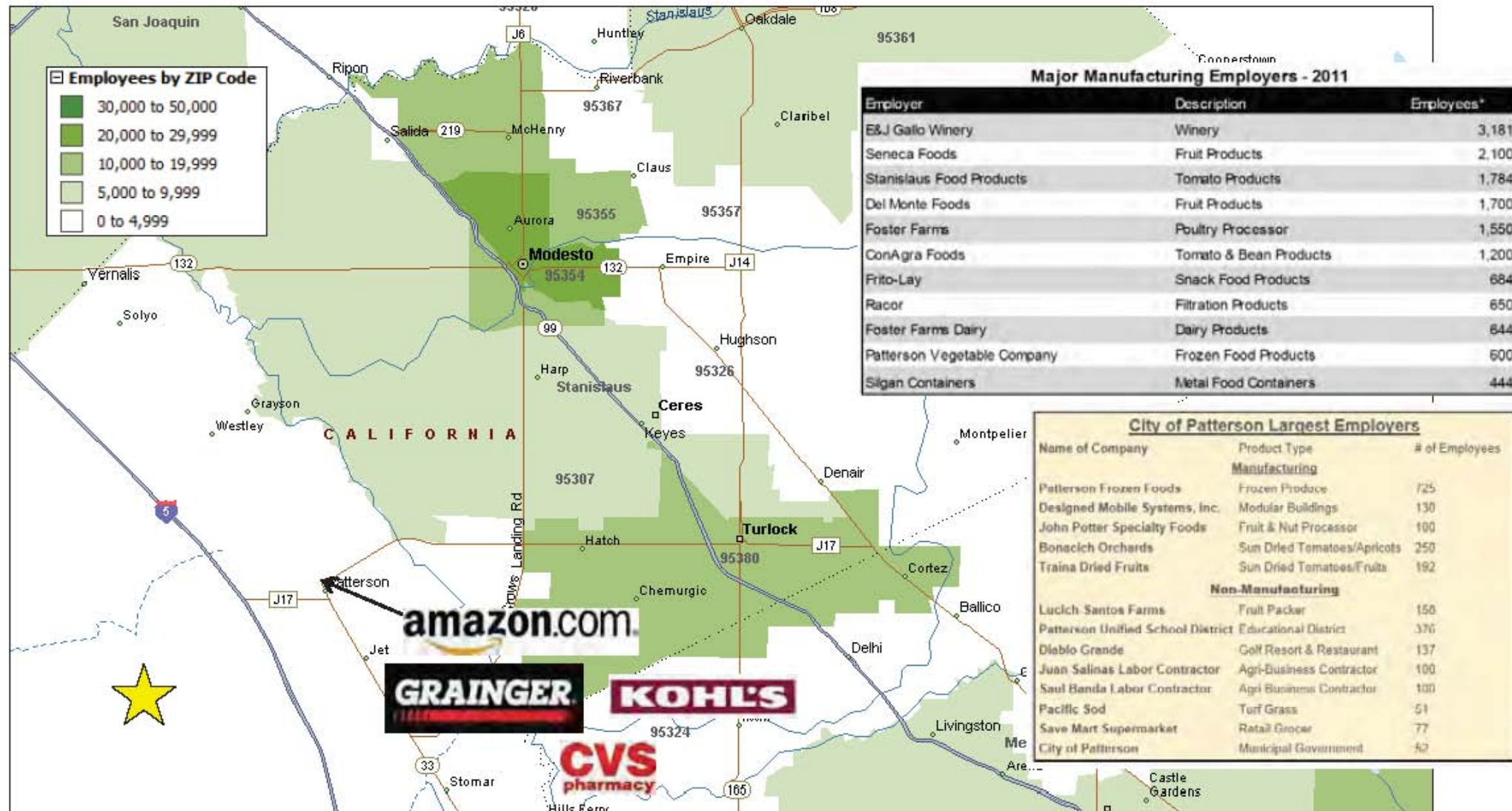
Drive-Time Map (w/ Employment by Zip Code Overlay)

Diablo Grande is within a 15-minute drive to Interstate 5 and retail services in Patterson. Downtown Modesto and Tracy/ Manteca represent a 30 to 45 minute drive; San Jose and the East Bay are within a 60 to 90 minute drive from Diablo Grande.



Local Area Top Employers

Major employers in Stanislaus County include food processing facilities associated with the agricultural industry in the Central Valley. Diablo Grande will likely directly benefit from a new Amazon.com distribution facility (1,000+ employees) as well as a new Grainger facility (150+ employees) in Patterson. Grainger's 820,000 sq. ft. distribution center, Amazon's 1,000,000+ sq. ft. fulfillment center, an additional 1,000,000 sq. ft. is also underway for an unidentified retailer. CVS operates an 807,000 sq. ft. distribution center and Kohl's has a 400,700 sq. ft. facility as well. The state Enterprise Zone is expected to continue to draw more companies and increase the local employment base. Additionally, new developments such as the West Ridge Business Park offer build to suit opportunities for Distribution/ Warehouse space of over 1 million square feet.



Sources: MapPoint; Stanislaus County – 2012/2013 Budget

Local Commercial Services

Diablo Grande does not offer any retail services within the community, aside from a bar and restaurant within the existing clubhouse. Diablo Grande currently must drive 10 miles to Patterson for such services. Patterson offers a 158,000 square foot Wal-Mart for general merchandise and grocery uses, a 50,000 square foot Save Mart supermarket, True Value hardware, CVS drugstore, and various fast food/ restaurant establishments.



Source: Bing Maps and Google Earth Pro



Diablo Grande
10+/- Miles from Retail

School Performance – 2013 API Scores

Despite its proximity to the city of Patterson, Diablo Grande residents attend Newman-Crows Landing Unified Schools. This school district is one of the more underperforming districts in the County and API scores went down in 2013. School quality will continue to be a challenge for Diablo Grande as the community moves forward.

STANISLAUS COUNTY SCHOOL DISTRICTS				
COUNTY DISTRICT	2013	2012	Growth	2013 Rank
PARADISE ELEMENTARY	882	855	27	1
KNIGHTS FERRY ELEMENTARY	878	854	24	2
GRATTON ELEMENTARY	866	897	-31	3
HICKMAN COMMUNITY CHARTER	859	853	6	4
VALLEY HOME JOINT ELEMENTARY	858	850	8	5
SYLVAN UNION ELEMENTARY	831	837	-6	6
HART-RANSOM UNION ELEMENTARY	816	828	-12	7
STANISLAUS UNION ELEMENTARY	815	804	11	8
OAKDALE JOINT UNIFIED	807	806	1	9
SHILOH ELEMENTARY	805	833	-28	10
HUGHSON UNIFIED	803	802	1	11
EMPIRE UNION ELEMENTARY	798	803	-5	12
SALIDA UNION ELEMENTARY	793	799	-6	13
KEYES UNION	789	781	8	14
ROBERTS FERRY UNION ELEMENTARY	782	822	-40	15
CERES UNIFIED	781	782	-1	16
TURLOCK UNIFIED	779	782	-3	17
WATERFORD UNIFIED	776	776	0	18
CHATOM UNION	770	766	4	19
MODESTO CITY HIGH	756	755	1	20
MODESTO CITY ELEMENTARY	744	752	-8	21
PATTERSON JOINT UNIFIED	734	747	-13	22
RIVERBANK UNIFIED	726	743	-17	23
NEWMAN-CROWS LANDING UNIFIED	722	746	-24	24
STANISLAUS COUNTY OFFICE OF ED	481	445	36	25

Source: California Department of Education

Economic Summary

Economic Summary – Location Map

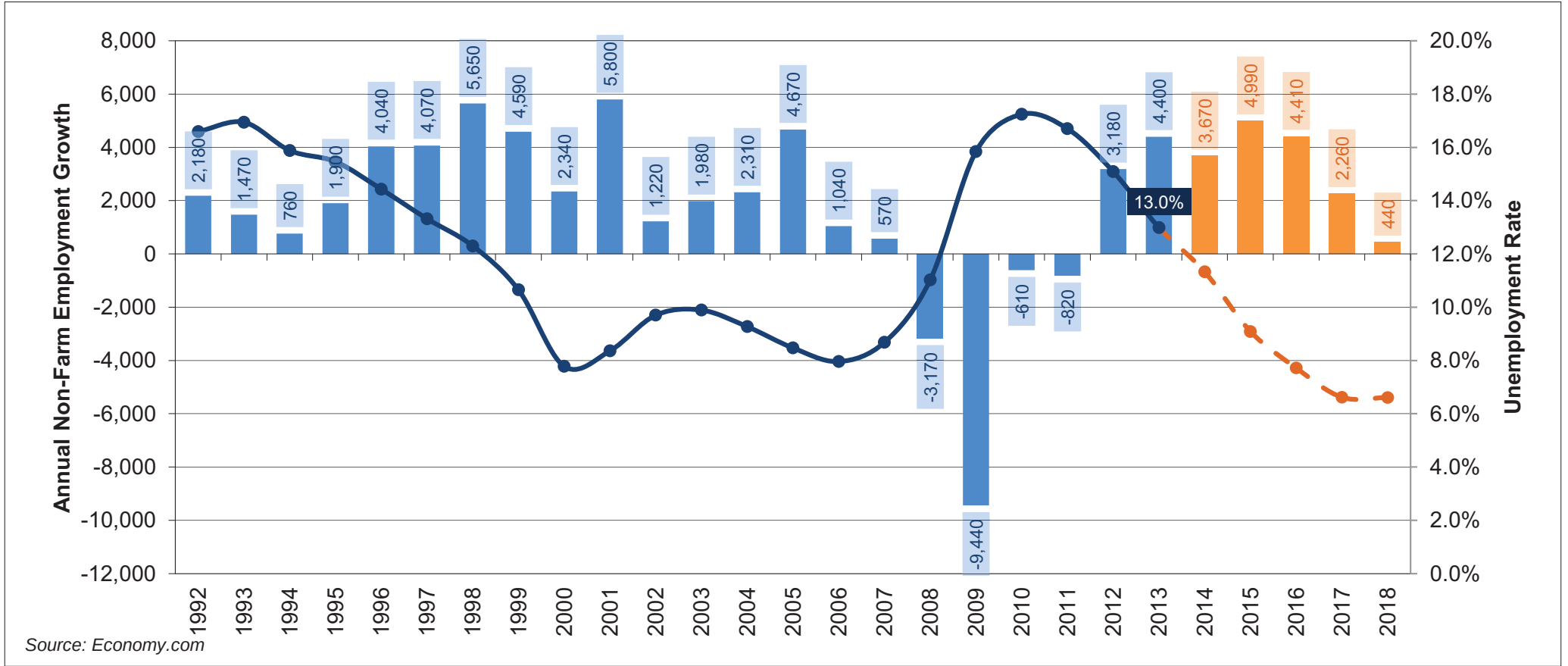
This section highlights the key economic indicators of the greater Bay Area and Central Valley from which Diablo Grande is well positioned to draw buyers from. These areas include the Modesto MSA, Stockton MSA, San Francisco-Oakland MSA (includes the TriValley Area, Pleasanton-Livermore-Dublin) and the San Jose MSA.



Modesto, CA MSA Employment Trends

The Modesto, CA MSA suffered net job losses from 2008 through 2011, and began to rebound only in 2012. The MSA added 4,400 jobs in 2013, an increase of 2.9%, following a 2.1% rise in 2012. Total non-farm employment is projected to continue increasing over the next five years, reaching 160,120 jobs in 2014 and over 172,000 by 2018. With these recent employment gains, the unemployment rate has declined from a peak of 17.2% in 2010 to 13.0% in 2013, and is projected to decrease significantly to 6.6% by 2017.

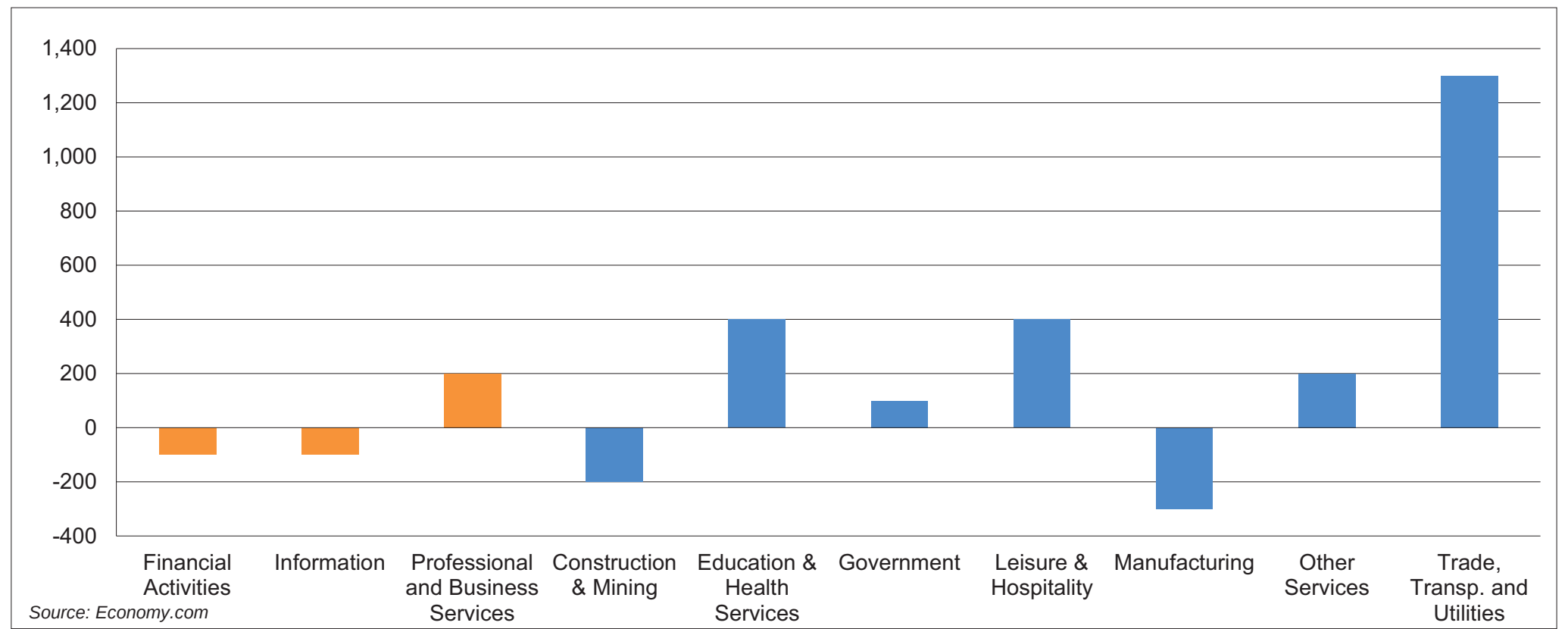
Employment History & Forecasts	Modesto, CA Metropolitan Statistical Area - Ten Year History										Five-Year Forecast*				
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014F	2015F	2016F	2017F	2018F
Non-Farm Employment	156,630	161,300	162,340	162,910	159,740	150,300	149,690	148,870	152,050	156,450	160,120	165,110	169,520	171,780	172,220
Prior Year Change	2,310	4,670	1,040	570	(3,170)	(9,440)	(610)	(820)	3,180	4,400	3,670	4,990	4,410	2,260	440
Annual % Change	1.5%	3.0%	0.6%	0.4%	-1.9%	-5.9%	-0.4%	-0.5%	2.1%	2.9%	2.3%	3.1%	2.7%	1.3%	0.3%
Unemployment Rate	9.3%	8.5%	8.0%	8.7%	11.0%	15.8%	17.2%	16.7%	15.1%	13.0%	11.3%	9.1%	7.7%	6.6%	6.6%



Modesto, CA MSA Employment Growth by Sector

Excluding agriculture, a primary source of new jobs in the Modesto MSA over the past 12 months has been in the Trade, Transportation, and Utilities category, with 1,300 jobs added. The Education and Health Services and the Leisure and Hospitality sectors followed with 400 new jobs. Four industries continued to experience employment declines for the year, including the Manufacturing and the Construction and Mining sectors, losing 300 and 200 jobs, respectively.

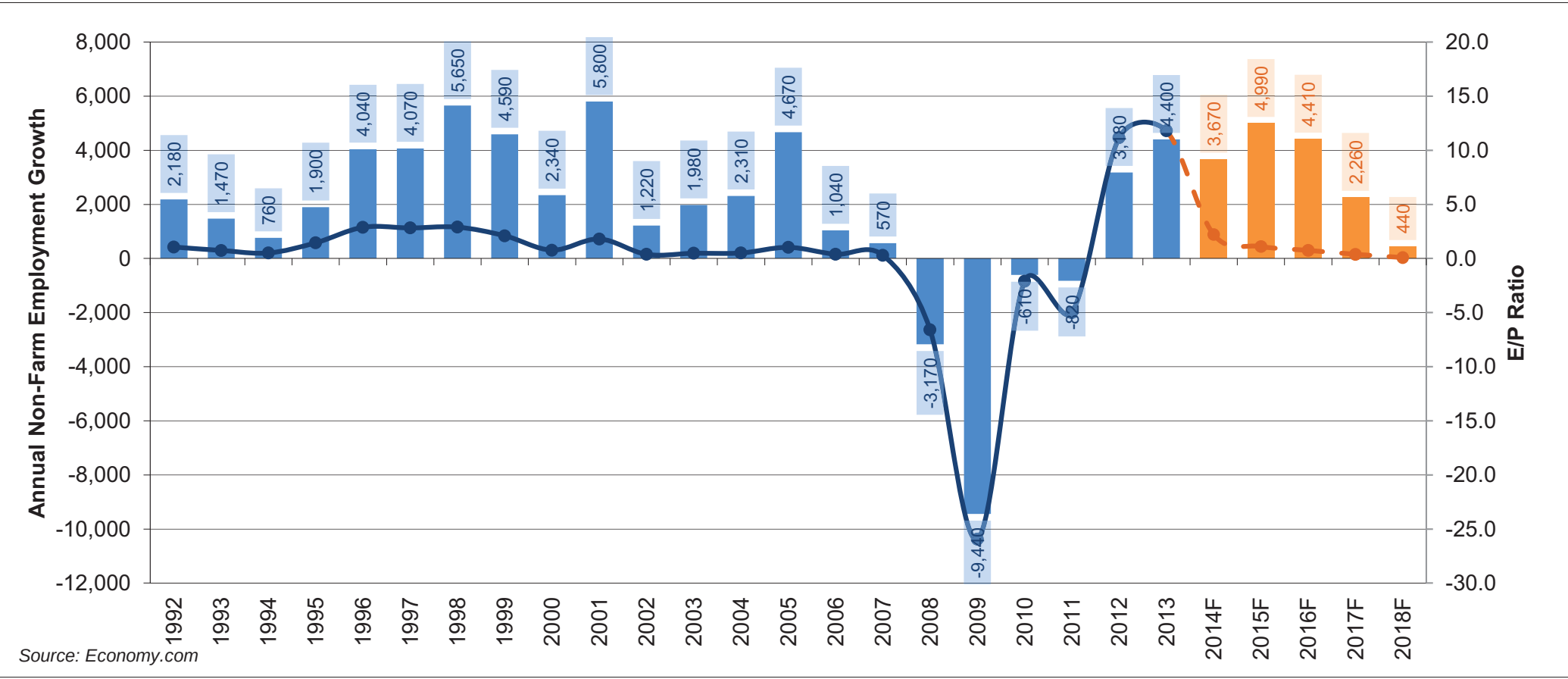
Employment by Sector	High Income Sectors			Other Sectors						
	Financial Activities	Information	Professional and Business Services	Construction & Mining	Education & Health Services	Government	Leisure & Hospitality	Manufacturing	Other Services	Trade, Transp. and Utilities
Current Month	5,300	800	13,600	6,500	28,800	26,000	16,200	19,300	5,100	35,400
Same Month Previous Year	5,400	900	13,400	6,700	28,400	25,900	15,800	19,600	4,900	34,100
12-Month Growth	-100	-100	200	-200	400	100	400	-300	200	1,300



Modesto, CA MSA E/P Ratio

The E/P Ratio is based on employment growth versus building permits. An E/P Ratio over 1.0 means more jobs are being added than homes being built. Ratios over 1 indicate an opportunity to introduce new homes to the market. Similar to other parts of the state, the Modesto E/P Ratio has recovered since being negative from 2008 through 2011. However, with a jump in employment and a just a small increase in building permits has the E/P ratio at the highest level in recent history at 11.8, indicating considerable pent-up demand for housing due to job creation.

Employment/Housing History & Forecasts	Modesto, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014F	2015F	2016F	2017F	2018F
Non-Farm Employment	156,630	161,300	162,340	162,910	159,740	150,300	149,690	148,870	152,050	156,450	160,120	165,110	169,520	171,780	172,220
Prior Year Change	2,310	4,670	1,040	570	(3,170)	(9,440)	(610)	(820)	3,180	4,400	3,670	4,990	4,410	2,260	440
Building Permits	4,521	4,525	2,644	1,865	481	364	292	164	285	373	1,656	4,492	5,872	5,818	5,072
Employment/Housing	0.51	1.03	0.39	0.31	-6.59	-25.93	-2.09	-5.00	11.16	11.80	2.22	1.11	0.75	0.39	0.09

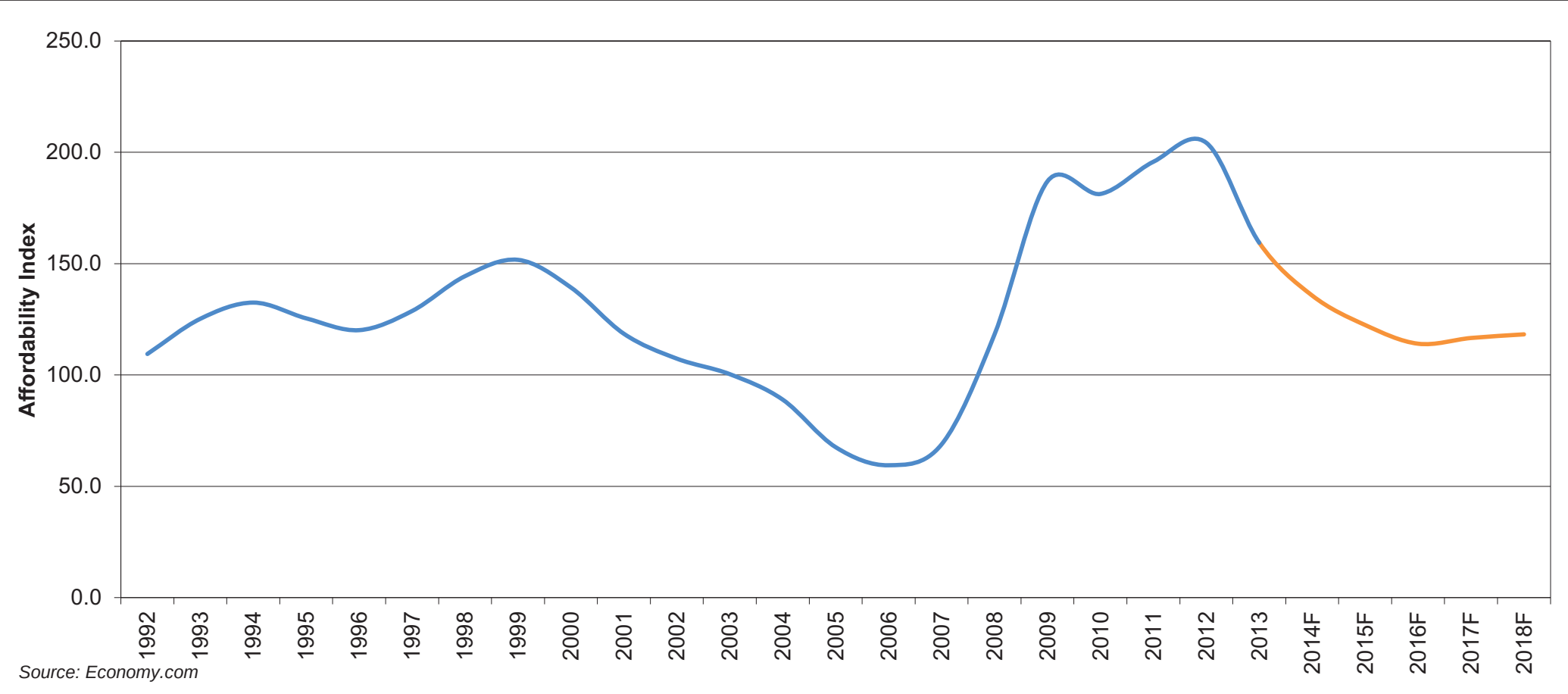


Source: Economy.com

Modesto, CA MSA Affordability Index

The affordability index depicts whether or not a family earning the median income can carry the interest and principal payments on a median-priced home. An index value of 100 indicates that a typical household has just enough income to qualify for an 80% mortgage for a median-priced home. Therefore higher the score, the more affordable the area. The affordability index dropped in the Modesto MSA in 2013 to 159.4 from 204.3 in 2012. Affordability is expected to continue declining over the next several years, as rising mortgage rates and higher home prices impact affordability. Nevertheless, over the next five years, the affordability index is projected to stay above 100, and well above the low point of 59.5 in 2006, making Modesto one of the more affordable areas in California.

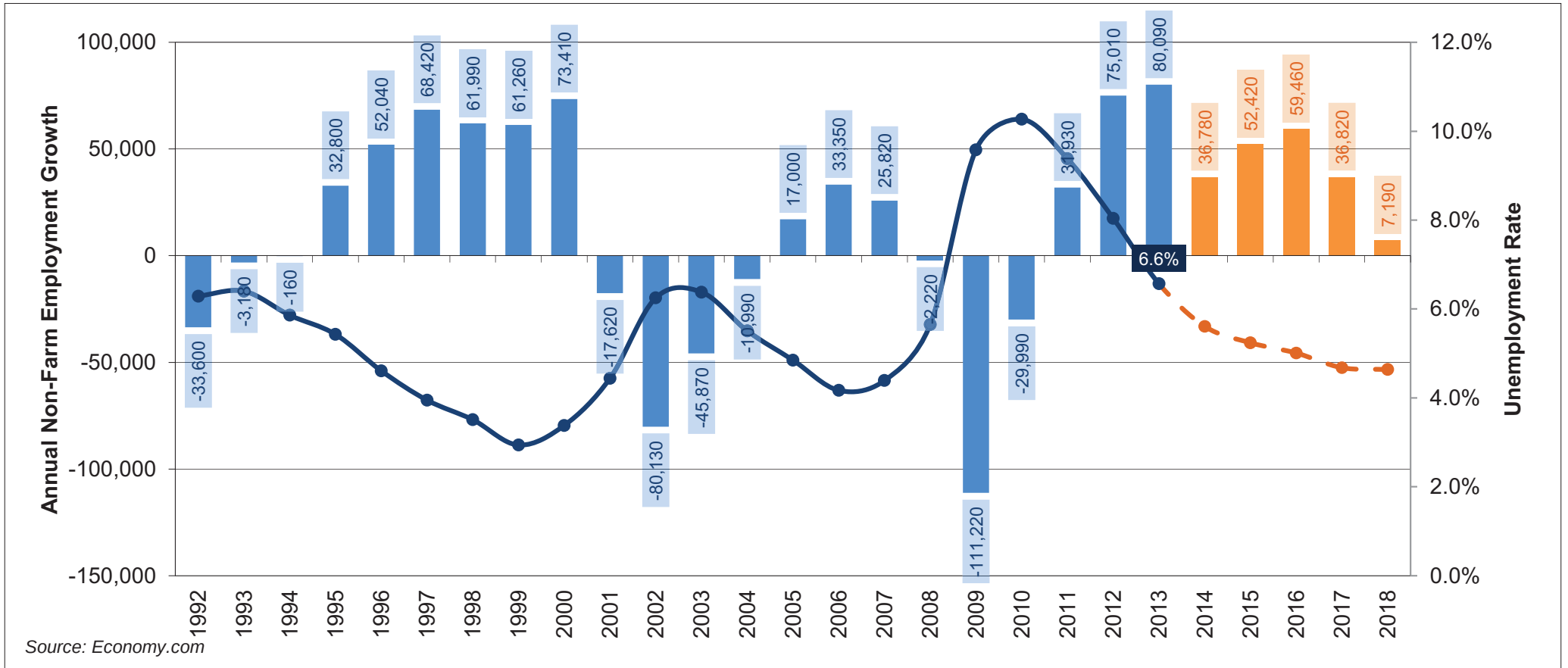
Affordability Index w/ Forecasts	Modesto, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014F	2015F	2016F	2017F	2018F
Affordability Index	88.9	67.6	59.5	68.8	118.2	186.9	181.3	195.7	204.3	159.4	135.7	122.4	114.0	116.6	118.2



San Francisco-Oakland-Fremont MSA Employment Trends

After hitting 10.3% unemployment, the highest in recent history, the San Francisco-Oakland-Fremont MSA added nearly 200,000 jobs since 2011 and regaining every job lost during the recession. Job growth is project to remain very strong, adding nearly that same amount over the next five years. This certainly will impact home prices in the greater area as people are drawn towards these new employment opportunities.

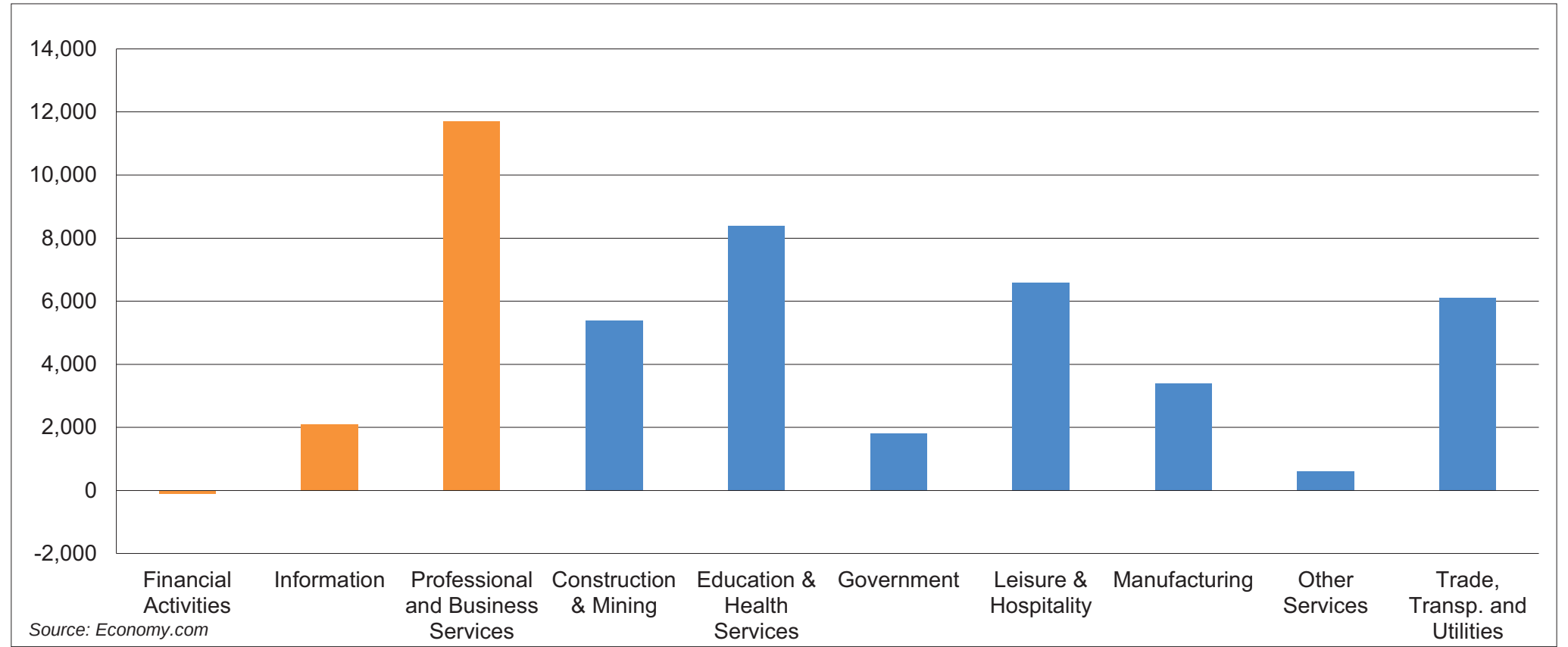
Employment History & Forecasts	San Francisco-Oakland-Fremont, CA Metropolitan Statistical Area - Ten Year History										Five-Year Forecast*				
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014F	2015F	2016F	2017F	2018F
Non-Farm Employment	1,984,840	2,001,840	2,035,190	2,061,010	2,058,790	1,947,570	1,917,580	1,949,510	2,024,520	2,104,610	2,141,390	2,193,810	2,253,270	2,290,090	2,297,280
Prior Year Change	(10,990)	17,000	33,350	25,820	(2,220)	(111,220)	(29,990)	31,930	75,010	80,090	36,780	52,420	59,460	36,820	7,190
Annual % Change	-0.6%	0.9%	1.7%	1.3%	-0.1%	-5.4%	-1.5%	1.7%	3.8%	4.0%	1.7%	2.4%	2.7%	1.6%	0.3%
Unemployment Rate	5.5%	4.9%	4.2%	4.4%	5.7%	9.6%	10.3%	9.4%	8.0%	6.6%	5.6%	5.2%	5.0%	4.7%	4.6%



San Francisco-Oakland-Fremont MSA Employment Growth by Sector

A primary source of new jobs in the San Francisco-Oakland-Fremont MSA over the past 12 months was in the high income Professional and Business Services sector, adding 11,700 over the past year. Additional strong growth in the Education and Health Services sector, Leisure and Hospitality Sector and the Trade, Transportation and Utilities sector amounted to a 42,000 job increase over the same time last year.

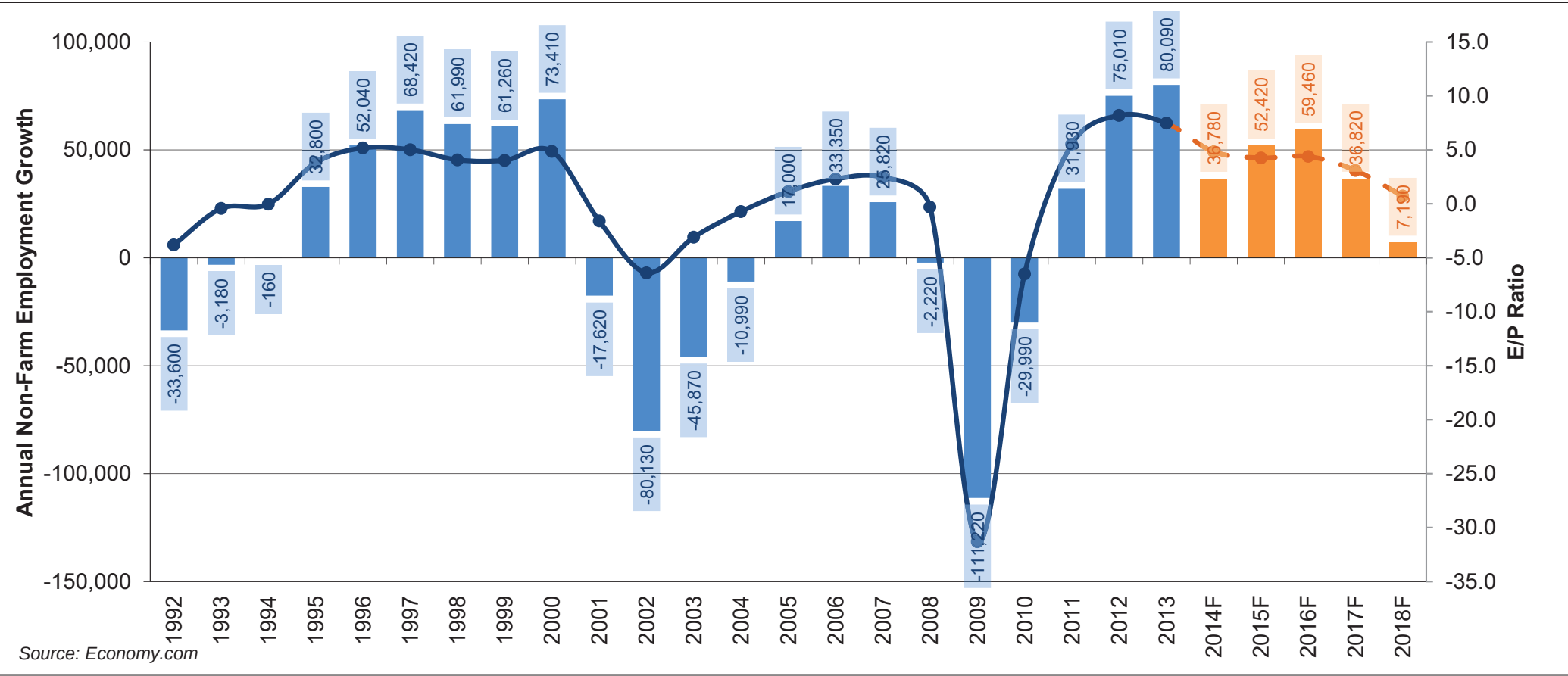
Employment by Sector	High Income Sectors			Other Sectors						
	Financial Activities	Information	Professional and Business Services	Construction & Mining	Education & Health Services	Government	Leisure & Hospitality	Manufacturing	Other Services	Trade, Transp. and Utilities
Current Month	125,800	74,700	425,500	98,000	325,200	304,100	243,800	117,700	80,400	344,600
Same Month Previous Year	125,900	72,600	413,800	92,600	316,800	302,300	237,200	114,300	79,800	338,500
12-Month Growth	-100	2,100	11,700	5,400	8,400	1,800	6,600	3,400	600	6,100



San Francisco-Oakland-Fremont MSA E/P Ratio

The San Francisco-Oakland-Fremont MSA has historically had a high E/P ratio, with the exception of 2009-2010 when more than 140,000 jobs were lost. Pent-up demand for housing due to strong job creation the past two years has resulted in an unusually high E/P ratio which could impact neighboring real estate markets outside of the MSA.

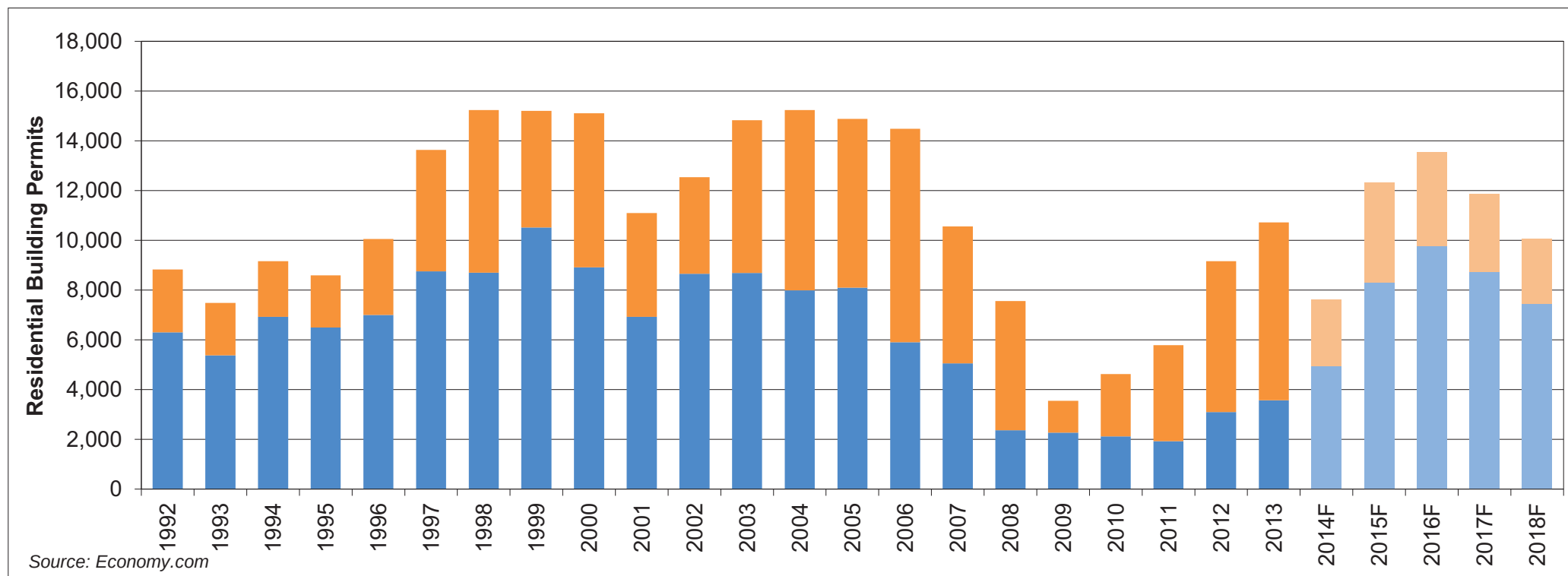
Employment/Housing History & Forecasts	San Francisco-Oakland-Fremont, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014F	2015F	2016F	2017F	2018F
Non-Farm Employment	1,984,840	2,001,840	2,035,190	2,061,010	2,058,790	1,947,570	1,917,580	1,949,510	2,024,520	2,104,610	2,141,390	2,193,810	2,253,270	2,290,090	2,297,280
Prior Year Change	(10,990)	17,000	33,350	25,820	(2,220)	(111,220)	(29,990)	31,930	75,010	80,090	36,780	52,420	59,460	36,820	7,190
Building Permits	15,239	14,883	14,483	10,560	7,555	3,550	4,621	5,783	9,163	10,722	7,613	12,311	13,547	11,876	10,051
Employment/Housing	-0.72	1.14	2.30	2.45	-0.29	-31.33	-6.49	5.52	8.19	7.47	4.83	4.26	4.39	3.10	0.72



San Francisco-Oakland-Fremont MSA Building Permit Trends

Total residential building permit activity in the San Francisco-Oakland-Fremont MSA increased by 17.0% in 2013, after a 58.4% rise in 2012. Total permit issuance topped 10,000 units for the year as multi-family permits were the highest since 2006. Single family permits are well below historical averages but they still increased the past two years. Single family opportunities are scarce as densities and prices are increasing. Other MSAs in the area may be able to attract buyers looking for a new, single family home in the immediate future.

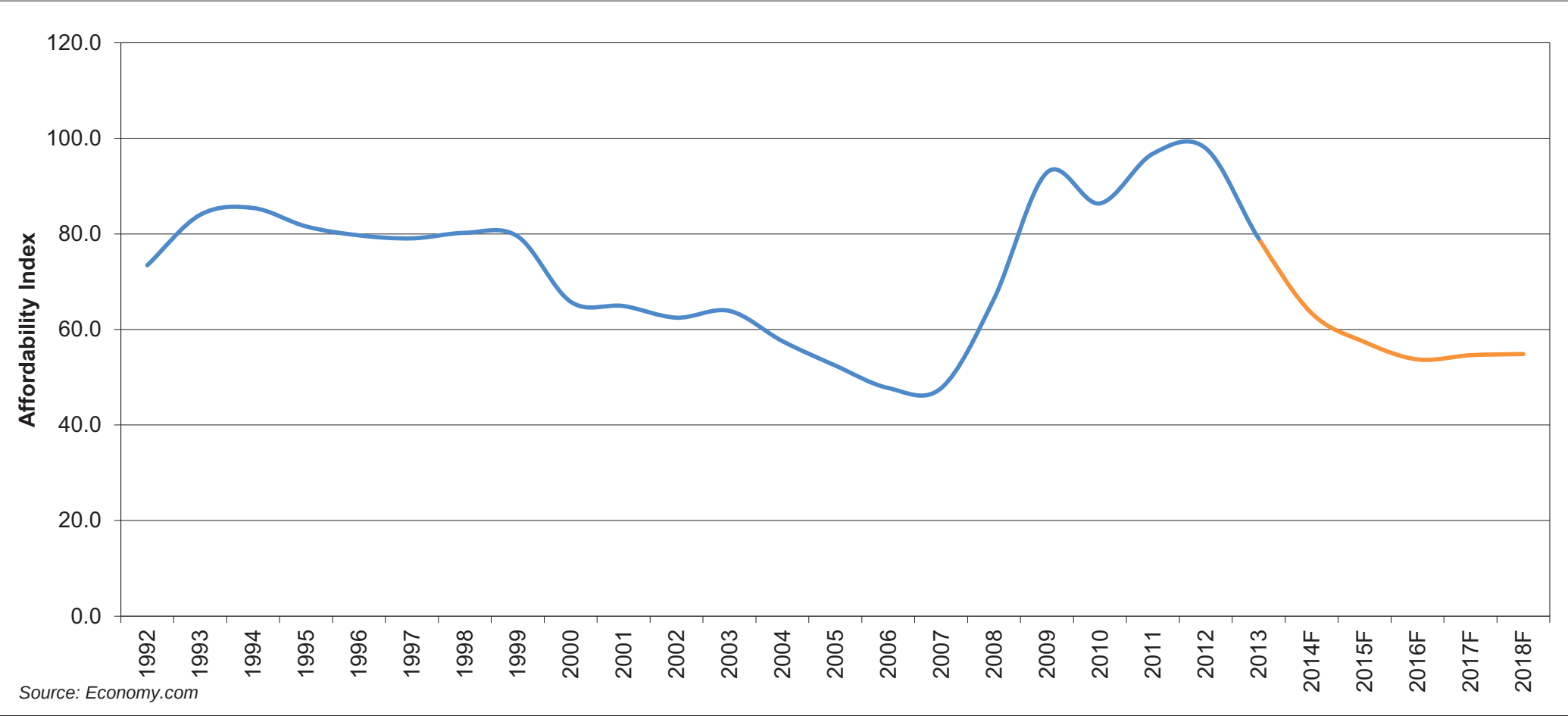
Residential Building Permit History & Forecasts	San Francisco-Oakland-Fremont, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014F	2015F	2016F	2017F	2018F
Total Building Permits	15,239	14,883	14,483	10,560	7,555	3,550	4,621	5,783	9,163	10,722	7,613	12,311	13,547	11,876	10,051
Annual % Change	2.8%	-2.3%	-2.7%	-27.1%	-28.5%	-53.0%	30.2%	25.1%	58.4%	17.0%	-29.0%	61.7%	10.0%	-12.3%	-15.4%
SFD Building Permits	7,986	8,102	5,900	5,055	2,359	2,271	2,118	1,923	3,095	3,564	4,940	8,294	9,774	8,751	7,426
Annual % Change	-8.0%	1.5%	-27.2%	-14.3%	-53.3%	-3.7%	-6.7%	-9.2%	60.9%	15.1%	38.6%	67.9%	17.8%	-10.5%	-15.1%
MF Building Permits	7,253	6,781	8,583	5,505	5,196	1,279	2,503	3,860	6,068	7,158	2,673	4,017	3,773	3,126	2,625
Annual % Change	18.0%	-6.5%	26.6%	-35.9%	-5.6%	-75.4%	95.7%	54.2%	57.2%	18.0%	-62.7%	50.3%	-6.1%	-17.2%	-16.0%



San Francisco-Oakland-Fremont MSA Affordability Index

The San Francisco-Oakland-Fremont MSA has notoriously been one of the least affordable areas in the United States. Despite affordability nearly reaching 100 in 2012, (indicating a household earning a median income can carry the interest and principal payments on a median-priced home) the affordability index is expected to plummet as home rapidly increase. Households earning a median income and are looking to purchase a new home will have to look outside the MSA.

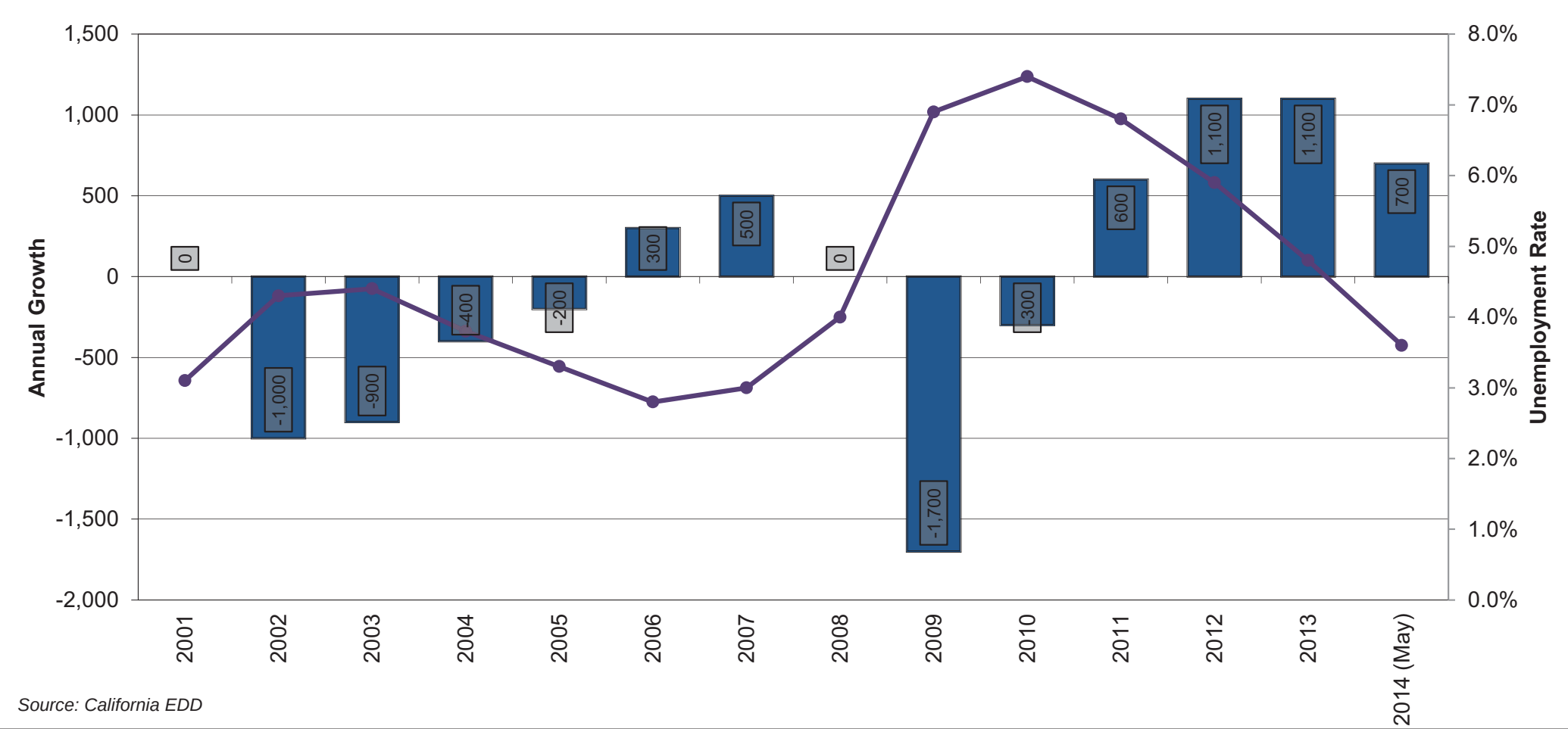
Affordability Index w/ Forecasts	San Francisco-Oakland-Fremont, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014F	2015F	2016F	2017F	2018F
Affordability Index	57.6	52.4	47.7	47.7	66.4	92.9	86.4	96.8	97.9	79.0	63.4	57.4	53.7	54.6	54.9



City of Livermore, CA Employment Trends

Livermore has rebounded sharply over the past three plus years to replace and exceed the job losses during 2009/ 2010, with 700 new *net* jobs in 2014 and a total job base of 41,300 employees. The unemployment rate is at its lowest point since 2007, at 3.6% currently.

Non Farm Employment	Livermore, CA - Ten Year History											
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 (May)
Total	39,600	39,200	39,000	39,300	39,800	39,800	38,100	37,800	38,400	39,500	40,600	41,300
Prior Year Change	(900)	(400)	(200)	300	500	0	(1,700)	(300)	600	1,100	1,100	700
Annual % Change	-2.2%	-1.0%	-0.5%	0.8%	1.3%	0.0%	-4.3%	-0.8%	1.6%	2.9%	2.8%	1.7%
Unemployment Rate	4.4%	3.8%	3.3%	2.8%	3.0%	4.0%	6.9%	7.4%	6.8%	5.9%	4.8%	3.6%

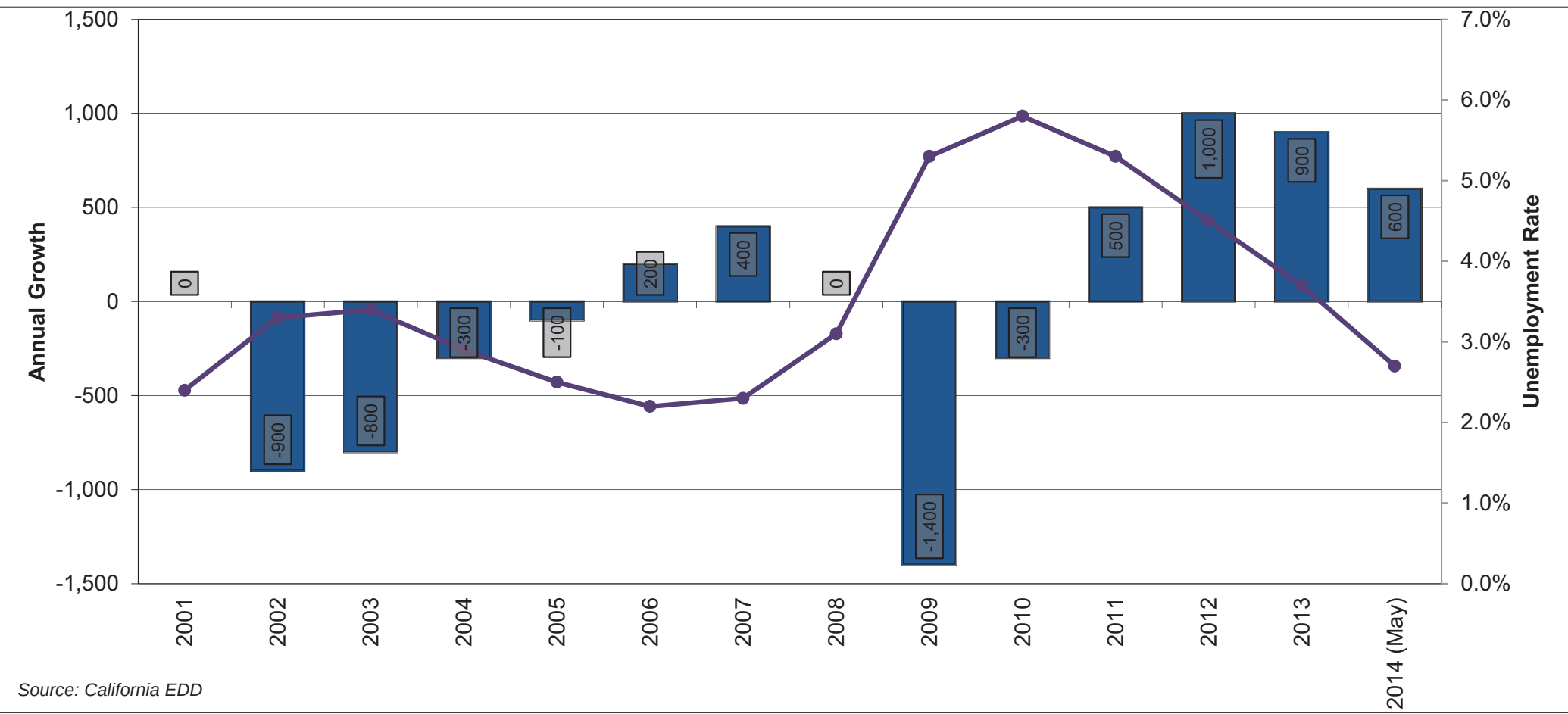


Source: California EDD

City of Pleasanton, CA Employment Trends

Pleasanton has also rebounded extremely well over the past three plus years to replace and exceed the job losses during 2009 / 2010, with 600 new net jobs in 2014 alone and a total job base of 36,000 employees. The unemployment rate is very favorable and at its lowest point since 2007 at 2.7%.

Non Farm Employment	Pleasanton, CA - Ten Year History											
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 (May)
Total	34,500	34,200	34,100	34,300	34,700	34,700	33,300	33,000	33,500	34,500	35,400	36,000
Prior Year Change	(800)	(300)	(100)	200	400	0	(1,400)	(300)	500	1,000	900	600
Annual % Change	-2.3%	-0.9%	-0.3%	0.6%	1.2%	0.0%	-4.0%	-0.9%	1.5%	3.0%	2.6%	1.7%
Unemployment Rate	3.4%	2.9%	2.5%	2.2%	2.3%	3.1%	5.3%	5.8%	5.3%	4.5%	3.7%	2.7%

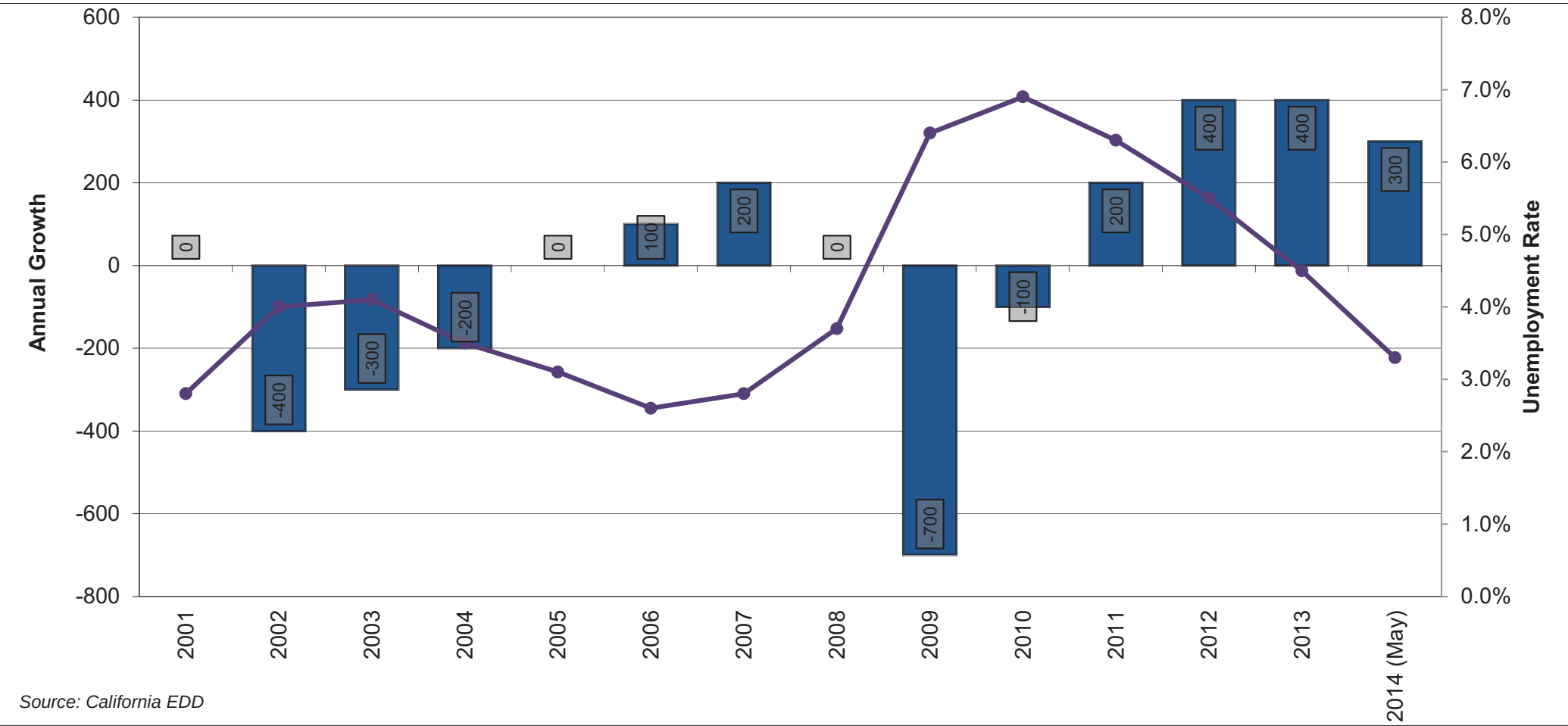


Source: California EDD

City of Dublin, CA Employment Trends

Dublin has rebounded over the past three plus years to replace and exceed the job losses during 2009 / 2010, with 300 new *net* jobs in 2014 alone and a total job base of 15,500. The unemployment is at its lowest rate since 2007 at 3.3% as of May 2014.

Non Farm Employment	Dublin, CA - Ten Year History											
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 (May)
Total	14,900	14,700	14,700	14,800	15,000	15,000	14,300	14,200	14,400	14,800	15,200	15,500
Prior Year Change	(300)	(200)	0	100	200	0	(700)	(100)	200	400	400	300
Annual % Change	-2.0%	-1.3%	0.0%	0.7%	1.4%	0.0%	-4.7%	-0.7%	1.4%	2.8%	2.7%	2.0%
Unemployment Rate	4.1%	3.5%	3.1%	2.6%	2.8%	3.7%	6.4%	6.9%	6.3%	5.5%	4.5%	3.3%

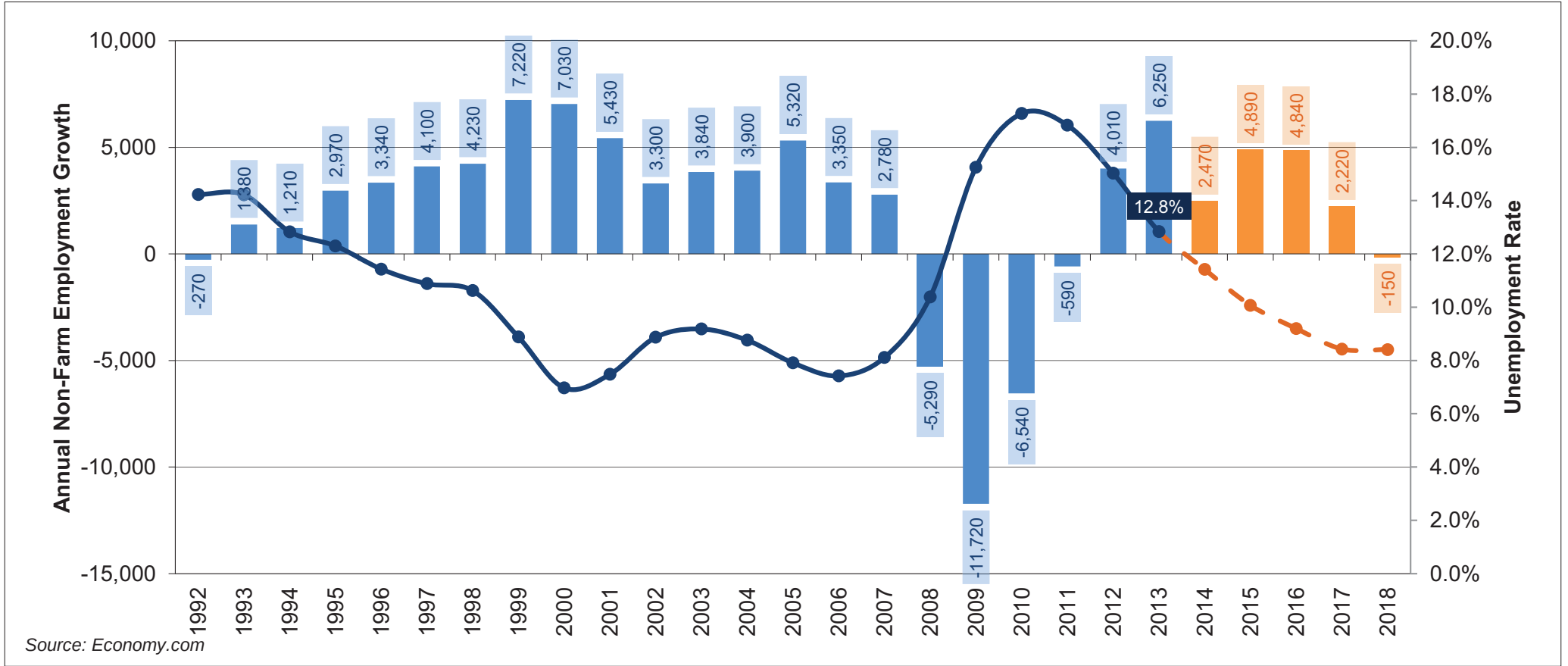


Source: California EDD

Stockton, CA MSA Employment Trends

The Stockton MSA experienced net job losses from 2008 through 2011, but has since rebounded with two years of strengthening job growth in 2012 and 2013. The MSA added 6,250 jobs in 2013, an increase of 3.2%, after a 2.1% rise in 2012. Total non-farm employment is projected to reach 203,300 jobs in 2014 and 215,100 by 2018. The unemployment rate has declined steadily from a peak of 17.3% in 2010 to a current 12.8% last year. Unemployment is projected to continue decreasing over the next five years to 8.4% by 2018.

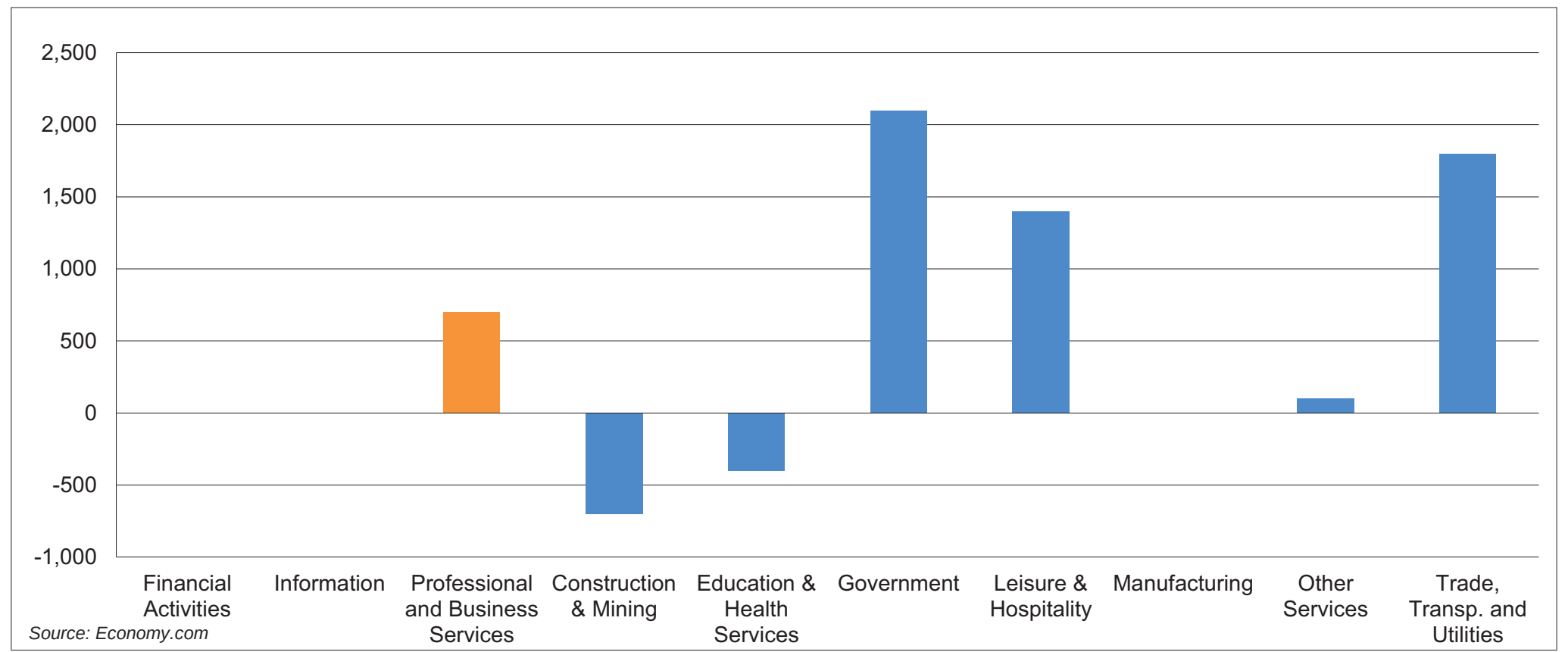
Employment History & Forecasts	Stockton, CA Metropolitan Statistical Area - Ten Year History										Five-Year Forecast*				
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014F	2015F	2016F	2017F	2018F
Non-Farm Employment	203,260	208,580	211,930	214,710	209,420	197,700	191,160	190,570	194,580	200,830	203,300	208,190	213,030	215,250	215,100
Prior Year Change	3,900	5,320	3,350	2,780	(5,290)	(11,720)	(6,540)	(590)	4,010	6,250	2,470	4,890	4,840	2,220	(150)
Annual % Change	2.0%	2.6%	1.6%	1.3%	-2.5%	-5.6%	-3.3%	-0.3%	2.1%	3.2%	1.2%	2.4%	2.3%	1.0%	-0.1%
Unemployment Rate	8.8%	7.9%	7.4%	8.1%	10.4%	15.3%	17.3%	16.8%	15.0%	12.8%	11.4%	10.1%	9.2%	8.4%	8.4%



Stockton, CA MSA Employment Growth by Sector

A primary source of new jobs in the Stockton MSA over the past 12 months has been in the Government sector, followed by Trade, Transportation, and Utilities. These two industries each grew by over 1,800 new jobs in the past year, with the Construction & Mining and Education & Health Service sectors being the only sectors a decline, losing 700 and 400 jobs, respectively.

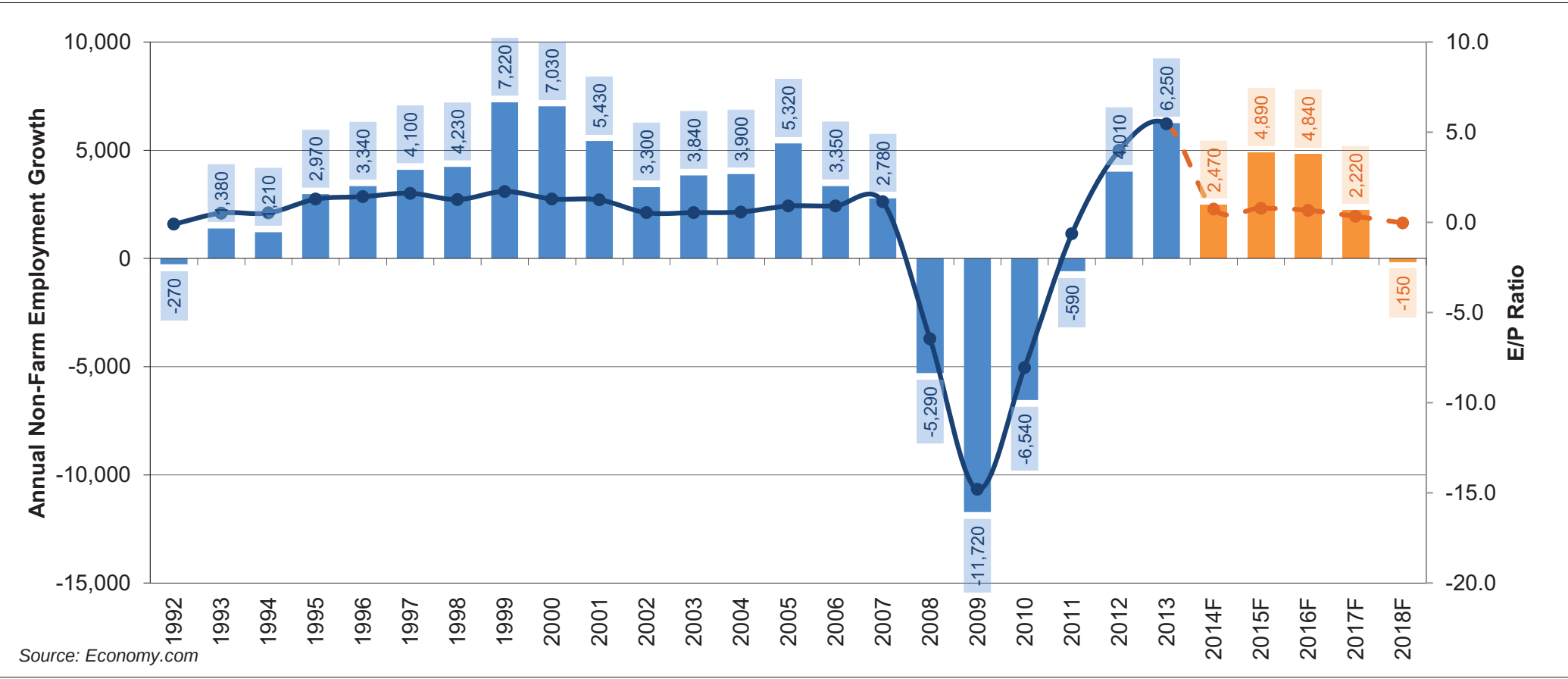
Employment by Sector	High Income Sectors			Other Sectors						
	Financial Activities	Information	Professional and Business Services	Construction & Mining	Education & Health Services	Government	Leisure & Hospitality	Manufacturing	Other Services	Trade, Transp. and Utilities
Current Month	7,600	1,900	18,100	8,100	33,500	38,900	19,300	16,800	6,700	52,700
Same Month Previous Year	7,600	1,900	17,400	8,800	33,900	36,800	17,900	16,800	6,600	50,900
12-Month Growth	0	0	700	-700	-400	2,100	1,400	0	100	1,800



Stockton, CA MSA E/P Ratio

After being one of the most financially troubled areas in the country, the Stockton MSA had its largest growth in employment in 2013, adding 6,250 jobs. The Stockton MSA E/P Ratio has recovered since being negative from 2008 through 2011, with the current high 5.47 ratio indicating extremely strong pent-up demand for housing due to job creation.

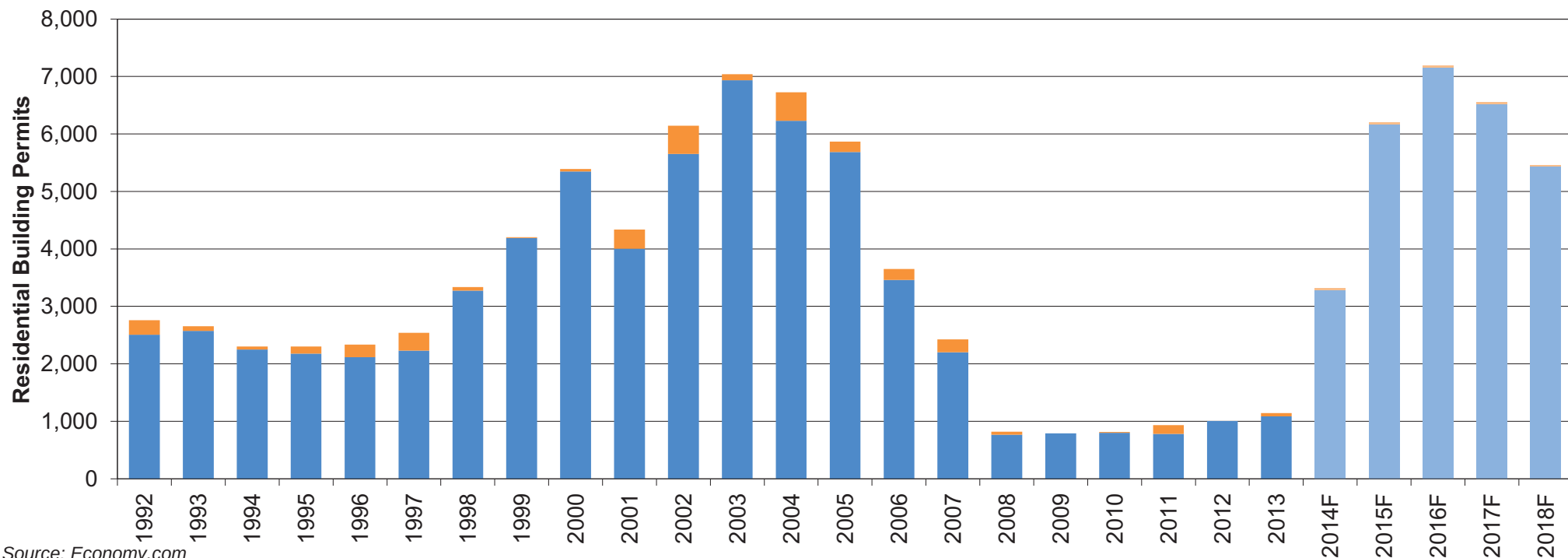
Employment/Housing History & Forecasts	Stockton, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014F	2015F	2016F	2017F	2018F
Non-Farm Employment	203,260	208,580	211,930	214,710	209,420	197,700	191,160	190,570	194,580	200,830	203,300	208,190	213,030	215,250	215,100
Prior Year Change	3,900	5,320	3,350	2,780	(5,290)	(11,720)	(6,540)	(590)	4,010	6,250	2,470	4,890	4,840	2,220	(150)
Building Permits	6,724	5,869	3,652	2,426	819	792	813	933	1,006	1,144	3,317	6,202	7,188	6,548	5,459
Employment/Housing	0.58	0.91	0.92	1.15	-6.46	-14.80	-8.04	-0.63	3.99	5.47	0.74	0.79	0.67	0.34	-0.03



Stockton, CA MSA Building Permit Trends

Total residential building permit activity in the Stockton MSA increased by 13.7% in 2013, reaching over 1,100 permits for the year. Single family permit activity has experienced consistent growth since 2009, increasing by 7.7% this past year. Due to expected strong permit activity for single-family homes, total permits are projected to nearly double in 2014, and top 7,000 by 2016, the highest in recent history.

Residential Building Permit History & Forecasts	Stockton, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014F	2015F	2016F	2017F	2018F
Total Building Permits	6,724	5,869	3,652	2,426	819	792	813	933	1,006	1,144	3,317	6,202	7,188	6,548	5,459
Annual % Change	-4.5%	-12.7%	-37.8%	-33.6%	-66.2%	-3.3%	2.7%	14.8%	7.8%	13.7%	190.1%	87.0%	15.9%	-8.9%	-16.6%
SFD Building Permits	6,229	5,684	3,461	2,201	765	792	801	781	1,006	1,083	3,281	6,170	7,156	6,522	5,436
Annual % Change	-10.2%	-8.7%	-39.1%	-36.4%	-65.2%	3.5%	1.1%	-2.5%	28.8%	7.7%	202.8%	88.1%	16.0%	-8.9%	-16.6%
MF Building Permits	495	185	191	225	54	0	12	152	0	60	37	32	32	26	23
Annual % Change	367.0%	-62.6%	3.2%	17.8%	-76.0%	-100.0%	--	1166.7%	-100.0%	--	-39.0%	-12.1%	-0.5%	-17.4%	-15.0%

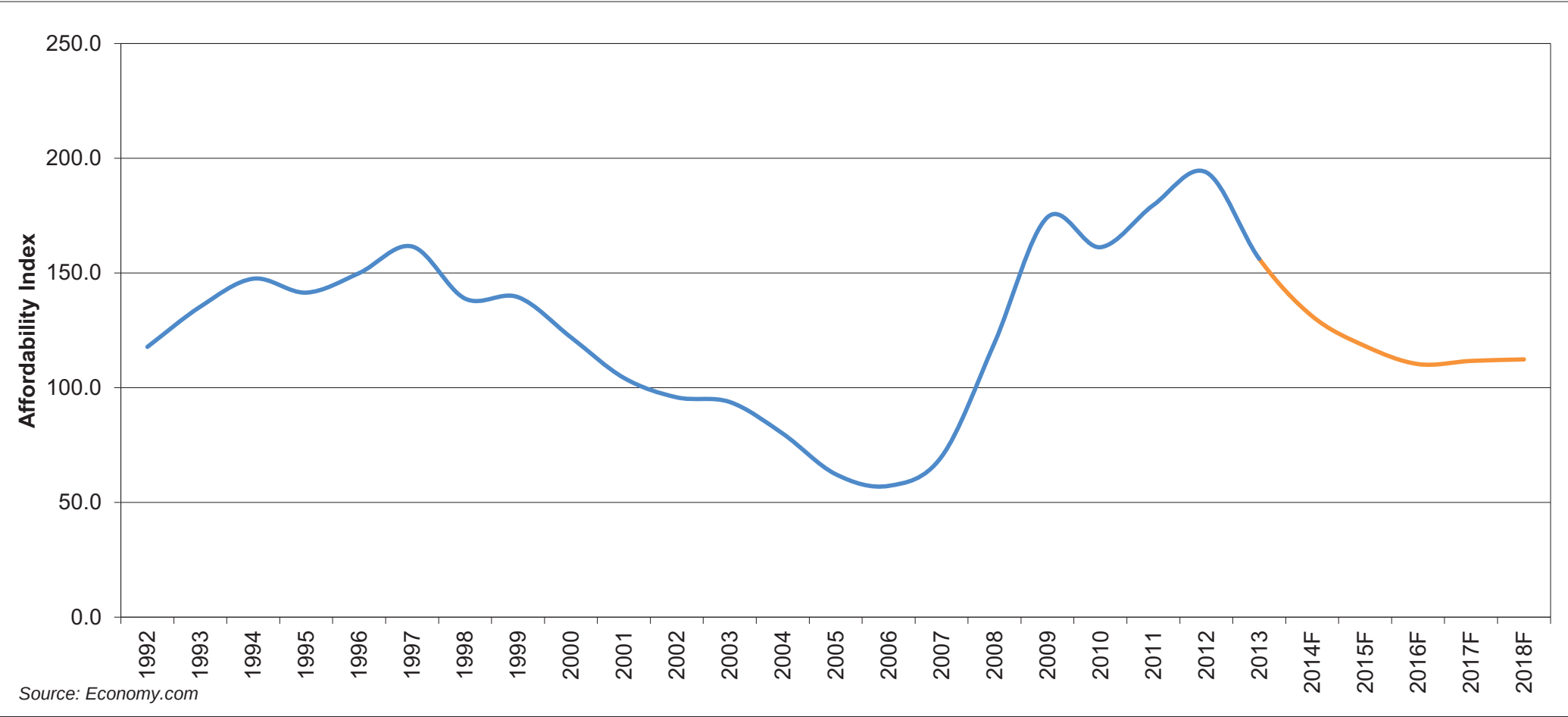


Source: Economy.com

Stockton, CA MSA Affordability Index

The affordability index dropped in the Stockton MSA in 2013 to 156.2 from 193.9 in 2012. Affordability is expected to continue declining over the next several years, as rising mortgage rates and higher home prices take a toll on affordability. Nevertheless, over the next five years, the affordability index is projected to stay above 110 points and well above the low point of 57.2 in 2006, with the Stockton MSA continuing to provide an affordable housing market for Northern California.

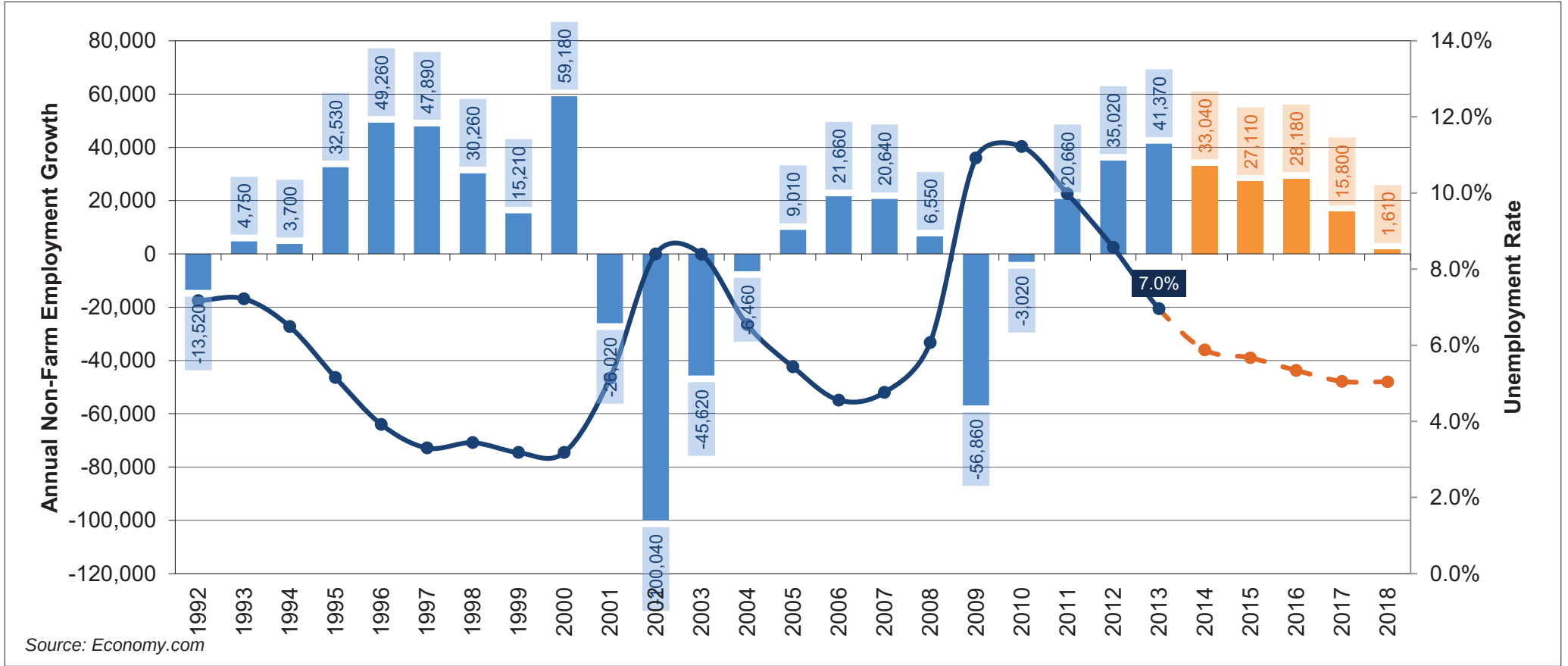
Affordability Index w/ Forecasts	Stockton, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014F	2015F	2016F	2017F	2018F
Affordability Index	80.0	62.3	57.2	69.9	119.5	174.3	161.2	179.6	193.9	156.2	131.2	118.1	110.3	111.7	112.3



San Jose MSA Employment Trends

Unlike most regions of California, the San Jose MSA experienced only two years of net job losses in 2009 and 2010, and has since more than fully recovered from the Great Recession. Total non-farm employment is projected to top 1,000,000 jobs by 2015. Corresponding to rising employment, the unemployment rate has declined steadily from a peak of 11.2% in 2010 to a current 7.0%. This level is projected to continue declining to 5.0% by 2018

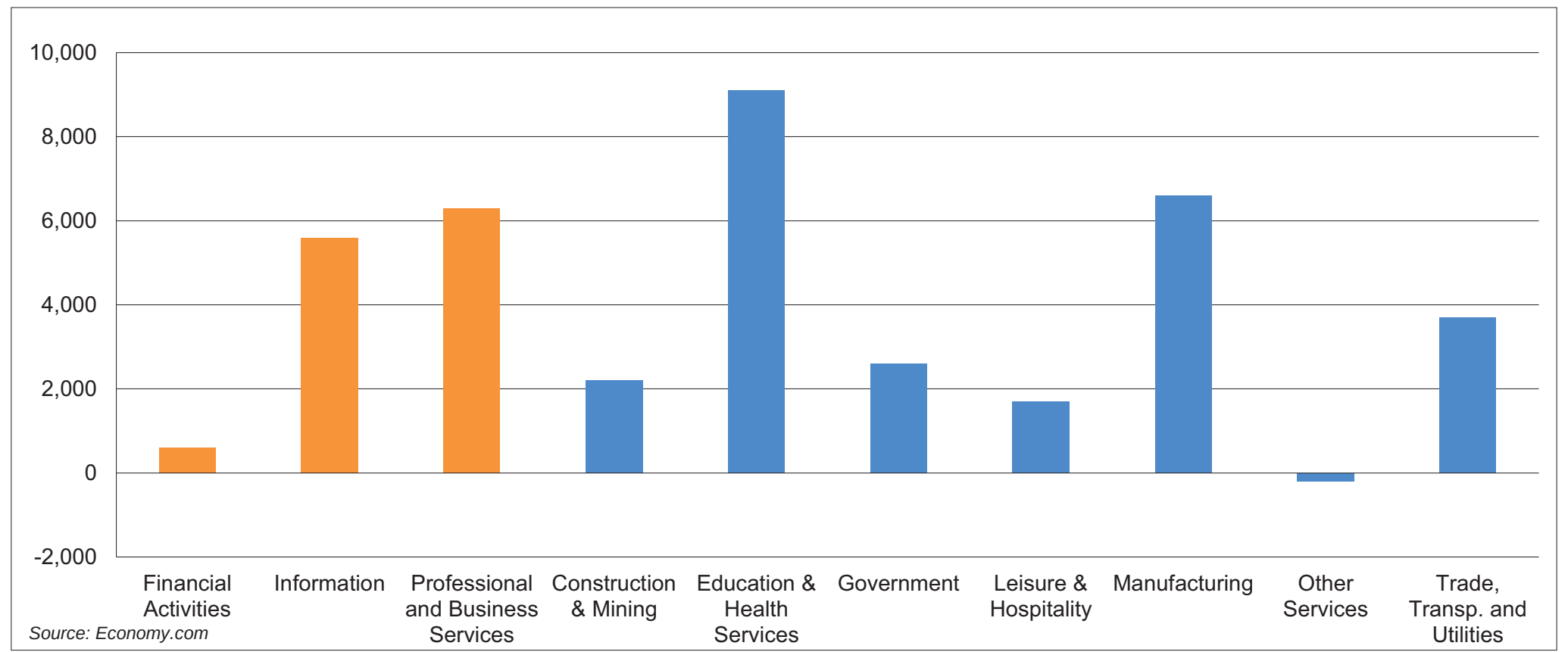
Employment History & Forecasts	San Jose-Sunnyvale-Santa Clara, CA Metropolitan Statistical Area - Ten Year History										Five-Year Forecast*				
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014F	2015F	2016F	2017F	2018F
Non-Farm Employment	867,420	876,430	898,090	918,730	925,280	868,420	865,400	886,060	921,080	962,450	995,490	1,022,600	1,050,780	1,066,580	1,068,190
Prior Year Change	(6,460)	9,010	21,660	20,640	6,550	(56,860)	(3,020)	20,660	35,020	41,370	33,040	27,110	28,180	15,800	1,610
Annual % Change	-0.7%	1.0%	2.5%	2.3%	0.7%	-6.1%	-0.3%	2.4%	4.0%	4.5%	3.4%	2.7%	2.8%	1.5%	0.2%
Unemployment Rate	6.5%	5.4%	4.6%	4.8%	6.1%	10.9%	11.2%	10.0%	8.6%	7.0%	5.9%	5.7%	5.3%	5.1%	5.0%



San Jose MSA Employment Growth by Sector

A primary source of new jobs in the San Jose MSA over the past 12 months was in the Education and Health Services category, followed by growth in the Manufacturing sector and the high-income Professional and Business Services sector. These three industries each grew by over 6,000 new jobs in the past year, while no of the employment sector experienced a decline.

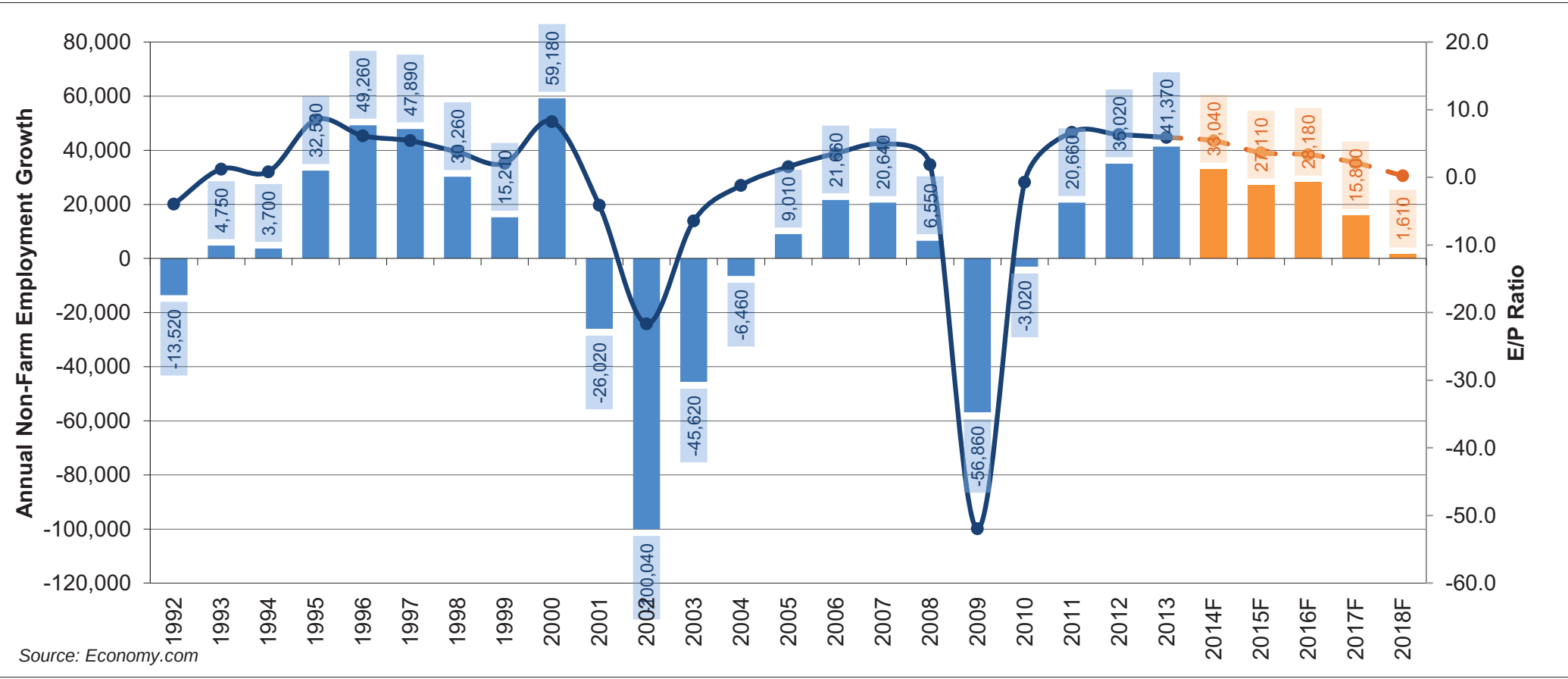
Employment by Sector	High Income Sectors			Other Sectors						
	Financial Activities	Information	Professional and Business Services	Construction & Mining	Education & Health Services	Government	Leisure & Hospitality	Manufacturing	Other Services	Trade, Transp. and Utilities
Current Month	34,100	62,600	194,600	38,300	153,200	96,800	89,500	160,600	25,200	136,400
Same Month Previous Year	33,500	57,000	188,300	36,100	144,100	94,200	87,800	154,000	25,400	132,700
12-Month Growth	600	5,600	6,300	2,200	9,100	2,600	1,700	6,600	-200	3,700



San Jose MSA E/P Ratio

The San Jose MSA E/P Ratio has recovered since drop in employment in 2009 and 2010, with the current 5.9 ratio indicating strong pent-up demand for housing due to job creation. With job growth significantly outpacing the new home market, there will be a strong demand for affordable housing in the greater region as prices continue to rise.

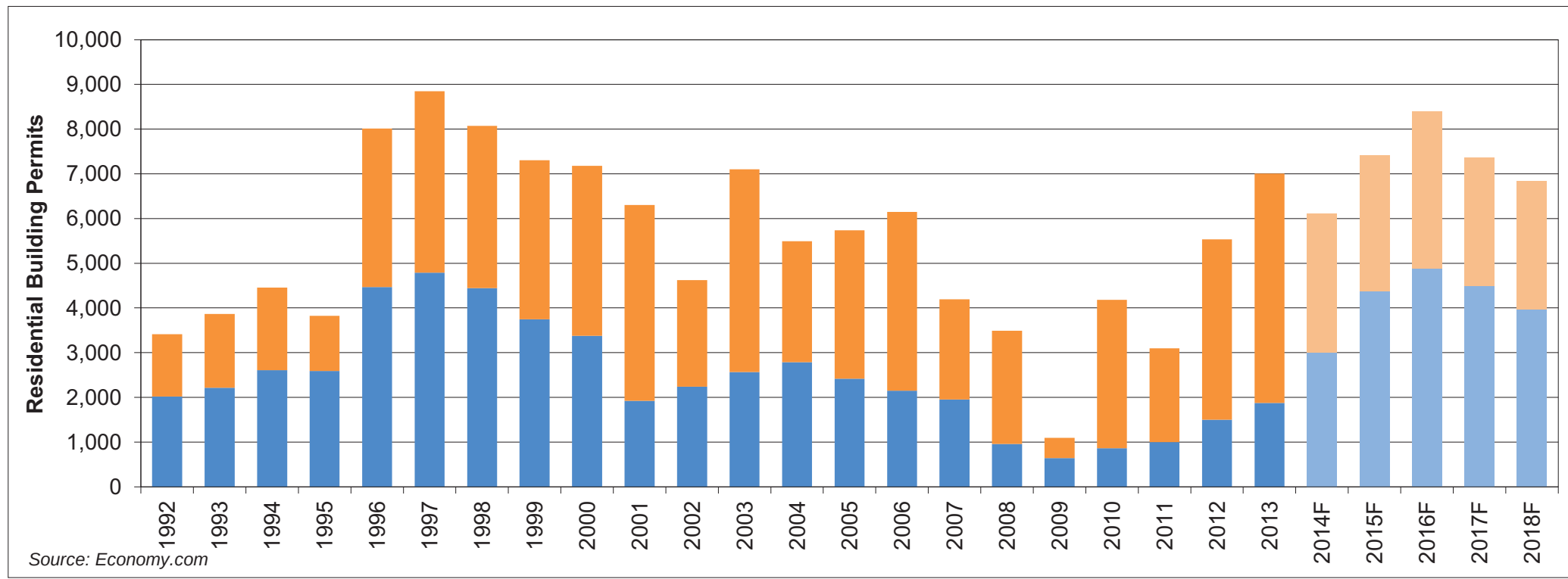
Employment/Housing History & Forecasts	San Jose-Sunnyvale-Santa Clara, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014F	2015F	2016F	2017F	2018F
Non-Farm Employment	867,420	876,430	898,090	918,730	925,280	868,420	865,400	886,060	921,080	962,450	995,490	1,022,600	1,050,780	1,066,580	1,068,190
Prior Year Change	(6,460)	9,010	21,660	20,640	6,550	(56,860)	(3,020)	20,660	35,020	41,370	33,040	27,110	28,180	15,800	1,610
Building Permits	5,492	5,736	6,150	4,194	3,490	1,094	4,179	3,097	5,532	7,009	6,110	7,415	8,390	7,362	6,848
Employment/Housing	-1.18	1.57	3.52	4.92	1.88	-51.97	-0.72	6.67	6.33	5.90	5.41	3.66	3.36	2.15	0.24



San Jose MSA Building Permit Trends

Total residential building permit activity in the San Jose MSA increased by 26.7% in 2013, reaching 7,009 permits for the year, the most since 2003. Both single family and multi-family permit activity experienced strong growth, with multi-family permits up 27.3% from the previous year, while single family permits increased by 25.0%. Although economy.com projects permits to decrease in 2014, this is due to a projected decline of 44.8% in multi-family permits, while single-family permits are projected to jump 60.6%.

Residential Building Permit History & Forecasts	San Jose-Sunnyvale-Santa Clara, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014F	2015F	2016F	2017F	2018F
Total Building Permits	5,492	5,736	6,150	4,194	3,490	1,094	4,179	3,097	5,532	7,009	6,110	7,415	8,390	7,362	6,848
Annual % Change	-22.7%	4.4%	7.2%	-31.8%	-16.8%	-68.7%	282.0%	-25.9%	78.6%	26.7%	-12.8%	21.4%	13.2%	-12.2%	-7.0%
SFD Building Permits	2,787	2,416	2,151	1,955	958	642	861	1,002	1,501	1,877	3,014	4,371	4,875	4,490	3,975
Annual % Change	8.7%	-13.3%	-11.0%	-9.1%	-51.0%	-33.0%	34.1%	16.4%	49.8%	25.0%	60.6%	45.0%	11.5%	-7.9%	-11.5%
MF Building Permits	2,705	3,320	3,999	2,239	2,532	452	3,318	2,095	4,031	5,133	3,096	3,044	3,514	2,873	2,873
Annual % Change	-40.4%	22.7%	20.5%	-44.0%	13.1%	-82.1%	634.1%	-36.9%	92.4%	27.3%	-39.7%	-1.7%	15.5%	-18.3%	0.0%

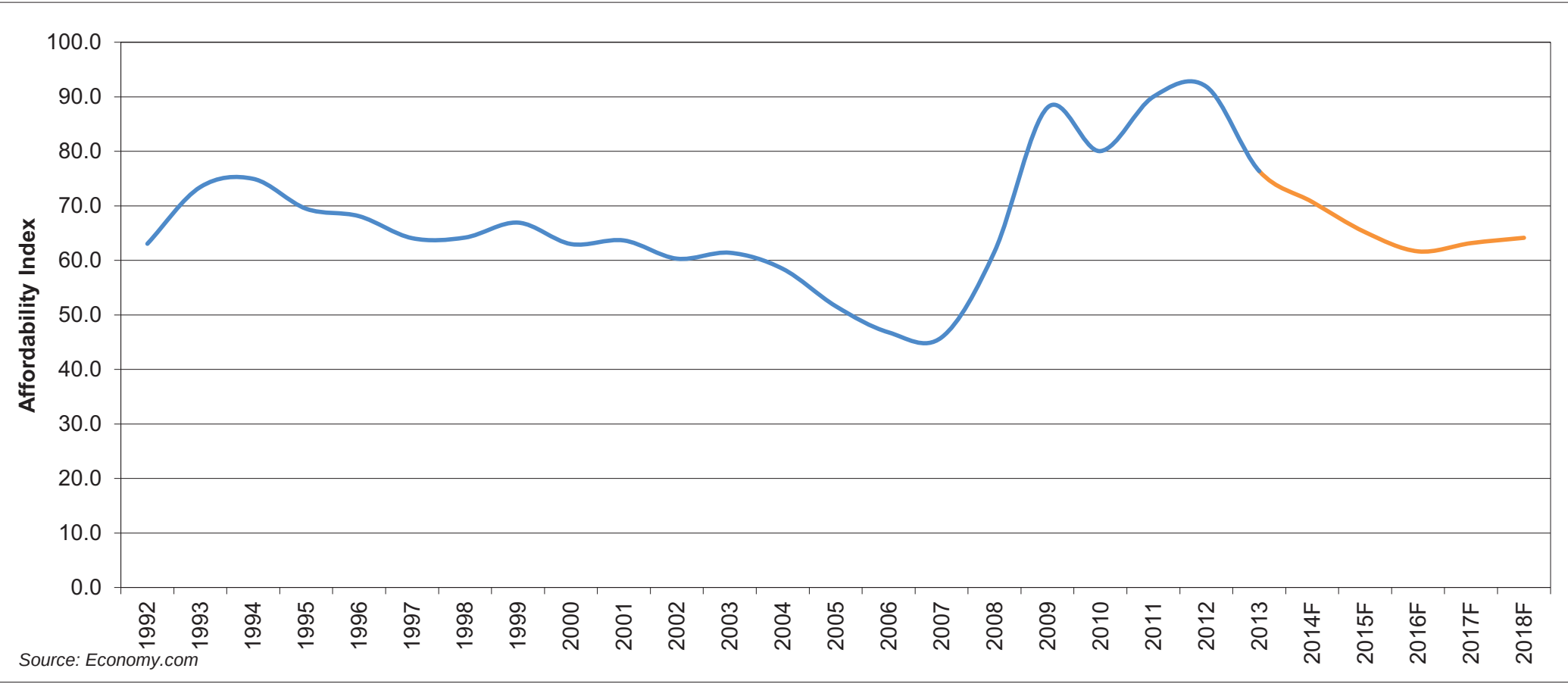


Source: Economy.com

San Jose MSA Affordability Index

The affordability index dropped in the San Jose MSA in 2013 to 76.4 from 91.9 in 2012. Affordability is expected to continue declining over the next several years, as rising interest rates and increasing home prices take a toll on affordability. Households earning the median income could either stay renters or must buy housing outside of San Jose and Santa Clara County. The more affordable nearby areas in Stanislaus County such as Patterson could be an alternative to the high cost of living in San Jose.

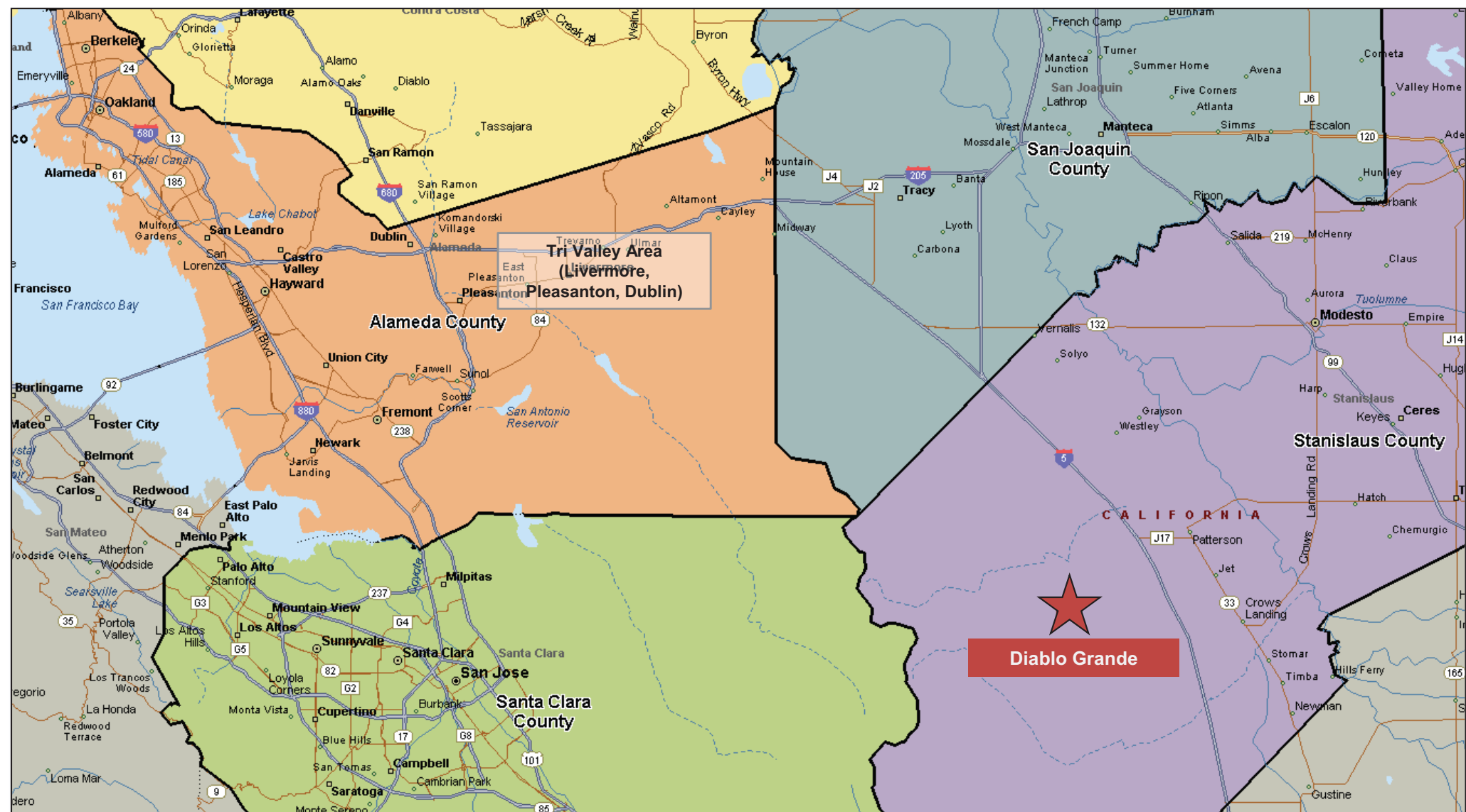
Affordability Index w/ Forecasts	San Jose-Sunnyvale-Santa Clara, CA Metropolitan Statistical Area - Ten Year History										Economy.com Five-Year Forecast				
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014F	2015F	2016F	2017F	2018F
Affordability Index	58.5	51.6	46.8	45.9	61.6	88.0	80.1	90.0	91.9	76.4	70.7	65.2	61.7	63.2	64.2



Demographic Summary

Demographic Summaries – Location Map

This section highlights the key demographics of Stanislaus County, Diablo Grande's 95363 zip code, the City of Patterson, as well as, the surrounding counties and the Tri Valley area.



Source: MapPoint

Median Income Heat Map

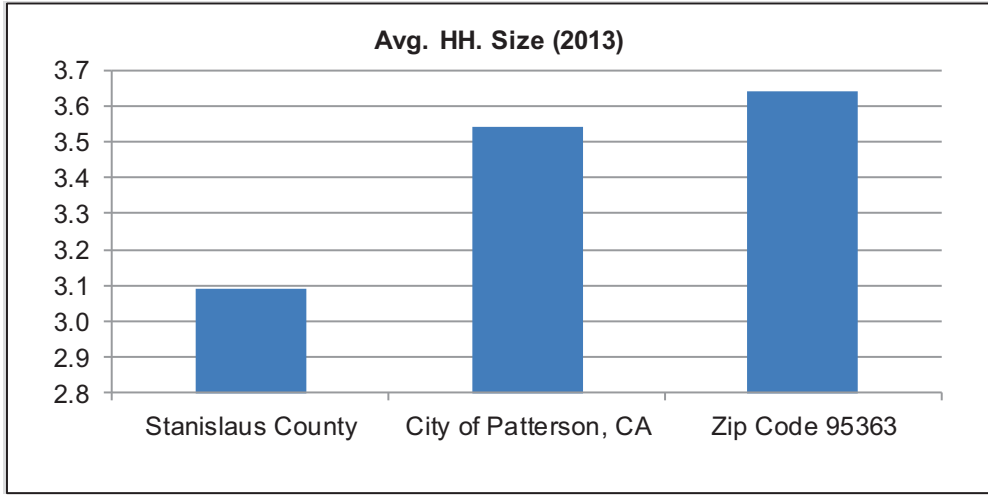
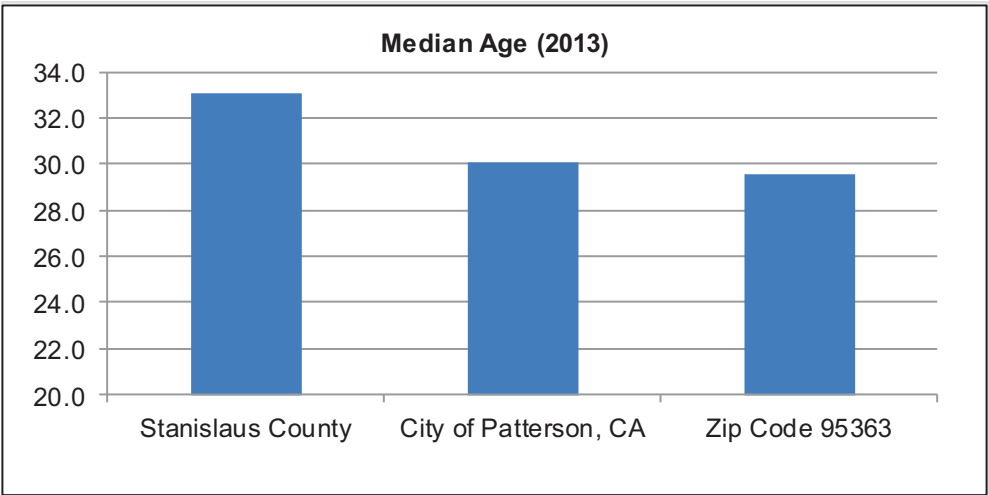
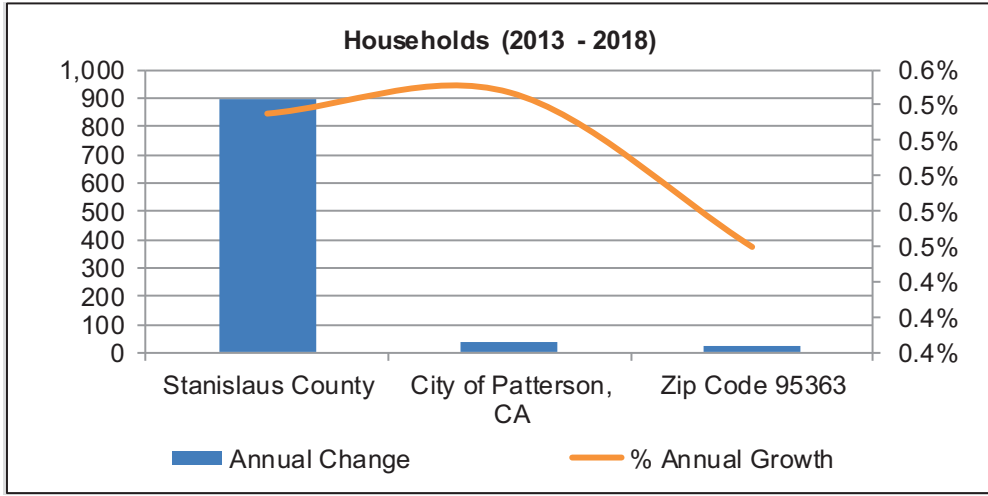
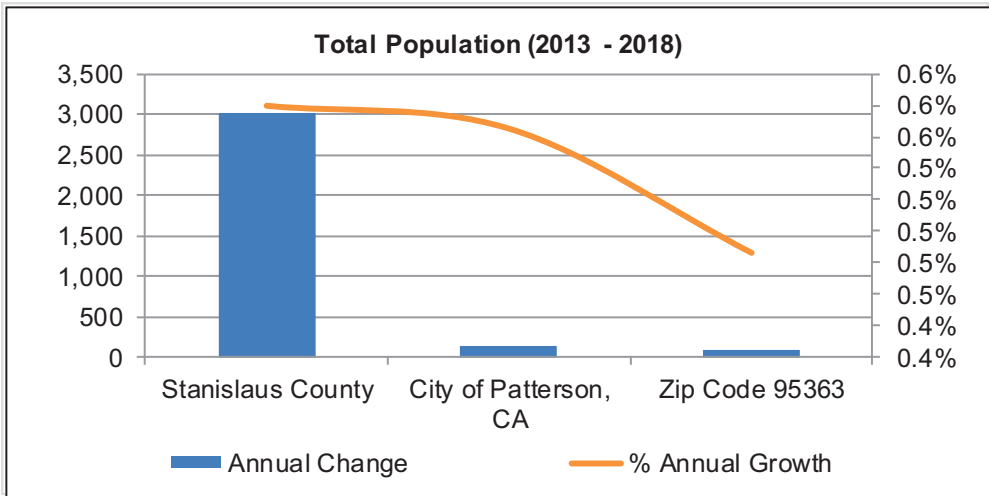
The areas with relatively high incomes are to the west of Diablo Grande, in San Jose and the Bay Area (90 +/- minutes from the Site). The area surrounding Diablo Grande exhibit mid-range incomes, consistent with areas such as Tracy, Manteca and Oakdale. Central areas of Modesto typically have slightly lower incomes



Source: ESRI; MapPoint

Stanislaus County vs. City of Patterson vs. Zip Code 95363

These graphs indicate that the County and City of Patterson is anticipated to grow at a faster pace than the zip code. ESRI may not take into account the restart of a community like Diablo Grande. The zip code currently has a lower median age and higher average household size than the greater City and County suggesting the local Diablo Grande area has historically attracted younger families. With the addition of single-story product at the Subject we would anticipate the median age to shift upward as Diablo Grande builds out.



Source: ESRI

Stanislaus County vs. City of Patterson vs. Zip Code 95363: Income, Net Worth, Education and Occupation

Incomes in the City of Patterson and Subject's 95363 zip code are higher than the greater County suggesting it is a desirable location within the County. Given the concentration of manufacturing employment in Patterson, education levels are generally lower in the local area as are white-collar occupations.



Source: ESRI

Local Areas vs. The TriValley Area

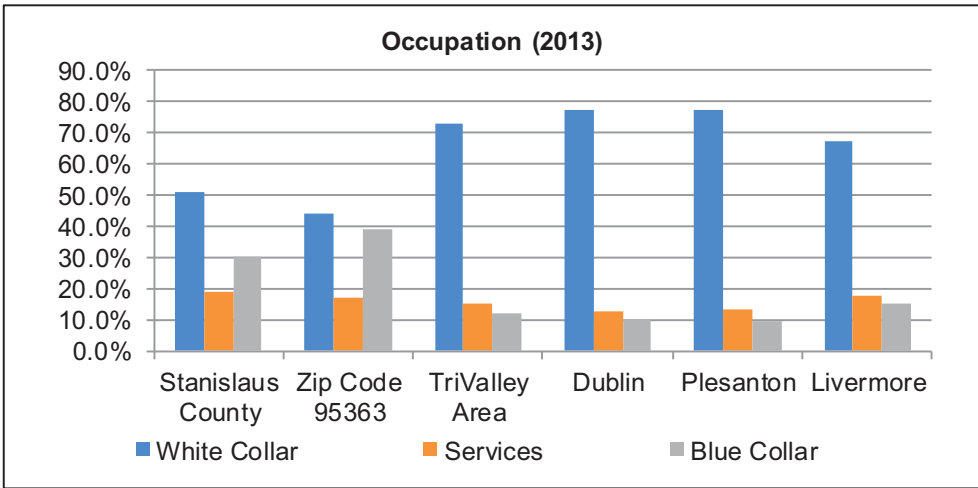
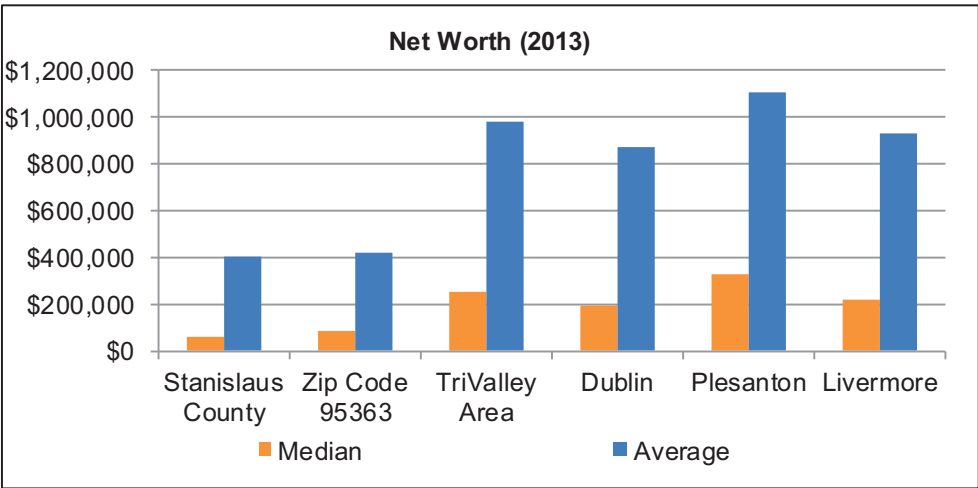
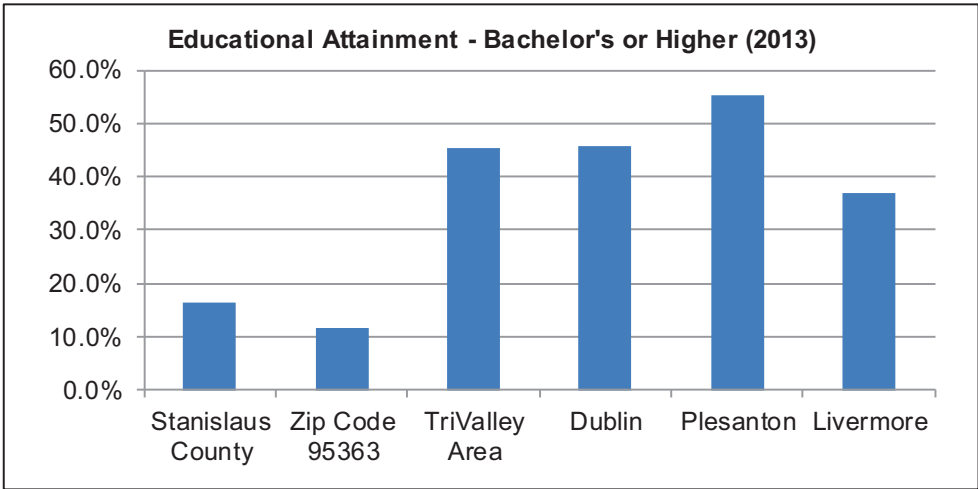
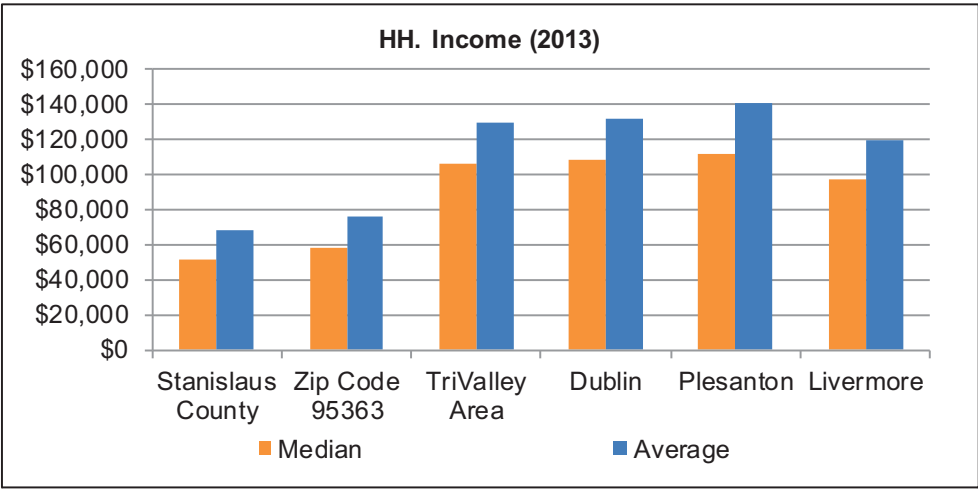
Spearheaded by Dublin, the TriValley Area is projected to grow at a faster pace than Stanislaus County and the immediate local Diablo Grande area. This growth should further push housing prices. The median age in the TriValley is higher and average household size is smaller suggesting a higher percentage of older, wealthier households.



Source: ESRI

Local Areas vs. Tri Valley: Income, Net Worth, Education and Occupation

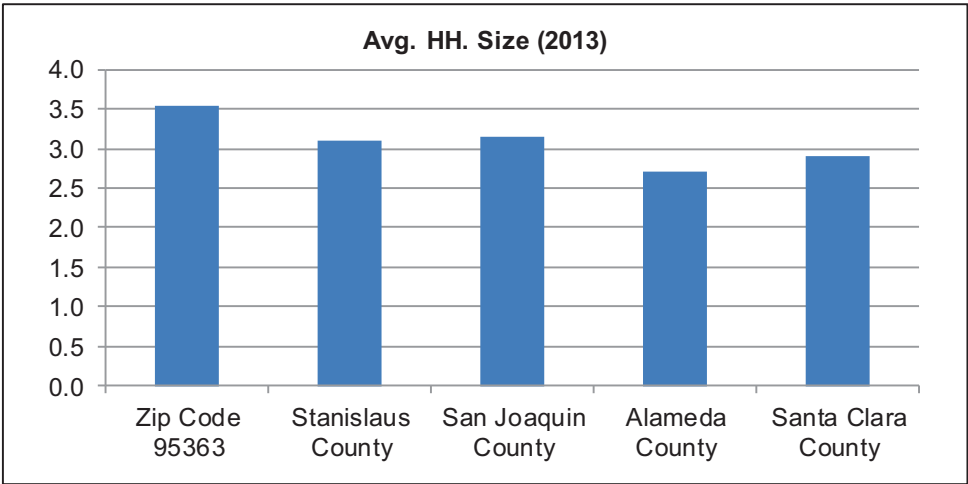
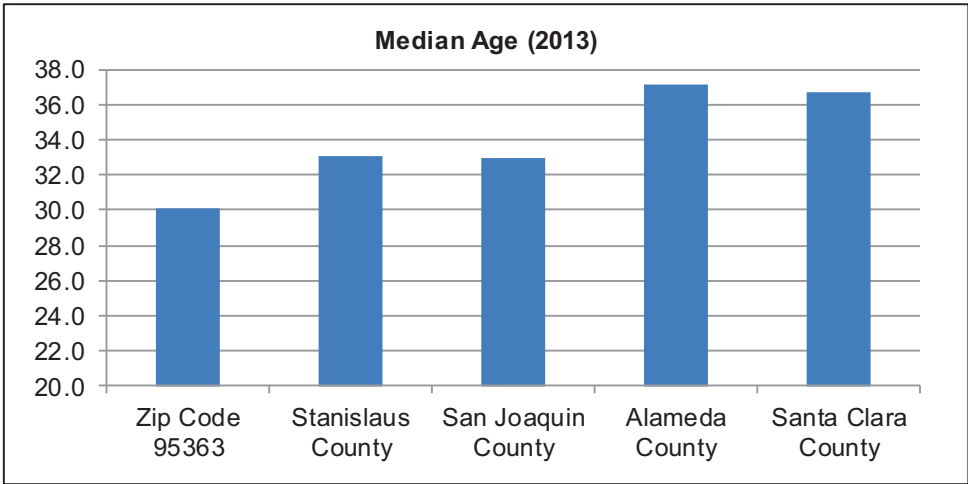
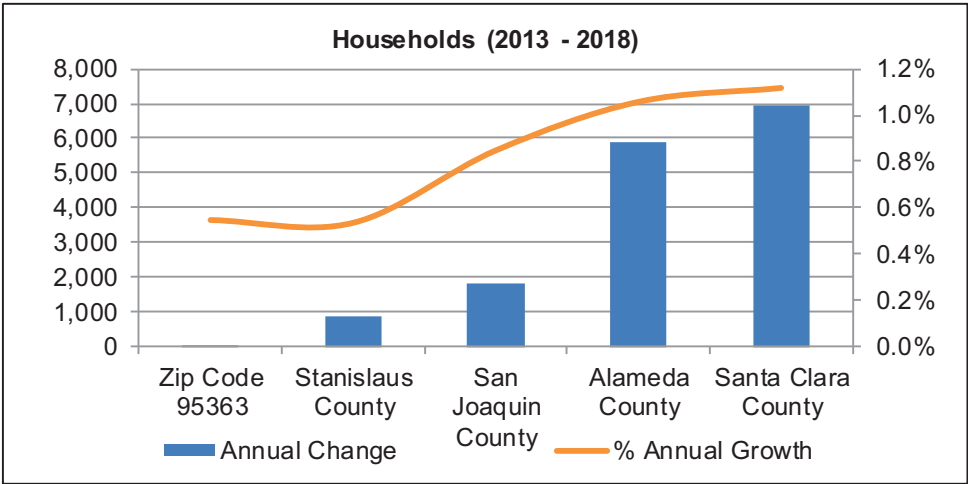
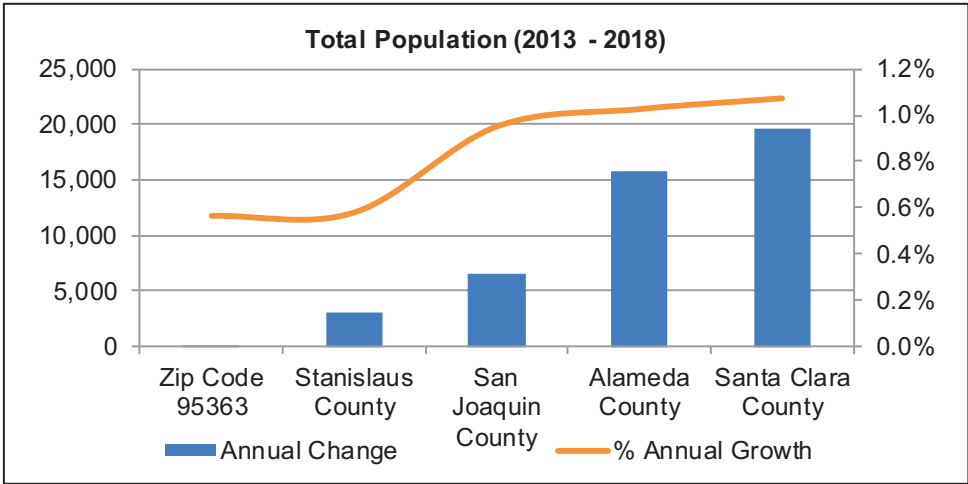
Incomes and Net Worth in the TriValley Area are much higher than Stanislaus County and the 95363 zip code. Further, there is a much higher percentage of residents with bachelor's degrees and white collar jobs. As home prices continue to rise in the TriValley Area, even households making the average income will struggle to afford a home pushing them outside to more attainably priced areas.



Source: ESRI

Local Areas vs. Surrounding Counties

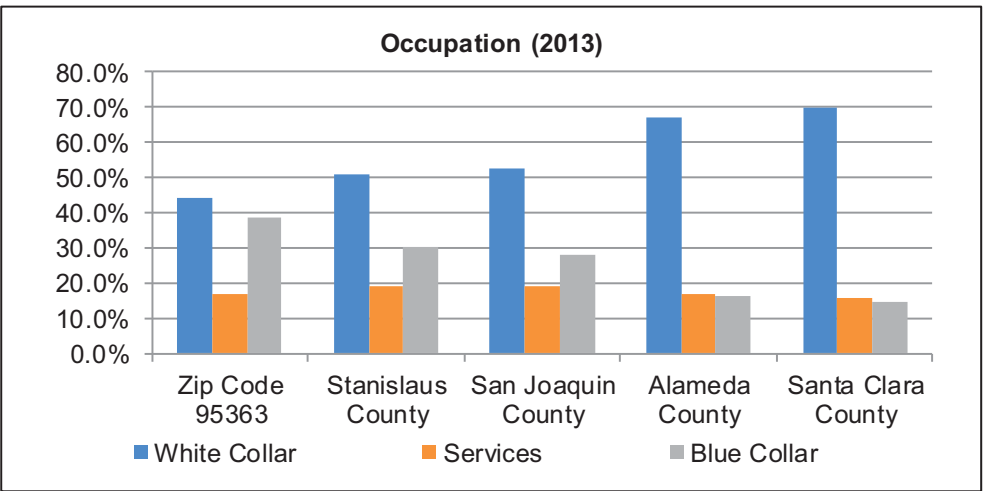
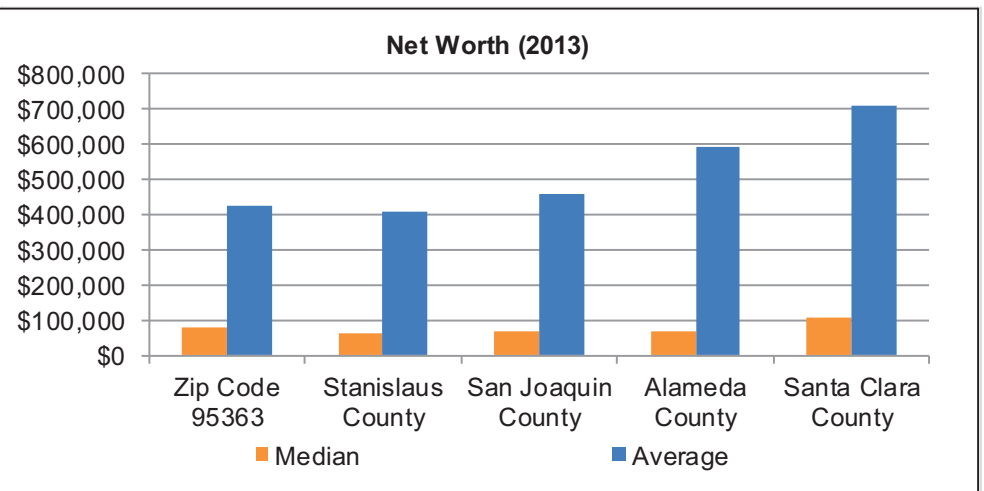
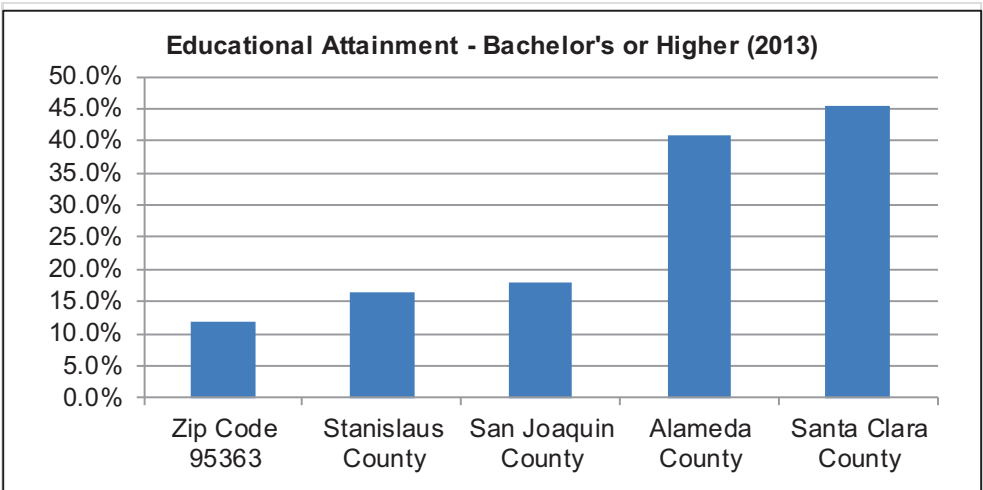
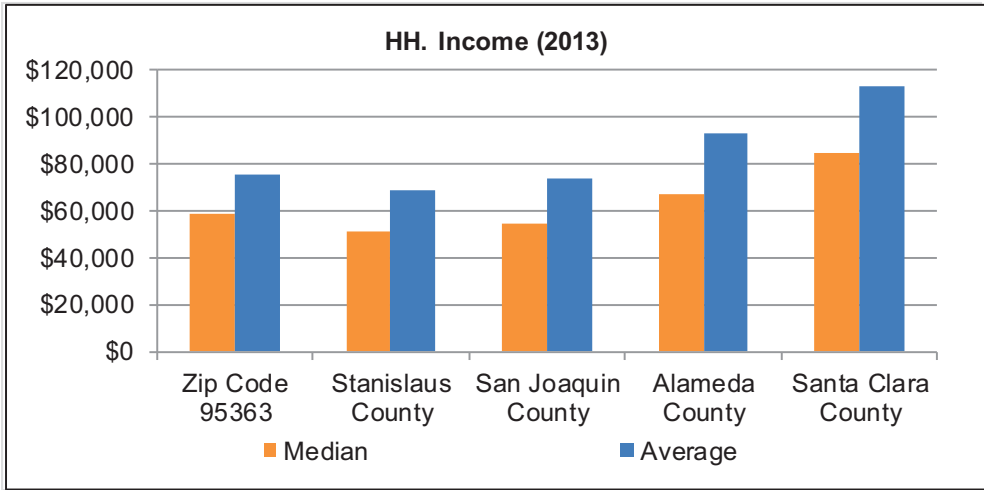
The surrounding counties are projected to grow at a faster pace than Stanislaus County and the immediate local Diablo Grande area. Further, the median age in Alameda and Santa Clara counties is higher and average household size is smaller suggesting a higher percentage of older, wealthier households.



Source: ESRI

Local Areas vs. Surrounding Counties: Income, Net Worth, Education and Occupation

Comparing the local area to the surrounding counties, incomes and net worth are lower in Stanislaus and the Subject zip code compared to Alameda County and Santa Clara County. There is also a difference in educational attainment and occupation type.

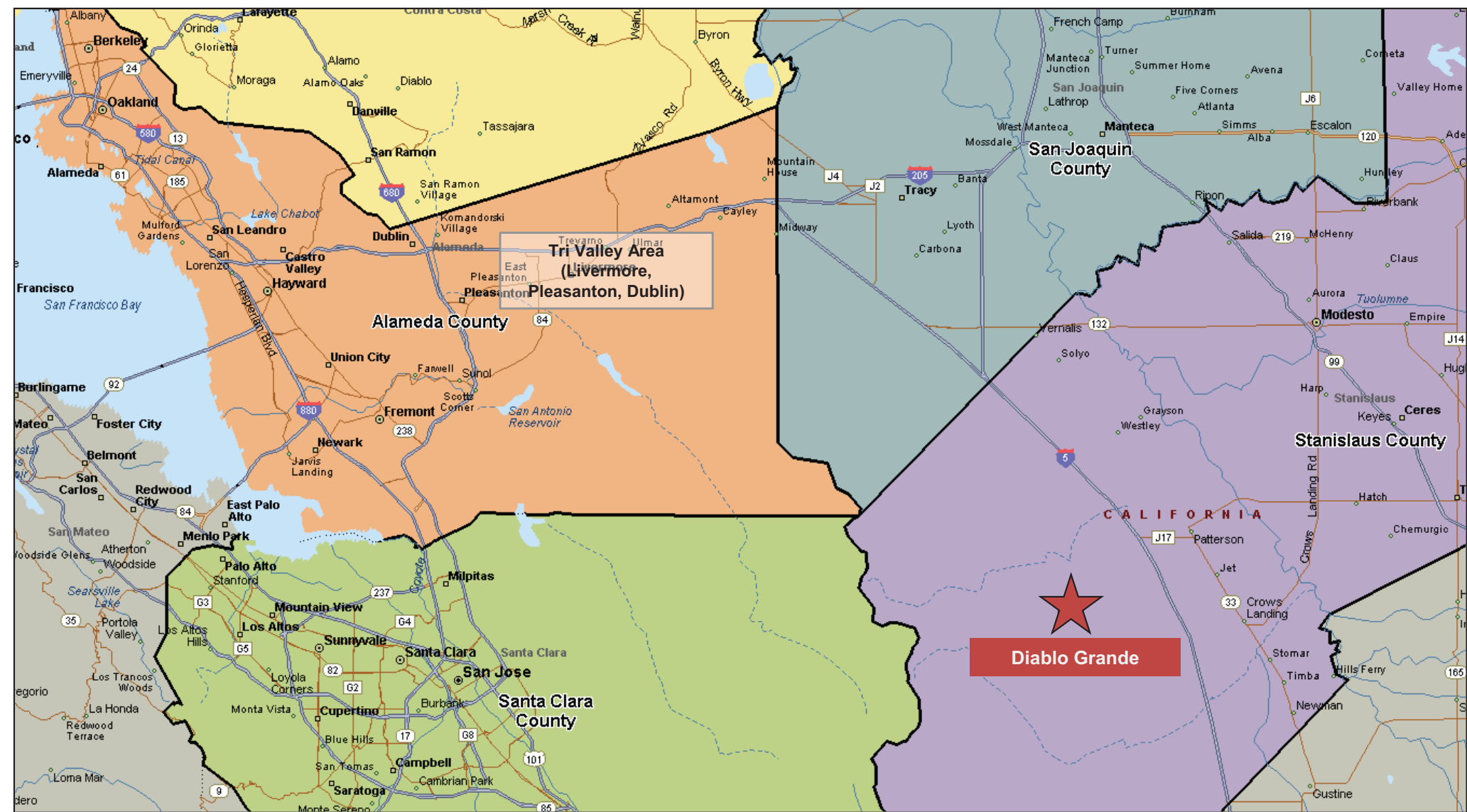


Source: ESRI

Housing Market Summary

Demographic Summaries – Location Map

This section highlights the key housing market statistics for Diablo Grande, Stanislaus County, the 95363 zip code, surrounding counties and the Tri Valley area.

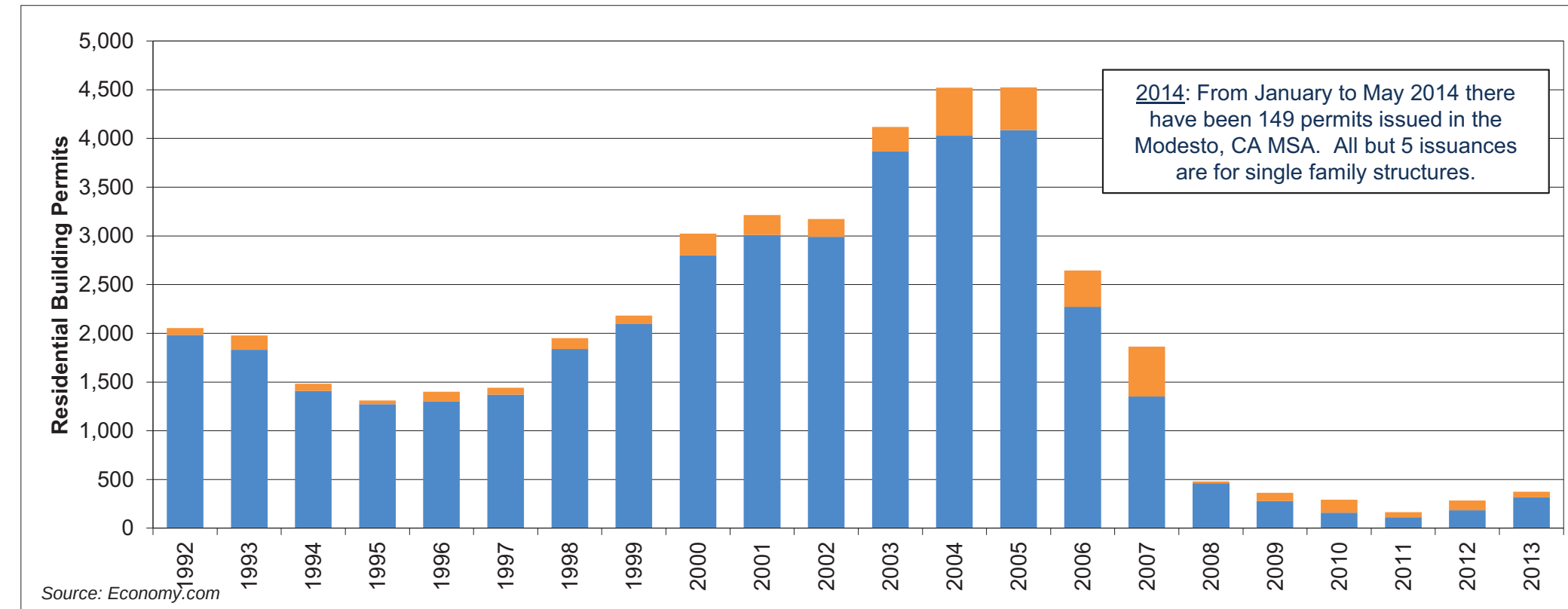


Source: MapPoint

Stanislaus County / Modesto, CA MSA Building Permit Trends

New home building in the County declined to historically low levels in recent years, dropping from a peak of 4,525 building permits in 2005 to just 164 in 2011. While single family building slowly is beginning to return with consistent increases the past two years, multifamily building remains stagnant, dropping 44% in 2013. Preliminary numbers from the first five months of 2014 show minimal, if any improvement in new home building over 2013.

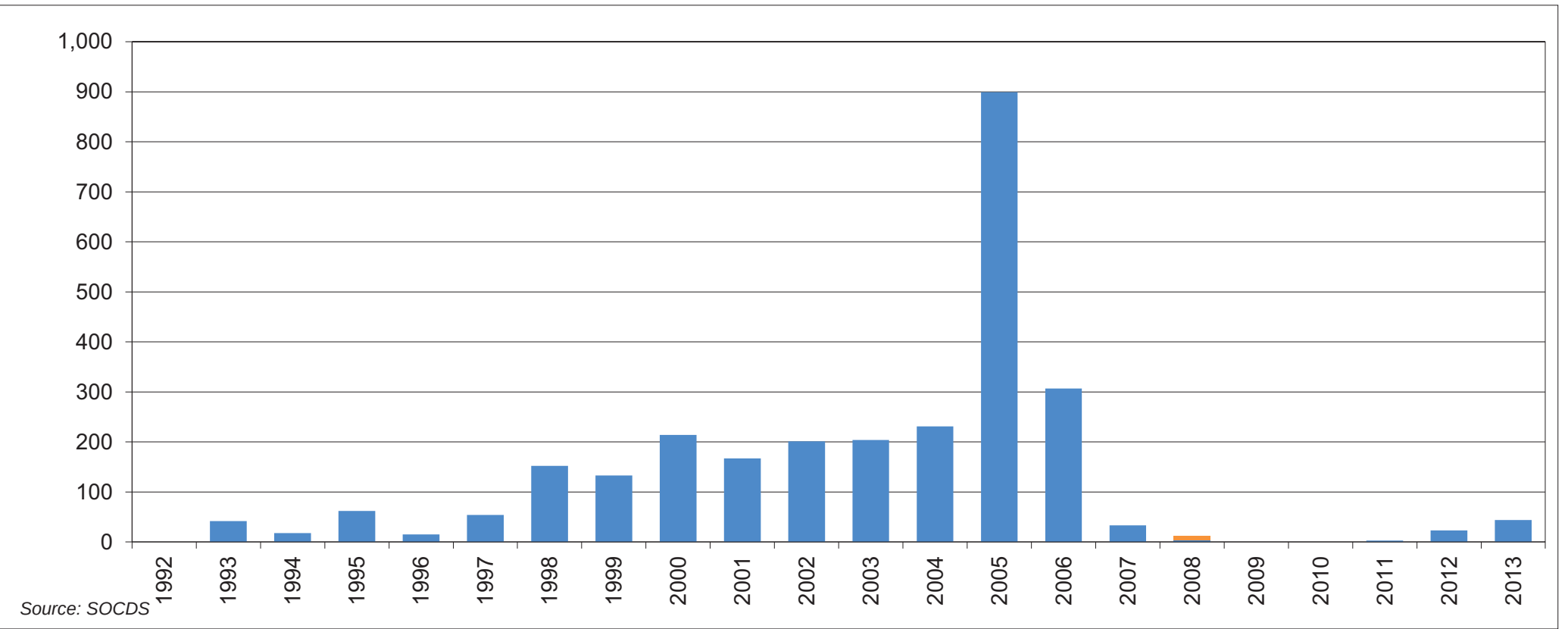
Residential Building Permit History	Modesto, CA Metropolitan Statistical Area - Ten Year History									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Building Permits	4,521	4,525	2,644	1,865	481	364	292	164	285	373
Annual % Change	9.8%	0.1%	-41.6%	-29.5%	-74.2%	-24.3%	-19.8%	-43.8%	73.8%	30.9%
SFD Building Permits	4,027	4,085	2,271	1,352	460	279	159	113	183	316
Annual % Change	4.1%	1.4%	-44.4%	-40.5%	-66.0%	-39.3%	-43.0%	-28.9%	61.9%	72.6%
MF Building Permits	494	440	373	513	21	85	133	51	102	57
Annual % Change	96.8%	-10.9%	-15.2%	37.5%	-95.9%	304.8%	56.5%	-61.7%	100.0%	-44.0%



City of Patterson, CA Building Permit Trends

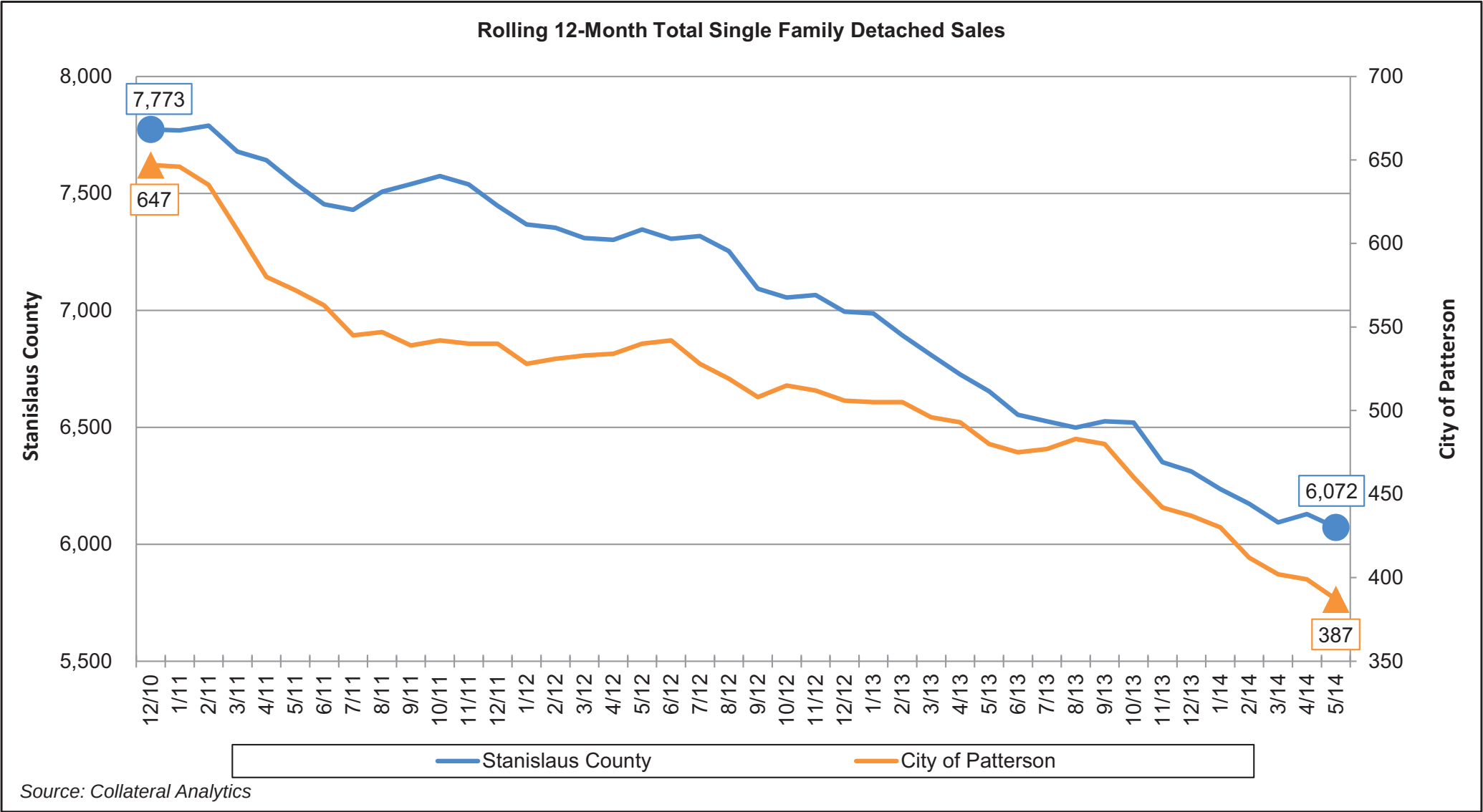
After an unusually high peak of 899 new home building permits issued in 2005, the new home market virtually disappeared from Patterson, with no issuances in 2009 or 2010 and just 3 in 2012. While new home building is far from the 2005 peak, there were increases the past two years, a promising sign for a returning new home market.

Residenital Building Permit History	City of Patterson, CA									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Building Permits	231	899	307	33	12	0	0	3	23	44
Annual % Change	13.2%	289.2%	-65.9%	-89.3%	-63.6%	-100.0%	--	--	666.7%	91.3%
SFD Building Permits	231	899	307	33	4	0	0	3	23	44
Annual % Change	13.2%	289.2%	-65.9%	-89.3%	-87.9%	-100.0%	--	--	666.7%	91.3%
MF Building Permits	0	0	0	0	8	0	0	0	0	0
Annual % Change	--	--	--	--	--	-100.0%	--	--	--	--



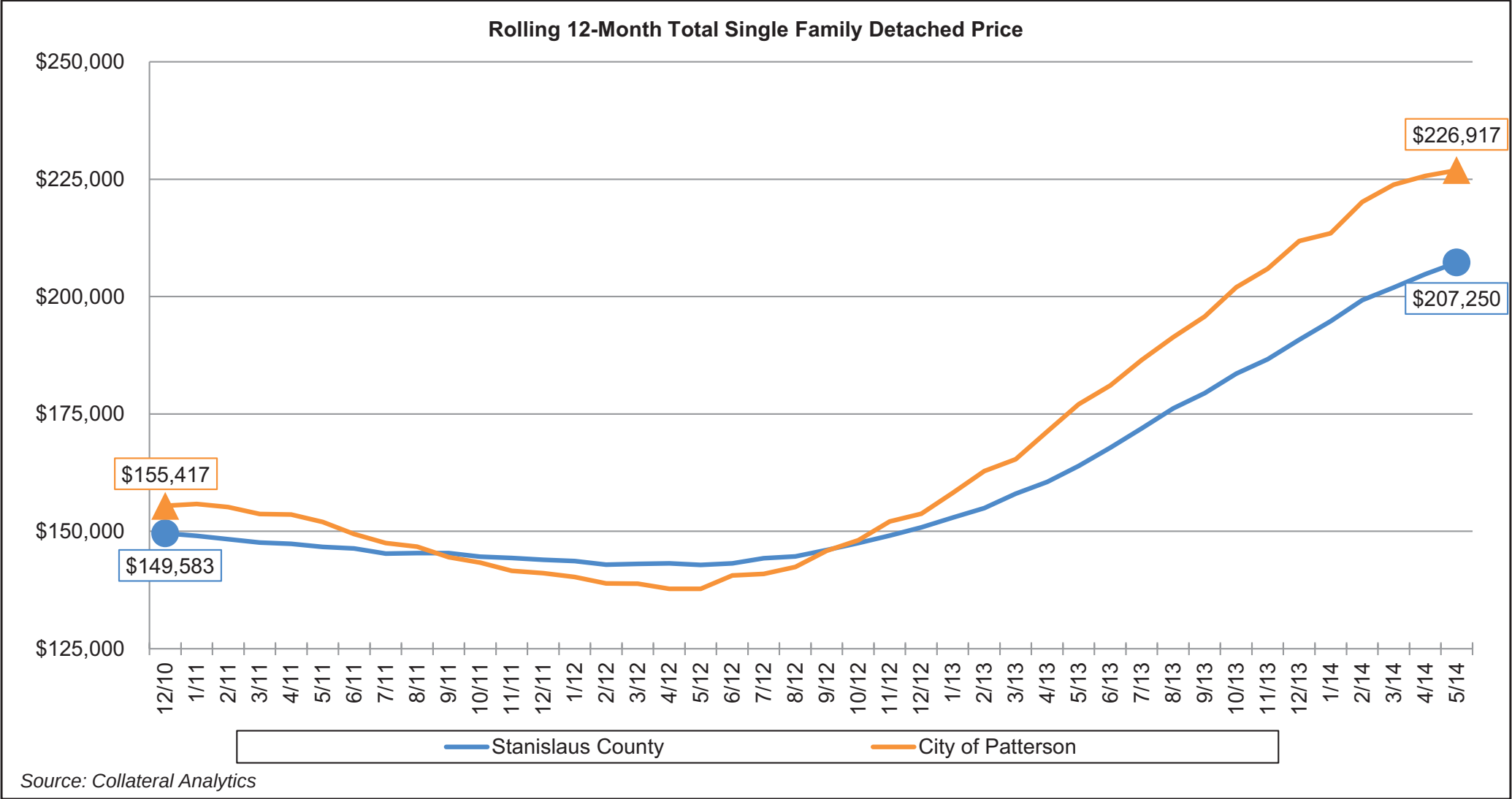
Stanislaus County vs. Patterson, CA (Zip Code 95363) SFD Sales

Single family detached home sales in in both Stanislaus County and Patterson have been on the decline since 2010. Monthly sales over this period decreased by 22% in Stanislaus County and by 40% in Patterson. This is verification of the consistent price increases over the same time period (see the following page).



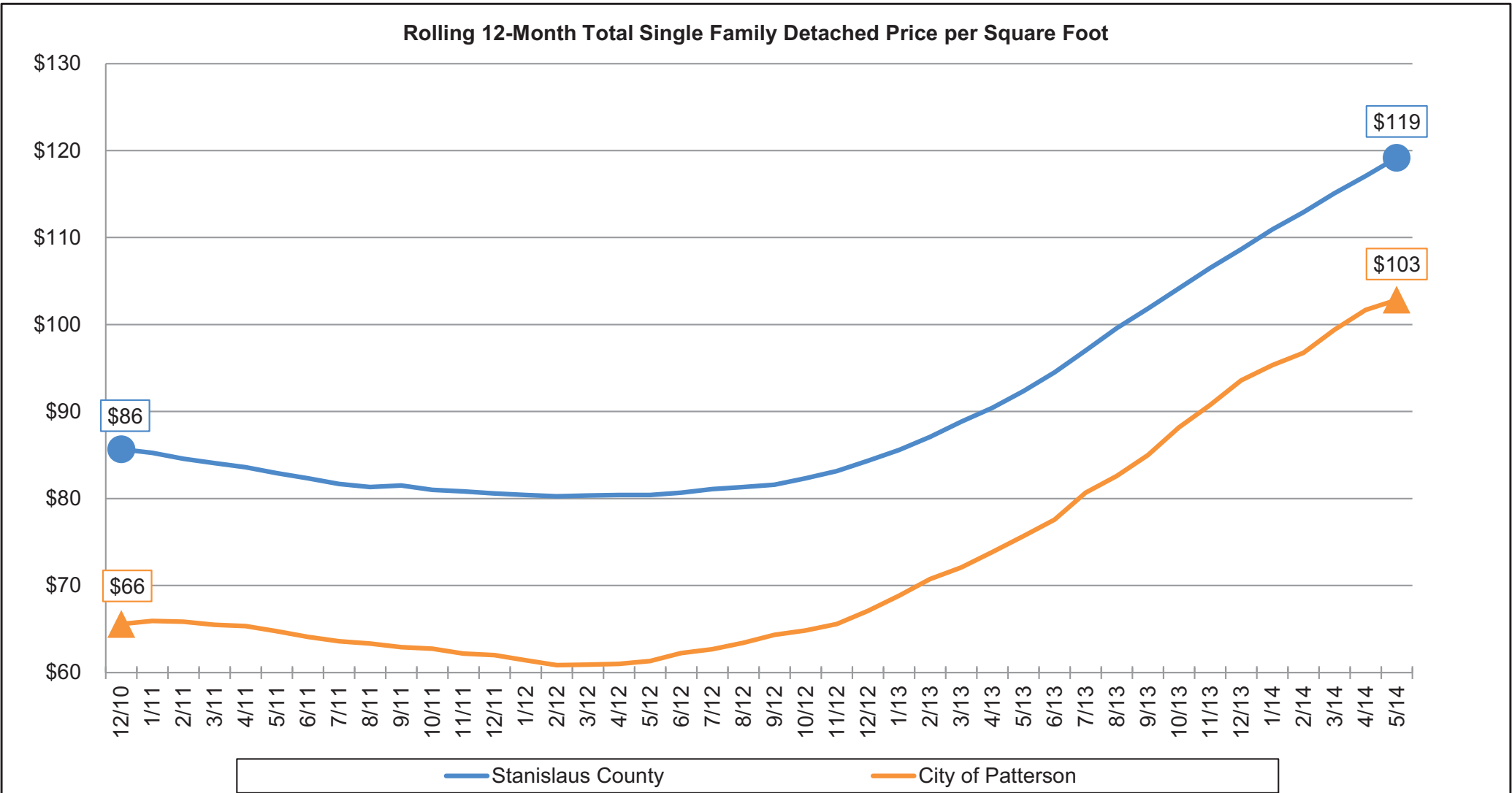
Stanislaus County vs. Patterson, CA (Zip Code 95363) SFD Price

After several months of small decreases or little change in single family detached homes price, there have been consistent monthly increases in Stanislaus County and Patterson, CA. Prices have increased steadily (+/- \$60,000 in Stanislaus County and +/- \$80,000 in Patterson) since June of 2012. Note: Pricing is for all sales (new & resale). New homes will achieve a premium.



Stanislaus County vs. Patterson, CA (Zip Code 95363) SFD Price per Square Foot

Despite higher home prices compared to Stanislaus County, price per square foot is generally lower in the City of Patterson. Buyers looking for larger homes could be drawn to Patterson in order to find the best value.



Source: Collateral Analytics

Stanislaus County vs. Patterson, CA (Zip Code 95363) SFD Sales by Price Range

For **Stanislaus County** SFD sales volume, there has been a shift upward towards higher price bands. The under \$260,000 segment accounts for 75% of the sales in 2014, which is a decrease from 2013 when 81% of sales were below \$260,000. Sales under \$140,000 have also decreased from 29% to 20%.

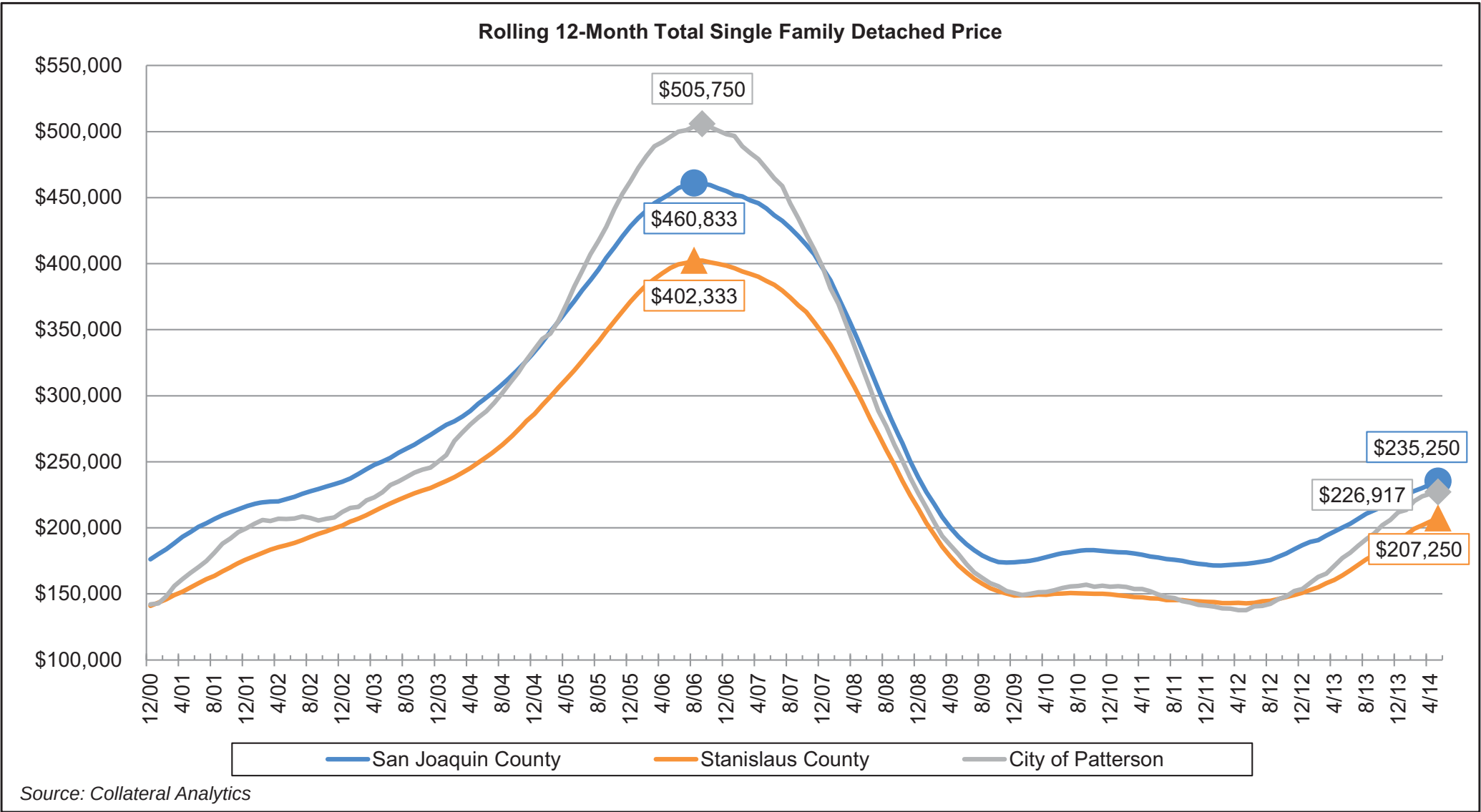
Home Sales by Price Range: Stanislaus County											
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	YTD '14
< \$140k	411	176	87	107	2,194	4,773	3,801	4,072	3,471	1,835	462
\$140 - \$179k	600	154	86	119	1,717	2,141	1,832	1,688	1,646	1,415	443
\$180 - \$219k	1,460	367	171	210	1,557	1,224	998	780	844	1,054	461
\$220 - \$259k	2,802	869	345	499	1,280	720	564	454	543	809	375
\$260 - \$299k	2,562	1,585	816	738	895	380	296	206	241	504	250
\$300 - \$339k	1,822	2,328	1,334	915	590	165	121	105	91	312	144
\$340 - \$379k	1,264	2,139	1,281	680	313	87	64	44	64	148	75
\$380 - \$399k	483	942	549	255	86	23	19	17	22	59	33
\$400 or Greater	1,281	4,481	3,580	1,293	283	100	78	81	72	175	71
Total	12,685	13,041	8,249	4,816	8,915	9,613	7,773	7,447	6,994	6,311	2,314
% Change		2.8%	-36.7%	-41.6%	85.1%	7.8%	-19.1%	-4.2%	-6.1%	-9.8%	

For **Patterson (Zip Code 95363)**, 76% of SFD sales have occurred between \$150,000-\$300,000 in 2014 and product under \$350,000 is the norm (96% of SFD sales in 2014). The largest price range has moved from the \$200,000-\$250,000 price range to the \$250,000-\$300,000 price range.

Home Sales by Price Range: City of Patterson											
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	YTD '14
< \$100k	6	1	1	0	27	137	68	94	54	19	8
\$100 - \$149k	16	9	1	1	92	374	176	208	193	56	6
\$150 - \$199k	16	12	1	0	283	436	310	190	186	109	28
\$200 - \$249k	74	9	8	20	233	101	87	38	52	124	29
\$250 - \$299k	161	31	9	47	141	15	2	7	14	87	45
\$300 - \$349k	314	86	45	90	58	6	1	2	5	34	12
\$350 - \$399k	280	148	92	79	22	2	0	0	1	3	2
\$400 - \$449k	118	272	132	58	7	1	1	0	0	3	0
\$450 or Greater	50	805	617	129	3	1	2	1	1	2	3
Total	1,035	1,373	906	424	866	1,073	647	540	506	437	133
% Change		32.7%	-34.0%	-53.2%	104.2%	23.9%	-39.7%	-16.5%	-6.3%	-13.6%	

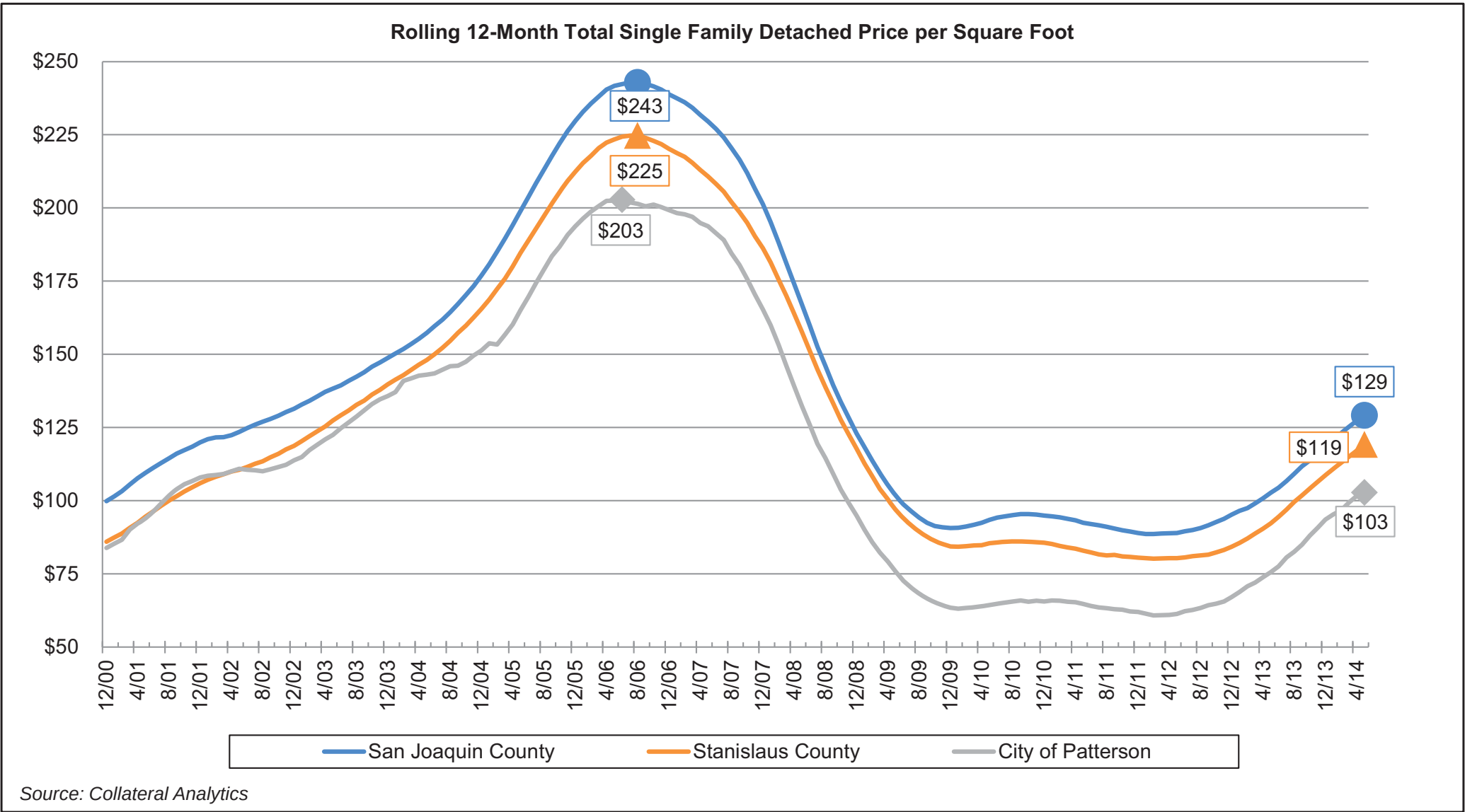
Stanislaus County vs. Patterson, CA (Zip Code 95363) vs. San Joaquin County SFD Price

Home values in San Joaquin County have risen above the City of Patterson and remain above Stanislaus County. Overall, home prices remain well below the 2006 peak, yet are once again on the rise.



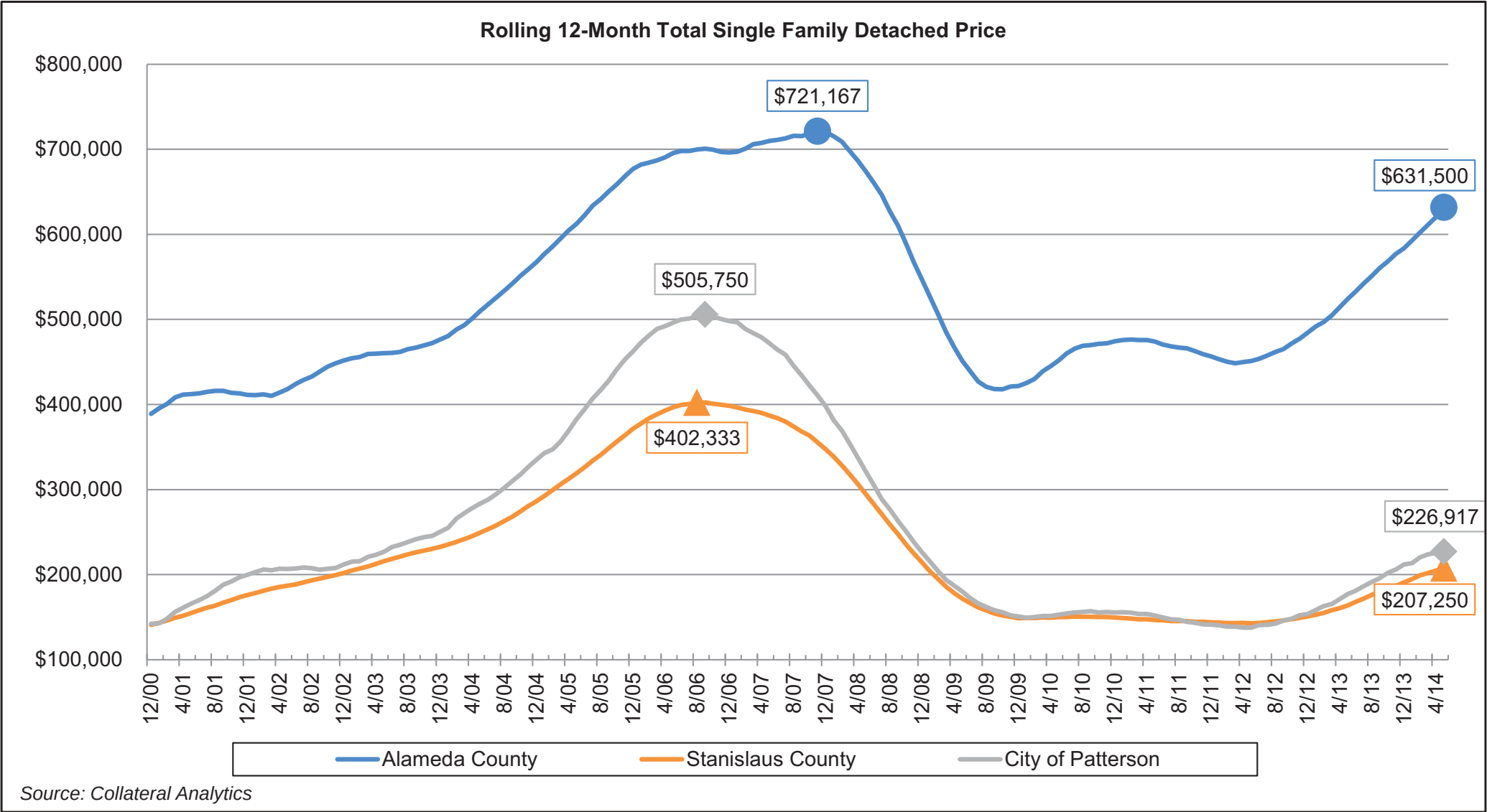
Stanislaus County vs. Patterson, CA (Zip Code 95363) vs. San Joaquin County SFD Price per Square Foot

Following absolute prices, San Joaquin County's price per square foot values are well above Stanislaus County and the City of Patterson. The average price per square foot of single family homes in all areas studied has been increasing for the past two plus years.



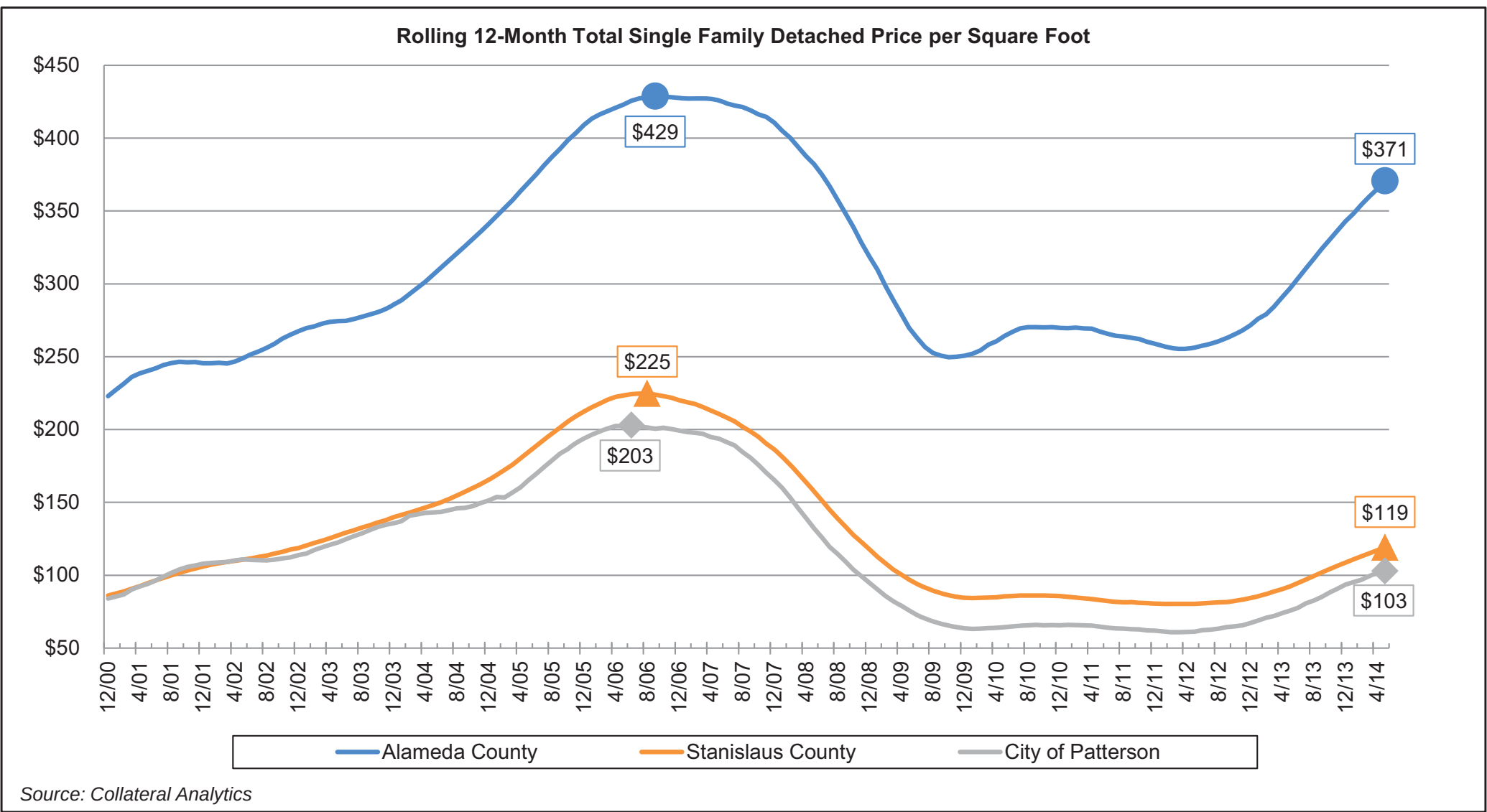
Stanislaus County vs. Patterson, CA (Zip Code 95363) vs. Alameda County SFD Price

Home prices in the more urban, further west Alameda County are significantly higher than Stanislaus County and Patterson. Prices in Alameda have also been increasing at a faster pace than the other two geographies, jumping over \$180,000 the past two years. High price points in Alameda County will drive buyers to more affordable locations east, possibly to Patterson and to a complete community like Diablo Grande.



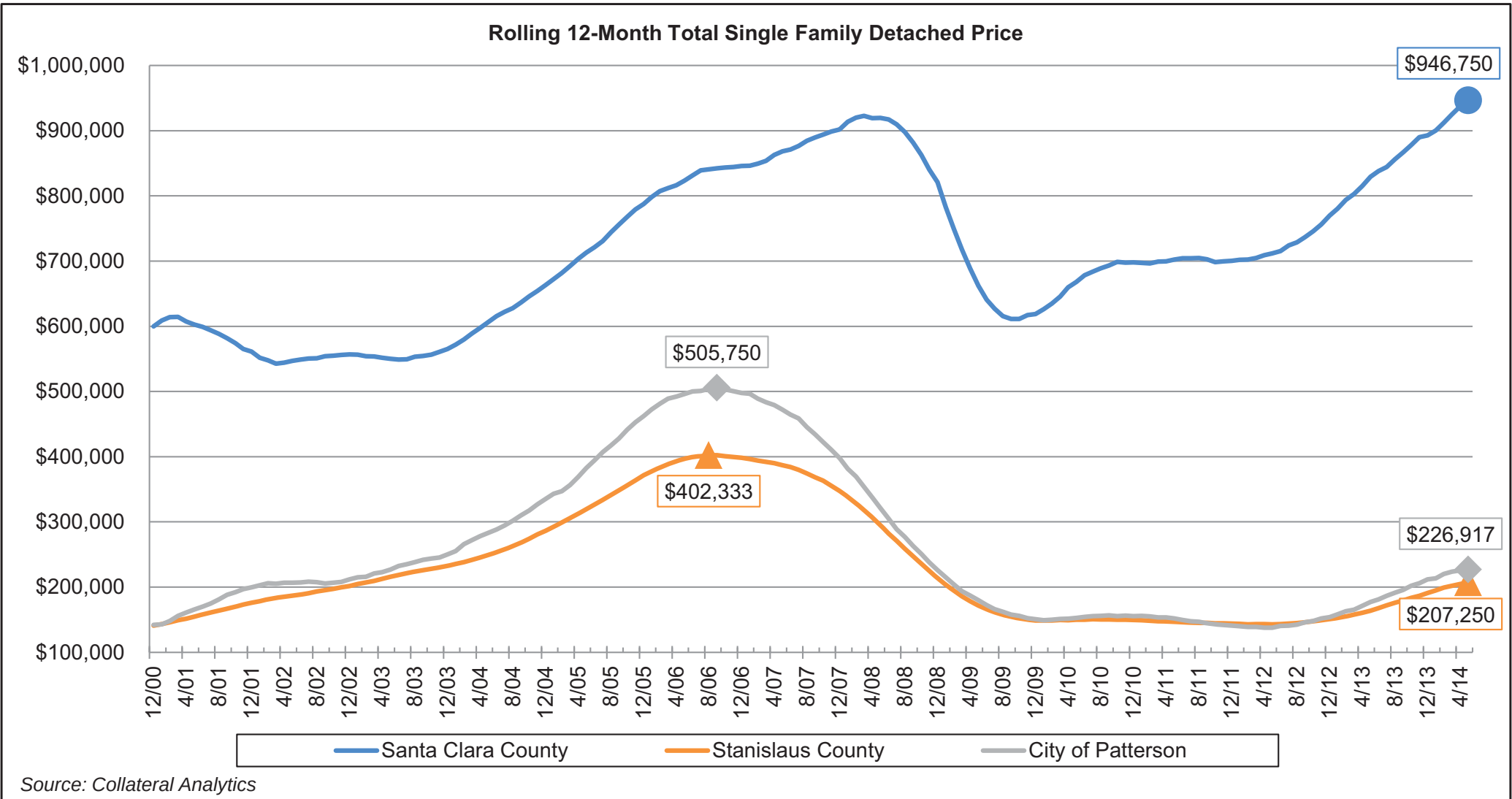
Stanislaus County vs. Patterson, CA (Zip Code 95363) vs. Alameda County SFD Price per Square Foot

Following absolute prices, the SFD price per square foot in Alameda County is significantly higher than both Stanislaus County and the city of Patterson. While the average price per square foot of single family homes in all areas studied has been increasing for the past two plus years, Alameda County has greatly outpaced Stanislaus County and Patterson, creating an opportunity to capture buyers who have been priced out of a home in the area.



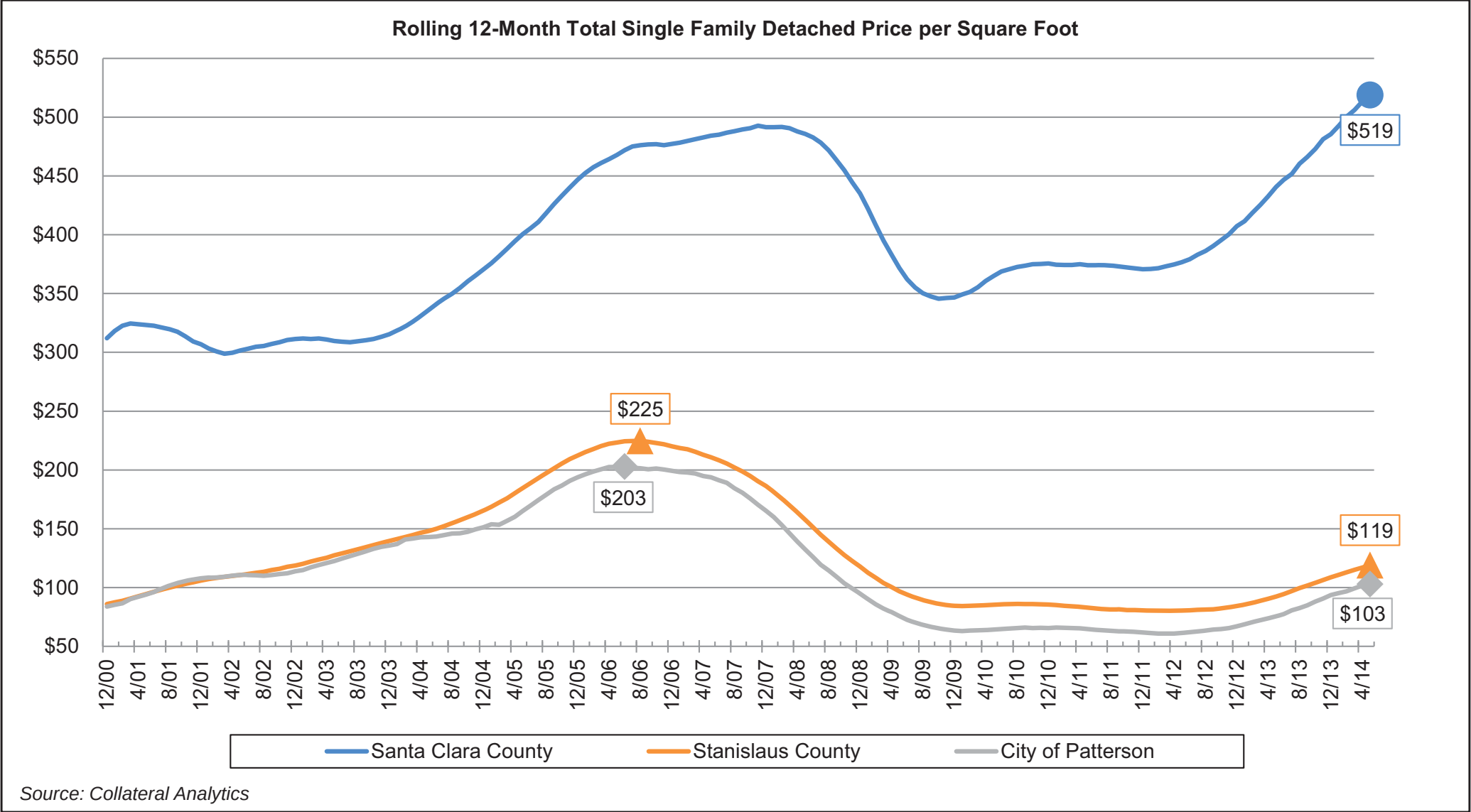
Stanislaus County vs. Patterson, CA (Zip Code 95363) vs. Santa Clara County SFD Price

With plenty of high income sector employment opportunities and one of the fastest recovering real estate markets in the country, home prices in Santa Clara County have risen sharply over the past two years, reaching an historical high of \$946,750, over four times that of Stanislaus County and Patterson. More suburban and rural areas like Stanislaus County and Patterson are still seeing home prices well below peak values in 2006.



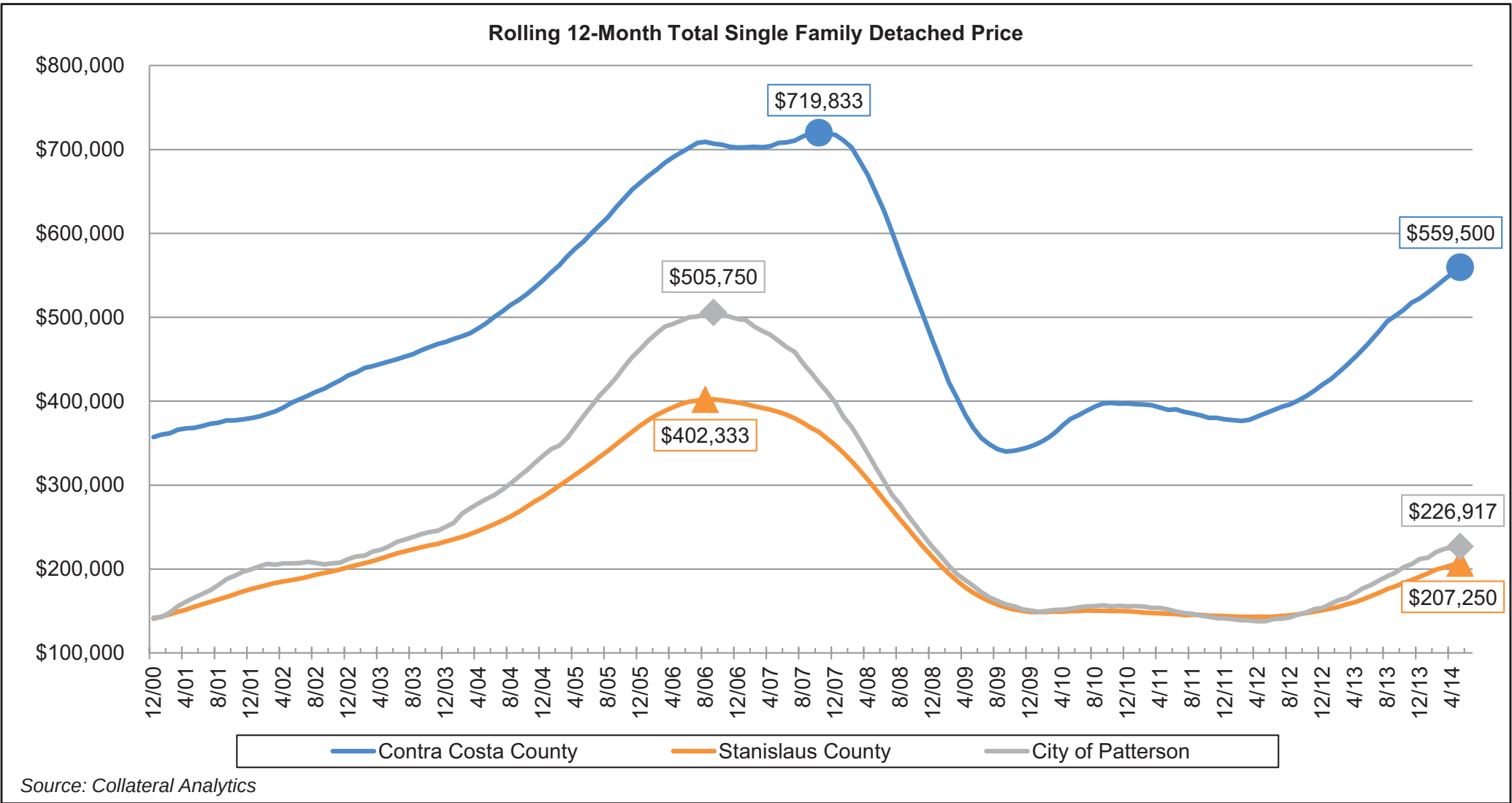
Stanislaus County vs. Patterson, CA (Zip Code 95363) vs. Santa Clara County SFD Price per Square Foot

Price per square foot of a single family detached home in Santa Clara County is more than four times as high as that of Stanislaus County and over five times that of the City of Patterson. Buyers looking for larger homes have to opportunity to pay a fraction of the price in Stanislaus County and Patterson.



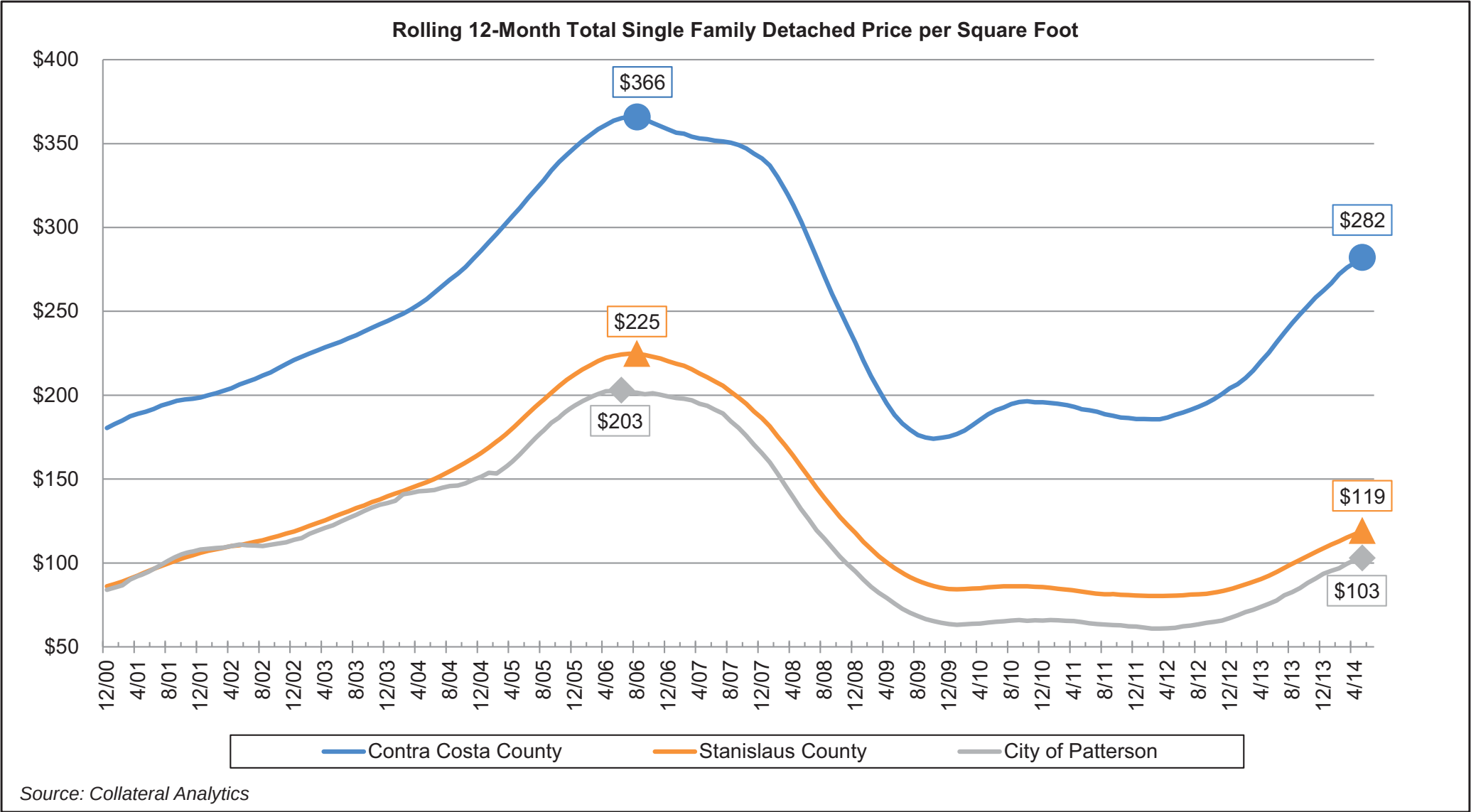
Stanislaus County vs. Patterson, CA (Zip Code 95363) vs. Contra Costa County SFD Price

While home prices are slightly lower in Contra Costa County than other San Francisco Bay area counties such as Alameda County and Santa Clara County, prices are still more than double that of Stanislaus County and the City of Patterson. Despite the distance to large employment hubs such as Oakland, San Jose and San Francisco, the affordability of homes in these areas create a distinct advantage over other communities.



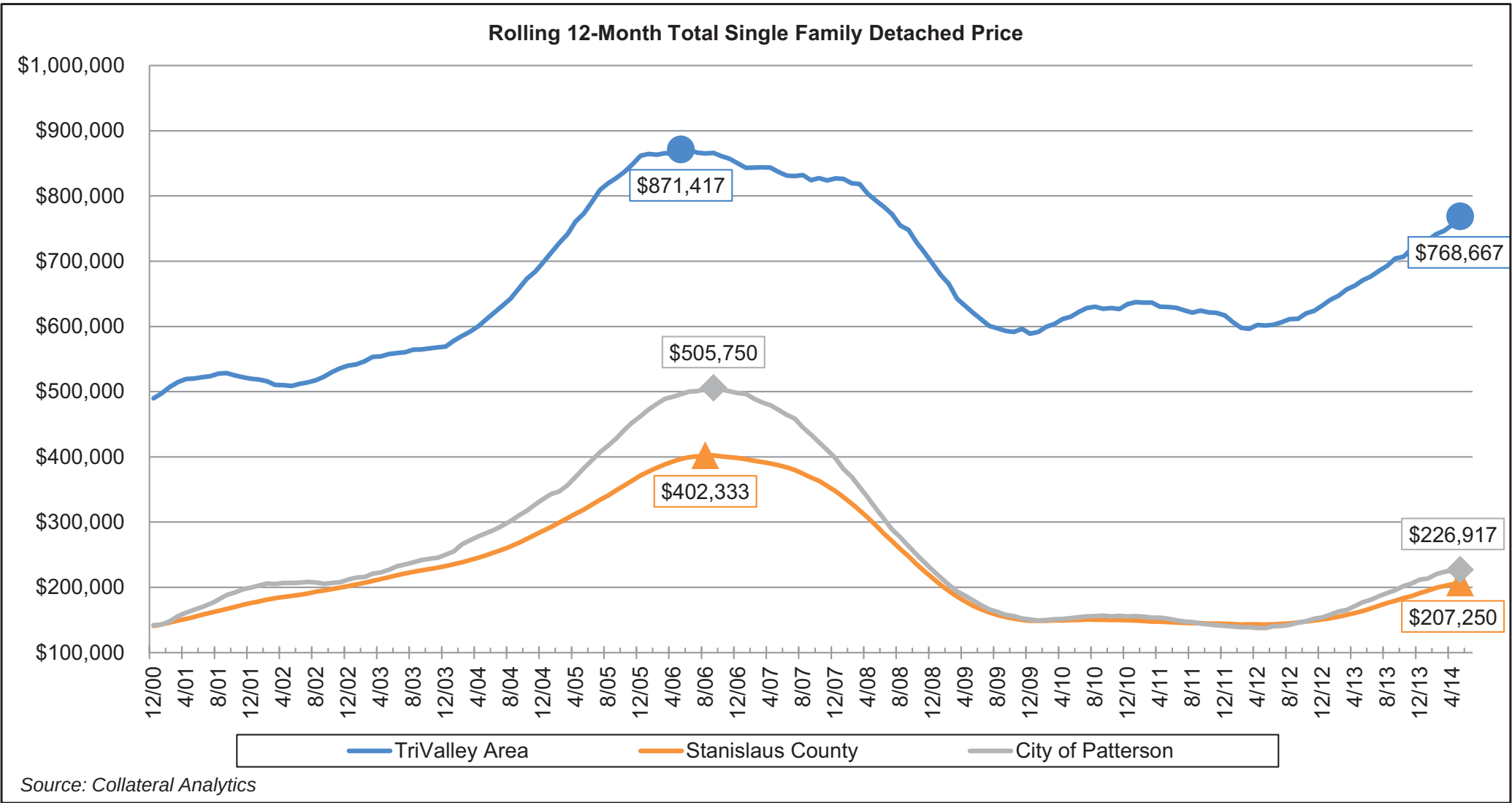
Stanislaus County vs. Patterson, CA (Zip Code 95363) vs. Contra Costa County SFD Price per Square Foot

Price per square foot in Contra Costa County has risen sharply over the past two years, nearly \$100/SF higher than the same period in 2012. Comparatively, prices in Patterson have risen \$41/SF and just \$39/SF in Stanislaus County. Buyers who are quickly being priced out of areas closer to the San Francisco Bay could look to communities like Patterson as a more affordable alternative.



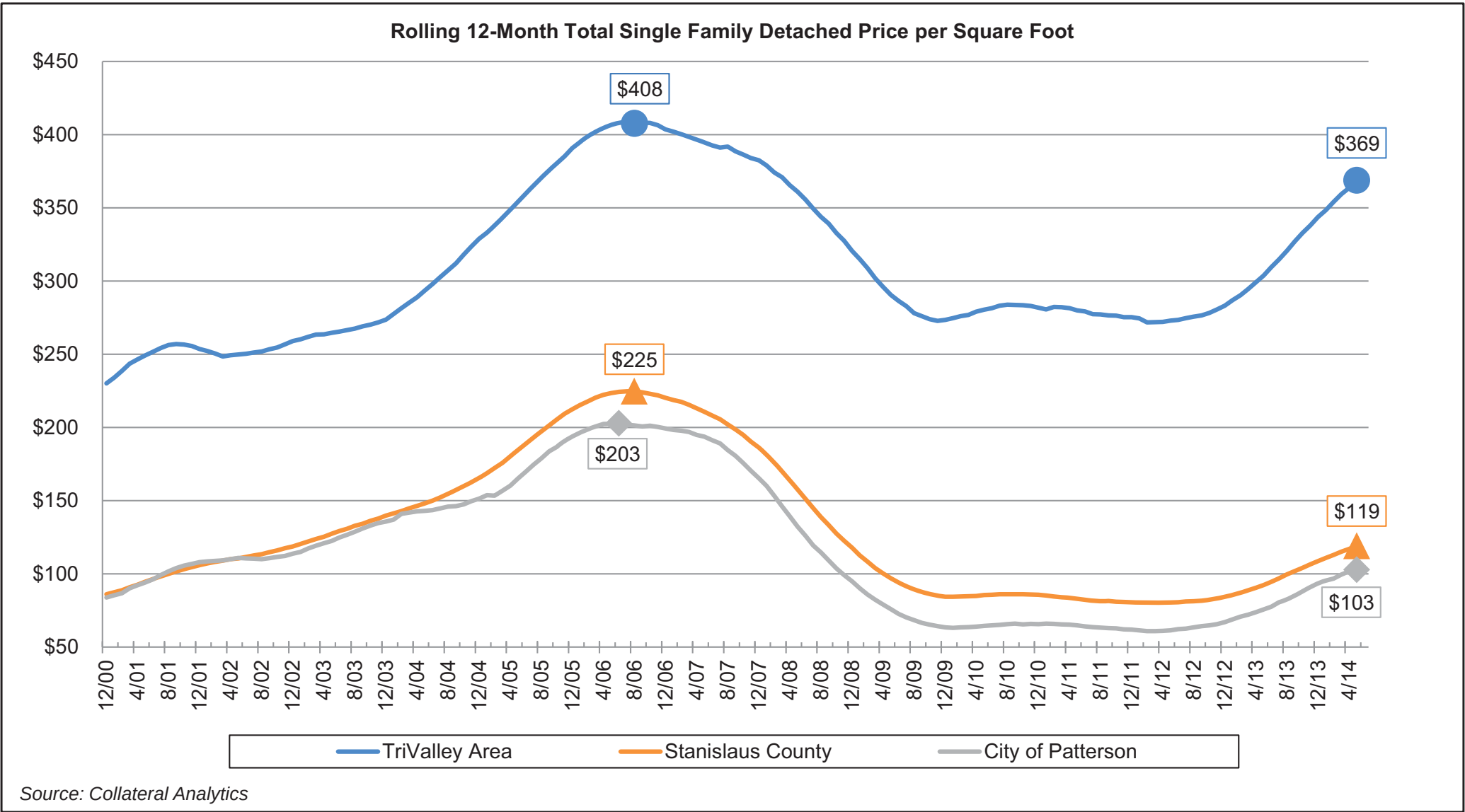
Stanislaus County vs. Patterson, CA (Zip Code 95363) vs. TriValley Area SFD Price

The TriValley area (Dublin, Pleasanton, and Livermore) is an area closer to the San Francisco Bay area with significant new home activity. Buyers will have better access to transportation, employment, shopping and other benefits of living closer to major cities. Prices as such are well above that of Stanislaus County and Patterson. Diablo Grande should be able to pull buyers working in this area.



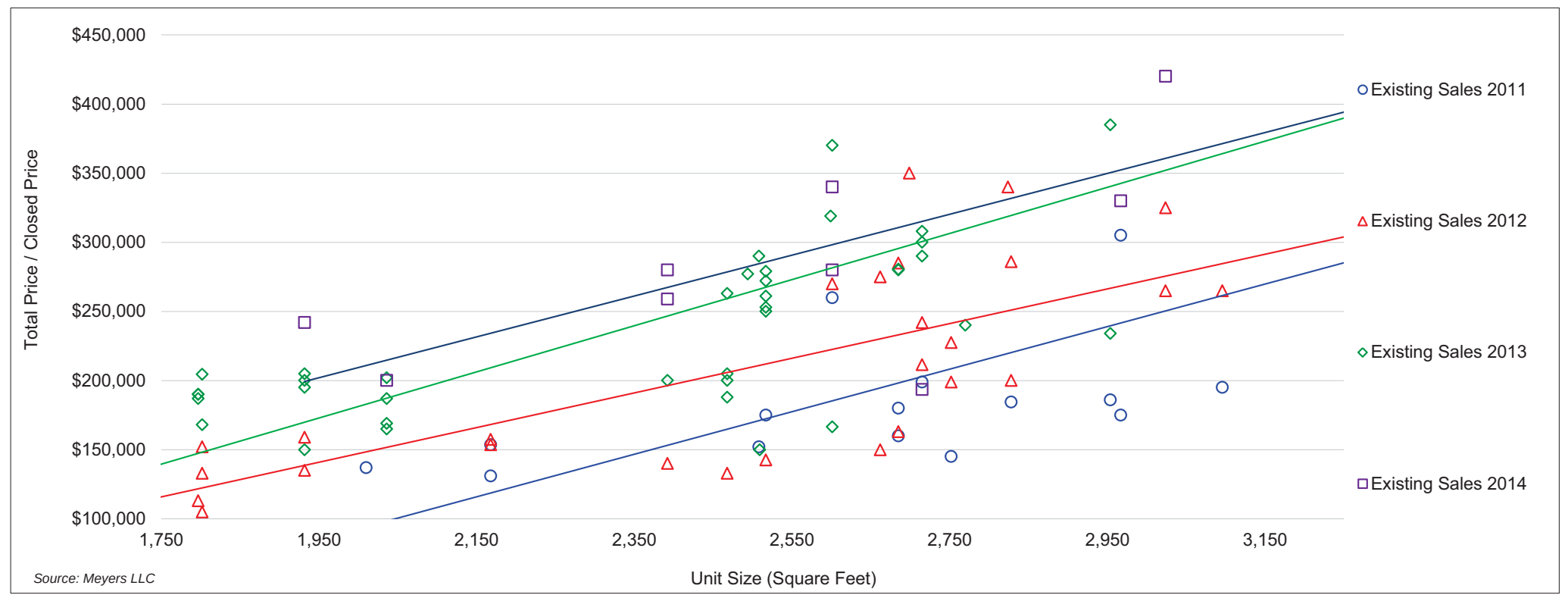
Stanislaus County vs. Patterson, CA (Zip Code 95363) vs. Tri Valley Area SFD Price per Square Foot

Like much of the Bay area, home values have increased significantly in the TriValley area, increasing nearly \$100/SF in two years. Buyers will be able to purchase a home for a third of the price per square foot in Patterson compared to the TriValley area.



Diablo Grande Existing Homes Sales by Year

Resale home prices within Diablo Grande have steadily increased the past four years. Thus far in 2014 the average price is \$330,000 which is well above the local average of +/--\$220,000 suggesting buyers are willing to pay a premium for the golf course master plan environment.



REFERENCE AREA	DATE RANGE	YEAR BUILT	LOT SIZE	SALES	Sales Pace	AVERAGE		
						SF	NET PRICE	\$/SF
Existing Sales 2011	Jan. '11 to Dec. '11	2006	8,977	17	1.5	2,737	\$206,412	\$75
Existing Sales 2012	Jan. '12 to Dec. '12	2006	7,515	31	2.7	2,487	\$208,290	\$84
Existing Sales 2013	Jan. '13 to Dec. '13	2006	7,116	42	3.6	2,446	\$255,703	\$105
Existing Sales 2014	Jan. '14 to Jul. '14	2005	10,665	13	2.6	2,816	\$330,154	\$117
SELECT MARKET AVERAGE:				26	2.6	2,622	\$250,140	\$95
SELECT MARKET MEDIAN:				24	2.7	2,612	\$231,997	\$94

Appendix: Land Residuals

Land Residual - Townhomes

Townhomes	
Revenue	Cost/Unit

Revenues

Net Base Price		\$239,250
Average Premium	2.1%	\$5,000
Average Sale Price (Base+Premium)		\$244,250
Average Options/Upgrades	8.4%	\$20,000
Average Unit Price		\$264,250
Total Units		42
Total Gross Revenue (Lot by Lot):		\$11,098,500

Costs

Average Unit Size (sq. ft.)		1,500	
Hard Construction Costs /1		\$70	
Total Hard Costs	39.7% of revenue	\$4,410,000	\$105,000
Soft Construction Costs			
Indirect Construction Costs /2	4.0% of revenue	\$443,940	\$10,570
Sales & Marketing /3	5.0% of revenue	\$554,925	\$13,213
General/Admin./Overhead /4	3.0% of revenue	\$332,955	\$7,928
Warranty /5	1.0% of revenue	\$110,985	\$2,643
Financing /6	4.0% of revenue	\$443,940	\$10,570
Builder Profit	12.0% of revenue	\$1,331,820	\$31,710
Other/Expenses/Contingency /7	1.5% of revenue	\$166,478	\$3,964
Total Costs:		\$7,795,043	\$185,596.25

Finished Lot Prices

Fully Finished Land Price	\$3,303,458
Finished Land Price Per Lot	\$78,654
Land as Percentage of Base Home Price:	32.2%

The above values reflect fully finished land prices. Lots that are unimproved, or "paper lots" are priced at a discount to reflect additional costs related to site development. The cost to complete can range depending on topography and associated development and engineering costs.

Source: Meyers Research; local Modesto real estate professional contacts

Assumptions:

- 1/ Includes side and rear block walls, front yard landscaping, and on-site labor. Impact fees are not included in the finished lot value.
- 2/ Indirect construction costs include building permits, architecture fees, legal fees, market study, construction supervision, construction trailer, on-site utilities, etc.
- 3/ Includes sales salaries, commissions & benefits, advertising, merchandising & landscape fees for models. Even breakdown = broker co-op, sales, models, advertising, sales staff.
- 4/ Includes general office expenses and liability insurance.
- 5/ Warranty has been estimated at 1.0%.
- 6/ Estimated using industry average.
- 7/ Miscellaneous (Legal, HOA, design, etc.)

Land Residual – Single Family 35' Wide

		SFR 35'	
		Revenue	Cost/Unit
Revenues			
Net Base Price		\$261,250	
Average Premium	1.9%	\$5,000	
Average Sale Price (Base+Premium)		\$266,250	
Average Options/Upgrades	7.7%	\$20,000	
Average Unit Price		\$286,250	
Total Units		292	
Total Gross Revenue (Lot by Lot):		\$83,585,000	

Costs			
Average Unit Size (sq. ft.)		1,500	
Hard Construction Costs /1		\$60	
Total Hard Costs	31.4% of revenue	\$26,280,000	\$90,000
Soft Construction Costs			
Indirect Construction Costs /2	4.0% of revenue	\$3,343,400	\$11,450
Sales & Marketing /3	5.0% of revenue	\$4,179,250	\$14,313
General/Admin./Overhead /4	3.0% of revenue	\$2,507,550	\$8,588
Warranty /5	1.0% of revenue	\$835,850	\$2,863
Financing /6	4.0% of revenue	\$3,343,400	\$11,450
Builder Profit	12.0% of revenue	\$10,030,200	\$34,350
Other/Expenses/Contingency /7	1.5% of revenue	\$1,253,775	\$4,294
Total Costs:		\$51,773,425	\$177,306.25

Finished Lot Prices

Fully Finished Land Price	\$31,811,575
Finished Land Price Per Lot	\$108,944
Land as Percentage of Base Home Price:	40.9%

The above values reflect fully finished land prices. Lots that are unimproved, or "paper lots" are priced at a discount to reflect additional costs related to site development. The cost to complete can range depending on topography and associated development and engineering costs.

Assumptions:

- 1/ Includes side and rear block walls, front yard landscaping, and on-site labor. Impact fees are not included in the finished lot value.
- 2/ Indirect construction costs include building permits, architecture fees, legal fees, market study, construction supervision, construction trailer, on-site utilities, etc.
- 3/ Includes sales salaries, commissions & benefits, advertising, merchandising & landscape fees for models. Even breakdown = broker co-op, sales, models, advertising, sales staff.
- 4/ Includes general office expenses and liability insurance.
- 5/ Warranty has been estimated at 1.0%.
- 6/ Estimated using industry average.
- 7/ Miscellaneous (Legal, HOA, design, etc.)

Source: Meyers Research; local Modesto real estate professional contacts

Land Residual – Single Family 50' Wide

SFR 50'	
Revenue	Cost/Unit

Revenues

Net Base Price		\$324,500
Average Premium	2.3%	\$7,500
Average Sale Price (Base+Premium)		\$332,000
Average Options/Upgrades	7.7%	\$25,000
Average Unit Price		\$357,000
Total Units		388
Total Gross Revenue (Lot by Lot):		\$138,516,000

Costs

Average Unit Size (sq. ft.)		2,100	
Hard Construction Costs /1		\$60	
Total Hard Costs	35.3% of revenue	\$48,888,000	\$126,000
Soft Construction Costs			
Indirect Construction Costs /2	4.0% of revenue	\$5,540,640	\$14,280
Sales & Marketing /3	5.0% of revenue	\$6,925,800	\$17,850
General/Admin./Overhead /4	3.0% of revenue	\$4,155,480	\$10,710
Warranty /5	1.0% of revenue	\$1,385,160	\$3,570
Financing /6	4.0% of revenue	\$5,540,640	\$14,280
Builder Profit	12.0% of revenue	\$16,621,920	\$42,840
Other/Expenses/Contingency /7	1.5% of revenue	\$2,077,740	\$5,355
Total Costs:		\$91,135,380	\$234,885.00

Finished Lot Prices

Fully Finished Land Price	\$47,380,620
Finished Land Price Per Lot	\$122,115
Land as Percentage of Base Home Price:	36.8%

The above values reflect fully finished land prices. Lots that are unimproved, or "paper lots" are priced at a discount to reflect additional costs related to site development. The cost to complete can range depending on topography and associated development and engineering costs.

Source: Meyers Research; local Modesto real estate professional contacts

Assumptions:

- 1/ Includes side and rear block walls, front yard landscaping, and on-site labor. Impact fees are not included in the finished lot value.
- 2/ Indirect construction costs include building permits, architecture fees, legal fees, market study, construction supervision, construction trailer, on-site utilities, etc.
- 3/ Includes sales salaries, commissions & benefits, advertising, merchandising & landscape fees for models. Even breakdown = broker co-op, sales, models, advertising, sales staff.
- 4/ Includes general office expenses and liability insurance.
- 5/ Warranty has been estimated at 1.0%.
- 6/ Estimated using industry average.
- 7/ Miscellaneous (Legal, HOA, design, etc.)

Land Residual – Single Family 60' Wide

			SFR 60'	
			Revenue	Cost/Unit
Revenues				
Net Base Price			\$374,091	
Average Premium	4.0%		\$15,000	
Average Sale Price (Base+Premium)			\$389,091	
Average Options/Upgrades	6.7%		\$25,000	
Average Unit Price			\$414,091	
Total Units			423	
Total Gross Revenue (Lot by Lot):			\$175,160,500	

Costs				
Average Unit Size (sq. ft.)			2,501	
Hard Construction Costs /1			\$60	
Total Hard Costs	36.2%	of revenue	\$63,480,000	\$150,071
Soft Construction Costs				
Indirect Construction Costs /2	4.0%	of revenue	\$7,006,420	\$16,564
Sales & Marketing /3	5.0%	of revenue	\$8,758,025	\$20,705
General/Admin./Overhead /4	3.0%	of revenue	\$5,254,815	\$12,423
Warranty /5	1.0%	of revenue	\$1,751,605	\$4,141
Financing /6	4.0%	of revenue	\$7,006,420	\$16,564
Builder Profit	12.0%	of revenue	\$21,019,260	\$49,691
Other/Expenses/Contingency /7	1.5%	of revenue	\$2,627,408	\$6,211
Total Costs:			\$116,903,953	\$276,368.68

Finished Lot Prices

Fully Finished Land Price	\$58,256,548
Finished Land Price Per Lot	\$137,722
Land as Percentage of Base Home Price:	35.4%

The above values reflect fully finished land prices. Lots that are unimproved, or "paper lots" are priced at a discount to reflect additional costs related to site development. The cost to complete can range depending on topography and associated development and engineering costs.

Assumptions:

- 1/ Includes side and rear block walls, front yard landscaping, and on-site labor. Impact fees are not included in the finished lot value.
- 2/ Indirect construction costs include building permits, architecture fees, legal fees, market study, construction supervision, construction trailer, on-site utilities, etc.
- 3/ Includes sales salaries, commissions & benefits, advertising, merchandising & landscape fees for models. Even breakdown = broker co-op, sales, models, advertising, sales staff.
- 4/ Includes general office expenses and liability insurance.
- 5/ Warranty has been estimated at 1.0%.
- 6/ Estimated using industry average.
- 7/ Miscellaneous (Legal, HOA, design, etc.)

Source: Meyers Research; local Modesto real estate professional contacts

Land Residual – Single Family 70' Wide

SFR 70'	
Revenue	Cost/Unit

Assumptions:

- 1/ Includes side and rear block walls, front yard landscaping, and on-site labor. Impact fees are not included in the finished lot value.
- 2/ Indirect construction costs include building permits, architecture fees, legal fees, market study, construction supervision, construction trailer, on-site utilities, etc.
- 3/ Includes sales salaries, commissions & benefits, advertising, merchandising & landscape fees for models. Even breakdown = broker co-op, sales, models, advertising, sales staff.
- 4/ Includes general office expenses and liability insurance.
- 5/ Warranty has been estimated at 1.0%.
- 6/ Estimated using industry average.
- 7/ Miscellaneous (Legal, HOA, design, etc.)

Revenues

Net Base Price		\$423,500
Average Premium	5.9%	\$25,000
Average Sale Price (Base+Premium)		\$448,500
Average Options/Upgrades	7.1%	\$30,000
Average Unit Price		\$478,500
Total Units		140
Total Gross Revenue (Lot by Lot):		\$66,990,000

Costs

Average Unit Size (sq. ft.)		3,000	
Hard Construction Costs /1		\$60	
Total Hard Costs	37.6% of revenue	\$25,200,000	\$180,000
Soft Construction Costs			
Indirect Construction Costs /2	4.0% of revenue	\$2,679,600	\$19,140
Sales & Marketing /3	5.0% of revenue	\$3,349,500	\$23,925
General/Admin./Overhead /4	3.0% of revenue	\$2,009,700	\$14,355
Warranty /5	1.0% of revenue	\$669,900	\$4,785
Financing /6	4.0% of revenue	\$2,679,600	\$19,140
Builder Profit	12.0% of revenue	\$8,038,800	\$57,420
Other/Expenses/Contingency /7	1.5% of revenue	\$1,004,850	\$7,178
Total Costs:		\$45,631,950	\$325,942.50

Finished Lot Prices

Fully Finished Land Price	\$21,358,050
Finished Land Price Per Lot	\$152,558
Land as Percentage of Base Home Price:	34.0%

The above values reflect fully finished land prices. Lots that are unimproved, or "paper lots" are priced at a discount to reflect additional costs related to site development. The cost to complete can range depending on topography and associated development and engineering costs.

Source: Meyers Research; local Modesto real estate professional contacts

Land Residual – Single Family 80' Wide

	SFR 80'	
	Revenue	Cost/Unit
Revenues		
Net Base Price		\$478,789
Average Premium	6.3%	\$30,000
Average Sale Price (Base+Premium)		\$508,789
Average Options/Upgrades	8.4%	\$40,000
Average Unit Price		\$548,789
Total Units		133
Total Gross Revenue (Lot by Lot):		\$72,989,000

Costs			
Average Unit Size (sq. ft.)		3,504	
Hard Construction Costs /1		\$60	
Total Hard Costs	38.3% of revenue	\$27,960,000	\$210,226
Soft Construction Costs			
Indirect Construction Costs /2	4.0% of revenue	\$2,919,560	\$21,952
Sales & Marketing /3	5.0% of revenue	\$3,649,450	\$27,439
General/Admin./Overhead /4	3.0% of revenue	\$2,189,670	\$16,464
Warranty /5	1.0% of revenue	\$729,890	\$5,488
Financing /6	4.0% of revenue	\$2,919,560	\$21,952
Builder Profit	12.0% of revenue	\$8,758,680	\$65,855
Other/Expenses/Contingency /7	1.5% of revenue	\$1,094,835	\$8,232
Total Costs:		\$50,221,645	\$377,606.35

Finished Lot Prices

Fully Finished Land Price	\$22,767,355
Finished Land Price Per Lot	\$171,183
Land as Percentage of Base Home Price:	33.6%

The above values reflect fully finished land prices. Lots that are unimproved, or "paper lots" are priced at a discount to reflect additional costs related to site development. The cost to complete can range depending on topography and associated development and engineering costs.

Assumptions:

- 1/ Includes side and rear block walls, front yard landscaping, and on-site labor. Impact fees are not included in the finished lot value.
- 2/ Indirect construction costs include building permits, architecture fees, legal fees, market study, construction supervision, construction trailer, on-site utilities, etc.
- 3/ Includes sales salaries, commissions & benefits, advertising, merchandising & landscape fees for models. Even breakdown = broker co-op, sales, models, advertising, sales staff.
- 4/ Includes general office expenses and liability insurance.
- 5/ Warranty has been estimated at 1.0%.
- 6/ Estimated using industry average.
- 7/ Miscellaneous (Legal, HOA, design, etc.)

Source: Meyers Research; local Modesto real estate professional contacts

Land Residual – Single Family 100' Wide

		SFR 100'	
		Revenue	Cost/Unit
Revenues			
Net Base Price		\$545,395	
Average Premium	5.5%	\$30,000	
Average Sale Price (Base+Premium)		\$575,395	
Average Options/Upgrades	7.3%	\$40,000	
Average Unit Price		\$615,395	
Total Units		43	
Total Gross Revenue (Lot by Lot):		\$26,462,000	

Costs			
Average Unit Size (sq. ft.)		4,012	
Hard Construction Costs /1		\$60	
Total Hard Costs	39.1% of revenue	\$10,350,000	\$240,698
Soft Construction Costs			
Indirect Construction Costs /2	4.0% of revenue	\$1,058,480	\$24,616
Sales & Marketing /3	5.0% of revenue	\$1,323,100	\$30,770
General/Admin./Overhead /4	3.0% of revenue	\$793,860	\$18,462
Warranty /5	1.0% of revenue	\$264,620	\$6,154
Financing /6	4.0% of revenue	\$1,058,480	\$24,616
Builder Profit	12.0% of revenue	\$3,175,440	\$73,847
Other/Expenses/Contingency /7	1.5% of revenue	\$396,930	\$9,231
Total Costs:		\$18,420,910	\$428,393.26

Finished Lot Prices

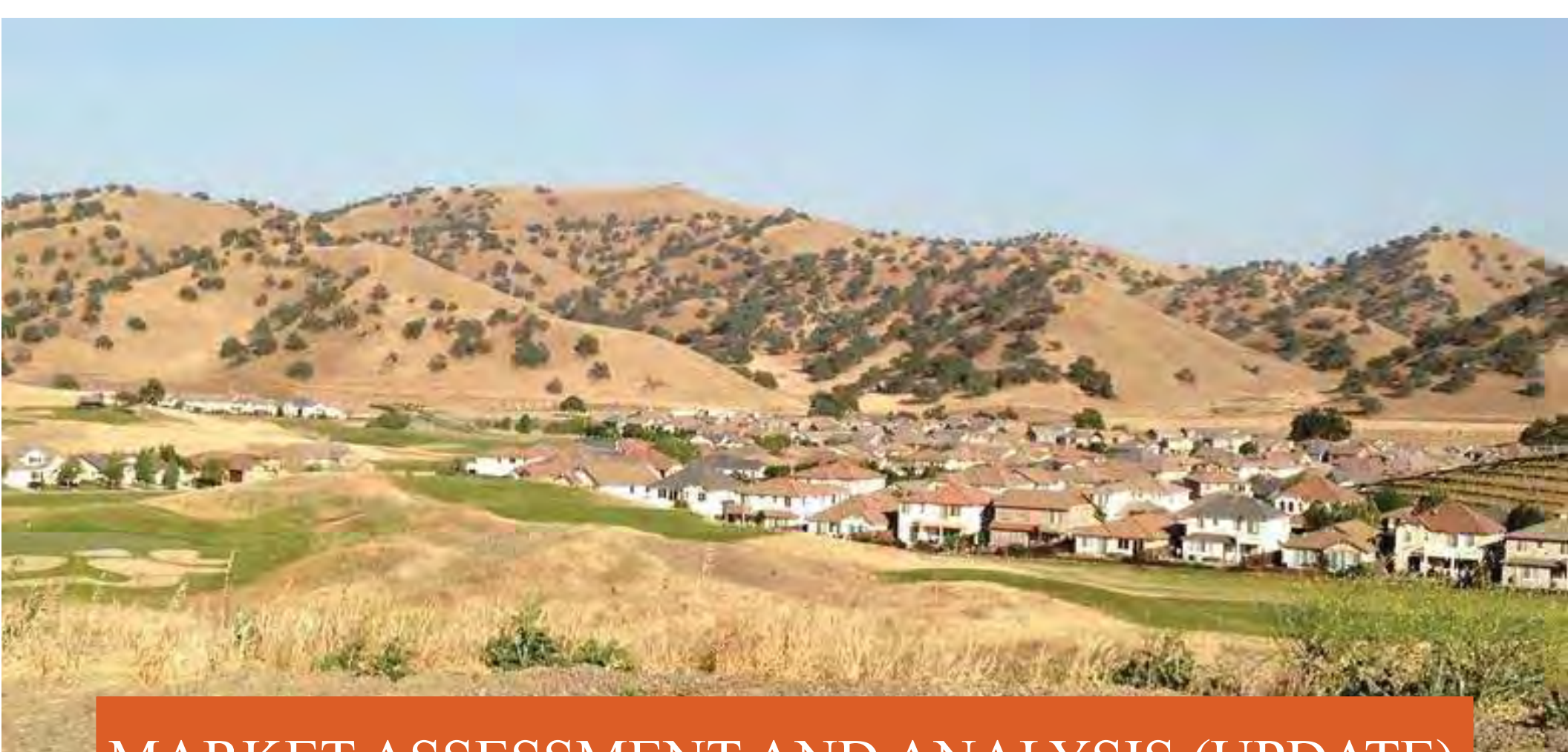
Fully Finished Land Price	\$8,041,090
Finished Land Price Per Lot	\$187,002
Land as Percentage of Base Home Price:	32.5%

The above values reflect fully finished land prices. Lots that are unimproved, or "paper lots" are priced at a discount to reflect additional costs related to site development. The cost to complete can range depending on topography and associated development and engineering costs.

Source: Meyers Research; local Modesto real estate professional contacts

Assumptions:

- 1/ Includes side and rear block walls, front yard landscaping, and on-site labor. Impact fees are not included in the finished lot value.
- 2/ Indirect construction costs include building permits, architecture fees, legal fees, market study, construction supervision, construction trailer, on-site utilities, etc.
- 3/ Includes sales salaries, commissions & benefits, advertising, merchandising & landscape fees for models. Even breakdown = broker co-op, sales, models, advertising, sales staff.
- 4/ Includes general office expenses and liability insurance.
- 5/ Warranty has been estimated at 1.0%.
- 6/ Estimated using industry average.
- 7/ Miscellaneous (Legal, HOA, design, etc.)



MARKET ASSESSMENT AND ANALYSIS (UPDATE)

“Diablo Grande” in Patterson, California
Master Plan Community Assessment and Future Product Planning

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE FISCAL AGENT AGREEMENT

The following summary of the Fiscal Agent Agreement is a summary only and does not purport to be a complete statement of the contents thereof. Reference is made to the Fiscal Agent Agreement for the complete terms thereof.

Definitions

"Acquisition Agreement" means the Acquisition Agreement, dated as of August 1, 2001 and the supplements thereto dated as of December 1, 2002, May 1, 2004, and January 1, 2005 and entered into by and between the Water District and the Master Developer, and any amendments thereto.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Sections 53311 *et seq.* of the California Government Code.

"Additional Bonds" means any series of bonds other than the Bonds issued pursuant to the Fiscal Agent Agreement.

"Administrative Expenses" means any or all of the following: the fees and expenses of the Fiscal Agent (including any fees or expenses of its counsel), the expenses of the Water District in carrying out its duties under the Fiscal Agent Agreement (including, but not limited to, the levying and collection of the Special Taxes, and the foreclosure of the liens of delinquent Special Taxes) including the fees and expenses of its counsel, an allocable share of the salaries of Water District staff directly related thereto and a proportionate amount of Water District general administrative overhead related thereto, any amounts paid by the Water District from its general funds pursuant to the Fiscal Agent Agreement, and all other costs and expenses of the Water District or the Fiscal Agent incurred in connection with the issuance and administration of the Bonds and/or the discharge of their respective duties under the Fiscal Agent Agreement (including, but not limited to, the calculation of the levy of the Special Taxes, foreclosures with respect to delinquent taxes, and the calculation of amounts subject to rebate to the United States) and, in the case of the Water District, in any way related to the administration of the District. Administrative Expenses shall include any such expenses incurred in prior years but not yet paid, and any advances of funds by the Water District under the Fiscal Agent Agreement.

"Annual Debt Service" means, for each Bond Year, the sum of (i) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled, and (ii) the principal amount of the Outstanding Bonds including any mandatory sinking fund payments due in such Bond Year.

"Authorized Officer" means the Water District Treasurer, President or any other officer or employee authorized by the Board of Directors of the Water District or by an Authorized Officer to undertake the action referenced in this Agreement as required to be undertaken by an Authorized Officer.

"Bond Counsel" means any attorney or firm of attorneys acceptable to the Water District and nationally recognized for expertise in rendering opinions as to the legality and tax-exempt status of securities issued by public entities.

"Bond Year" means each twelve-month period beginning on September 2 in any year and extending to the next succeeding September 1, both dates inclusive; except that the first Bond Year shall begin on the Closing Date and end on September 1, 2004.

"Bonds" means the Bonds and any Additional Bonds at any time outstanding under this Agreement and any Supplemental Agreement.

"Business Day" means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the state in which the Principal Office of the Fiscal Agent is located are authorized or obligated by law or executive order to be closed.

"CDIAC" means the California Debt and Investment Advisory Commission of the office of the State Treasurer of the State of California or any successor agency or bureau thereto.

"Closing Date" means the date upon which there is a physical delivery of the Bonds in exchange for the amount representing the purchase price of the Bonds by the Original Purchaser.

"Code" means the Internal Revenue Code of 1986 as in effect on the date of issuance of the Bonds or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the date of issuance of the Bonds, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under the Code.

"Continuing Disclosure Agreement" means the Continuing Disclosure Agreement, dated as of August 1, 2014, by and among the Water District and Munifinancial, in its capacity as Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

"Cost of Issuance" means items of expense payable or reimbursable directly or indirectly by the Water District and related to the authorization, sale and issuance of the Bonds, which items of expense shall include, but not be limited to, printing costs, costs of reproducing and binding documents, closing costs, filing and recording fees, initial fees, expenses and charges of the Fiscal Agent including its first annual administration fee, expenses incurred by the Water District in connection with the issuance of the Bonds, financial advisor fees, Bond (underwriter's) discount or underwriting fee, legal fees and charges, including bond counsel, charges for execution, transportation and safekeeping of the Bonds and other costs, charges and fees in connection with the foregoing.

"DTC" means the Depository Trust Company, New York, New York, and its successors and assigns.

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Debt Service Account" means the account of the Special Tax Fund by that name established by the Fiscal Agent.

"District" means the Western Hills Water District Diablo Grande Community Facilities District No. 1 formed pursuant to the Resolution of Formation.

"Fair Market Value" means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm's length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term "Fair Market Value" means the acquisition price in a bona fide arm's length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (iii) the investment is a United States Treasury Security—State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (iv) the investment is the Local Agency Investment Fund of the State of California, but only if at all times during which the investment is held its yield is reasonably expected to be equal to or greater than the yield on a reasonably comparable direct obligation of the United States.

"Federal Securities" means any of the following which are non-callable and which at the time of investment are legal investments under the laws of the State of California for funds held by the Fiscal Agent (the Fiscal Agent entitled to rely upon investment direction from the Water District as a certification that such investment constitutes a legal investment).

(i) Direct general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the United States Department of the Treasury) and obligations, the payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as "stripped" obligations and coupons; or

(ii) Any of the following obligations of the following agencies of the United States of America: (i) direct obligations of the Export-Import Bank, (ii) certificates of beneficial ownership issued by the Farmers Home Administration, (iii) participation certificates issued by the General Services Administration, (iv) mortgage-backed bonds or passthrough obligations issued and guaranteed by the Government National Mortgage Association, (v) project notes issued by the United States Department of Housing and Urban Development, and (vi) public housing notes and bonds guaranteed by the United States of America.

"Fiscal Agent" means the Fiscal Agent appointed by the Water District and acting as an independent fiscal agent with the duties and powers herein provided, its successors and assigns, and any other corporation or association which may at any time be substituted in its place, as provided in the Fiscal Agent Agreement.

"Fiscal Agent Agreement" means the Fiscal Agent Agreement dated as of July 1, 2001, the First Supplement to Fiscal Agent Agreement dated as of December 1, 2002, the Second Supplement to Fiscal Agent Agreement dated as of May 1, 2004, the Third Supplement to Fiscal Agent Agreement dated as of January 1, 2005, and the Fourth Supplemental Agreement to

Fiscal Agent Agreement dated as of August 1, 2014 by and between the Water District and the Fiscal Agent, as it may be amended or supplemented from time to time by any Supplemental Agreement.

"Fiscal Year" means the twelve-month period extending from July 1 in a calendar year to June 30 of the succeeding year, both dates inclusive.

"Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention Editor; Kenny Information Services' "Called Bond Service," 65 Broadway, 16th Floor, New York, New York 10064; Moody's Investors Service "Municipal and Government," 5250 77 Center Drive, Charlotte, North Carolina 28217, Attention Municipal News Reports; Standard & Poor's Ratings Services "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such services providing information with respect to called bonds as the Water District may designate in an Officer's Certificate delivered to the Fiscal Agent.

"Interest Payment Dates" means March 1 and September 1 of each year, commencing March 1, 2015.

"Master Developer" means Diablo Grande Limited Partnership, a California limited partnership.

"Maximum Annual Debt Service" means the largest Annual Debt Service for any Bond Year after the calculation is made through the final maturity date of any Outstanding Bonds.

"Officer's Certificate" means a written certificate of the Water District signed by an Authorized Officer of the Water District.

"Ordinance" means any ordinance of the Water District levying the Special Taxes.

"Original Purchaser" means the first purchaser of the Bonds from the Water District.

"Outstanding," when used as of any particular time with reference to Bonds, means (subject to the provisions of the Fiscal Agent Agreement) all Bonds except (i) Bonds theretofore canceled by the Fiscal Agent or surrendered to the Fiscal Agent for cancellation; (ii) Bonds paid or deemed to have been paid within the meaning of the Fiscal Agent Agreement; and (iii) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Water District pursuant to the Agreement or any Supplemental Agreement.

"Owner" or "Bondowner" means any person who shall be the registered owner of any Outstanding Bond.

"Participating Underwriter" shall have the meaning ascribed thereto in the Continuing Disclosure Agreement.

"Permitted Investments" means any of the following, to the extent that they are lawful investments for Water District funds at the time of investment, and are acquired at Fair Market Value (the Fiscal Agent entitled to rely upon investment direction from the Water District as a certification that such investment constitutes a legal investment):

(i) Federal Securities;

(ii) any of following obligations of federal agencies not guaranteed by the United States of America: (a) debentures issued by the Federal Housing Administration; (b) participation certificates or senior debt obligations of the Federal Home Loan Mortgage Corporation or Farm Credit Banks (consisting of Federal Land Banks, Federal Intermediate Credit Banks or Banks for Cooperatives); (c) bonds or debentures of the Federal Home Loan Bank Board established under the Federal Home Loan Bank Act, bonds of any federal home loan bank established under said act and stocks, bonds, debentures, participations and other obligations of or issued by the Federal National Mortgage Association, the Student Loan Marketing Association, the Government National Mortgage Association and the Federal Home Loan Mortgage Corporation; and bonds, notes or other obligations issued or assumed by the International Bank for Reconstruction and Development;

(iii) interest-bearing demand or time deposits (including certificates of deposit) in federal or State of California chartered banks (including the Fiscal Agent), provided that (a) in the case of a savings and loan association, such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation, or the unsecured obligations of such savings and loan association shall be rated in one of the top two rating categories by a nationally recognized rating service, and (b) in the case of a bank, such demand or time deposits shall be fully insured by the Federal Deposit Insurance Corporation, or the unsecured obligations of such bank (or the unsecured obligations of the parent bank holding company of which such bank is the lead bank) shall be rated in one of the top two rating categories by a nationally recognized rating service;

(iv) repurchase agreements with a registered broker/dealer subject to the Securities Investors' Protection Corporation Liquidation in the event of insolvency, or any commercial bank provided that: (a) the unsecured obligations of such bank shall be rated in one of the top two rating categories by a nationally recognized rating service, or such bank shall be the lead bank of a banking holding company whose unsecured obligations are rated in one of the top two rating categories by a nationally recognized rating service; (b) the most recent reported combined capital, surplus and undivided profits of such bank shall be not less than \$100 million; (c) the repurchase obligation under any such repurchase obligation shall be required to be performed in not more than thirty (30) days; (d) the entity holding such securities as described in clause (c) shall have a pledged first security interest therein for the benefit of the Fiscal Agent under the California Commercial Code or pursuant to the book-entry procedures described by 31 C.F.R. 306.1 *et seq.* or 31 C.F.R. 350.0 *et seq.* and are rated in one of the top two rating categories by a nationally recognized rating service;

(v) bankers acceptances endorsed and guaranteed by banks described in clause (iv) above;

(vi) obligations, the interest on which is exempt from federal income taxation under Section 103 of the Code and which are rated in the one of the top two rating categories by a nationally recognized rating service;

(vii) money market funds which invest solely in Federal Securities or in obligations described in the preceding clause (ii) of this definition, or money market

funds which are rated in the highest rating category by Standard & Poor's Ratings Services or Moody's Investor Service, including funds which are managed or maintained by the Fiscal Agent;

(viii) units of a taxable government money market portfolio comprised solely of obligations listed in (i) or (iv) above;

(ix) any investment which is a legal investment for proceeds of the Bonds at the time of the execution of such agreement, and which investment is made pursuant to an agreement between the Water District or the Fiscal Agent or any successor Fiscal Agent and a financial institution or governmental body whose long term debt obligations are rated in one of the top two rating categories by a nationally recognized rating service;

(x) commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody's Investors Service, or Standard and Poor's Corporation, of issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000) and having an "AA" or higher rating for the issuer's debentures, other than commercial paper, as provided for by Moody's Investors Service or Standard and Poor's Corporation, and provided that purchases of eligible commercial paper may not exceed 180 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation;

(xi) any general obligation of a bank or insurance company whose long term debt obligations are rated in one of the two highest rating categories of a national rating service;

(xii) shares in a common law trust established pursuant to Title 1, Division 7, Charter 5 of the Government Code of the State which invests exclusively in investments permitted by Section 53635 of Title 5, Division 2, Chapter 4 of the Government Code of the State, as it may be amended;

(xiii) shares in the California Asset Management Program; or

(xiv) any other lawful investment for Water District funds.

"Principal Office" means the corporate trust office of the Fiscal Agent in San Francisco, California, or such other or additional offices as may be designated by the Fiscal Agent.

"Project" means the acquisitions and improvements described in the Resolution of Intention.

"Record Date" means the fifteenth (15th) day of the month next preceding the month of the applicable Interest Payment Date.

"Regulations" means temporary and permanent regulations promulgated under the Code.

"Reserve Fund Credit Instrument" means a surety bond issued by an insurance company rated in the highest rating category by Standard & Poor's and Moody's.

"Reserve Requirement" means an amount equal to the lesser of (a) Maximum Annual Debt Service on the Outstanding Bonds, (b) 125% of average annual Debt Service, or (c) ten percent (10%) of the total proceeds of the Bonds deposited under the Fiscal Agent Agreement.

"Resolution" means Resolution No. 2014-8, adopted by the Board of Directors of the Water District on July 14, 2014, which resolution, among other matters, authorized the issuance of the Bonds.

"Resolution of Formation" means Resolution No. 2000-06, adopted by the Board of Directors of the Water District on September 24, 2000, establishing the District for the purpose of providing for the financing of certain public facilities in and for such District.

"Resolution of Intention" means Resolution No. 2000-03, adopted by the Board of Directors of the Water District on August 24, 2000.

"Securities Depositories" means The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures-Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax-(312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention Bond Department, Dex-(215) 496-5058; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Water District may designate in an Officer's Certificate delivered to the Fiscal Agent.

"Special Tax Revenues" means the proceeds of the Special Taxes received by the Water District, including all scheduled payments and delinquent payments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes.

"Special Taxes" means the special taxes levied within the District pursuant to the Act, the Ordinance and the Fiscal Agent Agreement.

"Supplemental Agreement" means an agreement the execution of which is authorized by a resolution which has been duly adopted by the Water District under the Act and which agreement is amendatory of or supplemental to the Fiscal Agent Agreement, but only if and to the extent that such agreement is specifically authorized under the Fiscal Agent Agreement.

"Treasurer" means the duly acting Treasurer of the Water District or if the Water District has no Treasurer, the President of the Water District or such employee of the Water District as the Board of Directors of the Water District authorizes to act in place of the Treasurer for purposes of administration of the Bonds.

"Bonds" means the Western Hills Water District Diablo Grande Community Facilities District No. 1 Special Tax Bonds of any series at any time Outstanding under the Fiscal Agent Agreement or any Supplemental Agreement.

"Water District" means the Western Hills Water District a water district duly organized and existing under Division 13, Sections 34000-38501 of the California Water Code, and any successor thereto.

Special Tax Revenues; Flow of Funds

Pledge of Special Tax Revenues. All of the Special Tax Revenues and all moneys deposited in the Bond Fund, the Reserve Fund and, until disbursed as provided in the Fiscal Agent Agreement, in the Special Tax Fund are pledged to secure the repayment of the Bonds. Such pledge shall constitute a first lien on the Special Tax Revenues and said amounts. The Special Tax Revenues and all moneys deposited in such funds (except as otherwise provided in the Fiscal Agent Agreement) are dedicated in their entirety to the payment of the principal of, and interest and any premium on, the Bonds as provided in the Fiscal Agent Agreement and in the Act until all of the Bonds have been paid and retired or until moneys or Defeasance Obligations have been set aside irrevocably for that purpose in accordance with the Fiscal Agent Agreement. Amounts in the Costs of Issuance Fund are not pledged to the repayment of the Bonds.

Special Tax Fund

Establishment of Special Tax Fund. There is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent, the Diablo Grande Community Facilities District No. 1 Special Tax Bonds, Series 2014, Special Tax Fund, to the credit of which the Water District shall forward to the Fiscal Agent for deposit, promptly upon receipt, all Special Tax Revenues received by the Water District and any amounts required by the Fiscal Agent Agreement to be deposited therein. Within the Special Tax Fund, the Fiscal Agent will establish and maintain two accounts: (i) the Debt Service Account, to the credit of which the Fiscal Agent shall deposit, immediately upon receipt, all Special Tax Revenues, and (ii) the Surplus Account, to the credit of which the shall deposit deposit, immediately upon receipt, surplus Special Tax Revenues, as described below. Moneys in the Special Tax Fund will be disbursed as provided below and, pending any disbursement, will be subject to a lien in favor of the Owners of the Bonds.

All Special Tax Revenues shall be deposited in the Debt Service Account upon receipt. No later than ten (10) Business Days prior to each Interest Payment Date, the Fiscal Agent shall withdraw from the Debt Service Account of the Special Tax Fund and transfer (i) to the Reserve Fund, an amount which when added to the amount then on deposit therein is equal to the Reserve Requirement, and (ii) to the Bond Fund an amount, taking into account any amounts then on deposit in the Bond Fund such that the amount in the Bond Fund equals the principal, premium, if any, and interest due on the Bonds on the next Interest Payment Date. At such time as deposits to the Debt Service Account equal the principal, premium if any, and interest becoming due on the Bonds for the current Bond Year and the amount needed to restore the Reserve Fund balance to the Reserve Requirement, the amount in the Debt Service Account in excess of such amount may, at the discretion of and upon the request of, the Water District, be transferred to the Surplus Account, which shall occur on or after September 15th of each year. If there has been no levy for pay-as-you-go expenditures it is unlikely there will be amounts to be transferred to the Surplus Account.

From time to time, the Water District may cause withdrawal from the Surplus Account of the Special Tax Fund amounts needed to pay costs of the Project or incidental expenses of the District authorized under the Act. Moneys in the Surplus Account may, at the Water District's discretion, also be used to pay the principal of, premium, if any, and interest on the Bonds or to replenish the Reserve Fund to the amount of the Reserve Requirement.

Moneys in the Surplus Account will be held in trust by the Fiscal Agent for the benefit of the Water District and the Owners of the Bonds, is required to be disbursed as provided above, and, pending any disbursements, shall be subject to a lien in favor of the Owners of the Bonds.

Bond Fund

Establishment of the Bond Fund. There is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent the Diablo Grande Community Facilities District No. 1 Special Tax Bonds Bond Fund, to the credit of which deposits shall be made as required by the Fiscal Agent Agreement or the Act. Moneys in the Bond Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds, shall be disbursed for the payment of the principal of, and interest and any premium on, the Bonds as provided below, and, pending such disbursement, shall be subject to a lien in favor of the Owners of the Bonds.

Disbursements. On each Interest Payment Date, the Fiscal Agent shall withdraw from the Bond Fund and pay to the Owners of the Bonds the principal of, and interest and any premium, then due and payable on the Bonds, including any amounts due on the Bonds by reason of the sinking payments set forth in the Fiscal Agent Agreement or any redemption of the Bonds pursuant to the Fiscal Agent Agreement.

In the event that amounts in the Bond Fund are insufficient to pay regularly scheduled payments of principal of and interest on the Bonds, the Fiscal Agent shall withdraw from the Reserve Fund to the extent of any funds therein, the amount of such insufficiency, and the Fiscal Agent shall provide written notice to the Treasurer of the amounts so withdrawn from the Reserve Fund. Amounts so withdrawn from the Reserve Fund shall be deposited in the Bond Fund.

If, after the foregoing transfer, there are insufficient funds in the Bond Fund to make the payments provided for to pay regularly scheduled payments of principal of and interest on the Bonds, the Fiscal Agent shall apply the available funds first to the payment of interest on the Bonds, then to the payment of principal due on the Bonds other than by reason of sinking payments, and then to payment of principal due on the Bonds by reason of sinking payments. Any sinking payment not made as scheduled shall be added to the sinking payment to be made on the next sinking payment date.

Deficiency. If at any time it appears to the Fiscal Agent that there is a danger of deficiency in the Bond Fund and that the Fiscal Agent may be unable to pay regularly scheduled debt service on the Bonds in a timely manner, the Fiscal Agent shall report to the Treasurer such fact. The Water District covenants to increase the levy of the Special Taxes in the next Fiscal Year (subject to the maximum amount authorized by the Resolution of Formation) in accordance with the procedures set forth in the Act for the purpose of curing Bond Fund deficiencies.

Reserve Fund

There is established in the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent the Diablo Grande Community Facilities District No. 1 Special Tax Bonds Reserve Fund. In lieu of funding the Reserve Fund with cash or in replacement thereof, the Reserve Fund may be funded with a Reserve Fund Credit Instrument. Moneys in the Reserve Fund shall be held in trust by the Fiscal Agent for the benefit of the Owners of the Bonds as a reserve for

the payment of principal of, and interest on, the Bonds and shall be subject to a lien in favor of the Owners of the Bonds.

Use of Fund. Except as otherwise provided in the Fiscal Agent Agreement, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Fiscal Agent solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of, and interest on, the Bonds. Whenever transfer is made from the Reserve Fund to the Bond Fund due to a deficiency in the Bond Fund, the Fiscal Agent shall provide written notice thereof to the Treasurer.

Transfer of Excess of Reserve Requirement. Whenever, on the Business Day prior to any Interest Payment Date, the amount in the Reserve Fund exceeds the then applicable Reserve Requirement, the Fiscal Agent shall transfer an amount equal to the excess from the Reserve Fund to the Bond Fund to be used for the payment of the principal of and interest on the Bonds.

Transfer for Rebate Purposes. Investment earnings on amounts in the Reserve Fund may be withdrawn from the Reserve Fund for purposes of making payment to the federal government to comply with rebate requirements.

Transfer When Balance Exceeds Outstanding Bonds. Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and after making premium, if any, due upon redemption, and make any transfer required under the Fiscal Agent Agreement and upon receipt of an Officer's Certificate directing it to do so, the Fiscal Agent shall transfer the amount in the Reserve Fund to the Bond Fund to be applied, on the next succeeding Interest Payment Date to the payment and redemption of all of the Outstanding Bonds. In the event that the amount so transferred from the Reserve Fund to the Bond Fund exceeds the amount required to pay and redeem the Outstanding Bonds, the balance in the Reserve Fund shall be transferred to the Water District, after payment of any amounts due the Fiscal Agent, to be used for any lawful purpose of the Water District.

Improvement Fund

Establishment of Improvement Fund. There is established in the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent, the Diablo Grande Community Facilities District No. 1 Special Tax Bonds Improvement Fund and created within the Improvement Fund a separate account designated as the "2014 Improvements Account" of the Improvement Fund, which account is established for purposes of accounting for the use and disposition of 2014 Bond proceeds directed to the Improvement Fund to the credit of which a deposit shall be made as required by the Fiscal Agent Agreement. Moneys in the Improvement Fund shall be held in trust by the Fiscal Agent and shall be disbursed as provided in the Fiscal Agent Agreement for the payment or reimbursement of costs of the Project.

Procedure for Disbursement. Disbursements from the Improvement Fund shall be made as determined by the Treasurer for the payment the costs of the Project, including for costs of acquisition of portions of the Project in accordance with the Acquisition Agreement.

Investment. Moneys in the Improvement Fund and the accounts established thereunder shall be invested and deposited in accordance with the Fiscal Agent Agreement. Interest

earnings and profits from the investment of amounts in the Improvement Fund shall be retained by the Fiscal Agent in the Improvement Fund to be used for the purposes of the Improvement Fund.

Closing of Fund. Upon the filing of an Officer's Certificate stating that the portion of the Project to be financed from the Improvement Fund and the accounts established thereunder has been completed and that all costs of such portion of the Improvements have been paid or are not required to be paid from the Improvement Fund, the Fiscal Agent shall transfer the amount, if any, remaining in the Improvement Fund to the Bond Fund for application to the payment of principal of and interest on the Bonds in accordance with the Fiscal Agent Agreement and the Improvement Fund shall be closed.

Costs of Issuance Fund

Establishment of Costs of Issuance Fund. There is established under the Fiscal Agent Agreement as a separate fund to be held by the Fiscal Agent, the Diablo Grande Community Facilities District No. 1 Special Tax Bonds Costs of Issuance Fund. Moneys in the Costs of Issuance Fund shall be held in trust by the Fiscal Agent and shall be disbursed for the payment or reimbursement of Costs of Issuance.

Disbursement. Amounts in the Costs of Issuance Fund shall be disbursed from time to time to pay Costs of Issuance, as set forth in a requisition containing respective amounts to be paid to the designated payees, signed by the Treasurer or a designee thereof and delivered to the Fiscal Agent. The Fiscal Agent shall maintain the Costs of Issuance Fund for a period of six months, from the Closing Date and then shall transfer any moneys remaining therein, including any investment earnings thereon, to the Treasurer for deposit by the Treasurer in the Special Tax Fund. Thereafter, every invoice received by the Fiscal Agent shall be submitted to the Treasurer for payment from amounts on deposit in the Special Tax Fund.

Certain Covenants of the Water District

Punctual Payment. The Water District will punctually pay or cause to be paid the principal of, and interest and any premium on, the Bonds when and as due in strict conformity with the terms of the Fiscal Agent Agreement, and it will faithfully observe and perform all of the conditions covenants and requirements of the Fiscal Agent Agreement and all Supplemental Agreements and of the Bonds.

Limited Obligation. The Bonds are limited obligations of the Water District on behalf of the District and are payable solely from and secured solely by the Special Tax Revenues and the amounts in the Bond Fund, the Reserve Fund and the Special Tax Fund created under the Fiscal Agent Agreement.

Extension of Time for Payment. In order to prevent any accumulation of claims for interest after maturity, the Water District shall not, directly or indirectly, extend or consent to the extension of the time for the payment of any claim for interest on any of the Bonds and shall not, directly or indirectly, be a party to the approval of any such arrangement by purchasing or funding said claims for interest or in any other manner. In case any such claim for interest shall be extended or funded, whether or not with the consent of the Water District, such claim for interest so extended or funded shall not be entitled, in case of default under the Fiscal Agent Agreement, to the benefits of the Fiscal Agent Agreement, except subject to the prior payment

in full of the principal of all of the Bonds then Outstanding and of all claims for interest which shall not have been so extended or funded.

Against Encumbrances. The Water District will not encumber, pledge or place any charge or lien upon any of the Special Tax Revenues or other amounts pledged to the Bonds superior to or on a parity with the pledge and lien herein created for the benefit of the Bonds, except as permitted by the Fiscal Agent Agreement.

Books and Accounts. The Water District will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Water District, in which complete and correct entries shall be made of all transactions relating to the expenditure of amounts disbursed from the Special Tax Fund and to the Special Tax Revenues. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Fiscal Agent and the Owners of not less than ten percent (10%) of the principal amount of the Bonds then Outstanding, or their representatives duly authorized in writing.

Protection of Security and Rights of Owners. The Water District will preserve and protect the security of the Bonds and the rights of the Owners, and will warrant and defend their rights against all claims and demands of all persons. From and after the delivery of any of the Bonds by the Water District, the Bonds shall be incontestable by the Water District.

Compliance with Law; Completion of Project. The Water District will comply with all applicable provisions of the Act and the law in completing the acquisition and construction of the Project; provided that the Water District shall have no obligation to advance any funds to complete the Project in excess of the amounts available therefor in the Improvement Fund.

Collection of Special Tax Revenues. The Water District shall comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes. On or within five (5) Business Days of each June 1, the Fiscal Agent shall provide the Treasurer with a notice stating the amount then on deposit in the Bond Fund and the Reserve Fund. The receipt of such notice by the Treasurer shall in no way affect the obligations of the Treasurer under the following two paragraphs. Upon receipt of such notice, the Treasurer shall communicate with the Treasurer to ascertain the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year.

The Water District shall effect the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance such that the computation of the levy is complete before the final date on which County Auditor will accept the transmission of the Special Tax amounts for the parcels within the District for inclusion on the next secured real property tax roll. Upon the completion of the computation of the amounts of the levy, the Water District shall prepare or cause to be prepared, and shall transmit to the Treasurer, such data as the County Auditor requires to include the levy of the Special Taxes on the next secured real property tax roll.

The Water District shall fix and levy the amount of Special Taxes within the District required for the payment of principal of and interest on any outstanding Bonds of the District becoming due and payable during the ensuing year, including any necessary replenishment or expenditure of the Reserve Fund for the Bonds and an amount estimated to be sufficient to pay the Administrative Expenses during such year, all in accordance with the rate and method of apportionment of the Special Taxes for the District and the Ordinance. In any event, the Special

Taxes so levied shall not exceed the authorized amounts as provided in the proceedings pursuant to the Resolution of Formation.

No Arbitrage. The Water District shall not take, or permit or suffer to be taken by the Fiscal Agent or otherwise, any action with respect to the gross proceeds of the Bonds which if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and Regulations.

Maintenance of Tax-Exemption. The Water District shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Code as in effect on the date of issuance of the Bonds.

Additional Bonds

In addition to the Bonds, the Water District may, by a Supplemental Agreement, authorize the issuance additional Bonds, payable from Special Taxes and secured, unless otherwise provided in the Supplemental Agreement, by the Special Tax Revenues equally and ratably with Bonds previously issued, but only upon compliance by the Water District with the requirements set forth in the Supplemental Agreement, and subject to certain conditions, which include the following:

- (i) No default in the Bonds shall have occurred and then be continuing.
- (ii) The Supplemental Agreement providing for the issuance of the Additional Bonds shall specify the purpose for which such Additional Bonds is being issued, which shall be one or more of the following:
 - (A) to provide moneys needed to construct and acquire the Facilities, by depositing into the Improvement Fund the proceeds of such Additional Bonds to be so applied, or
 - (B) to refund all or part of the Bonds or Additional Bonds then Outstanding, by depositing in trust with the Fiscal Agent, moneys or Federal Securities in the amount necessary to discharge all liability of the Water District with respect to the bonds to be refunded as provided in Section 9.03.
- (iii) The Supplemental Fiscal Agent Agreement providing for the issuance of such Series shall also require that there be deposited into a subaccount in the Reserve Fund, forthwith upon the receipt of the proceeds of the sale of such Series, an amount at least equal to the Reserve Requirement with respect to the Outstanding Bonds of the Series to which it relates. Said deposit may be made from the proceeds of the sale of such Series or by the Water District or from both such sources, as provided in the Supplemental Fiscal Agent Agreement.
- (iv) The Bonds of such Series shall be payable as to principal on September 1 in each year in which principal becomes due, and shall be payable as to interest semiannually on March 1 and September 1, except that the first installment of interest may be payable on either March 1 or September 1 and shall be for a period not longer than six (6) months.

(v) Fixed serial maturities or Sinking Fund Payments, or any combination thereof, shall be established in amounts sufficient to provide for the retirement of all of the Bonds of such Series on or before their respective maturity dates.

(vi) The aggregate principal amount of all additional Series of Bonds plus the Series 2014 Bonds shall not exceed the total amount of Bonds authorized to be issued.

(vii) After giving effect to the issuance of such Series of Bonds:

(A) Projected Special Taxes plus projected investment earnings on amounts held in the Reserve Fund to be transferred to the Special Tax Fund pursuant to the terms of this Fiscal Agent Agreement for each Fiscal Year are equal to or greater than one hundred ten percent (110%) of maximum Debt Service for the next Fiscal Year; provided that such projection of investment earnings on amounts held in the Reserve Fund may assume an investment rate equal to the passbook savings rate available to the Water District at the time of determination; and

(B) The aggregate value of all parcels in the District subject to the Special Tax, including then existing improvements and any facilities to be constructed or acquired with the proceeds of the proposed series of Bonds, as determined by an MAI appraisal or, in the alternative, the assessed value of all such parcels and improvements thereon (and improvements to be financed from proceeds of the Bonds proposed to be issued) as shown on the then current County tax roll, or by a combination of both methods is at least 3.00 times the sum of (i) the aggregate principal amount of all Bonds then outstanding plus (ii) the aggregate principal amount of the series of Bonds proposed to be issued, plus (iii) the aggregate principal amount of any bonds then outstanding and payable from assessments which are a lien against property in the District, plus (iv) a portion of the aggregate principal amount of all Mello-Roos bonds, other than Bonds then outstanding, and payable at least partially from special taxes to be levied on parcels of land subject to the Special Tax within the District (the "Other Mello-Roos Bonds") equal to the aggregate principal amount of the Other Mello-Roos Bonds multiplied by a fraction, the numerator of which is the amount of special taxes levied for the Other Mello-Roos Bonds on parcels of land within the District subject to the Special Tax, and the denominator of which is the total amount of special taxes levied for the Other Mello-Roos Bonds on all parcels of land subject to the Special Tax against which the special taxes are levied to pay the Other Mello-Roos Bonds (such fraction to be determined based upon the special taxes which could be levied the year in which maximum annual debt service on the Other Mello-Roos Bonds occurs), based upon information from the most recent available fiscal year.

Notwithstanding the above requirements, if there shall have deposited with the Fiscal Agent cash or a letter of credit meeting the requirements of the Fiscal Agent Agreement in an amount (the "Letter of Credit Amount") equal to the shortfall in the valuation of the property in the District to meet the value-to-lien requirement set forth in the preceding paragraph, the Letter of Credit Amount shall be excluded from the debt computation under this subsection (ii). Any such letter of credit deposited with the Fiscal Agent shall remain in effect, and the

Letter of Credit Amount shall not be reduced or the letter of credit thereafter terminated, until satisfaction of the preceding paragraphs of this subsection (B) with respect to the amount by which the letter of credit is proposed to be reduced, or with respect to the Letter of Credit Amount in connection with the proposed termination of the letter of credit.

Investments; Disposition of Investment Proceeds

Deposit and Investment of Moneys in Funds. Moneys in any fund or account created or established by the Fiscal Agent Agreement and held by the Fiscal Agent shall be invested by the Fiscal Agent in Permitted Investments, as directed pursuant to an Officer's Certificate filed with the Fiscal Agent at least two Business Days in advance of the making of such investments.

The Fiscal Agent or the Treasurer, as applicable, shall sell or present for redemption, any investment security whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited and neither the Fiscal Agent nor the Treasurer shall be liable or responsible for any loss resulting from the acquisition or disposition of such investment security in accordance with the Fiscal Agent Agreement.

Rebate of Excess Investment Earnings to the United States. The Water District covenants to calculate and rebate to the federal government, in accordance with the Regulations, excess investment earnings to the extent required by Section 148(f) of the Code. The Water District shall notify the Fiscal Agent of any amounts determined to be due to the federal government, and the Fiscal Agent shall, upon receipt of an Officer's Certificate of the Water District, withdraw such amounts from the Reserve Fund pursuant to the Fiscal Agent Agreement, and pay such amounts to the federal government as required by the Code and the Regulations. In the event of any shortfall in amounts available to make such payments, the Fiscal Agent shall notify the Treasurer in writing of the amount of the shortfall and the Treasurer shall make such payment from any amounts available in the Special Tax Fund.

The Fiscal Agent

Removal or Resignation of Fiscal Agent. The Water District may remove the Fiscal Agent initially appointed, and any successor thereto, and may appoint a successor or successors thereto, but any such successor shall be a bank or trust company having a combined capital (exclusive of borrowed capital) and surplus of at least Fifty Million Dollars (\$50,000,000) including, for such purpose, the combined capital and surplus of any parent holding company, and subject to supervision or examination by federal or state authority.

The Fiscal Agent may at any time resign by giving written notice to the Water District and by giving to the Owners notice by mail of such resignation. Upon receiving notice of such resignation, the Water District shall promptly appoint a successor Fiscal Agent by an instrument in writing. Any resignation or removal of the Fiscal Agent shall become effective upon acceptance of appointment by the successor Fiscal Agent.

If no appointment of a successor Fiscal Agent has been made within thirty (30) days after the Fiscal Agent has given to the Water District written notice or after a vacancy in the office of the Fiscal Agent shall have occurred by reason of its inability to act, the Fiscal Agent or any Bondowner may apply to any court of competent jurisdiction to appoint a successor Fiscal

Agent. Said court may thereupon, after such notice, if any, as such court may deem proper, appoint a successor Fiscal Agent.

Modification or Amendment of Fiscal Agent Agreement

The Fiscal Agent Agreement and the rights and obligations of the Water District and of the Owners of the Bonds may be modified or amended at any time by a Supplemental Agreement pursuant to the affirmative vote at a meeting of Owners, or with the written consent without a meeting, of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Fiscal Agent Agreement. No such modification or amendment shall (i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Water District to pay the principal of, and the interest and any premium on, any Bond, without the express consent of the Owner of such Bond, or (ii) permit the creation by the Water District of any pledge or lien upon the Special Taxes superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as otherwise permitted by the Act, the laws of the State of California or the Fiscal Agent Agreement), or reduce the percentage of Bonds required for the amendment hereof. No such amendment may modify any of the rights or obligations of the Fiscal Agent without its written consent.

The Fiscal Agent Agreement and the rights and obligations of the Water District and of the Owners may also be modified or amended at any time by a Supplemental Agreement, without the consent of any Owners, only to the extent permitted by law and only for any one or more of the following purposes:

(A) to add to the covenants and agreements of the Water District in the Fiscal Agent Agreement contained, other covenants and agreements thereafter to be observed, or to limit or surrender any right or power in the Fiscal Agent Agreement reserved to or conferred upon the Water District;

(B) to make modifications not adversely affecting any outstanding series of Bonds of the Water District in any material respect;

(C) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in the Fiscal Agent Agreement, or in regard to questions arising under the Fiscal Agent Agreement, as the Water District and the Fiscal Agent may deem necessary or desirable, and which shall not adversely affect the rights of the Owners of the Bonds;

(D) to make such additions, deletions or modifications as may be necessary or desirable to assure compliance with Section 148 of the Code relating to required rebate of excess investment earnings to the United States or otherwise as may be necessary to assure exclusion from gross income for federal income tax purposes of interest on the Bonds or to conform with the Regulations.

Procedure for Amendment with Written Consent of Owners. The Water District and the Fiscal Agent may at any time enter into a Supplemental Agreement amending the provisions of the Bonds or of the Fiscal Agent Agreement or any Supplemental Agreement, to the extent that such amendment is permitted by the Fiscal Agent Agreement. A copy of such Supplemental Agreement, together with a request to Owners for their consent thereto, if such consent is required, shall be mailed by first class mail, by the Fiscal Agent to each Owner of Bonds

Outstanding, but failure to mail copies of such Supplemental Agreement and request shall not affect the validity of the Supplemental Agreement when assented to as in the Fiscal Agent Agreement.

If consent of the Owners is required, such Supplemental Agreement shall not become effective unless there shall be filed with the Fiscal Agent the written consents of the Owners of at least sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding (exclusive of Bonds disqualified as provided in the Fiscal Agent Agreement) and a notice shall have been mailed as provided in the Fiscal Agent Agreement.

Miscellaneous

Discharge of Agreement. If the Water District has paid and discharged the entire indebtedness on all or any portion of the Bonds Outstanding in any one or more of the following ways:

(A) by well and truly paying or causing to be paid the principal of, and interest and any premium on, such Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Fiscal Agent, in trust, at or before maturity, money which, together with (in the event that all of the Bonds are to be defeased) the amounts then on deposit in the funds and accounts provided for in the Fiscal Agent Agreement, is fully sufficient to pay such Bonds Outstanding, including all principal, interest and redemption premiums, or;

(C) by irrevocably depositing with the Fiscal Agent, in trust, cash and Federal Securities in such amount as the Water District shall determine as confirmed by an independent certified public accountant will, together with the interest to accrue thereon and (in the event that all of the Bonds are to be defeased) moneys then on deposit in the fund and accounts provided for in the Fiscal Agent Agreement, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal, interest and redemption premiums) at or before their respective maturity dates;

and if such Bonds are to be redeemed prior to the maturity thereof notice of such redemption has been given as in the Fiscal Agent Agreement provided or provision satisfactory to the Fiscal Agent has been made for the giving of such notice, then, at the election of the Water District, and notwithstanding that any Bonds shall not have been surrendered for payment, the pledge of the Special Taxes and other funds provided for in the Fiscal Agent Agreement and all other obligations of the Water District under the Fiscal Agent Agreement with respect to such Bonds Outstanding shall cease and terminate, except only the obligations of the Water District with respect to maintenance of the tax exemption of the Bonds and to pay or cause to be paid to the Owners of the Bonds not so surrendered and paid all sums due thereon and all amounts owing to the Fiscal Agent; and thereafter Special Taxes shall not be payable to the Fiscal Agent.

Any funds thereafter held by the Fiscal Agent upon payments of all fees and expenses of the Fiscal Agent, which are not required for said purpose, shall be paid over to the Water District.

Execution of Documents and Proof of Ownership by Owners. Any request, declaration or other instrument which the Fiscal Agent Agreement may require or permit to be executed by Owners may be in one or more instruments of similar tenor, and shall be executed by Owners in person or by their attorneys appointed in writing.

Except as otherwise expressly provided in the Fiscal Agent Agreement, the fact and date of the execution by any Owner or his attorney of such request, consent, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

Except as otherwise expressly provided in the Fiscal Agent Agreement, the ownership of registered Bonds and the amount, maturity, number and date of holding the same shall be proved by the registry books.

Any request, consent, declaration or other instrument or writing of the Owner of any Bond shall bind all future Owners of such Bond in respect of anything done or suffered to be done by the Water District or the Fiscal Agent in good faith and in accordance therewith.

Waiver of Personal Liability. No member, officer, agent or employee of the Water District shall be individually or personally liable for the payment of the principal of, or interest or any premium on, the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

APPENDIX E

SELECTED DEMOGRAPHIC DATA

General

The District is situated in an unincorporated area of Stanislaus County, in the Diablo mountain range on the western rim of the San Joaquin Valley. Located approximately nine miles southwest of the City of Patterson, approximately 45 miles east of the City of San Jose, directly off Interstate Highway 5. In addition, the District lies about 60 minutes driving time (or over 90 minutes at commute hours) to employment centers in Pleasanton, Livermore, Dublin and San Ramon just west of and accessible from Interstate 5 to Interstate 580. The Developer expects to market property in the District primarily to two target areas: (i) residents in the Patterson area who commute to work into the Tri-Valley area, and (ii) residents in the Tri-Valley/San Francisco Bay area who will purchase a home in the District as a second/vacation home. Accordingly, certain general demographic information is presented below regarding both the Tri-Valley/San Francisco Bay area and the Patterson/Stanislaus County area.

TRI-VALLEY AREA

The area that is locally known as the "Tri-Valley Area" includes San Ramon, Alamo, Blackhawk, Danville and Diablo (in Contra Costa County) and Dublin, Livermore, Pleasanton and Sunol (in Alameda County). A large part of the interior of both Alameda and Contra Costa Counties is served by the Bay Area Rapid Transit District ("BART"), which has contributed to the expansion of residential and commercial development in the Tri-Valley Area. In 1997 new Bay Area Rapid Transit stations were opened in Pleasanton and Dublin, thus providing residents with an additional means of transportation both to and from San Francisco Bay Area major city centers. In addition, economic development along the Interstate 680 corridor has been substantial in the cities of Concord, Walnut Creek, and San Ramon in Contra Costa County and in Pleasanton and Livermore in Alameda County.

Over the past several years the San Ramon/Danville area has experienced rapid and steady growth. While Danville has remained residential and rural in character, San Ramon and other neighboring cities, such as Concord, Pleasanton and Walnut Creek, have developed significant job centers including major commercial and light industry business parks, all within easy commuting distance. In addition, the Livermore/Pleasanton area has experienced significant new growth in population as well as development in commercial sectors.

The Counties

Alameda and Contra Costa Counties are two of nine counties in the San Francisco-Oakland Bay Area. Alameda County shares its borders with Contra Costa County to the north, San Francisco Bay to the west, Santa Clara County to the south and San Joaquin County to the east.

Most of Alameda County's population is concentrated in a highly urbanized area between the San Francisco Bay and the East Bay Hills. This area includes the Cities of Fremont, Union City, Hayward, Oakland and Berkeley. East of the East Bay Hills lies the Livermore Valley area, which is largely suburban or rural in character, but is rapidly urbanizing.

Situated northeast of San Francisco, Contra Costa County is bounded by San Francisco Bay to the west, the San Pablo Bay and the Sacramento River delta to the north, and by Alameda County on the south. Ranges of hills effectively divide Contra Costa County into three distinct regions. The western

portion, with its access to water, contains much of Contra Costa County's heavy industry. The central section is rapidly developing from a suburban area into a major commercial and financial headquarters center. The eastern part is also undergoing substantial change, from a rural, agricultural area, to a suburban region.

The Counties are crossed by interstate freeways and railroads, and linked by an international airport and several seaports. Light rail and several metropolitan transit systems provide commuters with a variety of transportation alternatives. Both counties are served by the Bay Area Rapid Transit District ("BART"), which has encouraged expansion of residential and commercial development. The counties have a total of five bridges from 0.8 to 5.5 miles long that span the bays and deltas of the San Francisco Bay Area.

Interstates 80, 680 and 580 are at the western terminus of a link between the eastern and western seaboards. Together with the Southern Pacific, Union Pacific and Santa Fe Railroads, they provide land transportation for materials passing through the Ports of Oakland and Richmond.

Alameda County has a charter form of government, while Contra Costa County has a general law form of government. Each county is governed by a five-member Board of Supervisors who are elected to serve four-year terms. In each county a chief administrative officer is appointed by the Board of Supervisors to run the day-to-day operations.

Alameda and Contra Costa Counties have a broad range of educational facilities. These include the University of California at Berkeley, the California State University at Hayward and numerous community, city and private colleges. Most of the community and city colleges offer classes at no or nominal fees to residents.

Population

Population estimates are shown below for Danville, San Ramon, Dublin, Livermore, and Pleasanton, the Counties of Alameda and Contra Costa and the State of California, as of January 1 for the years 2010 through 2014.

TRI-VALLEY AREA Population

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Danville	42,039	42,217	42,498	42,783	43,146
San Ramon	72,148	73,111	74,753	76,429	77,270
Dublin	46,036	46,207	46,730	49,932	53,462
Livermore	80,968	81,547	82,295	83,404	84,852
Pleasanton	70,285	70,537	71,178	71,939	73,067
Alameda County	1,510,271	1,517,756	1,530,206	1,550,119	1,573,254
Contra Costa County	1,049,025	1,056,306	1,066,597	1,076,429	1,087,008
State of California	37,253,956	37,427,946	37,668,804	37,984,138	38,340,074

Source: California State Department of Finance; Demographic Research.

Building Activity

The following chart shows the total number of residential building permits issued Danville, San Ramon, Dublin, Livermore, and Pleasanton, the Counties of Alameda and Contra Costa, the value of those permits and the value of non-residential permits, for each of the last five calendar years for which data is available.

CITY OF DUBLIN Total Building Permit Valuations (valuations in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Permit Valuation</u>					
New Single-family	\$59,133.2	\$53,438.2	\$89,974.8	\$124,160.6	\$214,736.6
New Multi-family	332.7	5,900.8	39,950.1	143,327.4	108,683.9
Res. Alterations/Additions	<u>3,024.1</u>	<u>3,328.1</u>	<u>13,364.6</u>	<u>10,785.8</u>	<u>2,414.4</u>
Total Residential	62,489.9	61,911.6	143,291.8	278,273.8	325,834.9
 New Commercial	 0.0	 0.0	 3,050.0	 15,377.6	 3,986.7
New Industrial	0.0	0.0	0.0	0.0	134.0
New Other	2,428.2	2,162.6	4,455.2	1,834.7	416.7
Com. Alterations/Additions	<u>11,447.6</u>	<u>11,040.3</u>	<u>29,775.5</u>	<u>13,223.9</u>	<u>2,721.1</u>
Total Nonresidential	13,875.8	13,202.9	31,165.8	30,436.2	7,258.5
 <u>New Dwelling Units</u>					
Single Family	139	122	228	276	586
Multiple Family	<u>2</u>	<u>19</u>	<u>116</u>	<u>543</u>	<u>368</u>
TOTAL	141	141	344	819	954

CITY OF PLEASANTON
Total Building Permit Valuations
(valuations in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Permit Valuation</u>					
New Single-family	\$15,358.1	\$5,673.0	\$17,955.7	\$17,723.1	\$24,739.7
New Multi-family	0.0	0.0	0.0	0.0	75,463.5
Res. Alterations/Additions	<u>15,070.0</u>	<u>15,990.8</u>	<u>12,471.1</u>	<u>17,882.2</u>	<u>7,057.6</u>
Total Residential	30,428.1	21,663.8	30,426.8	35,605.3	107,260.8
New Commercial	64,907.0	3,858.0	0.0	10,196.2	12,612.0
New Industrial	0.0	0.0	0.0	12,085.7	0.0
New Other	4,386.3	2,523.9	6,467.9	105.0	0.0
Com. Alterations/Additions	<u>33,368.9</u>	<u>30,321.7</u>	<u>24,983.1</u>	<u>35,406.3</u>	<u>34,904.1</u>
Total Nonresidential	102,662.2	36,703.6	31,451.0	57,793.2	47,516.1
<u>New Dwelling Units</u>					
Single Family	29	14	46	43	53
Multiple Family	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>303</u>
TOTAL	29	14	46	43	356

CITY OF LIVERMORE
Total Building Permit Valuations
(valuations in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Permit Valuation</u>					
New Single-family	\$17,146.7	\$20,023.6	\$19,016.6	\$16,815.6	\$22,820.9
New Multi-family	1,573.7	3,494.7	2,777.6	5,602.3	25,036.7
Res. Alterations/Additions	<u>9,907.8</u>	<u>7,056.9</u>	<u>9,060.8</u>	<u>21,593.2</u>	<u>10,749.6</u>
Total Residential	28,628.2	30,575.2	30,855.0	44,011.1	58,607.2
New Commercial	5,857.3	901.7	23,505.5	52,361.0	16,999.6
New Industrial	0.0	0.0	0.0	0.0	2,145.0
New Other	9,342.0	7,081.1	8,241.3	1,492.4	0.0
Com. Alterations/Additions	<u>33,840.0</u>	<u>12,494.8</u>	<u>16,320.1</u>	<u>15,645.9</u>	<u>44,640.3</u>
Total Nonresidential	49,039.3	20,477.6	26,866.9	69,499.3	63,784.9
<u>New Dwelling Units</u>					
Single Family	62	93	78	60	99
Multiple Family	<u>8</u>	<u>16</u>	<u>17</u>	<u>38</u>	<u>134</u>
TOTAL	70	109	95	98	233

ALAMEDA COUNTY
Total Building Permit Valuations
(Valuations in Thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Permit Valuation</u>					
New Single-family	\$238,743.0	\$227,982.5	\$276,660.5	\$269,312.8	\$372,939.4
New Multi-family	201,122.3	96,518.0	157,459.3	249,684.1	343,669.8
Res. Alterations/Additions	<u>285,782.4</u>	<u>229,873.2</u>	<u>243,289.9</u>	<u>273,631.8</u>	<u>235,264.8</u>
Total Residential	\$725,647.7	554,373.7	677,409.6	792,628.7	951,874.0
New Commercial	197,181.1	72,055.6	14,689.1	261,804.2	94,705.8
New Industrial	60,200.0	89,535.4	82,475.8	17,485.7	29,808.2
New Other	95,640.7	45,100.3	69,060.1	37,504.6	6,764.1
Com. Alterations/Additions	<u>457,412.5</u>	<u>391,295.8</u>	<u>398,430.5</u>	<u>392,163.7</u>	<u>352,261.1</u>
Total Nonresidential	\$810,434.3	\$597,987.1	\$564,655.4	\$708,958.2	483,539.2
 <u>New Dwelling Units</u>					
Single Family	761	802	907	817	1,119
Multiple Family	<u>1,296</u>	<u>536</u>	<u>936</u>	<u>1,352</u>	<u>1,508</u>
TOTAL	2,057	1,338	1,843	2,169	2,627

Source: Construction Industry Research Board, Building Permit Summary.

TOWN OF DANVILLE
Total Building Permit Valuations
(valuations in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Permit Valuation</u>					
New Single-family	\$7,298.4	\$4,410.9	\$15,126.3	\$8,156.8	\$30,928.2
New Multi-family	0.0	6,392.7	1,570.6	1,585.2	0.0
Res. Alterations/Additions	<u>22,012.5</u>	<u>15,314.4</u>	<u>20,922.8</u>	<u>27,986.0</u>	<u>19,046.2</u>
Total Residential	29,310.9	26,118.0	37,689.8	37,728.0	\$49,974.4
 New Commercial	1,100.0	0.0	0.0	674.6	2,605.8
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	654.1	1,768.1	1,987.0	0.0	0.0
Com. Alterations/Additions	<u>12,670.2</u>	<u>5,753.9</u>	<u>8,943.8</u>	<u>9,222.0</u>	<u>4,233.0</u>
Total Nonresidential	14,424.3	7,522.1	10,930.8	9,896.6	6,838.8
 <u>New Dwelling Units</u>					
Single Family	35	6	19	13	43
Multiple Family	<u>0</u>	<u>34</u>	<u>4</u>	<u>4</u>	<u>0</u>
TOTAL	35	40	23	17	43

CITY OF SAN RAMON
Building Permit Valuation
(Valuation in Thousands of Dollars)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Permit Valuation</u>					
New Single-family	\$ 652.1	\$ 0.0	\$ 0.0	\$ 0.0	\$ 901.7
New Multi-family	0.0	0.0	5,223.3	0.0	0.0
Res. Alterations/Additions	<u>14,550.4</u>	<u>6,993.8</u>	<u>9,440.6</u>	<u>15,417.1</u>	<u>10,224.6</u>
Total Residential	15,202.5	6,993.8	15,663.9	14,417.1	11,126.3
 New Commercial	 2,571.0	 1,972.0	 1,340.0	 693.1	 11,729.3
New Industrial	0.0	0.0	0.0	0.0	84.8
New Other	4,023.5	2,976.6	3,663.6	171.0	30.0
Com. Alterations/Additions	<u>32,436.2</u>	<u>32,024.4</u>	<u>23,554.1</u>	<u>25,495.2</u>	<u>36,576.8</u>
Total Nonresidential	39,030.7	36,973.0	35,906.1	26,359.3	48,420.9
 <u>New Dwelling Units</u>					
Single Family	3	0	3	0	2
Multiple Family	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	3	0	3	0	2

Source: Construction Industry Research Board, Building Permit Summary.

CONTRA COSTA COUNTY
1. Total Building Permit Valuations
(Valuation in thousands)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<u>Permit Valuation</u>					
New Single-family	\$300,088.7	\$300,363.3	\$237,458.0	\$211,417.9	\$340,255.7
New Multi-family	132,824.8	34,119.3	106,555.4	47,304.2	54,884.8
Res. Alterations/Additions	<u>229,023.3</u>	<u>170,149.7</u>	<u>209,044.4</u>	<u>233,174.2</u>	<u>179,471.7</u>
Total Residential	661,936.8	504,632.3	553,057.8	491,896.3	574,612.2
New Commercial	108,228.4	49,992.0	38,093.5	17,587.4	97,077.8
New Industrial	60,376.2	11,530.0	29,619.4	7,188.0	7,000.8
New Other	66,511.1	39,878.8	47,510.7	15,542.3	13,999.9
Com. Alterations/Additions	<u>224,816.8</u>	<u>212,900.7</u>	<u>170,193.8</u>	<u>214,585.0</u>	<u>124,147.5</u>
Total Nonresidential	459,932.5	314,301.4	285,417.4	254,902.7	242,226.0
<u>New Dwelling Units</u>					
Single Family	985	1,038	809	718	1,188
Multiple Family	<u>909</u>	<u>163</u>	<u>890</u>	<u>355</u>	<u>949</u>
TOTAL	1,894	1,201	1,699	1,073	2,137

Source: Construction Industry Research Board, Building Permit Summary.

Retail Sales

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, data for 2009 and after is not comparable to that of prior years. The following charts show retail sales within Danville, San Ramon, Dublin, Livermore, Pleasanton, and the Counties by type of business for the years indicated.

A summary of historic taxable sales within the Town of Danville during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2013 in the Town of Danville were reported to be \$101,992,000, a 4.87% decrease under the total taxable sales of \$107,210,000 reported during the first quarter of calendar year 2012. Annual data for calendar year 2013 is not yet available.

TOWN OF DANVILLE
Taxable Transactions
(In Thousands)

	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2008	650	367,970	1,268	413,910
2009 ⁽¹⁾	824	349,039	1,199	381,707
2010 ⁽¹⁾	857	361,587	1,253	394,783
2011 ⁽¹⁾	828	395,934	1,235	430,542
2012 ⁽¹⁾	874	415,423	1,266	456,620

(1) Not comparable to prior years. "Retail" category now includes "Food Services."

Source: California State Board of Equalization

A summary of historic taxable sales within the City of San Ramon during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2013 in the City of San Ramon were reported to be \$190,851,000, a 4.31% increase over the total taxable sales of \$182,960,000 reported during the first quarter of calendar year 2012. Annual data for calendar year 2013 is not yet available.

CITY OF SAN RAMON
Taxable Transactions
(In Thousands)

	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2008	724	\$ 520,749	1,55	\$756,493
2009 ⁽¹⁾	877	463,396	1,442	637,884
2010 ⁽¹⁾	921	481,381	1,486	663,164
2011 ⁽¹⁾	881	507,090	1,444	725,094
2012 ⁽¹⁾	901	538,555	1,468	754,934

(1) Not comparable to prior years. "Retail" category now includes "Food Services."

Source: California State Board of Equalization

A summary of historic taxable sales within the County of Contra Costa during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2013 in the City of Dublin were reported to be \$3,308,880,000, a 3.64% increase over the total taxable sales of \$3,192,698,000 reported during the first quarter of calendar year 2012. Annual data for calendar year 2013 is not yet available.

CONTRA COSTA COUNTY
Taxable Transactions
(In Thousands)

	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2008	11,577	\$9,484,307	23,149	\$13,307,681
2009 ⁽¹⁾	14,045	8,473,578	21,395	11,883,049
2010 ⁽¹⁾	14,423	8,716,393	21,784	11,953,846
2011 ⁽¹⁾	13,930	9,300,418	21,153	12,799,857
2012 ⁽¹⁾	14,343	10,062,437	21,504	13,997,249

(1) Not comparable to prior years. "Retail" category now includes "Food Services."

Source: California State Board of Equalization

A summary of historic taxable sales within the City of Dublin during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2013 in the City of Dublin were reported to be \$338,813,000, a 4.20% increase over the total taxable sales of \$325,171,000 reported during the first quarter of calendar year 2012. Annual data for calendar year 2013 is not yet available.

CITY OF DUBLIN
Taxable Transactions
(In Thousands)

	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2008	592	\$ 995,482	1,070	\$1,164,352
2009 ⁽¹⁾	653	880,638	994	1,020,068
2010 ⁽¹⁾	682	932,814	1,031	1,121,559
2011 ⁽¹⁾	678	1,042,872	1,033	1,241,228
2012 ⁽¹⁾	716	1,213,278	1,071	1,436,142

(1) Not comparable to prior years. "Retail" category now includes "Food Services."

Source: California State Board of Equalization

A summary of historic taxable sales within the City of Pleasanton during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2013 in the City of Pleasanton were reported to be \$415,781,000 a 5.63% increase over the total taxable sales of \$393,618,000 reported during the first quarter of calendar year 2012. Annual data for calendar year 2013 is not yet available.

CITY OF PLEASANTON
Taxable Transactions
(In Thousands)

	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2008	1,478	\$1,213,176	2,952	\$1,790,093
2009 ⁽¹⁾	1,751	1,087,655	2,661	1,541,099
2010 ⁽¹⁾	1,810	1,144,898	2,722	1,652,586
2011 ⁽¹⁾	1,765	1,191,633	2,646	1,715,384
2012 ⁽¹⁾	1,859	1,245,151	2,752	1,779,335

(1) Not comparable to prior years. "Retail" category now includes "Food Services."

Source: California State Board of Equalization

A summary of historic taxable sales within the City of Livermore during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2013 in the City of Livermore were reported to be \$458,028,000, a 2.53% decrease over the total taxable sales of \$469,920,000 reported during the first quarter of calendar year 2012. Annual data for calendar year 2013 is not yet available.

CITY OF LIVERMORE
Taxable Transactions
(In Thousands)

	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2008	989	\$954,053	2,262	\$1,768,293
2009 ⁽¹⁾	1,232	810,255	2,177	1,575,305
2010 ⁽¹⁾	1,316	854,906	2,262	1,630,560
2011 ⁽¹⁾	1,251	962,681	2,190	1,816,943
2012 ⁽¹⁾	1,310	1,128,509	2,235	1,893,475

(1) Not comparable to prior years. "Retail" category now includes "Food Services."

Source: California State Board of Equalization

A summary of historic taxable sales within the County of Alameda during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2013 in the County were reported to be \$6,037,144,000, a 3.77% increase over the total taxable sales of \$5,817,650,000 reported during the first quarter of calendar year 2012. Annual data for calendar year 2013 is not yet available.

COUNTY OF ALAMEDA
Taxable Transactions
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2008	20,186	\$14,547,749	41,783	\$23,862,947
2009 ⁽¹⁾	24,596	12,641,415	38,663	20,430,195
2010 ⁽¹⁾	24,596	12,641,415	38,663	20,430,195
2011 ⁽¹⁾	24,809	14,519,756	38,577	23,430,799
2012 ⁽¹⁾	26,027	15,781,349	39,706	25,181,571

(1) Retail Stores sales not comparable to prior years. "Retail" category now includes "Food Services".
Source: California State Board of Equalization, Taxable Sales in California (Sales & Use Tax).

Employment

The following table lists the largest employers within the County.

COUNTY OF CONTRA COSTA Largest Employers As of June 2014

<u>Employer Name</u>	<u>Location</u>	<u>Industry</u>
Aaa Northern Ca Nevada & Utah	Walnut Creek	Automobile Clubs
Bart	Richmond	Transit Lines
Bayer Health Care Phrmctcls	Richmond	Laboratories-Pharmaceutical (Mfrs)
Bio-Rad Laboratories Inc	Hercules	Biological Products (Mfrs)
Chevron Corp	San Ramon	Oil Refiners (Mfrs)
Chevron Global Downstream Llc	San Ramon	Marketing Programs & Services
Concord Naval Weapons Station	Concord	Federal Government-National Security
Contra-Costa Regional Med Ctr	Martinez	Hospitals
Department of Veterans Affairs	Martinez	Clinics
Doctors Medical Ctr	San Pablo	Hospitals
John Muir Health Physical Rhb	Concord	Physical Therapists
John Muir Medical Ctr	Concord	Hospitals
John Muir Medical Ctr	Walnut Creek	Hospitals
Kaiser	Martinez	Clinics
Kaiser Permanente	Antioch	Hospitals
Kaiser Permanente	Walnut Creek	Hospitals
La Raza Market	Richmond	Grocers-Retail
Muirlab	Walnut Creek	Laboratories-Medical
Richmond City Offices	Richmond	Government Offices-City, Village & Twp
San Ramon Regional Medical Ctr	San Ramon	Hospitals
Shell Oil Products	Martinez	Oil & Gas Producers
St Marys College	Moraga	Schools-Universities & Colleges Academic
Sutter Delta Medical Ctr	Antioch	Hospitals
Tesoro Golden Eagle Refinery	Pacheco	Oil Refiners (Mfrs)
Va Outpatient Clinic	Martinez	Surgical Centers

Source: State of California Employment Development Department, America's Labor Market Information System (ALMIS) Employer Database, 2014 2nd Edition.

ALAMEDA COUNTY
Major Employers (Listed alphabetically)
January 2014

Employer Name	Location	Industry
Alameda County Law Enforcement	Oakland	Sheriff
Alameda County Sheriff's Department	Hayward	Sheriff
Alameda County Sheriff's Office	Oakland	Sheriff
Alta Bates Summit Medical Center	Oakland	Hospitals
Alta Bates Summit Medical Center	Berkeley	Hospitals
Bayer Corp	Berkeley	Drug Millers (Mfrs)
Berkeley Coin & Stamp	Berkeley	Coin Dealers Supplies & Etc
California State-East Bay	Hayward	Schools-Universities & Colleges Academic
Childrens Hospital Health Library	Oakland	Special Interest Libraries
Cooper Vision Inc	Pleasanton	Physicians & Surgeons Equip & Supls-Mfrs
East Bay Water	Oakland	Transit Lines
Highland Hospital	Oakland	Hospitals
Intel Corp	Fremont	Semiconductor Devices (Mfrs)
Kaiser Permanente Hospital	Hayward	Hospitals
Kaiser Permanente Medical Center	Oakland	Hospitals
Lawrence Berkeley National Lab	Berkeley	Physicians & Surgeons
Lawrence Livermore National Lab	Livermore	Small Arms Ammunition (Mfrs)
Oakland Police Patrol Division	Oakland	Police Departments
Residential & Student Svc Program	Berkeley	Schools-Universities & Colleges Academic
Safeway Inc	Pleasanton	Grocers-Retail
Tesla Motors	Fremont	Automobile Repairing & Service
Transportation Dept-California	Oakland	State Government-Transportation Programs
University of Ca-Berkeley	Berkeley	Schools-Universities & Colleges Academic
Washington Hospital	Fremont	Hospitals
Waste Management	Oakland	Garbage Collection

Source: State of California Employment Development Department, extracted from The America's Labor Market Information System (ALMIS) Employer Database.

Employment and Industry

The County is part of the Oakland-Fremont-Hayward Metropolitan Division. The unemployment rate in the Metropolitan Division was 5.6% in May 2014, down from a revised 5.9% in April 2014, and below the year-ago estimate of 7.2%. This compares with an unadjusted unemployment rate of 7.1% for California and 6.1% for the nation during the same period. The unemployment rate was 5.6% in Alameda County, and 5.8% in Contra Costa County.

The following table summarizes the annual average civilian labor force, employment and unemployment in the County for the calendar years 2009 through 2013.

CONTRA COSTA COUNTY Civilian Labor Force, Employment and Unemployment (Annual Averages)

	2009	2010	2011	2012	2013
Civilian Labor Force ⁽¹⁾	525,100	524,200	529,200	535,700	538,900
Employment	471,700	465,900	474,300	487,800	499,100
Unemployment	53,400	58,300	54,800	48,000	39,800
Unemployment Rate	10.2%	11.1%	10.4%	9.0%	7.4%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	800	700	800	800	1,000
Mining, Logging and Construction	21,200	18,300	17,800	19,700	21,600
Manufacturing	18,700	18,300	17,400	17,400	15,800
Wholesale Trade	7,700	7,600	7,900	8,200	8,600
Retail Trade	41,200	40,400	40,500	41,200	41,000
Transportation, Warehousing, Utilities	8,300	8,000	8,100	8,100	8,500
Information	10,400	9,600	9,000	8,400	8,500
Finance and Insurance	19,400	19,200	18,700	19,000	18,700
Real Estate and Rental and Leasing	6,200	6,200	6,100	6,300	6,600
Professional and Business Services	45,900	43,800	45,900	48,000	51,300
Educational and Health Services	52,900	53,000	53,500	55,700	58,700
Leisure and Hospitality	31,200	31,300	32,300	33,500	35,700
Other Services	11,700	11,800	12,400	12,400	12,100
Federal Government	6,600	5,300	4,800	4,600	4,400
State Government	1,100	1,200	1,200	1,200	1,300
Local Government	43,700	42,800	41,800	42,100	42,400
Total, All Industries ⁽³⁾	326,600	317,200	318,100	326,600	336,100

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: Labor Division of the California State Employment Development Department.

OAKLAND-FREMONT-HAYWARD METROPOLITAN DIVISION
ALAMEDA, CONTRA COSTA COUNTIES
Civilian Labor Force, Employment and Unemployment; Employment by Industry
(Annual Averages)

II.

	2009	2010	2011	2012	2013
Civilian Labor Force ⁽¹⁾	1,285,800	1,284,600	1,285,000	1,299,200	1,322,000
Employment	1,152,700	1,140,600	1,151,600	1,181,500	1,224,100
Unemployment	133,100	143,900	133,400	117,800	97,900
Unemployment Rate	10.4%	11.2%	10.4%	9.1%	7.4%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	1,400	1,400	1,600	1,600	1,500
Mining and Logging	1,200	1,200	1,200	1,200	1,200
Construction	53,500	47,400	46,300	48,500	56,100
Manufacturing	82,800	79,700	79,000	77,600	78,600
Wholesale Trade	43,700	41,800	42,000	43,800	45,000
Retail Trade	102,100	100,300	100,300	101,500	106,900
Transportation, Warehousing, Utilities	33,200	31,500	31,600	32,200	33,500
Information	25,300	23,600	22,700	22,900	29,200
Finance and Insurance	32,500	33,000	32,600	31,600	33,400
Real Estate and Rental and Leasing	15,500	15,200	14,700	14,200	16,200
Professional and Business Services	148,700	152,100	154,200	158,200	172,300
Educational and Health Services	137,200	136,400	137,500	143,300	171,000
Leisure and Hospitality	85,100	85,800	87,300	88,600	98,000
Other Services	34,700	35,000	35,900	36,700	37,000
Federal Government	16,700	15,700	14,600	14,200	13,400
State Government	39,000	38,100	38,400	39,100	38,900
Local Government	116,900	111,500	109,500	109,200	110,800
Total, All Industries ⁽³⁾	969,400	949,700	949,300	964,400	1,035,300

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Effective Buying Income

"Effective Buying Income" is defined as personal income less personal tax and nontax payments, a number often referred to as "disposable" or "after-tax" income. Personal income is the aggregate of wages and salaries, other labor-related income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local), nontax payments (fines, fees, penalties, etc.) and personal contributions to social insurance. According to U.S. government definitions, the resultant figure is commonly known as "disposable personal income."

The following table summarizes the total effective buying income for the County, the State and the United States for the period 2008 through 2012.

COUNTY OF CONTRA COSTA
Effective Buying Income
As of January 1, 2008 through 2012

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2008	City of Dublin	\$ 1,328,505	\$73,169
	Town of Danville	2,282,338	103,035
	City of San Ramon	2,143,678	88,773
	City of Livermore	2,530,518	73,908
	City of Pleasanton	2,803,395	86,052
	Alameda County	38,889,500	55,987
	Contra Costa County	30,737,690	61,903
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	City of Dublin	\$ 1,367,535	\$77,181
	Town of Danville	2,328,535	104,530
	City of San Ramon	2,120,800	90,894
	City of Livermore	2,553,378	73,841
	City of Pleasanton	2,810,525	87,839
	Alameda County	40,053,865	57,997
	Contra Costa County	31,197,703	64,213
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	City of Dublin	\$ 1,490,823	\$76,300
	Town of Danville	1,841,745	97,508
	City of San Ramon	1,911,123	85,960
	City of Livermore	2,398,055	70,331
	City of Pleasanton	2,655,145	83,430
	Alameda County	38,097,873	54,734
	Contra Costa County	30,049,698	61,031
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of Dublin	\$ 1,470,853	\$79,098
	Town of Danville	2,066,078	96,157
	City of San Ramon	1,841,638	84,853
	City of Livermore	2,415,195	70,004
	City of Pleasanton	2,663,055	82,584
	Alameda County	39,064,683	54,542
	Contra Costa County	30,416,350	60,777
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	City of Dublin	\$ 1,669,493	\$82,308
	Town of Danville	2,280,373	94,416
	City of San Ramon	3,334,168	91,429
	City of Livermore	2,888,325	75,176
	City of Pleasanton	3,200,600	84,608
	Alameda County	43,677,855	55,396
	Contra Costa County	33,604,875	61,167
	California	864,088,828	47,307
	United States	6,737,867,730	41,358

Source: Source: The Nielsen Company (US), Inc.

CITY OF PATTERSON AND STANISLAUS COUNTY

The City of Patterson is located in western Stanislaus County, approximately 12 miles south of the City of Modesto and just west of Interstate Highway 5. Located about 90 minutes from both the City of San Francisco and Silicon Valley, Stanislaus County is known as the heartland of California's Central Valley.

Population

Population estimates are shown below for Stanislaus County and the cities in the County, as of January 1 for the years 2010 through 2014.

COUNTY OF STANISLAUS Population Estimates

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Ceres	45,417	45,538	45,801	46,223	46,463
Hughson	6,640	6,687	6,791	6,965	7,118
Modesto	201,165	201,713	202,856	205,562	206,785
Newman	10,224	10,475	10,555	10,622	10,668
Oakdale	20,675	20,779	20,923	21,190	21,442
Patterson	20,413	20,501	20,610	20,802	20,922
Riverbank	22,678	22,775	22,898	23,100	23,243
Turlock	68,549	68,813	69,292	69,744	70,132
Waterford	8,456	8,478	8,523	8,579	8,619
Incorporated	404,217	405,759	408,249	412,787	415,392
County Total	514,453	516,244	519,350	523,038	526,042

Source: State Department of Finance; as of January 1.

Building Activity

The following tables summarize building permit valuations in Patterson and in Stanislaus County for the last five years for which data is available.

CITY OF PATTERSON Total Building Permit Valuations (valuations in thousands)

<u>Permit Valuation</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
New Single-family	\$1,056.8	\$0.0	\$0.0	303.8	\$2,358.3
New Multi-family	800.5	0.0	0.0	0.0	0.0
Res. Alterations/Additions	<u>486.1</u>	<u>252.9</u>	<u>1,624.1</u>	<u>1,272.5</u>	<u>8,695.3</u>
Total Residential	2,343.4	252.9	1,624.1	1,576.3	11,053.6
New Commercial	1,373.0	29,431.3	\$0.0	\$0.0	4,420.8
New Industrial	10,900.0	0.0	0.0	0.0	68,286.3
New Other	574.3	629.8	612.8	0.0	53.0
Com. Alterations/Additions	<u>5,625.9</u>	<u>10,226.5</u>	<u>15,270.0</u>	<u>9,748.2</u>	<u>4,646.1</u>
Total Nonresidential	18,473.2	40,287.6	15,882.8	9,748.2	77,406.2
<u>New Dwelling Units</u>					
Single Family	5	0	0	3	21
Multiple Family	<u>8</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL	<u>13</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Source: Construction Industry Research Board, *Building Permit Summary*.

COUNTY OF STANISLAUS Total Building Permit Valuations (valuations in thousands)

<u>Permit Valuation</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
New Single-family	\$84,805.5	\$48,633.3	\$31,155.8	\$27,045.5	\$33,825.6
New Multi-family	1300.5	7,471.8	5,174.4	4,851.5	16,767.5
Res. Alterations/Additions	<u>28,721.2</u>	<u>25,966.3</u>	<u>30,936.7</u>	<u>38,240.1</u>	<u>43,827.0</u>
Total Residential	114,827.2	82,071.4	67,267.0	70,137.1	94,420.1
New Commercial	70,620.5	40,195.4	18,152.6	24,572.2	51,846.1
New Industrial	35,306.1	12,181.1	5,827.0	4,229.0	84,187.5
New Other	41,293.8	31,547.3	50,943.9	4,329.8	10,750.1
Com. Alterations/Additions	<u>88,634.5</u>	<u>64,982.4</u>	<u>70,646.6</u>	<u>61,010.4</u>	<u>49,916.6</u>
Total Nonresidential	235,854.8	148,901.1	145,570.1	94,141.4	196,700.3
<u>New Dwelling Units</u>					
Single Family	467	246	176	136	167
Multiple Family	<u>19</u>	<u>85</u>	<u>68</u>	<u>51</u>	<u>116</u>
TOTAL	486	331	244	187	283

Source: Construction Industry Research Board, *Building Permit Summary*.

Retail Sales

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, data for 2009 and after is not comparable to that of prior years. The following charts show retail sales within the City of Patterson and County of Stanislaus by type of business for the years indicated.

A summary of historic taxable sales within the City of Patterson during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2013 in the City of Patterson were reported to be \$ 61,508,000, a 69.03% increase under the total taxable sales of \$36,388,000 reported during the first quarter of calendar year 2012. Annual data for calendar year 2013 is not yet available.

CITY OF PATTERSON Taxable Transactions (In Thousands)

	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2008	167	\$101,380	284	\$121,377
2009 ⁽¹⁾	166	89,334	233	108,254
2010 ⁽¹⁾	182	97,143	248	117,785
2011 ⁽¹⁾	181	108,235	246	132,107
2012 ⁽¹⁾	174	114,678	246	199,533

(1) Not comparable to prior years. "Retail" category now includes "Food Services.

Source: California State Board of Equalization

A summary of historic taxable sales within the County of Stanislaus during the past five years in which data is available is shown in the following table. Total taxable sales during the first quarter of calendar year 2013 in the County of Stanislaus were reported to be \$1,770,641,000, a 6.87% increase over the total taxable sales of \$1,656,805,000 reported during the first quarter of calendar year 2012. Annual data for calendar year 2013 is not yet available.

COUNTY STANISLAUS Taxable Transactions (In Thousands)

	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2008	5,636	\$4,585,837	10,928	\$6,728,692
2009 ⁽¹⁾	6,364	3,925,638	9,644	5,847,057
2010 ⁽¹⁾	6,612	4,112,697	9,881	6,098,614
2011 ⁽¹⁾	6,521	4,394,011	9,717	6,662,466
2012 ⁽¹⁾	6,649	4,709,642	9,761	7,178,273

(1) Not comparable to prior years. "Retail" category now includes "Food Services.

Source: California State Board of Equalization

Employment and Industry

The unemployment rate in the Stanislaus County was 11.1 percent in May 2014, down from a revised 12.2 percent in April 2014, and below the year-ago estimate of 12.7 percent. This compares with an unadjusted unemployment rate of 7.1 percent for California and 6.1 percent for the nation during the same period.

MODESTO MSA (Stanislaus County) Civilian Labor Force, Employment and Unemployment; Employment by Industry (Annual Averages)

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Civilian Labor Force ⁽¹⁾	180,600	183,200	191,900	194,300	193,500
Employment	159,100	156,100	160,100	161,500	162,800
Unemployment	21,400	27,200	31,800	32,900	30,700
Unemployment Rate	11.9%	14.8%	16.6%	16.9%	15.9%
<u>Wage and Salary Employment:</u> ⁽²⁾					
Agriculture	14,600	14,600	14,100	13,300	12,900
Mining, Logging, and Construction	7,200	6,700	6,700	6,600	6,400
Manufacturing	23,600	21,700	21,500	21,900	22,200
Transportation, Warehousing & Utilities	3,900	3,700	3,800	4,000	3,900
Wholesale Trade	4,200	4,000	4,100	4,200	3,900
Retail Trade	17,000	16,900	17,000	17,300	17,100
Information	1,800	1,800	1,800	1,800	1,800
Financial Activities	5,100	5,000	5,100	5,200	5,100
Professional & Business Services	9,600	10,100	10,500	10,300	10,500
Educational & Health Services	11,900	12,700	13,700	14,600	14,900
Leisure & Hospitality	9,500	10,600	10,500	10,200	10,200
Other Services	4,200	4,200	4,400	4,600	4,700
Federal Government	1,000	900	800	900	900
State Government	1,400	1,300	1,300	1,300	1,400
Total, All Industries ⁽³⁾	132,500	132,900	134,600	135,400	135,700

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

(3) Totals may not add due to rounding.

Source: State of California Employment Development Department.

Effective Buying Income

The following table summarizes the total effective buying income for the County, the State of California and the United States for the period 2008 through 2012.

COUNTY OF STANISLAUS EFFECTIVE BUYING INCOME As of January 1, 2008 through 2012

<u>Year</u>	<u>Area</u>	Total Effective Buying Income (000's Omitted)	Median Household Effective <u>Buying Income</u>
2008	Stanislaus County	\$8,800,020	\$42,575
	California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	Stanislaus County	\$8,835,360	\$42,899
	California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	Stanislaus County	\$8,315,378	\$40,486
	California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	Stanislaus County	8,473,994	40,355
	California	814,578,458	47,062
	United States	6,438,704,664	41,253
2012	Stanislaus County	\$8,213,148	\$39,104
	California	864,088,828	47,307
	United States	6,737,867,730	41,358

Source: Source: The Nielsen Company (US), Inc.

APPENDIX F

FORM OF OPINION OF BOND COUNSEL

Board of Directors
Western Hills Water District
P.O. Box 655
Patterson, California 95363

OPINION: \$38,505,000 Western Hills Water District Diablo Grande Community Facilities District
 No. 1 Special Tax Refunding Bonds Series 2014

Members of the Water District Board:

We have acted as bond counsel in connection with the issuance by the Western Hills Water District (the "Water District") of \$38,505,000 Western Hills Water District Diablo Grande Community Facilities District No. 1 Special Tax Refunding Bonds Series 2014 (the "Bonds"), pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, constituting Section 53311, et seq. of the California Government Code (the "Act") and a Fiscal Agent Agreement dated as of August 1, 2001, a Supplement No. 1 to Fiscal Agent Agreement dated as of December 1, 2002, a Supplement No. 2 to Fiscal Agent Agreement dated as of May 1, 2004, a Supplement No. 3 to Fiscal Agent Agreement dated as of January 1, 2005, and a Supplement No. 4 to Fiscal Agent Agreement dated as of July 1, 2014 (collectively, the "Fiscal Agent Agreement") by and between the Water District on behalf of the Western Hills Water District Diablo Grande Community Facilities District No. 1 and The Bank of New York Trust Company. We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Water District contained in the Fiscal Agent Agreement, and in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Water District is duly created and validly existing as a water district under Division 13, Sections 34000-38501 of the California Water Code, with the power to adopt the resolution authorizing the issuance of the Bonds, enter into the Fiscal Agent Agreement, and perform the agreements on its part contained therein and issue the Bonds.

2. The Bonds have been duly authorized, executed and delivered by the Water District and are valid and binding limited obligations of the Water District, payable solely from the sources provided therefor in the Fiscal Agent Agreement.

3. The Fiscal Agent Agreement has been duly entered into by the Water District and constitutes a valid and binding obligation of the Water District enforceable upon the Water District.

4. Pursuant to the Act the Fiscal Agent Agreement creates a valid lien on the funds pledged by the Fiscal Agent Agreement.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinion set forth in the preceding sentence is subject to the condition that the Water District comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that such interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Water District has covenanted to comply with each such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Fiscal Agent Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

APPENDIX G

FORM OF CONTINUING DISCLOSURE UNDERTAKING

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the "Disclosure Agreement") is dated as of _____, 2014, is by and among the Western Hills Water District, a public body, corporate and politic, organized and existing under and by virtue of the laws of the State of California (the "Issuer" or the "Water District"), and Goodwin Consulting Group, Inc., Sacramento, California, in its capacity as Dissemination Agent (the "Dissemination Agent"). The Bonds are being issued pursuant to a Fiscal Agent Agreement, dated as of August 1, 2001, as amended and supplemented by a Supplemental Agreement No. 1 to Fiscal Agent Agreement dated as of December 1, 2002, a Supplemental Agreement No. 2 to Fiscal Agent Agreement dated as of May 1, 2004, a Supplemental Agreement No. 3 to Fiscal Agent Agreement dated as of January 1, 2005, and a Supplemental Agreement No. 4 to Fiscal Agent Agreement, dated as of July 1, 2014 (together, the "Fiscal Agent Agreement"), between The Bank of New York Mellon Trust Company, N.A., as fiscal agent, and the Water District. The Water District hereby covenants and agrees as follows:

Section 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Water District for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Fiscal Agent Agreement, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the Water District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"*Annual Report Date*" means the date that is eight months after the end of the Water District's fiscal year (currently March 1 based on the Water District's fiscal year end of June 30).

"*Dissemination Agent*" means Goodwin Consulting Group, Inc., or any successor Dissemination Agent designated in writing by the Water District and which has filed with the Water District a written acceptance of such designation.

"*Listed Events*" means any of the events listed in Section 5(a) of this Disclosure Agreement.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule.

"*Official Statement*" means the final official statement dated February 28, 2013, executed by the Water District in connection with the issuance of the Bonds.

"*Participating Underwriter*" means Westhoff, Cone & Holmstedt, the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

Section 3. Provision of Annual Reports.

(a) The Water District shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing April 1, 2015, with the report for the 2013-14 fiscal year, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 15 Business Days prior to the Annual Report Date, the Water District shall provide the Annual Report to the Dissemination Agent (if other than the Water District). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the Water District) has not received a copy of the Annual Report, the Dissemination Agent shall contact the Water District to determine if the Water District is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Water District may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the Water District's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c). The Water District shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the Water District hereunder.

(b) If the Water District does not provide, or cause the Dissemination Agent to provide, an Annual Report by the Annual Report Date as required in subsection (a) above, the Dissemination Agent shall provide to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the Water District, file a report with the Water District and the Participating Underwriter certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, and stating the date it was provided.

Section 4. Content of Annual Reports. The Water District's Annual Report shall contain or incorporate by reference the following documents and information:

(a) Audited Financial Statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available. This submission should be made with the following caveat:

THE WATER DISTRICT'S ANNUAL FINANCIAL STATEMENT IS PROVIDED SOLELY TO COMPLY WITH THE SECURITIES EXCHANGE COMMISSION STAFF'S INTERPRETATION OF RULE 15C2-12. NO FUNDS OR ASSETS OF THE WATER DISTRICT (OTHER THAN THE PROCEEDS OF THE SPECIAL TAXES LEVIED FOR THE DISTRICT AND SECURING THE BONDS) ARE REQUIRED TO BE USED TO PAY DEBT SERVICE ON THE BONDS AND THE WATER DISTRICT IS NOT OBLIGATED TO ADVANCE AVAILABLE FUNDS FROM THE WATER DISTRICT TREASURY TO COVER ANY DELINQUENCIES. INVESTORS SHOULD NOT RELY ON THE FINANCIAL CONDITION OF THE WATER DISTRICT IN EVALUATING WHETHER TO BUY, HOLD OR SELL THE BONDS.

(b) The following additional items:

- (1) Principal amount of 2014 Bonds outstanding.
- (2) Balance in the improvement fund or construction account.
- (3) Balance in debt service reserve fund, and statement of the reserve fund requirement. Statement of projected reserve fund draw, if any.
- (4) Balance in other funds and accounts held by Issuer or fiscal agent related to the 2014 Bonds.
- (5) Additional debt authorized by the Water District and payable from or secured by assessments or special taxes with respect to property within the District.
- (6) The Special Tax levy, collections, the delinquency rate, total amount of delinquencies, number of parcels delinquent in payment and delinquencies per parcel.
- (7) Notwithstanding the June 30th reporting date for the Annual Report, the following information shall be reported as of the last day of the month immediately preceding the date of the Annual Report rather than as of June 30th. Identity of each delinquent taxpayer responsible for 5 percent or more of total special tax/assessment levied, and the following information: assessor parcel number, assessed value of applicable properties, amount of Special Tax levied, amount delinquent by parcel number and status of foreclosure proceedings. If any foreclosure has been completed, summary of results of foreclosure sales or transfers.
- (8) Most recently available assessed value of all parcels subject to the special tax or assessment.
- (9) List of landowners and assessor's parcel number of parcels subject to 20 percent or more of the Special Tax levy including the following information: development status to the extent shown in Water District records, land use classification, assessed value (land and improvements).

(c) For so long as there is any owner of property in the District whose properties in the District collectively represent 20% or more of the Special Taxes, the following information regarding the status of development in the District:

- (1) Significant amendments to land use entitlements.

(2) Status of any legislative, administrative and judicial challenges to the construction of the development known to the Issuer.

(3) Assessed valuation of property shown on County Assessor's tax rolls with no "improvements" value in the District for the current (as of the date of the report) fiscal year.

(4) List of landowners (as shown County Assessor's tax roll) and assessor's parcel number(s) of parcels held by owners whose properties collectively represent 10% or more of the Special Taxes for the current (as of the date of the report) fiscal year.

(5) Number of building permits issued by the County for property in the District for the reported fiscal year.

(d) In addition to any of the information expressly required to be provided under paragraphs (a), (b) and (c) of this Section, the Issuer shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Water District or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The Water District shall clearly identify each such other document so included by reference.

Section 5. Reporting of Listed Events.

(a) The Water District shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Bonds:

- (1) Principal and interest payment delinquencies.
- (2) Non-payment related defaults, if material.
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (5) Substitution of credit or liquidity providers, or their failure to perform.
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.
- (7) Modifications to rights of security holders, if material.
- (8) Bond calls, if material, and tender offers.
- (9) Defeasances.

- (10) Release, substitution, or sale of property securing repayment of the securities, if material.
- (11) Rating changes.
- (12) Bankruptcy, insolvency, receivership or similar event of the Water District.
- (13) The consummation of a merger, consolidation, or acquisition involving the Water District, or the sale of all or substantially all of the assets of the Water District (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (14) Appointment of a successor or additional Fiscal Agent or the change of name of the Fiscal Agent, if material.

(b) Whenever the Water District obtains knowledge of the occurrence of a Listed Event, the Water District shall, or shall cause the Dissemination Agent (if not the Water District) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Listed Event. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Fiscal Agent Agreement.

(c) The Water District acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material" and that subparagraph (a)(6) also contains the qualifier "material" with respect to certain notices, determinations or other events affecting the tax status of the Bonds. The Water District shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that it determines the event's occurrence is material for purposes of U.S. federal securities law. Whenever the Water District obtains knowledge of the occurrence of any of these Listed Events, the Water District will as soon as possible determine if such event would be material under applicable federal securities law. If such event is determined to be material, the Water District will cause a notice to be filed as set forth in paragraph (b) above.

(d) For purposes of this Disclosure Agreement, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Water District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Water District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Water District.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Agreement shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The Water District's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Water District shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

Section 8. Dissemination Agent. The Water District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Agent, with or without appointing a successor Dissemination Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Water District may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Fiscal Agent Agreement for amendments to the Fiscal Agent Agreement with the consent of holders, or (ii) does not, in the opinion of the Fiscal Agent or nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the Water District to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be filed in the same manner as for a Listed Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Water District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Water District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required

by this Disclosure Agreement, the Water District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Water District to comply with any provision of this Disclosure Agreement, the Participating Underwriter or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Water District to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Fiscal Agent Agreement, and the sole remedy under this Disclosure Agreement in the event of any failure of the Water District to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Water District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it hereunder and shall not be deemed to be acting in any fiduciary capacity District for the Water District, the Trustee, the Bond owners or any other party. The obligations of the Water District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Water District, the Trustee, the Dissemination Agent, the Participating Underwriter and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

WESTERN HILLS WATER DISTRICT, for
and on behalf of Western Hills Water District
Diablo Grande Community Facilities District
No. 1

By: _____
Authorized Officer

GOODWIN CONSULTING GROUP, INC., as
Dissemination Agent

By: _____
Authorized Officer

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Western Hills Water District

Name of Bond Issue: \$38,505,000 Western Hills Water District Diablo Grande Community Facilities District No. 1 Special Tax Refunding Bonds Series 2014

Date of Issuance: August 8, 2014

NOTICE IS HEREBY GIVEN that the Western Hills Water District (the "Water District") on behalf of Western Hills Water District Diablo Grande Community Facilities District No. 1 has not provided an Annual Report with respect to the above-named Bonds as required by the Fiscal Agent Agreement, dated as of August 1, 2001, as amended and supplemented by a Supplemental Agreement No. 1 to Fiscal Agent Agreement dated as of December 1, 2002, a Supplemental Agreement No. 2 to Fiscal Agent Agreement dated as of May 1, 2004, a Supplemental Agreement No. 3 to Fiscal Agent Agreement dated as of January 1, 2005, and a Supplemental Agreement No. 4 to Fiscal Agent Agreement dated as of August 1, 2014 by and between the Water District and The Bank of New York Mellon, N.A., as Fiscal Agent. The Water District anticipates that the Annual Report will be filed by _____.

Dated: _____

GOODWIN CONSULTING GROUP, INC., as
Dissemination Agent, on behalf of Western Hills
Water District Diablo Grande Community
Facilities District No. 1

By: _____
Authorized Officer

cc: Western Hills Water District

APPENDIX H

BOOK-ENTRY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds (herein, the "Securities") to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Securities and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Securities (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Securities (the "Agent") takes any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Securities, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Securities, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Securities, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated

subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

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